



# **Total Cost of Ownership Comparison Kerio MailServer vs. Microsoft Exchange**

White Paper

Edition: 4.2  
Published: 3/2009

# Table of Contents

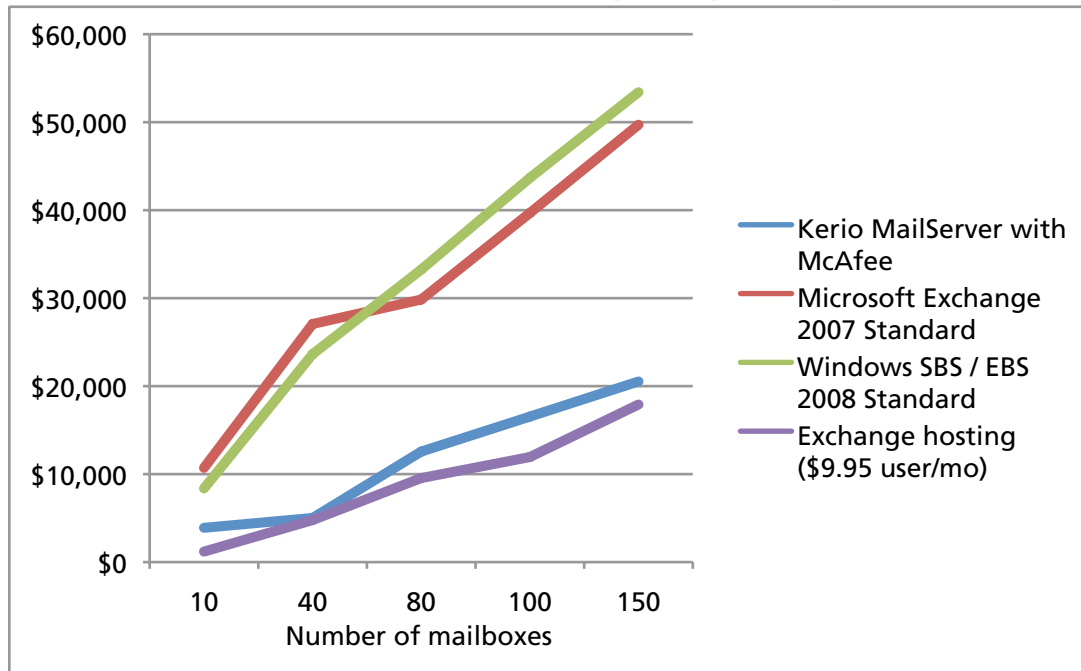
EXECUTIVE BRIEF .....	3
INTRODUCTION.....	5
WHAT COSTS SHOULD BE CONSIDERED?.....	5
TOTAL LICENSING COSTS .....	5
HARDWARE COSTS .....	8
LABOR COST .....	8
COMPARING KERIO TO EXCHANGE OPTIONS .....	10
KERIO MAILSERVER VS. EXCHANGE 2007 STANDARD .....	10
KERIO MAILSERVER VS. WINDOWS SBS AND EBS 2008 .....	11
KERIO MAILSERVER VS. EXCHANGE HOSTING .....	12
REFERENCES .....	13

## Executive Brief

For small to medium businesses wanting to improve email and collaboration efficiency, Kerio MailServer provides a powerful solution to more SMBs, with lower total cost of ownership (TCO) when Exchange is not an option.

This whitepaper identifies three considerations for TCO and compares the TCO of Kerio MailServer to Exchange 2007, Windows SBS/EBS 2008, and Exchange Hosting.

**First Year Total Cost of Ownership Comparison per Mailboxes**



Data surveyed from outsource IT consultants and former Exchange administrators.

### 3 Considerations for Total Cost of Ownership

Based on outsource IT estimates and surveyed administrators, Kerio MailServer outperformed Exchange in all three areas.

#### **Kerio leads in total licensing costs**

Kerio also provides a greater return on investment (ROI) with more integrated server features, better flexibility and more frequent enhancement releases.

#### **Kerio leads in hardware costs**

Kerio MailServer requires less number of new hardware compared to Windows EBS and some Exchange deployments that use multiple server roles.

#### **Kerio leads in labor costs**

Labor is the largest contributor to total cost of ownership and the biggest area of saving offered by Kerio MailServer.

**Save 72% over Exchange 2007 Standard**

Kerio MailServer provides lower TCO and higher ROI with integrated server components that lowers third party dependencies and labor requirements.

**Save 64% over Windows SBS and EBS 2008**

Kerio MailServer by itself can save an average TCO of 64% over Windows SBS/EBS 2008 in the first year. Even with the addition of SharePoint and Windows Server, Kerio MailServer still has a lower short-term and long-term TCO than Windows SBS/EBS 2008.

**Greater long-term savings over hosted Exchange**

Kerio provides competitive first year investment and better long-term savings over hosted Exchange (except for 10 users or less).

## Introduction

This document identifies the types of costs to consider and compares the Total Cost of Ownership (TCO) between Kerio MailServer and various Microsoft Exchange Server editions for 10 to 150 users.

## What costs should be considered?

There are three major costs to consider when comparing the total cost of ownership of Kerio MailServer and the various Microsoft Exchange implementations:

- **Total licensing**
- **Hardware**
- **Labor**

### Total Licensing Costs

The cost of total licenses should include:

- Email collaboration server (Kerio MailServer, Exchange, SBS or EBS)
- Operating system that the mail server is installed on, if applicable
- Essential third party add-ons, if applicable
- Software Assurance / Subscription

### Server Characteristics that Affect Total Licensing Costs

Kerio MailServer	Microsoft Exchange 2007
<ul style="list-style-type: none"> <li>● Server OS not required</li> <li>● Can also run on Mac or Linux</li> <li>● Single server with multiple functionality                             <ul style="list-style-type: none"> <li>○ Email collaboration</li> <li>○ Mobile email</li> <li>○ Email security</li> <li>○ Email archiving</li> <li>○ Server backup</li> </ul> </li> <li>● Single license for all components</li> </ul>	<ul style="list-style-type: none"> <li>● Windows Server OS required</li> <li>● Additional purchase of Microsoft solutions (Forefront, additional server instances for clustering or other server roles such as Edge Transport, or Exchange hosted services.)</li> <li>● Additional purchase of third party solutions</li> </ul>
<p><b>Results:</b></p> <ul style="list-style-type: none"> <li>● Lower OS cost</li> <li>● Less need for third party add-ons</li> <li>● Simplified licensing</li> <li>● Lower total licensing costs</li> </ul>	<p><b>Results:</b></p> <ul style="list-style-type: none"> <li>● Higher OS cost</li> <li>● Depend on third-party add-ons</li> <li>● Multiple licenses to pay</li> <li>● Higher total licensing costs</li> </ul>

Total licensing costs varies with each environment depending on the organization's need and the cost of chosen third-party solutions. Based on a number of price quotes from various outsource IT consultants, the total licensing costs for Kerio MailServer averages **80% less than Microsoft Exchange** and **74% less than Windows SBS and EBS**.

### Operating system

Kerio MailServer has the flexibility of running on a non-server operating system such as Windows XP, Mac OS X and Linux. Exchange 2007 requires Windows Server, which by itself already exceeds the price of Kerio MailServer. Even with OEM pricing, Windows Server is still more expensive than a non-server or non-Windows operating system.

#### **Exchange and operating system prices**

Number of users	Exchange 2007 Standard	Windows Server	Windows Server OEM*	Exchange 2007 & OS Total
10	\$1,369	\$1,199	\$794	\$2,163 - \$2,568
80	\$6,058	\$3,985	\$3,104	\$9,162 - \$10,043
150	\$10,749	\$6,771	\$5,414	\$16,163 - \$17,520

\* OEM prices may vary.

#### **Kerio MailServer and operating system prices**

Number of users	Kerio MailServer	Windows Server	Windows XP	Mac OS X Server	Mac OS X (non-server edition)	Linux	Kerio MailServer & OS Total
10	\$599	\$1,199	\$299	\$999	\$129	\$0	\$599 - \$1,798
80	\$2,279	\$3,985	\$299	\$999	\$129	\$0	\$2,279 - \$6,264
150	\$3,959	\$6,771	\$299	\$999	\$129	\$0	\$3,959 - \$10,730

Microsoft Exchange 2007 may require multiple installations to implement server roles. This can add additional Exchange and Windows Server licenses, and hardware costs. Four of the server roles can be installed on the same hardware, but a separate server is required for Edge Transport.

### Essential third party add-ons

Anti-spam, anti-virus, and server backup for disaster recovery are absolutely necessary for all mail servers. Email archiving for compliance is a must for certain industries.

**Anti-spam and anti-virus protection:** Microsoft offers Forefront Security for Exchange Server for \$15 per user, per year. The annual cost is average compared to most email security appliances in the market. EBS 2008 includes a one-year subscription to Forefront. Kerio MailServer includes multi-layered anti-spam protection that is just as robust as an appliance for no additional charge. The integrated McAfee anti-virus protection is enabled in Kerio

MailServer for only \$4 per user in the first year and \$1.20 in subsequent years.

**Email archiving:** Email archiving options varies greatly in price. Microsoft offers hosted email archiving for \$8.60 per month per user. This is slightly above average compared to other email archiving solutions in the market. Kerio MailServer offers integrated email archiving for no additional charge.

**Backup:** Exchange can be backed up with NTBackup, a free application provided by Microsoft. If a third-party backup utility is used, an Exchange agent also needs to be purchased and installed to backup Exchange. Many use a third-party utility for software compression, scheduling and other advanced features not provided by NTBackup. Kerio MailServer comes integrated with an easy-to-use server backup that compresses data and schedules full/incremental/differential online backups for no additional charge.

Kerio’s software subscription vs. Microsoft’s software assurance

Both Kerio and Microsoft offer a way to help lower the cost of upgrading to a newer version in the form of annual subscription. Software assurance must be added within 80 days of a Microsoft purchase, but Kerio allows retroactive purchase of subscription even after a subscription has expired.

Kerio’s software subscription provides greater value with 2 major releases per year and technical support via phone or email. New versions of Exchange historically come out once every four years. Kerio customers can get a better ROI by getting more out of their software subscription.

**3 Year Software Licensing and Initial Purchase of Kerio and Exchange**

	Initial purchase of Kerio MailServer with McAfee <sup>1</sup>	Kerio MailServer with McAfee (Initial purchase with 2 years of subscription)	Initial purchase of Exchange 2007 Standard retail	Exchange 2007 Standard with 3 year Software Assurance coverage <sup>2</sup>
10 users	\$599	\$959	\$1,369	\$1,825
40 users	\$1,319	\$1,715	\$3,379	\$4,500
80 users	\$2,279	\$2,963	\$6,059	\$8,070
100 users	\$2,759	\$3,587	\$7,399	\$9,855
150 users	\$3,959	\$5,147	\$10,749	\$14,320

1 - First year subscription included

2 - Open Value licensing with additional partner discount

## Hardware Costs

The main difference between Kerio MailServer and Microsoft servers is the number of hardware servers needed.

Exchange 2007 may require more than one server if the server roles are applied such as Edge Transport. SBS Premium Edition requires a second installation of SBS on a separate 64-bit hardware. EBS requires three 64-bit servers for the Standard edition and four 64-bit servers for the Premium edition. Kerio MailServer only needs one server installation to perform all of its functions.

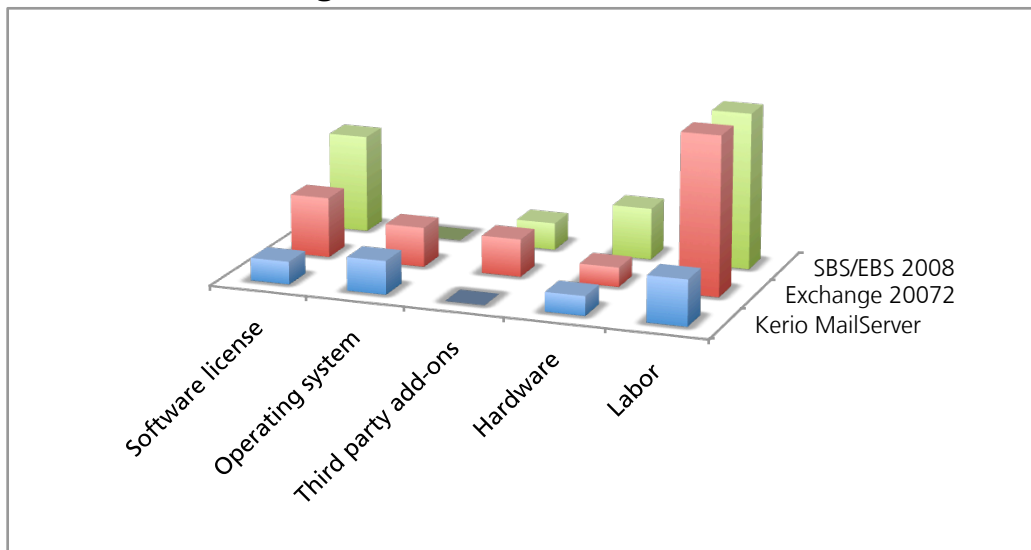
## Labor Cost

As the largest contributor, labor takes up an average of 50% of first year total cost of ownership and 90% in subsequent years for in-house installations.

Award winning for ease of installation and administration, Kerio MailServer lowers short-term and long-term labor costs by reducing the complexity of initial setup, simplifying administration and delivering greater server reliability, which results in fewer ongoing maintenance requirements.

For organizations that have little or no IT, Kerio MailServer is specially designed to be easier to install and maintain, allowing organizations to focus more on their business and less on managing the server and its components.

### Average First Year In-House Server TCO



Data surveyed from outsource IT consultants and former Exchange administrators

According to outsource IT estimates and surveyed administrators, Kerio MailServer takes an average of **70% less time to install and configure**, and **59% less time to maintain** than Exchange.

In this study, labor costs that were considered include:

- Time to install and configure
- Time to integrate servers and third party solutions
- Time to maintain the server and its dependencies

Other labor costs not considered in this study were data migration, due to insufficient data.

**Server Characteristics that Affect Labor Costs**

<b>Kerio MailServer</b>	<b>Microsoft Exchange</b>
<ul style="list-style-type: none"> <li>● Integrated email security</li> <li>● Integrated email archiving</li> <li>● Integrated server backup</li> <li>● Single installer for all components</li> <li>● Highly intuitive administration console</li> </ul>	<ul style="list-style-type: none"> <li>● Separate installation and configuration of each third party solution</li> <li>● Integration with third party solutions and joining with other Microsoft servers</li> <li>● Multiple management consoles including command line utility</li> </ul>
<p><b>Results</b></p> <ul style="list-style-type: none"> <li>● No integration complications</li> <li>● Lower learning curve</li> <li>● Faster deployments</li> <li>● Less maintenance required</li> </ul>	<p><b>Results</b></p> <ul style="list-style-type: none"> <li>● Highly complex integration process</li> <li>● Higher learning curve</li> <li>● Longer deployment time</li> <li>● Higher amount of maintenance required</li> </ul>

## Comparing Kerio to Exchange Options

### Average Cost Comparison Breakdown for 100 Users

	Kerio MailServer with McAfee	Microsoft Exchange 2007 Standard	Windows EBS 2008 Standard	Exchange hosting (\$9.95 user/mo)
Email collaboration server for 100 mailboxes	\$2,759	\$7,399 <sup>1</sup>	\$13,167 <sup>1</sup>	\$11,940 <sup>2</sup>
Email security	Included	\$1,800 <sup>3</sup>	Included	Included
Email archiving	Included	\$1,800 <sup>3</sup>	\$1,800 <sup>3</sup>	Included
Server backup	Included	\$2,300 <sup>3</sup>	\$2,300 <sup>3</sup>	Included
OS cost	\$4,593 <sup>4</sup>	\$4,780 <sup>4</sup>	Included	Included
Hardware costs	\$2,500	\$2,500	\$7,500	None
Server installation and setup (\$100/hr)	Average 3 hrs <sup>5</sup> (\$300)	Average 17 hrs <sup>6</sup> (\$1700)	Average 15 hrs <sup>6</sup> (\$1500)	None
Server maintenance (\$100/hr)	Average 62 hrs/yr <sup>5</sup> (\$6,200/yr)	Average 174 hrs/yr (\$17,400/yr)	Average 174 hrs/yr (\$17,400/yr)	None
<b>Total Cost of Ownership</b>	<b>\$16,352</b>	<b>\$39,679</b>	<b>\$43,667</b>	<b>\$11,940</b>

1 – Microsoft retail licensing

2 – Average pricing from Microsoft Exchange hosting providers

3 – Average outsource IT estimate

4 – Windows 2008 Server

5 - Average hours from surveyed Kerio MailServer administrators and consultants

6 - Average hours from surveyed former Exchange administrators and consultant estimates

### Kerio MailServer vs. Exchange 2007 Standard

Kerio MailServer outperforms Exchange in almost all aspects of total cost of ownership, making powerful email collaboration available to more SMBs, when Exchange is not an option. Based on surveyed administrators and outsource IT estimates, the TCO for Kerio MailServer averages **72% lower than Exchange**.

Kerio MailServer not only offers lower IT costs but also better cross-platform collaboration with the strongest Mac client support in the market and more flexible browser support.

## Kerio MailServer vs. Windows SBS and EBS 2008

Windows SBS and EBS combine multiple Microsoft server software into a single suite for a lower price than purchasing the Microsoft server products separately.

Kerio MailServer itself can save an average of **64% over SBS/EBS**. When SharePoint and Windows Server pricing were added to Kerio MailServer, SBS and EBS offers lower total licensing costs. But Kerio customers still saw a better short-term and long-term TCO because the labor costs savings from Kerio outweighs the total licensing saving from SBS and EBS.

### Average First Year TCO Comparison for 40 users

	Kerio MailServer with McAfee	Windows SBS 2008 Standard OEM
Email collaboration	\$1,319	\$2,900
OS	\$2,396 <sup>1</sup>	Included
SharePoint	\$8,184 <sup>2</sup>	Included
Hardware	\$1,200	\$1,200
Third party licenses	Included	\$1,800 <sup>3</sup>
Total Labor	\$2,500	\$10,000
<b>Total</b>	<b>\$15,599</b>	<b>\$15,900</b>

1 - Windows 2008 Server retail price

2 - SharePoint retail price

3 - Email archiving and email security

Windows SBS is limited to 75 users. EBS is limited to 300 users. When an organization outgrows SBS and EBS, a full new license of the next edition is required. Kerio MailServer does not have a user limit and scales as the company grows.

### Average First Year TCO Comparison for 80 users

	Kerio MailServer with McAfee	Windows EBS 2008 Standard OEM
Email collaboration	\$2,279	\$8,082
OS	\$3,994 <sup>1</sup>	Included
SharePoint	\$11,944 <sup>2</sup>	Included
Hardware	\$2,000	\$6,000
Third party licenses	Included	\$4,100 <sup>3</sup>
Total Labor	\$4,800	\$17,000
<b>Total</b>	<b>\$25,017</b>	<b>\$35,182</b>

1 - Windows 2008 Server retail price

2 - SharePoint retail price

3 - Email archiving and server backup

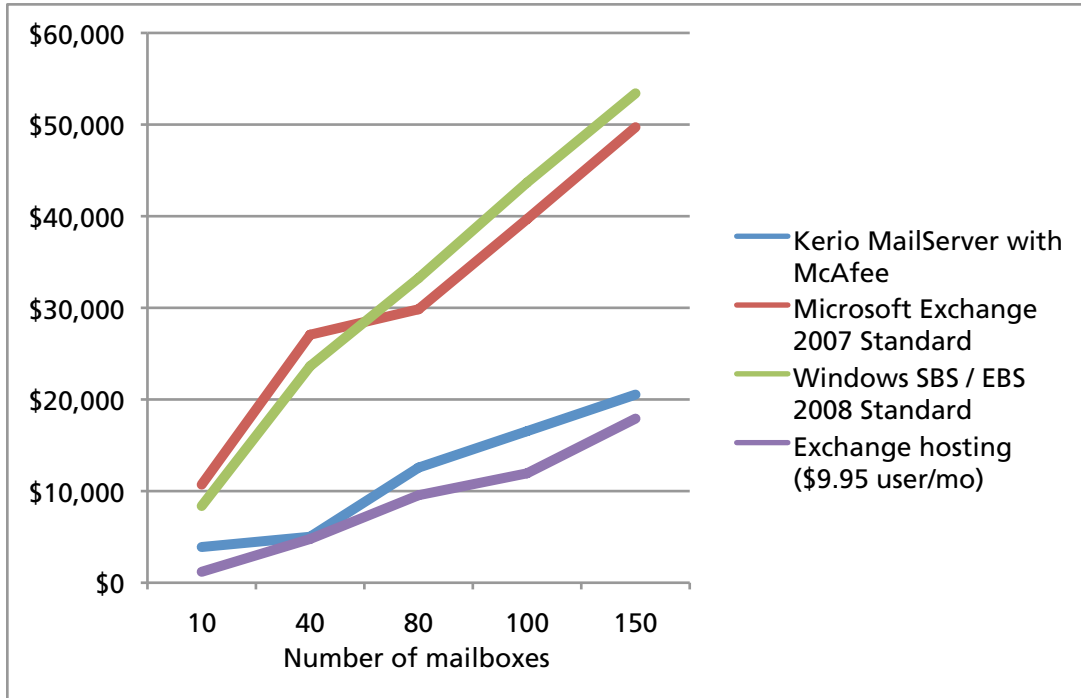
### Average TCO over 3 years

	Kerio MailServer with SharePoint	Windows SBS / EBS 2008
40 users	\$21,200	\$33,900
80 users	\$35,800	\$65,182
150 users	\$51,958	\$93,409

## Kerio MailServer vs. Exchange Hosting

Hosted or managed Exchange is a very cost-effective alternative to in-house installations of Exchange and SBS/EBS. Kerio provides competitive first year investment and the best long-term savings.

**First Year Total Cost of Ownership Comparison per Mailboxes**



Data surveyed from outsource IT consultants and former Exchange administrators.

In the first year total cost of ownership comparison, Kerio MailServer with McAfee is slightly above hosted Exchange prices. But when compared over a four-year period, Kerio MailServer with McAfee offers the greatest overall savings over hosted Exchange and Exchange 2007 Standard, except for 10 users of hosted Exchange.

**Total Cost of Ownership Over Four Years**

	Kerio MailServer with McAfee <sup>1</sup>	Hosted Exchange	Exchange 2007 Standard <sup>2</sup>
10 users	\$10,738	\$4,776	\$29,155
40 users	\$12,206	\$19,104	\$65,463
80 users	\$26,616	\$38,208	\$84,818
100 users	\$37,623	\$47,760	\$100,878
150 users	\$43,594	\$71,640	\$113,670

1 – Second through fourth year costs include software subscription and average server maintenance labor.

2 – Second through fourth year costs include average third party subscription costs and average server maintenance labor.

## References

How to buy Exchange Server 2007

<http://www.microsoft.com/exchange/howtobuy/default.mspix>

Exchange Server 2007 Editions and Client Access Licenses

<http://www.microsoft.com/exchange/evaluation/editions.mspix>

Windows Essential Business Server 2008: Pricing

<http://www.microsoft.com/ebs/en/us/pricing.aspx>

Windows Small Business Server 2008: Pricing

<http://www.microsoft.com/sbs/en/us/pricing.aspx>

Windows Server 2008 pricing and licensing

<http://www.microsoft.com/windowsserver2008/en/us/pricing.aspx>

Forefront Security for Exchange Server pricing and licensing

<http://www.microsoft.com/forefront/serversecurity/exchange/en/us/pricing-licensing.aspx>

How to Buy Microsoft Exchange Hosted Services

<http://www.microsoft.com/online/exchange-hosted-services/buy.mspix>

SharePoint Server 2007 Pricing

<http://office.microsoft.com/en-us/sharepointserver/FX102176831033.aspx>

© 2009 Kerio Technologies, Inc. All rights reserved. The names of other companies and products mentioned herein may be the trademarks of their respective owners.