



WHITE PAPER

Why Your Legacy Fax Infrastructure Costs More Than You Think

And Why You Should Consider an Enterprise Cloud Fax Service



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Your Business Almost Certainly Underestimates The Costs Of Legacy Fax

There's a great story about Pablo Picasso. While the artist is sitting in a park in Paris, a woman recognizes him, runs over to introduce herself, and offers to pay him to sketch her portrait. Picasso agrees. He flips open his notepad, quickly dashes off a sketch, and a minute later he hands the woman the finished product.

Of course, she's thrilled at how well the artist has captured her essence. But when Picasso tells her the price—\$5,000—the woman becomes annoyed. "How could you charge so much?" she asks. "That took you one minute!" "No," Picasso says. "It took me 40 years."

Artists and service providers of all types like to tell that story to illustrate the fact that although customers can't see many of the costs that go into the final price of a product, those costs are nevertheless real.

For our purposes, the anecdote offers a helpful jumping off point to discuss something you probably already suspect: Your company doesn't have the full picture of the total cost of ownership of your existing fax hardware and software.

Most organizations overlook many of the costs...

When we at eFax Corporate® ask enterprise IT professionals or C-level executives at large customer organizations how much they think they're paying to send or receive a typical fax using fax machines or servers, most can think of only a few of the many costs required to operate their existing fax environment. They'll cite the individual fax's pro-rated share of paper, ink, the telco line required to transmit the fax, and, if they own fax servers, the cost of the software as well.



But like the one minute it took Picasso to sketch that fan's portrait, those are only the surface-level costs of a legacy fax infrastructure. There are many other costly inputs required to operate an enterprise's fax machines or servers, such as:

- **Labor costs:** employees waiting at a fax machine, redialing busy numbers, scanning or copying fax docs, filing or shredding hard copies, etc.
- **IT resources** required to fix machines, reboot crashed fax servers, replace ink or toner cartridges, etc.
- **Maintenance contracts** and the costs of third-party upkeep to aging fax machines and fax servers.
- **Data center rack-space** costs for off-site fax servers.
- **Energy costs:** the recurring costs of powering fax servers and the fans needed to keep them cool.

All of those hidden costs go away in a cloud environment.

Yet Another Reason to Migrate to Cloud Fax

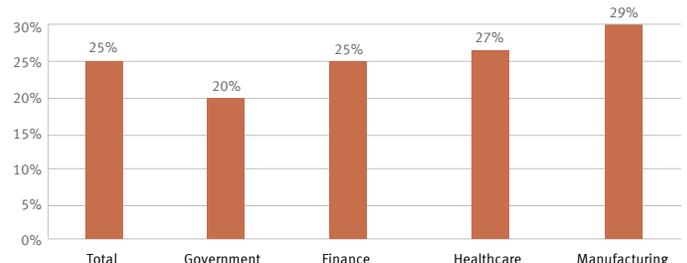
In previous white papers, we've addressed many of the reasons why, with the advent of cloud fax, it is no longer a viable strategy for businesses to maintain their legacy fax infrastructure. **In this paper, we will address yet another reason it is time to retire your legacy fax hardware and upgrade to a cloud fax service from eFax Corporate: doing so will save your organization a lot of money.**

Enterprise fax usage is growing, not slowing

Before we delve into the true cost of ownership of a traditional business fax infrastructure, we should point out that it is probably not an option to simply phase out your organization's faxing capability in favor of newer technologies, such as email—no matter how frustrating fax is for your IT team. This is because, contrary to predictions of tech experts, fax persists as a leading business communication tool.

The 2017 Fax Market Pulse report from research firm, IDC, found businesses across many industries, including healthcare, financial services, and manufacturing, expect to increase their fax usage in the coming years.

IDC - Projected Fax Usage Growth 2017-2019
Average Net Projected Year-to-Year Fax Usage Growth



International Data Corporation – 2017 Fax Market Pulse

Why do businesses continue to fax?

According to IDC, the reasons businesses still fax—and expect to fax even more in the future—include:

- Customers and suppliers demand they use fax.
- Fax gives them easy tracking of document transmission and a traceable audit trail.
- Fax documents are legally binding and compliant with government regulations such as HIPAA.

The reasons businesses cite for continuing to fax aren't important to our discussion here. What matters to your company is that if you work with businesses that still fax—and in many industries you almost certainly do—you need to maintain fax capability. But that does not mean you must continue supporting an increasingly costly and aging fax infrastructure.

For the remainder of this paper, we will explain why maintaining your legacy fax infrastructure would be counterproductive—and, thanks to the availability of cost-effective cloud faxing, totally unnecessary.

What Does Your Fax Infrastructure Really Cost?

The costs of operating a fax machine

Many businesses have the misperception that their office fax machines don't cost them much because they have already made the capital investment in the hardware itself. This is true, but the operating costs associated with fax machines (or multifunction printers that businesses use for fax) can add up quickly.

Let's review the costs of two common scenarios: a business with a single fax machine and another with four machines, each supported by an analog phone line. Note that each machine is going to need a separate analog, or POTS (plain old telephone service) line, dedicated to that machine. And if you are using the fax capabilities of a multifunction printer, it will need a fax-line card installed—yet another one of those hidden costs that could be eliminated by cloud faxing.

Note: For perspective, 1,000 fax pages per month equates to 10 five-page faxes received per business day, averaging slightly more than one fax per hour. This represents consistent but light usage.

Table 1 - Recurring Costs of Stand-alone Fax Machines

Paper/Ink/Toner	\$20 per 1,000 pages
1 analog POTs line	\$60/month, \$720/year
1 Fax Machine/1 Line	
1,000 pages/month	\$960/year
2,000 pages/month	\$1,200/year
4,000 pages/month	\$1,680/year
8,000 pages/month	\$2,640/year
4 Fax Machine/4 Lines	
1,000 pages/month	\$3,840/year
2,000 pages/month	\$4,800/year
4,000 pages/month	\$6,720/year
8,000 pages/month	\$10,520/year

And of course you can't ignore the labor costs of your employees using your fax machines in their daily workflow. Consider this assessment from research firm Davidson Consulting—adjusted to reflect the Department of Labor's recent data on mean hourly wages of office workers. In many industries the hourly rate is far higher.

Labor to Receive a Fax from a Fax Machine

	Minutes Per Event	% of Faxes Affected	Average Minutes Per Fax	Cost
Walk to the fax machine	1.0	100%	1.0	\$0.29
Sift and collate fax	1.0	100%	1.0	\$0.29
Return to desk	1.0	100%	1.0	\$0.29
Wasted trip	2.0	20%	0.4	\$0.12
Make copies	5.0	10%	0.5	\$0.15
Lost fax re-faxed	18.0	5%	0.9	\$0.26
Traveler getting fax	25.0	2%	0.5	\$0.15
TOTAL PER FAX	—	—	5.3	\$1.55

Notes: Given the Department of Labor's current mean hourly labor cost of \$17.43. Original Research: Davidson Consulting

That's \$1.55 for every fax your employees retrieve from your fax machines. If your business receives just 1,000 faxes per month—many businesses that use eFax Corporate actually receive tens of thousands per month—that's more than \$1,500 every month in fax-related labor costs. Such labor costs are usually not included in operating cost analysis, but they can really add up!

Cloud fax offers big savings over fax machines

Now let's delve into the specific savings your company can expect to realize when you migrate your faxing capability away from in-house fax machines and move to the right enterprise-grade cloud fax service.

Look at what the research found an inbound fax would cost a business if instead of a fax machine they received it electronically using eFax Corporate.

Labor to Receive a Fax Electronically				
	Minutes Per Event	% of Faxes Affected	Average Minutes Per Fax	Cost
Open fax	0.1	100%	0.10	\$0.02.5
Rotate pages	0.1	20%	0.02	\$0.00.5
Print fax	0.1	25%	0.025	\$0.00.6
Make copies	0.2	10%	0.02	\$0.00.5
Distribute copies	2.0	10%	0.20	\$0.05
Total per fax	—	—	0.365	

Original Research: Davidson Consulting

Fax Machine	\$1.55
eFax Corporate®	\$0.22
Savings	\$1.33 per fax

By eliminating the time-consuming elements of receiving a fax on a fax machine, and instead having that fax delivered as a PDF to a recipient's email, eFax Corporate helps businesses save roughly 85% of the labor-related costs of handling inbound faxes—dropping the average cost from \$1.55 to just \$0.22.

And because your enterprise will no longer have any infrastructure to manage, you will also eliminate the costs of paper, ink, maintenance contracts, dedicated fax phone lines, and the valuable IT resources you had to devote to troubleshooting aging fax machines.

The costs of maintaining a fax server

What if your company relies on fax servers for high-volume faxing? Let's examine all costs, the obvious and the not so obvious, for a single fax server for both small- and large-office configurations. Looking at the following table, we notice a couple of high-ticket items that may surprise you. First, in addition to the 3-year software license, each channel is licensed separately. On a full 23-channel T1 PRI line, that can equal the software cost. Then there is the fax line card needed to connect to the telephone network—they really do cost that much! And you had better stock a spare, because if it dies you'll be dead in the water until a new one can be shipped to your office.

Table 2 – Fax Server Total Cost of Ownership	
Fax Server Hardware:	\$2,000 to \$6,000
Fax Card:	
• Dual analog ports	\$1,500
• T-1 PRI 23+D channels	\$17,000
Fax Server Software:	
• Small business license – single channel	\$3,300 (+\$749 per channel)
• Enterprise suite/server license – single channel	\$17,000 (+\$749 per channel)
Total Capital Cost:	
• Small office	\$7,549
• Large Office	\$56,478
3-Year Amortization:	
• Small office – 2 lines	\$2,516 per yr.
• Large office – 23 lines	\$18,826 per yr.
Recurring Telco Charges:	
• Dual analog lines @ \$60/month per line*	\$1,440 per yr.
• T-1 PRI \$400/month*	\$4,800 per yr.
Software Maintenance:	
• Small Office	\$810 per yr.
• Large Office	\$6,696 per yr.
Total Annual Cost:	
• Small Office	\$4,766 per yr.
• Large Office	\$30,332 per yr.

** Telco line costs do not include usage costs of \$0.03-0.05 per minute when sending faxes.*

Note: Costs shown are based on discounted prices from leading hardware and software vendors. Your costs may vary by vendor, network size, and configuration with optional feature modules (printer, storage, encryption, etc.)

Don't forget optional feature modules

Clearly, maintaining a legacy fax environment is expensive. In addition to the basic costs of fax servers described above, every added feature costs extra. Want to connect multifunction printers? Add \$500 for an MFP license, for each printer. Want to archive your faxes? That's another software module for extra dollars, while adding encryption modules for security/compliance will increase the cost even more. All of that is for a nonredundant solution that presents a single point of failure for a critical piece of your communications infrastructure.

There are also several additional "hidden" costs—many of which most businesses never factor into their estimates of what they're really paying.

These costs include the electricity needed to power all your fax servers and machines, plus possible rack space in a colocation facility, as shown below:

Table 3 – Data Center Costs	
On-site data center cost for one Windows server	\$800-\$1,200 per month
Or	
Rented cabinet/cage with power feed at colocation facility	\$800-\$1,000 per month

Then there are the ongoing costs of IT management, maintenance and troubleshooting—fax servers are notorious for crashing, requiring IT personnel to reboot the downed server and bring all the individual modules back on-line, which can take half an hour if all goes well. And you will likely need to dedicate IT support resources, such as your help desk, to field employee questions and complaints.

To sum it all up, the time-consuming care and maintenance of in-house fax systems often ties up IT resources that could be assigned to more important projects.

Fax server TCO – small office

Let's return to our discussion of the total cost of ownership (TCO) of fax servers. Based on the considerations presented above, the small office version starts at an average cost of nearly \$400 per month before a single fax is sent. Additional long-distance usage charges will apply to every fax sent unless an unlimited service is selected, which can add 25% or more to the telco line cost.

Note: Analog fax transmissions cannot run over VoIP due to impairments caused by compression algorithms, delay, packet loss, and other factors, without the use of special adapters that are notoriously unreliable and will lead to even more troubleshooting. So, you will need analog POTS or digital T1 lines for faxing.

Fax server TCO – large office

For the large enterprise office, once the server has been rebuilt, put in a data center or colocation, and hooked up to T1/PRI lines and electricity, the cost thus far, with NO redundancy and NO disaster recovery, is over \$2,500 per month per server (Table 2 + Table 3), over the 3-year license term. Again, that is before a single fax is sent or received. You can expect to pay approximately \$30-\$50 in telco usage charges for every 1,000 sent pages.

Building in redundancy and reliability

Finally, to build out a reliable infrastructure with full redundancy for a disaster-recovery scenario—which legacy fax systems do not give you by default—you'll likely double your spend to approximately \$5,000 per month.

And consider that if your daily peak-hour fax load exceeds the capacity of a single server, a second will be needed for load-balancing, doubling the total cost to over \$10,000 per month for a redundant N+1 disaster-recovery configuration.

The Cloud Fax Cost Model

When comparing the costs of premise-based systems to hosted cloud-based services, the first thing to note is there is no apples-to-apples way to compare the hard costs. Because the items considered in the example above are simply not part of the cloud-fax equation. There are no fax machines, servers, line cards, or software to buy and upgrade; no infrastructure, power or data-center expenses; and no need to print. Planning is easier because capacity is virtually unlimited and survivability is built into the cloud fax architecture.

In other words, with a cloud fax model—assuming you select the right provider—your costs will look like this:

Table 4 – Cloud Fax Cost Model	
Software costs	\$0
Hardware costs	\$0
Telco line charges	\$0
Printing costs	\$0
Maintenance costs	\$0
Rack-space costs	\$0
Power costs	\$0
You pay only for:	Fax numbers – flat monthly fee
	Usage – pay as you go

Additionally, you'll save most of the hidden costs as well, such as support and maintenance contracts and IT resources to support the system.

Hosted services also eliminate the need to anticipate average and peak usage and traffic volumes, either for maximizing the return on investment, balancing the load over multiple fax machines or servers, or for maintaining adequate capacity so inbound faxes don't encounter a busy signal. This is a crucial point. Cloud faxing is scalable: you pay for what you use, not for what you think you may need. More importantly, you can quickly scale the actual users in your organization, up or down, as needed. Whether you employ 15 or 15,000, hosted fax services adapt to your enterprise and your day-to-day operations.

Table 5 below shows at a glance how eFax Corporate eliminates much of the time, hassle, and expense associated with fax servers, while providing more functionality and value.

Not All Cloud Fax Solutions Are Created Equal

If this discussion has persuaded you that migrating to cloud faxing is the right move for your business, then your next step should be to research the industry. After all, not all cloud fax solutions are created equal.

Specifically, you will want to vet any cloud fax provider to find out how long they've been operating, if they are profitable, how many customers they serve, how robust their network is, and whether they comply with industry regulations. When it comes to transmitting mission-critical data you do not want to leave anything to chance. This is why finding the right partner to handle your business faxing might be the most important step in your move to a cloud fax service.

With this in mind, turn to the next page to learn why eFax Corporate has been the most successful and trusted cloud fax company in the world—for two decades.

Table 5 – Comparing Fax Servers to the eFax Corporate Hosted Solution

	On-Premise Fax Servers	eFax Corporate
Capital Investment	Hardware, software, telecom equipment	None
Telecom Capacity	Anticipate peak needs, build in redundancy and disaster recovery at extra cost	None (Use existing Internet access)
Set-up Time	Variable, but system rebuilds and reconfigurations can take months	Up and running in hours
Workflow Integration	Varies by software vendor	<ul style="list-style-type: none"> Email account integration MFP integration Centralized account management Port numbers as needed
Feature Sets	Variable configurations with optional software modules	Included at no charge
Compliance	Variable depending on configuration with optional modules	HIPAA/HITECH, SOX, GLBA, others
IT Resources	High impact for system maintenance and oversight	None
Maintenance	Purchase required for software upgrade patches	None
Reliability	Only as reliable as the extra redundancy purchased and added into the system	<ul style="list-style-type: none"> 99.5% uptime Delivery times of 2-5 minutes 24/7/365 system monitoring BC/DR built into network architecture
Scalability	Inflexible. Additional capacity requires additional capital investment locked-in over multi-year term.	Capacity scalable on demand
Variable Cost	Telecom per-minute usage charges	Usage-based pricing (pennies per fax page)
Fixed Monthly Cost	Amortized software license, line card, server hardware costs; recurring annual maintenance and telecom fees	Fixed monthly fee per fax number
Document Security	Optional encryption module	<ul style="list-style-type: none"> Email delivery to recipient inbox Encrypted storage (eFax Secure, Sfax) TLS encryption in-transit (optional)
Mobile Apps	None	Available, free feature
Web Portal	None	Standard feature
TCO	High. Long-term return on investment.	Low. Short-term return on investment.

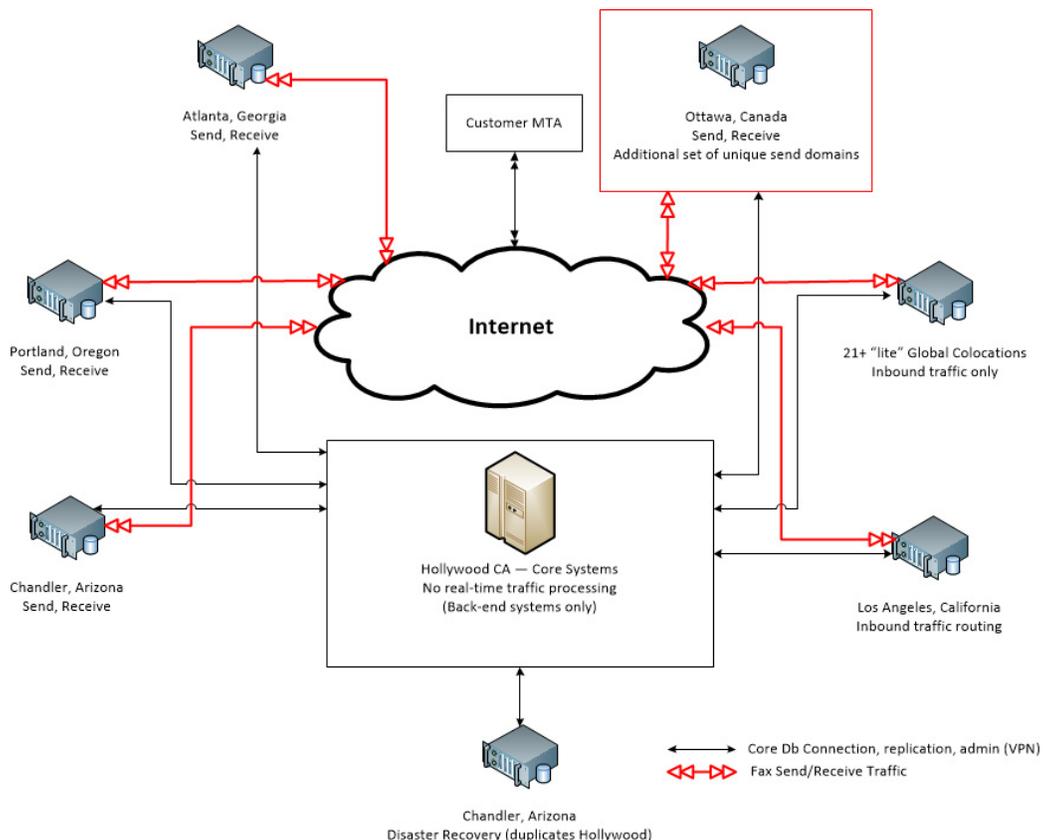
Why More Businesses Trust eFax Corporate

When you investigate the cloud fax industry, you will find many small providers. But only one of these companies is the fax partner of choice for nearly half of Fortune 500 firms, 40% of the top law firms in the U.S., and thousands of organizations in industries regulated by the most rigorous data privacy laws—businesses for whom fax security and integrity is mission-critical. That company is eFax Corporate, and here’s why:

- eFax Corporate has been securely and reliably transmitting faxes for enterprises for more than 20 years, which is why we are the world’s leading provider of online fax services.
- We have spent millions of dollars over many years to build out the most robust, reliable, redundant, and secure cloud fax network in the world. (No other provider networks even come close.)
- Our North American network is spread across four (4) geographically diverse main data centers. If one data center has a problem, our customers’ faxes are immediately rerouted through the other centers. Even if two centers went offline simultaneously—an extremely unlikely event—we have sufficient capacity to continue processing customer faxes with no discernable service degradation.
- Our public data center/colocations are independently audited to meet SSAE-16 Type II and SOC-2 industry standards for operations and security.
- The level of geographical diversity and redundancy across the eFax Corporate data center network allows for even better reliability than most disaster-recovery architectures.

- eFax Corporate’s security processes keep our customers’ faxes in compliance with the strictest data regulations—including HIPAA/HITECH, PCI-DSS, SOX, GLBA, SEC, FERPA, and more.
- A pioneer in the cloud fax space for decades, eFax Corporate owns multiple patents enabling the secure and cost-effective online transmission of faxes.
- eFax Corporate offers the most comprehensive cloud fax solution for enterprises today—including additional security through eFax Secure™ and Sfax, integration with existing ERP or CRM systems through our eFax Corporate “RESTful” API, and the eFax Messenger™ desktop and mobile apps.
- Our cloud fax infrastructure employs the most advanced encryption protocols to protect our customers’ faxes both in-transit and at rest in our highly secure data centers.
- Our standard service level agreement (SLA) includes a guaranteed 99.5% uptime for all fax traffic for our customers, 24x7x365.
- Unlike many cloud fax providers, eFax Corporate employs a highly trained team of tech-support specialists, and we offer 24x7 monitoring of our global network, as well as 24x7 customer support by our award-winning teams based in North America.

Finally, as we’ve illustrated in this paper, migrating from their legacy fax infrastructure to eFax Corporate’s cloud fax service can save customers as much as 50% on their annual faxing costs.



The eFax Corporate Checklist

- Our solutions are trusted by many of the world's leading businesses in the most heavily regulated industries.
- We provide service to nearly half of the Fortune 500 companies worldwide.
- We service nearly 40% of the ALM Top 200 law firms—all of which send highly sensitive information by fax.
- eFax Corporate is undergoing the most rigorous compliance certification process—the HITRUST Common Security Framework for HIPAA Compliance.
- We sign HIPAA Business Associate Agreements (BAAs).
- Faxes in transit and at rest are secured with the strongest encryption standards—TLS 1.2 and AES 256-bit, recommended by the National Institute for Standards and Technology (NIST).
- eFax Corporate is fully compliant with the payment card industry's PCI-DSS v.3.2 2018 encryption requirements.
- j2 Global owns multiple patents on cloud and fax technology.
- j2 Global has invested millions of dollars to build a secure, compliant, and redundant global fax network.

- eFax Corporate's fax network reaches 49 countries.
- eFax Corporate operates a geographically diverse global network comprising redundant data centers and Tier 3- and Tier 4-rated colocations.
- SLA for service availability and rapid fax delivery.
- Live customer support teams in the U.S. and Canada.
- A fully staffed Network Operations Center monitors our network 24/7/365.

eFax Corporate®, the world's leading enterprise-grade cloud fax solution, is very excited to have achieved the HITRUST CSF® certification.

HITRUST CSF® certification acknowledges that eFax Corporate® utilizes a well-developed and well-recognized framework for regulatory compliance and risk management. The framework is developed in collaboration with information security professionals. It incorporates nationally and internationally accepted standards, including ISO, NIST, PCI, HITECH and HIPAA, to ensure that certified organizations maintain a comprehensive set of security controls

BELIEVE IN BETTER.®

Contact us at **855-510-6398** or **results@nextgen.com**

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