# datto

7 Essential Benefits of **Hybrid Cloud Backup**

Datto uniquely empowers MSPs to meet the growing needs of SMBs for economical and effective backup, disaster recovery and business continuity. Datto's Total Data Protection Platform uses a hybrid cloud architecture because it offers the best value for SMBs and the best business model for the MSPs that serve them.

This white paper offers seven reasons every MSP–and every SMB–should embrace hybrid cloud for this critical purpose.

What is Hybrid Cloud?

"Hybrid cloud" in the context of this white paper refers to a data protection architecture that combines on-premise and off-premise as-a-service deployment models. The on-premise component of a hybrid cloud deployment may or may not utilize virtualization. It may also be managed remotely by an MSP, rather than by the SMB's own IT staff.

In the case of Datto's Total Data Protection Platform, the on-premise component of the architecture behaves like local Network Attached Storage (NAS), backing up data locally—while also performing deduplication, compression, file conversion and other appropriate operations. These operations reduce consumption of on- and off-site storage resources, minimize bandwidth requirements and compress both backup and restore times.

Hybrid Cloud Backup Overview
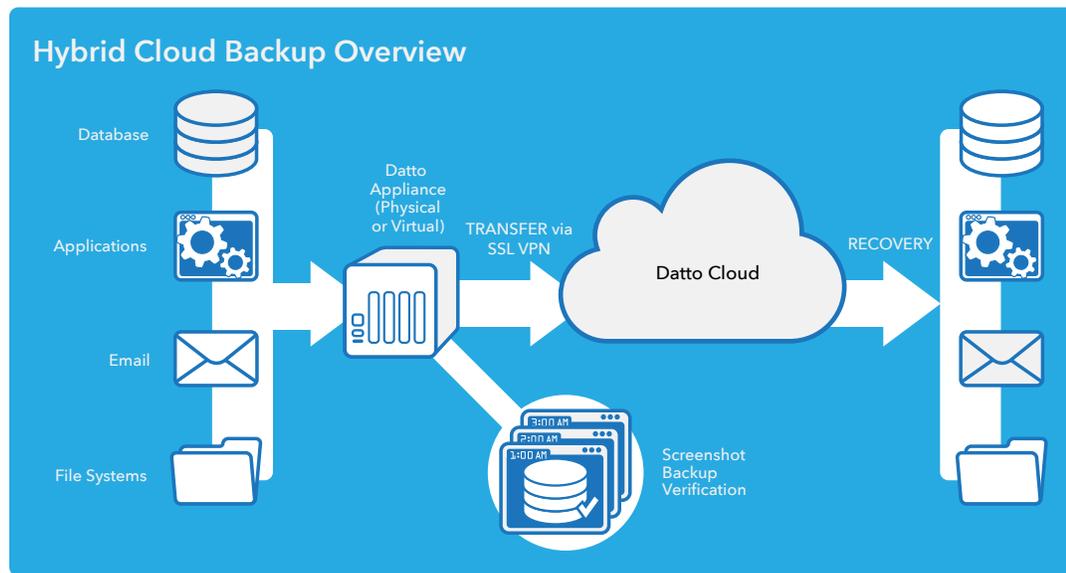
The off-premise component of a hybrid cloud is typically provided on an as-a-service basis to the SMB, which means that the SMB does not have to bear the responsibility of managing it—and can pay for it on a subscription basis. For MSPs, the use of Datto's cloud also eliminates operational responsibilities and provides powerful economies of scale. Also, the Datto cloud replicates customer data in multiple locations to ensure recoverability even in the event of even the most extreme local disaster.

The result: A data backup, disaster recovery and business continuity solution that is second to none in terms of reliability, cost-efficiency, RPO/RTO capabilities and marketability for MSPs.

1. Superior Business Continuity

For SMBs, data protection is no longer merely a "nice-to-have." It is a must. There are two reasons for this. First, SMBs are more dependent on technology than ever. If they can't access their customer, operational or supply-chain data, they can't do business. So every minute of downtime costs them money. And if they permanently lose any data, the cost could be even higher.

Second, in a market environment where customers can easily take their business elsewhere at the drop of a hat, even a relatively brief IT outage can cost an SMB relationships it may have taken years to develop. An extended period of downtime can actually put an SMB out of business. The ability to keep critical IT systems up and running regardless of a hardware failure, an extreme weather event or other contingency is thus essential.

A hybrid cloud solution like Datto's Total Data Protection Platform safeguards business continuity for SMBs in two important ways:

1) It ensures that all data, applications and server images are safely stored off-site. Local backups aren't much good in the event of a building fire or extreme local weather. With a hybrid solution, those contingencies won't threaten an SMB—because everything of business value is safely ensconced in three locations: on-premise and in two remote cloud datacenters.

2) It allows data, applications and server images to be accessed from any failover location. Business continuity isn't just about storing backups. It's about spinning up failover systems as quickly as possible. With hybrid cloud backups, those failover systems can start running instantly on on-premise hardware if the problem is just a device failure. But if a real disaster strikes, hybrid cloud allows an SMB to run its critical applications off virtual machines in the cloud—which users can access from branch offices, home PCs, laptops or any other authorized systems—until such time as normal IT operations can be restored.

Business continuity isn't just about storing backups. It's about spinning up failover systems as quickly as possible.

Bottom line: Hybrid cloud backup is ideal for MSPs that want to fully safeguard the business continuity of their valued SMB customers.

2. True SMB-Friendliness

The greatest data protection technology in the world won't do an SMB any good if no one at that SMB buys it. MSPs therefore don't just have to consider the technical virtues of a solution. They have to consider its marketability to SMB decision-makers.

Hybrid cloud makes it easier for SMB decision-makers to greenlight enterprise-class data protection in several ways:

- It doesn't demand capital investment. As with other cloud-based solutions, hybrid cloud data backup allows SMBs to avoid large upfront capital investment. This is critical for closing deals with customers who would rather spend their limited cash on something that tangibly contributes to business growth—such as marketing or the purchase of new equipment—than on what they may think of as merely an "IT cost."

- It isn't difficult or disruptive. Running an SMB day-to-day is hard enough. That's why SMB decision-makers tend to be very leery about saying "yes" to anything that might make more work for their already overburdened employees. A sufficiently simple hybrid cloud solution can neutralize this common SMB objection—especially if it is implemented by a sufficiently capable and service-oriented MSP.

- It can be readily cost-justified. SMBs already plunk down insurance premiums to cover facilities, vehicles, key employees and other valued assets. The mathematical ratio between these premiums and the assets they protect can be objectively calculated. To cost-justify a monthly backup subscription, MSPs simply have to demonstrate that the ratio between the cost of that subscription and the value of the assets being protected—or, more importantly, the quantifiable negative impact on the business should a data loss or interruption of critical IT services occur—is similar to or better than an insurance premium. This can be done with relative ease.

- It's something "everybody is doing." SMB decision-makers tend to be conformists when it comes to technology, because they perceive anything out-of-ordinary as entailing risk. Thanks to services such as Apple's iCloud, however, cloud-based backup has become part of everyday life. MSPs can use these examples to assure SMB decision-makers that they are not going out on a limb by adopting hybrid cloud—and that the greater risk is not to implement a solution that fully protects them against business interruption and data loss.

> **Bottom line: Hybrid cloud makes it easier for MSPs to sell their valued SMB customers the capabilities that they genuinely require— but may otherwise mistakenly put off acquiring.**

Hybrid cloud makes it easier for SMB decision-makers to greenlight enterprise-class data protection.

3. Adaptable Capacity

SMB backup capacity requirements are notoriously difficult to predict. After all, in a large enterprise, a new application or data source only has minimal impact on overall backup volume requirements. In an SMB environment, on the other hand, even a single new IT system or resource can dramatically affect backup volume if it's used intensively enough.

That unpredictability—combined with the fact that business data as a whole is growing at a rate of 60% or more annually—presents a quandary for MSPs and their SMB customers alike. Underestimate volume requirements, and you'll have to scramble to increase infrastructure capacity and ratchet up your costs. Overestimate volume requirements, and you'll overspend and reduce your ROI.

Hybrid cloud enables MSPs and SMBs to cope with this unpredictability in several ways. On-premise, it allows for the use of virtualization in order to adaptively and incrementally add capacity as needed for the local staging of the most current backups of the most current data, applications and server images. Off-premise, it gives SMBs access to as much capacity as they need—while also not locking them into excess capacity if they don't need it.

Also, as explained below, MSPs and SMBs can take advantage of retention-based pricing to keep monthly cloud backup costs predictable—even though the actual volume of data being protected in the cloud may not be.

> **Bottom line: Hybrid cloud can adaptively accommodate unpredictable fluctuations in the volume of business data MSPs and SMBs must protect.**
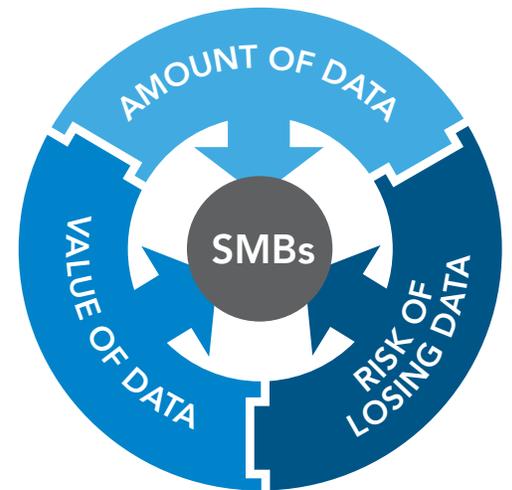
4. Optimized Economics

For SMBs, excessive reliance on on-premise only backup capabilities can lead to both high capital costs for infrastructure and high operating costs for ongoing infrastructure management. MSPs can likewise wind up burdened with high capex and opex if they try to build their own backup cloud environments. MSPs who take this approach also face the problem of having to size their initial investment appropriately so that they don't build more capacity than they can sell.

A hybrid cloud approach offers far superior economics for several reasons:

- Capex is minimized, because on-premise capacity can be limited to just what is necessary to stage the most current incremental backup. Earlier backups and large files can be recovered from the cloud.

- Economies of scale enable a dedicated cloud backup solution provider like Datto to achieve a much lower cost-per-GB than any SMB or MSP could individually.

- The combination of economies of scale and technical specialization also enable a dedicated cloud solution provider like Datto to achieve much lower operational costs while achieving better results.

Datto's Total Data Protection Platform offers the further economic benefit of Time-Based Cloud Retention (TBCR). With TBCR, monthly costs for cloud-based storage of SMB customer data are fixed based on the required retention period—rather than varying according to volume.

This fixed-price model simplifies data protection decisions and shortens MSPs sales cycles. It also eliminates unexpected spikes in monthly cloud costs, which are a common cause of customer dissatisfaction with cloud-based backup services. And it reduces administrative costs for MSPs, since it eliminates the need to constantly sort through cloud provider invoices and volume reports to make sure customers are billed accurately.

> **Bottom line: Hybrid cloud reduces capex and opex for SMBs, while at the same time safeguarding MSPs' operating margins.**

## 5. More Confident Compliance

Many SMBs are subject to regulatory mandates such as HIPAA and PCI that require them to:

- Protect specified data from loss or corruption

- Retain specified records for a specified period of time

- Document successful testing of data recovery mechanisms

Hybrid cloud–especially as delivered by Datto–offers SMBs the best means of fulfilling these regulatory requirements. To remediate data corruption, for example, an SMB needs to roll back to the most recent possible uncorrupted version of the data. However, data corruption events often escape immediate detection. That means that an SMB depending exclusively on local backup would have to maintain numerous incremental versions of every file under such regulatory mandates. This would obviously add to the cost of data protection. An off-premise cloud solution is much more practical for this type of multi-increment protection.

Datto's Total Data Protection Platform goes a step further by automatically checking backups for application integrity–and by automatically alerting MSPs if a data integrity issue has been detected. This provides three important benefits. First, it allows MSPs to take immediate action if application data is corrupted. These actions can include both restoration of the most recent uncorrupted and investigation of the root-cause of that corruption in order to keep it from happening again.

Second, this automatic alerting protects both the SMB and the MSP from the data corruption that can occur in the backup process itself. This is a non-trivial risk that can be especially problematic when it involves data covered by regulatory mandates.
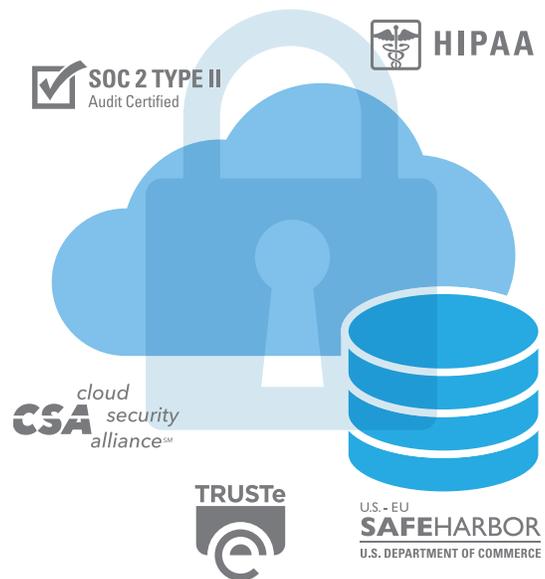
Third, it provides a means of tangibly demonstrating to regulatory auditors that appropriate mechanisms have been put in place to fulfill the requirements of those mandates.

> **Bottom line: Hybrid cloud empowers SMBs and MSPs to more confidently comply with regulatory mandates relating to data protection and data recoverability.**

6. Sustainable Recurring Revenue Streams for MSPs

Recurring revenue is central to any viable MSP business model. Product sales and projects can also provide income and profits—but an MSP's predictable monthly revenues come from ongoing services.

Hybrid cloud backup services are obviously a great source of such predictable recurring revenue. All SMBs need to continuously protect their data, applications and server images. And that need typically grows over time. So by working with the right backup cloud service provider, MSPs can reap recurring revenue without having to shoulder the financial and operational burdens associated with direct ownership of multi-tenant backup environments.

MSPs can also reap revenue from the on-premise component of hybrid cloud. For example, an MSP can retain ownership of the on-premise device and add to the recurring monthly fee. Alternatively, implementation of the on-premise component can complement the recurring revenue of the cloud service with a one-time upfront revenue event.

MSPs can also leverage hybrid cloud backup to generate related recurring revenues for services such as monitoring the SMB's environment for new backup needs (i.e. new devices, applications and data sources) or executing periodic business continuity "drills."

> **Bottom line: Hybrid cloud offers MSPs a lucrative source of sustainable recurring revenue.**

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7. Better SMB Account Engagement

SMBs don't typically engage with multiple MSPs. The complexity of managing multiple relationships can be counter-productive for them, and SMB decision-makers often have the sense that spreading their spend too thinly across too many vendors reduces their negotiating leverage. Also, once such decision-makers find an MSP they trust, that trust usually extends to all their IT needs.

A hybrid cloud solution supports this kind of engagement by giving an MSP control of a central aspect of the SMB's IT environment and a critical aspect of their business. Having a device situated on the customer's premises also promotes a more "high-touch" relationship than a pure public cloud service would by itself.

By introducing SMB customers to hybrid cloud in the form of a backup solution, MSPs can also position themselves as a trusted advisor for other types of cloud and hybrid cloud implementations. This is a strategically important position for any MSP planning to participate in the many cloud-related market opportunities likely to emerge in the coming years.

> **Bottom line: Hybrid cloud positions MSPs strategically with SMBs customers to maximize account control and penetration over the long term.**

Datto's Total Data Protection Platform

Datto is the leading vendor of hybrid cloud backup solutions for MSPs to serve the SMB market. Datto's Total Data Protection Platform empowers MSPs to ensure their SMB customers' data ensures is backed up, protected, and recoverable at all times.

By converting backup images directly to vmdk format, Datto solutions ensure that SMBs can boot up their backup VMs from local or remote drives in mere seconds–instead of minutes or hours. The result is competitively differentiated recovery time objectives (RTOs) that better safeguard SMB business continuity and give MSPs a powerful sales advantage.

Datto ensures the security of customer data with AES 256 encryption both in transit and at rest in our SSAE 16 data centers. Datto also safeguards customers' data integrity with Screenshot Backup Verification™–a proprietary technology that delivers tangible proof of backup success.

Most importantly, Datto genuinely takes responsibility for the success of the SMB customers that our 8000+ channel partners serve as if they were our own. We understand the gravity of ensuring customer data is safe, secure and available whenever needed. **Our business is to keep your customers' businesses running – no matter what.**

For more information about Datto's Total Data Protection Platform, please visit www.datto.com.

Datto develops and markets the industry's most advanced, complete and cost-effective Total Data Protection Platform exclusively through MSPs, VARs and other IT Service Providers. Datto's Total Data Protection Platform uniquely enables these channel partners to protect their customers' data wherever it resides–on-premise, in the cloud, and even tucked in SaaS apps like Salesforce and Google Docs–while generating recurring revenue. Datto's simple, predictable TBR pricing model and extraordinary culture of service also enable MSPs to avoid complexity while they expand their market reach.