

# Exchange 2007 Migration Alternatives

**Total Cost of Ownership and Email Server Options  
for Small and Medium Businesses**

## Introduction

Email has become today's most mission-critical communication channel. Each and every day, 800 million business users worldwide use email during the course of their work day and about 80 percent of a company's intellectual property passes through its email server. Email is a vital component of both internal communication between employees and external communication with customers and business partners. It has become such an integral part of normal day-to-day business operations that most companies simply cannot function without it: when email stops, your ability to conduct business also stops.

The increased reliance upon email means that it has become increasingly important that businesses choose the right email server for their environment: one that can meet both present and future strategic business needs and be easily managed by the available IT staff. This used to be a relatively easy job as email servers were basic applications with limited functionality and the decision making process was reasonably straightforward. But business needs continue to evolve. Email servers are no longer simple delivery platforms. They have become complex groupware products that enable shared calendaring, instant messaging, group scheduling, mobile access, and more. This means that many email servers now come with an enterprise-class set of messaging and collaboration features – and also an enterprise-class price tag that puts them beyond the reach of many small or medium-sized businesses (SMBs).

Despite this increasing cost and complexity, some SMBs have persevered with the familiar and continue to use products such as Microsoft Exchange, Novell GroupWise and Lotus Domino. But, as such products continue to become expensive to maintain and more difficult to manage, many of those SMBs are finding it necessary to rethink their messaging infrastructures.

This white paper will examine and contrast the costs associated with implementing and managing Microsoft Exchange Server, the dominant corporate email platform, with those of Alt-N Technologies' [MDaemon Email Server for Windows](#): a solution designed specifically to meet the needs and budgets of SMBs.

## Microsoft Exchange Server 2007: email gets more expensive

For a business with 100 staff, **licensing costs alone** would total \$32,399 over a 10-year period.

The latest version of Microsoft's flagship messaging and collaboration platform, Exchange Server 2007, is loaded with new and enhanced functionality that will provide significant benefits to large enterprises. For SMB's, however, Exchange Server 2007 represents a much less attractive proposition due to the considerable costs associated with licensing, migrating and managing. The following areas examine those costs in detail:

- **Licensing**  
Exchange Server 2007 is an extremely expensive product. The Standard Edition license costs \$699 and the Enterprise edition license costs \$3,999. In addition to the server license, businesses must also purchase a Client Access License (CAL) for each user or device that will be accessing the server. The Standard CAL costs \$67 per user or device and the Enterprise CAL, which provides access to features such as Forefront security and unified messaging, costs \$25 per year per user or device. The Enterprise CAL is an additive to

the Standard CAL meaning that any business that needs to be able to access the complete range of Exchange's features will need to pay \$92 per user or device for the first year and \$25 per user or device for each subsequent year.

To put these figures into some context, it would cost a business with 100 staff \$7,399 to license the Standard Edition of Exchange Server 2007. To provide those staff with unified messaging and/or protection from viruses and spam would cost an additional \$2,500 per year – and the total licensing costs over a 10-year period would amount to \$32,399. For a small business, that is a very significant amount of money.

Furthermore, many businesses will be surprised to discover that Exchange Server CALs no longer include usage rights for Outlook. According to Microsoft, "Unlike prior versions, Exchange Server 2007 Standard or Enterprise does not include the right to install Outlook on devices for which CALs are obtained." There is an exception to this – businesses that had CAL software assurance coverage as of 30<sup>th</sup> November 2006 will be entitled to an Outlook license when upgrading to Exchange Server 2007 – but businesses without that coverage will find that the need to purchase licenses for Outlook substantially increases the cost of an Exchange/Outlook 2007 environment.

**Additionally, Exchange Server 2007 requires Windows Server 2003. Should a business not already be running Windows Server 2003, it will be necessary to upgrade – and that will introduce another layer of licensing expenses.**

- **Upgrading**

According to an April 2007 study by Osterman Research, around 70% of businesses considering an upgrade to Exchange Server 2007 are concerned about the potential complexity of the migration, 69% are concerned about the amount of time that the migration will demand and 66% are concerned about the cost. Such concerns are well founded. Migrating to Exchange Server 2007 can be a time consuming, technically challenging and extremely expensive process. Osterman put the cost of migrating a 5,000 seat business at \$244 per user, making for a total cost of \$1,220,000. Because a 500 seat migration requires a similar amount of time and resources as a 5,000 seat migration, SMBs are likely to find per-seat migration costs to be even more considerable.

- **Hardware support**

To be able to run Exchange Server 2007, a business will first need to be running x64 hardware. Exchange Server is now a 64-bit application and Microsoft will not be releasing a 32-bit version. Should a business have 32-bit servers that are bumping their limitations or which are nearing the end of their lifecycle, a switch to x64 hardware is a logical and sensible step – especially as price points for x64 servers are almost identical to price points for 32-bit servers. However, should a business have no current need to replace its servers, the purchase of x64 hardware would probably be considered an expense that is as unwelcome as it is unnecessary.

Furthermore, because Exchange Server 2007 is a native x64 application, a straightforward and speedy in-place upgrade is not possible. Instead, businesses will need to go through the lengthy process of provisioning new servers or rebuilding existing servers – in either case, it will be a time consuming job that will take far longer than a simple in-place upgrade.

- **Upgrade complexities**

Upgrading from Exchange 5.5, which is still used by many SMBs, to Exchange 2007 is an extremely difficult process. There is no direct upgrade path from 5.5 to 2007 and so it is necessary to either upgrade to Exchange 2003 before upgrading to Exchange 2007 or to invest in one of the third-party migration tools that enable a single-step upgrade from 5.5 to 2007. In either case, the process is both costly and time consuming and, in the case of the latter option, completely unsupported by Microsoft.

But it is not only businesses running 5.5 that will find the upgrade to be technically challenging. As already mentioned, the fact that Exchange Server 2007 is a 64-bit application will make an upgrade scenario from any previous version appear more like a complex migration scenario – which is exactly what it is. Furthermore, linking to Voice over IP (VoIP) or Private Branch Exchanges (PBX) to integrate voicemail and fax services into the Exchange infrastructure can be an extremely complicated process. Many SMBs will not have the expertise to deal with this job in-house and will need to outsource to a systems integrator – and hiring outside help will, obviously, further increase the cost of the upgrade project.

- **Management costs**

Large scale enterprises with certified and dedicated specialist support staff may find Exchange Server 2007 to be easier and less expensive to manage than previous versions: its data replication capabilities, server roles and management tools and other new features can streamline management and enable enterprises to drive increased availability at a reduced cost. However, SMBs are extremely unlikely to encounter such savings. While Exchange Server 2007 may be easier to manage than previous versions, it is nonetheless still difficult to manage – and, in SMB environments where support resources may be scarce, it can be incredibly difficult to manage.

Exchange Server is a platform that is – and always has been – designed more for the enterprise market than the SMB customer. And that is particularly true in the case of Exchange Server 2007; its pricing, complexity and hardware requirements simply put it beyond the reach of many small-to-medium businesses.

The SMBs still using Exchange 5.5 face the greatest challenge. Email is mission-critical and entrusting it to a dated application that has been without mainstream support since 2003 is an obvious business risk – but SMBs running 5.5 also face the most complex upgrade path and rarely have either the budget or the IT resources to undertake such an extremely costly and technically demanding project.

There is an alternative: The Windows-based MDAemon Email Server.

## **MDaemon Email Server: a solution designed specifically for SMBs**

MDaemon Email Server has been designed from the ground up to specifically meet the needs of SMBs and delivers a high return on investment (ROI) that is driven by an extremely low total cost of ownership (TCO). Unlike enterprise messaging solutions, such as Exchange Server, MDAemon will not stretch a SMB's budget with high licensing, upgrade and management costs.

- **Licensing costs**

MDaemon is architected and priced for SMBs. To license MDAemon Pro for 100 users would cost \$1,015. To license SecurityPlus for MDAemon – which provides a proactive layer of protection from spam and viruses – would cost an additional \$485 per year. For a 10 year period, the total licensing costs for both MDAemon and SecurityPlus would amount to \$7,753. That is considerably less than the licensing costs for Exchange Server 2007 with Forefront Security which totals approximately \$32,399 for a 10 year period.

For a business with 100 staff, using MDAemon would save over \$24,000 versus Exchange 2007 over a 10-year period.

There is no direct upgrade path from Exchange 5.5 to Exchange 2007

- **Upgrades and migration**

Migrating from Exchange Server to MDAemon is a quick and straightforward process. MDAemon ships with a migration tool that enables users, mailboxes, public folders and settings to be extracted from Exchange and imported into MDAemon in a matter of minutes. Furthermore, MDAemon enables a business to leverage its investment in existing hardware: unlike Exchange Server 2007, MDAemon can be run on existing hardware and does

not force a business to prematurely retire its 32-bit servers. SMBs still using Exchange 5.5 will find migrating to MDAemon can be easier and less costly than upgrading to Exchange Server 2007.

Upgrading to the latest version of MDAemon is also easy. Upgrades can be performed in-place and, because MDAemon can be run on practically any hardware and any version of Windows, the process is both fast and simple. SMBs using MDAemon will never find that the cost and complexity of upgrading locks them into using a dated and unsupported version of the product.

- **Management costs**

Because Exchange Server is a complex application, large scale enterprises usually delegate its management to one or more dedicated and specially trained support staff: Microsoft Certified Systems Engineers with a messaging specialization, for example. However, in budget-conscious SMBs, employing highly paid specialists may simply not be an option. MDAemon was developed over 10 years ago to specifically make management of email easy. Without sacrificing any popular email features, it can be comfortably supported even by non-dedicated and minimally experienced staff.

This is a crucially important aspect of MDAemon. Management costs account for a far more significant proportion of the TCO of an email server than initial acquisition costs. While some email servers may be cheaper to license than Exchange, they may nonetheless have a higher TCO because they are difficult and time consuming to manage. Not so with MDAemon; easy management and low acquisition costs combine to provide a low TCO and deliver the best possible ROI.

**The MDAemon Email Server enables a company to concentrate on its business, not on managing its email.**

## **Economy without compromising quality**

While MDAemon is less costly to license than Exchange and many other email servers, it nonetheless provides all the features that SMBs need and expect from a messaging and collaboration platform.

- **Core messaging features**

MDAemon supports all common email protocols including SMTP, POP, and IMAP. To meet the needs of an increasingly mobile workforce, MDAemon also supports SyncML, Pocket PC access and ships with an easy-to-use, multi-language web mail application. Additionally, MDAemon supports unlimited mailing lists, mail scheduling, multiple domains and Active Directory monitoring, which can be remotely managed via the included WebAdmin application.

- **Security**

MDAemon was designed with email security in mind. It was one of the first email servers to incorporate all current email authentication techniques (DomainKeys, DomainKeys Identified Mail (DKIM), Sender Policy Framework (SPF) and Sender ID), which MDAemon uses to sign and validate messages to minimize email fraud and phishing schemes. MDAemon also incorporates the SpamAssassin Bayesian filtering engine into its design to provide an effective and proven layer of protection. MDAemon's SecurityPlus plug-in uses Kaspersky Lab's award-winning antivirus product and Commtouch's Recurrent Pattern Detection (RPD™) technology. Combined with MDAemon's native security design elements, the additional layer of proactive threat protection can detect today's constantly evolving array of email security threats almost immediately as they are released over the Internet.

- **Collaboration**

MDAemon also enables collaboration in non-Outlook environments via its web mail application, WorldClient, which like Outlook allows users to share their contacts, calendars, tasks and notes. WorldClient also supports over 20 languages and it is an extremely cost efficient method of providing employees with groupware functionality that can be accessed anywhere an Internet connection exists.

For SMBs accustomed to using Outlook, MDAemon’s Outlook Connector enables a business to support its employees with complete access to Outlook’s content sharing functionality – shared calendaring, contacts, notes, etc. – but without the need to run Exchange Server. The Outlook Connector is a separately licensed plug-in, but provides groupware collaboration far more economically than Exchange Server - a 100 user license costs only \$900.

**Table Summary – 100 User Exchange vs. MDAemon- Initial Investment**

Dedicated server	\$3,000	N/A
Email software	\$699	\$1,015
Exchange CALs	\$6,700	N/A
2 Level malware protection	\$2,500	\$485*
Exchange data backup	\$1,100	N/A
Media, shipping, etc.	\$200	N/A
Mobility	Free for MS Mobile devices	Free via IMAP and SyncML
<b>Total</b>	<b>\$14,199</b>	<b>\$1,500</b>
Support	1 full-time employee	Part-time IT support

\* Using SecurityPlus for MDAemon

**Conclusion**

The need for reliable, secure and adaptable messaging and collaboration has become increasingly critical for businesses of all sizes – but, as the constantly escalating cost and complexity push groupware products such as Exchange Server beyond the reach of businesses, it has become increasingly difficult for SMBs to obtain and maintain such a platform.

SMBs that have found enterprise-class products to be too expensive to license or too difficult to manage will find MDAemon to be an extremely viable and affordable alternative solution– a solution that has been specifically designed to meet and support their needs and business objectives.

To find out more about MDAemon Email Server and other Alt-N products, please visit [www.altn.com](http://www.altn.com).

**About Alt-N Technologies, Ltd.**

Headquartered in Grapevine, Texas, Alt-N Technologies is a leading developer of messaging and collaboration software. Since 1996, Alt-N's flagship product, the MDAemon Email Server, has provided SMBs with a secure, reliable and affordable messaging platform. Today, MDAemon is one of the most widely used Windows-based email servers on the Internet. It has been deployed on more than 20,000 servers in over 90 different countries and supports over 5 million mailboxes to meet the messaging and collaboration needs of SMBs worldwide.

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## References

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MDaemon Email Server

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