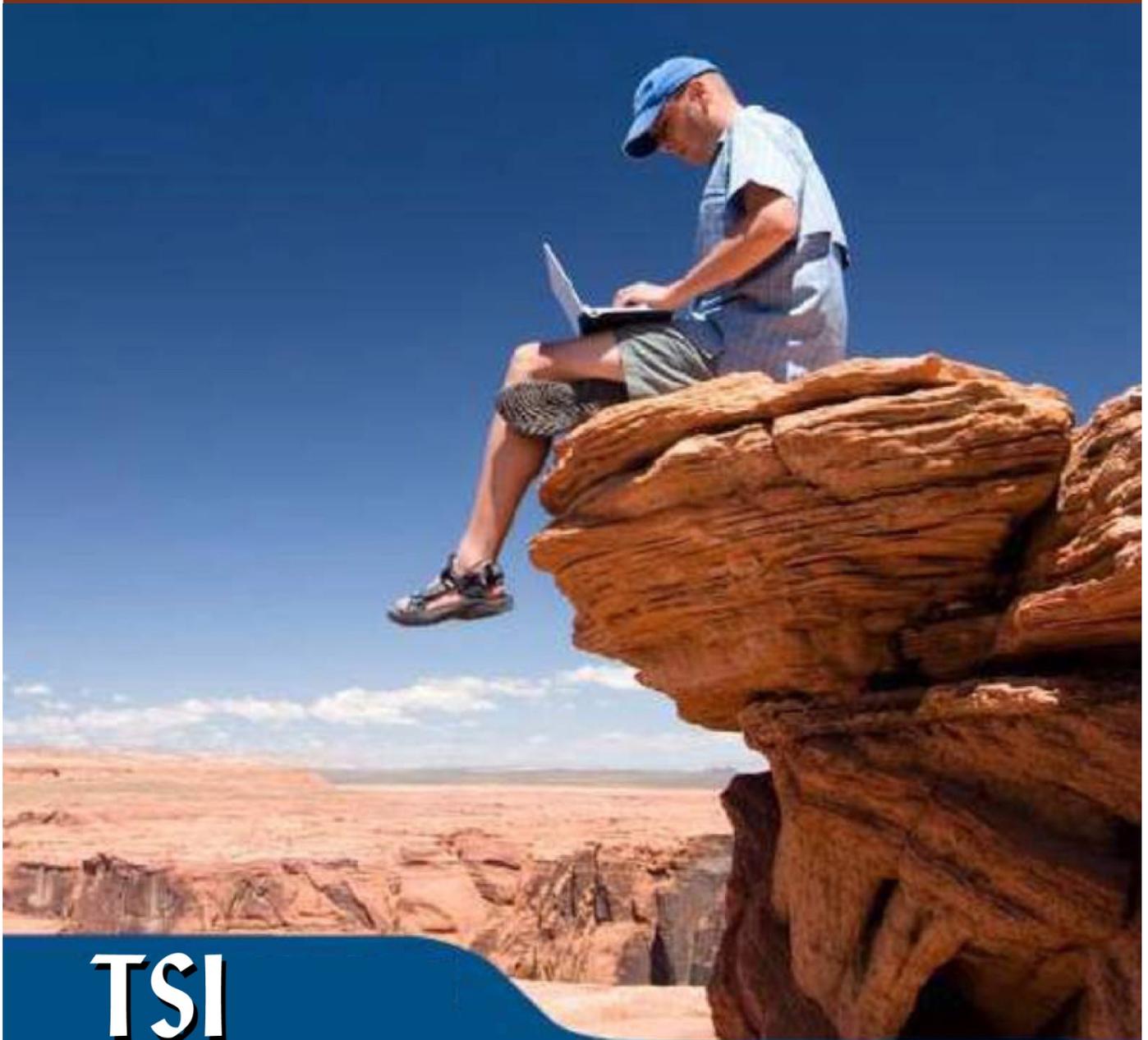


Hosted vs Licensed



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 Services or Software as a Service, (SaaS).

In a SaaS 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.

Cloud 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 hosted environment and hand over the IT responsibility to the hosting specialist.

Furthermore, Cloud solutions provide the customer with the ability to acquire the software as a subscription-based or fee based service, so the company never actually invests 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 Cloud software based environment 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 Cloud 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 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 out 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 Cloud Hosting Example

Solution-IV On-Demand Services 3- user system	Year 1	Year 1	Year 2	Year 2	Year 3	Year 3
	In-House Purchase	TSI Hosting	In-House Purchase	TSI Hosting	In-House Purchase	TSI Hosting
Hardware/Software						
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
Application licensing/Maintenance						
Application License	\$12,500	0	0	0	0	0
Application Maintenance	\$2,500	0	\$2,500	0	\$2,500	0
Backup Hardware/Software						
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
Personnel Executive Time & Tech Support						
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
Other costs						
TSI Hosted fees including back-up replication		\$5,100		\$5,100		\$5,100
Set-up/Training fee	\$5,000	\$5,000				
Total Expenditure	\$40,620	\$10,100	\$16,770	\$5,100	\$16,770	\$5,100
SAVINGS BY YEAR		\$30,520		\$11,670		\$11,670
% Hosting Cost vs. On-Premise		25%		30%		30%
ESTIMATED POTENTIAL SAVINGS OVER 3 YEARS						\$53,860

TSI 8 User Cloud Hosting Example

Solution-IV On-Demand Services 8-user system	Year 1 In-House Purchase	Year 1 TSI Hosting	Year 2 In-House Purchase	Year 2 TSI Hosting	Year 3 In-House Purchase	Year 3 TSI Hosting
Hardware/Software						
Typical Application server	\$2,500					
Server Maintenance	\$350		\$350		\$350	
OS Licensing	\$350					
OS Maintenance, Security etc.	\$500		\$500		\$500	
Application licensing/Maintenance						
Application License	\$15,500					
Application Maintenance	\$3,100		\$3,100		\$3,100	
Backup Hardware/Software						
Backup Hardware System	\$2,500					
Backup, Fail-Safe Software and Set-up	\$1,000					
Maintenance Contract Backup	\$250		\$250		\$250	
Server/Software						
Tapes/CD/DVD, Storage	\$250		\$250		\$250	
Personnel Executive Time & Tech Support						
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	
Other costs						
TSI Hosted fees including back-up 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
SAVINGS BY YEAR		\$32,087		\$10,237		\$10,237
% Hosting Cost vs. On-Premise		35%		54%		54%
ESTIMATED POTENTIAL SAVINGS OVER 3 YEARS						\$52,560

TSI 32 User Cloud Hosting Example

Solution-IV On-Demand Services 32-user system	Year 1 In-House Purchase	Year 1 TSI Hosting	Year 2 In-House Purchase	Year 2 TSI Hosting	Year 3 In-House Purchase	Year 3 TSI Hosting
Hardware/Software						
Typical Application server	\$3,500					
Server Maintenance	\$700		\$700		\$700	
OS Licensing	\$500					
OS Maintenance, antivirus etc.	\$500		\$500		\$500	
Application licensing/Maintenance						
Application License	\$25,900					
Application Maintenance	\$5,180		\$5,180		\$5,180	
Backup Hardware/Software						
Backup Hardware System	\$2,500					
Backup, Fail-Safe Software and Set-up	\$2,000					
Maintenance Contract Backup Server/Software	\$450		\$450		\$450	
Tapes/CD/DVD, Storage	\$500		\$500		\$500	
Personnel Executive Time & Tech Support						
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	
Other costs						
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
SAVINGS BY YEAR		\$51,710		\$17,310		\$17,310
% Hosting Cost vs. On-Premise		32%		53%		53%
ESTIMATED POTENTIAL SAVINGS OVER 3 YEARS						\$86,330



TSI provides dedicated, quality 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 30 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 or contact us at:

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