

Asigra Televaulting

Business Case for Managed Backup Services: NetStandard



The Experts in
Agentless Multi-Site Backup/Recovery Software

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Business Case Study

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Recurring revenue, attractive profit margins, customer retention, and new business opportunities-- sizzling benefits that should heat up even the most tepid investor. By all accounts, the managed backup services business is getting hotter by the terabyte.

What's fueling the fire? Business-data growth, for one thing. Managed service providers (MSPs) report customer data growth of 1-2% per month in many business segments. If you're delivering backup services, you'll be contracting services for 12-24% more data annually-- without having to invest significantly more resources in sales and marketing. Compliance is another log on the fire. Financial institutions, retailers, and healthcare organizations simply can't meet regulatory requirements with tape-based backup. Tapes aren't encrypted, they aren't fast or reliable enough for disaster recovery, and everyone knows they too easily get sidetracked in their journeys to safe housing.

Disk-to-disk (D2D) backup and recovery software solutions like Asigra Televaulting get the job done to the benefit of all involved. The end-user customer benefits from fast, safe, and dependable offsite data backup/recovery, and the MSP builds a service business with recurring revenue and wildfire growth potential.

So who should consider moving forward into managed backup services? Certainly any MSP that has already invested in a vault for other hosting or IT services should be evaluating the prospect. Opportunities abound for resellers, even those with limited (or even zero) capital investment in a data center or staffing resources. Probably the best test of suitability is to ask ten of your customers if they trust you with their critical data. If the answer is yes, that's a good indication of business potential. If the response is no, you'll have an opening to discuss their reservations, to better understand your competitive environment, and to take the necessary steps to build your trusted-advisor status and business.

John Leek, director of technology at NetStandard, explains his company's natural progression to managed backup services, the importance of Asigra encryption and de-duplication features, and the growth potential he sees.

Why did NetStandard decide to offer managed backup services?

Our business began as a hosting and co-location Tier IV data center. From that we expanded into professional services, then managed services, and most recently into managed backup services. With the equipment already housed in our data center, it was a natural extension to offer our customers the ability to do safe backups to a site and systems that they know to be available, reliable, and secure.

Profile:

NetStandard, Inc.

NetStandard offers data center hosting, a managed services portfolio of 35 services in four categories, business solutions, and the NetStandard DataSafe Backup system. The DataSafe system sends backup data from the customer's internal network over an Internet connection to a vault in the NetStandard data center. DataSafe enables companies to meet the data protection demands of legislation such as Sarbanes-Oxley, Gramm-Leach-Bliley, PCI and HIPAA. The NetStandard data center is a 12,000-square-foot, all-masonry, hardened, Tier IV facility strategically located in Kansas City, Kansas. NetStandard is an Ingram Micro VentureTech Network VAR.

Customer profile: Small to medium businesses with an emphasis on medical and financial markets
Vaulted data: +15TB

NetStandard, Inc.

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What benefits does the Asigra architecture bring to the NetStandard DataSafe Backup system?

Asigra enables in-flight and at-rest data encryption up to AES 256--that's essential for our customers in banking and healthcare. Asigra de-duplication, incremental backups and compression also are key features in enabling us to provide economical backup services and to utilize our customers' existing bandwidth. That's particularly important for larger businesses with a lot of data. We also find that many companies do not want agents installed on their servers--agents chew up capacity that could be used for productive services. So the fact that Asigra is agentless is critical.

Being able to back up Oracle, SQL, and other databases in real time has been another differentiator for us. Most customers house their most critical data in these databases. Another big selling point with our customers is our ability to do message-level backup and restore for their particular messaging environments, whether that's Microsoft Exchange, Novell GroupWise, or IBM Lotus Notes.

The Asigra pay-as-you-grow pricing model also has allowed us to let revenues drive our infrastructure investments. We don't have to build a massive infrastructure and hope it works out. Asigra lets us implement a very attractive, scalable-licensing model for our downstream referral partners. --they can get started with zero capital investment, and when they sell the service to their own customers, they make revenue.

Where have you been most successful with the NetStandard DataSafe Backup system?

We first offered managed backup services in 2005. Our initial customer base was fairly local and mined from our hosting and managed services business. Since that time, we have added a significant reseller base and are embarking on a nationwide marketing campaign.

Training is an integral part of every implementation, and education has been an important factor in our success. We work with our customers to help them effectively manage their storage to, for example, match their data retention policies to their backup policies. We also offer a managed service that includes reviewing backup logs to ensure that backups have successfully completed.

Who are your typical customers and what do they regard as the most important benefits of the DataSafe Backup service?

Most of our customers have revenues under \$200M. They are small to mid-size banks, insurance or investment companies, healthcare/education/charitable organizations, media companies and retailers. On average, they probably protect 100GB or so of data. The DataSafe Backup service helps them meet regulatory requirements and simplifies the entire backup/restore burden--that all translates into higher productivity for a small- to medium-sized business.

What are the major business benefits to NetStandard of offering managed backup services?

Certainly a predictable, recurring revenue source is beneficial. Managed backup services typically involve a 1-3-year contract--that's a promising ROI. We've also experienced significant growth. On multiple occasions, we've seen 15% month over month. Right now, managed backup services represent about 15% of our business revenue, but we anticipate it growing to as high as 25%. We see it as one of our top four product offerings in terms of growth potential. Customer control and retention are other benefits.

What differentiates NetStandard from other solutions and service providers?

I would have to say our 24x7 network operations center (NOC), a highly trained support staff, and the depth of expertise within our organization. We provide highest-quality service at affordable prices.