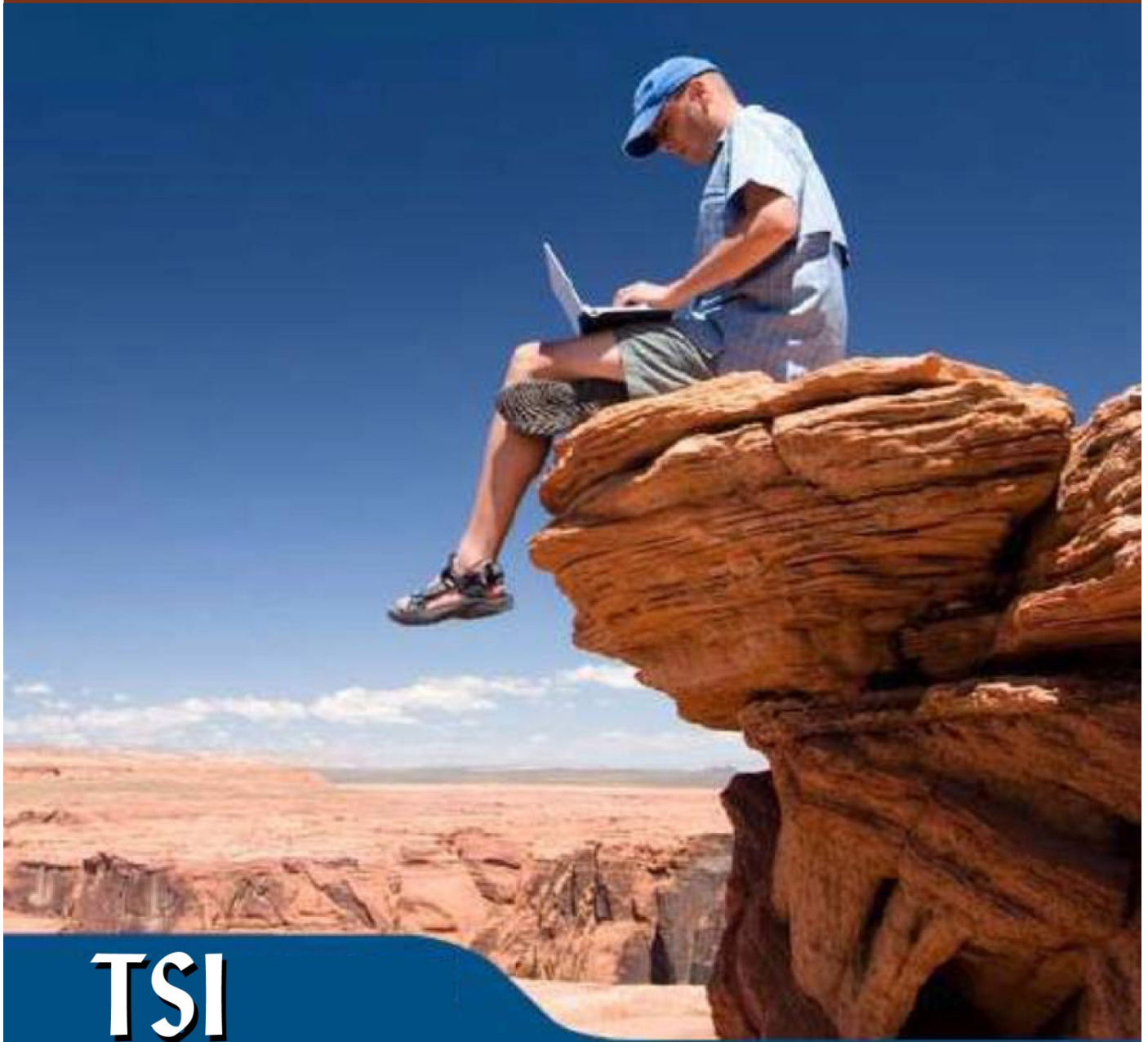


# Hosted vs Licensed



**TSI**  
Hosted Services

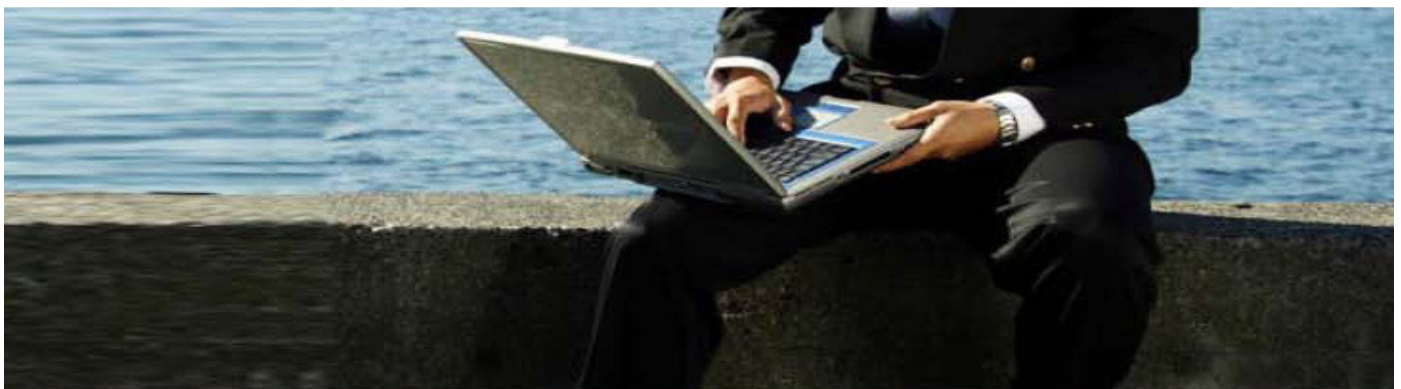


An important paradigm is taking place in the way companies want to acquire software and in the way that software vendors can supply it. The traditional model of software deployment, where the customer acquires a license and assumes responsibility for the software and hardware implementation and ongoing management is becoming a costly adventure. On-premise Licensed Software Solutions can have disadvantages for end-users including the costs for hardware, software, internal resources, IT complexities and length of time that it takes to recognize value from their investments. These issues have prompted companies to explore alternative models of software delivery, such as Cloud or Hosted Services or Software as a Service, (SaaS).

In a Cloud model, the software is hosted for you by external specialists that handle all of the IT complexities, resourcing and management issues and take responsibility for almost all of your software and hardware support needs. This is fantastic because it means organizations can go back to doing what they're good at, leaving the hosting provider to deal with the installation, management, support, software updates, backup & recovery and all the other logistical functions that dedicated systems management require.

Hosted solutions are not just for those organizations embarking on a new software purchase but equally for those organizations that have previously invested in hardware and software solutions, who simply want to transfer to a Cloud hosted environment and hand over the IT responsibility to the hosting specialist.

Furthermore, hosted solutions provide the customer with the ability to acquire the software as a fee-based service, so the company never actually invests in the hardware or software. This has huge appeal to many organizations, particularly their financial strategy.





## So what's to gain and what's the catch?

The appeal of procuring software functionality on a monthly subscription-basis or fee-basis is growing all the time, as organizations become aware of the associated low cost of ownership, and rapid speed to market in deploying new functionality.

There are numerous potential advantages to letting external IT experts host your IT systems

1. You'll be up and running in next to no time because all of the hard work is already done. The hosting company already has all the right hardware and software; all they need to do now is set this up to receive and manage your particular content.
2. Economies of scale often mean that the overall cost of ownership is lower because the Hosting experts' time is used efficiently. (See our table of cost comparisons later in the guide).
3. Your own staff can now go about their critical tasks and start working on profitable projects.
4. By centralizing your particular IT activities and having them hosted off site at the Hosting Service premises, users will have maximum flexibility to access the content from any office, even from home.



5. Content is backed up automatically, off-site. Disaster recovery is part of the service
6. Hosted solutions offer the software functionality as a subscription-based service, so the company never actually owns the hardware or software, or has to worry about bugs or upgrades, hardware or software maintenance, it is all included in the monthly fee.
7. This option means minimal capital outlay, and instead a low, predictable monthly service fee.
8. It also means you can try out new functionality without commitment, and can adapt system functionality and capacity to changing requirements.

With technology continuing to develop and change as fast as it is currently, the appeal of tapping into a Hosted software based proposition is considerable, because it means organizations no longer need to fear being locked into a product that will eventually become out of date or even obsolete.





## Can there really be any disadvantages?

Well, you might be worried about who else can see your sensitive information. This is easily controlled by a Hosted Systems provider with tight security measures.

You might also need to customize your system knowing that when an upgrade is done your customizations will be supported.

Finally, you might just feel better if you can see and touch something that you yourself own, in the same way that consumers still like to have plastic CD cases gathering dust on their shelves at home because it makes them feel they've got better value for their money than if they downloaded the music from the Internet. But there isn't much logic to this argument, as it is where technology is today.



## If it's that simple, why isn't everyone doing it?

Until recently secure hosting centers were prohibitively expensive and sometimes completely impractical. Today those organizations or software companies that resist IT systems hosting are becoming fewer and farther between.

Respectable market analysts are revising their forecasts all the time, with the majority now in wholehearted agreement that, with broadband now as available as it is and networks being so reliable, hosting is a very viable alternative to on-premise systems.

There has never been a better time to outsource burdensome IT challenges to remote third party hosting specialists, and few are as experienced and well placed to respond than TSI Cloud Hosting Services. We have been hosting systems for over a decade.



## Let's talk money

# On-Premise Vs Hosted Cost Comparison

Using a very typical IT purchase example, we have produced cost comparison examples for 3, 8 and 32-user Server Systems (i.e. File Server, Application); one installed in-house/on-premise and the other using our hosted model.

The tables highlight the typical savings that organizations can achieve by opting for a hosted rather than on-premise software and hardware deployment. It highlights some of the hidden costs of an on-premise solution that too many organizations ignore when costing this deployment model.

The biggest single cost when buying hardware and software is not the capital outlay; it is the cost and overhead of existing staff being required to allocate time to IT, or hiring a dedicated IT support staff. Numerous surveys conducted by global industry analysts on this vital business cost show that this unseen cost can be as high as 7 to 9 times capital costs per annum. This could mean that for every \$1.00 spent on hardware and software that \$7.00 - \$9.00 can be spent on the support infrastructure of the system.

The personnel estimates used in our charts are lower than this, as we are using figures that actual end-users have experienced in our markets. But these numbers show between a 2 to 4 times costs. Even at this very conservative estimate, the results will surprise you.

## TSI 3-User Hosting Example

| <b>Solution-IV On-Demand Services</b>              | <b>Year 1</b>            | <b>Year 1</b>      | <b>Year 2</b>            | <b>Year 2</b>      | <b>Year 3</b>            | <b>Year 3</b>      |
|--|--------------------------|--------------------|--------------------------|--------------------|--------------------------|--------------------|
| <b>3- user system</b>                              | <b>In-House Purchase</b> | <b>TSI Hosting</b> | <b>In-House Purchase</b> | <b>TSI Hosting</b> | <b>In-House Purchase</b> | <b>TSI Hosting</b> |
| <b>Hardware/Software</b>                           |                          |                    |                          |                    |                          |                    |
| Typical Application server                         | \$2,500                  | 0                  | 0                        | 0                  | 0                        | 0                  |
| Server Maintenance                                 | \$350                    | 0                  | \$350                    | 0                  | \$350                    | 0                  |
| OS Licensing                                       | \$350                    | 0                  | 0                        | 0                  | 0                        | 0                  |
| OS Maintenance, Security etc.                      | \$500                    | 0                  | \$500                    | 0                  | \$500                    | 0                  |
| <b>Application licensing/Maintenance</b>           |                          |                    |                          |                    |                          |                    |
| Application License                                | \$12,500                 | 0                  | 0                        | 0                  | 0                        | 0                  |
| Application Maintenance                            | \$2,500                  | 0                  | \$2,500                  | 0                  | \$2,500                  | 0                  |
| <b>Backup Hardware/Software</b>                    |                          |                    |                          |                    |                          |                    |
| Backup Hardware System                             | \$2,500                  | 0                  |                          | 0                  |                          | 0                  |
| Backup, Fail-Safe Software and Set-up              | \$1,000                  | 0                  |                          | 0                  |                          | 0                  |
| Maintenance Contract Backup Server/Software        | \$250                    | 0                  | \$250                    | 0                  | \$250                    | 0                  |
| Tapes/CD/DVD, Storage                              | \$250                    | 0                  | \$250                    | 0                  | \$250                    | 0                  |
| <b>Personnel Executive Time &amp; Tech Support</b> |                          |                    |                          |                    |                          |                    |
| Tech Support/Mgt. 1/4 salary \$50,000              | \$12,500                 | 0                  | \$12,500                 | 0                  | \$12,500                 | 0                  |
| Potential User Downtime/Lost Time/day              | \$420                    | 0                  | \$420                    | 0                  | \$420                    | 0                  |
| <b>Other costs</b>                                 |                          |                    |                          |                    |                          |                    |
| TSI Hosted fees including back-up replication      |                          | \$5,100            |                          | \$5,100            |                          | \$5,100            |
| Set-up/Training fee                                | \$5,000                  | \$5,000            |                          |                    |                          |                    |
| <b>Total Expenditure</b>                           | <b>\$40,620</b>          | <b>\$10,100</b>    | <b>\$16,770</b>          | <b>\$5,100</b>     | <b>\$16,770</b>          | <b>\$5,100</b>     |
| <b>SAVINGS BY YEAR</b>                             |                          | <b>\$30,520</b>    |                          | <b>\$11,670</b>    |                          | <b>\$11,670</b>    |
| <b>% Hosting Cost vs. On-Premise</b>               |                          | <b>25%</b>         |                          | <b>30%</b>         |                          | <b>30%</b>         |
| <b>ESTIMATED POTENTIAL SAVINGS OVER 3 YEARS</b>    |                          |                    |                          |                    |                          | <b>\$53,860</b>    |



## TSI 8-User Hosting Example

| <b>Solution-IV On-Demand Services<br/>8-user system</b> | <b>Year 1<br/>In-House<br/>Purchase</b> | <b>Year 1<br/>TSI<br/>Hosting</b> | <b>Year 2<br/>In-House<br/>Purchase</b> | <b>Year 2<br/>TSI<br/>Hosting</b> | <b>Year 3<br/>In-House<br/>Purchase</b> | <b>Year 3<br/>TSI<br/>Hosting</b> |
|---|---|-----------------------------------|---|-----------------------------------|---|-----------------------------------|
| <b>Hardware/Software</b>                                |   |                                   |   |                                   |   |                                   |
| Typical Application server                              | \$2,500                                 |                                   |   |                                   |   |                                   |
| Server Maintenance                                      | \$350                                   |                                   | \$350                                   |                                   | \$350                                   |                                   |
| OS Licensing  | \$350                                   |                                   |   |                                   |   |                                   |
| OS Maintenance, Security etc.                           | \$500                                   |                                   | \$500                                   |                                   | \$500                                   |                                   |
| <b>Application licensing/Maintenance</b>                |   |                                   |   |                                   |   |                                   |
| Application License                                     | \$15,500                                |                                   |   |                                   |   |                                   |
| Application Maintenance                                 | \$3,100                                 |                                   | \$3,100                                 |                                   | \$3,100                                 |                                   |
| <b>Backup Hardware/Software</b>                         |   |                                   |   |                                   |   |                                   |
| Backup Hardware System                                  | \$2,500                                 |                                   |   |                                   |   |                                   |
| Backup, Fail-Safe Software and Set-up                   | \$1,000                                 |                                   |   |                                   |   |                                   |
| Maintenance Contract Backup<br>Server/Software          | \$250                                   |                                   | \$250                                   |                                   | \$250                                   |                                   |
| Tapes/CD/DVD, Storage                                   | \$250                                   |                                   | \$250                                   |                                   | \$250                                   |                                   |
| <b>Personnel Executive Time &amp; Tech<br/>Support</b>  |   |                                   |   |                                   |   |                                   |
| Tech Support/Mgt. 1/3 salary \$50,000                   | \$16,667                                |                                   | \$16,667                                |                                   | \$16,667                                |                                   |
| Potential User Downtime/Lost Time/day                   | \$1,120                                 |                                   | \$1,120                                 |                                   | \$1,120                                 |                                   |
| <b>Other costs</b>                                      |   |                                   |   |                                   |   |                                   |
| TSI Hosted fees including back-up<br>replication        |   | \$12,000                          |   | \$12,000                          |   | \$12,000                          |
| Set-up/Training fee                                     | \$5,000                                 | \$5,000                           |   |                                   |   |                                   |
| Total Expenditure                                       | \$49,087                                | \$17,000                          | \$22,237                                | \$12,000                          | \$22,237                                | \$12,000                          |
| <b>SAVINGS BY YEAR</b>                                  |   | \$32,087                          |   | \$10,237                          |   | \$10,237                          |
| <b>% Hosting Cost vs. On-Premise</b>                    |   | 35%                               |   | 54%                               |   | 54%                               |
| <b>ESTIMATED POTENTIAL SAVINGS OVER 3 YEARS</b>         |   |                                   |   |                                   |   | <b>\$52,560</b>                   |

## TSI 32-user Hosting Example

| <b>Solution-IV On-Demand Services<br/>32-user system</b> | <b>Year 1<br/>In-House<br/>Purchase</b> | <b>Year 1<br/>TSI<br/>Hosting</b> | <b>Year 2<br/>In-House<br/>Purchase</b> | <b>Year 2<br/>TSI<br/>Hosting</b> | <b>Year 3<br/>In-House<br/>Purchase</b> | <b>Year 3<br/>TSI<br/>Hosting</b> |
|--|---|-----------------------------------|---|-----------------------------------|---|-----------------------------------|
| <b>Hardware/Software</b>                                 |   |                                   |   |                                   |   |                                   |
| Typical Application server                               | \$3,500                                 |                                   |   |                                   |   |                                   |
| Server Maintenance                                       | \$700                                   |                                   | \$700                                   |                                   | \$700                                   |                                   |
| OS Licensing   | \$500                                   |                                   |   |                                   |   |                                   |
| OS Maintenance, antivirus etc.                           | \$500                                   |                                   | \$500                                   |                                   | \$500                                   |                                   |
| <b>Application licensing/Maintenance</b>                 |   |                                   |   |                                   |   |                                   |
| Application License                                      | \$25,900                                |                                   |   |                                   |   |                                   |
| Application Maintenance                                  | \$5,180                                 |                                   | \$5,180                                 |                                   | \$5,180                                 |                                   |
| <b>Backup Hardware/Software</b>                          |   |                                   |   |                                   |   |                                   |
| Backup Hardware System                                   | \$2,500                                 |                                   |   |                                   |   |                                   |
| Backup, Fail-Safe Software and Set-up                    | \$2,000                                 |                                   |   |                                   |   |                                   |
| Maintenance Contract Backup                              | \$450                                   |                                   | \$450                                   |                                   | \$450                                   |                                   |
| Server/Software  |   |                                   |   |                                   |   |                                   |
| Tapes/CD/DVD, Storage                                    | \$500                                   |                                   | \$500                                   |                                   | \$500                                   |                                   |
| <b>Personnel Executive Time &amp; Tech Support</b>       |   |                                   |   |                                   |   |                                   |
| Tech Support/Mgt. 50% @ 50,000/yr                        | \$25,000                                |                                   | \$25,000                                |                                   | \$25,000                                |                                   |
| Potential User Downtime/Lost Time/day                    | \$4,480                                 |                                   | \$4,480                                 |                                   | \$4,480                                 |                                   |
| <b>Other costs</b>                                       |   |                                   |   |                                   |   |                                   |
| TSI Hosted fees including back-up replication            |   | \$19,500                          |   | \$19,500                          |   | \$19,500                          |
| Set-up/Training fee                                      | \$5,000                                 | \$5,000                           |   |                                   |   |                                   |
| Total Expenditure  | \$76,210                                | \$24,500                          | \$36,810                                | \$19,500                          | \$36,910                                | \$19,500                          |
| <b>SAVINGS BY YEAR</b>                                   |   | \$51,710                          |   | \$17,310                          |   | \$17,310                          |
| <b>% Hosting Cost vs. On-Premise</b>                     |   | 32%                               |   | 53%                               |   | 53%                               |
| <b>ESTIMATED POTENTIAL SAVINGS OVER 3 YEARS</b>          |   |                                   |   |                                   |   | \$86,330                          |



TSI provides dedicated, quality Cloud Hosting solutions that allow you to get back to business - your business

At TSI we have been providing World Class Solutions and Technical Support Services to hundreds of thousands of organizations across the US and World-Wide for over 25 years, so we are not just jumping on a fashionable bandwagon.

We specialize in providing end-user organizations and software companies, large and small, access to secure data centers, housed both inside and outside of TSI, where business solutions are hosted on a monthly subscription basis avoiding the need for costly IT infrastructures and large, up-front capital investment, providing our customers with:

- High quality, dedicated servers
- Bandwidth, network and infrastructure. TSI provides bandwidth at a fraction of the cost that businesses could secure for themselves. This

low cost bandwidth liberates companies to embrace Internet based applications in a way they have never been able to before.

- Highly secure managed data centers where looking after your valuable company data is given the highest priority. No portable devices like tapes or CDs which as recent examples have highlighted, can result in serious security breaches
- Comprehensive disaster recovery plans
- Access to TSI's strategic partnerships and shared resources
- Best of breed products and applications, reducing management and support needs, keeping costs to a minimum
- Experienced technical support engineers available on demand 24 x 7

**To find out more visit [www.tbred.com](http://www.tbred.com) or contact us at:**

Thoroughbred Software International, Inc.  
285 Davidson Ave, Suite 302  
Somerset, NJ 08873-4153  
(800) 524-0430, (732) 560-1377, FAX (732) 560-1594  
[sales@tbred.com](mailto:sales@tbred.com)