

AutoPower System Hosting Services

It can be hard to know exactly how much an on-premises server will cost, especially if you're considering moving to a cloud hosting service like AutoPower's System Hosting Services. In our industry, today's trend is definitively moving to cloud hosting services. The purpose of this paper is to identify the considerations that drive this important business decision.

To make an informed decision you must perform what is called a Total Cost of Ownership (TCO) analysis. This analysis considers both the tangible benefits (costs) and intangible benefits that drive this decision. This following analysis considers a number of key tangible factors:

- **The general lifespan of a physical on-premise server**
- **The ability to expand the server resources as your business grows (typically called server "Elasticity")**
- **Server Availability (Consider Downtime Costs)**
 - **Server Component Failures**
 - **Power Outages**
 - **ISP Outages (Lost of internet connection)**
- **Server Running Costs**
 - **Server Administration (Backups, Updates, IT Admin)**
 - **Server Operation Costs (Cost of Power; Hardware Service Contracts; Insurance)**

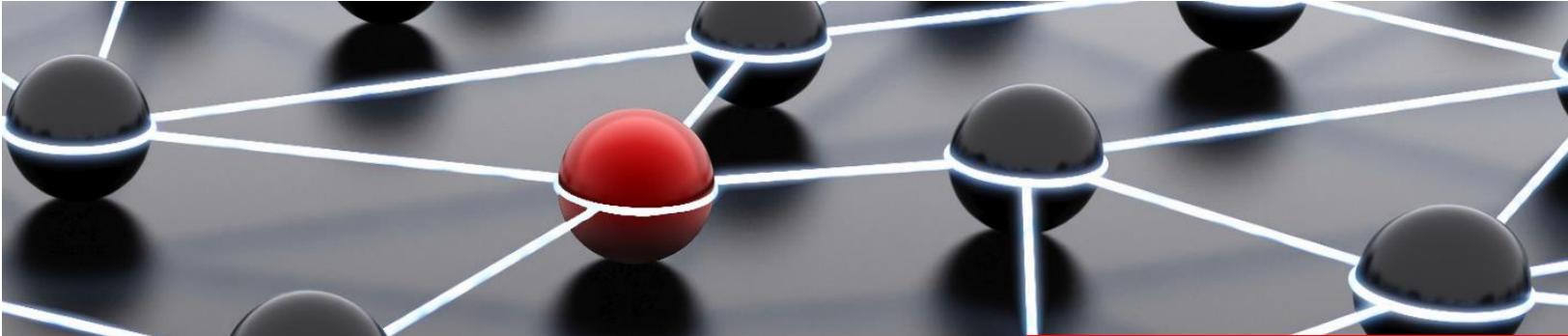
With these factors in mind, let's review these considerations as they relate to a TCO analysis when using an on-premise server at your location vs an AutoPower System Hosted Solution.

On-premise Server Lifespan



The general lifespan of the average server is about 3-5 years, depending on the usage. This number is supported by any number of studies found on the internet (Google: Average Lifespan of a Server). This lifespan may seem short, but consider the fact that the AutoPower System server usually runs 24/7/365. Also, consider that the high transactional and demanding nature of daily activity and the overnight processes implies that the server is rarely idle.

So, one of the considerations to ponder is: "when is my server unsupportable?" Most server support contracts are now only 3 years and it is becoming difficult and costly for businesses to extend those service contracts for additional years.



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Because of the highly mission critical nature of an on-premise server, AutoPower’s TCO analysis assumes server replacements every 4 years. (48 months).

Server Elasticity



Most entry level servers offer some room for future expandability. But, generally the server decision is driven by capital costs and usually companies forego the extra processors, drive bays, PCI and memory slots typically included in mid-point and high end servers. While this might be fine in the short term, if your business is growing rapidly, you’ll soon find you have reached a point where you can’t upgrade your server to keep pace with your company’s expansion. Technology also marches on at a relentless pace and many new application or software upgrades

demand more RAM, processing power or disk space than you can physically install. Once your server becomes obsolete, your only option is to upgrade to a newer server offering more power and capacity.

The AutoPower System Hosting Solution is completely expandable and configurable with the ability to add any needed resources with just a few clicks. Additionally, all Microsoft (MSFT) operation system security updates and version releases are included in the Hosted solution, therefore, always keeping your server current.

Server Availability



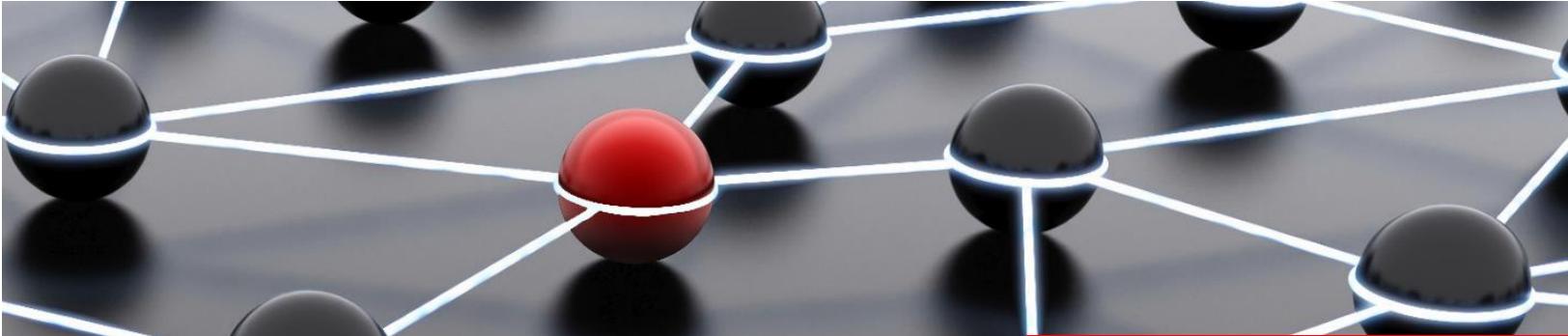
One of the important factors that must be considered in the TCO analysis is server availability. We look at availability in terms of what it means to have downtime in your business. For on-premise servers we estimated a 98% uptime vs the AutoPower System Hosting Solution at our 99.999% uptime.

These uptime numbers seem very close, but you really need to calculate the difference to understand the toll of downtime on your business.

Downtime Calculations

Downtime @ 98% Uptime = 262 workdays in a year x (1.00 -.98) = **5.24 days / year**

Downtime @ 99.999% Uptime = 262 workdays in a year x (1.00 -.99999) = **.0026 days / year**



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Lost Revenue and Lost Productivity

This document uses www.downtimecost.com to establish a conservative estimate that quantifies both the loss of revenue and loss of productivity for a server down event. It's assumed a single location warehouse distributor with gross revenues of \$5,000,000 and 8 employees with an average labor cost of \$12.56/hr. per employee. The labor cost is the median salary for warehouse workers in the United States as provided by (www.payscale.com)*. It is estimated a 20% impact on sales and a 30% impact on productivity during a server down event.

*(http://www.payscale.com/research/US/Job=Warehouse_Worker/Hourly_Rate)

These estimates yield an hourly loss of revenue cost of \$114.16/hr and lost productivity costs at \$30.15/hr. Combined you can expect total losses of \$144.30/hr for any server down event.

Based on these downtime calculations, an on-premise server will cost you:

Downtime costs = 5.24 days/yr x 8 hours/day x \$144.30/hr = \$6,049.05/yr = \$504.08/mth

Compare that to the 99.9999% Uptime AutoPower Hosted Server Solution:

Downtime costs = .0026 days/yr x 8 hours/day x 144.30/hr = \$ 3.00/yr = \$.25/mth

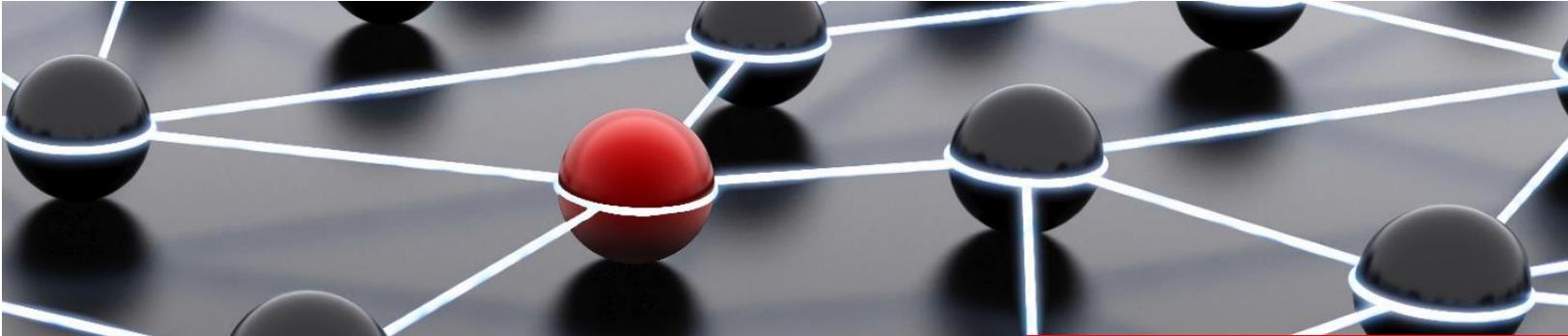
The reason the AutoPower System Hosting Solutions can support a 99.9999% uptime is that each and every server is replicated every 15 minutes to another server. Should your AutoPower hosted server fail for any reason, a failover occurs that has you quickly up and operational on your replicated server.

Server Running Costs



Often over looked are the ongoing costs associated with an on-premise server. These costs include what you are paying for server administrative cost, power consumption, hardware service contracts, insurance and sometimes the square footage required for a cooled server room.

For this TCO analysis, the focus is only on server administration costs and power consumption related specifically to a server.



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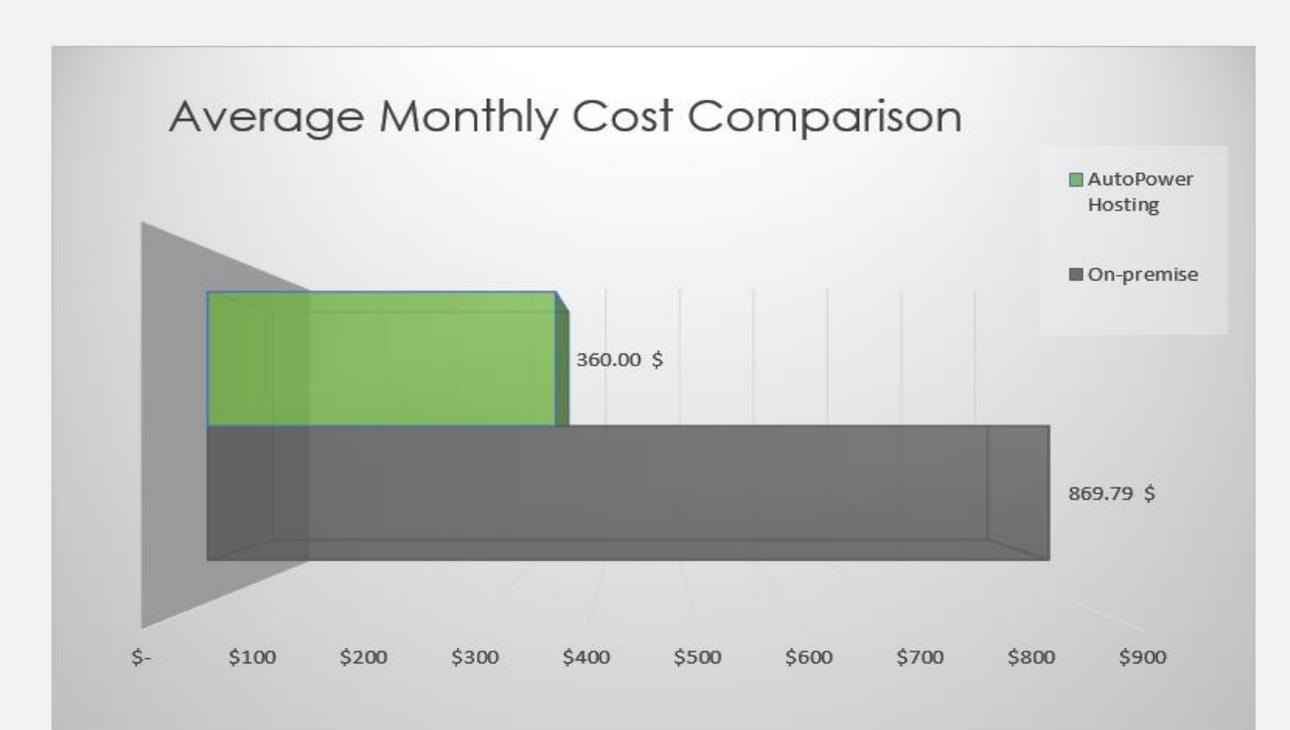
Power Costs: The electric consumption is based on the average kw/h rate of \$.12/hr as provided by the US Energy Information Administration (www.eia.gov). The typical mid-range server consumption rate of .40 kw/hr as defined by DELL server specifications; or, approx. \$35/mo.

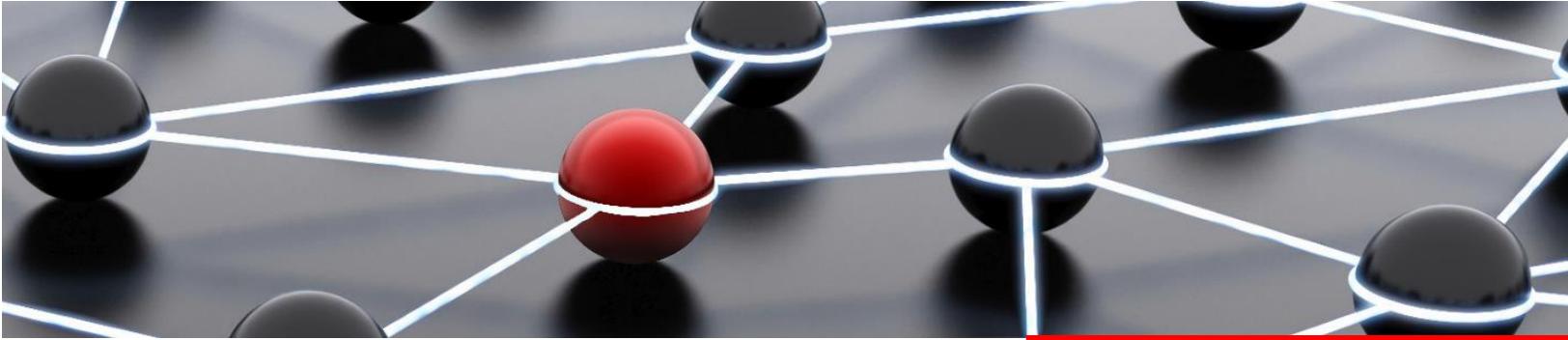
Administration Costs: Typically, server administrative tasks are accomplished by manager level personnel. It's estimated a pay level of \$40,000/yr with 30 hrs/yr devoted to backup administration; 20 hrs/yr on Microsoft (MSFT) software maintenance and 10 hrs/yr focused on hardware maintenance.

TCO ANALYSIS CONCLUSION (7-Year Price Comparison)

The analysis assumes that you will refresh your server every four years. You'll buy your new server in the first year and as mentioned, you'll likely replace it somewhere in the fourth year. Including all of the other tangible costs associated with an on-premise server **you will save an average of 59% in costs by opting for the AutoPower System Hosting Solution.**

TCO Comparison (On-Premise vs AutoPower Hosted Solution)



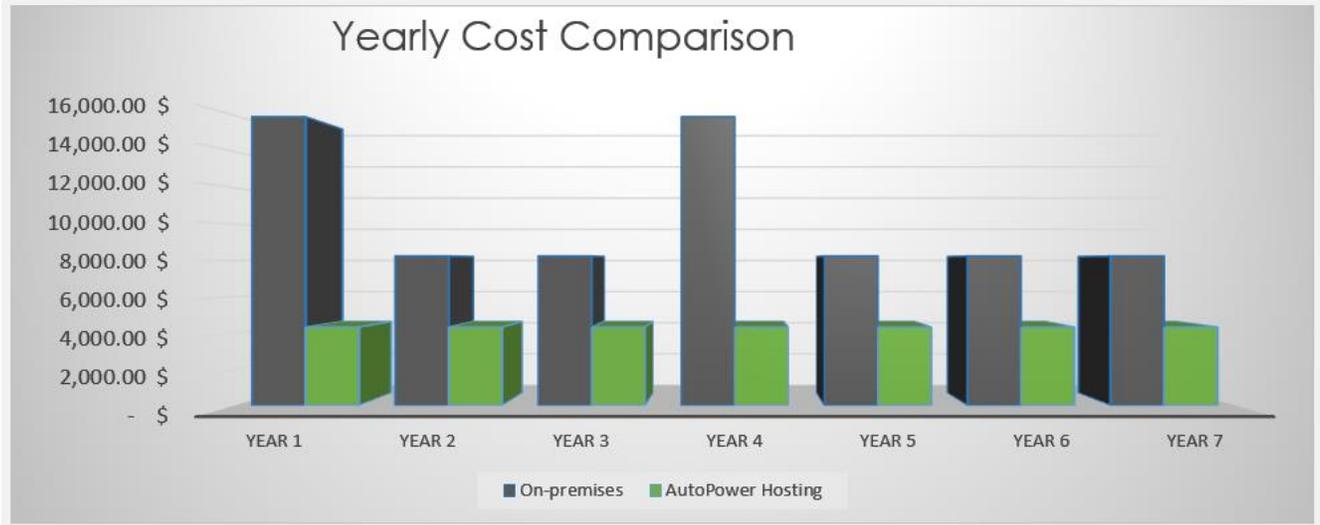


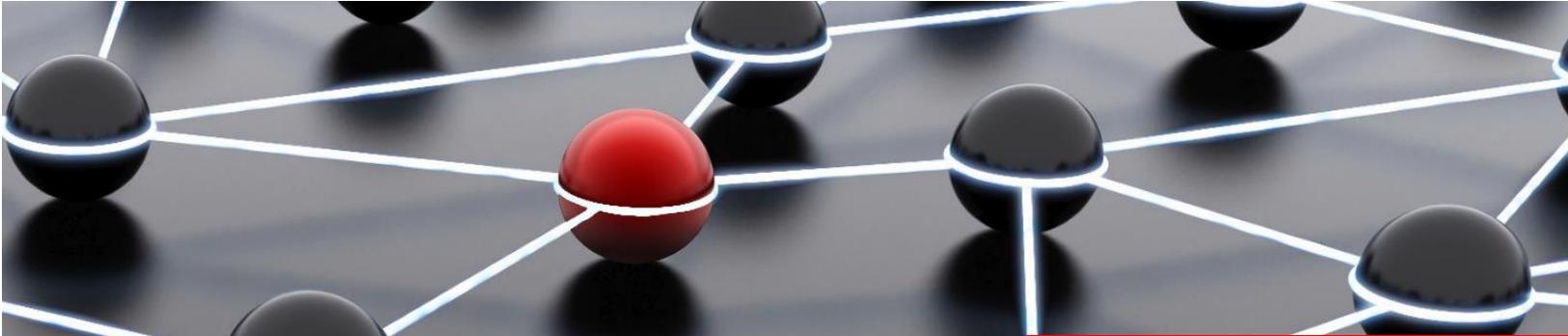
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Let's look at the calculations to understand what is driving this conclusion. In the first and fourth years of the cycle, your expenses include server installation, plus the server running costs. If you have AutoPower's System Hosting Solution, your staff would spend little to no time dealing with these tasks and your server downtime costs drop significantly. That's why in the example, the company saves 73% in the first and fourth years with a Hosted Solution. For years 2-3 and 5-7 the costs for on-premises are limited to administrative, power and server down costs. The costs linked to administrative, power costs server down costs aren't incurred with AutoPower's System Hosting Solution. Consequently, you company saves up to 48% every year.

	On-premises	AutoPower Hosting	Savings \$	Saving %
Year 1	15,926.79 \$ *	4,320.00 \$	11,606.79 \$	73%
Year 2	8,241.79 \$	4,320.00 \$	3,921.79 \$	48%
Year 3	8,241.79 \$	4,320.00 \$	3,921.79 \$	48%
Year 4 ✓	15,926.79 \$ *	4,320.00 \$	11,606.79 \$	73%
Year 5	8,241.79 \$	4,320.00 \$	3,921.79 \$	48%
Year 6 ✓	8,241.79 \$	4,320.00 \$	3,921.79 \$	48%
Year 7	8,241.79 \$	4,320.00 \$	3,921.79 \$	48%
* Reflects new server cost of \$7,685 plus recurring				
Total:	73,062.51 \$	30,240.00 \$	42,822.51 \$	59%

Please note that inflation is not factored into these results





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TCO: Understanding the full picture

As you can see, a number of key elements should be included in your decision-making process when considering an on-premise server vs the AutoPower System Hosting Solution. These factors include system uptime, technical support, redundancy in case of power or server failure and the costs involved in refreshing and maintaining your server.

Intangible factors that should be considered

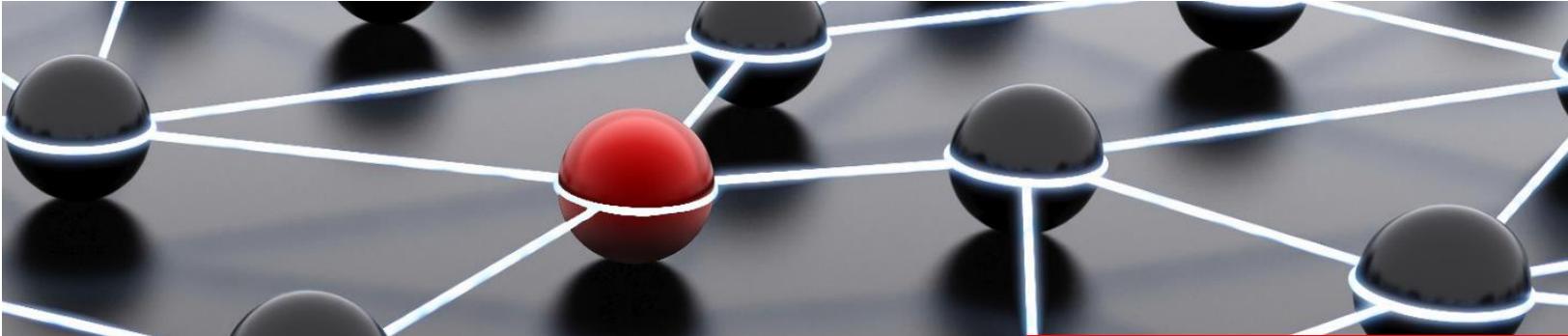
What other things should you consider? All the Benefits provided by AutoPower's Hosting Solution that you don't get with an on-premises solution.

- **Datacenter** – AutoPower's datacenter is a in a hardened protected facility, with multiple failover internet and power connections. All of the hosted server solutions are going to be better backed up, maintained, updated, upgraded and replicated as compared with an on-premises environment.
- **Security** – Next: Security. AutoPower's datacenter is a Tier 3+ facility and subject to stringent security regulations. In other words, this will be the safest place for your server and data. Your closest on-premise attempt won't even compare!
- **Firewall** - Firewall management is provided for all connections to the AutoPower datacenter. That's another important aspect your business won't have to worry about.

In our industry, today's trend is definitively moving to cloud hosting services. AutoPower's System Hosting Solution includes the full IT service benefits of:

Managed firewalls	Increased Uptime
Instant server Elasticity	Server updates
Data backup and recovery	Failover replication
Lower IT Costs	Lower Cost of Ownership
24/7/365 monitoring & Support	Security

AutoPower's technology represents our commitment to provide your business with the most reliable data protection and fastest disaster recovery technologies available.



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You manage your business we manage your AutoPower System Server in our cloud hosting datacenter. It's all included in your monthly Hosting fee. And if you have any questions? We offer free technical support related to the AutoPower Hosting Solution.

This document highlights a number of Business Decision strategies. There are many more we can share with you. Want to learn more?

Call us now at 800-229-2881 for a free demo!

Be In Control – Be More Efficient – Be Profitable By Intention

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Tell us more about your business, your key challenges and critical information system needs. We'll respond with a free demonstration for your team. Call or email us today!

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