

Comcast and Microsoft Help Small Businesses Cut Costs with E-Mail and Messaging



by Steve Hilton | October 2009

The Bottom Line

Save some money by replacing your premises-based e-mail and messaging solution with a cloud-based one. Comcast's solution saves an average 25-person small business \$11,556, or 82 percent, during the first year (84 percent over three years), yielding a two-month payback period.

Save Some Cash and Move Your Small Business Toward an Anywhere IT Environment

Despite the uncertain economic times, small and midsize business (SMB) employees need to remain connected and productive wherever they are. Fortunately, the emergence of affordable, cloud-based solutions enables SMBs to participate in this transformation even while trimming operating expenses (opex) and reducing the burden on IT support resources.

SMBs have very limited IT staff and must balance their IT expenditures against other corporate priorities. Setting up and managing various pieces of the IT environment, including e-mail

and messaging, is an expensive proposition. The initial costs of the on-premises equipment are sizeable, but the ongoing commitment to IT support, server maintenance, licensing and software updates add costs in future years that often hamper other SMB business projects.

This report quantifies the cost savings of a 25-person firm moving from premises-based e-mail and messaging to a cloud-based platform at \$11,556 in the first year and \$36,042 within three years. And best of all, the upfront migration and implementation costs of making the move are about \$700 (see Exhibit 1).

Exhibit 1: SMBs Save 82 Percent in One Year by Changing to a Comcast Hosted Solution

Source: Yankee Group, 2009

One Year Costs of E-Mail and Messaging Operations
25-Employee SMB (all in U.S. Dollars)

Microsoft Exchange and Outlook	On-Premises	Microsoft Communication Services from Comcast	Cloud
	\$0	<i>Deployment</i>	\$240
	\$12,000	<i>Licensing/Maintenance/Support</i>	\$1,761
	\$1,382	<i>Security</i>	\$0
	\$0	<i>Mobility</i>	\$0
	\$638	<i>Backup</i>	\$0
	\$0	<i>Training</i>	\$462
	\$14,020	Total Cost	\$2,463

This custom publication has been sponsored by Comcast.

For the purpose of this analysis, we created a typical 25-user small business’s legacy on-premises e-mail and messaging technology environment, assuming no custom-built Exchange applications and no unified messaging platform. We also assumed a standard e-mail and messaging security environment. Furthermore, we assumed the small business would use ActiveSync to provide basic e-mail, calendaring and contact integration between desktop and mobile devices. Our modeling exercise is as true to life as possible.

Note to reader: While we based our analysis on a typical 25-user small business, a hosted solution like Microsoft Communication Services from Comcast can also be appropriate for a very small business with 10 or fewer employees. Very small businesses are often challenged with limited capital dollars and IT staff. Hosted solutions don’t have the high up-front capital expenditures required of server-based, on-premises solutions and don’t require the level of ongoing IT support. In addition, our analysis assumes a business already has a server capable of handling an on-premises e-mail and messaging solution. If not, the small business would have to spend an additional \$4,000 to \$6,000 for an appropriately sized e-mail server with storage, making the case for a hosted solution even more compelling.

Apples-to-Apples Comparison

All too often, TCO comparisons are not apples to apples. We were very careful to replicate all the used premises-based functionality and applications in the Microsoft/Comcast cloud-based platform. Features and functionality only increased, in fact, with the new cloud-based solution compared to the legacy premises-based solution (see Exhibit 2).

Our test small business used Microsoft Exchange Small Business Server on-premises, supported by 20 percent—one day a week—of an internal IT employee’s time. The e-mail and messaging environment includes an anti-spam solution already in the cloud, thanks to Postini, and server-based anti-virus by Symantec. We assumed the small business used ActiveSync to support mobile access, and employed tape drive-based storage for e-mail backup. Tape is a fairly common storage technique for small businesses, but it comes with a fairly low level of security, as tapes can easily get lost, stolen or damaged. In addition, some pieces of the premises-based solution require internal IT support resources and some require annual maintenance contracts with vendors. Our Yankee Group TCO model captures all of these costs.

Exhibit 2: The Comcast Cloud-Based Messaging Platform Provides More Features and Applications

Source: Yankee Group, 2009

	Microsoft Communication Services from Comcast	On-Premises Solution
E-mail with company domain	✓	✓
Shared calendaring	✓	✓
Shared contacts	✓	✓
Microsoft SharePoint collaboration solution	✓	✗
E-mail storage of 2 GB per year	✓	✓
Secure e-mail backup	✓	✗
Anti-spam	✓	✓
Anti-virus	✓	✓
Document sharing	✓	✗
Mobile e-mail	✓	✓
E-mail archiving and retrieval	✓	✓

We decided to switch our test small business to Microsoft Communication Services from Comcast, which for \$6.99 per month per user (above four initial free users on the Preferred Internet plan) provides 2 GB of storage per e-mail account. The solution also includes e-mail security (McAfee), shared calendaring and shared contact lists on Microsoft Outlook 2007, as well as free access to Windows SharePoint 3.0—all while allowing employees to keep their existing e-mail address (employee@company.com).

It would take about 10 to 20 minutes for each user to migrate existing premises-based e-mails to the new Comcast hosted solution—a cost we've built into our TCO model. In addition, our small business would save some money by discontinuing its separate Postini and Symantec contracts for anti-spam and anti-virus, respectively, because Comcast provides those solutions as part of its cloud-based offering.

Our small business would continue existing mobile phone integrations via ActiveSync. It would take about 10 minutes for each employee to set up the mobile integration, and we built this into our TCO model. ActiveSync supports phones including the iPhone, Windows Mobile 5.0 devices and the Palm Pre.

In addition, the Comcast hosted solution can provide all users with access to Windows SharePoint 3.0, a collaboration, social computing, business intelligence and content management solution. This powerful solution allows small business employees to share documents, search for online materials across the company and collaborate online in new ways. We have assumed the small business would slowly take advantage of the SharePoint functionality and would not require additional IT support of the solution. Each user of SharePoint would need an e-mail account with the Comcast hosted solution, an assumption we make in our 25-user analysis.

Recommendations for SMB IT Departments

- **Switch to cloud-based messaging and e-mail platforms and empower your remote and mobile employees.** For the purposes of this TCO model, we have focused on a Comcast solution, but other vendors also provide a compelling suite. On-premises vendors like Microsoft are finally awakening to this small business need and are beginning to offer their own cloud-based messaging solutions through service providers like Comcast.
- **Take the opportunity to start using cloud-based collaboration solutions.** Microsoft Communication Services from Comcast offers access to Windows SharePoint for free. If you use it for nothing else, start sharing documents over SharePoint. Multiple people can access a document simultaneously, and the software captures all changes—a vast improvement over e-mailing a Microsoft Word document around your office and trying to incorporate everyone's comments and edits. SharePoint is also useful for sharing files that are too large to e-mail, such as those with high-quality graphics, technical diagrams or photographs.
- **Budget a few IT days for training for end-users.** Switching applications creates stress in an organization. In your financial model, you need to budget for training, even if these costs are only opportunity costs for your IT employees. We do not anticipate the need for training in all organizations, but it provides an added safety net for those companies where the transition to cloud-based solutions is more difficult.
- **Develop a good change-management plan to help alleviate end-user pains.** Switching from a premises-based Microsoft e-mail solution to a cloud-based one is less onerous than switching vendors' products, so your change-management plan can be fairly simple. Make sure your plan includes employee outreach, reminders, training services, online guides, printed guides ("cheat sheets") and contingency plans.
- **Very small businesses, those with fewer than 10 employees, should explore the cost and feature trade-offs between hosted and on-premises e-mail solutions as well.** Very small businesses generally have no IT staff, and committing to an on-premises e-mail solution is impractical. A solution like Microsoft Communication Services from Comcast provides a level of simplicity, reliability and functionality while offering a more professional-grade solution compared to consumer offerings common on the market.

Yankee Group—the global connectivity experts

The people of Yankee Group are the global connectivity experts—the leading source of insight and counsel trusted by builders, operators and users of connectivity solutions for nearly 40 years. We are uniquely focused on the *evolution of Anywhere*, and chart the pace of technology change and its effect on networks, consumers and enterprises. For more information, visit <http://www.yankeegroup.com/>.

Yankee Group has a global presence including operations in North America, Europe, the Middle East, Africa, Latin America and Asia-Pacific. Contact us at:

Corporate Headquarters

One Liberty Square
7th Floor
BOSTON, MASSACHUSETTS 02109
617-598-7200 phone
617-598-7400 fax

European Headquarters

56 Russell Square
LONDON WC1B 4HP
UNITED KINGDOM
44-20-7307-1050 phone
44-20-7323-3747 fax

Yankee Group Link

Yankee Group Link membership brings clients the insight, analysis and tools to navigate the global connectivity revolution. It provides timely, actionable and accessible research and data that analyze the impact of connectivity and the transformation it will create in driving enterprises and consumers to an Anywhere society. The result is an experience that no other market research firm can provide.

Link Research

Yankee Group's qualitative research forms the core of our offerings, with analysis focused exclusively on the transformational effects of the connectivity revolution. Our research reports arm you with the insight and analysis to make the right decisions today and tomorrow.

Link Data

Yankee Group's quantitative data analysis includes monitors, surveys and forecasts. Together with Link Research, our data connects you to the information you need to make the most informed strategic and tactical business decisions.

Link Interaction

Connect one-on-one with Yankee Group analysts to get answers to your most strategic and critical questions, as well as gain deeper insight into research and trends. We encourage you to have direction interaction with analysts through ongoing conversations, conference calls and briefings.

Link Consulting

Who better than Yankee Group to help you define key global connectivity strategies, scope major technology initiatives and determine your organization's readiness to undertake them, differentiate yourself competitively or guide initiatives around connectivity change? Our analysts apply Yankee Group research, methodologies, critical thinking and data to produce expert, timely, actionable results.

Link Events

The Anywhere revolution won't wait. Join our live debates to discuss the impact that ubiquitous connectivity will have on your future. Yankee Group's events—live and online—offer our clients new insight, knowledge and expertise to better understand and overcome the obstacles to succeed in this Anywhere revolution.

