7 Tips to Maximize Profits as a Hosting Reseller

Table of Contents

Adding web hosting services to your service offerings will provide increased value to your customers and add additional revenue streams to your business. This paper gives you valuable tips from an expert on everything 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 in addition to the design and application development services they provide. This practice delivers steady monthly revenue streams to their businesses. These companies actually serve as resellers (or "channel partners") who purchase hosted or managed web servers from hosting service providers (such as Verio) on behalf of their clients. The reseller maintains the relationship with the client, bills the client, and provides ongoing support including initial setup. Web hosting resellers make these services available directly to clients (both businesses and individuals), which results in recurring monthly revenue.

Web Hosting 101

Web hosting companies provide the technical infrastructure 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. 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.

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 one that best meets their needs — now and in the future.

- Shared Hosting – With shared hosting, the client's website exists on a Web server 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. Shared hosting tends to be a suitable and cost-effective option for many "brochure-type" websites.

- 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 requirements. This option works well for sites that feature advanced functionality (such as an eCommerce application or 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, a reseller can host multiple client websites from a single VPS account, making it very cost effective.

- 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 high-traffic websites.

- Fully Dedicated Servers – A Fully Dedicated Server is the most robust and expensive hosting option available. While the server and infrastructure and 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 high-traffic websites.

Tip #1: Additional Services to Offer

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.). There are a number of services to go hand-in-hand with website hosting:

- Web 2.0 - Add value for clients by integrating websites with advanced features like blogs, eCommerce, social media and databases.

- Email - Most clients also want the ability to associate email addresses with their website. As a Web hosting reseller, your support can provide basic options in addition to full-featured solutions like Microsoft Exchange.

- 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 word processing software. You only need to master one CMS solution to support 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 email marketing (designing and tracking email 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 these solutions. 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 email 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 clients, Be sure to focus only on those that you can deliver at the highest quality, and take care not to overextend yourself.

Tip #2: Skills You Will Need

You don't have to be a seasoned server administrator or an expert Web designer to be a hosting reseller. Whatever your area of expertise is, 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. Learn as much as you can, and make sure you identify others (employees or subcontractors) who can fill in the gaps.

For most resellers, a typical day is extremely varied. You will find yourself performing a combination of tasks:

- Technical – Answering support calls, updating websites, or troubleshooting an email problem. As a Web hosting reseller, you'll need to be comfortable fulfilling a variety of client needs, or have someone on hand who can.

- 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 (Domain Name System) 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. 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 – Your clients may need help integrating various applications into their websites, such as eCommerce (shopping cart) applications, merchant accounts (credit card processing), customer information databases, etc.

- Managerial – Calling on a new client, assigning work to a subcontractor, or attending a networking luncheon

- Accounting - Sending out invoices and managing accounts receivables

The work can be fast-paced, but fun, especially if you enjoy expanding your technical expertise and helping your clients' build their businesses.

Tip #3: Selecting a Web Hosting Provider

The most important decision you'll make is choosing the right Web hosting service provider to partner with. The biggest mistake you can make is to choose a provider based on cost alone. Your reputation depends on the provider's ability to offer excellent service support.

In general, the provider should be reliable, financially stable, offer scalable solutions and be responsive to your needs.

- Reliability – Your clients will call you, not your Web hosting provider, when their websites are down. 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 questions to ask the Web hosting service provider are 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

- Responsiveness – In addition to emergencies, you'll need the provider to be responsive to non-urgent requests for assistance. What are the

technical support hours for resellers? Are there multiple ways for to request support? How resellers are notified of problems and planned downtime? It's also beneficial if the provider offers self-help resources 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.

Tip #4: Systems to Support your Business

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, 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 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.

Tip #5: Capital Investment

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 you 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 services will require an investment in additional marketing. It may also require hiring employees or contractors to provide the expertise needed to support your new business.

Tip #6: Marketing Your 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 shoppers. Many prospects will already have a website, but they may be looking for a new Web hosting company. It is

important that 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 refer you to other business owners. You might even set up a 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. 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.

Tip #7: Recommendations for 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. Remember that you cannot be everything to everybody, especially when you're just getting started. Don't be afraid to limit your offerings or the technical platforms you support (e.g., UNIX or Windows servers, a specific eCommerce package, etc.). Start with what you know and make time to research areas where you don't have much experience. There's no lack of competition in the Web hosting business but small to medium-sized businesses know they need a presence on the Internet.

In summary, 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!

Reselling Hosting is Easy with cPanel VPS

Consider a VPS hosting solution built on the cPanel/WHM (WebHost Manager) framework to get the maximum benefits of sub-hosting. cPanel with WHM is a Linux-based web hosting control panel that provides a graphical interface and automation tools designed to simplify the process of hosting a website and email. WHM is the backend administrative interface that you, as the VPS administrator, use to manage the setup of a hosting account, allocate resources, and create users.

 cPanel is the front end of the cPanel/WHM environment, and an interface that you can use to manage accounts, or delegate tasks to your hosting customers. A cPanel account makes it simple to manage:

- Multiple hosting accounts/websites
- DNS, domains, and databases
- Users and administrative privileges
- Email accounts
- Backups
- Reporting
- Application installs

With a cPanel VPS, there's no need to work from the command line or memorize scripts. The easy-to-use control panel gives you access to wizards that walk you through the account setup process. You can also choose from a wide variety of applications and APIs, and simply point and click to launch the installation or perform general maintenance. Plus, powerful tools within the control panel help you manage administrative tasks, apply patches, and to perform data backups and restores.

About Brian White

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 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.

About Verio Inc., an NTT Communications Company

Verio is the premier provider of Web Hosting, Application Hosting, and SaaS applications for the SMB market. Our expertise combined with the financial backing of NTT Communications Company, one of the world's largest Telecommunications companies, and 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 helped make us the preeminent channel partner vendor in the industry. Verio currently offers two partner models. The Via1 Partner model offers up to 15% in recurring commission. The Via3 partner model is a full reseller model that allows partners to purchase services at up to 45% margins.

To learn more about the viaVerio partner programs visit www.viaverio.com or contact our sales team at 1-888-224-9346.