Why Cloud Storage Is Good For Your Business

An SMB Solution Provider's Guide To Profit With Third-Party Services

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kineticD™

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Introduction

As with any shift in the IT services industry, the transition to cloud computing is creating opportunities and challenges for the companies that deliver cloud services. VARs, integrators, solution providers and resellers are watching this new shift and trying to figure out what it means to their business. Naturally, there is some trepidation because of the unknown factors that accompany any major change, but IT channel companies increasingly realize they cannot simply sit on the sidelines.

Even though most customers still harbor fuzzy notions about the cloud, they are bombarded by cloud service ads from well-known IT brands. The inevitable effect of this barrage will be to convince end users that the success of their businesses depends on adopting IT cloud models—which it does, if their businesses are to remain competitive, agile and adaptable to the market's changing dynamics.

The risk, however, is that customers end up subscribing to the big brands' services, even if they are not the best fit for them. IT channel companies, therefore, must step in and guide customers through the transition to the cloud. In doing so, they will have to continue delivering the high-value integration and consultation around which the channel has built its well-deserved reputation. One sure way to continue delivering value to customers is through efficient, reliable cloud-based storage services that protect a business' valuable data and prepares it for unexpected disaster or data loss.

Cloud services vendor KineticD has a strong record of supporting IT services companies in their cloud endeavors with cloud-based storage services and secure remote access. KineticD has developed a comprehensive, lucrative channel program to help partners bring to their small and midsize business (SMB) customers the power of enterprise-level solutions that allow SMBs to continuously back up, restore, access and share information online from any location. The secure services are delivered through the cloud, which means IT solution providers have an opportunity here to tether their businesses to the cloud and position themselves to their clients as eminent cloud computing experts.

Affordable Technology for SMBs

Cloud computing takes its name from sketches of an amorphous cloud that IT experts have used through the years to represent the Internet, or the "public cloud." In the past decade, this metaphorical representation of the Internet has taken on more significance as more applications and computing resources became available through the World Wide Web. Users and entire organizations have gained the ability to access these computing resources through the Internet without the necessity for costly, time-consuming implementations on premises.

Early Internet-based—or "cloud-based"—services such as webmail and instant messaging grew ubiquitous, first with home users and later in the work environment as users grew accustomed to the benefits. Before long, business-focused applications such as accounting and inventory tracking also became available over the

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THE EFFECTS OF DATA LOSS

At least half of all computer users will experience a loss of data at some point.

Of businesses that experience major data losses:

40% never reopen

50% close within two years

Less than **10%** survive long-term

Source: compiled from US Small Business Association and multiple industry sources

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Internet, giving organizations a choice between deploying systems on premises or simply tapping into them in the cloud.

Despite data control and security concerns, organizations increasingly have become more comfortable with cloud-based applications because of the obvious business benefits. Among the benefits are the elimination or significant reduction of large upfront capital investments, as IT budgets largely shift from the capital expenditure column to operating costs.

Cloud-based computing resources are often delivered on a subscription basis, meaning that providers collect monthly or quarterly fees for the service, which eases the pain of paying for expensive systems. This is especially important to cash-strapped SMBs, which typically operate on thin budgets that often force them to forgo technology advances because of high price tags.

A subscription approach eases the pain of paying for cloud services for cash-strapped SMBs.

With significant capital expenditure reductions, cloud computing is therefore enabling even the smallest companies to leverage advanced technology. With cloud-based services, SMBs gain business agility because they can now adopt new technology more quickly and scale it as they grow. They also can better protect their data and increase the productivity of mobile workers and telecommuters, all of which translates to higher productivity, competitiveness and profits.

For SMBs to get the most business value out of cloud computing, however, they need help, especially because so many are still grappling with what cloud computing means and how it affects them. IT solution providers, therefore, have an opportunity to define the cloud for them, to come in as consultants and experts, and even take over the maintenance of their clients' IT environments.

Especially in the SMB space, organizations increasingly want to eliminate the overhead cost of in-house IT administration in favor

of handing over the day-to-day work to service providers. In many cases, small businesses that never actually had a full-time IT staffer actually gain expertise they never had by outsourcing IT functions to a service provider.

Cloud Opportunities for Solution Providers

But is the cloud safe for IT channel companies? After all, does it not simply create an opportune venue for vendors to reach out their virtual hands and touch end clients directly? It is true the cloud makes it possible for vendors to bypass channel partners to deliver technology services, as was the case early on with Internet-based CRM vendor Salesforce.com. But even Salesforce.com in time started working with partners who extended the service to their customers while adding the value of custom features, consultation, integration and strategic business planning.

No matter how useful or innovative their technology, vendors usually cannot replicate the value that service providers deliver to the vast multitude of small and midsize businesses in the market-place. A local service provider has the means to learn the customer's business, address IT pain points, integrate and simplify the various cloud-based services that a customer may require.

In a cloud context, the service provider's role is to serve as the integration point for consolidated provisioning of IT resources that the provider then customizes to each individual clients' business. Providers can aggregate cloud services and deliver them to customers in combination with traditional on-site offerings. Even the biggest vendor in the industry would have trouble reaching that level of granularity to service the client.

Aside from perceived or real vendor threats, other factors are holding solution providers back from the cloud. They include lack of product knowledge and concerns about branding flexibility, API support and billing. Providers also worry about the investment

and expertise required for cloud services. For instance, will providers have to set up their own data centers and manage the hosting process? Most don't have the financial resources to open data centers and many lack the in-house expertise to deliver hosting services.

Solution providers have the knowledge and experience to serve as cloud services integrators for their customers.

Another concern is with the way the cloud revenue model works for a service provider. Ideally, cloud-based services generate an ongoing revenue stream for solution providers, bringing stability and predictability to their businesses. But some vendors only pay partners an initial fee, much like a lead referral fee, after which the reseller has to figure out ways to add services on top of the vendor's offering so they can continue to make money. While in some cases this approach may be unavoidable, service providers should team with vendors that share service revenue with them on an ongoing basis.

All of these concerns about the cloud can be addressed by selecting the right technology partners. Service providers must conduct due diligence to identify which vendors offer scalable, flexible and cost-effective services around which they can build value-added offerings to meet their customer requirements. In addition, providers should select vendors with financial models that support partner profitability and business growth.

Solving SMB Storage Problems

Today, every company large and small has data storage needs. The ever-increasing volumes of critical business data that travels within, and in and out of, networks make it absolutely vital for every organization to have a well-thought-out, properly executed storage, backup and disaster recovery strategy.

Offsite storage systems have historically been very expensive. As a result, many SMBs have played fast and loose, failing to properly store and protect their data. However, a proliferation of federal and state regulations, not to mention the threat to the survival of a business, have made it too risky to ignore storage and data archiving needs. Data breaches can incur severe penalties, and catastrophic data losses usually lead to going out of business.

Fortunately for SMBs, the cloud has brought affordable, scalable storage, backup and recovery solutions within their reach. End users can securely back up their hard drives over the Internet to remote data centers. Automated backup routines reduce errors and improve productivity. And because a service provider monitors the backup process, failed backups are greatly reduced or eliminated. In traditional tape or disk backups, much is left to chance, and users typically don't discover backups have failed until they attempt to restore data.

CLOUDSCAPE BY THE NUMBERS

64% of end users plan to increase their investments in cloud services by at least 5 percent in the next 12 months.

40% of channel organizations don't use or sell cloud services.

More than **50%** of channel organizations plan to increase their cloud investments by at least 10 percent in the next 12 months.

59% percent of channel organizations selling cloud services say integration between cloud services and existing on-premise systems generate the most services revenue.

Source: Computing Technology Industry Association, 2010

For IT services providers, cloud-based storage, backup and recovery present an ideal opportunity to start building a palette of cloud offerings for customers. Because services are delivered through the cloud, they require no capital investments or maintenance and upgrade expenses. And so long as providers pick the right technology partner, they stand to benefit from ongoing revenue streams for as long as the client uses the service.

Cloud storage brings enterprise-level systems within easy reach of budget-conscious SMBs.

With their intimate knowledge of their customers' IT environments and businesses, solution providers have the opportunity to make a strong case that a cloud-based solution delivers peace of mind at an affordable price. They can further their role as trusted IT advisors and, in turn, improve stickiness with the customer. The more IT functions the provider handles for the customer through a combination of cloud and traditional services, the greater the chances are for customer loyalty and retention.

KineticD's Path to Cloud Profits

KineticD's online storage service (KineticSecure) and secure remote access (KineticExtend) technologies currently provide over 40,000 users in over 15,000 businesses with world class, scalable solutions boasting bank-grade security. Users can easily back up, restore, access and share their computing assets from Windows or Macintosh PCs and servers, giving them the assurance that data is protected against hard drive failure or theft.

KineticSecure uses patented Continuous Backup technology to encrypt and save changes, even with open files such as Outlook and servers that always stay on. Whenever a change is made, a copy of the file or folder is created and stored automatically in the cloud for recovery if ever necessary. With KineticExtend, users can securely access their Windows PCs and servers remotely without the hassle or cost of a VPN.

For solution providers, KineticD provides a profitable path to the cloud with its ongoing revenue-sharing model, starting with a 25 percent monthly commission. The vendor requires no upfront investments, allowing reseller partners to quickly get up and running on the technology and offer it to clients at attractive monthly rates. Partners have access to flexible billing options, including the choice to handle customer billing or let KineticD manage it.

KineticD's profit-sharing model starts with 25 percent monthly commissions for solution providers.

KineticD hosts the service in its state-of-the-art data center, which means solution providers do not have to add costly in-house expertise or run their own data centers. Partners get a branded

landing page with the service and can leverage KineticD for support with other marketing and branding efforts—all of which keeps the solution provider very much in the eye of the customer, managing and growing the relationship.

KineticSecure and KineticExtend let solution providers engage SMB clients in a more efficient way, eliminating the need for on-site visits for deployment, maintenance and upgrades. And because KineticD handles the hosting at its data centers, as well as customer service and support if partners so choose, resellers have more time to focus on generating new business. Partners, nevertheless, have access to a comprehensive administrative console to keep track of customer use and spot new opportunities.

Also appealing to partners and clients alike is KineticD's easy integration with Microsoft-powered desktops, Exchange and SQL Server. With so much of the world's business running on Microsoft technology, KineticD's plug-ins for SQL Server and Exchange, and its support for Microsoft's Remote Desktop Protocol, remove the frustration and energy often expended in integration projects.

Conclusion

As cloud computing gains traction with end-users, solution providers have an opportunity to establish themselves as aggregators who integrate cloud-based services with traditional offerings. To get there, solution providers must select services that address their client's pressing IT needs. One of the most acute needs in the SMB

CLOUD SERVICES CHECKLIST:
10 Questions to Ask Your Vendor

Before partnering with a cloud services vendor, solution providers should run through a checklist to ensure they are selecting the right partner. Here is a list of 10 questions to ask before signing anything:

1. Does the vendor offer ongoing revenue sharing?
2. Are there setup fees?
3. Does the service provide branding opportunities?
4. Is the service scalable?
5. Is the service elastic, giving clients the ability to reduce consumption when warranted?
6. Does the service integrate easily with the solution provider's other offerings or website?
7. Does the service integrate easily with other IT vendors' widely used technologies?
8. Does the service have a good track record of customer satisfaction?
9. Does the vendor have a track record of successfully and transparently supporting channel partners and their clients?
10. Does the vendor support its partners with marketing and branding services?

space is for reliable storage, backup and recovery services. Nearly two thirds of end users polled in 2010 by the Computing Technology Industry Association (CompTIA) said they planned to incorporate cloud-based storage into their IT mix in the ensuing 12 months. With KineticD's cost-effective, scalable services, solution providers have an opportunity to profitably address their SMB clients' needs with a profitable approach that encourages long-term customer retention.