

Add Value to Your Existing Service Offerings and Increase Recurring Revenue

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Adding web hosting services to your existing service offerings can provide increased value to your customers and help you obtain additional revenue streams. This paper will provide you with valuable insights on what you need to know to get started.

INTRODUCTION

Having a website is practically a requirement for doing business today. Yet many small to medium-sized businesses do not have the technical expertise or infrastructure to support their own website. Instead, these businesses hire Web hosting providers to set up and maintain their websites.

Today, many Web designers and developers offer Web hosting services to their customers in addition to the design and application development services they provide. These Web designers and developers are able to add a steady monthly revenue stream to their business by offering Web hosting services. These companies actually serve as resellers (or “channel partners”) who purchase hosted or managed Web servers from Web hosting service providers (such as Verio) on behalf of their clients. Web hosting resellers make these services available directly to clients (both businesses and individuals), which results in recurring monthly revenue.

This article can help you decide if adding Web hosting services to your existing business, or establishing a Web hosting reseller service is the right business decision for you.

What is Web hosting?

Web hosting companies provide the technical infrastructure and platform (hardware, software and Internet connectivity) and ongoing support to host end-user client websites. This enables the client, a small business for example, to have a presence online without having the technical expertise or the required IT infrastructure to support their website. Of course, clients who want to build or update their own websites can still do so. But because the site is hosted elsewhere, they are relieved of the burden of maintaining the Web server and supporting a network that can accommodate website traffic.

What is a Web hosting reseller?

Today, many Web hosting providers are actually resellers (or “channel partners”) that purchase Web servers from Managed Hosting or Managed Server companies such as Verio. The client’s website is actually stored on a server by the Web hosting service provider at its location. However, this fact may or may not be known to the client. The reseller maintains the relationship with the client, bills the client, and provides all ongoing support including initial setup, maintenance and assistance with the service as needed. In exchange for these services, the client pays the Web hosting reseller a monthly fee.

What type of Web hosting options are available?

Most Web hosting companies offer several levels of hosting services that vary in scale and price. As a Web hosting reseller, you need to understand the benefits of each option in order to help clients choose the option that best meets their needs — now and in the future.

- **Shared Hosting** – With shared hosting, the client’s website exists on a Web server along with other client sites. The site does not have dedicated Web server software. The site may also have limited file storage capacity. As such, this option works well for sites that do not require advanced functionality (such as large shopping carts, customer databases or the ability to share videos). It’s also suitable for sites that will not attract a high number of visitors, or experience “bursts” of traffic. For many “brochure-type” websites, shared hosting tends to be a suitable and cost-effective option.
- **Virtual Private Servers** – A Virtual Private Server, or VPS, is the next level up from shared hosting. Here, the client’s website still shares a hardware platform (Web server) with other client sites. However, the Web server software is dedicated to each site, which gives the reseller more control over the client’s site and the ability to optimize server performance to meet the client’s website requirements. This option works well for sites that feature advanced functionality (such as an extensive e-Commerce application or a custom application). VPS is also a good option for companies that need to host more than one website on a server. While VPS is more expensive than shared hosting, it is still more cost-effective than a Managed Private or Fully Dedicated server.
- **Managed Private Servers** – This option provides a dedicated hardware and software platform for each client. This enables the client to have a high degree of control over their website, or maintain multiple websites on one server. A Managed Private Server provides increased security for data captured on the website (e.g., financial and credit card

data and other sensitive customer information). It also offers a higher level of performance (throughput) than a VPS solution, which makes it a good option for very high-traffic websites.

- Fully Dedicated Servers – A Fully Dedicated Server is the most robust and expensive hosting option available. While the server and infrastructure is still maintained by the Web hosting provider, the client must have a high degree of technical knowledge since they are given full control over the server software and associated applications. A Fully Dedicated Server offers the highest level of data security available, as well as the most robust performance. As such, it's usually the option chosen by large businesses with extensive, high-traffic websites.

What additional services are typically offered by Web hosting resellers?

In addition to website hosting, resellers often provide website design (e.g., updating the appearance or navigation of the site), and development (e.g., adding forms, integrating blogs, building custom applications, etc.). Most clients expect such services to go hand-in-hand with website hosting. As such, it's important to be able to provide high-quality design and development services in a timely manner, and to see this as an integral part of the Web hosting business.

Most clients will also want the ability to associate one or more email addresses with their website, and to send and receive e-mail online. As a Web hosting reseller, if you're not familiar with a particular e-mail system already, you'll need to research the different options and pick *one* that you can become an expert in and offer to clients.

In addition, there are many value-added services you can provide as a Web hosting reseller, including:

- Content Management – A Content Management System, or CMS, enables clients to easily update the content on their website (text and images) using a simple interface that is similar to working in a word processing program. As with e-mail services, a variety of third-party CMS applications exist, but you only need to master one for supporting your clients.
- Marketing Services – As a Web hosting reseller, clients may ask for help with website optimization (getting their site “found” online through search engines), online marketing (Pay-per-Click advertising campaigns such as Google AdWords), or even e-mail marketing (designing and tracking e-mail campaigns). You can offer these additional services yourself, or partner with someone who specializes in these areas.
- SaaS – Software as a Service, or SaaS, can be a big differentiator for a Web hosting provider as not all resellers offer this service. The idea of SaaS is to provide clients with additional software functionality via the Internet (as opposed to clients installing the software locally). SaaS can provide functionality such as internal e-mail capability (e.g., Microsoft Exchange), spam or virus filtering, business productivity tools (such as accounting or time tracking), and even data backup services for client PCs and laptops.

All of the above options add value that can help you attract and retain Web hosting clients, but it's up to you to determine which services you will offer. Be sure to focus only on those that you can deliver at the highest quality, and take care not to overextend yourself. Make sure you have a good understanding of how a service works and what support you'll need to provide before making it available to clients.

What level of technical expertise is required to be a Web hosting reseller?

Web hosting resellers should have a fairly high level understanding of all aspects of the Internet. This includes basic website design (HTML and CSS at the least), the difference between various Internet protocols (e.g., HTTP, HTTPS, FTP), an understanding of domain names and the Domain Name System (DNS), and a good grasp of how e-mail works. Previous experience with Windows or UNIX server administration can be helpful, but having the desire and the aptitude to learn as you go is more important.

What type of technical support is required to serve the needs of most customers?

As a Web hosting reseller, you'll need to be comfortable fulfilling a variety of client needs, or have someone on hand who can. Typical support requests include:

- Domain name registration and transfer – Clients without a website will need to register a domain name (e.g., a website URL). Those who already have a domain name but are hosted with another company may need help transferring the domain name to your company's DNS servers. Although the process is fairly standard, it can be confusing, and it's common for clients to need assistance.
- Website set up and maintenance – Some clients will prefer to build and maintain their own website, but others will look to your Web hosting company for assistance. In this case, it can be difficult to explain to a client the difference between updating the verbiage on a page and revamping the site's navigation, but the latter certainly requires more technical expertise. You may also be asked to improve the site's look and feel, edit graphics, and add functionality (everything from a simple form to a custom-developed application).
- Website application integration – Clients may request assistance integrating various applications with their websites, such as e-Commerce (shopping cart) applications, merchant accounts (credit card processing), customer information databases, etc. Depending on the hosting option the client is using and their level of technical expertise, they may have the ability to install these applications themselves through the site's "control panel." But if they have questions, they will come to you for assistance.

What is a typical day like for a Web hosting reseller?

For most resellers, a typical day is extremely varied. Of course, it depends on how much help you have and what services you offer, but you may find yourself performing a combination of technical tasks (such as answering support calls, updating websites, or troubleshooting an e-mail problem), managerial tasks (such as following up with a new client, assigning work to an employee or subcontractor, or attending a networking luncheon), and accounting tasks (such as sending out invoices, correcting billing errors and managing accounts receivables). The work can be fast-paced and demanding, but fun, especially if you enjoy expanding your technical expertise and learning about your clients' businesses.

How do I know if I have the technical skills to be a Web hosting reseller?

You don't have to be a seasoned server administrator or an expert Web designer to be a Web hosting reseller. However, whatever your area of expertise, it's important to honestly assess what you know, as well as what you *don't* know. Make a list of the areas you're weak in, and be honest. Don't be overconfident, or you may quickly be humbled (some clients may know more than you do). Learn as much as you can, and make sure you have others (employees or subcontractors) who can fill in the gaps. Do this before you offer any services, and you won't have to figure out how things work while you're trying to respond to customer requests.

What should I look for in a Web hosting service provider?

As a Web hosting reseller, the most important decision you'll make is choosing the right Web hosting service provider to partner with. In general, the provider should be reliable, financially stable, offer scalable solutions and be responsive to and supportive of your needs.

- **Reliability** – If a client's website is unavailable, they will call you, not the Web hosting service provider where the site is actually hosted. Of course, every provider has occasional technical difficulties — an overnight software update that doesn't go as planned, or a construction crew near their data center that accidentally cuts a fiber cable line. The question to ask the Web hosting service provider is how common are such technical difficulties and how quickly are they resolved? Security is another area to research — find out what security measures the provider takes to ensure the integrity of your clients' websites and their data, and how these measures compare to industry standards.
- **Scalable** – It's imperative that your Web hosting service provider can handle all the Web hosting business that you (and other resellers) will bring to them. This requires an infrastructure built for performance (the speed with which traffic can travel to and from your clients' websites) and scalability (how many client sites are hosted on one server, if shared; as well as how many servers the provider has, and do they have room, and resources, to grow).
- **Responsiveness** – In addition to emergencies, you'll also want the provider to be responsive to non-urgent requests for assistance. What are the technical support hours for resellers, and are there multiple ways for resellers to request support? How are resellers notified of problems, potential problems and planned downtime? It's also beneficial if the provider offers self-help resources for resellers, such as online FAQs or Wikis, and the ability to interact with other resellers via user groups, forums or conferences to share ideas and best practices.

What type of business systems do I need to have in place?

As with any business, it's a good idea to have key systems in place, and understand how they work, before you open the doors. To begin with, you'll need an accounting system that can do automated monthly billing (unless you want to spend all your time invoicing clients). You'll also need a system to log and to track your clients' technical support requests. In addition, it's helpful to have a Customer Relationship Management tool, or CRM system, to store details about current and past clients, as well as potential leads. (Some CRM systems also include the ability to track technical support requests). Your Web hosting service provider may offer some of these back-end systems as part of their service or they may be available for an additional fee.

How much capital do I need to become a Web hosting reseller?

From a technical perspective, the financial investment needed to become a Web hosting reseller is minimal. Because you only purchase the services your clients need, and you do so at a discount, you can afford to start small and grow. Thus, the question really becomes how much capital do I need to *attract and retain clients* as a Web hosting provider?

If you already have a client-base from your Web design, Web development or marketing firm, you're off to a good start. Even so, advertising your Web hosting services will require an investment in additional marketing. It may also require hiring more employees or contractors to provide the technical expertise needed to support the Web hosting side of the business.

What's the best way to market my Web hosting business?

Your marketing strategy will depend on your budget. As with any Internet-related business, online marketing (Pay-per-click, banner ads, etc.) is always a good way to reach clients as you are targeting people who understand the value of having a website. Many of them will already have a website, but they may be looking for a new Web hosting company. Of course, your own website should be well designed, easy-to-navigate and fully functional (no dead links or script errors). It should also clearly state the services you provide.

Another good avenue for marketing your Web hosting business is through customer referrals. Business owners are busy people who typically don't want to spend a lot of time researching their options. Thus, they often choose services based on referrals from colleagues. If you make sure your customers are happy with your service, they will be happy to refer you to other business owners. You might even set up a referral program that offers an incentive for customers to actively refer your services to others.

Finally, if you're targeting small to medium-sized businesses, take the time to participate in local business networking groups. Also strive to have a presence in community publications and on local radio stations. This doesn't mean that all your clients have to be local, but it's an easy place to start building customer relationships.

What recommendations do you have for someone just getting started?

Whether you're starting a new Web hosting business, or adding Web hosting services to your existing offerings, it's important to have a plan. Decide whether you are looking to grow a Web hosting business or simply add Web hosting as a service. This will determine what services you offer as well as how you invest in and market those services. Once you have a clear idea of what your Web hosting service will entail, make sure you have a plan in place to support it as your client list grows, either by yourself or with the help of employees or subcontractors.

Remember that you don't have to be everything to everybody, especially when you're just getting started. Thus, don't be afraid to limit your offerings or the technical platforms you support (e.g., UNIX or Windows servers, a specific e-Commerce package, etc.). Go with what you know, but make time to research areas where you don't have much experience.

Also make sure to research the Web hosting service provider you're looking to partner with. The biggest mistake you can make is to choose a provider based on cost alone. Remember, your reputation as a Web hosting reseller depends on the provider's ability to offer reliable service to your clients and to provide ample support to you. Once you've chosen a

service provider, take some time to learn the ins and outs of any proprietary software they offer, such as an end-user Web hosting control panel.

These days, there's no lack of competition in the Web hosting business. However, more and more small to medium-sized businesses are realizing that they need a presence on the Internet. As a result, there's a huge opportunity to provide Web hosting services. If you start with a plan, offer the value-added services clients expect, and provide high-quality support, there's no telling where Web hosting can take your business!

About the Author

Brian White is the President and Owner of Web Hosting Solutions (www.webhostingsolutions.com), headquartered in Columbus, Ohio. Web Hosting Solutions has been offering exceptional services and value to businesses on the Internet since 1996. Web Hosting Solutions serves a wide range of business clients in the Columbus Ohio area, as well as clients across the nation and across the globe. Customers enjoy high quality customer service, a wide range of supporting products and services, an outstanding uptime record, and the company's solid understanding of the needs of small and medium sized businesses. Click here to learn more about Web Hosting Solutions Company <http://www.webhostingsolutions.com>

About Verio Inc., an NTT Communications Company

Verio is the premier vendor in providing Web Hosting, Application Hosting, and SaaS applications for the SMB market. Our expertise combined with the financial backing of NTT Communications, the world's largest Telecommunications company, combined with the fact that we own our own data centers and IP network, enables us to consistently provide our customers and channel partners with award-winning service and 24x7 technical support. Our services are guaranteed to provide the highest performance available and are backed by our industry leading Service Level Agreements (SLAs).

Verio pioneered the first partner program for the hosting industry over a decade ago with the viaVerio Partner Program. This innovation has been the foundation for our 100% channel-centric focus, and has helped make us the preeminent channel partner vendor in the industry. Verio currently offers two partner models, the Via1 Partner model allows partners to receive a 15% recurring commission on all customer sales they refer and/or close for Verio, this model **does not require** the partner to provide monthly billing, technical, or customer support. The Via3 partner model, is a full reseller model that allows partners to purchase our services at wholesale prices, at nearly half the cost of our retail prices, and resell these services for a profit to end-customers. This model requires partners to provide monthly billing, technical and customer support to end-user customers.

To learn more about the viaVerio partner programs visit www.viaverio.com or contact our sales team at 888-224-9346.