

Cost Trade-Offs in Server Location: On-site, Hosted, and Cloud
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With the advances of Internet accessibility and remote access technology (GUI, printing, USB, etc), those running servers for internal use are increasingly reevaluating their decision to directly procure and host a server on-site. Transitioning from on-site data-centers to remotely hosted services accessed through the Internet has several advantages, including cost savings, flexibility, and environmental benefits. For some, significant cost savings are realized by letting experts with data-center economies of scale manage the servers. Others value the flexibility and customization available through Internet accessed services; expansion, contraction, or higher reliability can be easily achieved with virtually no capital outlay. Moreover, environmental benefits go hand in hand with the efficiencies realized

The table below provides a cost comparison of traditional on-site servers versus those delivered as services through the Internet. Items common to all situations are excluded, such as accounting application software licenses and recurring upgrades. A performance requirements survey must be completed before specific prices can be determined.

Backup	\$\$	\$	\$
Internet Access	\$	\$\$	\$\$
Capitol Exp. 3-5 yr Lifetime			
Server, CPU, Memory	\$\$	0	0
UPS	\$	0	0
Windows License	\$\$	0	0
Backup	\$	0	0
Server Room, rack, A/C, etc	\$	0	0
Annualized Costs			
Server upgrades	15.00%	0.00%	0.00%
Cost of scaling up and down (Clouds particularly benefit backup and multi-server needs)	\$\$\$	\$\$	\$
Total Annualized Cost	\$\$	\$	\$

Despite the cost savings achieved through online or cloud server utilization, organizations switching to this technology tend to spend more than they previously did on Internet access to ensure increased reliability. In most cases, however, an economical and very reliable implementation can be made based on two diverse, entry level services, such as a cable line (Comcast) and a fiber line (Verizon FiOS) or traditional T1. The saving made in other areas are usually far greater than the additional Internet access cost.

Commodity server hardware will reliably last about 3yrs, and sometimes can be reconditioned to 5 yrs. UPS batteries should be changed every 2-3 years or after three blackouts.

Questions for further discussion:

- What are your needs, interests, and ultimate goals?
- What is the cost of local area networking requirements for the on-site case?
- What is the value of remote maintenance and access? (This is an automatic and included benefit once your server is delivered through the Internet.)
- What is the value of outsourcing the server equipment needs analysis, purchasing and setup?

We would be happy to discuss your situation and plan further if interested.

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