global**RELAY**®

# ON-PREMISE ENTERPRISE VAULT VS. GLOBAL RELAY CLOUD: A TCO COMPARISON

## ON-PREMISE SYSTEMS: RISKS & CHALLENGES

On-premise recordkeeping and management systems typically require large upfront investments (capital expenditures) to build out the infrastructure. In addition, there are hidden costs to addressing inadequacies and issues inherent in the systems. While a suitable service initially, on-premise systems have become an expensive and impractical solution, especially with the recent advances in cloud technology.

These issues cover a broad range – from infrastructure redundancies, poor systems integration, and inferior performance to incomplete data sets and workflow inefficiencies. If not addressed properly and on time, they could

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# ON-PREMISE SYSTEMS: RISKS & CHALLENGES (CONT.)

lead to legal, security, and regulatory risks, potentially costing organizations millions in penalties and fines.

On-premise systems also have limited scalability, which have been pushed to the limit with the advent of Big Data. As the size and frequency of electronic communications exchanged within organizations increase, so do the costs required to store them. The ever-growing operational costs of on-premise systems, coupled with their expensive hardware and software maintenance requirements, have made them impractical to use.

Global Relay's cloud archiving platform addresses the requirements of organizations of all sizes, while ensuring workflow collaboration, massive scalability, ease of deployment, and reduced overall Total Cost of Ownership.

# SCOPE OF THIS WHITE PAPER

This white paper compares the Total Cost of Ownership (TCO) of an on-premise archiving system (equipped with eDiscovery and supervision functions) with Global Relay's unified, cloud-based archiving platform. It leverages both expert opinion and third-party research to arrive at its findings.

Organizations need to examine an archiving solution's TCO and Return on Investment (ROI) before making the decision to adopt it. Using Enterprise Vault™ as an example, this white paper provides a framework for determining an on-premise archiving system's TCO.

Every on-premise deployment is unique – and so are the archiving requirements of individual organizations. Accordingly, firms should consider this white paper as a starting point rather than a definitive guide for evaluating their on-premise system's TCO.

Organizations need to examine an archiving solution's Total Cost of Ownership and Return on Investment before making the decision to adopt it.

## KEY COST & OTHER ASSUMPTIONS

Expenditures associated with owning, operating, and maintaining an on-premise archiving system typically fall under four categories: hardware, software, power and overhead, and labor costs.

To arrive at the TCO of an Enterprise Vault implementation, several broad assumptions were made on exactly how it will be used. They include, but are not limited to:
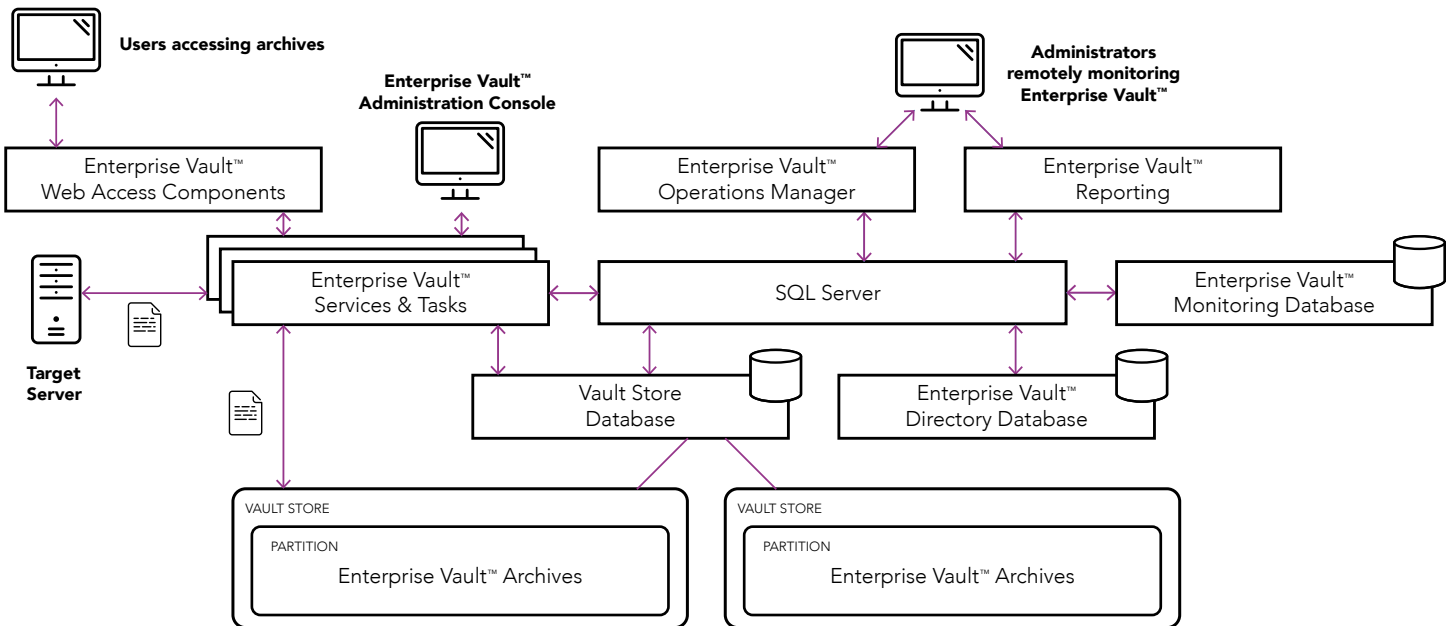
### USER ASSUMPTIONS

- Each user will transmit 6GB worth of data annually

- Four data types will be archived for every user – email, Bloomberg, LinkedIn, and Twitter

- Data will be retained for a period of 7 years

### SOFTWARE ASSUMPTIONS

- Yearly support and maintenance agreements for the on-premise solution

- Relevant add-ons need to be purchased in order to run a proper Archive, with eDiscovery and compliance functions enabled

- Included as well are third-party data connector archiving costs. Third-party connectors are required by legacy on-premise systems to archive new data types such as Twitter, Linkedin, etc. It was assumed that an on-premise system would need a third-party connector per user per data type. These costs can dramatically increase if a firm has data types requiring additional third-party connectors

## HARDWARE & EQUIPMENT ASSUMPTIONS

- The on-premise solution will be equipped with different types of servers, each one dedicated to a specific task – namely, a central management server for the archive, servers to run additional functions (e.g. eDiscovery, supervision, etc.), SQL servers, and backup servers

- Hardware costs are based on both public sources and the price books of different server vendors

- Storage costs include both Tier 1 high-speed storage used for indexes and databases and duplicated WORM-compliant storage

- All storage devices need to be backed-up

- Servers, storage devices, and other requisite equipment must be housed in a suitable environment

- Estimate costs have been included for UPS, HVAC systems, and other networking equipment

- Hardware costs are amortized over the equipment's useful life, and equipment will be replaced at the end of its life

Anatomy of a Typical On-Premise Setup

## POWER & OTHER OVERHEAD COST ASSUMPTIONS

- The U.S. average power cost of $0.14 per kilowatt hour and the average power usage of data center hardware and equipment were used to calculate power and overhead costs

- Annual office space cost of $23 per square foot was used to calculate IT server room/data center costs

- As power and rental costs vary greatly from state to state, figures used in the model are assumed to be conservative, but each company's experience may be different

## LABOR COST ASSUMPTIONS

- Exact labor cost can be difficult to determine, as it varies greatly from location to location and from firm to firm

- A conservative salary estimate of $85,000 per FTE was used for the calculations (This is the average salary of an IT team member in charge of the on-premise system. Managers and Team Leads will be paid higher; junior staff, lower)

- 30% additional cost was included in the calculations for employees' Health & Lifestyle benefits

- Labor is divided into three main categories: hardware maintenance, software maintenance, and general business end-user support (the latter is broken out into its own category in Fig. 1)
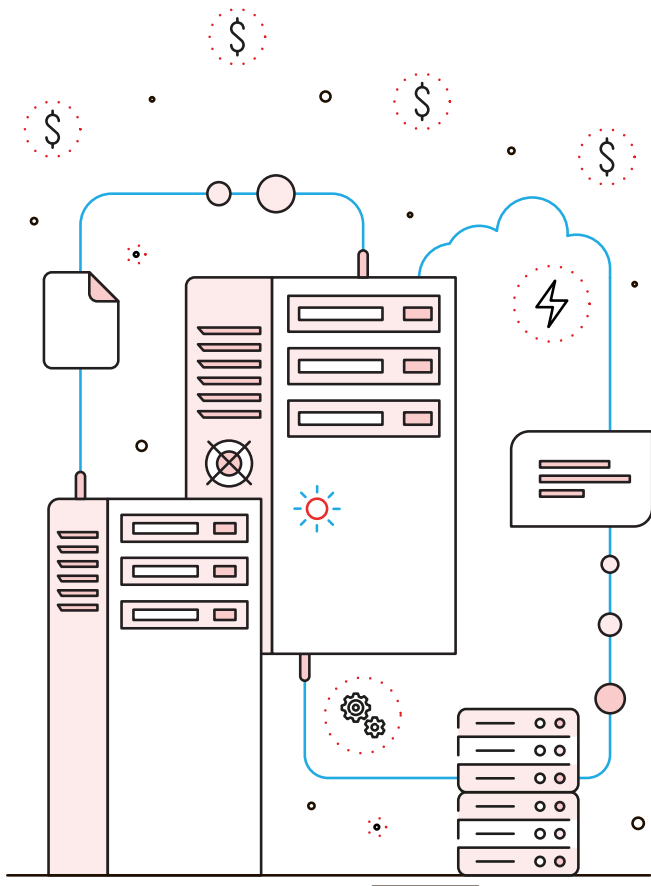
## TCO: ON-PREMISE ENTERPRISE VAULT

Based on 5,000 users, $27.79 per user per month is the TCO for on-premise Enterprise Vault over a four-year period (see Fig. 1). This cost can dramatically rise as firms preserve their data beyond the 7-year retention period. For example, lengthening the retention period from 7 to 15 years increases the monthly per user cost to $31.62 (see Fig. 2).

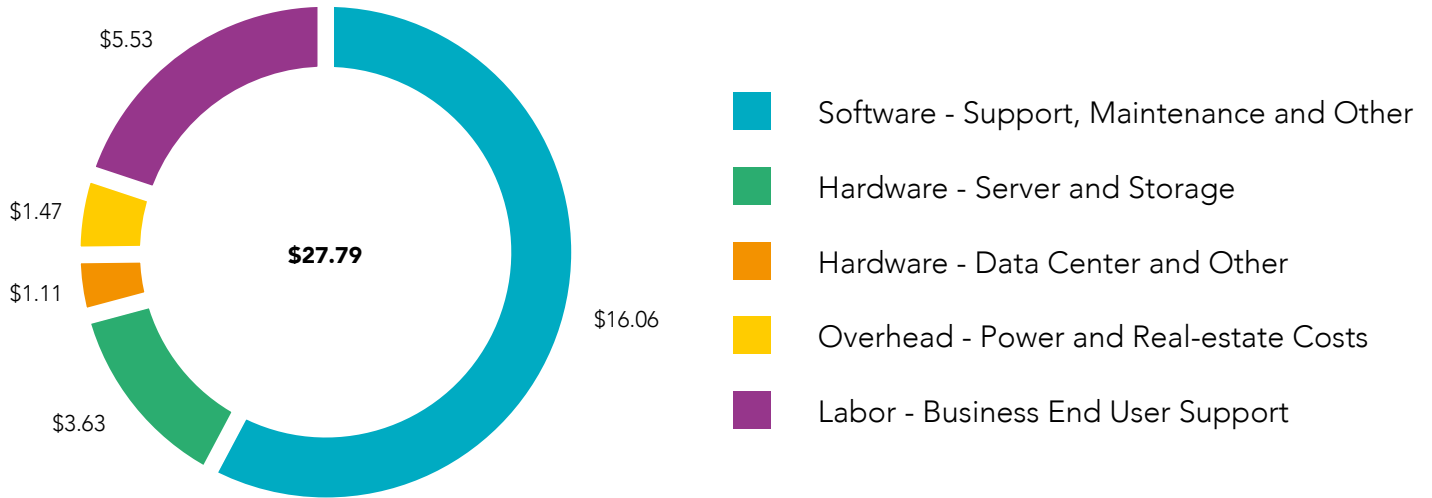## Monthly cost breakdown per user for 5,000 users 7 year retention



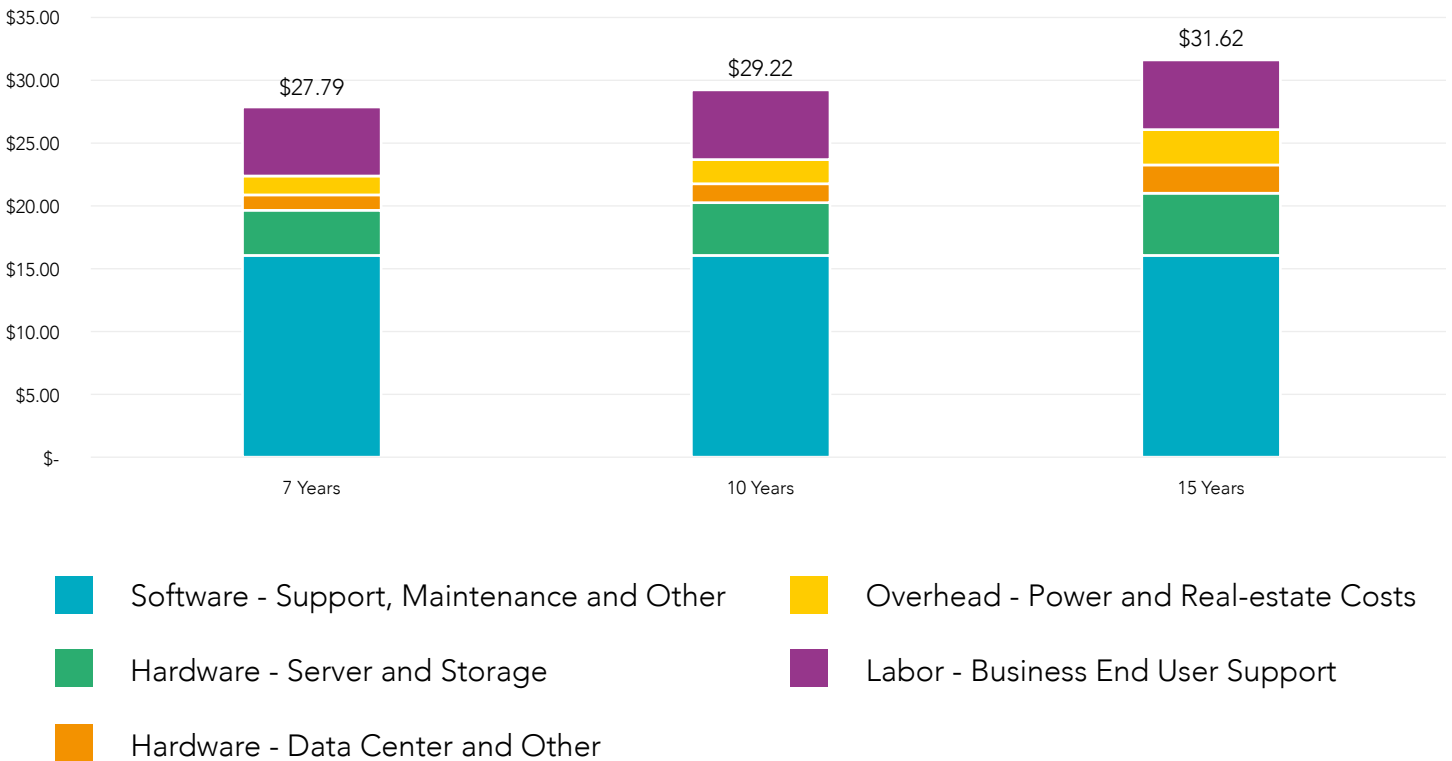FIGURE 1: Total Monthly Cost Breakdown

## Total Cost by Retention Term



FIGURE 2: Total Cost by Retention Term

|  | FOUR YEAR | ANNUAL | ANNUAL PER USER | MONTHLY PER USER |
|---|---|---|---|---|
| **Software - Support, Maintenance and Other** | $3,853,800 | $963,450 | $192.69 | $16.06 |
| **Hardware - Server and Storage** | $871,750 | $217,938 | $43.59 | $3.63 |
| **Hardware - Data Center and Other** | $265,300 | $66,325 | $13.26 | $1.11 |
| **Overhead - Power and Real-estate Costs** | $352,860 | $88,215 | $17.64 | $1.47 |
| **Labor - Business End User Support** | $1,326,000 | $331,500 | $66.30 | $5.53 |
| **TOTAL COSTS** | **$6,669,709** | **$1,667,427** | **$333.49** | **$27.79** |

TABLE 1: Total Cost Breakdown

# OTHER COSTS OUTSIDE OF THIS STUDY

Deploying an on-premise solution could result in additional costs that may be difficult to quantify and are outside the scope of this white paper. However, these costs and risks are real, and need to be carefully considered when evaluating the continued viability of an on-premise solution.

Additionally, there are 'opportunity' and other costs to operating an on-premise system, which have been excluded from this study. Among others, these include:

- Downtime and poor system performance, which could diminish employee productivity and lead to incomplete data storage, potentially increasing firms' risk exposure. Large organizations can spend millions of dollars every year addressing their on-premise system's limitations.

- Limited system flexibility and scalability, which prevents on-premise systems from dynamically scaling for growing user counts and data volumes. As data size and retention terms increase, the existing storage infrastructure may need to be redesigned to scale properly.

- Inefficient workflows, which could affect the productivity of internal IT, compliance, HR, and legal personnel performing recordkeeping, supervision, audit, and data extraction functions.

- Costly equipment setups and upgrades, which could run in the hundreds of thousands and require immediate payments. These expenses could significantly disrupt cash flows and business operations.

- Costly system preparation for disaster and business continuity.

# TCO: GLOBAL RELAY'S UNIFIED CLOUD

Global Relay archiving is offered as a subscription service. The hypothetical organization above, operating an on-premise system, could negotiate a monthly rate of $18 per user for a service bundle consisting of email, Bloomberg, LinkedIn, and Twitter archiving. That would save the firm over $587,427 (or 35.2%) annually. As Global Relay's archiving platform is designed to scale, the firm can modify its subscription as its number of monthly users increases or decreases.

With a Global Relay subscription, organizations in all industries can be confident they are capturing and preserving all their business eComms data in a secure, unified cloud repository – and have the necessary tools to supervise, control, and create value from it. Regulated financial firms, additionally, are assured of meeting the recordkeeping and supervision requirements of the FCA, MiFID II, SEC, FINRA, CFTC, GDPR, and other international regulations.
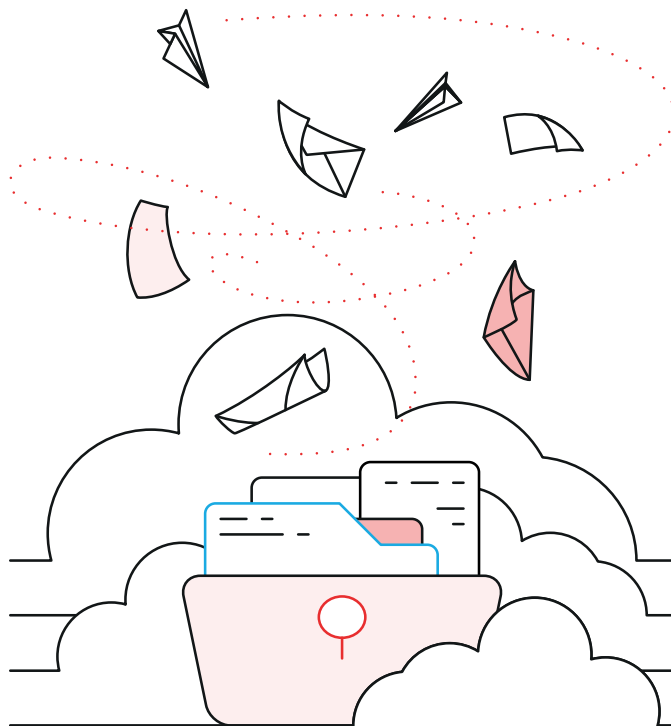
# CONCLUSION

When calculating an archiving system's TCO, organizations should carefully consider its operational and maintenance costs – and, additionally for financial services firms, the potential financial consequences of regulatory non-compliance from using substandard systems. Global Relay's flexible SaaS solution model and pricing result in significantly lower Total Cost of Ownership (TCO) than a typical on-premise solution. Global Relay also enables highly regulated firms, such as financial organizations, to meet their compliance recordkeeping and supervision obligations.

For all the latest news, events, and product developments at Global Relay, sign up for our newsletter at
**www.globalrelay.com/newsletter**

# ABOUT GLOBAL RELAY

Global Relay provides cloud-based archiving, information governance, surveillance, eDiscovery, and messaging solutions to over 20,000 organizations in financial services, energy, government, healthcare, retail, media, and more. Global Relay enables you to manage, control, and profit from your electronic communications data.

**CONNECT**
Connect your electronic communications, voice, social media, trade, and legacy data, and deliver it to your Global Relay Archive or wherever you need it.

**COLLABORATE**
Chat compliantly with your customers, colleagues, and industry peers via text, voice, WhatsApp, video, or instant message.

Available on iOS, Android, and desktop.

**DISCOVER**
Enrich, store, manage, and discover your data – all in one system.

- Compliant storage
- Dynamic policies
- Team workspaces
- Real-time AI
- Custom workflows
- Collaboration tools

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