



Remote Backup Systems
How Backups Get Done®

The RBS News

How to Set Prices & Storage Plans, and Predict Profits for your Online Backup Service

Two of the most common questions I am asked by new Online Backup Service Providers are, “How much should I charge,” and “How much storage space should I offer?” The answers have huge impact on profitability and marketability, and have been among the most difficult to answer – until now.

These questions have something important in common – the cost of storage space, broken down by gigabyte. To answer them both, we need to know how much each gigabyte costs us, per month. Then, just like any retailer with inventory, we can figure out how to price it.



First let’s convert ALL our business costs into costs per gig per month, capital expenses first. These are the costs of hardware, equipment and software that is sold on a one-time-fee, perpetual license basis like Remote Backup Systems’ RBackup. Add up all these costs and divide by the number of months over

which you want to amortize them. Often, this is also the length of time you expect your hardware to last before you have to replace it. It’s just a convenient figure. Thirty six months is a good place to start. So, divide all your capital expenses by thirty-six. This gives you their cost per month. Now add up all your monthly expenses, like rent, hosting charges, bandwidth and utilities. Add in your monthly capital expenses and you will have your total monthly expenses.

Now, here’s the part most people miss. Divide your total monthly expenses by your total amount of storage space in gigabytes. Brilliant, yes? This gives you your monthly cost per gigabyte. Now that you know how much your inventory actually costs, you can start working out how much you can charge, and you can project

your profit. I’ve written a little online calculator to help with all this. It will calculate your cost per gigabyte, your monthly expenses, your amortized capital expenses, your capital payoff (in months), and it will project your profit by both a number of clients and your storage capacity. The calculator takes into account a base price per month, and a base storage quota, and automatically accounts for the different prices of under-quota storage and over-quota storage. My calculator is in spreadsheet format, so you can easily test many combinations of base prices, quotas, amortization, over-quota prices, and storage space allocation. It assumes the most common online backup business model of charging one price for an account that includes a fixed amount of storage space (base quota), and an additional charge per gigabyte above the base quota.

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DID YOU KNOW?

RBS performed the very first Remote Backup over telephone lines and modems in the mid-eighties, the very first wireless remote backup, the very first satellite remote backup, the first remote backup from an

airplane, a sailboat, a cell phone, and an erupting volcano. Just to prove they can do anything, the geeks in our lab even did a backup over tin-cans and a string using modified 110 baud telephone modems and custom-built microphones. 🌐

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Letter From the Prez

It's been a weird year for nearly everyone in small business. Right now most of us are pondering the past year and doing your best to predict the next. The economy is rebounding. That's something I sure couldn't say in mid December last year!

The recession didn't hurt online backup providers as much as it did other industries. This business has always been more or less recession-proof. Just as the economic downturn started, our industry was gathering a good head of steam. So, many of us have weathered the storm well compared to our friends in other industries.

All of us here at RBS are looking forward optimistically to 2010 and beyond. We hope you are, too.

I spend an hour or two every day reading blogs, news, and articles for ideas to help me run my business better. I keep up with trends in the Data Storage, Disaster Recovery, and Business Continuity industries, and I forward interesting articles to employees and friends. So, I thought, why not post what I find in a public Blog format for anyone who wants a boiled-down news feed of articles specific to running small tech businesses, and particularly Online Backup Services?

So, I added a new section to the [Online Backup Blog](#) called [Rob's Bookmarks](#). There you will find daily postings of many of the things I find interesting. I recently posted a link to an article that explains how you can home-build a 67 terabyte storage server for only \$7,867.

[The Service Provider's Forum](#) is a GREAT resource for Service Providers to share technical and marketing tips, and to get peer support for problems. Just this morning (Dec 11) Mitch Romm posted an [extremely in-depth answer](#) to the question, "Which is the best RAID for RBS, and what's the best block size?"

Of course if you want to hear me pontificate on everything from cloud storage to competing with \$5/month online backup services, to my latest rant, "The Death of Zoogmo— Will More Online Backup Companies with "grid" in Their Names Follow?", [tune in to my Blog](#).



News & Announcements



New Affiliate Launch a Success!

We are happy to announce our recent successful launch of the highly anticipated VARBackup Affiliate program, and its continued growth in participation. With recently added features, this PPS program is a very affordable option for those interested in operating their own Online Backup service. [More on the Web...](#)

Remote Backup Systems Recognized as Feature Company

RBS was named the feature company for the November 6th issue of Processor Magazine. [More on the Web...](#)

New Addition to Our Blog—"Rob's Bookmarks"

Check out the new interesting articles and industry news hand picked by our CEO Rob Cosgrove in his new blog section entitled "Rob's Bookmarks". [More on the Web...](#)

How to Set Prices

Continued from page 1

How would you like to double the amount of storage space you have to sell in the next 30 seconds?

My calculator does not take data compression into account. Remember that online backup software from Remote Backup Systems compresses data, sometimes as much as 90%. So when you are doing calculations that include the NATIVE size of the data, calculate the server-side data size as half (just to be safe) the size of the client-side data. So, 10 GB of customer data will usually become 5 GB of data on your server.

Many online backup services charge by the NATIVE file size, simply because that's what customers know, and it is impossible to predict how much a file will compress. RBS software always displays totals to the client as native file size, not compressed. So, in many cases, you can adjust for file compression simply by doubling the amount of storage space you have available when you enter it in the calculator. You can find this and other calculators on the web at the following link.

Monthly Expenses		Capital Expenses	
Hosting	0	Servers & Storage	5,000
Bandwidth	100	RBS Software	6,100
Utilities	0	Etc	
Insurance	0	Etc	
Etc	0	Etc	

GB Available	3000	Amortization (Months)	36
Cost / Gig / Month	\$0.136	Price / Gig / Month	4.00
Profit/Month-Space	\$2,172.22	Number of Clients	100
Profit/Month-Clients	\$9,219.44	Base Price/Client/Mo	99.00
Total Profit/Month	\$11,391.67	Base GB/Client/Mo	50
Capital Payoff	1.2	Profit/Client/Mo	\$92.19

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<http://remote-backup.com/calculators>

Sales & Marketing Performance Tips

Many sales and marketing experts say it takes six contacts to make a sale. A "contact" can be a cold call on the telephone, an email, a recommendation from a friend, a prospect noticing an advertisement—anything that reminds your prospect of your service.

There's no "perfect" sales campaign. Each needs to be designed around your target prospect. Your approach to selling Online Backup services to Dentists should be different from your approach to selling to home users.

However, there are some important parts to all sales campaigns, which can make a difference between a campaign that flops and one that flies.

Consistency Don't give up before you've connected with a prospect six times. Set daily goals and KEEP WORKING!

Automate Make your sales campaign as automatic as possible. Use brochures, email autoresponders, and a web site.

Have a System Successful sales people all have an organized system to keep track of their prospects. *ACT!* and *Goldmine* are good software applications.

Attitude Keep a positive attitude. If you can make your prospect smile, you're halfway there. Try to make every contact with your prospects leave them with something valuable that they didn't have before.

Reevaluate Regularly Review your sales strategy periodically. Ask others to give you their opinions. Find out what works and do more of it. Find out what doesn't work, and do less of it.



There have been a number of requests for a "best practices for backup file selection" document. Here are some guidelines.

Data can be categorized into three tiers: *critical* (integral to ongoing operations), *important* (valuable but not mission critical) and *archival* (required but not typically retrieved).

Let's take an example of Joe's Exchange Server. In this case – Exchange Server data, System state and Active Directory can be categorized as being critical data, which should be backed up every day. The same server might host other applications and data which might be critical as well for the customer's ongoing operations. Typi-

Our Lead Developer Answers Your Questions

cally, 70% of data on a server never change or changes very rarely. There could be lots of old files which are not being used, and might never change but the user wants them backed up. If you (as a provider) have hands on relationship with the customer, the decision on what is critical data (or important or archival data) should be decided by talking to the customer based on what applications his business relies on and what data usually changes, etc. Usually, the customer just wants everything to be backed up. Sure, you can.

Backup Sets

Once you have categorized data, create separate backup sets based on some rules (as follows).

Create one backup set for critical data. Schedule it for Daily or Monday-to-Friday.

Set the start time an hour after business hours, and an attempt window of 6-8 hours.

For Important data – create a separate backup set and set the schedule for once a week or during weekend.

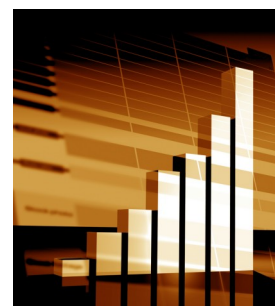
For archival data – create another backup set and set the schedule for once or twice a month.

Depending on what changes daily and what changes rarely, you can split your data into multiple backup sets thus making the backup process less resource-intensive and time-consuming.

Scheduler

Use Windows Task Scheduler option in the Scheduler Interface.

[This article is continued on the web here.](#)



Service Providers with Premium Maintenance now have FREE access to a Remote Help tool they can use to help service their clients.

Take remote control of your customers' computers to improve your level of support and save costly trips.

You will save time and money while offering your customers a high level of support. The Remote HelpDesk is based on the popular UltraVNC, running through a repeater in RBS' Data Center. All connections from your clients and from your own computer are OUTBOUND through the RBS Repeater. So, there are no routers to be adjusted. You can support your clients from any Internet-connected computer.

[More information here...](#)

Are you considering another Online Backup software provider? Then please consider this...

This article contains straight talk for anyone comparing Remote Backup Systems with "competitive" software. Don't make the wrong choice. This article includes a complete competitive features matrix.

[More Information Here...](#)



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25 and 50
1 for 1 Maint
FREE
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**Happy Holidays from RBS
Special Savings
The RBS Year End Sale**

**Half Off 25- and 50-Client Versions
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FREE \$349 Mercury Affiliate Account
FREE Pro Pack Upgrades
10-Client Bundles—Only \$500**

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RBS Offers End-User Tech Support

Let RBS be your Support Department! RBS now offers end-user technical support on a contract basis. If you would rather spend your time selling online backup than doing end-user tech support, why not let the experts do the support? We have the resources and expertise to service your customers, and we can do it cheaper and better than running your own in-house help desk.

Contact the RBS sales team at (901) 405-1234 or sales@remote-backup.com. Let us design a support plan that meets your needs and budget.

The Mercury Affiliate Program *A Quick and Easy Way to start selling Mercury*

Start Your Mercury Online Backup Service in Just Five Minutes for only \$49!



We build, customize, host and maintain your website in less than 5 minutes. Your customized & branded website can be LIVE on the Web in just five minutes, automatically SELLING for you. (We also give you HTML code that you can use to seamlessly integrate online backup sales into your existing web site.)

We provide you with your product to sell. You will sell Online Backup services using the Mercury Online Backup Platform for Windows and Mac. Your customers' files are stored in Tier-4 Data Centers with state of the art equipment.

Something Not Available Anywhere Else! You can optionally offer the Remote Security Suite, which can remotely wipe sensitive data, help find stolen laptop computers, and identify the thief by recording movies and sound.

We handle billing, tech support, and customer support. All you have to do is sell! We handle everything else. Your customers will be happy with our support, and so will you! (If you want to handle your own Customer Support, we have a plan for that!)

See our website at <http://remote-backup.com> for more information.