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Egnyte Predicts: 2012 Signals Death of File Servers Across the World *Independent Study Shows Small and Medium Businesses Confused Over Cost of Ownership of File Servers*

MOUNTAIN VIEW, Calif.—November 1, 2011—New data released today in a commissioned study conducted by Forrester Consulting on behalf of [Egnyte](#)¹ shows that a majority (57 percent) of IT managers at small and medium businesses (SMBs) underestimate the cost of owning a traditional file server. Additionally, Forrester found that 41 percent of U.S. information workers were using various unapproved online file storage and data services for work purposes.

In this time of economic uncertainty, SMBs have been asked to do more with less, and the pressure, in what is increasingly looking to be a double-dip recession, is mounting. In a surprising note, the new Forrester study reveals that SMBs often underestimate the expenses associated with their file servers. When estimating annual file server costs, over one-half of the respondents initially reported costs of under \$5,000 per year, while 12 percent reported over \$20,000 per year. But when asked to think about the costs again in a more itemized fashion, including costs like software, administration, file server OS and licenses, the majority of SMBs, 57 percent, increased their total cost estimate. Nineteen percent did so by more than \$25,000, with the number of companies estimating costs at more than \$20,000 a year almost tripling.

“Confusion over their total cost of ownership is hindering many IT decision-makers from realizing the full cost savings potential of cloud file servers,” noted the Forrester study.

Users Are Leading the Transition, IT Must Regain Control

While it's no surprise that 28 percent of those IT workers surveyed use software-as-a-service (SaaS) solutions, what is surprising is that 41 percent of U.S. information workers were already using various unapproved online file storage and data services for work purposes. This is significant for two reasons. First, the increased strain on support creates a significant but often difficult-to-monetize cost to IT. Second, it poses a huge threat to data/file integrity and security, as unapproved tools store and share proprietary corporate data through the cloud without any IT oversight. This model is unsustainable, and IT must take back control by providing the right tools to users.

¹ Forrester Consulting., “SMBs’ File Storage Needs Are Growing, But 57% Underestimate File Server Costs – 45% Are Interested in Cloud Options,” September 2011.

“The writing is on the wall, and we believe within two years, at least two-thirds, if not more, of the file servers that reach the end of their lifespans will go the way of the dinosaur,” said Vineet Jain, CEO, Egnyte. “As budgets tighten and the pressure mounts, tighter scrutiny and attention will be paid to the real costs of buying and maintaining a file server. Once that’s done, as shown in this report, IT will realize the true value and cost savings of a pure cloud or hybrid cloud approach, and will simply retire the traditional file server.”

Heading Toward Hybrid Cloud

SMB IT managers must look to a file-sharing platform designed for the 21st century. Many of today’s information workers are distributed and mobile, and need a solution that enables real-time communication and collaboration, regardless of location or device. Whether behind the firewall or working remotely, easy, fast, up-to-date collaboration is critical. SMBs should look for a SaaS-based solution with an easy-to-use interface for workers, while providing the ability for IT to retain administration and control of critical data and files. In this way, IT can make smart decisions based on the business needs of the whole company, and not be driven to decisions by one-off requirements of a few users.

“As an international group with 28 offices in different locations around the globe, and employees who often work remotely, usually in emerging-market countries, it was critical to find a cost-effective solution that worked for everyone,” said Ravidhu Perera, IT infrastructure manager of Aureos Capital. “Whether [on an iPad](#) or [in the office](#), Egnyte allows us to keep a constant and up-to-date flow of easily accessible information, regardless of what country our employees happen to be in at the time.”

To successfully [replace the on-premises file server](#), SMBs should consider a hybrid cloud solution, as it will deliver [fast local access](#) to files while adding the security of the cloud. This approach enables workers to stay productive regardless of connection, bandwidth or file size. Files are regularly synched between the online file server and local network attached storage (NAS) devices, or virtual appliances, thereby ensuring easy file access from anywhere, as well as effortless sharing with clients and business partners.

Finally, a hybrid cloud solution is dramatically less expensive than a traditional file server. For a monthly fee, companies can easily store, share, access and back up their files locally and in the cloud. SMBs can look to the hybrid cloud not only as a file server replacement, but also as an ROI protector. A study from Egnyte, a leading provider of hybrid cloud file server solutions, found that traditional file servers typically cost 5 times more than Egnyte HybridCloud. The death of traditional file servers is imminent.

By adopting a cost-effective hybrid cloud solution, SMBs can ensure complete IT control while providing tools that meet the needs of distributed workers. Forrester’s full study can be accessed by going to: <https://www.egnyte.com/online-storage/white-paper-forrester.html>

Forrester Study Methodology

Forrester leveraged its Forrsights Hardware Survey, Q3 2010, and Forrsights Business Decision-Makers Survey, Q4 2010. Forrester Consulting supplemented this data with custom survey questions asked of US IT decision-makers who are responsible for file server decisions at SMB organizations with less than 1,000 employees. Survey questions were related to the perception of the total cost of ownership of file servers and interest in cloud-based file services. The auxiliary survey was conducted in August 2011. For more information on Forrester's data panel and Tech Industry Consulting services, visit www.forrester.com.

About Egnyte

Over 1 billion files have been shared by businesses using Egnyte HybridCloud file server. Egnyte's unique technology provides the speed and security of [local storage](#) with the flexible accessibility of the cloud. Users can easily [store](#), [share](#), [access](#) and [backup](#) files, while IT has the centralized administration and control to enforce business policies. Egnyte, founded 2007, is based in Mountain View, California and is a privately held company backed by venture capital firms Kleiner Perkins Caufield & Byers, Floodgate Fund, and Polaris Venture Partners. For more information, please visit www.egnyte.com or call [1-877-7EGNYTE](tel:1-877-7EGNYTE).

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