



Cloud v. On Premise Network Investment Comparison

Business Case Summary

A multi-provider medical practice currently maintains an on premise network consisting of 4 servers with varying roles including a dedicated server for their EHR system and one which provides terminal services. The practice desires to maintain HIPAA compliance and robust network performance, while reducing the costs associated with their current network configuration. The practice is facing the need to replace all 4 servers which are either out of warranty or nearing the end of their rated life cycle and are not compatible with emerging requirements for their EHR and clinical applications.

Cost Assumptions

Based on 4 Servers		
	On Premise	Cloud
Hardware	\$20,000	\$0
Monthly MSP	\$1,000	\$0
Monthly Fee	\$0	\$1,600
Monthly BDR	\$250	\$0
Monthly SP	\$220	\$0
Monthly AV	\$20	\$0

Annual Baseline Expenditure Comparison

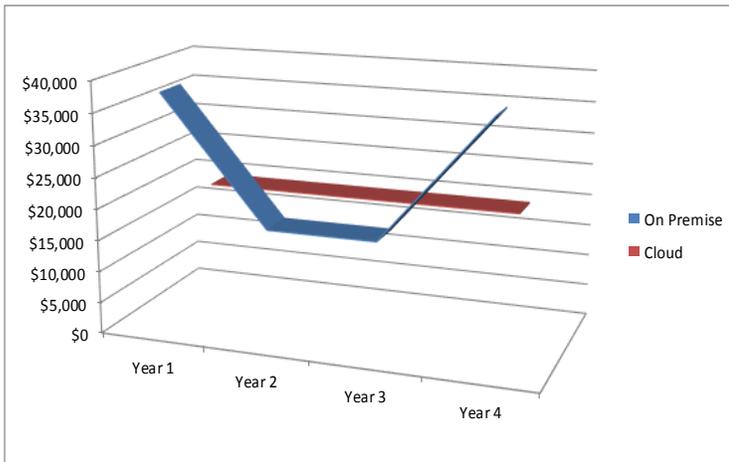
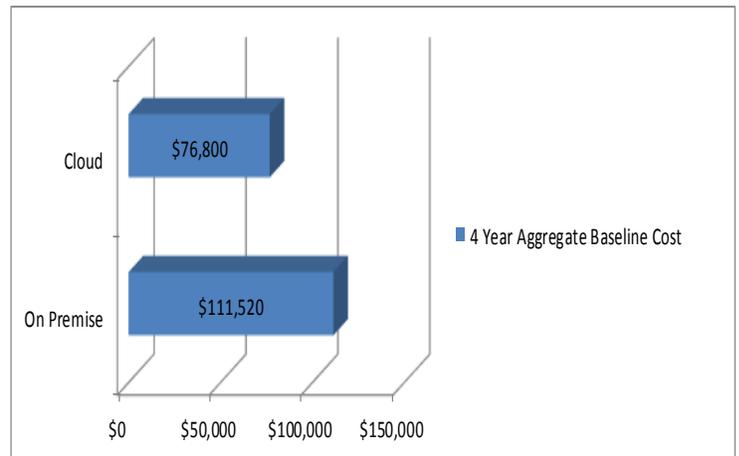


Chart 1 Summary

Annual expenditures for on-premise networks can fluctuate from year to year based on hardware acquisition and maintenance costs. This is especially true for healthcare organizations who must constantly ensure their servers meet the ever evolving requirements for their EHR and clinical applications. These costs are compounded given the fact that servers are rated for a 3 year performance life cycle. This means the practice will, at the start of year 4, need to replace the 4 servers that were acquired at the start of year 1 in this projection. The chart above does not reflect labor and additional hardware software costs. As evidenced with mere baseline costs, any savings over years 2-3 for on-premise

4 Year Aggregate Baseline Cost



applications are wiped out with the acquisition costs for the server equipment, exclusive of all other costs associated with on-premise network support.

Chart 2 Summary

When assessing the financial impact for the model practice defined above, the on-premise baseline investment over a four year period is \$111,520, excluding ongoing labor, hardware, or software upgrades. This cost does factor in the cost of server monitoring and managed services which covers the prescribed preventative maintenance required for HIPAA compliance. When compared to the \$76,800 investment for the cloud-based network option, the medical practice can realize a \$34,720 savings if they adopt a cloud-based network strategy. In

Benefits of Cloud Networking

- **Lower Costs** – Cloud computing pools all of the computing resources that can be distributed to applications as needed – optimizing the use of the sum of the computing resources and delivering better efficiency and utilization of the entire shared infrastructure.
- **Cap-Ex Free Computing** – Cloud computing delivers a better cash flow by eliminating the capital expense associated with building the server infrastructure.
- **Deploy Faster** – Because servers can be brought up & destroyed in a matter of minutes, the time to deploy drops dramatically with cloud computing.
- **Scale as Needed** – As your applications grow, you can add storage, RAM and CPU capacity as needed. This means you can buy “just enough” and scale as the application demands grow.
- **Lower Maintenance Costs** – Because cloud computing uses less physical resources, there is less hardware to power and maintain.
- **Resiliency and Redundancy** – One of the benefits of a private cloud deployment is that you can get automatic failover between hardware platforms and disaster recovery services rapidly after an outage.