

**Managed Hosting
Provider Benefits
from KEMP
Technologies
Application Delivery
Products for the SMB
Market**

Introduction

Small-to-medium sized businesses (SMB) continue to become more sophisticated, and are demanding the same level of quality and functionality for their IT web infrastructure as enterprise IT organizations. Many SMB organizations are responding to these demands by better understanding their application performance issues, and implementing their own application delivery optimization solutions provided by the various application delivery product vendors. However, many SMB organizations prefer to outsource their application delivery optimization infrastructure to Managed Web Hosting Providers (MHP).

KEMP Technologies value proposition for Managed Hosting Companies serving small-to-medium sized customers include the following categories:

- Dedicated (unmanaged) Servers
- Dedicated Managed Servers
- Virtual Private Servers (VPS)

Return on investment examples

Below are examples that show approximately what a return on investment with KEMP LoadMaster products might look like for a Managed Web Hosting provider. In these examples, the list price for a LoadMaster 1500 is \$2490. To provide full high-availability two LoadMaster 1500's are required, with a total list cost of \$4980. However, this does not take into account that VAR Master Partners receive discounts on all KEMP products. This example also does not include any additional support extension fees for years 2-3. Additionally, an MHP may choose to add more than one customer per high-availability LoadMaster pair, which would dramatically increase the ROI by a factor based on the total number of customers per LoadMaster pairs.

Scenario #1

The monthly equivalent cost to the MHP over 12 months is \$417. If they charge \$600 per month for basic application delivery services with full HA (minus SSL), that would give them an ROI within approximately 10 months. If they charged an additional fee of \$50 per month for SSL, the ROI would be less than 9 months. After 9 months, their application delivery service profits other than their power and personnel costs are 100% margin. Another way to look at this scenario over a 3 year period would be as follows:

- \$5000 initial LoadMaster 1500 (x2) investment per customer
- Yearly revenue for application delivery with SSL @ \$650 per/mo. = \$7800 per/year
- Total profit over 3 years \$23,400 per customer

Scale this scenario over 20 customers and the total 3 year profit is \$468,000.

Scenario #2

The monthly equivalent cost to the MHP over 12 months is \$417. If they charge \$1200 per month for basic application delivery services with full HA (minus SSL), that would give them an ROI in just over 4 months. If they charged an additional fee of \$100 per month for SSL, the ROI would be less than 4 months. After 4 months, their application delivery service profits other than their power and personnel costs are 100% margin. Another way to look at this scenario over a 3 year period would be as follows:

- \$5000 initial LoadMaster 1500 (x2) investment per customer
- Yearly revenue for application delivery with SSL @ \$1300 per/mo. = \$15,600 per/year
- Total profit over 3 years \$46,800 per customer

Scale this scenario over 20 customers and the total 3 year profit is \$936,000.

KEMP products deliver real benefits

Many benefits can be gained by SMBs outsourcing KEMP application delivery optimization products to an MHP, including:

Reducing Capital Expenditures

The MHP provides the equipment as a bundled service offering, avoiding the need for (CAPEX) to deploy an application delivery solution.

Total Cost of Ownership (TCO)

MHPs can reduce operational expense (OPEX) for training employees for planning, implementing, managing and supporting application delivery optimization, or hiring additional personnel with this expertise. MHP customers can also benefit from the lower cost infrastructure of MHP operations that leverage economies of scale.

Benefit from the MHP's Management Processes

SMBs can take advantage of the MHP's processes for application delivery optimization, including planning, management, support and control. MHP's have the ability to scale their operations across many customers to leverage their investment in automated management tools, and management processes that improve the productivity of their IT staff. The efficiencies gained from these processes help reduce their OPEX costs for application delivery optimization services.

Benefit from the MHP's Expertise

MHPs are technology service specialists, and dedicated technical staff that can support an SMB IT organization that may be short on technical resources. This specialized technical services expertise can benefit SMB customers by providing application delivery optimization to increase website reliability and performance, while reducing the total cost to run the site infrastructure.

Benefit from the MHP's Technology

Due to the economy of scale advantages that MHPs have, they can take advantage of advanced technologies for their application delivery optimization services,

and stratify their service offerings to best accommodate their customers. As mentioned in the introduction, SMBs are becoming more sophisticated, and they are demanding the same level of quality and functionality for their IT web infrastructure as larger enterprises. By leveraging an MHP, SMB customers can take advantage of the application delivery services and gain the benefits of the technologies and facilities that may not be affordable to the SMB.

Time-to-Market Deployment

Managed Web Hosting Providers accelerate the learning curve and time to deploy an application delivery optimization solution.

Focused Strategy

Working with an MHP for application delivery optimization services can dramatically free up SMB IT staff, and better align in-house IT resources with the SMB business objectives.

Additional benefits

- Great for smaller clients looking to add a 2nd hosted server for high availability and higher performance
- Easy-to-use, simple to maintain (Web User Interface) *
- Installs in under 30 minutes – saving on deployment costs
- Enables MHPs to easily grow their customer base and the number of hosted servers per customer
- Ultra-high reliability – no hard drives (all solid state)
- Great way to differentiate service offerings at the SMB level
- Ultra-low power consumption for greatly reduced energy costs

- On-site spare units provided for immediate hardware replacement **
- Same user interface and feature set across all LoadMaster models – providing easy upgrade path and learning curve
- The ONLY cost-effective alternative for Virtual Private Servers (VPS)
- Joint marketing programs and referrals to help grow your business
- Dedicated support team to maximize your management margins