

MAXBackup™

MAX INSIGHT

Whitepaper

Building Backup as a Service (BaaS)

We are Max

MAXfocus™

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Backup-as-a-Service (BaaS): A fantastic opportunity for MSPs and IT Support Providers

Everyone needs backup. But, it is a thankless job, one that adds no real competitive advantage - and when things go wrong there is nothing but blame. And things far too often do go wrong. Tape backup in particular is prone to error.

Many in IT would gladly give up their backup chores if they knew it could be handled safely and affordably by someone else.

That's where savvy Managed Service Providers (MSP) can step in. You the MSP/IT Support provider can take over that backup infrastructure as well as the monitoring and management chores. Not only is there money to be made, but these services are sticky. Once the backup is working smoothly, customers are reluctant to switch. And as a trusted partner, you can sell additional and hopefully integrated services.

Build vs. Buy

When it comes to any cloud service, providers must ask themselves if they want to build it all themselves or connect with a partner who already has the ability to host and services built.

If you already host, and find your own capabilities to be the best economic route, then adding and hosting new backup services could make sense. However, unlike many services that are mostly compute-intensive, with backup the hosting company is responsible for regularly adding disk capacity. Unless your core business is storage, this may not be the most effective approach, and you may not take full advantage of the economies of scale the same way a backup service provider can.

And all this storage can quickly tax your data center, taking up room, swelling your energy bill and increasing the need for cooling, cabling and other data center items. With a partner that has the service and does the hosting, you can launch a Backup-as-a-Service (BaaS) business tout de suite – in hours or days, not weeks or months. And the service will be already proven to work, and guaranteed to scale.

Even better, a good BaaS partner should also have key tools that help you manage clients such as remote monitoring and management (RMM). A good RMM tool will have an intuitive dashboard and integrate with the backup as well as related services, such as security and mobile device management (MDM). This way you can easily add more services which you already know how to manage.

The New World of Backup Architectures

Different customers have different backup needs and preferences. A one-size-fits-all approach may turn off potential clients and at the least will limit your market. There are three main backup architectures. Look for a partner that can help you support all three.

On-premise: The traditional approach is purely on-premises. And Managed Service Providers can still support on-premises infrastructure. By taking on these backup chores you are in a position to lead these clients to a hybrid or pure cloud approach.

Pure cloud: Another approach is pure cloud and while this may be appropriate for small organizations with non-critical data, it is not an optimum solution. A pure cloud backup approach seems compelling – the customer doesn't have to worry about storage infrastructure and hands-on management. And for consumers, this approach is just fine.

Businesses are different. When file servers or other key servers go down, companies need to get back to business as soon as possible. Problem one with so-called disk-to-cloud (D2C) or pure cloud is there is only one backup tier. If there is a problem with the service provider or with the Internet connection, restores are either delayed or not possible.

But more pressing is the fact that there is no local backup. By definition restores from the cloud take longer as they have to traverse a wide area network or the Internet. And these restores may saturate the business network, disrupting normal operations.

Hybrid: For many the two main backup choices are to stay entirely on-premises or move completely to the cloud. The best route may well be somewhat in between. Called either hybrid backup or Disk-to-Disk-to-Cloud (D2D2C), this approach blends an initial disk backup in-house with a second tier of backup in the cloud. And with the cloud tier, backup can scale without adding infrastructure or staff, and is guaranteed to successfully restore when need be.

Another great part is that the local storage is there for smaller data recoveries, or when speed is of the essence. And larger restores are faster when they are already on the customer's in-house network. This provides two tiers of backup, and the customer doesn't have to manage the tier that exists in the cloud. And this cloud tier is ideal for restoring files to remote workers or satellite offices. The cloud tier can offer true disaster recovery, or restore easily to remote offices and users.

How is BaaS Different from Basic Cloud Storage?

There are an intense array of cloud storage tools creating an equally intense amount of confusion and misinformation.

First, there is a gaggle of free and super low-cost storage and backup tools on the Internet. If you are a high school senior with a bunch of party photos, these services are just fine. If you have a business to run, then sprint away from these raw, low-end, unmanaged offerings.

True BaaS is far different. Here you should have a trusted provider, support, top shelf security, and all management handled by the BaaS vendor. And as an MSP, that trusted partner could be you. You can guarantee the backup is there, safe from hackers, and that restores will always work and work quickly. The same can't be said for low-end cloud backup and certainly not for purely on-premises backup infrastructure. This is especially true for tape backup which fails in 42% to 54% of all cases, expert say.

Gartner also believes things with tape are pretty dire. It finds that backups only succeed around 85% of the time in the average data center, and 75% in the average remote office. All too often these failures go unnoticed, that is until the restoration can't be adequately completed, or done at all. Many shops may not realize it, but their backup is likely broken. Some may find out when they run clean out or space, or even worse, when their restores fail to restore. Dave Russell, Gartner VP of storage technologies, is on the case and developed "The Broken State of Backup" presentation to address these problems and propose a better way forward. Backup is broken because IT shops have too much confidence in their backups, despite a sorry lack of verification and testing. The result is that all too often backups fail, often due to the fragile nature of tape. And much of the backup infrastructure these shops rely on is obsolete.

The answer? Russell says companies "should expect to fundamentally change their backup/recovery investment strategies." As a BaaS MSP, you could be that agent of change.

BaaS, mostly being in the cloud, has nearly infinite scalability so customers needn't worry about running out of space. According to Forrester Research, from 2010 to 2012, the amount of data backed up by enterprises grew 42%. At the same time the amount of file storage only rose 28%. Meanwhile the need to backup PCs nearly doubled in those two years. And the Dell'Oro Group says enterprise storage is growing at 50% a year. And the Enterprise Strategy Group (ESG) says it is even more, say 60%.

No matter which research you buy into, it is clear that storage and backup infrastructure is getting fuller and fuller. To keep pace, IT shops either need forklift upgrades of their storage infrastructure, or more smartly, turn to BaaS.

MAX Backup: A Deal Too Good to Refuse

This paper has exposed the weaknesses of most of today's backup infrastructure and pointed a new way forward. One product representing that way ahead is MAX Online Backup. One advantage isn't just the backup tool itself, but the technologies that can surround it.

On the management front, the company offers the [MAX RMM](#). This tool makes backup a snap to deploy and just as easy to manage. If you already offer the MAX RMM, it is a piece of cake to add backup. If you are new to LogicNow, you add implement both tools at the same time.

Gartner advises customers to look for backup with encryption. [MAX Backup](#) has that covered with encryption that ranges from 128-bit AES and 256-bit AES, all the way to Blowfish 448-bit encryption. Who holds the keys is another issue, and here MAX is designed so LogicNow can't look at customer data.

Deep Deduplication: The Hyper Performance Secret

The speed of backup and restores is based on many factors, including network performance. But the amount of data sent over the network for backups and restores is generally far more critical. Deduplication is a great method to reduce those amounts. MAXfocus takes deduplication a whole step further with its deduplication, performing Deep Deduplication which is based on True Delta technology.

Here's how True Delta's Deep Deduplication works. On the very first backup, the full data sets are copied. After that only changes to the data are sent over. Competitor's deduplication only backs up changed files. But even if only one word in a Word doc is different, they still back up the entire file.

MAXfocus Deep Duplication works on a block level, so it only sends over the blocks within the file that changed. This is a fraction of the data involved in file-based deduplication.

So what is so great about Deep Duplication? When it comes to speed, Deep Duplication means everything. Vastly smaller amounts of data traversing the network for backup and restore has an equally vast impact on speed. And this means you can have radically shorter backup windows. This just doesn't make the process more efficient, but shops can perform backups more often, which means when it comes time to restore, the data is fresher.

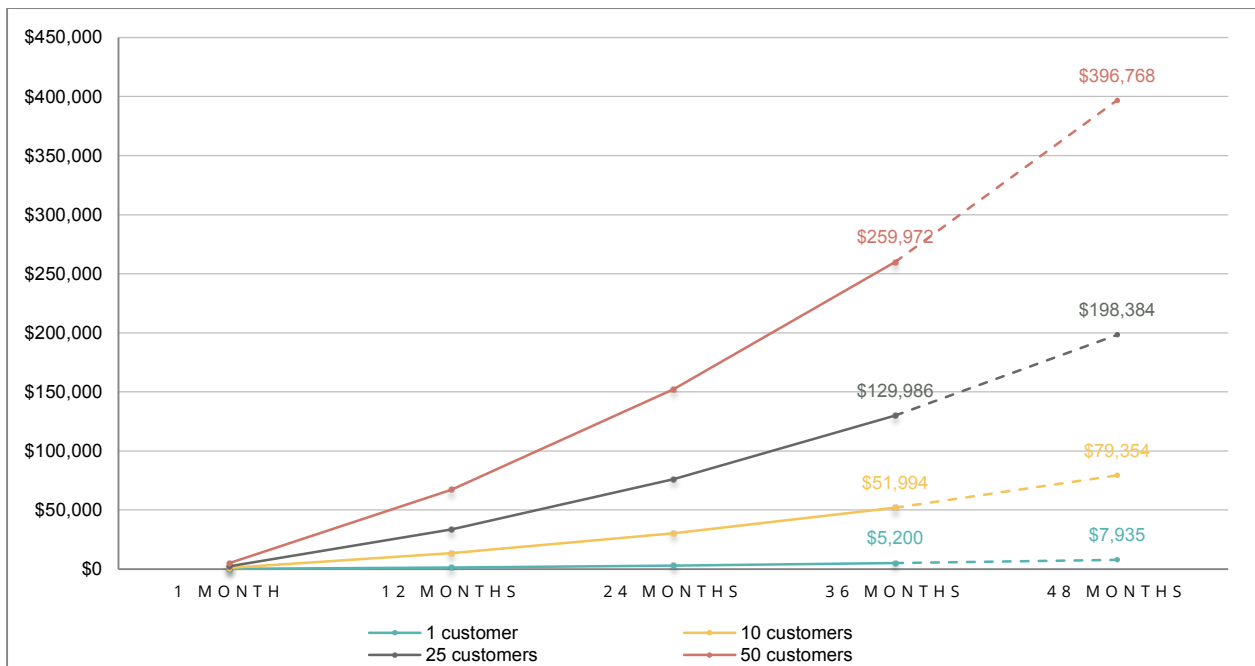
It also has an impact on both the customer and MSP infrastructure needs. Deep Deduplication applied to on-premises backup, by reducing the amount of data that needs backing up, reduces the amount that must be spent on disks and the network infrastructure. And the existing on-premises infrastructure, rather than running out of steam, may find itself less taxed. The same is true for service provider infrastructure, which is critical if you prefer to host your own services. The traffic savings are incredible. In most cases, a system based on Deep Deduplication only has to transmit 0.1 to .05% of the entire amount of data that needs backup.

Deep Deduplication applies equally as much for restores. In most cases, when you restore, you only have to send over the blocks that changed since the last backup.

Pumping Profitability

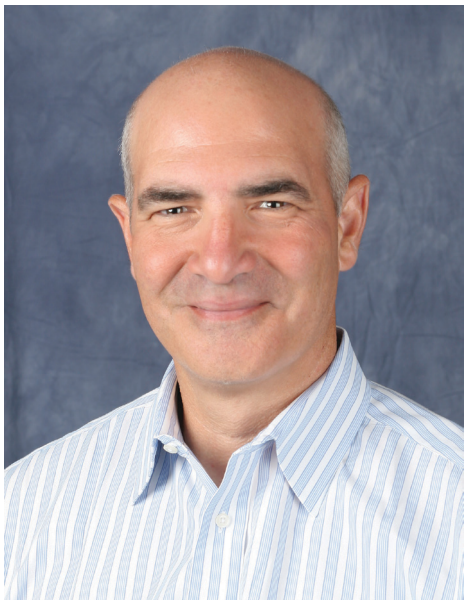
Managed services and subscription and usage pricing have changed the fundamentals of IT economics. Gone are large initial capital expense (CAPEX) outlays. In are smaller more predictable fees, usually billed monthly. Along with this is a change from the break/fix model to one based on cloud services, subscriptions and ongoing revenue.

So how does this work with BaaS? A typical charge is \$1 per gigabyte per month, so a 100GB account will return \$100 to the provider each month. This is known as monthly recurring revenue (MRR) – three letters that are music to MSPs ears. Even better, these fees tend to not just go up, but do so in a compound way as backup volumes typically grow 2% a month. That initial fee, a year later, rises to \$124 a month. Two years later it hits \$158 and after three years basically doubles to some \$200.



Monthly Recurring Revenues Grow on a Compound Basis

Case Study: Choice Technologies Inc.



Steve Rutkovitz,
CEO, Choice Technologies Inc.

One MAXfocus partner knows all this first hand. Steve Rutkovitz, CEO of managed service provider Choice Technologies Inc. has been providing offsite backup for 8 years. MAX Backup has revolutionized Choice's backup business. Before LogicNow, Choice was charged with managing 25TB of backups. It was needlessly complex, really a series of discrete systems, and each had to be managed separately. There was no RMM, no single dashboard. All this complexity meant Choice's backup business really couldn't scale.

After a six month search of backup tools, Choice decided on MAXfocus. Now the MSP's 250 different backup jobs are all handled through one dashboard, one console. And with just a 2% issue rate, it takes barely any time to manage. And this makes the BaaS quite scalable. Rutkovitz believes he can easily scale into handling thousands of jobs.

One benefit of the dashboard is Rutkovitz's company can manage by exception, spending time on the small percent of backup jobs that pose problems. This dramatically reduces labor costs, increases efficiency, and boosts profitability.

These efficiencies start with the seeding process. Choice used to have to connect a physical hard drive to the server they wanted to backup, and then transport that device to the offsite backup location. Because backup from [MAX Backup](#) is so fast, the company can now do this seeding all remotely. The company, Rutkovitz said, was able to seed 24TB in 60 days without stepping foot on the customers' premises. The labor here is "minuscule" compared to how things used to be done, Rutkovitz said.

Choice has an interesting approach to pricing. It charges \$100 a month for base system that supports 100GB. However, often that full amount is not used. It also has tiers where the company charges for 0-100GB, 100-200GB, etc. When the backup volume exceeds the amount specified, the customer just moves up to the next billing tier. This simplifies and eases billing for MSP and customer alike.

And perhaps most import for long term profitability is customer loyalty. Here Choice is able to send out its own branded monthly reports showing that the backups were successful. And since going with MAXfocus, Choice Technology has a *100 restoration success rate*.

You can even white label the BaaS so it is fully branded as your own. This includes the service, a customer portal, support, and sales and marketing materials!

Start offering sticky BaaS today

Backup as a Service is very sticky and therefore highly profitable. Offer BaaS and grow your monthly recurring revenues. With [MAX Backup](#), it really is as easy as that!

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