

Upgrading Your Practice with Microsoft Outlook[®] and Hosted Exchange



One of the primary roles of CPAs is to act as the business “information communicator” for clients, providing analysis and interpretation of financial information such that those clients can meet compliance requirements and run their organizations more effectively. According to a recent survey (1), email was considered to be “important” or “extremely important” in doing work by 97% of business users (clients of CPAs), making it the highest rated communication tool in the survey. Email is available in a variety of formats, with today’s leading solutions also integrating contacts, calendar, and task management into a single collaboration package known as groupware. While there are a multitude of “freeware” email products used by practitioners, they often lack the features of a more robust groupware solution such as Novell GroupWise®, Lotus Notes® and Microsoft Outlook. We find that Microsoft Outlook is the dominant product used by more than 95% of the author’s clients in North America. When Outlook® is run on a Microsoft® Exchange server, multiple users within a firm can collaborate securely and get more functionality out of their Outlook accounts. Many of the “freeware” products lack full integration with Microsoft Office® applications, which is the accounting profession’s preferred productivity suite for linking with the firm’s tax, audit, accounting and administrative applications that create efficiency by seamlessly sharing information between programs. In recent meetings with both CCH® Wolters Kluwer and Thomson Reuters Creative Solutions®, technical support personnel pointed out that their products were optimized primarily to use the Microsoft Office platform which includes Outlook. In this whitepaper, we will explore the reasons why individual

practitioners and small firms should consider utilizing Outlook as their email software that is loaded on the local workstation and why a hosted email solution may be the best option today in lieu of creating and maintaining email services within their own firms.

Client Perspectives as to Why CPAs Should Consider Hosted Exchange Email:

Based on previous experience and discussions with CPAs, many of today’s smaller firms and individual CPAs utilize services such as AOL®, MSN®, Yahoo!® or Google™ Gmail™ for their email accounts, often because the basic service is provided for “free” or at a very low cost. While these providers are hosted in world class infrastructures, end users often have limited functionality, when compared to the robust capabilities provided by Microsoft Exchange and Outlook, such as fully featured email, calendar, contacts, tasks, offline access, and mobility, which are native to Exchange and Outlook. These “free” email services rely on advertising revenue to pay for their data infrastructure, which means advertisements take up space on your screen that could be used more productively for client data and applications. And while most people feel that having a free email account is acceptable for personal/home use, they feel that receiving an email from one of the free email provider’s domains conveys a less than professional business image. Users of the free email services also have very little control over features, which often change with upgrades, as evidenced by Google recently disallowing offline access to documents and giving users of their email service minimal notice that this feature was no longer available.

User Benefits

So let's first take a look at seven reasons why an individual practitioner may want to consider a hosted Exchange and Outlook platform to improve functionality and promote a more professional appearance to current and prospective clients.

- 1 More Robust Functionality:** Outlook is the standard groupware product used by business today and provides a full featured email, calendar, contacts, task, and notes capability that helps CPAs be better organized to serve clients and to share information between different documents and applications. The Outlook screen can be easily customized to meet the preferences of each user. Outlook is an integral part of the Microsoft Office Suite® (which also includes Word®, Excel®, Access®, and PowerPoint®) that has been selected by major accounting application vendors including CCH Wolters Kluwer, Thomson Reuters™, and Intuit® to integrate with their accounting products. This integration allows for seamless emailing of documents from within a file or importing/exporting of documents in their native format, saving CPAs time and the extra steps required when having to deal with different document formats.
- 2 Exchange Offline Access:** Files in Outlook can be synchronized to a local workstation so users can access all the Outlook functionality they require when

they don't have an Internet connection available. This allows the end user to access their calendar, write emails or update their contact listing when they are on a plane or other times when they don't have Internet access. Outlook offline access allows you to work and then have those edits synchronized with the server when the user does get an Internet connection. With most of the "free" online services, the user can only access their email when they are connected to the Internet.

- 3 Mobility:** Most of the functionality of Outlook is available remotely when the end user is away from the office as their data can be accessed on mobile devices such as smart phones and Internet connected workstations. With the freeware services, the user must be connected to the Internet to access their email as it is not available offline. Synchronization services such as BlackBerry®, ActiveSync® (including Apple® iPhones®), and GoodLink™ are supported by most Hosted Exchange vendors such that end users can make edits and changes on their personal communications device (smart phone or netbook), which are then synchronized to the individual's Outlook account. Hosted Exchange also allows secure access to email and other groupware features from any Internet-enabled workstation, similar to the "free" products.

4 Customizable Legal Disclaimers: While the “free” products can allow for a signature to be added to the bottom of an email, Exchange can enforce this. For instance Circular 230 disclosure requirements and other legal disclaimers can be made mandatory on all outbound emails which is a feature that should be required in tax practices.

5 Migration of Data to Other Providers: The end user can change hosted Exchange providers at any time and move their information to another provider or host it themselves without losing any data.

6 Collaboration: Hosted Exchange allows multiple users in the same organization to be more effective by automating time-wasting tasks such as setting up meetings, collaborating on the same document or searching through shared information, features not offered by all the web-based services. Hosted Exchange also allows firms to share contacts instead of each person only being able to maintain their own lists individually. This ability to have multiple users work simultaneously enhances the integration capabilities discussed above.

7 Training Availability: Since Microsoft Outlook is the dominant email/groupware product in business, there is a high probability that any person you hire will already be familiar with how to use it. If not, there are more training programs and learning opportunities available for Outlook than any other email tool, allowing a more cost-effective transition.

Due to these seven core features, Outlook is considered the most productive email tool for CPAs to communicate with clients and colleagues, and the best groupware tool to integrate with the accounting applications they need to effectively run their practices. But what about firms that are already using Outlook on an internal email server running Exchange or thinking of adding one? The costs and considerations for running your own internal email server have increased dramatically in the past few years, making an externally hosted Exchange provider a more viable solution for most small firms, particularly when it comes time to upgrade or replace the firm’s existing server.

Firms with an Email Server

Many firms run their own email servers in-house, but this can be fairly expensive when all costs are taken into account, particularly for smaller firms with fewer personnel. A recent Total Cost of Ownership study (2) found that the cost for 20 hosted Exchange users (10 of which also synchronized BlackBerry smart phones) could be 1/10 of the cost of buying and maintaining your own Exchange server in-house when compared over a three year period. While the amount spent for hardware, implementation, updates and support will vary from firm to firm, the significant cost variance is compelling enough for a firm to do the analysis before updating or replacing in-house servers.

To help firms better understand why they should consider an externally hosted Exchange provider, we have listed the following nine points.

- 1 Cost of Exchange:** Small firms with in-house Exchange servers pay for server equipment, software licenses, implementation, ongoing technical support and maintenance, as well as additional infrastructure to back up the data. In most cases, technical expertise is outsourced to local network integrators, who will respond to a firm's issue at their convenience. This can lead to downtime impacting your personnel's ability to service clients. A hosted solution provides all of this for a monthly "lease" which costs significantly less, or is even free, upfront and provides better reliability and stability over time, as they have the best technology and dedicated staff focused on maintaining the systems.
- 2 Expandability:** When small firms want to add more users, they have someone buy and set up the additional licenses and may need to upgrade or replace server hardware if server space is filling up. Hosted Exchange makes it very easy to add new users or additional services as the infrastructure is designed with expandability in mind. This would also include expanding the amount of space needed to store files and even adding features such as hosted SharePoint®, Microsoft Mobile® or BlackBerry functionality, email encryption and email compliance/archival. These additions and upgrades are usually done seamlessly as the hosted Exchange providers have professional enterprise-class migration and support tools, which small firms can rarely afford on their own.
- 3 Consolidated Exchange Maintenance:** Firms with in-house Exchange servers generally use external IT Support, where a network integrator physically comes to your office to work on your servers. The costs can be fairly expensive compared to a hosted provider who manages thousands of clients in a controlled facility. Some firms buy their equipment in one place and software licenses in another; use one vendor for installation and then a different provider for ongoing support. This approach can make solving issues more complex compared to a hosted environment, where one vendor is responsible for all aspects of managing the firm's groupware.

- 4 Security:** Adequate security settings are notoriously difficult to configure and maintain, particularly for small firms that seldom have personnel with the technical knowledge and experience to secure the firm's information systems properly. Hosted solutions provide enterprise-class security infrastructure and ongoing monitoring with a team of experts that work 24/7. That level of service and expertise would clearly be cost-prohibitive for most small firms.
- 5 Disaster Recovery:** Hosted Exchange providers utilize world class data centers and have redundant facilities and systems. While the majority of firms will say that disaster recovery is important, only a very small percentage have planned for one adequately, particularly in regards to their email system. In the event of an internal Exchange outage, emails could begin being dropped or completely lost within a few hours if the system is not repaired in a timely fashion. The top hosted Exchange providers guarantee 99.9% or 100% up time, and have the resources to ensure it, which small firms can rarely afford to ensure on their own.
- 6 More Anti-Virus Protection:** Hosted Exchange providers have the resources to utilize multiple enterprise-class anti-virus tools updated in real time. The likelihood of getting viruses or other malware is reduced significantly compared to firms that host their email internally. Many firms only update their anti-virus on a daily basis, which creates a window of opportunity for malware to impact their network.
- 7 Spam Management:** Recent studies show that almost 9 out of 10 emails are tagged as spam (3), all of which are being delivered to the firm's internal server if you are running one in-house. In these cases, your internal systems are responsible for processing each individual message and scanning for spam and viruses. These spam applications must be managed similarly to Exchange in that they have to be updated and fine tuned regularly by internal personnel. Hosted Exchange uses more effective enterprise-class spam filters and tools than small firms can generally afford and only delivers the screened emails so end users spend less time deleting unwanted messages.
- 8 Offsite Spam Management:** Hosted Exchange providers quarantine emails tagged as spam on their servers, compared to having all email delivered to the firm's server where it must run spam and anti-virus filtering and archival processes. Oftentimes, firms do a complete system backup which includes the spam email stored on the system, taking up more space and time.
- 9 Promotes Virtual Office Adoption:** Finally, the hosted Exchange environment allows firms to quickly and easily add or delete users whenever necessary, allowing users to work remotely from anywhere they can access the Internet. Hosted Exchange and other "cloud" computing applications promote telework and allow firms to retain quality employees who have relocated or are required to work from home.

The points make it evident that CPAs today need not be reliant on freeware for email when there are cost-effective options for a secure, reliable, email environment for their firms. Small firms and sole practitioners can now be a step closer to a more functional email system with a hosted Exchange environment.

Case Study

Victor J. Sirchia of Sirchia & Cuomo, a ten member firm in Syracuse, New York switched to a hosted Exchange provider a number of years ago and is now paying about \$13 per user each month. According to Vic, one of the biggest benefits is automatic data backup for email; "If I were to lose Outlook, it would be a disaster as I run my life with it." Transition to the external system was seamless and done in one afternoon, including provisioning his smart phone, a Palm Pre. Another benefit Vic emphasized was "Great support - If we have a problem with Outlook, we can pick up the phone and talk to a person instead of browsing a forum."

About the Author

Roman H. Kepczyk, CPA.CITP is a technology consultant that spends over 100 days per year on the road working with CPA firms. He has utilized an externally hosted Exchange provider for over ten years and has integrated his faxes and voicemail into Outlook, so that he has a single unified messaging platform where he can check all firm communications. "The beauty of hosted Exchange is that you get enterprise class Exchange features for a fraction of the cost of what you would pay to have it yourself." According to Roman the data is available on his laptop, smart phone, and through Outlook Web Access (OWA) so he always has access to his communications in whatever format is the most convenient to him. A bonus of OWA is that his family can access his calendar at any time to see his schedule.

(1) The Importance of Social Networking Tools Relative to Conventional Tool, May 2009; Osterman Research, Inc. as published in: The Case for Hosted Exchange in January 2010.

(2) The Apptix Advantage: Total Cost of Ownership: Hosted vs. In-house Exchange, published 2008.

(3) Symantec Announces April 2010 MessageLabs Intelligence Report (<http://www.messagelabs.com/resources/press/49913>)

