



ESG REPORT

Software-as-a-Service: An Ideal E-mail Archive Solution for Medium-Size Businesses

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Introduction

It's been over a decade since the first e-mail archive solution came to market. Over the past ten years, customers have utilized these purpose-built offerings to meet record retention compliance mandates, facilitate electronic discovery, and control message-related storage costs. Despite all of these benefits, many organizations still believe that enforcing mailbox quotas or message deletion policies (i.e. all messages older than 30 days are expunged) is the best way to manage messaging environments and if they do have to archive data, saving backup tapes seems to serve that purpose.

In 2007, ESG research indicated that nearly two-thirds of companies had not purchased an e-mail archive solution¹ and while that number certainly decreased in 2008, plenty of companies still continue to manage and retain messages the 'old way'—by using quotas, deleting messages, and backup tapes. Many of the organizations that have yet to make an investment in e-mail archiving are medium-size businesses, which ESG defines as any organization with 100-999 employees.

Since they offer clearly demonstrable benefits, what could explain the lack of adoption of e-mail archive solutions amongst these companies? While the amount of IT infrastructure—including application servers and storage systems—needed to support implementation is one inhibitor, ESG research also reveals that it is a lack of skilled IT staff needed to run the e-mail archive environment that appears to be another predominant impediment for adoption. In a recent research study, ESG uncovered that nearly one-half of medium-size businesses reported that they were either short staffed or needed staff augmentation for proper e-mail administration.² If a majority of organizations do not have the resources to run their primary e-mail environments, it is unlikely they will be able to add archiving. Some may argue that the lack of staff would lead to outsourcing the primary e-mail environment; however, many medium-size businesses want to retain control over collaboration and messaging applications to mitigate security and privacy concerns. Thus, they choose to allocate what IT resources they have to the primary environment, which does not leave additional funds to run peripheral solutions like archiving.

Over 500,000 medium-size businesses operate worldwide—many of which are subject to record retention regulations.³ Thirty-six percent of these organizations experienced an electronic discovery request in 2007⁴—a number that likely increased in 2008 due to the ongoing financial crisis and continued executive malfeasance. But the figure that should most compel medium-size business to evaluate an archiving solution is related to e-mail, which, excluding attachments, accounts for over 20% of corporate data and consumes costly storage and data protection resources.⁵

Connecting all the data points leads ESG to believe that medium-size businesses will soon realize that old methods of message management will not be able to support the data growth and information retention requirements, forcing this profile of company to turn to e-mail archive solutions. However, with many medium-size businesses insufficiently staffed to run their primary messaging environments, many are likely to select e-mail archive solutions delivered via Software as a Service (SaaS). SaaS-based offerings allow customers to retain messages without having to implement and run the actual archive software or any of the associated IT infrastructure (servers, storage, etc.). With SaaS, there is no incremental operational burden on IT staffs as they simply need to determine which mailboxes will be archived and what the retention and access policies are—the SaaS provider handles the rest.

¹ Source: ESG Research Report, *2007 E-mail Archiving Survey*, November 2007.

² Source: ESG Research Report, *Medium-Size Business Server & Storage Priorities*, June 2008.

³ Various Sources: OECD Science, Technology, and Industry Scoreboard 2005, UNCTAD e-business database 2005, UNCTAD E-Commerce & Development Report 2004, UNCTAD Information Economy Report 2005, and ESG estimates.

⁴ Source: ESG Research Report, *Electronic Discovery Requirements Escalate*, November 2007.

⁵ Source: ESG Research Report, *Medium-Size Business Server & Storage Priorities*, June 2008.

Medium-Size Business Needs E-mail Archiving

Compliance and Governance

One of the biggest myths surrounding the e-mail archive market is that the solutions are only suited for large Wall Street firms that must adhere to strict record retention regulations. While it is true that the Securities and Exchange Commission fined several broker/dealers in 2002 because they failed to retain e-mail in accordance with SEC Rules 17a-3 & 4,⁶ the penalties made it clear that messages and attachments should be considered business records and subject to record retention regulations. For example, if a doctor issues medical instructions over e-mail to a patient, the message can be considered a medical record and be subject to HIPAA requirements in the United States, which mandate that this information be retained for the life of the patient. But similar rules are also being established in countries across the globe: New South Wales, Australia has recently adopted a digital records preservation policy, inclusive of e-mails, that government agencies must adhere to.⁷

In addition to financial services, healthcare, and government markets, several other industries—including education, legal (law firms), energy, and telecommunications—are regulated by record retention laws that could pertain to e-mail. The rules apply to any company, regardless of how much revenue it generates or how many employees it has. If a medium-size business does not believe it needs to retain e-mail for regulatory reasons, it may choose to implement an electronic records management program for corporate governance purposes. Both publicly traded and privately held medium-size businesses have received board-level instructions to improve corporate governance policies as a means of protecting shareholders and stakeholders. These policies often include the retention of e-mails between executives and board members, senior staff hiring and compensation discussions, and sales contracts for audit purposes, as well as other vital content.

Regardless of the drivers behind an e-mail retention program, businesses need to save more messages for longer periods of time. An e-mail archive solution allows companies to establish retention periods on individual e-mails or a group of messages so only the right data is kept for the appropriate period of time. An e-mail archive solution also makes the data more accessible as it builds a searchable index while capturing messages and, more importantly, customers can control storage costs by deploying lower cost systems (on-premise archive solution) or save the data offsite for a fixed fee (SaaS-based archive solution). This allows companies to balance accessibility requirements with storage costs.

Electronic Discovery

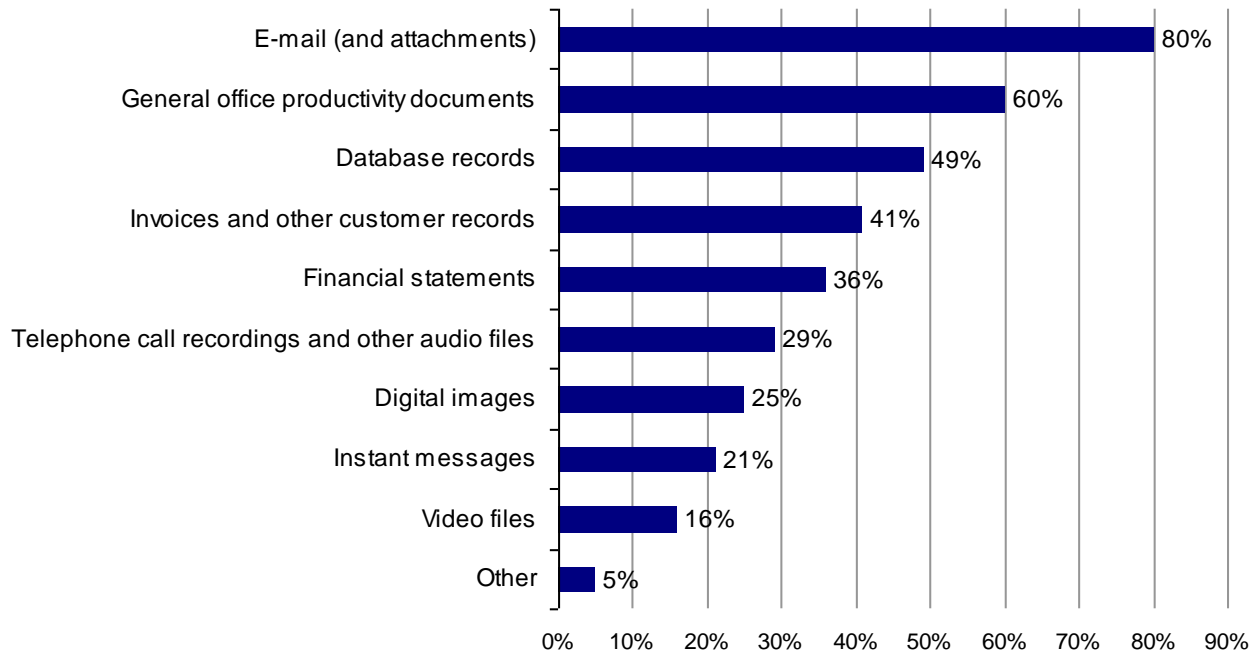
ESG research estimates that approximately 80% of electronic discovery events involve e-mails and attachments (see Figure 1). This number is unlikely to subside given the 2006 amendments to the U.S. Federal Rules of Civil Procedure, which incorporated several mandates surrounding the identification, collection, and production of electronically stored information (ESI).

⁶ Source: <http://www.sec.gov/news/press/2002-173.htm>.

⁷ Source: <http://www.records.nsw.gov.au/recordkeeping/>.

FIGURE 1. MOST FREQUENTLY REQUESTED RECORD TYPES DURING ELECTRONIC DISCOVERY EVENTS

To the best of your knowledge, which of the following record types has your organization been asked to produce in a legal proceeding or regulatory inquiry? (Percent of respondents, N = 107, multiple responses accepted)



Source: ESG Research Report, *Electronic Discovery Requirements Escalate*, November 2007.

With more and more business being transacted digitally, regulators and litigators are targeting messages—both recently created and historical e-mails—as prime sources of evidence. Employees often say anything over e-mail, which can frequently provide attorneys and investigators with insight regarding ‘who knew what’ and ‘when they knew it.’

As a result of the FRCP amendments, e-mail has become a common source of evidence, which forces in-house counsel (or external counsel if a company does not have a large internal legal staff) and IT to constantly search for relevant messages. The FRCP also established aggressive timelines that attorneys must adhere to when going through the electronic discovery process. From the point that they receive a discovery notice, attorneys may have as little as 30 days to prepare for a Meet & Confer session with opposing counsel.⁸ Per the FRCP, attorneys must disclose: “a copy—or a description by category and location—of all documents, electronically stored information, and tangible things that the disclosing party has in its possession, custody, or control and may use to support its claims or defenses, unless the use would be solely for impeachment.”⁹ Within 14 days of the Meet & Confer, the parties must submit a discovery plan to the court.¹⁰ Finally, after receiving a formal discovery request in writing by the opposing party, an organization must respond within thirty days.¹¹ A judge may ultimately expand the timeline of Meet & Confer sessions, along with ESI production deadlines, via a scheduling order. However, organizations must always be prepared for tight timelines when it comes to managing ESI, of which e-mail is a subset.

Medium-size businesses are not exempt from electronic discovery or tight timelines—they can expedite the process by centralizing all e-mails in a searchable archive. Corporate counsels can query the archive based on terms outlined in a discovery request, which can help locate the proverbial ‘needle in the haystack’ prior to a

⁸ Federal Rules of Civil Procedure, *Rule 26(f)(1)*, December, 2007.

⁹ *Ibid*, *Rule 26(a)(1)(A)(ii)*, December, 2007.

¹⁰ *Ibid*, *Rule 26(f)*, December, 2007.

¹¹ *Ibid*, *Rule 34(b)(2)(A)*, December, 2007.

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Meet & Confer session with opposing counsel. Currently, corporate and external counsel have to sift through primary message servers, tape backups, and PCs (personal mail archives) in the hopes of finding relevant content—a process that is, to say the least, very time consuming and costly. As an example, restoring and indexing a backup tape so it can be searched can cost between \$500 and \$2000 per tape, depending on the size and the data format. This is a very expensive endeavor to go through each time a discovery request involving e-mail arrives.

Medium-size businesses can also reduce the number of e-mails that are discoverable by enforcing retention policies. If an organization does need to put messages on legal hold because they are relevant to a legal matter, an e-mail archive solution can execute preservation requirements—a capability that many medium-size businesses do not have—by enforcing retention policies that prevent the modification or deletion of designated messages. ESI preservation is a critical phase of the electronic discovery process as it helps maintain the integrity and authenticity of the content, including e-mails. Attorneys do not want to build their cases around a subset of messages only to have opposing counsel easily refute the e-mails' viability because they were not properly preserved.

Control Storage Costs

E-mail archive solutions can have an immediate impact on a medium-size business's storage environments because they copy messages from a primary environment to the secondary archiving environment. Some solutions copy the messages and then leave a stub in the primary e-mail application, ensuring accessibility while still relocating messages to lower cost storage. As a result, customers free up primary storage for newer content and, with less primary storage to protect, backups and restores complete faster.

In SaaS implementations, customers can retain old messages for longer periods of time without having to deploy or manage the infrastructure. Archive storage costs may also be mitigated if the SaaS provider offers unlimited archive storage for a monthly fixed fee.

Old Methods Don't Work

Many customers believe that existing e-mail management methods address emerging challenges such as electronic discovery, compliance and growing storage costs. However, there are significant drawbacks to mailbox quotas, using backups for corporate archives, and storing archived data on tapes.

Quotas prevent individual mailboxes from growing beyond a certain capacity threshold; however, they also require employees to delete messages or create personal archives. Employees that fail to maintain compliance with a quota may be prohibited from sending or receiving messages. Regardless of how they are implemented, quotas negatively impact employee productivity as individuals spend more time managing their inboxes, may not have access to old messages, and worse, may not be able to use e-mail altogether. Further, if corporate counsels need to locate relevant e-mail in an organization that uses mailbox quotas, they have to locate all personal archives—a task that is extremely time consuming. E-mail archive solutions allow customers to enforce quotas but instead of deleting messages, the solution centralizes all messages and moves them to a lower cost environment.

The other trap that organizations fall into is saving backups for long periods of time and calling this collection of data an archive. Backups are copies of primary data taken at a point in time for use if information is deleted or corrupted. Typically, the data format is altered during the backup process to expedite copying and movement of large data sets to secondary, less expensive storage media. Archiving also moves or copies data to a less expensive storage environment, but the data is indexed (backups create a catalog, not an index) before it is stored in native file format. This enables swift access to archived content as employees, corporate counsel, and compliance officers can query large repositories and retrieve a message or attachment quickly. Archive solutions can assign metadata (information about data), including a retention period or a category tag (for example, attorney/client privilege) to e-mails. Companies that need to access messages—both old and new—regularly should leverage archiving. Backups are used to protect against data loss; they are not for recurring access.

Where medium-size businesses actually store their archived data should also be considered. Because archiving has traditionally been a part of the backup process, most data is saved on tape. Tape is adequate media for saving backups; however, there are issues with it being used for storing archives because:

- **Information is not as easy to access.** Tapes must be restored before data can be retrieved. The two step process requires IT intervention and defeats the purpose of making older data more accessible to employees. As mentioned above, the lack of accessibility can cost corporate counsels valuable time in preparing for litigation. It can also be very expensive to make data stored on tape searchable.
- **Retention policies cannot be consistently enforced.** When data is stored on tape, the entire tape must be kept for the longest retention period—even if a subset of data does not need to be saved at all.
- **There is an increased risk that backup tapes can be overwritten.** IT rotates backup media frequently and if a data protection retention policy has expired, the tape may be reused. With the chance of data loss, corporate counsels, compliance officers, or records managers may not want to rely on tape for data preservation.

As a result of some of these issues, ESG encourages medium-size businesses to leverage disk to support an e-mail archive. The price of disk continues to decrease, especially with the introduction of large capacity ATA-based drives. If the price of disk, however, is still a concern, customers can avoid buying disk altogether by going with a SaaS-based archive solution.

Making an Informed E-mail Archive Purchase

The Choices

When a medium-size business realizes that old archive methods do not help address today's message management challenges, they can choose from three different solution options:

- **On-premise e-mail archive application.** Users purchase purpose-built e-mail archive software and the associated infrastructure (application servers, storage, etc.), install the solution, and manage it.
- **Integrated e-mail archive appliance.** Instead of buying the e-mail archive software and infrastructure components separately, users can purchase a server preloaded with the archive software and storage capacity. As with the on-premise solution, customers are responsible for installing and managing the appliance.
- **SaaS-based e-mail archive solution.** Users configure a copy of the messages to be sent to a service provider, where they are archived for the appropriate period of time. Customers have to purchase archive licenses and may also have to pay an archive storage fee.

Key Considerations

Given that e-mail archive appliances are best suited for smaller organizations (under 100 mailboxes), most medium-size businesses will contrast the on-premise versus the SaaS-based options. Key criteria for the comparison should include:

- An estimate of the staff resources necessary to run and maintain an on-premise solution—ongoing maintenance costs should include the cost of supporting employees having issues when using the archive.
- Capital expenditures, including application servers and storage required to implement an on-premise solution.
- Accounting treatment of ongoing IT expenses (SaaS) versus an upfront software purchase (on-premise).
- Privacy risks of sending archived messages to be retained and managed by a third-party (SaaS).
- Feature/function requirements including:
 - Support for your current messaging application
 - Mobile access to the archive

- Search capabilities and accuracy of query results
- Archive response times
- Support for legal hold
- Completeness of retention policy and enforcement capabilities (Can you retain messages with different retention policies? Can you extend or shrink retention policies, etc.?)
- Ease of use for employees as they will be the primary constituents interacting with the archive

The Case for SaaS-based E-mail Archiving

How it Works

SaaS-based e-mail archive offerings take the form of two primary implementations in the marketplace. The first type of solution simply requires customers to send a copy of all messages (both sent and received) to an e-mail archive SaaS service provider. Customers configure this by journaling messages, setting up a MX record redirect, or log shipping content to the service provider—the method depends on the e-mail application and how the SaaS provider receives information. Once the service provider receives the messages and attachments, it indexes the data, assigns a retention period based on policies predefined by the customer, and stores the information within its data center. To search and retrieve messages, customers can log into a secure website managed by the SaaS provider or utilize a client-side message application plug-in.

The second type of SaaS e-mail archive offering still requires customers to copy messages by journaling, an MX record redirect, or log shipping. However, a lightweight agent is also installed on the primary messaging environment. This software determines what content needs to be archived based on customer policies and then utilizes the aforementioned data movement methods to copy this data to the SaaS provider, where it is indexed and stored. The biggest difference between this implementation and the first alternative is that the messages and attachments are moved from the primary e-mail environment and replaced with a link or stub by the software running in the primary environment. When customers want to access the content, they simply click the link or stub in their primary e-mail client. Service providers that offer this style of implementation also typically provide access via a secure web interface along with the stubs.

With either option, customers are responsible for determining retention policies—how long messages are to be saved—and the retention periods are enforced by the archive. When accessing messages in the archive, customers can search for specific e-mails, copy them back into the primary environment, or work with them (read, send, forward, reply, etc.) in the archive. Typically, the SaaS-based archive solution allows customers to configure hierarchical user access permissions within the web interface, so employees are limited to seeing and working with their messages while compliance officers and corporate counsels may be able to search the entire archive.

The Benefits

SaaS-based solutions offer several benefits that manifest in operational and capital cost savings as well the opportunities that arise because vital business data is being saved offsite. Some of the advantages are:

- **No additional infrastructure related costs.** Medium-size businesses do not have to purchase any application servers to run archive software or storage to retain all of the messages. Over time, the savings opportunities expand as IT does not have to move archived data between storage systems when those devices' warranties expire and new ones are purchased.
- **Minimal IT operating burden.** After customers set up retention policies and pay the archive service fee, they then configure the journaling, MX record redirect, or log shipping parameters—and that is the extent of the user's operational responsibilities. IT does not have to worry about upgrades when new capabilities are introduced by the service provider as these are delivered as part of the service presuming the medium-size business renews its agreement. What's more, IT does not have to deal with

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employees if they are having issues with the archive. In many instances, employees can call the SaaS provider directly to resolve any problems.

- **Time to archive.** With a SaaS solution, medium-size businesses do not have to buy and configure hardware, provision storage, or dramatically alter their messaging environments. They can start archiving after configuring their messaging application to send messages to a SaaS service provider—a task that should not take more than a few hours for most users. The simplicity of this set up continues as organizations use the archive. It is very easy for organizations to add or remove users/mailboxes as they can be included in the data movement schema or not.
- **Flexible, predictable pricing models.** Very often, IT only has to worry about one pricing variable when purchasing a SaaS solution. Service providers often charge per mailbox (or per user) and offer either a fixed amount of storage or unlimited storage. If a service provider offers a fixed amount of storage, they typically also sell additional capacity. Regardless of what the price is based on, the fees are assessed on a monthly or annual basis, depending on the contract. There may also be additional per user fees for features such as compliance archiving and supervision. Additionally, customers will know how much it will cost to add a new employee as well as what the savings will be if they do not need to archive an individual's mail anymore.
- **Disaster recovery.** Since copies of both old and newly created messages are archived offsite, customers can utilize the remote message environment if something happens (planned or unplanned) to the primary one. Medium-size businesses may not have a full disaster recovery plan for its e-mail environment, but if they choose a SaaS e-mail archive solution, they will get one as part of the service.
- **A shared risk model.** With archiving solutions being involved in very important processes like compliance and electronic discovery, medium-size businesses share the associated responsibilities and risks with a service provider. The SaaS vendor must have proper data center and system security measures in place and documented. The provider must prevent access to any archived information by unauthorized parties, including service provider employees. The service provider must also worry about protecting the archive through backup and replication. All of these policies and procedures are necessary for compliance (with regulatory and evidentiary chain of custody requirements), but are much better handled by someone who does it every day (the service provider) rather than by the user's IT department, which is already resource constrained.

Choosing the Right SaaS Offering

If a medium-size business determines that it wants to move forward with a SaaS-based e-mail archive purchase, customers can use the following criteria to help differentiate current SaaS-based offerings (in no particular order):

- **How does the SaaS vendor execute archiving?** Most e-mail archive SaaS providers support journaling; however, some may only receive messages via an MX record redirect or log shipping. With log shipping, customers may be able to archive messages and attachments as well as calendar entries and contact information. Some versions of messaging applications do not support journaling so one of the other data movement alternatives must be supported. And, for those that want and can use journaling, they need to make sure that their primary messaging environment can properly support the performance impact of running this operation. Organizations may need to set up a dedicated journal service to expedite message transfer.
- **How does the SaaS solution solve the storage problem?** As outlined previously, some service providers stub messages in the primary environment after content is copied into the archive; others rely on customers to delete messages from the primary environment after they have been archived. Further, some SaaS service providers offer a fixed amount of storage per month while others offer unlimited capacity. Customers should determine how much capacity they will be archiving and how they want to free up space within the primary environment so that they work with the service provider that best meets their needs.
- **How do employees access messages?** Some offerings have client plug-ins (more common in Outlook/Exchange environments) while others require employees to go to a web browser. ESG recommends discussing these options with a small subset of employees so that the archive implementation does not impact productivity.
- **How sophisticated is the solution's search capabilities.** For corporate counsels to rely on an e-mail archive, they must be able to execute queries based on keywords, date ranges, and message

sender/recipient. Further, the solution must return consistent results—if attorneys run the same search against the same data set, the results should be the same. Attorneys cannot risk missing relevant information as it may appear to opposing counsel or the court that they are trying to hide information.

- **If you need compliance, supervision, or even legal hold, how are these services delivered?** The most important consideration is how the SaaS vendor enforces retention periods (Does it store data on WORM storage?) and provides an audit trail to help corporate counsels and compliance officers prove the integrity (no one has modified the message) and authenticity (the message being retrieved is the exact same message that was originally archived) of the content. The reporting capabilities, which create an audit trail and support legal chain of custody requirements, are just as important as the underlying technology used to retain and store messages.
- **Are there other services—Anti-Spam/Antivirus, disaster recovery, content filtering, or primary messaging hosting—that you may want to also purchase from a service provider?** Many e-mail archive SaaS providers also offer one or more of these services to further reduce the message management burden and there is usually a formal discount structure if you purchase more than one service.
- **What are the availability (redundant power, ISPs, etc.) and security (firewalls, key card access, etc.) characteristics of the SaaS vendor’s data center?** The data center capabilities are crucial for protecting archived information over long periods of time.
- **Can the SaaS vendor assist in the migration of pre-existing employee personal archives?** Very often, when mailbox quotas are enforced, employees set up their own archives. Once an organization chooses to move forward with an e-mail archiving solution, they should move all of these personal archives to a central location, which enables retention policies, secure searches, and other activities to happen more seamlessly.
- **Can the SaaS vendor assist in the migration of data from an existing on-premise archive solution?** Some medium-size businesses may already have an on-premise e-mail archive in place, but find that they either cannot cost effectively run it anymore or that the solution may not scale to meet growing requirements. Some SaaS vendors offer a migration service where content is safely migrated between the on-premise archive and the SaaS archive. This process must not impact retention periods or other metadata and conclude with data integrity checks (i.e. the data that was stored in the on-premise archive is the same data that was put into the SaaS archive).
- **How does the service provider protect and secure the archived information?** Archives contain valuable data, including business records and potential evidence, and this information should be backed up. Some SaaS vendors copy the archived content to another data center, preventing data loss due to a disaster at the service provider’s primary data center. The service provider should also take measures (encryption, etc.) to protect the data from being inappropriately accessed.
- **Can the service provider provide customer references?** When asking for a reference, ESG recommends that a customer ask to speak to someone with similar archive requirements and is roughly the same size organization. This helps a customer ensure that service provider’s infrastructure can scale to meet their specific demands.

Measuring the ROI

Any IT investment, especially in a challenging economic climate, must have a calculable Return on Investment (ROI) and customers should put measurements in place to determine the success or failure of their implementations. E-mail archive solutions, regardless of whether they are offered via SaaS or on-premise, should not be any different. The following are a few key metrics which allow IT to measure their impact:

- Survey employees to see how much time they spend managing their inboxes before and after archiving. This productivity metric can generate material gain in medium-size businesses.
- Survey IT to see how much time is spent restoring old messages for employees, as well as tuning the primary e-mail environment. After archiving, employees should be able to retrieve old messages on their own. Measure the time it takes to complete a backup and restore of the primary messaging environment before and after archiving.
- Check primary e-mail application performance before and after archiving. Very often, offloading data via archiving can improve response times.

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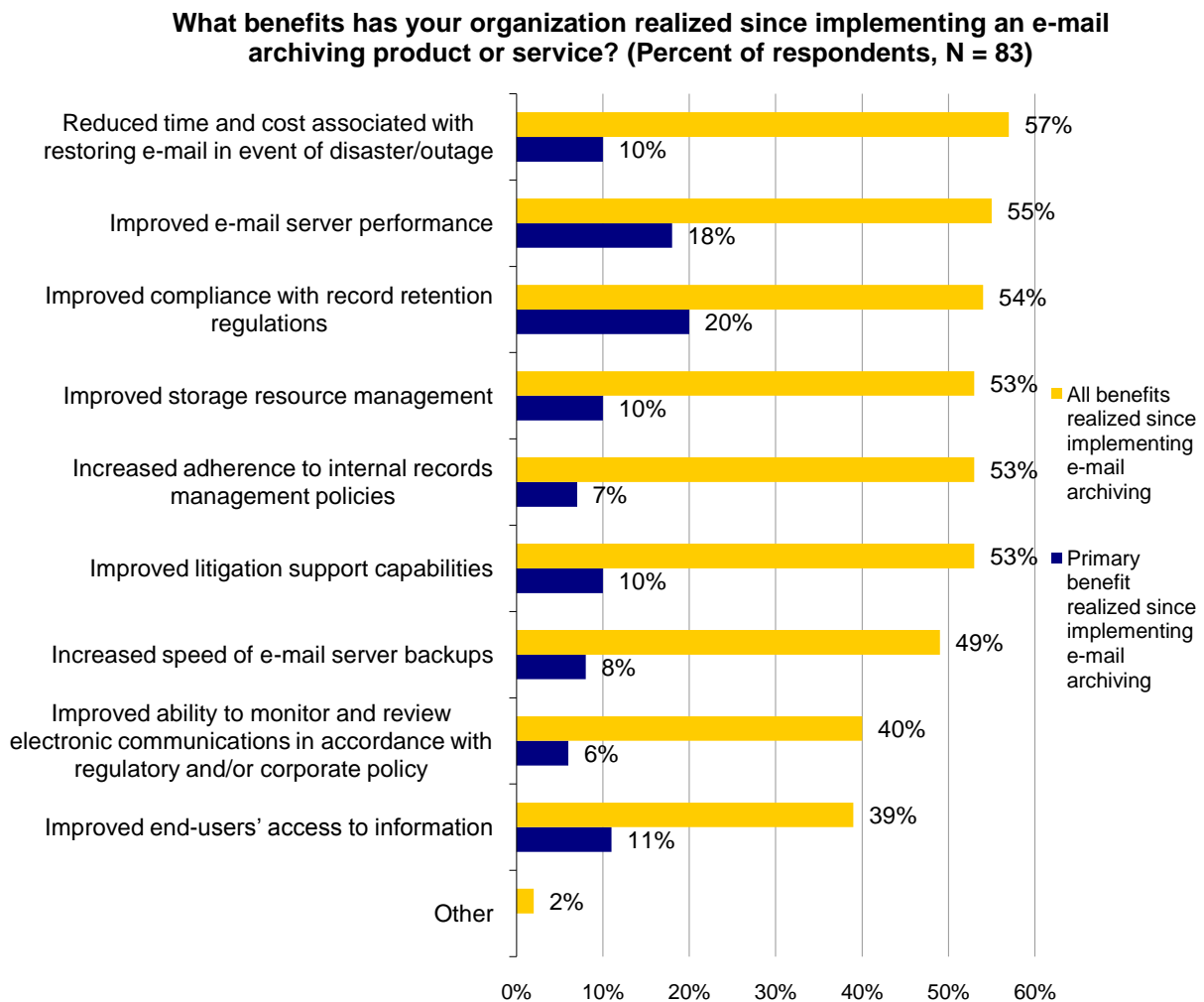
- Ask attorneys and compliance officers to document e-mail collection and review times before and after archiving. Centralizing messages in one place (and eliminating the need for disparately-saved PST files) should dramatically cut the time it takes attorneys to locate relevant e-mails and attachments, creating the opportunity for initial case assessments and more productive Meet & Confer sessions. Attorneys may also be able to offer some metrics around the impact of initial case assessments, including cost avoidance due to settling a case rather than arguing it.
- Monitor e-mail-related storage consumption and associated costs. By moving data to the archive, IT should be able to defer incremental capacity purchases.
- Once the archive has been in place for six months, run a survey or hold an employee focus group to see how they are using the message archive and if saving older messages is helping them with their respective jobs. This measurement can go a long way toward determining whether or not renewing the service is worthwhile.

Conclusion

For those organizations that have already implemented an e-mail archive solution, the plethora of benefits experienced (see Figure 2) should serve as the catalyst for every company, including medium-size businesses, to, at a minimum, evaluate similar offerings. However, it is understandable that organizations in this category, with already strained IT staffs, do not want to add another piece of technology—one that must be managed—to their infrastructure.

But, it is just as unlikely that e-mail usage, regulations, and electronic discovery will decrease any time soon. Medium-size businesses must figure out how to save e-mails for longer periods of time without depleting their IT staffs and capital budgets. And maintaining existing management methods via quotas and backup tapes is starting to be very expensive in terms of employee productivity as well as legal and compliance risk due to the inaccessibility of the data.

FIGURE 2. E-MAIL ARCHIVING BENEFITS REPORTED BY CURRENT USERS



Source: ESG Research Report, 2007 E-mail Archiving Survey, November 2007.

SaaS-based e-mail archive offerings are an ideal means for medium-size businesses to reap the benefits of e-mail archiving without the initial upfront investment or ongoing operational requirements of on-premise alternatives. This is not a new concept: 34% of respondents to an ESG survey of medium-size businesses users

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are already using storage-related (backup, disaster recovery, etc.) SaaS offerings¹² and many other companies utilize other message management (Antivirus/Anti-Spam, etc.) SaaS solutions. With SaaS-based e-mail archiving, companies do not have to over commit capital or resources and can 'test services' by only signing up for an annual contract.

ESG has witnessed on-premise e-mail archive solutions simplify architectures for streamlined management. We have also seen an increase in the number of integrated e-mail archive appliances, which combine the software, application server, and storage into a prepackaged solution available in the market. While these alternatives make it easier to run an on-premise solution, they still require some upfront capital investment and IT resources to maintain them. SaaS-based e-mail archive solutions are designed to be even simpler than these new and improved on-premise alternatives, making it very simple for medium-sized business to more effectively retain messages at lower costs for longer periods of time. With a scarce up-front investment and minimal drag on IT staff, SaaS solutions are also risk-adverse investments—the types that are desperately needed in today's difficult economic times.



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¹² Source: ESG Research Report, *Medium-Size Business Server & Storage Priorities*, June 2008.