

MOVING FROM ON-PREMISE TO CLOUD FAX:

A Comparison of Costs



CONTENTS

- 3** INTRODUCTION
- 4** UNDERSTANDING WHAT YOUR FAX SERVER COSTS
- 5** IDENTIFYING CAPITAL ACQUISITION COSTS OF YOUR FAX SERVER
 - Scoping implementation costs*
 - Scoping for additional redundancy*
- 6** ACKNOWLEDGING SOFT COSTS FOR MANAGING YOUR OWN FAX SERVER
- 8** COMPARING OPERATING EXPENSES
 - Support costs*
 - Hardware maintenance*
 - Facilities costs*
 - Phone lines and fax numbers*
 - Call traffic and long-distance fees*
- 13** UNDERSTANDING THESE COST DIFFERENCES
 - The cost of software acquisition*
 - A note on labor costs*
 - A note on IT staffing for fax servers*
- 16** OVERVIEW OF LONG-TERM OPERATING EXPENSES
- 19** GO BEYOND STANDARD FAX TRANSMISSIONS
- 20** ABOUT CONCORD TECHNOLOGIES

INTRODUCTION



In today's enterprise-grade organizations, IT teams are increasingly relied upon for the day-to-day operations that keep the business running. As highly skilled and effective IT staff members have critical efforts to manage, businesses need to decide how to make the most of their teams' time and talent. It's widely acknowledged that leveraging cloud resources to outsource IT infrastructure can save on both time and operating costs, but deciding which initiatives to outsource requires careful consideration.

The advancements made in cloud based fax services make it a more reliable, scalable and cost-effective solution over traditional fax technologies and have made more and more enterprises choose to

replace outdated server-based solutions in favor of the cloud. But in order to make this switch, businesses have a real need to understand the cost comparison between managing a fax server and utilizing a cloud fax service. To that end, there are certainly times –especially with large deployments – when the comparison may be a complex process, primarily because the overall costs associated with on-premise based fax solutions are typically very poorly understood.

In this document, we have made an effort to present an unbiased and candid view of the costs of operating an on-premise fax server in order to help you create a comprehensive comparison of those costs versus the cost of switching to Concord Cloud Fax.

UNDERSTANDING WHAT YOUR FAX SERVER COSTS

There are a number of different costs associated with owning and operating a fax server. Some of these costs are obvious: phone lines, telephony infrastructure costs, support contracts. Other costs are less obvious, and in some cases difficult to quantify even once they have been identified.

The focus in this document will be on the actual operating expenses of running the server, but we will briefly identify some of the upfront (capital) costs as well as some of the “soft costs” incurred by having skilled staff spending time maintaining the fax IT infrastructure.

Note that while we do not consider these values directly in our assessment of the cost comparison for these services, we acknowledge that these costs and values are real and should at least be considered in your selection, if not fully quantified.



IDENTIFYING CAPITAL ACQUISITION COSTS OF YOUR FAX SERVER

SCOPING IMPLEMENTATION COSTS

If you consider the current market leader in the on-premise fax server space, you'll note that there are many modules and options available, providing many different ways that the server can be configured. To put it simply, however, licenses are purchased by the capacity that an organization requires. This kind of licensing model means that sufficient fax lines/channels need to be purchased for your server to handle the maximum number of simultaneous faxes that you'll need to send or receive. Meaning, if your organization has a busy period of the month where your volume spikes significantly, you'll need to purchase sufficient capacity to cater for that peak demand – resulting in expensive infrastructure sitting idle for substantial periods of time.

Of course, there is a wide range of options and alternatives that impact cost, but a general rule of thumb is that a fax server software licenses will cost roughly \$12,000 for a basic server with a capacity of four fax lines, and can cost roughly \$45,000 for a larger server – for instance, 24 fax lines – with some standard optional modules. You may be surprised to hear that many organizations have invested multiple millions of dollars in software licensing for extremely large fax systems.

Given the size and complexity of many on-premise servers, most organization have to hire at least one specially trained System Integrator to perform the implementations of these technologies. And because there is a significant dependency on architecting the related telephony infrastructure, sometimes more than one specialist is required to get a fax server up and running. By the time you factor in the multiple back-end integration points that are either the sources for or destinations of the fax traffic, we've seen projects involve as many as three outside resources to get the final solution an organization has intended.

SCOPING FOR ADDITIONAL REDUNDANCY

For those organizations that have already deployed and operated their own fax servers, most have become acutely aware of the value of the content being faxed, and the business impact of those faxes not reaching their destination when intended, or of not receiving a fax that is critical to your organization. As a result, many businesses are forced to consider additional investments to create a redundant architecture for their fax server infrastructure. Organizations that are attempting to scope the increased cost and complexity of building a redundant architecture can often expect to invest an additional 50% – 100% of the original software license cost in order to build a high-availability server architecture that mitigates some – but not all – of the single-point of failure risks.

What does this mean for organizations seeking an additional layer of redundancy within their fax architecture? If \$45,000 has already been invested in fax software licenses, there would likely need to be at least an additional \$30,000 spent in software licenses to achieve the additional security and fault-resilience your mission-critical fax needs require.

...with Concord
Cloud Fax there is
no capital expense
associated with the
solution – and there
are no setup fees.



Conversely, with Concord Cloud Fax there is no capital expense associated with the solution – and there are no setup fees – the only cost that may be incurred in making the transition would be a marginal, one-time expense of porting your existing fax numbers to a new provider.

ACKNOWLEDGING SOFT COSTS FOR MANAGING YOUR OWN FAX SERVER

While we don't believe that the soft costs (for instance, the value of time spent managing an in-house fax solution) should be overstated when evaluating various solutions, we do believe it is valuable to understand just how much time is actually spent managing different solutions. If you have an alternative that requires little-to-no time to administer, then this is very likely a more sensible solution for any business when compared with another option that requires several hours a week to maintain – even if the running cost of the solution is the same.

Here's a brief comparison of the time it takes to manage an on-premise fax server versus Concord Cloud Fax.

Typically, a small fax server consisting of up to eight fax lines requires between eight and twelve hours per month of administration and maintenance. Note that some months will require significantly higher management (for example, when updates are deployed to the server). However, if the server utilizes Fax over IP technology (FoIP), you will likely find that your team spends up to twice this amount of time to maintain the solution due to the additional overhead required to manage the Voice over IP (VoIP) architecture to meet the specific requirements for fax transmissions.

In addition, there will be a higher time commitment to investigate failed fax transmissions as well as other issues commonly affecting enterprise customers tackling FoIP in their own network.

On average, a larger fax server with up to 48 fax lines will require between 25 and 40 hours per month of administration and maintenance time (with the same model of up to double that time if you're using FoIP). As you add redundancy – and, in a high-availability configuration, disperse the fax server software onto different physical servers and separate it from the database – you'll see the administration time inherently increase. Additionally, the range of user interfaces being used by your organization's users and the number of backend integration points your fax environment supports can also, in many cases, have a massive impact on the time and overhead required to effectively administer and maintain your infrastructure.

On the other hand, Concord Cloud Fax is a fully managed service, so we manage all the administration and maintenance tasks at no incremental cost. And while many of our customers prefer to leverage our easy-to-use tools for the convenience of self-service, it is not required.

COMPARING OPERATING EXPENSES



In this section, we'll examine the hard costs of day-to-day operation of an on-premise fax server versus Concord Cloud Fax. In this, we assume that a fax server setup has already been implemented, and we'll ignore the soft costs related to time and talent for managing a solution.

SUPPORT COSTS

FAX SOFTWARE VENDORS: HIGH SUPPORT COSTS

Traditional on-premise fax software vendors typically charge an annual support and maintenance fee. The leading fax server software vendor charges 20% of the value of your software every year for basic five days a week, eight hours a day support. This cost increases to 25% for 24x7 support, and it increases even further if you want the attention of a technical support account manager. This means you're basically buying your potentially outdated software over again every four or five years.

CONCORD CLOUD FAX: FREE PREMIUM SUPPORT

Concord's Premium Support is always free, with standard 8x5 support as well as included 24x7 after hours emergency support. Concord doesn't charge any ongoing fees and maintenance costs; we also handle all of the infrastructure. The vast majority of platform maintenance takes place with absolutely no scheduled downtime for our users.

HARDWARE MAINTENANCE

ON-PREMISE FAX SERVERS: HARDWARE MAINTENANCE COSTS

Evaluating the cost of maintenance and the obsolescence that comes along with any technology involves a certain degree of variability, but Concord conservatively estimates that a typical server will require 10% of its value in annual maintenance, and that the server will last for an average of four years. In some instances, more maintenance is required for hardware; with all of our server replacement projects, however, we've discovered that on-going hardware maintenance costs are always a factor.

CONCORD CLOUD FAX: ZERO MAINTENANCE FEES

Concord doesn't charge any annual hardware maintenance fees; we handle all the maintenance of the infrastructure and ensure that Cloud Fax is always online. No headaches. No surprises. No extra costs.

FACILITIES COSTS

ON-PREMISE FAX SERVERS:





ONGOING
FACILITIES COSTS

In helping businesses replace their fax servers, almost every IT executive we speak to has an active project to reduce the overall number of their servers in an effort to reduce operating costs. Those costs may include data center space, racks or power – they all add up. On top of this expense, many companies today are being forced into a migration from TDM to SIP as a result of datacenter consolidation or migration. This massively increases both the cost and the complexity of ongoing maintenance. For the purpose of our cost comparison, we've used a conservative estimate of around \$50 per month per server; however, the real costs are likely much higher.

CONCORD CLOUD FAX:

NO FACILITIES
COSTS

With Concord Cloud Fax, there is no on-premise equipment for you to manage and maintain, which means no facilities costs for you to budget for or worry about.

	On-premise fax solution	 CLOUD FAX <small>BY CONCORD TECHNOLOGIES</small>
Support 	Up to 25% of the value of your software annually	No support fees
Hardware maintenance 	On average, 10% of the value of hardware annually	No hardware maintenance costs
Facilities 	Average of \$50 per month per server	No facilities costs

PHONE LINES AND FAX NUMBERS

FAX SOFTWARE VENDORS: COMPLEX PHONE LINES AND FAX NUMBER COSTS

Typically, there are 2 options for connecting your fax server to the public service telephone network (PSTN). You can leverage your internal IP network to connect via a Media Gateway to an external phone network (most often using traditional telephony resources such as multiple T1s or a DS3). The most prevalent solution for fax servers today is that traditional telephony trunks are connected directly to the server (even if the rest of the organization utilizes VoIP). Suffice it to say that it can be very complex to successfully run fax over an IP network that's not expressly designed for the purpose.

The overall cost of telephony can vary widely depending on the size of your operation. For example, many smaller fax servers still utilize analog lines connected directly to the server (typically between \$50 to \$80 per month, per line). Larger fax servers often use one or more T1 trunks, which are capable of handling 23 to 24 concurrent calls, and typically cost from \$300 to \$400 per month for a mid-size customer.

In addition to telephony costs, the cost of fax numbers also needs to be accounted for. Some telecommunication companies will bundle in some number of local phone numbers (DIDs) with each trunk you purchase, but on average, charges for individual fax numbers can range anywhere from 20 cents up to \$5 each.

With all of these costs, it's worth noting that for an on-premise fax server setup, the primary pain point associated with fax lines is really the fact that regardless of server size, you need to provision for peak fax bursts. As a result, the capacity and expense for these lines often goes largely unused.

We offer more capacity than our users will ever need.



CONCORD CLOUD FAX: NO TELEPHONY COSTS, SIMPLE TO SCALE

Concord eliminates the cost of telephony infrastructure entirely: No servers, no circuits or SIP trunks, no expensive fax cards, no ports or channel licensing fees, no annual maintenance, no support fees. With Concord Cloud Fax, the number of inbound or outbound users can be adjusted at any time to scale with evolving business needs. Most importantly for our users, there's no need to provision for spikes in traffic: We offer more capacity than our users will ever need.

CALL TRAFFIC AND LONG-DISTANCE FEES

FAX SERVER SOFTWARE: CALL TRAFFIC AND LONG-DISTANCE FEES

Next to the annual support and maintenance, this can be one of the most significant costs associated with running your own fax server. It's usually also one of the easiest costs to capture and evaluate. Be careful though – there are some mistakes that are commonly made in the process.

When looking at your phone call costs, you're typically looking at outbound fax traffic, but you'll also want to be sure to assess any applicable charges for long distance and international traffic as well. In some instances, long-distance fees don't apply; but when they do, long distance charges are often still significant in the US, while local calls are either free or carry a negligible cost. Once you've identified which phone lines or trunks are connected to your fax server, quantifying these costs are as easy as requesting the call costs from your accounting department or directly from your carrier.

That said, the price your organization pays for call traffic will vary; many corporate customers pay for long-distance call charges, and many "free call" plans restrict the area of those free calls and increase the trunk cost to compensate. For most organizations relying on fax servers, an easy way to figure out the total cost of call traffic is to total individual pages sent or received, assume a minute of call time on average for each, and multiply by an average trunk charge of 1.5 – 2.2c per minute. For our comparison calculations, we've assumed an average of 1.5c per minute, and we've also assumed that this includes some long distance and some limited toll-free service. It also includes all the telecom taxes and fees, which can commonly be as high as 20% of the overall costs.

As you assess your own organization's call traffic costs, be sure to consider the fees, including these taxes, and be sure to include the long distance and toll-free service cost.

We bill you only for what you use



**CONCORD
CLOUD FAX:**
PRICING BASED
ON MONTHLY
USAGE

Unlike a server-based fax solution, Concord charges based on monthly usage. While your current call charges compare on the surface with Concord's per-page usage charges, our price-per-page is more than a pure telecommunications cost per minute; our monthly usage charges cover the costs of Concord's modern, reliable platform, maintaining security and compliance, support and more. This pricing structure enables us to greatly reduce your total cost of service and provides flexibility to reduce your costs as your service volume increases.

We bill you only for what you use—apart from a minimum monthly spend commitment, which you may opt to make for decreasing usage costs—and there is no restriction on your fax traffic scaling up or down from month to month. If you expect your fax use to decline over time, you'll see your service costs decline in line with that decreased use.

UNDERSTANDING THE COST DIFFERENCES

Even with all of this information, we recognize that it's not a straightforward task to compare the cost of an on-premise solution that may have been acquired several years ago and requires allocation of internal resources, to one that requires no capital expenditures or extensive internal labor costs.

When you consider all of the massive variances in individual plans, models and usage patterns offered today, it makes it difficult to come up with a general "rule-of-thumb" equation that works across the board. That being said, Concord has decades of experience in performing this analysis and we have seen some pretty substantial patterns emerge.

In this section, we will outline some different pricing comparisons, but we'll ultimately keep it fairly simple. We'll highlight any of the assumptions that we've made in calculating our examples so that you can accurately compare these models to your own patterns.

To find the best fit solution for your team, we encourage you to engage the Concord team so that we can help you build a cost comparison that works for your organization's unique environment.



THE COST OF SOFTWARE ACQUISITION

Anyone reading this document has very likely already made the investment to implement a fax server infrastructure and would consider those equipment costs already sunk, and therefore not relevant to the equation of future costs.

While this may be true, it should be noted that any replacement technology requires infrastructure (on-premise or cloud-based). As such, the costs that you'll see represented in Concord's usage model include margin to cover infrastructure costs associated with our own servers, software and telecommunications infrastructure – much as you see for other use-based services.

Note that if your organization does not already run its own on-premise fax server, then considering the first-year costs of deploying a fax server versus using Concord Cloud Fax is simple: it's clear that there really is no comparison. There are many other advantages of moving to Concord beyond eliminating the upfront capital requirement, but from a purely cost-based standpoint, the choice to opt for a service without upfront implementation costs is an easy one to make.

Concord's patented technology guarantees deliverability and eliminates the process inefficiencies associated with failed faxes.



A NOTE ON LABOR COSTS

Any on-premise server deployment requires some level of on-premise expertise. Not only do you need to invest to maintain the skills in-house, you also need to allocate resources and time to maintaining, managing and occasionally fixing it. We recognize that most finance departments tend to not quantify the labor in an overall evaluation of costs, but we also believe that not acknowledging the impact of labor costs would be shortsighted.

The baseline principle in cloud computing is that sharing resources and outsourcing non-core IT tasks will lower your labor costs; driving business value and helping you get more done, more efficiently at lower costs.

It's worth noting that for a large number of our users, time-consuming manual efforts required in faxing documents often stem from

poor deliverability; when sent faxes continuously fail to reach their destination, team members are forced to spend time attempting to re-send over and over again. Concord's patented technology guarantees deliverability and eliminates the process inefficiencies associated with failed faxes. Similarly, our available capabilities for routing faxes to specific teams, departments, or individuals dramatically reduces the labor overhead that results from misrouted faxes.

We believe that the most valuable Total Cost of Ownership comparison of an on-premise solution and a cloud-solution is to include the projected labor in that calculation. With that, however, we've been very conservative in our estimates, accounting for only eight hours of time per month for the smaller servers and as little as 40 hours of total time per month for a large server with 48-maximum simultaneous calls and an external SQL database.

If you're the one who manages your organization's fax server solution, you'll likely agree that these estimates are very conservative, considering time spent applying updates, tracking down telephony problems when they occur, running maintenance and performing backups, and more.

As time goes on, fax server
experts will only become more
difficult to hire.



A NOTE ON IT STAFFING FOR FAX SERVERS

We also want to acknowledge that in a vast number of our fax server displacement projects in recent years, the businesses we're migrating to Cloud Fax have expressed to us the shrinking talent pool for fax server expertise. The industry-wide advancements in cloud fax have made more and more organizations opt for this modern solution in recent years, forgoing the increasingly outdated server-based solutions on the market. As server-based fax technology ages, so do the experts who have traditionally managed it; fewer and fewer IT professionals entering the field have any knowledge of managing fax servers, and for those professionals in the field who have taken this task on in the past, many of them are needed for more pressing internal initiatives. This leaves organizations that run server-based fax solutions in somewhat of a bind: The talent they have is needed for critical projects, and little-to-no new talent entering the field has knowledge of fax servers.

OVERVIEW OF LONG-TERM OPERATING EXPENSES

Finally, let's examine the year-over-year operating costs of running an on-premise fax server and compare them to the costs associated with Concord Cloud Fax. In this section, we'll consider only the fixed and tangible costs such as support contracts, hardware maintenance, call costs and telephony trunks.

Note that it is possible to operate a fax server at a very high capacity or load in a cost-effective manner. If your organization's fax volumes are very consistent throughout the day and across the month (meaning, no spikes in traffic) and if your projected fax load is consistent into the future as well, then it would be feasible that your team could set up a fax server to operate right on the edge of its capability, thus maximizing your operating costs for your internal servers. At Concord, we have spoken with clients who have taken this approach and can run their existing fax server at a low operating cost, though of course this doesn't include the effort and soft costs required to accomplish the entire solution. More importantly for most of our users, this type of deployment does not provide anywhere near the same levels of redundancy that Concord's cloud-capacity can provide, and so it's typically not a viable option for any organization with a serious need for reliability.

Our comparison model is also not factoring in any projected changes in usage over time. We estimate that less than 5% of the fax servers that we encounter in the market operate on a lower monthly cost than what Concord is able to provide.

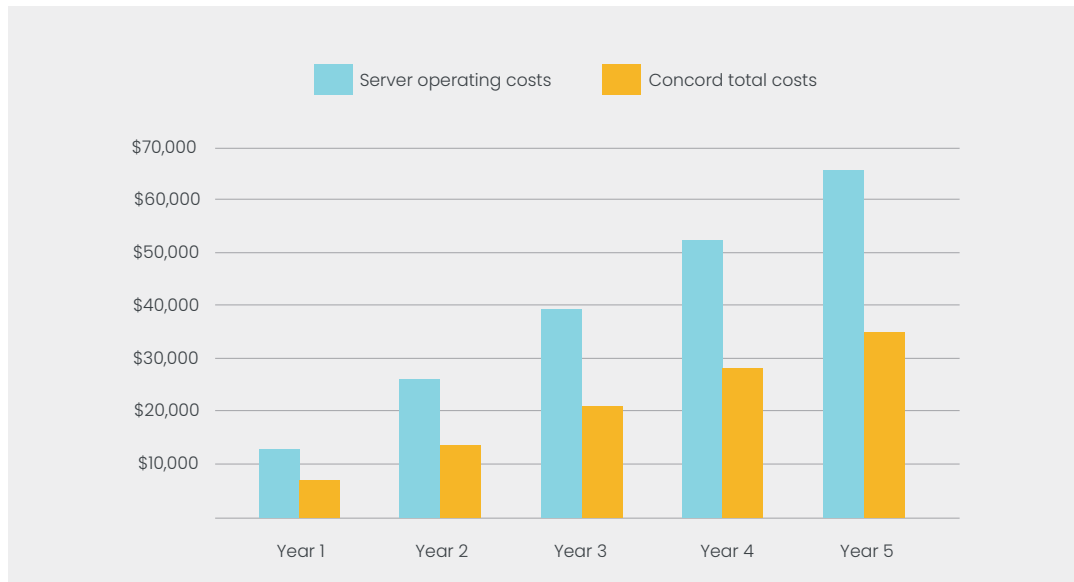
To that end, as the size of the fax server infrastructure increases, the percentage savings potential available by moving to the cloud shrink. Migrating a fax server with a 96-maximum simultaneous call capacity generally provides around a 20% annual cost saving when considering hard costs alone. But as the size and complexity of the on-premise infrastructure increases, so does the labor overhead and the time that goes into managing it - this is the reason that we believe that it's important to consider staffing resources in a cost assessment.

In the estimates on the next two pages we've made some assumptions on usage volumes that we consider a little better than average—a conservative view.

EXAMPLE 1:

AN 8-PHONE LINE FAX SERVER SENDING/RECEIVING 10,000 PAGES PER MONTH

This server would perhaps send and receive a total of 125 faxes per day, of around 3 pages each. We've assumed an average cost of 1.5c per minute for phone calls, and we haven't factored in the increased cost of using your on-premise toll-free service.

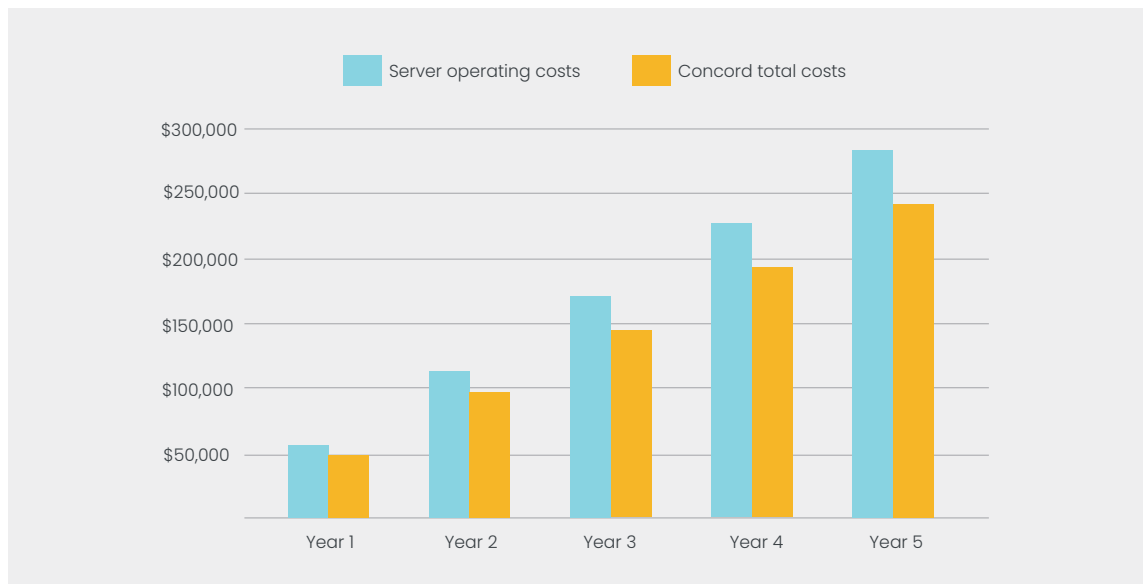


In this model, a move to Concord Cloud Fax would save around 50% of an organization's operating costs from day one, saving more than \$30,000 over 5 years.

EXAMPLE 2:

A LARGE 48-PHONE LINE REDUNDANT FAX SERVER WITH 100,000 PAGES OF TRAFFIC

This is an enterprise-scale fax server that is likely processing a few thousand faxes on busy days. You'll note that as a result of scale and optimization of resources that this server is operating more efficiently than a smaller server.



Even with the efficiencies associated with a large and well-optimized server, Concord still delivers a 15% saving in actual hard-dollar costs.

With all of these costs taken into account, Concord offers a cloud fax solution that is not only more reliable and scalable to your business, but also provides real, tangible cost savings over time. For many of our users, the hard costs are crucial in assessing Cloud Fax at the time of purchase, but some of the most tangible benefits that users realize come in the form of how Concord solves for the improvement of day-to-day document processes. In our final section, we'll explore the way that Concord's extended capabilities remove the burden of manual document processes.

GO BEYOND STANDARD FAX TRANSMISSIONS



The final variable for consideration when an organization is assessing Concord Cloud Fax as a solution, which we have not accounted for in our modeling, is the additional capability for fax management available to be built into a Concord Cloud Fax implementation. Concord offers additional features for Document Workflow and Intelligent Data Extraction that empower organizations to go beyond simply exchanging documents: We're enabling users to put data received via document to work in a way that drives faster and more-informed decision making.

DOCUMENT ROUTING AND WORKFLOWS

All inbound faxes can be received by Concord's secure cloud-based fax portal, where your team will have immediate access. Documents received are automatically identified and classified by type; based on this classification, the system can intelligently assist you in identifying the most relevant data that is vital to your process, so the right documents are always routed to the right team or individual.

INTELLIGENT DATA EXTRACTION

Artificial intelligence is used to identify and automatically extract the key fields that are most important to your team's processes. Rather than hunting through received documents for vital information and manually keying it in, your team members can focus on making data-based decisions and effectively processing patient information.

DATA AUTOMATICALLY PUSHED TO YOUR SYSTEM

Once a received document has been reviewed and processed, critical data can be automatically pushed to the system where it belongs, eliminating the need for manual data entry.

Organizations utilizing Concord for their cloud fax transmissions don't just send and receive—they route their documents into the hands of the people that need them, they automatically extract critical data and input it into internal applications, and they ultimately reduce the amount of time and resources spent on managing document-driven processes.

READY TO GET STARTED WITH ASSESSING YOUR NEEDS?
Contact us today at sales@concord.net.

A member of our skilled fax server displacement project team will help coordinate the right Cloud Fax model for your organization.

ABOUT CONCORD TECHNOLOGIES

Concord was built on a simple principle: take care of people and make the exchange of information easier. Over the last 20 years, we have moved from a modest Seattle-run and operated business to an international organization trusted by more than 200,000 users with their mission-critical data.

Today, we are responsible for sending and receiving millions of documents every day in healthcare, technology, and financial markets. With a 97% customer retention rate and delivery reliability that is unparalleled in the industry, Concord is committed to being the partner you can trust with your data.

Concord has always been driven to provide the most secure, scalable, and reliable modern Cloud Fax platform in the industry. We know how critical the data exchanged by fax is to our users, and now we're making that data easy to use. By utilizing artificial intelligence and machine learning, Concord doesn't just change the way that organizations exchange faxes, we enable customers to unlock their documents and do more with their data.



2025 First Avenue Suite 800 • Seattle, WA 98121 • +1 206-441-3346 • sales@concord.net

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