Total Cost of Ownership: Benefits of the OpenText Cloud

OpenText™ Managed Services in the Cloud delivers on the promise of a digital-first world for businesses of all sizes. This paper examines how organizations from around the globe have used cloud and hybrid cloud implementations to reduce the costs and resources associated with IT infrastructure, increase data security, and save on the overhead involved in managing an ever-increasing volume of information.
Table of Contents

Introduction ................................................................. 3
Business and Financial Benefits of the OpenText Cloud .......... 3
  Business Benefits .......................................................... 3
  Financial Benefits .......................................................... 5
Cost-Saving Examples ....................................................... 6
Summary ........................................................................ 7
About OpenText ............................................................... 8
Introduction

Unlike consumer-grade cloud solutions, OpenText Managed Services brings together the power of an enterprise cloud platform with the technical skills and business experience required to ensure successful deployment and ongoing operation. This ability to understand your business challenges and deliver an environment built around your individual needs ensures that you benefit from the best of both cloud and on-premises solutions.

When deciding whether to implement cloud or hybrid cloud solutions, there are certain immediate arguments that should not be overlooked. For one, the OpenText Cloud eliminates the need to invest in a complex IT infrastructure, software, and dedicated hardware. Secondly, the use of a subscription model, as opposed to the traditional up-front capital expenditure, can be very beneficial from an accounting perspective. These are just a few of the benefits, and cost savings that can be realized when implementing in the global, scalable and secure OpenText Cloud.

The Business and Financial Benefits of Choosing the OpenText Cloud

When choosing between an on-premises implementation and the OpenText Cloud, there are a number of factors to consider - everything from cost and resources, to scalability and data security. To simplify your decision making, the following outlines some of the key benefits of using the OpenText Cloud from both a business and financial perspective.

| TCO BENEFITS OF THE OPENTEXT CLOUD |
|-------------------------------|-------------------------------|
| BUSINESS BENEFITS             | FINANCIAL BENEFITS             |
| Flexible Deployment           | Limited IT Infrastructure Required |
| Reduce Implementation Time    | Reduce Software Investment    |
| Secure Information in the Cloud | Reduce Initial Services Investment |
| Eliminate Resource Conflicts  | Save IT Resource Costs        |
| Solid Security Processes      | Capital Expenditure-Free      |

Business Benefits:

Flexibility in deployment strategy

Unlike consumer-grade cloud vendors, the OpenText Cloud is not a one-size-fits-all solution. It offers flexible cloud models for public and private deployments, and allows cloud and hybrid cloud configurations. These are designed to enable your organization to protect and manage its information, while allowing you to deliver operational efficiencies and manage your costs.

By using this approach, you are able to design and build your own EIM solution around the requirements of your business, including customizations and integrations to other systems. A cloud-based solution can be designed and delivered, which will provide you with functionality tailored to the needs of your users. It can connect directly with your in-house business applications and services and/or other cloud solutions for a fully-integrated environment.
Reducing implementation time
As a rule, implementation time varies by project size and scope, but typically the implementation time for the OpenText Cloud tends to be significantly less than on-premises. On-premises implementations requiring the detailed coordination of multiple technical, IT, and business resources processes take longer to complete and delays are inevitable. Typically, anywhere between one to two months can be saved by using a cloud-based approach versus a comparable on-premises implementation.

Securing your information in the cloud
Customers look to the cloud to offer them reliability, rapid implementation and flexibility without the need to maintain the underlying physical and software infrastructure associated with running their business applications. With expertise in governance, risk, and compliance combined with decades of experience integrating and running solutions at scale, OpenText provides EIM solutions as turnkey, end-to-end services. These services are architected and run according to best practices by skilled technical staff. One of the key reasons customers use OpenText EIM solutions is for their robust governance and compliance support. This is backed by support of strong data encryption, available both at rest and in transit. Security is at the heart of the OpenText Cloud architecture and practices. Customers have long used OpenText solutions to store business-critical data without which their businesses could not operate. Every aspect of OpenText Cloud solutions, from staff background checks and security training, physical infrastructure to network configuration and application architecture, is designed with security in mind.

Eliminate resource conflicts
The success or failure of any project depends on bringing together the right people at the right time during the early phases. In every organization, IT and specialist project resources are in short supply and their time is valuable. Gaining the necessary access to these people to design your architectural specification, approve infrastructure changes and plan your rollout can stall your project for undetermined periods. With the OpenText Cloud, you have a team of dedicated, specialist resources with the sole priority of ensuring the success of your EIM rollout.

Peace of mind
A solid back-up and security strategy is an essential element of any enterprise deployment. When considering your on-premises solution, you need to plan for unforeseen circumstances and technical faults. Depending on the required availability of your system, this can mean substantial investments in additional hardware and back-up solutions, as well as the implementation and regular testing of recovery processes. With the OpenText Cloud, you can rest in the knowledge that these processes are in place. All OpenText Cloud deployments come with guaranteed availability levels. OpenText ensures everything is done to securely back up your data, and in the event of a mishap, OpenText will recover it and get you back up and running promptly. Secure servers managed in a variety of locations enable OpenText to better safeguard data.

“With the Cloud, we’ll always be up to date; as soon as there’s an opportunity for an upgrade, we can take it.”

TRANSPORTATION CUSTOMER
**Financial Benefits:**

**Limited or no internal infrastructure required**
Let’s think about the hardware and infrastructure components involved in running an on-premises solution. All enterprise software comes with its own requirements, but typically they all require common components. These include appropriately scaled server hardware, supporting software, such as a database, sufficient scalable storage, some form of disaster recovery, the potential for remote access, and excellent network connectivity. These components not only come with the initial investment cost, but also their own individual acquisition and maintenance cycles. These can often be wrapped in red tape and cause unwanted delays, especially at the beginning of a project.

The OpenText Cloud enables you to have your Enterprise Information Management (EIM) solution implemented quickly and without the need for capital hardware acquisition. It requires no major infrastructure investment, and there is no need for ongoing management of hardware. All you need is suitable desktop client configurations and a secure internet connection.

**Reducing software investment**
With on-premises solutions, your license fee provides you solely with access to the OpenText software you have purchased. Your budget planning should include additional costs for ongoing software maintenance and support services.

A subscription to the OpenText Cloud covers everything from infrastructure, to the right to use the software and have it supported, to daily back-ups and vendor security updates. Optional upgrade programs ensure that you are always on the latest and greatest hardware and OpenText software. Planning this as part of your cloud investment can alleviate the need for continual internal upgrade approvals and can avoid some of the challenges associated with major software upgrades.

**Saving IT resource costs**
In most organizations, IT professionals spend at least 50 percent of their time “keeping the lights on,” managing the ongoing operation of hardware and application software. When applications are managed in the OpenText Cloud, your IT resources are not required to manage the hardware, software or ongoing troubleshooting. The OpenText team monitors and manages the applications, often finding and addressing issues before customers know they occurred. You do not need to hire an administrator with specialization in the EIM system. The experts from OpenText manage the system and work with your IT teams directly.

Increasingly, organizations are looking to have systems available and fully managed 24 hours a day, seven days a week, every day of the year. For many organizations this is a challenge. They may not have staffing levels or the skills to manage applications on this extended schedule. OpenText teams are available and monitor your system 24X7, 365 days a year. This saves you from having to extend hours or augment your staff to bring the increased service level to your users.

**Reducing initial services investment**
The difference between the amount of consulting services required to get up and running with cloud services versus installing and configuring an instance on-premises is vast. The entire process of setting up, installing, preparing the IT infrastructure and configuring the system for an on-premises solution requires a significant investment in resources, funds and time.

The initial services cost for OpenText Cloud solutions is significantly less. As part of your cloud investment, the installation, infrastructure preparation and initial configuration are all completed by OpenText professionals at no additional cost. There are no delays while waiting for hardware to be approved, installed and configured, or for software to be ready.
Capital expenditure-free

When budgeting for your project, the software and hardware resources required for on-premises solutions are typically classed as capital expenses. These budgets can be difficult to obtain and often require complex sign-off processes. The subscription model used by cloud solutions, converts traditional technology capital expenses into operational expenses. For many organizations, this can be financially beneficial, allowing for more flexibility and fewer approvals.

The OpenText Cloud allows you to cut out the high cost of software and hardware. You simply pay as you go and maintain a subscription that is kind to your overall cash flow.

Cost-Saving Example

The following hypothetical example scenario illustrates the savings that an OpenText™ Content Server customer is able to achieve using the OpenText Cloud. The hypothetical customer will use OpenText™ Content Suite with minimal customizations. The customer has selected additional options including full disaster recovery (proving a 99.9 percent availability SLA), 24x7 application monitoring, and an option to perform major software upgrades every two years.

Start-up Costs

Start-up fees usually include an element of consulting associated with planning, integration and enablement costs. With no need to focus on system architecture or the administrative aspects of the system, the OpenText Cloud offers slight savings in this area, as planning and enablement only need to focus on the application itself.

Hardware is required to operate the application and this is a capital expenditure for on-premises solutions. In this example, as is a best practice, a tiered environment has been included, giving both a test and a production instance.

Software and first-year maintenance costs are considered as start-up costs (usually capitalized) with on-premises solutions. With cloud, these costs are part of ongoing operating costs. A small amount is added to up-front costs on premises to allow for the cost of purchasing equipment (as specified by IQPC).

There is usually a six to eight-week difference in implementation time between on-premises and cloud. This is typically due to internal delays in acquiring hardware and software and installing it. By using the OpenText Cloud, this is incredibly fast. Some costs are accounted for here to accommodate the delay in time to value. In this example, six weeks is assumed.
Disaster Recovery (DR) is an expensive but necessary infrastructure component associated with any enterprise-class solution. There is a considerable up-front cost for this included in the on-premises costs. Within the OpenText Cloud, DR is included in the ongoing costs.

**Ongoing operational costs**

For an on-premises solution, ongoing costs typically include: annual maintenance costs, 24x7 infrastructure and application monitoring, and operating expenses, such as HVAC (heating, ventilation, and air conditioning) and electricity. In the cloud scenario, the 24x7 application support is an option.

It has been assumed for this example that the on-premises customer will do a single major upgrade during our example period, and the cloud customer takes out a contract for a major upgrade every 24 months. Regular patching for security and bug fixes is assumed in both cases (in the cloud scenario this is included with the subscription fee). The Content Suite implementation is assumed to be largely non-customized.

Costs to perform Disaster Recovery – backup, testing, etc. are included for both on-premises and cloud.

For on-premises, annual labor includes a percentage of time for the solution administrator, database administrator and time for someone to manage the network and storage. These labor costs are all included in the subscription costs for the cloud.

**Overall comparison**

In this example, for a three-year period, the customer spends significantly less operating their solution in the OpenText Cloud than they would have spent with an on-premises deployment.

**Summary**

*Not all clouds are created equal: the power of the OpenText Cloud*

The OpenText Cloud combines the benefits of a cloud solution with the security, control, and flexibility benefits normally found in on-premises deployments; enabling you to manage, exchange, and socialize enterprise information in an easy, quick to deploy and cost effective manner.

OpenText Managed Services in the Cloud enables you to:

- Maintain control and management of information assets while moving to a cloud environment
- Address a resource gap in skills and bandwidth with subject matter experts
- Optimize operating costs through flexible pricing and deployment strategies
- Enable organizational elasticity for faster turnaround and business agility

OpenText Managed Services in the Cloud helps reduce the cost, time, and staff needed to care for and maintain your OpenText solution. It enables you to free up your expert IT staff to concentrate on other business-critical items. In addition, it helps you accelerate your deployment scenario, allowing you to reach go-live, enablement, and return on investment in less time.

*Is the OpenText Cloud the solution for your business?*

As more and more companies adopt both private and public clouds, it is predicted that more than half of all business information will reside outside of internal data centers. Choosing the right mix between on-premises solutions and cloud/hybrid cloud services will become critical to your operational and financial performance.

The OpenText Cloud is a trusted platform used by more than 64,000 customers. OpenText Managed Services in the Cloud delivers balance, providing flexible, secure, and cost-effective deployment options built around the needs of your business and supported by the technical and business expertise of OpenText.

For more information about the OpenText Cloud, visit [opentext.com/cloud](http://opentext.com/cloud).
About OpenText

OpenText enables the digital world, creating a better way for organizations to work with information, on-premises or in the cloud. For more information about OpenText (NASDAQ: OTEX, TSX: OTC), visit opentext.com.

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