

# Hidden Costs of Small & Medium Business Software

SMB Quick Reference Series

## Are there hidden costs in business software?

Before you reach for a calculator, it's a trick question. Even technology industry analysts and seasoned business executives have difficulty putting a hard figure on the Total Cost of Ownership (TCO) of today's traditional SMB application solutions.

In computing the cost of software, businesses tend to focus on the purchase price. Yet even when fully operational, software is never free. It must be supported, maintained and upgraded.

### Software's "Hidden" Costs

Beyond the purchase price, the 'hidden' costs are: implementation, training, support, maintenance and all subsequent upgrades. Also included should be the cost of 'downtime' while the business tries to figure out how to fix the software should it fail. Together, the hidden costs of software can easily exceed the original purchase price by a factor of 100-200%!

How do SMB software costs break down? The U.S. Department of Commerce study shows that software purchase expenditures account for only approximately 30 percent of the total. The biggest hidden cost is represented by labor expenditures ranging from 37 percent for support and 33 percent related to software getting the software up and running. The numbers translate to a ratio of 1:2, software license to management/labor costs; and 1:1 license fee to implementation.

### Getting Rid of Hidden SMB Software Costs

Today's technology allows small and medium business more choices than ever before. Today, unlike just a few short years ago, SMB organizations can eliminate all the hidden costs in one decision. How? By outsourcing all software via services.

It is as easy as that. Instead of having all the software 'owned/licensed' by the business, SMBs can subscribe to enterprise-class financial software, a whole range of productivity and collaborative applications, even their IT management. All for one, low monthly price. No surprises, no hassles, no unforeseen financial impacts.

Outsourcing SMB software services brings you these benefits:

- Expertise — the provider knows software and services better than anyone else. You focus on your business, not the technology.
- Economy of Scale — software can be maintained, supported and upgraded through standardized processes and automation. The solutions easily scale up as you need them to, never holding back your business.
- Reliability and Performance — in the highly competitive software industry, software providers have a vested interest in continually upgrading and improving product performance and services. You are assured of the greatest and best performing solution to propel your business forward.

In the end, the real savings are achieved when your business runs better, faster and less expensively, giving you a competitive edge in your market.

### SMB Software Without Hidden Costs

SMBs around the world now have access to industrial-strength financial, customer management, productivity and collaboration solutions – on a subscription basis. Businesses just like yours are realizing the benefits of predictable, manageable costs, freed up capital for other purposes, and the value that enterprise-class solutions bring. There is no need to compromise because you're an SMB! These solutions, offered via monthly subscription, bring you the best of both worlds: business power and performance, and easy to manage costs. All only a phone call away!

Learn how you can immediately benefit from the easiest, fastest, and most fully featured small and medium business financial solution available – the NextCorp SMB Suite. Built upon Microsoft technologies you are assured of the power of this solution to deliver the greatest integration, best support, and highest productivity possible. The SMB Suite offers industry leading implementation and migration services to get you to benefit fast, and low monthly subscription pricing so you don't have any large capital outlays.

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