

## Building an Online Backup Business:



### A Service Provider's Survival Guide

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### Executive Summary

For service providers, the online backup services market presents a huge opportunity—but with around 1400 competitors already in the market, the path to success is no sure thing. This paper looks at the key factors that can make or break an online backup venture for desktops and laptops, and it offers some practical insights into how service providers can effectively set the stage for long-term success.

#### Online Backup: A Growing Market Thick with Competitors

When it comes to online backup services for desktops and laptops, it truly is a jungle out there. Recently, the number of vendors offering these services was pegged at 1,395<sup>1</sup>, and by the time you've read this, more have undoubtedly joined the fray.

The market is crowded, but it's for good reason: According to a study of 106 major U.S. airports and 800 business travelers published by the Ponemon Institute and Dell Computer<sup>2</sup>, about 12,000 laptops are lost in airports each week—translating to 600,000 laptops a year. Only 30 percent of travelers ever recover these lost devices.

As organizations seek to mitigate the damage of system crashes, theft, and loss, they're increasingly turning to online backup service providers for help. Online backup provides a compelling value

proposition to today's organizations, who are increasingly embracing outsourcing and the software-as-a-service (SaaS) model. According to McKinsey, SaaS will represent 10% of the market for enterprise software by the end of 2009<sup>3</sup>. Following are just a few reasons why online backup in particular is a popular service to outsource:

- ⊙ Data is duplicated outside the corporate office, providing benefits in disaster preparedness.
- ⊙ Outsourcing can provide lower total cost of ownership through subscription based pricing, reduced administrative expenses and infrastructure cost savings.
- ⊙ Online services can provide broader, global access to backup systems.
- ⊙ Providers can offer more sophisticated capabilities, offering better protection against the high cost of system crashes and lost or stolen laptops.

<sup>1</sup> StorageNewsletter, April 2008, <http://www.storagenewsletter.info>

<sup>2</sup> Airport Insecurity: The Case of Lost Laptops, June 2008, [http://www.dell.com/downloads/global/services/dell\\_lost\\_laptop\\_study.pdf](http://www.dell.com/downloads/global/services/dell_lost_laptop_study.pdf)

<sup>3</sup> The McKinsey Quarterly, "Delivering software as a service", May 2007.

That's why the online backup market is expected to grow 300% in next three years<sup>4</sup>. In short, while the size of the opportunity is huge, so is the list of competitors. How do service providers capitalize on this massive opportunity—in spite of the tough competitive landscape? Read on to get insights into the key factors that can fuel a services provider's success.

#### Key Success Factor #1: Differentiate Your Service through Efficient and Easy Recovery

In the online backup arena for desktops and laptops, where price wars and intense competition are the norm, service providers must differentiate themselves from the competition.

While a host of factors are important to the overall success of online backup services for desktops and laptops, first and foremost, service providers are evaluated, and gain distinction, by their recovery commitments and how they deliver against them. For the bulk of service providers, these commitments are formalized as service level agreements (SLAs). Practically, this relates to two specific parameters in the world of backup: the recovery point objective (RPO) and the recovery time objective (RTO).

The RTO refers to a user's maximum allowable duration of downtime. If customer's RTO requirement is zero, for example, this means that users' systems simply cannot go down. The RPO refers to the allowable gaps in data backup. For example if an organization agrees to only do backups nightly at 7:00 pm, and a user's system crashes at 4:00, all

the changes made between the crash and the last evening's backup will be lost. The RPO in this scenario is the previous evening's backup.

These metrics provide a mean with which to objectively measure a range of vital questions:

- ⊙ "How much downtime will end users tolerate without losing trust in the service provider?"
- ⊙ "What level of data availability is essential for user productivity?"
- ⊙ "How much lost data is acceptable to end users in the event of a system failure?"

It is by not only meeting but exceeding these metrics that service providers can deliver services that set them apart from the competition. Both RPO and RTO relate to recovery, and for users there's no other more critical determination for the perceived value of service. If a user's recovery doesn't go fast or smoothly the one time they really need it, that user's perception of the quality of service will be irreparably harmed.

How can service providers deliver the recovery services that delight customers and truly distinguish them from the competition? Following are several key facets to delivering winning recovery services:

- ⊙ **Continuous data protection (CDP)**. If a user spends three hours of her morning on a presentation and experiences a laptop crash, getting data recovered from last night's backup won't do much good. That's why CDP is so critical. CDP technology protects data as it is created or modified,

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<sup>4</sup> IDC, January 2008.

enabling users to get the most recent copies of data possible. CDP is the most reliable technology to get the best RPO.

- ⦿ **Easy, self-service file recovery.** Can users recover files, or do they need to submit a request to the provider? The difference can mean recovery of a file in minutes versus hours. In self service scenarios, how easy is it for the user to recover the files they need and get back to work? Self-serve restore capabilities enable customers to recover their own data without any intervention from the online backup provider. With easy-to-use, self-service recovery capabilities, service providers can reduce typical recovery times for an individual file from one hour down to five minutes.
- ⦿ **System rollback.** In the event of a system malfunction, users may have to go days without their laptops. Robust system rollback capabilities enables users to have their downtime reduced substantially. Rollback capabilities give customers the ability to roll malfunctioning systems back to any prior state known to be properly functioning. Instead of having users waiting while IT staff troubleshoots and identifies the issue, system rollback can eliminate the problem completely and restore the PC back to usefulness quickly and efficiently.
- ⦿ **Bare-metal disaster recovery.** If a user has lost a laptop or had it stolen, getting a new system ready to use can take days. This process was traditionally a laborious one for IT as well, where staff would have to start by installing the OS, then applications, then data—a process that often spanned days. Bare-metal disaster recovery enables systems to be restored through one fast, efficient process. Often systems can be restored in a matter of a few hours, so users can quickly get back to work and be productive, with minimal disruption.

- ⦿ **Disconnected state support.** Today's mobile workforce presents a significant challenge from a backup and recovery perspective: with only intermittent access to a corporate network, backup can be sporadic, leaving critical files vulnerable. With disconnected state support, laptops can be backed up consistently, even while users are in transit. As a result, corporations aren't exposed to long gaps in backup, and recovery processes are assured of delivering the most recent file versions.

The capabilities above represent the various aspects of recovery, which is the single biggest factor in how customers view and assess an online backup service for desktops and laptops. Taken together, the capabilities above represent a solid framework with which to base services that delight customers—and build competitive differentiation in the marketplace.

### Key Success Factor #2: Boost Revenue through Streamlined Operations

Gaining distinction in the market is part of the mission, but delivering leading service can't be sustained if the business model isn't viable. The monitoring solution employed can ultimately be a big help, or a big hindrance, in whether a service provider realizes its profit goals in the near term and long term.

An effective, well-designed backup solution can help streamline a service provider's operations in several critical ways:

- ⦿ **Ease of administration.** Backup solutions must be easy for administrators to set up, maintain, and modify. The more time administrators need to spend on any of these areas, the narrower a service provider's margins will be. That's why finding a solution that makes it easy to get new

customers up and running, and that can streamline ongoing administration is so vital.

- ◉ **Self-service capabilities.** As mentioned earlier, providing self-service recovery is a critical differentiator. It's also a critical business requirement. If IT or support staff need to be involved in any recoveries, the viability of the entire online service business can be compromised. By enabling users to recover their files without any assistance, the costs of supporting a customer are reduced dramatically. Keys to making this work are an intuitive interface and easy-to-use functionality that enable users to do what they need—without any outside assistance.
- ◉ **Infrastructure efficiency and scalability.** Some backup solutions require huge volumes of expensive storage space, which can also lead to higher costs due to hardware investments, software licenses, and higher administrative efforts. By allowing efficient scalability, and the intelligence to maximize usage of inexpensive storage media, backup solutions can provide significant savings in infrastructure and administrative costs. Also, look for solutions that can scale to accommodate the most PCs on a single server, which will further maximize infrastructure expenditures. Further, backup solutions should employ such techniques as compression, redundant file elimination, and redundant block elimination, which can reduce the amount of storage needed—and the associated cost—dramatically.
- ◉ **Broad infrastructure support.** Today, many organizations rely on a heterogeneous mix of platforms, with Linux and Mac increasingly being added to environments historically dominated by Windows systems. To address these market trends, while optimizing efficiency and profit margins, service providers need a

single solution that can address all of their clients' platforms.

- ◉ **Multi-tenancy architecture.** If an end-user backup solution requires a separate installation for each client, a service provider will find it cost prohibitive to serve smaller clients. Given most providers have a large percentage of small and mid-sized clients, this can significantly limit the number of a service provider's prospective customers. Backup solutions that support a multi-tenant architecture can provide dramatic advantages, both in terms of reducing upfront costs and in terms of supporting the growth of a service provider's business. With multi-tenant solutions, a single instance of the hosted application is capable of servicing a number of different customers, or tenants. A multi-tenant application behaves as if it was fully dedicated to a single tenant, while actually serving all clients in parallel from the same code base. The main advantage of this architecture is that the underlying infrastructure is shared, allowing the cost of the infrastructure to be spread across a number of customers.
- ◉ **Fast, easy reporting.** Virtually all service providers invoice based on such usage metrics as monthly consumption of resources, the number of PCs, or the amount of storage used. Without robust reporting mechanisms, the process of gathering usage data for each user and each client can be a laborious process. That's why it's vital to get complete, easy-to-use reporting mechanisms to support your business.

By harnessing capabilities that streamline operations, service providers can reduce costs and enjoy higher profit margins. Further, these efficiency gains are essential as service providers look to scale their business. By improving efficiency, service providers can more easily add new clients, and enjoy

further economies of scale as they leverage their investments across a bigger customer base.

### Key Success Factor #3: Establish Profitable Technology Partnerships

Service providers' prospects can be fundamentally affected by the technology partnerships they establish. These partnerships can either set a solid stage for differentiation and growth, or they can present a business with a significant liability. What makes the difference?

First, service providers must align themselves with the right technology providers. This means that not only are the products proven, but so is the company and the people behind those products. Look for vendors that have a well-established record of...

- ◉ **Product innovation.** In fluid enterprise technology environments, the only certainty is change. Ongoing technological advancements can fundamentally change the customer's environment and needs. Further, once a service provider establishes an area of advantage, other service providers will follow suit in an effort to gain parity. That's why partnering with a technology provider who invests in product and service innovation is critical. Those are the organizations that can help service providers gain—and keep—a competitive advantage.
- ◉ **Customer satisfaction.** While service innovation can help enable distinction, it is only by keeping customers, and keeping them satisfied, that service providers can survive and be profitable. By aligning with technology vendors that can provide expert assistance and guidance, service providers put themselves in the best position to get it right with customers the first time, and get the responsive, effective ongoing support they need to be successful in the long term.

Second, service providers must make sure that they establish the right agreements with the right technology partners. Rather than buying from a supplier conducting a one-time deal, service providers need to establish agreements that set the stage for the true partnerships that are required for long term success.

Service providers must align themselves with vendors that offer the commercial flexibility to accommodate their specific business needs and objectives. For example, technology partners should be willing to accept little upfront payment and instead agree on a revenue sharing agreement based on ongoing revenues from the online backup offering, so both organizations share in the risk and rewards of the service. As online backup providers use a subscription-based pricing model with their customers, they must also seek a similar agreement with their partners by entering into pay-as-you-go financial arrangements. This is the best way to optimize cash flow and establish stable, predictable margins.

### How Atempo Live Backup Can Help

It's not an overstatement to say that a service provider's choice in backup and recovery solutions can make the difference between success and failure in the hyper-competitive online backup market. That's why so many service providers are turning to Atempo.

Atempo Live Backup is an enterprise-level data protection solution that automatically backs up corporate data. With its unrivaled continuous data protection technology, Atempo Live Backup gives customers the peace of mind of having all laptops and desktops automatically and constantly backed up—with all system information available for instant recovery if a PC crashes or is lost or stolen.

### Recovery Services that Fuel Market Differentiation

Atempo Live Backup provides a wealth of robust features that ensure the highest standard of recovery services in the market. Only Atempo Live Backup equips service providers with these robust capabilities:

- ⦿ **Continuous data protection.** Atempo Live Backup's CDP technology monitors files for changes and backs up data as it's saved, ensuring that the data available for recovery is always the most current.
- ⦿ **Self-serve file recovery.** Atempo Live Backup features a user-friendly, wizard-based interface that end users can employ to recover lost or damaged files—without any assistance from IT staff. Plus, Atempo Live Backup enables users to recover previous versions of a file with the click of a mouse.
- ⦿ **System rollback.** With Atempo Live Backup, if a user's system malfunctions or fails, users can roll the system back to a prior, well-running state

quickly and easily. Atempo Live Backup's versioning capabilities let administrators easily restore malfunctioning systems without time-consuming troubleshooting.

- ⦿ **Bare metal disaster recovery.** If a user's machine will not boot, administrators can employ Atempo Live Backup to automatically find and load a previous version of the computer's disk image. This restores the system to full operation.
- ⦿ **Disconnected state support.** Atempo Live Backup's real-time mirroring and versioning capabilities operate even while a laptop is disconnected from the network. The backup information is stored on the local disk of the laptop until the computer is reconnected to the network. At that time, the information is synchronized with previous information stored on the Atempo Live Backup server associated with that laptop. As a result, Atempo Live Backup is able to provide continuous, real-time protection of systems, even when users are on the go.

### Capabilities that Streamline Operations and Boost Margins

Atempo Live Backup offers an unparalleled combination of features that can help service providers streamline operations, reduce costs, and enhance margins:

#### Streamlined, Central Administration

Atempo Live Backup enables administrators to centrally manage policies for multiple clients, and for any number of local and remote desktops and laptops. Atempo Live Backup offers hierarchical administration capabilities that enable IT administrators to implement and enforce policies across the entire organization, and the flexibility to administer policies at the group and subgroup level. Atempo Live Backup makes it easy for administrators to repair

system malfunctions remotely, create bare-metal disaster recovery images, and enforce consistent backup policies. With its streamlined, centralized management, Atempo Live Backup reduces service providers' ongoing administration costs.

#### **Support for Multiple Clients**

Atempo Live Backup supports true multi-tenancy, enabling service providers to support any number of clients in a single installation. With Atempo Live Backup, clients of any size can be supported in a multi-company installation, meaning there's virtually no setup cost for service providers as they take on new clients.

#### **Broad Infrastructure Support**

Atempo Live Backup supports all major computing platforms, including clients on Windows, Mac, and Linux. As a result, service providers gain a single offering that can address the needs of all clients, so they only need to invest in and employ one solution.

#### **Scalability and Infrastructure Efficiency**

Atempo Live Backup includes advanced capabilities that enable it to provide a high level of protection, while minimizing the impact on network performance and server storage requirements. These features include:

- ⦿ **Incremental, block-level backup.** Atempo Live Backup employs redundant block elimination in order to backup only changed portions of a file —saving on network load and storage requirements.
- ⦿ **Continuous protection.** By mirroring and versioning data on a continuous basis, Atempo Live Backup levels network loading due to the random nature of user file operations. This allows Atempo Live Backup to provide a high level of protection without degrading network performance.

- ⦿ **Compression.** To minimize both network traffic and storage capacity requirements, Atempo Live Backup compresses backup information and eliminates duplicate copies of files and blocks.
- ⦿ **Client side caching.** With Atempo Live Backup, all data flow from client to server is buffered on the client. This architecture guarantees that operation of the client is never adversely affected by load on the server or the network.

#### **Fast, Easy Reporting**

Atempo Live Backup offers comprehensive, easy to use reporting capabilities that streamline a host of efforts for service providers. For example, Atempo Live Backup offers a "protected data report" that enables service providers to easily generate usage statistics that they can use to develop invoices. This report can be run for a single client, group, or server, enabling providers to run the report and bill based on specific groups or downstream customers. Atempo Live Backup offers intuitive Web browser-based interfaces for both generating and viewing reports.

#### **Partner with Atempo: A Proven Leader in Backup and Recovery**

Atempo offers the products, expertise, and focus that make it an ideal partner for service providers. Atempo has a 16 year heritage of delivering backup solutions that provide real value. Atempo has served over 3500 customers, including both service providers and enterprises from a range of industries, including retail, financial services, higher education, government, media and entertainment, and more.

Atempo's award-winning solutions are proven every day in demanding environments, where users enjoy the reliable, fast, and easy to use backup services

that make them more productive and reduce the time lost due to hardware failures and system loss.

There are several factors that distinguish Atempo from other vendors in the market:

- ◉ **Flexible pricing.** Atempo provides service providers with a range of pricing options, including standard perpetual license pricing, pay-as-you-go pricing, and incremental, pay-as-you-grow cost structures. This latter option is increasingly popular as service providers look to offer new services, while minimizing up-front capital expenditures. By sharing up-front costs, Atempo and its service provider customers can share in a rapidly growing revenue opportunity, while minimizing any risk. With Atempo, service providers can work with a pricing structure that both fuels and reflects their success in the market.
- ◉ **Focus on data protection.** Atempo is focused solely on the protection of data. We commit our resources to developing the most innovative technology available, and we work closely with our customers to ensure our solutions continue to meet the changing needs of the market.
- ◉ **Focus on ease of recovery.** Atempo has built its data protection solutions for many years with recovery in mind. We commit to offering the most intuitive and efficient recovery tools that will satisfy end-user SLAs when a disaster strikes.
- ◉ **Premier customer support.** Atempo is committed to delivering the best support services to our customers. Our customers are our best advocates, and we are committed to keeping our customers satisfied and safeguarding the reputation we've established. Our customers can count on us to deliver timely, expert assistance whenever they

need it. That's why, unlike many software vendors, we do not outsource our support services to an outside vendor.

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### Conclusion

Atempo Live Backup represents a solution that is uniquely equipped to help service providers leverage the business opportunities before them. With Atempo, service providers can harness recovery solutions that deliver real distinction, while enjoying the streamlined administration that builds sturdy margins. Backed by Atempo, today's service providers can minimize the upfront risks of entering a new market, while establishing a position for long term market growth.



### About Atempo

Atempo develops and markets award-winning software for the full range of data protection, recovery management and archiving needs. Today Atempo serves thousands of customers around the world with comprehensive, cross-platform solutions and a sales and support network of over 100 resellers and partners. The company is headquartered in Palo Alto, California with operations in Europe and Asia.

[Learn more at www.atempo.com](http://www.atempo.com)

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