

Cloud-based Office 365 provides substantial cost, flexibility benefits over server-based system

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In the modern workplace, employees are more mobile than ever before, often using personal devices to communicate and complete work tasks far from offices or cubicles. However, the true potential for mobility-driven productivity gains is often slowed by IT systems that are dated and stubbornly close to home.

In a recent Email Tracker survey¹ of mid-sized business leaders, 53 percent said they were still running older email servers, many of which no longer have technical support. And, in a 2011 Score TechMatrix survey², 41 percent of American businesses using Microsoft Office admitted they were actively using Office 2003—or even older—versions of the popular word processing software. Clearly, those data samples signal that a sizable percentage of companies would face serious compatibility issues between mobility needs and their existing server-based technologies.

What's one solution to this dilemma? Consider the benefits of Microsoft Office 365, a cloud-based platform that bundles a full suite of enterprise communication and collaboration products with well-known Microsoft Office solutions (such as Word, Excel and PowerPoint).

"If you really step back and do a full analysis, a small to mid-sized business can get a full range of enterprise applications with Office 365 without a large capital outlay," said Ron Beck, leader of McGladrey's West Region telecommunications practice group. "It also provides good cost control going forward, because it provides cloud-based tools most businesses could not afford as one-off applications, and it avoids the potential for being locked into ongoing maintenance and upkeep for server-based systems."

1 <http://75ad.http.cdn.softlayer.net/0075AD/cta/documents/partners/microsoft/office-365-midmarket-sales-presentation.pptx>

2 <http://75ad.http.cdn.softlayer.net/0075AD/cta/documents/partners/microsoft/office-365-midmarket-sales-presentation.pptx>

Office in the cloud: key advantages

Microsoft first announced a test release of Office 365 in fall 2010, followed by a full release of platforms tailored specifically for small, mid-sized and large companies. Some of the most significant advantages to these cloud-based platforms include:

Lower capital and operating expenses. For many businesses, the first obvious advantage of Office 365 is cost. For example, a mid-sized company with up to 300 employees can access the full range of Office 365's cloud-based tools for a monthly fee of \$15 per user, which also includes the entitlement to install the Office tools on up to five devices per user. While a one-time purchase of the server-based Microsoft Office suite costs approximately \$350, the company is still responsible for security and future system upgrades. Additionally, since data in Office 365 doesn't reside in a company's systems, business leaders can reduce capital expense for data centers and other IT infrastructure. In fact, a systems upgrade to accommodate the basic usage of Microsoft Lync (a telecommunications tool within the Office 365 suite) could easily cost as much as \$15,000 or more in new hardware. That upfront expense doesn't include ongoing maintenance and support costs.

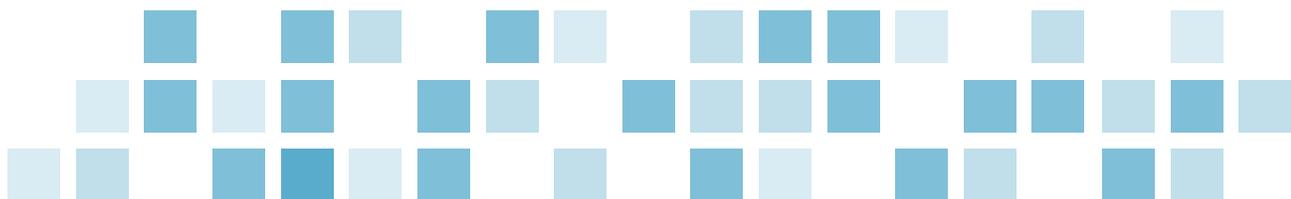
Simplified IT administration. On any given day, basic IT tasks like systems backup and maintenance occupy a great deal of your IT workers' time, preventing them from focusing their energy on other business priorities. Office 365 will handle tasks like these, while still giving your IT staff control over user management and service configuration.

"This means you don't have to invest in a high level of specific IT expertise to keep things running," said Beck. "For example, you don't need to hire an expert with deep experience in Microsoft Exchange, when most of the internal work required on Office 365 might be to change user rights or reset passwords."

Top-level security and guaranteed reliability. Anytime "cloud computing" is mentioned, a follow-up chorus of security concerns typically follows. However, all data uploaded via Office 365 is shielded within data centers, where security firewalls are continually monitored and updated. In addition, the cloud version of Office 365 provides a higher level of redundancy and disaster recovery than most organizations could afford to provide through their own resources. Overall, Microsoft provides a financial guarantee that Office 365 online will deliver 99.9 percent uptime³.

Better experience for end users. In essence, Office 365 provides the full Microsoft Office suite or products that most employees already use and understand. The bundle also offers an array of additional productivity-boosting tools that integrate seamlessly with core Microsoft products, making them easy for end users to learn. Just as importantly, since all tools are hosted on the cloud, there's no productivity drop between desktop and remote users. The full range of Office 365 services, plus mobile apps for laptops, tablets and smartphones, make it easy for employees to work as a team and produce results while on the go. And, this mobility advantage is amplified by the nature of licensing for cloud-based Office 365, because one user can actually register up to five devices for access to the platform.

3 <http://www.microsoft.com/business/en-us/resources/technology/business-software/The-Benefits-of-an-Office-365-Workspace.aspx?fbid=bb76llbX9i>



Office 365: a closer look at key tools

In addition to the standard Microsoft Office products, such as Word, Excel and PowerPoint, Office 365 delivers a powerful series of communication and collaboration technologies. Here are some examples:

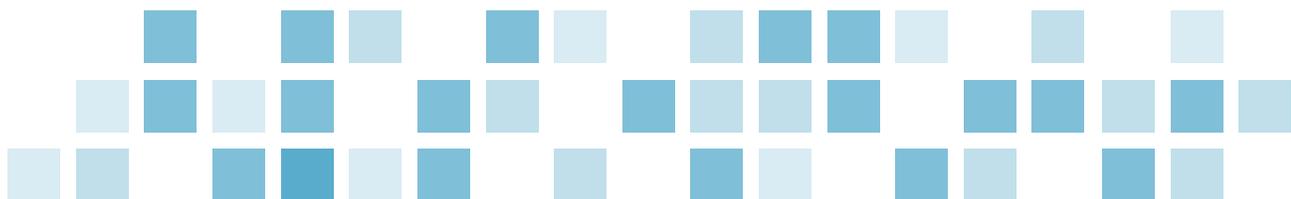
Microsoft Lync. At its core, Lync is a true enterprise phone system. However, it offers a range of related collaboration features that make it valuable as a unified communications platform that works for both desktop and mobile devices. Key features include:

- **Inside integration.** In addition to voice communication, Lync offers business-class instant messaging capabilities, which allow users to collaborate via individual, group or persistent chat sessions. In addition, by using Lync Meetings and “presence” (a tool to determine availability of designated team members), the platform helps users determine the more efficient times and tools to connect with colleagues. All Lync tools are fully interactive with Microsoft Office applications and the full suite of Office 365 tools.
- **Outside connectivity.** By using Lync’s secured federation feature, users can easily bring customers, contractors or other outside parties into online conversations and content sharing. In its most recent upgrade, Lync Meeting can now handle up to five simultaneous live video streams, in addition to sharing application and desktop files. And, because of Microsoft’s recent acquisition of Skype, Lync users may now exchange contact lists, see each other’s presence and communicate via instant messaging or audio calling.
- **Single platform.** “People often think of Lync simply as instant messaging and presence, which are great tools,” says Beck. “But the overall platform allows users to choose the right tools—messaging, phone, conferencing—even document sharing on high-definition video—from a single platform.”

Microsoft SharePoint. While SharePoint has been around for years, most organizations still view it largely as a means to manage documents or intranet content. But that’s only the beginning. When used in an Office 365 environment, this tool greatly enhances enterprise content sharing and collaboration—from team sites for events or projects at the departmental level all the way to a fully featured extranet serving customers and other stakeholders. SharePoint integrates seamlessly with Project, Outlook and other applications in the Office suite, works well with social collaboration tools like Yammer and offers substantial work flow automation capabilities.

Another important feature of SharePoint is document management. Since it’s a cloud-based repository for a wide range of business files and documents, users can access critical information, regardless of location or time. Additionally, SharePoint is easily searchable and it automatically archives earlier versions of key documents, making it easier for teams to keep track of older ideas or discussions, while forging ahead on project goals.

Microsoft Exchange. Exchange is a cloud-based email solution that works on both desktop and mobile devices. Its email, calendaring and contact applications are compatible with Microsoft Outlook, and the tool provides 25 GB of mail storage for each user, while allowing users to send files of comparable size. Microsoft’s Data Loss Prevention technology prevents users from transmitting sensitive or protected files to unauthorized



recipients, while providing reminders on internal compliance policies. The online version of Exchange has state-of-the-art malware and spam protection, data backup and disaster recovery capabilities—all backed by a service level agreement that guarantees virtually no downtime⁴. Those assets, Beck said, make Exchange Online a tremendous bargain.

“While all of the tools within Office 365 add a lot of value, I think Exchange Online provides some of the most significant benefits to smaller businesses,” he said. “Many of those companies are running Exchange on their servers, but that becomes very expensive when you have to up-grade the platform every four years or so. The cloud-based program offers all the same features, and it is continually updated.”

Microsoft Office Professional. For years, this server-based staple has provided core tools, such as Microsoft Word, Excel, PowerPoint and Outlook. In more recent versions, Office has added newer applications, like OneNote, as well as other platforms previously discussed (including Lync, SharePoint, Skype and Yammer). While Microsoft Office 365 offers the same applications, the cloud-based version offers online access to the full toolbox of Microsoft Web Apps, which allow mobile users to access, edit and view the majority of these tools on smartphones and tablets⁵.

In addition to mobile features and regularly updated Office tool applications, businesses can also tap this cloud-based system for an Office on Demand feature. This allows employees without a regular Office 365 license to stream Office applications, as needed. When the applications are closed, the service automatically disconnects.

“This feature is especially useful for many cities and counties that hire a lot of seasonal workers,” said Beck. “With Office 365, they have the option to turn on email or other applications when these people are on the payroll and shut it down when they’re gone. So, the flexibility built into this platform is really good.”

Potential issues with Office 365

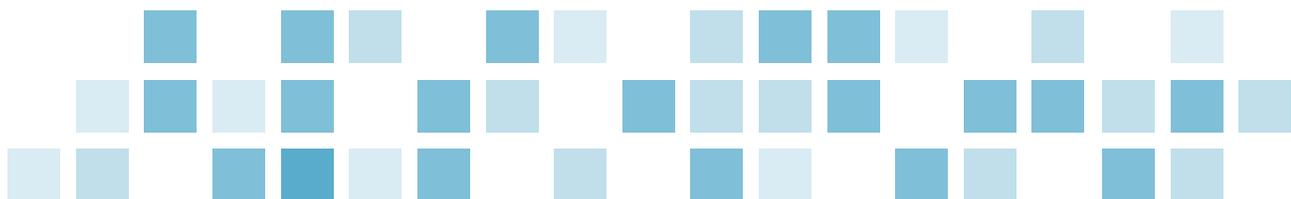
With all of the advantages to cloud-based Office 365, it’s wise to consider some prospective drawbacks. Some of these include:

Integration. In recent years, many businesses have moved toward a “unified messaging” platform. Essentially, this means calls to a main desk number are received and automatically forwarded to designated mobile devices, and all incoming business voice mails are transcribed to an email account. However, this arrangement can become more challenging with Office 365 online, because telecommunications are now routed out to the cloud, rather than through a standard PBX network.

“This is perhaps the biggest challenge Office 365 faces,” said Beck. “For example, let’s say your office enterprise resource planning (ERP) system is integrated with your phone system to do some auto dialing after payables become a certain number of days late. With Office 365 online, that process becomes much more complicated, because you’re running it through the cloud.”

4 <http://office.microsoft.com/en-us/exchange/microsoft-exchange-online-email-for-business-FX103739072.aspx>

5 <http://office.microsoft.com/en-us/business/office-365-midsize-business-productivity-software-FX103037683.aspx>



To help head off integration problems, prospective buyers of Office 365 should first complete a Microsoft Office Alignment Index, a scorecard that will help determine if the platform is a good fit for the business and its existing IT systems. If a company does not have internal skill sets to properly evaluate IT architecture and integration points, Beck said engaging a qualified third-party technical resource is a smart idea.

Short track record. While Microsoft has made tremendous strides in building a cloud-based Office 365 package, its operating history goes back only about two years. That makes it difficult to forecast long-term performance under a variety of conditions, applications and end-user environments.

Cloud confidence. Sometimes, perception is reality. Despite the substantial security, disaster recovery and backup features that come with the Office 365 online package, some users simply cannot get comfortable with data leaving a company's physical servers.

Identity management. In a typical server-based security system, a user would log in using a single name and password combination. Once inside, the user can then freely navigate most of a company's internal systems, files and communications tools. However, if the organization's identity management solution cannot handle multiple entry points—including cloud-based tools—that poses a problem for platforms like Office 365.

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