



SUCCESSFUL POSITIONING OF A **MANAGED BACKUP SERVICE**

Designed to help IT and Managed Service Providers design the right business model to grow their business.

TABLE OF CONTENTS

INTRODUCTION	3
THE RIGHT BUSINESS MODEL	4
INGREDIENTS FOR YOUR BUSINESS MODEL	5
ILLUSTRATE THE VALUE OF YOUR SERVICE	6
MEET DEMANDING REQUIREMENTS WITH CONFIDENCE	7
THE PRICE MYTH	7
EXAMPLES OF A PRICING MATRIX	8
CHOOSING THE RIGHT BACKUP SOFTWARE	9
ABOUT NOVABACKUP	11



INTRODUCTION

Cloud computing is one of the fastest growing IT markets today. By 2024, the cloud backup market is expected to reach \$190.5 billion. At the same time, more than half of all digital information will be stored in the cloud. Much of this is being driven by a strong digital economy, a huge boom in data from smart devices, and the increasing adoption and efficiency of software and backup-as-a-service.

Despite the excellent prospects for success, many Service Providers are struggling to position their backup offerings. This is not due to a lack of potential, but rather a lack of ability to communicate the value behind these service offerings. For example, many providers launch their backup service without:

- Defining their offerings and their target audience.
- Positioning their business with the right pricing structure.
- Clearly communicating the value and benefits of their services.
- Defining value-added services with a clear course of action.
- Establishing escalation procedures for technical issues.

The Goal

The goal of this whitepaper is to provide helpful advice on how to successfully position your services. Learn how IT Service Providers, System Integrators, and Managed Service Providers (MSPs) can make the right decisions early on to avoid unnecessary setbacks and realize their potential in offering backup services.

The Right Business Model

To position yourself correctly, you must first determine your business model. What do you currently offer and what do you want to offer? How do potential new services fit into your portfolio? What offerings best meet the needs of your existing customer base?

The table below illustrates different business models for backup solutions. As an IT Service Provider, you may find it easy to choose the right model for you.

Retailer of backup solutions for desktops/laptops/servers	Backup services for desktops/laptops/servers	Backup-as-a-Service for local and cloud backups
They resell backup and restore software. Customers manage their backups and retain ownership of their data.	They provide technical support to their customers and may even operate their own data center for cloud backups.	They manage and monitor all local and cloud backups for their customers.



Understanding the market and how to interact with it is helpful. However, developing a coherent and consistent product positioning for your customer communications is where it gets exciting.

Ingredients for Your Business Model

A recent study of cloud adoption shows that interest is at an all-time high. At the same time, there is still a lot of uncertainty when it comes to securing data in the cloud. Provide your customers with information that makes your offerings clear and easy to understand. Take the opportunity to make a personal connection by meeting with customers and prospects in your area. This will also help differentiate you from the “anonymous” providers.

Emphasize the value of your offering by detailing what constitutes world-class service, what sets you apart, and how your services minimize the risk of data loss. However, those offering data protection services in the B2B space should consider providing professional service level agreements in conjunction with the additional services. Here are some considerations:

- ✓ **Service Level Agreements (SLAs):** Describe, among other things, the scope of your offering, response time, and turnaround time.
- ✓ **On-site services:** For example, training, pickup, and delivery of hard drives for large data backup/restore, and on-site software installation.
- ✓ **Remote services:** backup creation and management, monitoring, reporting, etc.
- ✓ **Data Storage:** Provide information about where customer data is stored. Educate them on the pros and cons of different data storage options.
- ✓ **Software:** Provide an overview of the backup solution being offered.
- ✓ **Security:** Fully encrypt data so that only your client has access to it.
- ✓ **Privacy:** Comply with regulations, such as GDPR or HIPAA, and work with partners in the same region.
- ✓ **Full data availability:** Best practices that make data recovery as easy as possible (Note: File sharing and copying data to another medium is not backup. Instead, combine local file backup with an image backup of the system, and an additional backup to cloud storage (including version control and customer-specific retention policies)).

Illustrate the Value of Your Service

Customers with large amounts of data need more than just software. A trusted Managed Service Provider can differentiate themselves by offering a broader range of backup services, attracting customers who are willing to pay higher prices (especially when custom requirements need to be met).

For example, Service Providers working with business customers should consider a more sophisticated level of service when designing their product offerings and pricing structures. Those who only want to resell backup software will find it difficult to meet the needs of this customer group.

Examples that Add Value:

1. Establish service level agreements
2. Managing customer backups and outage notifications
3. Provide personal and professional support
4. On-site support, i.e., installation/setup at the customer site
5. Offer recovery as a service

Trying to advertise the lowest price and position yourself as a “low-cost service provider” (comparable to a low-cost airline) will only work to a limited extent. Successful service organizations have found that business customers value professional services and will pay a reasonable price for them. These same customers will be turned off by what they perceive as inferior service. This is the audience with the highest growth potential.



Make it clear that you are a partner to your customers. While they can purchase backup software from you, emphasize that you also take responsibility for the availability of their business-critical data. It is a matter of trust that can only be conveyed with the right positioning.

Meeting Demanding Requirements with Confidence

When you have limited access to customer systems, you may not see changes that occur during normal operations. This can lead to conflicts in the backup process. To understand the interactions between the systems and the backup, it helps to have in-depth knowledge of the backup software being used, as well as experience in similar situations. Make sure you have easy access to your backup software vendor's knowledge. Reliable, responsive, and personal support from the vendor, available as an additional resource, should be a basic requirement for providing a managed backup service.

The best way to protect customer data from unauthorized access is to fully encrypt the data in transit and on the storage media. Your data protection platform vendor should also abide by the same regulations, such as HIPAA or GDPR.

Working closely with a qualified partner makes offering managed backup services much easier. Whether it's accessible support or the availability of helpful information, it all contributes to helping your customers quickly and efficiently without incurring unnecessary costs.



The Price Myth

Finally, we want to address one of the most common misconceptions about small and midsize service providers: That the lowest price is the most compelling.

On the contrary, low prices contradict and undermine an otherwise coherent and logical approach to providing data protection services. Consider the value organizations place on protecting their most important data. A good-sounding marketing message usually does not reveal the full price of a service. For example, when comparing your services to a low-cost provider, file backup to the cloud may seem cheaper at first glance. But do they support Windows servers and virtual machines? Is disaster recovery available? Who will help if there is a problem, and how quickly? Ask your customers questions like these to demonstrate the value of your offering. When it comes to backing up entire systems and their data (and ensuring reliable recovery in the event of a disaster), businesses are willing to pay a little more.

When it comes to corporate customers, local customer support is a key advantage. Multinational corporations lose out when compared to local service providers. These vendors look like a bargain when you look at their annual prices. However, closer inspection may reveal hidden features that increase this fee. As an easy-to-work-with Managed Service Provider, you can offer many more services and add value with local support that large international companies can only dream of.

While your prices need to be competitive, your (perceived) competitors should not dictate the pricing of your offerings. You can quickly demonstrate to new customers how your services are different from the anonymous (cloud) backup services on the market, and the price will become less of a factor in choosing a service provider and more of a feature of quality.

Target Customer who:

- ✓ Have large amounts of data
- ✓ Want to outsource business-critical data
- ✓ Do not want to worry about backup


Example of a Pricing Matrix:

Performance Features vs. Service Revenue/GB/Month

Service Features	\$1.00	\$0.50	\$0.30
File Backup (Local and to the Cloud)	✓	✓	✓
Backup Encryption	✓	✓	✓
Disaster Recovery	✓	--	--
SQL Backup	✓	✓	--
Exchange Backup	✓	✓	--
Local Support	✓	--	--
Backup Management	✓	--	--

Choosing the Right Backup Software

To compete with low-cost providers and multinational corporations, Managed Service Providers should focus on their unique data protection services and personalized support. That means, the backup software vendor you partner with is important to your success. Reselling backup software or providing cloud storage may be easy. But ensuring that terabytes of mission-critical data are available at all times requires a higher level of accountability that you need to hold your partners to.



QUICK TIPS

Before selecting a manufacturer, test the responsiveness of the technical support team.

Low upfront costs may seem attractive at first, but if you are not properly supported, low costs will not help you in the long run. A simplified example shows how the wrong platform can not only hinder day-to-day operations but also lead to significantly higher costs in the long run:

	Per Customer
Service Charge	\$10 /Month
Variable Costs (For example: for RMM, Anti-virus, Backup, Microsoft 365, Servers, etc.)	- \$3 /Month
Fixed Costs (For example: for the office, salary, etc.)	- \$3 /Month
Profit	\$4
Unnecessary problems that required the technician to help the customer	- \$35 /Month
	You Lose Money!

A software vendor's ability to provide the support you need to develop a backup service should become apparent during the evaluation of their solution. Reliable software partners provide a high level of service, which should include the following:

- ✓ Close collaboration between you and the vendor
- ✓ Phone and online/email support in English (and in your time zone)
- ✓ Additional support during installation, setup, and business model implementation
- ✓ Dedicated account management with a clear escalation process
- ✓ Help define additional services such as local or cloud backup implementation



By choosing the business model that works best for you and your customers, positioning yourself correctly, and working with a reliable software partner, you can run a managed backup service with excellent prospects for the future.

Do You Have Any Questions?

If you would like to learn more about NovaBACKUP's Backup-as-a-Service solution or other offerings, please contact our team directly:

Tel.: +1 (805) 579-6700 | Monday-Friday 9AM-5PM Pacific Time

Email: msp@novabackup.com

ABOUT NOVABACKUP

NovaBACKUP Corporation specializes in ultimate data protection for Managed Service Providers and professional offices with unmatched support.

For more than a decade, we have been committed to providing all-inclusive and powerful cloud-based data protection to thousands of MSPs and professional offices around the globe.

We are industry leaders in Backup and Disaster Recovery, with vast experience in helping specialized industries reach the strictest data protection goals. Our job is to make data protection as simple and reliable for you as possible. From initial contact, to ongoing operations, our backup experts will be there to support you. We take a people-first approach to backup. That means that you can count on us to provide you with the support you need to resolve your data protection concerns. For a complementary evaluation of your backup environment, speak with one of our data protection experts.

[Schedule a call](#) with one of our backup experts today!

Our Service Promise

We promise to treat the protection and safety of your data like we do our own. Our job is to make data protection as simple and reliable as possible. You can count on us to provide professional, knowledgeable support that meets your data protection needs. Feel free to reach out to our team if you need assistance with your backup and recovery needs.



📍 NovaBACKUP
29209 Canwood Street
Agoura Hills, California
91301

☎ Tel.: (805) 579-6700
Fax: (805) 579-6710
M-F 9am-5pm PT

✉ Email: msp@novabackup.com
🏠 www.novabackup.com