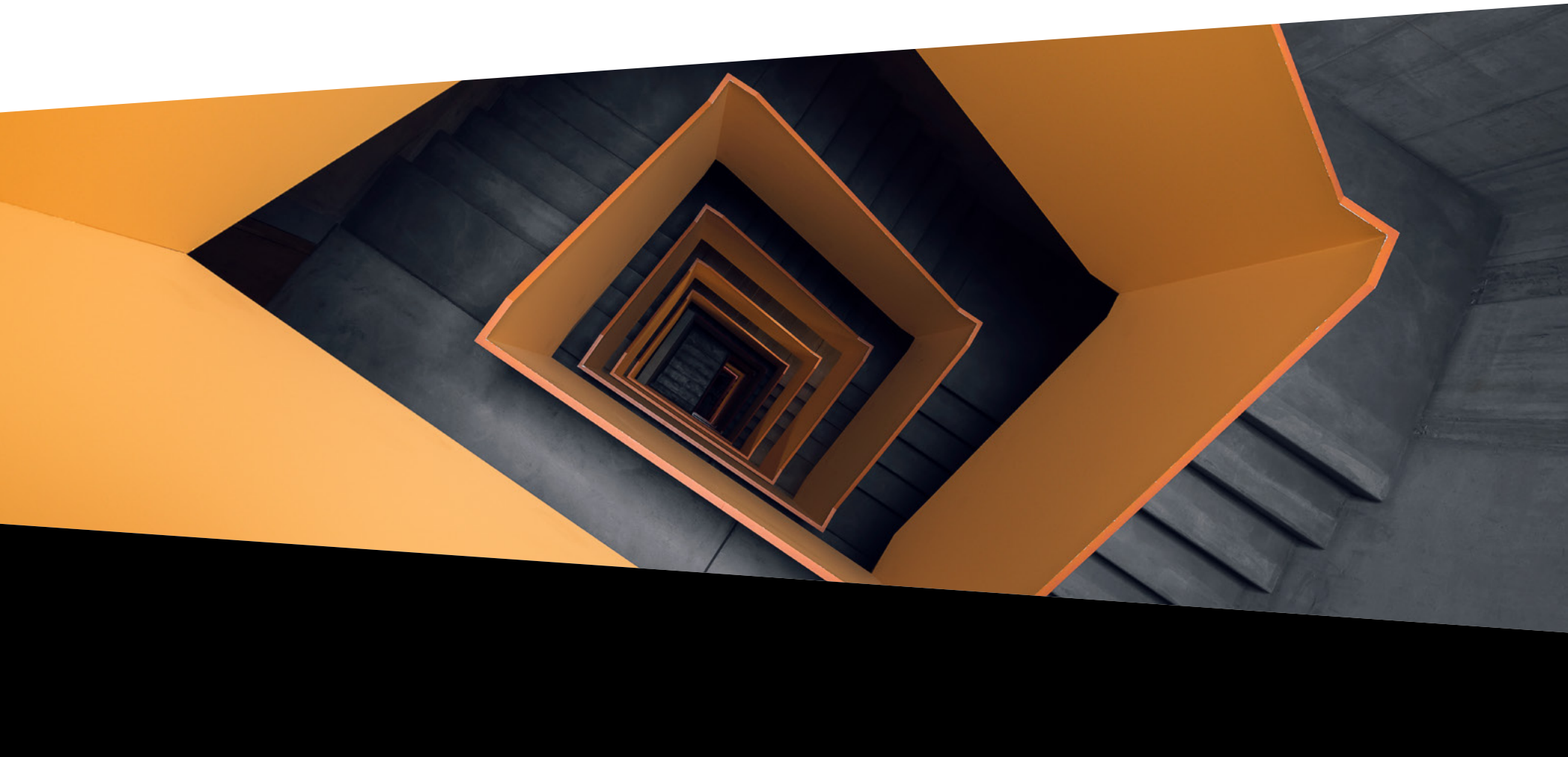**Magento**®
An Adobe Company

How Low Can Your Commerce Total Cost of Ownership Go?

Tips for comparing the TCO of Magento Open Source and Magento Commerce.

Cost is critical to all businesses.

It's especially important when you're just starting out. Many small businesses assume open source solutions always offer the lowest TCO. And it's true that choosing open source code is a great way to eliminate software and subscription fees.

But TCO is a lot more than just the cost of your software. It's development, maintenance, support, vendor management, and more. In many cases, open source is actually more expensive than a packaged solution with some flexibility built in. This is especially true when comparing Magento Open Source with Magento Commerce.

This eBook highlights some things to consider when you're comparing the TCO of Magento Open Source and Magento Commerce.

How much do you need to build?

Both Magento Open Source and Magento Commerce are developer-friendly. You get flexibility and access to code no matter what version you're using. But Magento Open Source comes with less out of the box.

For example, it doesn't come with Page Builder, Business Intelligence, shipping, content staging, or B2B features. This means that development costs are often higher with Magento Open Source.

WEB DEVELOPMENT CAN BE COSTLY

Front-end web development: $50-$75 per hour

Back-end web development: $75-$150 per hour

API development: $75-$150 per hour

Source: "how much does software development cost?" Thumbtack, September 27, 2017

KEY TAKEAWAY

Development costs are generally higher when you choose Magento Open Source.

Are you moving to the cloud?

On-premises infrastructure refers to servers and networks that you manage in house. Most small and new businesses don't have on-premises infrastructure because it can be expensive to scale and maintain.

They're choosing to run their eCommerce platforms in the cloud, because:

- You can scale your service up and down easily
- Upfront costs are minimal
- Large cloud service providers benefit from economies of scale and pass those savings on to you
- Your cloud service provider often handles most kinds of maintenance

In fact, many larger businesses are choosing to operate in the cloud for those exact reasons. While both Magento Open Source and Magento Commerce can run in the cloud, only Magento Commerce Cloud comes with multiple cloud services (Amazon, Fastly, etc.) built in. In other words, you don't have to research and manage cloud service providers.

KEY TAKEAWAY

Magento Commerce Cloud eliminates cloud vendor selection and management labor and costs.

Do you have an IT team? And are they already overwhelmed?

Many growing businesses have minimal IT departments. Often the owner will act as de-facto CIO. Getting started with Magento Open Source can be a big job for your IT folks. It typically requires both development and IT expertise. So does keeping the code up to date and performing regular maintenance tasks. Worst case, you may need to hire a contractor or grow your IT team.

On the other hand, Magento Commerce comes with substantial functionality out of the box. It's easier to get started with minimal resources. And you spend less on maintenance and updates over time.

Getting started with Magento Open Source can be a big job for your IT folks.

KEY TAKEAWAY

When labor and maintenance costs are factored in, the overall costs of Magento Open Source and Magento Commerce may not be so far apart.

Will you need support?

Support is critical when you run into questions or unexpected problems. With Magento Open Source, you have access to a community of developers, but you're ultimately responsible for your own support. This can work if you have an IT person or team. But if your IT contact is busy with other priorities, resolving issues can take time. Alternatively, you could hire a contractor or team member whose main responsibility is eCommerce support.

Magento Commerce offers responsive support to resolve issues quickly. You will pay for support, but problems will be fixed long before they affect your business.

There is no such thing as free support.

KEY TAKEAWAY

There is no such thing as free support. You'll have to pay for labor or a support contract. Often, a support contract from Magento Commerce will be more cost-effective than hiring your own support team.

TCO CHEAT SHEET

Use this cheat sheet to gauge which costs will generally be higher or lower with each platform.

Monthly Cost	Magento Open Source	Magento Commerce
Development	Higher	Lower
Maintenance	Higher	Lower (especially on cloud)
Support	Higher	Lower
Infrastructure	Higher	Lower (especially on cloud)
Platform Subscription	Nonexistent	Higher
Tools and Plugins	Higher	Lower
Vendor Management	Higher (if multiple developers, infrastructure and support providers)	Lower (one vendor)

LICENSING ALERT!

Customizations to Magento Commerce are owned by Magento clients. Customizations to Open Source are NOT owned by the client and should be shared freely.

To learn more, visit: magento.com/legal/licensing

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ABOUT MAGENTO

Magento, an Adobe company, is a leading provider of cloud commerce innovation to merchants and brands across B2C and B2B industries and was recently named a leader in the 2018 Gartner Magic Quadrant for Digital Commerce. In addition to its flagship digital commerce platform, Magento boasts a strong portfolio of cloud-based omnichannel solutions that empower merchants to successfully integrate digital and physical shopping experiences. Magento is the #1 provider to the Internet Retailer Top 1000, the B2B 300, and the Top 500 Guides for Europe and Latin America. Magento is supported by a vast global network of solution and technology partners, a highly active global developer community, and the largest eCommerce marketplace for extensions, all available for download on the Magento Marketplace.

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