ADDING HOSTING TO BOOST STICKINESS:
Gaining a Competitive Edge
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In the current telecommunications and cable service marketplaces, competition is fierce. Customers have more than a few options at their fingertips for both telecom and cable services, making it essential to not only attract new clients, but also retain the ones the company already has.

This retention is known as “stickiness” – the ability to provide the products and solutions customers are looking for to maintain and support their loyalty to the company. This can be difficult to achieve, particularly for telcos and cable companies. These service providers must gain a competitive edge in the marketplace that sets them apart from other vendors. This often means expanding service portfolios in order to offer new capabilities that support client demands. Since changing hosting providers is inherently difficult to do, and becomes more difficult as a customer uses more of your services, churn is reduced for more involved customers.

These needs are becoming more pressing in the current environment. U.S. telecom spending has reached a staggering $1.4 trillion, a considerable portion of the $5.6 trillion spent on telecom services across the globe. In addition, the cable sector is now a $71 billion industry, with 3.2 percent compound annual growth expected through 2020. From these figures, it’s clear to see the stiff competition today’s providers of telecom and cable services face.

One of the best ways to achieve the stickiness factor these providers are after is by offering hosting services. Adding hosting to the service portfolio is a smart investment with the potential for considerable returns, boosting opportunities for recurring monthly revenue streams with minimal up-front costs for the provider. But these aren’t the only benefits today’s telcos and cable companies can reap from offering hosting services. Today, we’ll examine what exactly hosting services entail, what other advantages this strategy can offer and how your company can begin its journey to expand its service capabilities.
WHAT IS WEB HOSTING?

First and foremost, it is important to understand what, exactly, web hosting is. Web hosting refers to an online service that enables individual customers as well as businesses to allow others to access their website on the Internet. Web hosts include space on a leased or owned server in their services. Currently, there are several different kinds of web hosting and add-on solutions, including shared hosting, cloud hosting, domain name registration, email, marketing and cloud storage and back-up solutions. In its most basic form, hosting entails housing and maintaining the equipment and infrastructure to support a range of online services while offering access to these platforms to customers.

**Domain name registration** is usually the first step in web hosting – it all starts here. A company’s domain is its “legitimate business” certificate (just like your domain name is for you). Its domain is the foundation for its online presence, from which its website, professional email and search engine results will grow. It is usually from a domain name that your customers will then progress into a shared hosting plan, email solution, cloud solution, marketing tool, etc.

**Shared web hosting** enables multiple customers to utilize the computing resources of a single server, each with their own domain name. Shared hosting can apply to easily-created, basic websites all the way to complex, high-traffic websites. In other words, websites can be a simple informational brochure all the way to a platform where people sell and buy their wares. Shared hosting is also one of the easier web hosting plans for large telcos and cablecos to resell under their brand. These services are normally pre-packaged and there is usually a pre-existing demand from the customer base.

There is also **cloud hosting**, which provides a virtual environment for a range of different uses. A cloud hosting platform provides customers with computing resources for web applications, databases, development and other processes and activities – and is billed by what you use versus a flat fee (think of your electricity bill – you pay for what you use).
Cloud hosting gives customers access to flexible, dependable hosting resources within a clustered, load-balanced server infrastructure. Cloud hosting may also provide more reliability for websites, as other computers and components can compensate if a piece of hardware within the environment experiences an outage. This decentralized configuration allows websites hosted in the cloud to be less prone to downtime due to natural disasters.

There is also email, where the email platform is hosted and maintained by a vendor. Examples of email solutions that telcos and cablecos can offer to their customer base include Microsoft Hosted Exchange and Open Xchange. Email is a mission-critical communications tool that allows people and companies to efficiently interact and collaborate with one another. Everyone expects efficient access – to email, calendars, attachments, contacts, and more – no matter where they are or what type of mobile device they use. With these email solutions, your customers can have that professional email address (the same email address as their domain name), and can access their email and calendars from any device at any location.
Cloud storage, a service dedicated to hosting users’ files, allows users in a customer’s organization to access essential files via the Internet from any device. Typically, a password or some other type of authentication is required for access, ensuring security. Cloud storage enables collaborative, real-time editing of documents – any changes made will be reflected for all users. This service can also help improve document management by creating a central, secure environment for files to be stored.

Finally, there is data back-up, the copying and archiving of critical data so that backups can be accessed in case of loss. Research shows that 66 percent of survey respondents had lost files on their home PCs. In addition, according to Verizon’s 2015 Data Breach Investigations Report, of the more than 79,000 security incidents that took place last year across a range of industries, 2,122 resulted in confirmed data breaches. These businesses combined to lose an estimated $400 million due to the 700 million records compromised during these events. For this reason, having a backup in place is crucial, particularly for companies.

According to research from IDC, businesses will spend more than $33 billion on hosted cloud services this year, representing more than 26 percent compound annual growth over last year’s spending rates. This illustrates the considerable opportunity for vendors offering hosting services – demand is rising significantly for hosting support, and there must be providers that can meet these needs.
WHAT ARE THE BENEFITS OF OFFERING HOSTING SERVICES?

But what lies in store for cable and telecom providers that also offer hosting services?

**Stickiness/reduced churn:** One of the most attractive advantages is achieving the stickiness factor mentioned earlier. Chances are good that a considerable portion of a telcos’ or cable companies’ existing customer base is in need of hosting services. Providing these capabilities helps to ensure that these clients’ needs are addressed, and that they will remain with the service provider for their myriad needs. Also, hosting is inherently difficult to migrate to another provider, so hosting customers are more likely to stay customers versus switching to another hosting provider which reduces your churn.

**Upsell and cross-sell opportunities to raise your exiting base:** This approach also offers opportunities to upsell and cross-sell current customers already receiving services. By offering new solutions to the existing customer base, the company can increase its monthly revenue while spending minimal, if any, capital in the process.
Expand your product portfolio: Businesses in nearly every industry need hosting to support an array of online activities – from websites, to email, to cloud platforms and beyond – and it is simply more convenient for the customer to obtain these services from the telco or cable services provider they are already with. A robust service portfolio can help establish a “one-stop-shop” for customers, where they can not only obtain their needed telecommunication or cable services, but also hosting support and web solutions.

Monthly forecastable recurring revenue: Offering hosting also provides additional recurring monthly revenue for the service provider. Besides billing and profiting from the telecom and cable services already being provided, the vendor can also boost their profit margins with hosting services.

Differentiate and attract new customers: Telcos and cablecos can also customize the application bundle being offered to meet customers’ specific needs and business objectives. This enables customers to select as many hosting solutions as they would like. Offering these solutions also helps differentiate the provider from its competition.

Increase the brand: Offering white-labeled hosting and hosting solutions increases your overall brand.
BUY VS. BUILD: THE IMPORTANCE OF A HOSTING PARTNER

However, not all cable and telecom providers are readily equipped to offer hosting services. As noted previously, providers must have the necessary space, servers, storage, networking gear, power, cooling and bandwidth for the data center, full-time management, ongoing maintenance and training to maintain the servers supporting the hosting service.

Instead of shelling out considerable capital to build this infrastructure themselves, cable and telecom vendors can partner with an expert hosting provider for white-label hosting solutions. In this way, the cable company or telco can offer these services under their own brand name, while relying on the available infrastructure and expertise of an industry-leading hosting provider. Partnering with a trusted hosting provider allows you to focus on your core business and reduces your total cost of ownership.

WHAT TO LOOK FOR IN A HOSTING PARTNER: KEY CHARACTERISTICS AND CAPABILITIES

Offering hosting services is a leading tactic to retain current clients and draw in new ones. However, setting yourself apart from the crowd with an expanded portfolio of desirable services only works if those services are done right. There’s no need to try to reinvent the wheel yourself – find an existing expert in hosting to enlist as your partner.

Investing in white-label hosting services offers great potential for quick revenue with minimal up-front costs, but no two partners are alike. Finding an ally that offers everything you need is the most important element of embarking on your white-labeling journey. Those needs extend beyond service offerings to a wide range of types of support for your business.
When it comes to selecting a partner, not all hosting providers are the same – some are simply better equipped to support cable providers and telcos and their customers. But how can you tell these ideal partners apart from the rest?

There are several key characteristics and capabilities to look for:

- **A robust service portfolio:** Because the cable company or telco will be in essence providing the services of this partner to their customers, the hosting vendor must have a robust service portfolio to ensure clients’ needs are met. Since your end users will see these as your own service offerings, a telco or cableco is best served when they find a white-label provider with a diverse portfolio of services to address a wide variety of customer needs. This can include the popular hosting services being used today, such as website, email, domain name registration, and cloud hosting along with online marketing tools to help your customers grow their business.

- **The full white-label experience:** The most immediate concern for cablecos and telcos is making sure that the solution looks to be theirs in every way apparent to end users, thus maintaining a tight connection with the brand. Branding should be quick and easy – your hosting partner should provide fully integrated and ready-made solutions that you can put your logo on and roll out. The portfolio of solutions offered to end users should be entirely integrated within their cableco or telco interface.

- **Onboarding support:** Changes like this don’t happen overnight. It’s critical to have a partner that will help you with the initial roll-out of these services, and that will set the business up for future success. Your hosting partner should offer a dedicated account manager, as well as an entire team, who are there to stand by the business’s side throughout the relationship. The dedicated account manager represents the main contact for the cableco or telco, who can offer assistance at any time.
• **Training for the team:** In addition to onboarding support, it's also essential that the hosting partner offers training to provider's internal sales, account management, support, customer service and marketing teams. This will ensure they are fully versed in the new technology and its capabilities and can pass this knowledge onto customers and prospects. Sales enablement tools should also be offered, and can include in-person training, cheat sheets, battlecards, call scripts, email templates and product resource materials.

• **White-label sales:** For some cablecos or telcos, a better option might be to enable customers to call the hosting partner’s sales team directly or have these agents do the outbound calling to their customers. A white-label sales team will allow customers to gain access to the expertise they need, while still maintaining a connection with the cable or telecom provider’s brand.

• **Technical support:** An ideal hosting partner will also offer technical support for the vendor and their customers, which can come at different levels. Tier 1 support, for example, is the base level and includes assistance for password changes and other simple processes. Tier 2 is more in-depth - agents are skilled in troubleshooting and can diagnose and resolve an issue on your behalf. Having a white label team is also imperative here, as it maintains the relationship the client has with their telco or cable company without passing them off to another business. While the hosting partner should be able to offer all three levels of support, the cableco or telco has a choice as to what level they would like to provide – the business can provide all levels of technical assistance, or none at all, it’s completely up to the company.

• **Marketing support:** The hosting partner should also be able to offer all the brandable marketing materials the company will need to launch, go-to-market and grow its customer base. This should include all website materials, white-labeled product sheets, brochures and content, go-to-market campaigns, continuous marketing support, and outbound marketing campaign creation, including email marketing, direct mail and webinars.
When all of these elements are in place, the vendor can enjoy a prosperous, profitable partnership that will not only benefit their organization, but their customers as well. Hostway, an industry-leading hosting provider, can provide for all of these needs and more. In addition to initial on-boarding support, Hostway helps encourage conversions and supports the vendor throughout the partnership.

Hostway also has a team of experts that can meet in person with the cable company’s or telco’s sales, support and marketing teams to ensure they have all the tools they need to successfully market and sell the service. And, because we understand how important the connection between your business and your customers is, we have white-label technical support, as well as sales and marketing teams to keep this relationship strong.

Hostway has been a leader in the hosting industry for a number of years now, and we utilize this favorable market position to help support your company. Our proven longevity and expertise set us apart, and make all the difference when it comes to a hosting partnership.

Currently, we offer more than 40 products and solutions across four different service areas, including cloud hosting, managed hosting, domain and website hosting as well as email and applications. We utilize our network of six data centers to support these services, including our top-tier facilities in Austin, Chicago, Tampa and Vancouver. All of our facilities feature advanced security as well as networking and administrative support.
ACHIEVE STICKINESS, BOOST PROFITS AND GAIN A COMPETITIVE EDGE

Overall, adding hosting services to your telecom or cable company’s service portfolio will significantly help improve the business. Today’s customers - including those already being serviced by your company – are in need of hosting services, and working with a vendor they already know and trust will only cement their loyalty. This stickiness factor is essential, and providing hosting services is one of the best ways to achieve it. It’s also hard to argue with the potential to add recurring, forecastable monthly revenue streams to the company’s profit margins.

And with a partner like Hostway by your side, you can be sure that the move into providing hosting services will be a profitable, successful venture with the added benefit of minimal up-front investment.

To find out more about how adding hosting services can benefit your company, contact Hostway today.
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