

# Comparing the Cost of Alt-N MDaemon and Exchange

An Osterman Research White Paper

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## Executive Summary

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Corporate email systems are, for all intents and purposes, akin to utilities: they are absolutely essential to the operation of just about any business, they are based on industry standards that allow communication between virtually all competing platforms, even minor disruptions can create major problems for their users, and they represent a significant cost of doing business.

The result, as with any utility, is that organizations need to find ways of driving down the cost of email while not compromising on its inherent utility: security, reliability and usability – particularly important considerations during trying economic times.

Because labor represents the largest single cost component in managing virtually any on-premise email system, reducing the amount of time required to manage the system is of paramount importance – especially for small businesses. While server licensing, hardware and other costs also comprise a significant proportion of the total cost of ownership (TCO) for any email system, labor is still the most important single cost element on which to focus.

### BACKGROUND

In order to analyze the cost of deploying and managing an email system, Osterman Research undertook a primary and secondary research program with small to mid-sized organizations. The primary goal of the research was to understand how much time that these organizations' IT departments spend on managing various tasks associated with deploying and managing email. This data was then combined with secondary research in order to develop a cost model that compares two business-class email systems:

- Alt-N MDAemon
- Microsoft Exchange

***The initial cost of deploying MDAemon is 32% lower than it is for Exchange, and the three-year TCO of a 100-seat deployment of MDAemon is 27% lower than for a comparably configured Exchange deployment.***

### KEY TAKEAWAY

The research program found that Alt-N MDAemon is significantly less expensive than Microsoft Exchange. For example, the three-year TCO of a 100-seat deployment of MDAemon is 27% lower than for a comparably configured Exchange deployment. Further, the initial cost of deploying MDAemon is 32% lower than it is for Exchange.

It is important to note that the goal of this white paper is not in any way to denigrate Microsoft or Exchange. Exchange represents a solid and reliable email platform from a well-respected and market-leading vendor. However, our research clearly demonstrates that MDAemon is significantly less expensive to deploy and operate initially and over the long term.

## Email is Critical...and Expensive

### EMAIL CONTINUES AS THE DOMINANT COMMUNICATIONS TOOL

Despite the growing interest in social media, unified communications and real-time communications, email continues to be the primary method by which people communicate. For example,

- In the corporate email market, there are roughly 160 million users or licensees of Microsoft Exchange, 125 million users of IBM Lotus Notes/Domino and 30 million users of Novell GroupWise. Add to that the tens of millions of users of business email served by Alt-N, Google, Gordano, Ipswitch, Kerio, Messaging Architects, Mirapoint, VMware and many, many other vendors. These numbers dwarf the number of business users of social media and other tools.
- An Osterman Research survey conducted in May 2010 found that the typical user spends 146 minutes per day using email compared to 95 minutes spent on the telephone, instant messaging and social networking combined.
- The same survey also found that 61% of users employ email as their primary repository of business content.
- A May 2009 Osterman Research survey<sup>1</sup> found that 97% of email users consider email to be important or extremely important in doing their work. By contrast, only 86% of users felt this strongly about the telephone, while 45% felt this strongly about instant messaging capabilities.

***Although email is widely deployed, is based on industry standards and is offered by a large number of vendors, many solutions are expensive to deploy and manage.***

### EMAIL IS EXPENSIVE

Although email is widely deployed, is based on industry standards and is offered by a large number of vendors, many solutions are expensive to deploy and manage. For example, Osterman Research cost modeling has demonstrated that the three-year cost of many email solutions is in excess of \$15 per seat per month; when anti-spam, anti-malware, archiving, encryption and other capabilities are added to the mix, the cost can be more than \$25 per seat per month.

This has created a conundrum for many organizations, particularly during a period of tightening IT budgets: they absolutely must have access to reliable email capabilities, while at the same time driving down their total cost of ownership for email. This has led many organizations to consider alternative on-premise email systems or to use hosted or cloud services, either of which can often result in reduced expenditures for email.

<sup>1</sup> *The Importance of Social Networking Tools Relative to Conventional Tools*, May 2009; Osterman Research, Inc.

## What are the Advantages of a New Email Solution?

A corporate email system needs to perform several functions, including:

- Send and receive email
- Filter out spam and malware
- Provide access to individual and group calendars
- Provide contact management and task management capabilities
- Encrypt outbound content
- Archive content for legal, regulatory and other purposes
- Allow users to access email via a thick client or a Web browser

While leading systems like Exchange perform these functions very well, many other platforms also provide all of these capabilities.

### LOWER COSTS ARE A KEY DRIVER FOR A NEW EMAIL SYSTEM

A key benefit (perhaps the most important benefit) that a new email system can offer is a much lower cost of ownership on several levels:

- **Reduced labor costs**

Labor costs typically account for the largest single share of the total cost of ownership for an email system. If these costs, particularly the routine, ongoing maintenance costs can be reduced by even a small amount on a weekly basis, this can dramatically lower the overall cost of ownership for an email system. This is a particularly important consideration for an organization that has seen its IT budget held static or reduced over the past couple of years.

- **Lower licensing costs**

The licensing costs for servers can be highly variable from one system to the next. While the license cost for an email server distributed over a large user base during a three-year period may represent a relatively low cost per user on a monthly basis, licensing costs can represent a substantial initial investment that can be reduced.

*If labor costs, particularly the routine, ongoing maintenance costs can be reduced by even a small amount on a weekly basis, this can dramatically lower the overall cost of ownership for an email system.*

- **More flexibility for users**

While most users opt to use Outlook as their client of choice for email, alternative platforms typically support both Outlook and a variety of Web browsers. Certainly, Microsoft Outlook Web Access (OWA) can be used with a number of different browsers, but the full functionality of OWA is available only when using Microsoft Internet Explorer.

### IS THERE A RISK ASSOCIATED WITH SWITCHING EMAIL SYSTEMS?

An often-mentioned concern that many decision makers express when thinking about switching to a new email platform is that they will leave the "roadmap" of the vendor they are currently using, effectively cutting them off from promised features and

functions that will be provided in future versions of that platform. However, decision makers concerned about leaving the roadmap of a market-leading vendor should consider the following:

- Leading email platform vendors continually develop their solutions and offer enhanced functionality over time – but so do vendors of other alternative email platforms. The decision, then, is not to stay with Vendor A’s roadmap or abandon future enhancements to email, but instead deciding if Vendor A or Vendor B has the *better* long term roadmap (along with the lower costs and greater flexibility that can be realized today).
- When considering any vendor’s roadmap, it is important to consider all of the ramifications that might be involved. For example, Exchange 2007 offered a number of important and useful features. However, it also required migration to 64-bit hardware that was not common at the time. The result was a significant improvement in email performance, coupled with a requirement to make major investments in new hardware and an inability to repurpose existing, 32-bit server hardware. Similarly, Exchange 2010 now includes native email archiving, an important and useful new capability in Exchange. However, the archiving functionality in Exchange 2010 requires use of Outlook 2010, deployment of which will take years to implement in some companies.
- An important vendor roadmap ramification to consider is the corporate smartphone base and email interoperability. To maintain the complete advantages of email running on current smartphones, many companies should compare capabilities. In this case, most firms running pre-2007 versions are unable to access the more robust mobility experience offered with the latest version of Microsoft Exchange 2010. For these organizations, a mail server upgrade is required to access the latest ActiveSync mobility features that may require moving from a 32-bit server to a 64-bit server and purchasing new user licenses.
- Integration with other corporate software systems should be highlighted as a potential risk with regard to switching email systems. Microsoft Exchange, for instance, may offer present or future (roadmap) integration with other Windows-based products, such as Microsoft SharePoint or CRM – which may curb switching or upgrading to an alternative such as MDAemon.

***An email platform offered by a vendor with a solid track record of innovation does not carry with it any more risk than staying with a leading vendor.***

Clearly then, switching to a new email platform carries with it some roadmap considerations. But an email platform offered by a vendor with a solid track record of innovation does not carry with it any more risk than staying with a leading vendor. Decision makers would be advised to weigh any risks in parallel to an assessment of the *true* cost of their email.

## The True Cost of Email

### **MOST CANNOT ACCURATELY ESTIMATE THE COST OF EMAIL**

Osterman Research has found in multiple studies over the past several years that many IT decision makers do not know the true cost of providing email services to their users. For example, in a study that Osterman Research completed in early August 2010, we found that only one in seven messaging decision makers and influencers were “very confident” in their estimates of how much email costs their organization on a monthly basis.

Further, Osterman Research has found that many decision makers underestimate the cost of providing email services. For example, an Osterman Research study of small to mid-sized businesses (21 to 1,000 email users) found that the median cost of providing email capabilities was estimated to be \$11 per seat per month; a separate Osterman Research survey found that the median cost in mid-sized and large organizations was estimated to be \$10 per seat per month – both figures are significantly below the *actual* cost of providing email as discussed later in this white paper.

### **DO YOU REALLY NEED TO KNOW WHAT EMAIL COSTS?**

For the day-to-day operation of an email system, knowing the cost of providing email capabilities actually is not of critical importance. However, when senior managers must make a decision about upgrading from one system to another, or if they are seeking to cut costs from critical parts of the messaging infrastructure, then an understanding of the true cost of email becomes very important.

Fully understanding the cost of email is an exercise that all IT managers, CIOs, CFOs and others should undertake periodically, particularly when they must come to a decision about a migration, upgrade or use of a new email platform.

### **WHAT IS THE ACTUAL COST OF EMAIL?**

Deploying and managing an email system requires a significant investment in a variety of hardware, software and IT labor resources:

- **Hardware**  
Email servers, anti-spam servers, anti-virus servers, routers, load balancers, monitors and storage systems.
- **Software**  
Operating systems, email server software, anti-spam software, anti-virus software, monitoring software and anti-spyware software.
- **Labor**  
IT staffers required to deploy and maintain hardware and software or appliances, including upgrading hardware and software, applying patches, resolving downtime incidents, dealing with users issues, training, etc.

***In order to determine the cost of operating an email system, Osterman Research undertook a program of primary and secondary research to compare two leading email systems – Alt-N MDAemon and Microsoft Exchange.***

- **Mobility**

Mobility is a growing concern in the email cost equation. MDAemon and Microsoft Exchange both provide comparable support for harnessing the benefits of mobility. As such, the comparison in costs, which may be varied based on the smartphone deployment, was not directly considered in this whitepaper. Microsoft Exchange provides direct support for most smartphones via ActiveSync, but supporting BlackBerry smartphones requires additional BlackBerry middleware. With MDAemon, all popular smartphones are directly supported because MDAemon includes ActiveSync and it is the only email server that has BlackBerry support built-in and managed from a single user interface. This is a particularly important advantage given that the BlackBerry platform has the largest single market share in North America.

- **Other costs**

There can be a variety of other costs associated with managing an email system, including the cost of floor space and the increasingly significant costs associated with power and cooling for on-premise servers and other hardware.

## **COMPARING THE COST OF EMAIL SYSTEMS**

In order to determine the cost of operating an email system, Osterman Research undertook a program of primary and secondary research to compare two leading email systems – Alt-N MDAemon and Microsoft Exchange – although a variety of other email systems were also studied. The goal of the research was to understand the labor and other costs associated with operating various email platforms, as well as to solicit opinions on the value provided by these systems.

Osterman Research completed a total of 144 surveys with small and mid-sized organizations during August 2010. The mean number of employees at the organizations surveyed was 272 and the mean number of email users was 131. For purposes of this analysis, the relevant data from the research was segmented into customers of Alt-N MDAemon and Microsoft Exchange.

Using the data generated from the survey on IT labor investments required to deploy and manage email systems, coupled with secondary research on the cost of hardware and software, Osterman Research determined that the total cost of deploying and managing Alt-N MDAemon for 100 users over a three-year period was 27% less expensive than the cost of a similarly configured Microsoft Exchange environment, as shown in the following table and figure. Further, even when not considering the operating cost of either platform, the initial deployment cost for Alt-N MDAemon is 32% lower than the cost of Microsoft Exchange.

**Total Three-Year Cost of Ownership for a Basic Email System for 100 Users**  
Alt-N MDAemon and Microsoft Exchange

	<b>Alt-N MDaemon</b>	<b>Microsoft Exchange</b>
<b>HARDWARE for Basic Email</b>	<b>Total Cost</b>	<b>Total Cost</b>
<b>Email server</b> <i>Dell PowerEdge R715 Rack Server</i>	\$1,949	\$1,949
<b>Support agreement (18% of server cost)</b> <i>Years 2 and 3</i>	\$702	\$702
<b>SOFTWARE for Basic Email</b>		
<b>Email server software</b> <i>MDaemon 100 User</i> <i>Microsoft Exchange 2010 Standard Edition</i>	\$1,015	\$699
<b>Client Access Licenses (CALs)</b> <i>None required for MDAemon Pro</i> <i>Exchange Server 2010 Standard CAL</i>	-	\$6,700
<b>Annual support</b> <i>MDaemon Messaging Server BlackBerry Edition Support</i> <i>Microsoft Select ERP</i>	\$1,300	\$7,000
<b>Windows Server 2008, Enterprise Edition</b> (includes 25 CALs)	\$3,999	\$3,999
<b>Windows Server 2008, additional CALs</b>	\$3,196	\$3,196
<b>LABOR for Basic Email</b>		
<b>Initial deployment labor</b> \$80,000 FTE annual salary / \$38.46 hourly salary	\$1,356	\$1,923
<b>Ongoing maintenance, Year 1</b> \$80,000 FTE annual salary / \$38.46 hourly salary	\$6,693	\$8,514
<b>Ongoing maintenance, Year 2</b> \$84,000 FTE annual salary / \$40.38 hourly salary	\$7,312	\$8,939
<b>Ongoing maintenance, Year 3</b> \$88,200 FTE annual salary / \$42.40 hourly salary	\$7,677	\$9,386
<b>OTHER COSTS</b>		
<b>Floor space (square feet), Year 1</b> 150 square feet, \$30.00 per square foot	\$4,500	\$4,500
<b>Floor space (square feet), Year 2</b> 150 square feet, \$30.90 per square foot	\$4,635	\$4,635
<b>Floor space (square feet), Year 3</b> 150 square feet, \$31.83 per square foot	\$4,774	\$4,774
<b>TOTAL THREE-YEAR TCO</b>	<b>\$49,108</b>	<b>\$66,916</b>
<b>TOTAL THREE-YEAR TCO PER USER</b>	<b>\$491.08</b>	<b>\$669.16</b>
<b>TOTAL ANNUAL COST PER USER</b>	<b>\$163.69</b>	<b>\$223.05</b>
<b>TOTAL MONTHLY COST PER USER</b>	<b>\$13.64</b>	<b>\$18.59</b>

**Notes:**

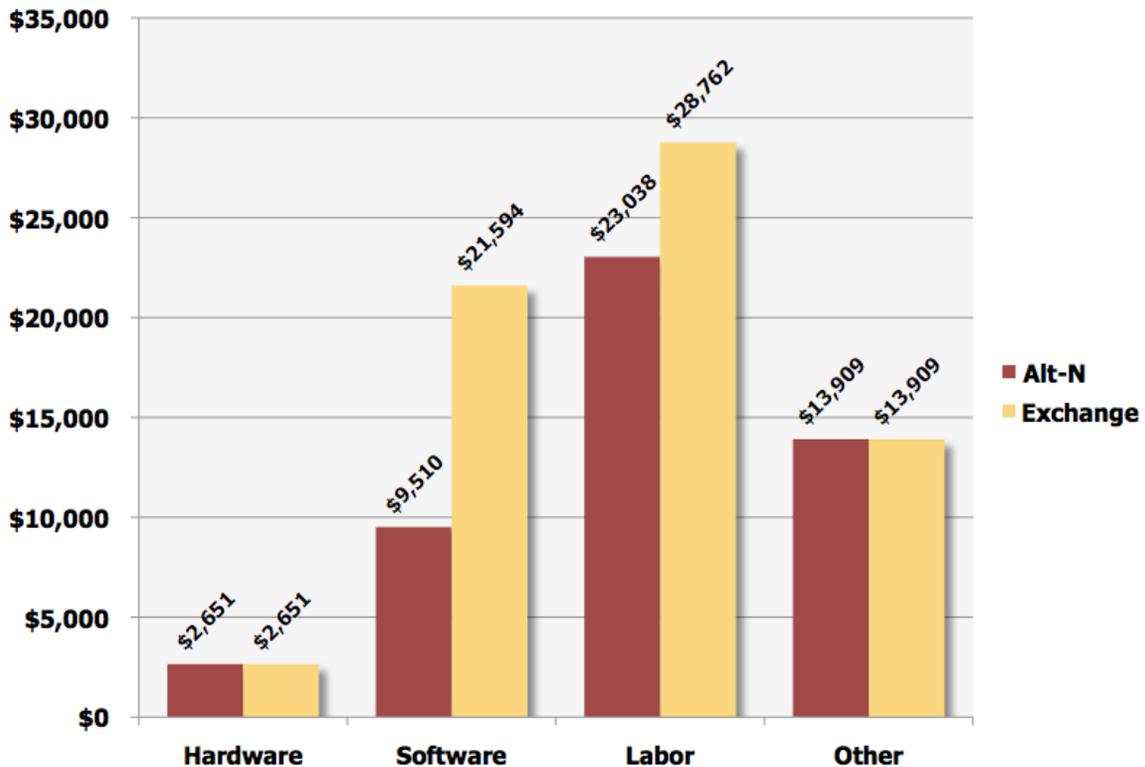
Many customers are able to deploy MDAemon using existing server hardware; this is not as common in Exchange environments because of the common requirement to migrate to 64-bit hardware.

Assumes 5% annual growth in IT labor rates.

Assumes 3% annual growth in floor space leasing/rental costs.

### Breakdown of Three-Year TCO

Alt-N MDAemon and Microsoft Exchange



An examination of the table and figure above reveals that for a 100-seat environment, Alt-N MDAemon will result in a cost savings of nearly \$18,000 over a three-year period, or nearly \$5 per seat per month.

### HIGH LEVELS OF SATISFACTION WITH MDAEMON AND EXCHANGE

The research program conducted for this white paper also asked respondents about other issues relative to the level of satisfaction that organizations have with their email systems. For example, we found that 38% of the MDAemon-enabled respondents are "very satisfied" with their current email infrastructure and another 30% are "satisfied"; these figures compare quite favorably with Exchange-enabled respondents, 26% of whom are "very satisfied" and 46% of whom are "satisfied".

When asked if they would deploy the same email infrastructure again, 78% of MDAemon-enabled respondents indicated they probably or definitely would do so, statistically identical to the 80% of Exchange-enabled organizations who answered this way.

In short, in addition to the significantly lower cost of MDAemon, its customers are at least as satisfied – and often more satisfied – than are customers of Microsoft Exchange.

## **CONCLUSION**

The goal of this whitepaper was to provide decision makers with information for flexible alternatives. Microsoft Exchange represents a solid and reliable email platform, but despite its ubiquity it may not be the right fit for all companies today, especially in today's cost-constrained IT environment. Many customers on older 32-bit versions of Exchange or SBS may be looking for alternatives to a 64-bit hardware upgrade and associated software. To help customers with decisions, this whitepaper compared Windows-based MDAemon to the most popular Windows-based email platform, Microsoft Exchange. It was determined that MDAemon offered a feature-competitive, lower-cost alternative.

## **About Alt-N MDAemon**

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MDAemon supports IMAP, SMTP, and POP3 protocols and delivers solid performance from its feature-rich and user-friendly design. A trusted alternative to Microsoft Exchange, MDAemon provides outstanding groupware features, integration with Microsoft Outlook (using Outlook Connector for MDAemon) and a multi-language Webmail client for email access anywhere.

The mail server software provides secure, standards-compliant and low total cost of ownership (TCO) features for small-to-medium-sized businesses in multiple languages, while supporting mailing lists, content filtering, multiple domain support, flexible administration, and an open standards design for mobile access.

MDAemon supports most mobile devices with access to email, calendar, and contacts. For organizations that want simplicity, affordability, and compatibility between an on-premise email server and their BlackBerry devices, MDAemon includes integrated support for BlackBerry® push email with a seamless device management experience. MDAemon users can follow the simple and intuitive user interface to quickly set-up and receive push email delivery from the mail server to their favorite BlackBerry device.

MDAemon is a leader in email security using a layered approach (with SecurityPlus for MDAemon) offering proactive protection against email-borne threats of spam, viruses, and phishing. MDAemon mail server uses the advanced email authentication techniques of Vouch By Reference (VBR) and validates and signs messages using DKIM, DK, Sender-ID, and SPF.

MDAemon is a globally trusted mail server and a solid alternative to Microsoft Exchange, with prices starting as low as \$130.00, or for full-featured MDAemon, \$360 for 6-users.

***Comparing the Cost of Alt-N MDaemon and Microsoft Exchange***

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