

Microsoft Online Services Business Value

White Paper

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Abstract

Microsoft® Online Services provide businesses with subscription-based Microsoft-hosted online services that offer access to rich communication, collaboration, and productivity applications from anywhere. This hosted solution helps organizations reduce the costs of managing and maintaining business systems, which frees information technology resources and enables staff to focus on initiatives that can deliver competitive advantage to the business.

The benefits of Microsoft Online Services include:

- **Better control of IT technology investments.** Buy only what you need now, and add more as your business grows.
- **Better cash flow management:** no upfront cash investment in costly in-house hardware and software.
- **Simplified software subscription** license management for attractive pricing and a predictable cost.
- **A Microsoft commitment** to deliver secure, available, and private online software services, financially backed by a 99.9-percent availability service-level agreement (SLA) and certified by third-party audit.
- **Increased productivity.** Robust integration among Online Services, and with existing on-premises software, empowers your users with rich communication and collaboration.
- **Access to the latest business productivity software services** from Microsoft. As new versions of the software are released, your users can start using them immediately—with no deployment delay.

Microsoft® Online Services

This is a preliminary document and may be changed substantially prior to final commercial release of the software described herein.

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Microsoft® Online Services

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Executive Summary

Businesses need to balance the allocation of scarce budget resources, both to maintain existing information technology (IT) assets and to invest in newer technologies that equip employees with the latest communication and collaboration capabilities. Any new IT investments must generate a high return on investment based on predictable cost models. Enterprises also need a better way to keep end users productive, no matter where they are—while relieving the management burden on IT staff so that they can focus on driving the business forward.

Microsoft® Online Services provide reliable, cost-effective, readily scalable online IT services to support your business. These services include:

- **Microsoft Exchange Online** for enterprise messaging.
- **Microsoft SharePoint® Online** for intranets and document sharing.
- **Microsoft Office Communications Online** for real-time communication and presence (instant messaging and related capabilities).
- **Microsoft Office Live Meeting** for interactive Web conferencing.

These Online Services can replace your on-premises software, or they can seamlessly integrate with your existing software. Your users get a streamlined experience with high availability, comprehensive security, and simplified IT management.

Microsoft brings years of experience and industry-leading expertise to bear on each component involved in Microsoft Online Service delivery: the data center, the services infrastructure, the network, and your mobile and desktop applications. Online Services are designed, deployed, and operated from the ground up with efficiency, security, availability, and privacy in mind.

Simple to use and to manage, Microsoft Online Services offer reduced costs and increased flexibility compared to on-premises deployments. This white paper describes the value of world-class, on-demand services that are provided by an industry leader, includes example cost savings for a typical deployment, and provides information about how you can sign up for a free trial of Online Services today.

About Microsoft Online Services

Microsoft Online Services are enterprise-class software products delivered as subscription services that are hosted by Microsoft and sold with partners. Online Services today offer an extension of many best-in-class enterprise server solutions, including Exchange Online, SharePoint Online, Office Communications Online, and Office Live Meeting.

Today's Challenges

External pressures on businesses are many, and result from a changing political, economic, competitive, and technological environment.

The push toward global markets brings the need for worldwide communication and collaboration, along with new challenges from increased competition and complex local regulatory issues. Niche businesses are competing with established brands. As more and more business is conducted online, security issues develop from users accessing company applications and data from a variety of locations and using a variety of devices.

Businesses are experiencing a tough economic climate, with a corresponding need to cut costs wherever possible. However, there is a corresponding need to be well positioned to take advantage of the future economic upturn. Staying not just in business, but also remaining competitive and ready for regrowth, demands an intelligent and agile response to the current financial pressures.

What Businesses Are Asking For

Businesses of all sizes and in all markets voice consistent requirements when they consider their IT investments. The bottom line is that IT should help to:

- Save money.
- Increase productivity.
- Grow the business.

IT is often seen as key to supporting a business's core operations, but also as a significant cost in terms of equipment and staff. The key then is to optimize the benefits of IT investments by increasing efficiency and sustaining and growing the business.

The Online Services Opportunity

Opportunity is often created during periods of hardship or change. The opportunity that Microsoft Online Services offers you is to help grow revenue while at the same time reducing costs.

Online Services take selected IT operations off your premises and deliver them from the Web instead. In the process, you are able to choose the blend of on-premises software and Online Services that best suits the present stage of your business. Making rapid adjustments to this blend is one of the key benefits of Online Services, and allows you to grow your IT services at a pace that best supports the growth of your business.

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More Choice, Lower Costs

Microsoft recognizes that businesses may already have a significant investment in on-premises software that is providing many of the IT services they need. For some of those services, and for new opportunities for collaboration, Online Services can offer customers more choice at lower cost. Rather than proposing a wholesale shift to Online Services, Microsoft has pioneered a “software-plus-services” model in which customers can capitalize on the combined value of both on-premises software and online services. With this approach, customers are not asked to focus solely on online models but can instead choose to blend online and on-premises IT investments to maximize the value of each.

This strategy of offering deployment choice and flexibility is central to the Microsoft goal of providing predictably priced, enterprise-ready services—complete with the option for ongoing improvements and technology upgrades at no extra cost.

Business Value of Microsoft Online Services

When you add Microsoft Online Services to your IT investment mix, you gain potential added value for your business in four main areas:

- **Finance:** Reduced capital and operating expenses.
- **Process:** Enterprise-class availability and highly secure operations.
- **Technology:** Faster deployment of new services with access anywhere for your staff.
- **People:** Simplified and more secure user and administrator access to services so that your staff can focus on the core business.

Finance

Online Services are a way to move from often ill-timed on-premises IT capital expenditure to a more predictable monthly operating expense. In fact, businesses find that they can reduce both capital and operating expenses while combining hardware and software expenditure, operations, maintenance, and support costs into a single bill. In addition, predicting costs of growth is simplified, because licensing fees for additional services, and additional seats for individual services, are known in advance.

Cost Comparisons

Online Services help reduce your capital and operational expenditures. You don't have to purchase or house hardware, or hire specialist staff to maintain it. You don't need to pay consultants. And you don't have to purchase new software licenses every few years to upgrade to the latest version.

Furthermore, the costs when you move to Online Services are not only lower, they are more predictable. You pay a flat per-user, per-month fee. You always know what next month's bill is going to be. You lock in that price for the duration of your contract; no need to plan for fluctuations in the cost of data center operations or software license pricing.

Finally, Online Services enable you to size your IT services to suit your business today, without the need to overinvest for anticipated future growth. As your business grows, you can grow your online services month by month to support it.

One example illustrates a 45-percent savings for an organization of 2,500 users. Table 1 compares in-house and Microsoft Online Services costs for the organization, all of whose users require e-mail, collaboration, and instant messaging services. In addition, 1,000 of these users need Web-based conferencing.

In calculating the in-house costs, we include the cost of hardware and software, and we take into account additional expenses for operations and deployment, along with the need to overdeploy slightly to accommodate anticipated growth. We also include the cost of purchasing redundant hardware and software licenses to enable high availability.

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Table 1: On-Premises Versus Microsoft Online Services:
Cost Comparison

	On-Premises	Microsoft Online Services	Savings
General Costs			
Hardware and Maintenance	\$174,814	Included	\$174,814
Software	\$1,496,893	\$1,196,726	\$300,000
Operations	\$2,668,100	\$1,427,425	\$1,240,675
Deployment and Migration	\$212,663	\$107,931	\$104,732
Running Total	\$4,552,470	\$2,732,082	\$1,820,388
High Availability			
Hardware and Maintenance	\$104,150	Included	\$104,150
Software	\$101,985	Included	\$101,985
Operations	\$8,800	Included	\$8,800
Deployment and Migration	\$14,209	Included	\$14,209
Running Total	\$4,781,614	\$2,732,082	\$2,049,532
25% Overallocation for Future Growth			
Hardware and Maintenance	\$34,301	n/a	\$34,301
Software	\$168,901	n/a	\$168,901
Running Total	\$4,984,816	\$2,732,082	\$2,252,734
Final Total	\$4,984,816	\$2,732,082	\$2,252,734
Per User per Month	\$55.39	\$30.36	\$25.03

As Table 1 shows, high availability is a cost-free feature of Microsoft Online Services, and because the online service solution is readily scalable at any time there is no need to overallocate hardware or software licenses ahead of time; growth is absolutely on-demand.

The bottom line is that in this very realistic illustration, the per-user-year cost is reduced from \$55 to \$30, which is approximately 45 percent over three years.

One further benefit of Online Services is the availability of lower-cost online service licenses for “deskless workers,” such as factory floor workers, who require limited e-mail and collaboration functions. The option to license software in this way is unavailable for an on-premises deployment. If deskless workers are part of your user base, Microsoft Online Services may represent an even greater savings for your organization.

Process

Microsoft Online Services comprise a complete ecosystem of features and capabilities designed not just to meet, but to exceed the security and availability goals that you have for your business applications. Best-of-breed data centers host highly secure servers that are operated according to verified, industry-leading best practices. Your data is secured and maintained to the highest standards at each point from data center to desktop, and world-class support staff are fully trained and ready to provide help whenever you may need it.

Nevertheless, handing over control of your IT service to an online service provider requires due diligence. You are likely to raise the following questions immediately:

- **How experienced is my online service provider?** And how can I be sure that my service is as reliable and safe as my service provider claims it is?

When you use Microsoft Online Services you benefit from many years of Microsoft experience in designing, deploying, and operating software for online service environments.

In addition to implementing the Microsoft Online Services Risk Management continuous assessment model, Microsoft Online Services undergoes various independent third-party compliance audits to provide a high level of assurance to our customers. An independent, objective audit also helps our customers satisfy their legal, regulatory, and compliance obligations.

Microsoft Online Services develop compliance strategies based on the nature of the specific service offering. In the current group of Online Services, a service may have one or more of the following certifications:

- Statement on Auditing Standards (SAS) No. 70 Type II, a widely recognized auditing standard developed by the American Institute of Certified Public Accountants (AICPA)
- International Organization for Standardization (ISO) 27002 certification
- Verizon Security Management Program – Service Provider Certification

Regular third-party audits are reviewed by a dedicated compliance team, whose task is to monitor, manage and close any audit issues.

The Security Management Program from Verizon (formerly Cybertrust), based on ISO 27001, is a comprehensive information security assessment and certification program that combines people, processes, and technology to help organizations address information security needs in an ongoing and cost-effective manner. Compliance with the Verizon set of Essential Practices (EP) results in industry-recognized security certification that provides our customers with confidence and assurance that the systems, networks, and physical environments are protected against threats.

- **How secure is my data** against such risks as data loss and viruses?

Businesses can make considerable investments in attempts to ensure that IT service disruptions or data loss do not threaten their ability to continue operating. Microsoft Online Services make that investment for you, providing data archiving and retrieval so that accidental or malicious data loss can be corrected with minimal disruption.

Microsoft Online Services are designed from the ground up to be secure. Microsoft takes a holistic approach to building in security measures at each stage of service delivery, ensuring

that applications and data are secured to the highest industry standards. End-to-end security involves applying world-class expertise in all of these areas:

- **The data centers** that physically host the online services are carrier-class. Dedicated networks of filters, routers, servers, and data storage devices are, in turn, duplicated in similar but geographically remote data centers for redundancy.
- **The network connection** from your business to the Online Services is secured by certificates using the Secure Sockets Layer (SSL) protocol. Networks within the Online Services environment are designed with physical and software architectures that further protect the integrity and availability of your data.
- **The infrastructure**, consisting of the software that operates the Online Services, deploys applications-level security measures such as virus and spam filtering to help keep your inbound and outbound transactions safe. In fact, security measures within the Online Services infrastructure are likely to be more stringent than an enterprise might provide within its own premises.
- **Your business:** Security measures are most effective when they require little or no intervention by your staff. Online Services provide a secure online sign-in client application, which provides simple one-step authentication for your service users. Straightforward Web-based tools provide a secured environment in which your administrators can manage your online services.
- **Will my applications and data be available** to me when I need them?

Proactive monitoring and testing of Microsoft Online Services helps identify potential problems before they impact customers. Web transaction monitoring continually checks for overall service availability, and also monitors changes in the overall performance of the Internet that may affect services.

World-class support, operations, and risk management staff provide a 99.9-percent availability guarantee, backed by a service fee credit in case of failure.

- **How do I know that my data is private**, and is not accessible by anyone else?

Customers have high expectations about how Microsoft collects, uses, and stores their data. Privacy is one of the four pillars of the Microsoft [Trustworthy Computing Initiative](#) (view at www.microsoft.com/mscorp/twc/privacy/default.aspx), along with security, reliability, and business integrity.

To create a trusted environment for customers, Microsoft develops software, services, and processes with privacy in mind. Microsoft is vigilant in compliance with global privacy laws: its privacy practices are derived, in part, from privacy laws gathered from around the world. The privacy statement for Microsoft Online Services can be found at <http://go.microsoft.com/fwlink/?LinkID=104970&clcid=0x409>

Technology

Ideally, your business should always be operating on the latest and most efficient software for maximum productivity. Microsoft Online Services keeps you up to date, maximizing the value of your investment and keeping your staff more productive by eliminating the need to go through software deployments to get the latest software and service updates.

Access from Anywhere

Employees can securely access Online Services from anywhere through an Internet connection, without needing a virtual private network (VPN). This easy access to information and applications lets users extend their productivity when away from the office. For example, salespeople will be able access the latest version of the sales presentation from SharePoint Online without establishing a VPN connection first.

Integrated Online Services and On-Premises Software

Online Services do not require a 100-percent commitment from day one. Designed to coexist with your on-premises applications, Online Services enable you to migrate selected services to the online environment, while maintaining interoperability with those applications you choose to maintain on-site. As your business grows and changes, you may decide to revisit your decision—maybe it makes sense to move a different division of your company to an online deployment, or to gradually increase the percentage of staff using online services.

Powerful, Familiar, Mature Office Applications

Your Online Services users get the full functionality of the Microsoft Office applications that they are accustomed to. They get the great rich-client experience of Microsoft Office Outlook®, Office Word, and Office PowerPoint®, and the rich functionality of Office SharePoint Server—including portal, content management, and collaboration capabilities. And you can drive down costs by enabling Web conferencing with Office Live Meeting instead of traveling to meetings. All this with the server integration you've come to expect, such as SharePoint libraries synchronized with Office Outlook, and full-function document editing features that are launched from within SharePoint sites.

People

The simplified administration and offloaded operational maintenance of Microsoft Online Services enable you to make the most of your IT people resources—putting them on the most important projects.

Simplified Administration

Online Services offer simplified administration, minimizing the requirements for in-house IT expertise. Tools such as Web-based interfaces and single sign-on to multiple services make it easier for your users to access and manage their services securely and efficiently.

Your end users benefit from simple and secure access to their services through the single sign-on application, which makes creating and using strong passwords absolutely straightforward.

More Efficient IT Operations

IT operations costs are easy to overlook, but can represent a significant overhead cost for your business. Online Services reduce or eliminate your operations costs. Online Services also take

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care of keeping up with the latest industry best practices for high availability and security, without the need for you to maintain that expertise in-house.

More Responsive to Workforce Changes

Online Services are much more responsive than on-premises IT services to any increases in workforce. You don't need to resize or purchase more hardware: you just add users, and Microsoft handles the operations and hardware setup. Mergers and acquisitions, too, are more readily assimilated because services can be readily tailored to support latest business requirements. And with no server purchases or deployments to worry about, you can quickly provide a newly acquired business with communication and collaboration services.

Getting Started with Microsoft Online Services

The Microsoft Online Services licensing model is designed to simplify the process of moving some or all of your IT services online. The services are licensed on a monthly, per-user basis, with a minimum of five seats.

You can buy services directly from the [Microsoft Online Services](http://www.microsoft.com/online/buy.msp) Web site at www.microsoft.com/online/buy.msp, using a credit card; simply choose the services you need, sign the subscription agreement, and use the shopping cart to complete your purchase. There is no additional charge to work with a qualified partner.

Service Partners

Microsoft encourages customers to work with a [qualified Microsoft Online Services partner](http://pinpoint.microsoft.com/en-US/category.aspx?catid=1) (visit pinpoint.microsoft.com/en-US/category.aspx?catid=1) who can assist in choosing and developing a solution that best meets your specific needs.

Service Combination Choices

You can choose from the following services and associated features:

- Microsoft Exchange Online
- E-mail, shared calendar
- Shared contacts and tasks
- Office Outlook connectivity and Web access
- Message archiving
- Antivirus filtering
- Anti-spam filtering
- Mobility
- Microsoft Office SharePoint Online
- Document collaboration
- Wikis, blogs, surveys
- Integration with Office SharePoint Designer
- Intranet portal
- Site search
- Business document workflow
- Forms libraries, templates, and Web Parts
- Microsoft Office Communications Online
- Instant messaging and presence
- One-to-one audio and video conferencing

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- Application sharing (in conjunction with Office Live Meeting)
- Microsoft Office Communicator Web access
- Microsoft Office Live Meeting
- Multi-party two-way Voice over Internet Protocol (VoIP) audio including public switched telephone network (PSTN) and VoIP audio integration
- Panoramic video with Microsoft RoundTable™ communications and archival system
- Rich media presentations (including Windows Media® technologies and Flash)
- Office Outlook integration
- Event and class registration
- High-fidelity recordings
- Virtual breakout rooms

Flexible Licensing Terms

The Microsoft Online Services licensing model is designed to simplify the choices involved in moving some or all of your IT services online.

Online Services are always licensed on a per-user basis. Customers who have purchased a Client Access License (CAL) with Software Assurance do not need to purchase the full Online Services license to use an Online Service; they pay only a “step-up” fee.

In addition, customers who purchased the Microsoft Online Services User Subscription License (USL) for a specific Online Service also have license rights to access the corresponding application as it is deployed on their premises. For example, SharePoint Online users also have the CAL rights to access sites that are hosted on a SharePoint server on their own premises.

Details of purchasing Microsoft Online Services, and the [Microsoft Online Services subscription program](https://download.microsoft.com/download/3/0/1/301B090E-2796-4FB6-829A-4B85202E4E5C/Microsoft_Online_Subscription_Program.xps) (download.microsoft.com/download/3/0/1/301B090E-2796-4FB6-829A-4B85202E4E5C/Microsoft_Online_Subscription_Program.xps), are available online or as a downloadable document.

Further Information

For more information about the topics raised in this white paper, visit the following links:

- [Online Services from Microsoft](http://www.microsoft.com/online) (www.microsoft.com/online)
- Find a [qualified Microsoft Online Services partner](http://pinpoint.microsoft.com/en-US/category.aspx?catid=1) (pinpoint.microsoft.com/en-US/category.aspx?catid=1)
- [Microsoft Online Services Subscription Program](http://download.microsoft.com/download/3/0/1/301B090E-2796-4FB6-829A-4B85202E4E5C/Microsoft_Online_Subscription_Program.xps) (download.microsoft.com/download/3/0/1/301B090E-2796-4FB6-829A-4B85202E4E5C/Microsoft_Online_Subscription_Program.xps)
- [Security Features in Microsoft Online Services](http://go.microsoft.com/fwlink/?LinkID=125754&clcid=0x409) (go.microsoft.com/fwlink/?LinkID=125754&clcid=0x409)
- [The Microsoft Trustworthy Computing Privacy Overview](http://www.microsoft.com/mscorp/twc/privacy/default.mspx) (www.microsoft.com/mscorp/twc/privacy/default.mspx)
- [Microsoft Online Services Privacy Statement](http://go.microsoft.com/fwlink/?LinkId=143471) (go.microsoft.com/fwlink/?LinkId=143471)