Businesses that want to outsource Microsoft Exchange email have many options, including Microsoft itself through an Office 365 subscription. Choosing Microsoft to host Exchange might seem like the lowest-risk option. But this is not always the case—especially for many small to medium sized businesses.

Before selecting Microsoft Office 365 for Exchange hosting, business leaders and IT administrators should carefully analyze the costs and limitations that may not be immediately apparent. This document lists relevant factors in choosing a hosted Microsoft Exchange email solution, whether from Microsoft Office 365 or a Microsoft hosting partner.

**Business Risk**

**Downtime risk:** Microsoft Service Level Agreements (SLAs) for Office 365 guarantee 99.9 percent uptime. This translates to almost 44 minutes of downtime per month, or 8.76 hours per year, without penalty or compensation. Other hosted Exchange partners offer better SLAs and uptime guarantees.

**Migration risk:** Microsoft does not help customers migrate to Office 365, nor does it certify third-party partners to perform the Exchange migration. This means the risk falls entirely on the business customer to manage all of the migration planning, costs, and third-party service vetting. Premium third-party hosted Exchange partners offer fully managed migration services at no additional cost.

**Productivity risk:** If an admin is having a problem, businesses need responsive support. Office 365 provides no phone support for small business plans, and limited phone support for midsize business plans. Even “critical needs” 24/7 support provided with Office 365 Enterprise plans can experience telephone hold times in excess of ten minutes. Leading third-party hosted Exchange email solutions offer highly responsive 24/7 support options with 60 second or less hold time SLA for any type of support need.

**Compliance Risk**

**Data location:** Microsoft makes no guarantees about data residency (where data is stored) for Office 365. In fact, the Office 365 privacy policy allows it to move customer data to any of its global datacenters without notification. This can be a problem for businesses concerned about data being stored in countries with unknown privacy and intellectual property laws. Many businesses prefer to work with a hosted Exchange provider who never lets customer data move outside the USA.

**Regulatory compliance and archiving:** Archiving is a critical component of many regulations. Office 365 eDiscovery and data protection services meet HIPAA BAA and FISMA requirements, as well as EU Model clauses. However, businesses seeking fully compliant email archiving capabilities where data is written once and stored in perpetuity—with no ability to delete or modify messages or attachments—are forced to use non-integrated third-party vendors. IT leaders prefer hosted Exchange providers who offer a fully compliant email archiving solution that is integrated into the administrative control panel.

**Business Flexibility**

**Business growth:** Office 365 has strict user limits for each subscription tier. Moving between levels requires a full cloud-to-cloud migration, which forces IT administrators to manage the time, cost and complexity of moving to a ‘new’ cloud. Rapidly growing businesses may face multiple migrations within a short time span, reducing the benefit of the cloud deployment model. Many businesses opt to choose a hosted Exchange partner who does not put user limits on email plans.

**Plan flexibility:** Microsoft requires that the entire company use the same plan. In many cases, this forces a business to choose between satisfying the requirements of the most demanding users with a more expensive plan for all users—or choosing a lower-priced plan for all users that does not provide all the features needed by those demanding users. Many SMBs prefer a provider that offers the ability to mix-and-match plans and add-ons to ensure all users get the right solution.

**Deployment model flexibility:** With Office 365, everyone must use Exchange 2013. What’s more, most plans force businesses to ‘rent’ Office 2013 software for all users. This forces you to pay for Office 2013 software for all your users, even if they have a current version of Microsoft Office software or if they’re not ready to learn how to use the latest version of Office. Top third-party hosted Exchange partners support multiple versions of Exchange.
and help businesses purchase Office productivity software only for the users who need it.

**Staffing agility:** Many businesses have cashiers, manufacturing line workers, janitorial staff or temporary staff — all of whom require access to email services from their company. However, to support those users, businesses using most Office 365 plans must deploy expensive Exchange email licenses — and, with certain plans, pay for Office productivity software even if the user never uses it. Premium hosted Exchange email providers offer customers the flexibility to add lower cost web email services such as POP or IMAP for users who don’t need Exchange, while allowing administrators to manage all aspects of user deployments via a central control panel—including adding and removing user licenses.

## Functionality and Cost

Clearly, Office 365 offers all of the functionality of Microsoft Exchange 2013. But hosted Microsoft Exchange email partners are often more generous than Microsoft with usage limits. This offers better overall cost and functionality. Examples include:

- **Attachment sizes:** Office 365 limits attachment sizes to 25MB — a relatively low number given today’s rich media files
- **Active Directory integration:** Active Directory integration isn’t available for Small Business plans with Office 365

Third-party providers also offer non-Microsoft services beyond Exchange and Office, including:

- Integrated cloud-based phone systems not available from Office 365
- Enhanced file collaboration service with sync and share capabilities that offer more flexibility than users get in Office 365

These factors affect the relative value and cost of any solution comparison. In addition, businesses need to factor in the cost of migrations and the IT impact of support limitations when comparing costs.

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**About Intermedia’s Office in the Cloud**

Intermedia is the largest provider of hosted Microsoft Exchange outside of Microsoft itself. Its Office in the Cloud suite delivers superior reliability with 99.999% uptime SLA; a privacy policy that keeps customer data in the USA; free migration from our Cloud Concierge team; and highly responsive 24/7 telephone support with hold times of less than sixty seconds.

In addition, customers benefit from a broader portfolio of mobile-ready services integrated into a central IT control panel, including compliant email archiving, Hosted PBX cloud voice, Microsoft Lync secure chat and conferencing, Microsoft Sharepoint, SecuriSync file sync and share, and much more.

With Office in the Cloud, businesses can outsource more of their IT workloads, tailor plans to specific business needs, and manage business growth without forced plan migrations.

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The Radicati Group listed Intermedia as a top player in the Microsoft Hosted Exchange market for 2013 — second only to Microsoft in market share, and surpassing Microsoft and all other providers in functionality.

The Radicati Group, “Hosted Microsoft Exchange - Market Quadrant 2013.”

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**MARKET QUADRANT – HOSTED MICROSOFT EXCHANGE PROVIDERS**

- **Mature Players**
  - Microsoft
  - Intermedia
  - SilverSky
  - AppRiver
  - Ceryx
  - Rackspace
  - mindSHIFT
  - NaviSite
  - FuseMail
  - Go Daddy
  - SherWeb
  - CenterBeam

- **Specialists**
  - mindSHIFT
  - NaviSite
  - FuseMail
  - Go Daddy
  - SherWeb
  - CenterBeam

- **Trail Blazers**
  - Intermedia
  - SilverSky

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