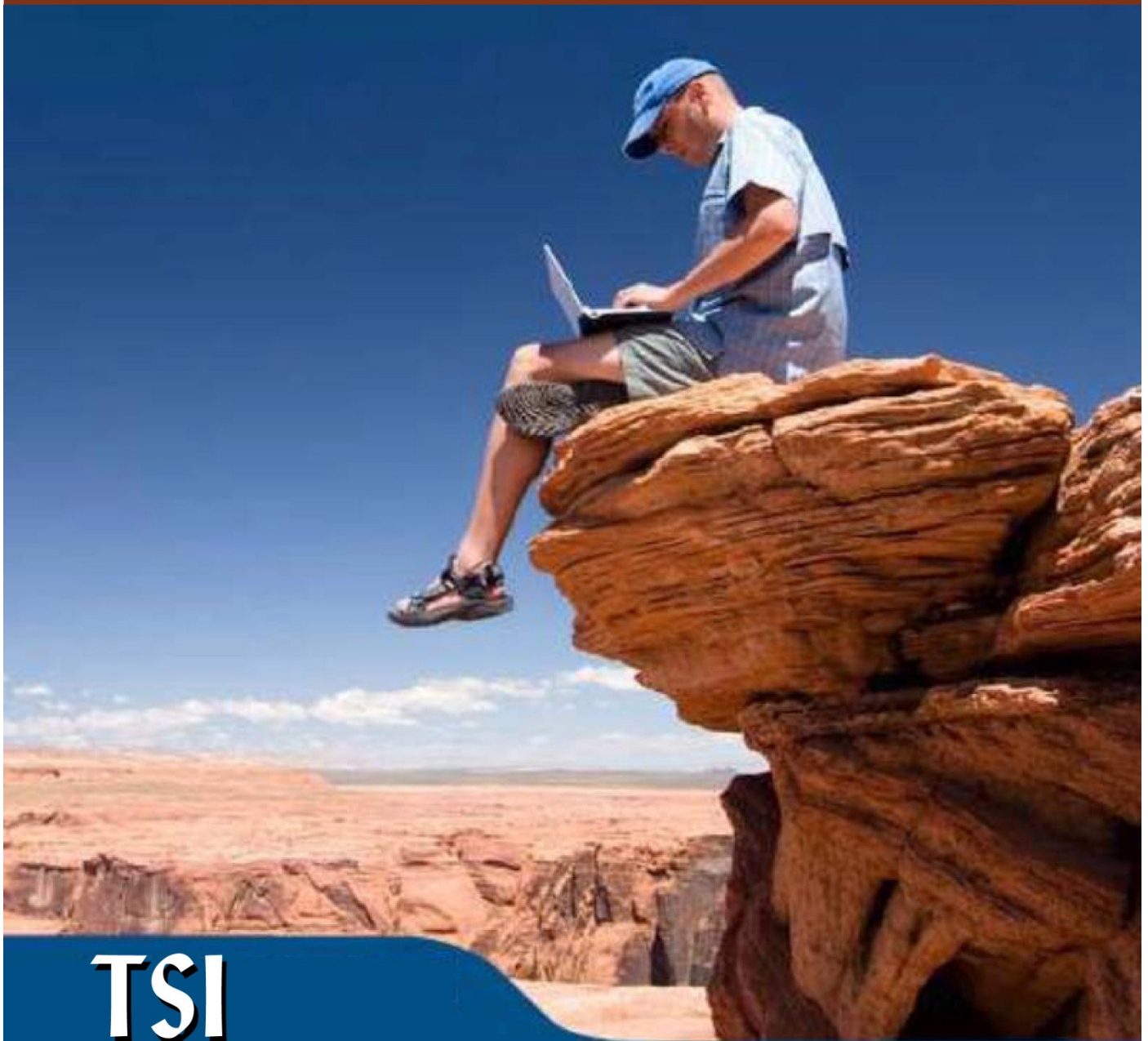


# Hosted vs Licensed

**A Guide for Thoroughbred Resellers**



**TSI**  
**Hosted Services**



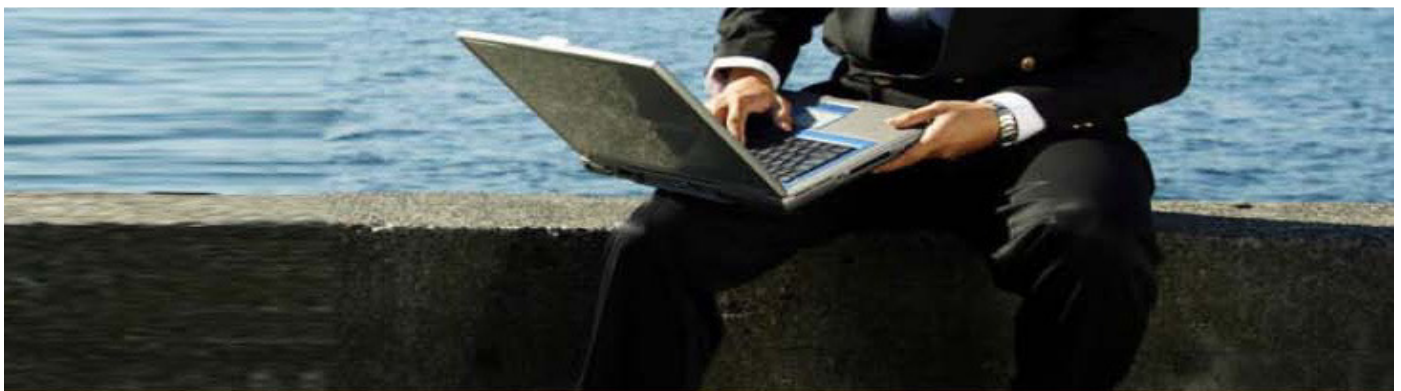
## Hosted Services for Thoroughbred Resellers and their Customers

An important paradigm is taking place in the way companies want to acquire software and in the way that software vendors can supply it. The traditional model of software deployment, where the customer acquires a license and assumes responsibility for the software and hardware implementation and ongoing management is becoming a costly adventure. On-premise Licensed Software Solutions can have disadvantages for end-users including the costs for hardware, software, internal resources, IT complexities and length of time that it takes to recognize value from their investments. These issues have prompted companies to explore alternative models of software delivery, such as Hosted Services or Software as a Service, (SaaS).

In a SaaS model, the software is hosted for you by external specialists that handle all of the IT complexities, resourcing and management issues and take responsibility for almost all of your software and hardware support needs. This is fantastic because it means organizations can go back to doing what they're good at, leaving the hosting provider to deal with the installation, management, support, software updates, backup & recovery and all the other logistical functions that dedicated systems management require.

Hosted solutions are not just for those organizations embarking on a new software purchase but equally for those organizations that have previously invested in hardware and software solutions, who simply want to transfer to a hosted environment and hand over the IT responsibility to the hosting specialist.

Furthermore, hosted solutions provide the customer with the ability to acquire the software as a fee-based service, so the company never actually invests the hardware or software. This has huge appeal to many organizations, particularly their financial strategy, and a stable monthly revenue stream to you.





## So what's to gain and what's the catch?

The appeal of procuring software functionality on a monthly subscription-basis or fee-basis is growing all the time, as organizations become aware of the associated low cost of ownership, and rapid speed to market in deploying new functionality.

There are numerous potential advantages to letting external IT experts host your Customers IT systems

1. They will be up and running in next to no time because all of the hard work is already done. The hosting company already has all the right hardware and software; all they need to do now is set this up to receive and manage your particular content.
2. Economies of scale often mean that the overall cost of ownership is lower because the Hosting experts' time is used efficiently. (See our table of cost comparisons later in the guide).
3. Support is much simpler, known log-in and secure sessions and knowledgeable IT personnel to talk to.
4. By centralizing IT activities and having them hosted off site at the Hosting Service premises, users will have maximum flexibility to access the content from any office, location, or even from home.



5. Content is backed up automatically. Disaster recovery is part of the service
6. Hosted solutions offer the software functionality as a subscription-based service, so the company never actually owns the hardware or software, or has to worry about bugs or upgrades, hardware or software maintenance, it is all included in the monthly fee. This keeps a stable monthly income stream in place.
7. Hosting Services require a minimal capital outlay, and low, predictable, monthly service fees for your customers.
8. It also means your Customers can try out new functionality without commitment, and can adapt system functionality and capacity to changing requirements.

With technology continuing to develop and change as fast as it is currently, the appeal of tapping into a Hosted software based proposition is considerable, because it means organizations no longer need to fear being locked into a product that will eventually become out of date or even obsolete.



## Can there really be any disadvantages?

Well, you might be worried about who else can see your sensitive information. This is easily controlled by a Hosted Systems provider with tight security measures.

You might also need to customize your system knowing that when an upgrade is done your customizations will be supported.

Finally, you might just feel better if you can see and touch something that you yourself own, in the same way that consumers still like to have plastic CD cases gathering dust on their shelves at home because it makes them feel they've got better value for their money than if they downloaded the music from the Internet. But there isn't much logic to this argument, as it is where technology is today.

TSI Hosted Solutions provide the highest security for Thoroughbred-based applications. Having a single point of access to their customers systems makes the management support of our VAR's software unbeatable!



## If it's that simple, why isn't everyone doing it?

Until recently secure hosting centers were prohibitively expensive and sometimes completely impractical. Today those organizations or software companies that resist IT systems hosting are becoming fewer and farther between.

Respectable market analysts are revising their forecasts all the time, with the majority now in wholehearted agreement that, with broadband now as available as it is and networks being so reliable, hosting is a very viable alternative to on-premise systems.

There has never been a better time to outsource burdensome IT challenges to remote third party hosting specialists, and few are as experienced and well placed to respond than TSI Hosting Services. We have been hosting systems for over a decade.



## Let's talk money

# On-Premise Vs Hosted Cost Comparison

Using a very typical IT purchase example, we have produced cost comparison examples for 8-user Server System (i.e. File Server, Application); one installed in-house/on-premise and the other using our hosted model.

The table highlights the typical savings that organizations can achieve by opting for a hosted rather than on-premise software and hardware deployment. It highlights some of the hidden costs of an on-premise solution that too many organizations ignore when costing this deployment model.

The biggest single cost when buying hardware and software is not the capital outlay; it is the cost and overhead of existing staff being required to allocate time to IT, or hiring a dedicated IT support staff. Numerous surveys conducted by global industry analysts on this vital business cost show that this unseen cost can be as high as 7 to 9 times capital costs per annum. This could mean that for every \$1.00 spent on hardware and software that \$7.00 - \$9.00 can be spent on the support infrastructure of the system.

The personnel estimates used in our charts are lower than this, as we are using figures that actual end-users have experienced in our markets. But these numbers show between a 2 to 4 times costs. Even at this very conservative estimate, the results will surprise you.

Thoroughbred can work with its VAR's to provide the hosting platform and Services for a very low monthly cost. Combine that with your application Subscription provides you with a very competitive software offering.

## TSI 8-User VAR Hosting Example

<b>Solution-IV On-Demand Services</b>	<b>Year 1</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 3</b>
<b>8-User system</b>	<b>On-Premise</b>	<b>Hosted</b>	<b>On-Premise</b>	<b>Hosted</b>	<b>On-Premise</b>	<b>Hosted</b>
<b>Hardware/Software</b>						
Typical Application server	\$2,500					
Server Maint	\$350		\$350		\$350	
OS licensing	\$350					
OS Maintenance, Security etc	\$500		\$500		\$500	
<b>Application licensing/Maintenance</b>						
Application License	\$15,500					
Application Maintenance	\$3,100		\$3,100		\$3,100	
<b>Backup Hardware/Software</b>						
Backup Hardware System	\$2,500					
Backup, Fail-Safe Software and Set-up	\$1,000					
Maintenance Contract Backup Server/Software	\$250		\$250		\$250	
Tapes/CD/DVD, Storage	\$250		\$250		\$250	
<b>Personnel Executive Time &amp; Tech Support</b>						
Tech Support/Mgt. 1/3 salary \$50,000	\$16,667		\$16,667		\$16,667	
Potential User Downtime/Lost Time/day	\$1,120		\$1,120		\$1,120	
<b>Other Annual Costs</b>						
TSI Hosted fees including back-up replication for Thoroughbred Basic (there are similar models for OPENworkshop and T-WEB-based applications)		\$3,840		\$3,840		\$3,840
VAR Hosted Software Subscription Annual Fee (this is your billing for your software)		\$8,160		\$8,160		\$8,160
Set up/Training fee	\$5,000	\$5,000				
<b>Total Annual cost to your Customer</b>	<b>\$49,087</b>	<b>\$17,000</b>	<b>\$22,237</b>	<b>\$12,000</b>	<b>\$22,237</b>	<b>\$12,000</b>
<b>SAVINGS BY YEAR</b>		<b>\$32,087</b>		<b>\$10,237</b>		<b>\$10,237</b>
<b>% Hosting Cost vs. On-Premise</b>		<b>35%</b>		<b>54%</b>		<b>54%</b>
<b>ESTIMATED POTENTIAL SAVINGS FOR YOUR CUSTOMER OVER 3 YEARS</b>						<b>\$52,560</b>

This table clearly shows that the TSI Hosted Service can provide a dramatic yearly savings for your customers, relieving them of the costly IT infrastructure they needed to maintain for an on-premise system. Support is vastly simpler, the systems are backed-up daily, and several weeks' historical back-ups are maintained. TSI Hosted Services can provide you with a stable monthly income stream for you and your company for years to come.



TSI provides dedicated, quality Hosting solutions that allow you and your customers to get back to business.

At TSI we have been providing World Class Solutions and Technical Support Services to hundreds of thousands of organizations across the US and World-Wide for over 25 years, so we are not just jumping on a fashionable bandwagon.

We specialize in providing end-user organizations and software companies, large and small, access to secure data centers, housed both inside and outside of TSI, where business solutions are hosted on a monthly subscription basis avoiding the need for costly IT infrastructures and large, up-front capital investment, providing our VAR's and customers with:

- High quality, dedicated servers
- Bandwidth, network and infrastructure. TSI provides bandwidth at a fraction of the cost that

businesses could secure for themselves. This low cost bandwidth liberates companies to embrace Internet based applications in a way they have never been able to before.

- Highly secure managed data centers where looking after your valuable company data is given the highest priority. No portable devices like tapes or CDs which as recent examples have highlighted, can result in serious security breaches
- Comprehensive disaster recovery plans
- Access to TSI's strategic partnerships and shared resources
- Best of breed products and applications, reducing management and support needs, keeping costs to a minimum
- Experienced technical support engineers available on demand 24 x 7

**To find out more visit [www.tbred.com](http://www.tbred.com) or contact us at:**

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