

How to Sell Web Hosting For a Profit

A comprehensive e-course designed to help you start your own web hosting business with success!

6th Edition



Read This First!

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Thanks again for investing in my course and setting yourself a step ahead of all the other people trying to start their own web hosting business. As you dive into the following information, there are a few things that I would like for you to keep in mind.

1) Take the time to read the whole thing. It's really not very long, and important details will be missed if you only skim it.

2) Pay attention to the details. The secret to success and the golden nuggets throughout this course are the details. You won't find one big bold sentence that holds the magic key to unlock your future wealth. The key is found in all the small things, which combined add up to create a successful business.

3) This course is always be evolving. As the industry changes, and as more people read my course and offer suggestions, I am revising and releasing new editions. If you notice any mistakes, or perhaps part of the course that is out-of-date, please notify me immediately so I can correct the next edition.

As you can see, I really do want to help you. Drop me a line and let me know what you think about the course. Again I wish you the best, and hope you enjoy delving into the world of web hosting.

Sincerely,

Eric Holmlund
www.ericssupport.com

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How to Sell Web Hosting for a Profit

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Introduction

In this short course you will learn the steps necessary to become a successful web hosting reseller. While there are many ways to build and operate any business, we will look at an approach that has been proven successful by many resellers including myself. If you're like most prospective resellers, you're probably very interested in the financial potential of this opportunity. Perhaps you'd like to make some extra money each month to pay off those bills, or take a vacation you've always wanted to take. Maybe you already run a successful online business, and you're looking for ways to make more money with less effort. Perhaps you're a web designer looking for a way to provide hosting to your clients while increasing your profits. If you're like I was, you probably want to quit your day job and start working for yourself. In other words you want to stop putting money into your boss or company's pockets and start putting it into your own. You want to get out of the 9 to 5 rat race and work from the comfort of your own home. You want to be closer to your family and spend more time with the ones you love. Whatever your reason, this course will put you on the right track for running a successful business. Using the same techniques that are in this course, I turned a \$40/month reseller plan into a six-figure income in less than a year when I first became a reseller. I've broken it down into ten easy to follow

steps so you can take this course at your own pace. At the end of each chapter (step), you will find three study questions to ask yourself as you prepare to embark on this exciting and profitable venture. Here are the ten steps:

Step 1: Learn the basics

Step 2: Learn about various reseller opportunities

Step 3: Get started with a business plan

Step 4: Sign up for the service

Step 5: Build your own website

Step 6: Set up your backend and hosting plans

Step 7: Market your services

Step 8: Support your customers

Step 9: Get advanced techniques and advice

Step 10: Sell your business



STUDY IT!

Questions to ask yourself:

- 1) Why am I reading this?
- 2) Why do I want to be a web host?
- 3) Do I want to be successful?

Notes:



Step 1: Learn the basics

First, a word of caution. This course is NOT in any way a get-rich-quick scheme. It won't teach you how to get money for nothing. It's not MLM or any of those "bizops" you've tried before. If you're looking for another get-rich-quick program, I would suggest you stop reading this right now and go buy yourself some worthless information from one of the thousands of con artists who would be happy to sell it to you. Being a web hosting reseller is a real opportunity that takes real work. Unlike most business opportunities, I'd even go as far as to say it's NOT for everyone. I know this for a fact because some people, even armed with the proper information, still fail to run a successful business. So here's a little test that might save us both a lot of time. I know you didn't pay thousands of dollars for this information, so it's no big loss if you back out now. In fact, the small amount of money you spent is well worth it even if it's just to save you the

time of trying something only to find out later that it's just not for you. So please answer these questions honestly:

- 1) Do you desire to make money running a web-based business?**
- 2) Do you have a generally good understanding of the internet?**
- 3) Are you able to learn new things?**
- 4) Are you willing to work?**
- 5) Do you know how to use email?**

If you answered yes to each of those questions, congratulations! You're a perfect candidate to become a successful web hosting reseller. If you were unable to answer yes to any of the questions, I would suggest that you first work on that area before even attempting to become a web hosting reseller.

Let's make sure we're on the same page here by going over a couple of basic definitions.

What is web hosting?

In a simple definition, web hosting is taking your web pages (for example html files) and placing them on a web server which will be stored inside of a data center. Web servers are simply computers designed for web hosting. Data centers are constantly connected to the internet with high-speed connections (to the internet backbone) so that the world can access your web files through the internet. "Virtual hosting" allows more than one web site to be run on the same server. This makes web hosting very easy and affordable compared to running your own dedicated web server. With virtual web hosting your site shares server resources with many other sites on the server. This is why it is important to choose a host that utilizes powerful equipment and high standards of security.

What is a web hosting reseller?

A web hosting reseller is exactly what it sounds like; someone who buys or leases web hosting resources (server space, bandwidth, etc) from an internet service provider and then resells those services to others.

Why should I become a reseller?

Every day there are thousands of websites added to the world wide web. Today there are millions upon millions of websites, and millions more are added each year. And guess what? EVERY single one of those websites has to have a host! If they didn't have a host, nobody would be able to see their website. As you can already imagine, the web hosting business is a hugely profitable and rapidly growing industry. There are already thousands of web hosts; but don't think for a moment that there are already too many. There are literally so many websites being added to the web each day that if you could even capture a small fraction of a percent you could be rich!

Most small web hosting companies start by reselling web space provided by other (larger) companies through web hosting reseller programs. Especially if you are not experienced with running a web hosting company, it's best to start your web hosting business by purchasing web space from a company with a web hosting reseller program. Start by buying a small account and reselling pieces of it. A web hosting reseller program of one company can differ significantly from a web hosting reseller program of another company. In Step 3 you will learn about several different types of reseller opportunities.

How much money can I make?

If you've been checking out reseller programs for awhile, you've probably seen those ads that say make \$XX per month or \$XXk per year. While it's true that the potential with many reseller programs is virtually unlimited, most examples you

see are best-case scenarios which in reality rarely happen. Most calculations do not consider the number of customers that quit their service, nor do they take into account marketing expenses such as advertising. Of course you are only limited by the amount of time and effort you want to invest in your business. Here is a realistic scenario of how you could make \$2,000 per month as a web hosting reseller.

SALES PER WEEK:

Let's assume six sales per week. Three sales at \$10/month. Three sales at \$5/month. This is a realistic possibility using sensibly low sales prices, and less than one sale per day.

CHURN:

We will assume that one of your \$10 customers quits each month, and one of your \$5 customers quits each month. Once again, this is a realistic number.

HOSTING COSTS:

For this example we will use a \$40/month reseller account. We will also assume a generous monthly marketing budget of \$120 to cover advertising, Paypal or merchant fees, etc.

Based on these numbers, your business would look like this at the end of one year:

\$10/Month Customers = 144 x \$10

\$5/Month Customers = 144 x \$5

Gross Monthly Revenue = \$2,160.00

Hosting Expense = \$40.00

Marketing Expense = \$120.00

Monthly Net Income = \$2,000.00

Here is another approach to looking at the income potential, this time from a part-time and full-time basis:

Part-time example:

Here's an example of a part-time income using an entry-level reseller plan (prices and resource quotas will vary by company). You can buy a plan for \$20/month which gives you 2,000MB of disk space, 20,000MB of transfer, and the opportunity to host 100 domains from your own Web Host Manager panel. Let's say you divide your resources into 100 equal plans of 20MB disk space and 200MB of transfer, and sell them for \$5/month. Your monthly income is \$500 and your expense is \$20 for the reseller account which leaves you with \$480 of profit each month.

Full-time example:

If you're a web designer you can target your local small businesses and sell them a website/hosting package for \$50/month (very reasonable for a business). If you simply gain one new client per week your income will be up to \$2500/month within one year. Local clients are a great target market who will typically pay you \$3 to \$300 per month for hosting their web site!



Does reselling really work?

Yes it does, especially if you work hard at it, develop an attractive package and market yourself well. Think about this: each day thousands of websites are added to the world wide web. Every single one of those websites needs to have a web host!



STUDY IT!

Questions to ask yourself:

- 1) Did I answer “yes” to the five questions?
- 2) What is a web hosting reseller?
- 3) What are my expectations as I begin this venture?

Notes:



Step 2: Learn about various reseller opportunities

There are several types of opportunities available. This section will address each of the most common types of opportunities and give you the pros and cons of them. With over 10,000 web hosting companies offering a myriad of services, potential resellers are bombarded with choices. Here are the most common ones, followed by an explanation of which opportunity is best for most resellers to start with.

Outline:

- Affiliate Program
- Per-Account Program
- Private Label Reseller Program
- Virtual Private Server (VPS)
- Dedicated Server
- Private label reseller vs. Dedicated server

Affiliate Program:

You basically act as an agent for a particular web hosting company. You simply advertise the service, and you clearly mention that the service will be provided by the actual web hosting company. The customer will buy directly from the original web hosting company and you, for the "advertising service", get a few percent from each sale that originated from you (your website). This program could be as simple as placing a hyperlink or banner ad on your existing website. Another type of affiliate program is where you, the reseller, act as a marketer for the web hosting company. Again, you simply advertise the service and mention the actual web hosting company. The customer buys the service from you instead of the actual company, but all further contacts (support, complaints) do not involve you. They will be handled directly by the web hosting company.

I used to believe that affiliate programs were completely inferior to all other types of reseller programs, but after some experimentation I found myself making anywhere from a few hundred to a few thousand dollars a month just from affiliate links including affiliate programs for web hosting companies. This led me to realize just how powerful affiliate programs are, and how much the ecommerce world depends on them. We're not going to discuss affiliate programs in depth here in this e-course because by their nature they have some fundamental differences that set them apart from the other opportunities we will be discussing. An affiliate who promotes web hosting companies is really not truly a web hosting reseller; they are simply an affiliate. You don't have to know anything about web hosting to be an affiliate, and you really don't even need the rest of the information in this e-course. Essentially what you would want is a good training program on how to make money as an affiliate. If you are interested in pursuing that opportunity, I have some helpful resources listed at <http://www.howtosellhosting.com/eric-recommends.html> (Look for the "Affiliate Programs" section).

In general, an affiliate program might be good for someone who is interested in supplementing their monthly income but does not want to spend the time running their own web hosting company. Likewise, it would be good for someone who has a strong marketing background but has no knowledge of web hosting at all. The other group of people that affiliate programs are good for, are people with successful existing web businesses with a high-traffic website. Someone in this situation might not have time to run a hosting business, so at the very least they can earn some commission for referring their clients to a particular web host. For example, someone with a web promotion company might have affiliate links for hosting companies on their site, or someone with a web design company might refer their clients to a particular web host.

Per-Account Program:

With this type of program, your company appears to be a web hosting company in its own right. Depending on the terms of the program, you may or may not be handling sales and support, and in effect you will only be putting your own brand on someone else's service. You buy the service at a lower price and resell it to your customer at a higher one. The customers are yours and they will contact you for support. For example the "mother company" sells you hosting at \$5/month per domain. You operate your own website where you sell hosting for \$10/month per domain. Each time a customer orders from you, you go to the mother company's website and set up the account. The mother company emails the account details to you, and you then email the details to your customer. In this situation you can make some money, but you have no control over your hosting plans, and are very dependent upon the mother company. It's seriously inferior to a private-label reseller program for several reasons. The problem with this system is that you have no control over your product selection, and your profit margins are smaller than they would be if you used a private-label reseller program for several reasons. There is no reason for you to use this program unless you really don't want to handle setting up your own accounts. This

program is geared toward people who have very little web hosting experience and don't want to learn how to run their own WHM panel, but still want to sell web hosting for a profit. If you are interested in this type of program I have some links listed at <http://www.howtosellhosting.com/eric-recommends.html> (Look for the "Per Account Programs" section).

Private Label Reseller Program:

You, the reseller, purchase a quantity of web space and bandwidth (there are other features to take into account, but these are the most important ones) from the web hosting company. You are provided with the ability to slice that into pieces as you like, enabling you to create your own web hosting packages. Your customers won't be able to tell that you are using a reseller plan, and they won't know about the parent company you acquired the reseller plan from. Typically you get a reseller manager control panel (such as the cPanel/WHM control panel--the best in the industry). You set up your own customers accounts, and provide basic support for them. Essentially you have total control over your business. You ARE a web hosting company! Private label reseller programs utilize shared hosting, also known as "virtual hosting." Shared hosting enables consumers to share web hosting resources on a central server, which cuts down cost significantly for the end-user. Typically, individuals or small businesses cannot afford to obtain their own high bandwidth redundant connection to the web. Shared hosting provides web hosts with the opportunity to share the cost of a fast and redundant backbone connection, and provides them with the ability to host their own sites on powerful and professionally managed servers. Shared hosting is currently the most common and reasonably priced hosting option available. You can make a lot of money using a private-label reseller program. This is the type of program allows you to maximize your profit while running your own web hosting company. Some resellers supplement their income by running their hosting business in their spare time, and many grow it into a full-time income. I know of resellers making well into six-figures of annual income. If you

are interested in this type of program I have some links listed at <http://www.howtosellhosting.com/eric-recommends.html> (Look for the “Private Label Reseller Programs” section).

Virtual Private Server (VPS):

Virtual Private Servers (VPS, also referred to as Virtual Dedicated Servers or VDS) are basically an automated hosting platform that provides multi-tenancy, resource management and clustering. VPS allows resellers to multiplex resources on a dedicated server, using specialized software technology. Unlike shared hosting, VPS provides resellers with most root functions typically only available to the server administrator. VPS is becoming a very popular solution; however I would suggest sticking with a private label reseller plan unless you have a good technical aptitude. On a VPS system, server resources are “virtualized”. In other words, resources like memory and CPU are distributed and they appear to customers as a standalone. However, this can be deceptive to the reseller as well as the end-user. While one reseller on a VPS may seem to have very low resource usage, many other VPS users on the same server can seriously cause problems to the server’s performance, which affects everyone on the server. Additionally, the root permissions of a VPS user can be a serious concern because one small wrong decision can negatively impact every other user on the server. These are generalizations at the time of this writing, and I do know that VPS technology is improving by leaps and bounds and some of these issues are probably already addressed in various VPS platforms. Still for the relatively inexperienced, it’s probably better to start with a private label reseller program, and then eventually graduate to a dedicated server. If you are interested in this type of program I have some links listed at <http://www.howtosellhosting.com/eric-recommends.html> (Look for the “VPS Programs” section).

Dedicated Server:

A dedicated server is one computer which is fully devoted to the web hosting usage of one customer. High-end websites frequently use one or more dedicated servers to support just one high-traffic enterprise level website. It allows for faster access to information and provides greater flexibility in software deployment, site traffic management, security and scalability. Resellers can use a dedicated server to run their own hosting business. In other words, the server is dedicated to the one reseller, but a shared server for that reseller's clients. Dedicated servers create a higher level of responsibility for the reseller. The reseller is responsible for administering the server as they run their business. It is a complicated process with many intricacies that are best left to those with experience. Before jumping into a dedicated server, you need to do your research. It's a reseller's nightmare to decide on one dedicated server and then end up having to transfer all of their customers to a new one down the road. Therefore, it's a good idea to pick a provider that you think will be a good business partner for the long run. **A dedicated server should be the eventual goal of most resellers**, but it's not typically the best way to start out unless you have a good technical aptitude and knowledge of how to run a web server. We will not be discussing the technical aspects of running a web server in this e-course because that's an entire book in itself. Fortunately, there are also solutions available for those who don't have the time or desire to become a web server expert. Many hosting companies offer the option of purchasing fully managed or semi-managed dedicated server. This means that the host's technicians manage the administration of your server for you and offer technical support when needed. This is a huge benefit for a small company or individual who is running a web hosting business. Still, even with a fully managed server, you as the web host will need to have some level of server administration capability and I would suggest you talk to your prospective service provider about those responsibilities before committing to lease a dedicated server. If you have some money to experiment with, you could also go ahead and lease one but

don't put any hosting customers on it until you are very familiar with the responsibilities of running a stable and secure web server. If you are interested in this type of program I have some links listed at <http://www.howtosellhosting.com/eric-recommends.html> (Look for the "Dedicated Servers" section).

Next we will compare and contrast private label reseller plans with dedicated servers, in order to help you understand which solution will be the best for your web hosting business.

Private label reseller plans vs. Dedicated servers

So you're ready to start your business, and it's time to choose where you're going to host your first customers. Do you start with a private-label reseller plan, or jump into your own dedicated server? Let's take a closer look at these two options and explore the pros and cons of each.

Private label reseller plan:

We already established the definition of a private label reseller plan above. What you want is a reliable host that will provide you with the amount of space you need, and a good limit on the number of accounts you can create. This is an important factor in determining your pricing structure and in calculating your return on investment (ROI). For example, if one host's plan offers you a limit of up to 100 accounts, whereas another offers you a limit of only 50 accounts, the effective cost per account to your company will vary and will affect your pricing strategy and profits. Another feature to keep in mind is your name servers. Most web hosts will provide you with customized name servers, such as ns1.yourcompany.com and ns2.yourcompany.com. This gives you an extra layer of transparency which hides the original company who sold the account to you.

SPECIAL NOTE ABOUT UNLIMITED PLANS: In general, it is highly advisable to avoid “unlimited” plans. This includes plans that advertise the allotment of unlimited disk space, bandwidth, and/or domains. First of all there is no such thing as an unlimited hard drive, so it’s just not possible. While it is possible for a host to have an “unmetered” connection to the internet, it is still not unlimited in the true sense of the word. Although the bandwidth provider may not meter the bandwidth, the host is still very much limited by the speed of the connection. Then when you combine many customers on that same connection, it makes it even less unlimited, and not a very accurate portrayal of what is being advertised. This isn’t to say that an offer of “unlimited” bandwidth isn’t a good offer. It’s just important to keep in mind that it’s a marketing gimmick. Many companies in many different industries use various “unlimited” gimmicks to promote their products and services. It doesn’t mean the product is bad, or that the company is necessarily bad, you just need to approach such offers with caution and do your research before signing up. Typically hosts who offer such unlimited disk space are grossly overselling their servers, which inevitably causes problems in the long run, and often leads to the eventual death of their hosting company. I am not saying that “unlimited” hosts are bad people or that they don’t know what they’re doing. To do so would be hypocritical because I myself sold “unlimited” plans for a period of time and managed it with relatively few problems. However, having done it both ways I believe setting reasonable limits is a *better* way of running a hosting company for the long term. The other reason that “unlimited” hosts tend to raise a red flag in my mind is their general characteristic of being a new and inexperienced host. Again it’s just a generalization and there are always exceptions, but I feel it’s an accurate generalization based on my current observations of the hosting industry. Lastly, many hosts feel it is OK to offer the ability to set up an unlimited number of domains (hosting accounts), as long as they stay within their disk and bandwidth allotment. This can cause serious performance issues, as the number of active websites on a server plays a major role in its overall stability and speed. Hosts

that offer a generous quota but not unlimited number of domains are probably the ideal situation because they offer a generous number of accounts while not leaving the door open for abuse. However, a well established and experienced host can usually manage this pretty well by balancing their server loads and keeping close tabs on resource usage. I make this qualifier partly because I have several recommended hosts on my own links page which offer “unlimited” domains for private label resellers and VPS. Experienced hosts such as these have learned to properly balance their servers, and they aren’t offering unlimited disk space. It’s primarily the unlimited disk space offers that I would approach with extra caution.

Positive aspects of private label reseller programs:

- Usually the easiest way to start a hosting business
- Acquiring the account is quick and easy
- Lower price than dedicated server
- Smaller initial investment, better cash flow, and quicker ROI
- More cash flow allows you to spend more on
- Your server is managed by an experienced host
- You don’t have to worry about server administration such as upgrades, security, etc.

Negative aspects of private label reseller programs:

- Since you don’t have total control of the server there are more factors out of your hands
- Your host might neglect the server, or oversell it, causing problems
- Your account is limited by its limits, rather than being able to use the entire server for yourself

Dedicated Servers:

A dedicated server is a big step up from a private label reseller plan. There is a much higher level of responsibility on your part, and with responsibility comes the cost of both money and time. Besides the monthly cost of the dedicated server, you also need to remember the cost of managing the server which may include hiring or outsourcing a server administrator to manage it for you.

Positive aspects of dedicated servers:

- A feeling that you have a large company
- You are in control of your server
- You can install software, etc, at your discretion
- You can fully monitor your resources to avoid problems

Negative aspects of dedicated servers:

- A lot of time and money to manage it
- Keeping it secure
- Installing software and keeping it up to date
- Higher initial investment, less cash flow, slower ROI
- Often less money to spend on marketing, etc.

Summary: The cost per account is higher with a private label reseller plan, but there is a nice tradeoff: you don't have to worry about managing the server. Basically your responsibilities are getting customers, setting up accounts, and providing support. On the other hand if you aren't managing the server, that means that if the server goes down, your accounts will be down too and there's probably nothing you can do about it except wait for your host to fix the problem. This is not necessarily a bad thing, since most beginning hosts wouldn't know how to fix the problems anyway. You just want to make sure your hosting provider is reliable. Many resellers have decided to go with a dedicated server, only to find out later that it costs a lot more to operate and manage it than they had anticipated. Since they can no longer afford the cost of operating it, they shut

down their business. This is a big reason why so many hosting consumers end up with no web hosting, left hung out to dry by their provider. If you don't have the money saved up to cover all operating costs of a dedicated server for at least one full year, go with a private label reseller plan. Deciding to go with a private label reseller plan rather than a dedicated server is by no means a measure of how serious you are about running a successful business. As I mentioned before, I started my first web hosting business with a \$40/month reseller plan and grew it into a six figure income within one year. If you're in a state of confusion, the safest bet is to go with the private label reseller plan first. This is especially true if you have no server administration experience. Learn the ropes with a private label reseller plan, build up your customer base, start learning about server administration, and only then acquire your first dedicated server.

My #1 Recommended Reseller Plan:

Hostgator is the top reseller host on my list for several reasons. First of all, they have all the right equipment and hosting software. By this, I mean they are in a good datacenter with great connectivity, and they use high quality Linux-based servers. They use the cPanel hosting platform, which is by far my favorite control panel for resellers. They add to that the Fantastico scripts library (another must-have in my book), and RVskin (multi-language capability that will boost your global marketing potential).

On top of their already generous reseller plans, they include WHMautopilot, the billing and customer management program used by a lot of big-time hosts. If you want to be serious in the hosting business, you NEED automation. WHMautopilot gives you that automation by automatically setting up customer accounts, tracking billing, etc.

OK so they've got the features, what about reliability and support? I would have to say their reliability is probably the best in the industry for a host in such an affordable price range. Their support is excellent; I've referred literally hundreds of people to them, and I've had no complaints.

And finally, what about price? They've got the features and the quality...the only thing left is the affordability. Well I'm happy to say that this is where they truly "eat up the competition". Starting at only \$24.95 you can get a solid reseller plan and start making money. I can barely even explain how good of a deal this is. Remember the WHMautopilot I was mentioning? It normally costs \$19.95/month JUST for that script! Hostgator is also going to throw in a free merchant account, hosting templates, and an enom domain reseller account. This is the best turn-key solution I've seen.

Oh yeah, one more thing... I'm not just a proponent of their service, I'm also a client! That's right, I've got a couple of dedicated servers for my own websites, but I've also got a Hostgator reseller account as a backup because the deal can't be beat.

FOR A SPECIAL DISCOUNT GO TO:

<http://www.howtosellhosting.com/hostgator.html>

Then when you order, use the coupon code: **ERICSTIPS.COM**



STUDY IT!

Questions to ask yourself:

- 1) What is a private label reseller plan?
- 2) What are the potential pitfalls of “unlimited” hosting plans?
- 3) What are the benefits of private label reseller

Notes:



Step 3: Get started with a business plan

Do I need a business plan?

You can definitely sign up for a private label reseller account and start making extra income even if you have no plan in mind; however, if you are serious about the business and you want to make it a real job, you should develop some sort of business plan. It doesn't have to be a formal plan; after all you're not going to present it to the bank for a loan or anything. A page or two detailing the general direction will help a lot. Some things you will need to think about are your pricing, marketing strategy and operation costs. It's important to develop a plan that will allow you to enjoy your business. If you don't enjoy it, your customers will feel it, and they won't be happy either.

Here's a short list of things that you should take care of:

- Where you are going to get your private label reseller account
- Payment Processor (What forms of payment will you accept? For example Paypal or 2Checkout))

-Billing solution (Will you use Paypal subscriptions, or make your own spreadsheet, or use a billing program like Lpanel, WHMautopilot, or Modernbill?)

-Support system/helpdesk (Will you just offer email support, or telephone, or helpdesk programs like Perldesk or Kayako?)

How to create a business plan:

A business plan is essentially a document designed to clarify the direction and goals of a business. A typical business plan has the following...

- 1) Table of contents
- 2) Executive summary - a detailed summary of the business plan; essentially a condensed version of the business plan.
- 3) Introduction - Where a general overview of the business, its activities, services and other details that you see fit to put in it!
- 4) Outline of business - an outline of the businesses legal structure and corporate structure.
- 5) Outline of services - an outline of the products or services that a business offers. This could include pricing and plan details for web hosts.
- 6) Marketing - an overview of the marketing strategies a business intends to use and would include details of your target market, where you plan to advertise etc.
- 7) Human resources - an outline or detailed information regarding who you are going to employ such as support staff, sys admins etc. This section may also incorporate information on the management.

8) Operational details - this is probably the most important component in a business plan. It outlines how the business intends to operate on a day-to-day basis. It could involve the software and systems used, etc.

9) Financial details - This section could be as complex or simple as possible. A cash flow projection and budget will do.

10) Conclusion - where everything is summarized again, highlighting your businesses vision or goals.

A business plan doesn't have to be fancy. Often, it is as simple as a Word document with a list of your expenses and a general idea of how much money you need to make in order to cover those expenses. When you write a business plan, it helps to sort of consider it to be an 'evolving blueprint'. In other words, the plan is written in an open manner which leaves room to accommodate new ideas and details as they occur during the course of your business. Thus, it is not really a finished document. On a continual basis you can refer back to it and update it with new ideas and changes to your business. For people who are not natural writers, writing a business plan can be difficult at times. A great place to start is by writing the executive summary first. The executive summary can serve as a mini business plan within itself. I've launched several businesses with not much more than an executive summary for a business plan. Most importantly, make sure you include your goals and specific things you can do to achieve those goals. In some regard, your business plan is a form of goal setting. Having goals helps you focus and keep on track, and when you look at them it helps you remember the inspiration that caused you to start your business.



STUDY IT!

Questions to ask yourself:

- 1) What is a business plan?
- 2) How much money do I want to make?
- 3) Go ahead and write down some of your goals right now.

Notes:



Step 4:

Sign up for the service

How do I get started?

Once you've found the host you want to partner with, it's time to sign up for your private label reseller account, dedicated server, or other program that you have chosen. Some hosts set up the account instantly using automated software, and other may take between 24 hours and a few days. After you sign up, they will instantly set up your reseller account, and send you a welcome email which contains all of your account information, login details, and basic instructions. You can typically start setting up websites as soon as your account is set up.

Essentially, you just go into your WHM panel, fill out some fields, click a button, and the cPanel software creates the account for you. One of the most important factors to consider is the control panel. Different web hosting providers may use different control panels. Some of them are less user-friendly, more complicated, and take longer to set up accounts. I highly recommend the cPanel/WHM hosting platform (see <http://www.cpanel.net>), which basically allows you to hit the ground running and start making money your first day in business. What you want is a control panel that is easy for you to use AND easy for your clients to use. cPanel/WHM is widely considered to be the best hosting control panel available.

It has a slick, user-friendly interface while providing all the powerful tools that you and your clients need. Other popular control panels include Ensim (www.ensim.com), Plesk (www.sw-soft.com), and Helm (www.webhostautomation.com). There are many other good control panels out there (many of them proprietary for the host who uses them), but in general I would suggest started with one of the popular mainstream panels since you will find a broader market of clients available and more support solutions.

Will my customers know I'm a reseller?

They shouldn't unless you tell them. Your hosting provider should remain invisible to your customers. Your name servers should be anonymous, or private labeled for your own company. An experienced provider will never contact your customers unless it's a part of your agreement. Your clients will only see you as their web hosting provider. This is a very important feature especially if you plan on growing your business and establishing your own identity as a web hosting company.

If you're undecided about which hosting provider to sign up with...

I'd recommend checking out this company I've done business with for years, and that I've referred hundreds of friends and clients to:

FOR A SPECIAL DISCOUNT GO TO:

<http://www.howtosellhosting.com/hostgator.html>

Then when you order, use the coupon code: **ERICSTIPS.COM**



STUDY IT!

Questions to ask yourself:

- 1) Do I have a reliable host picked out?
- 2) Which hosting platform is widely considered the best?
- 3) Am I mentally prepared to run my own business?

Notes:



Step 5:

Build your own website

How do I get my own website onto the web?

It's as easy as 1-2-3! Just follow these three steps and you'll have your own site up and running before long.

1) Register a domain name.

If you already have a domain name, you can skip this step. If you need a domain name, go to a domain registrar (see www.lifedomains.net for an example). Your domain name is your own personal place on the web, such as robertsmith.com or lawncarebusiness.net. You can typically choose and register your own domain name for less than \$10.

2) Create your website.

You can use a simple text editor to write your HTML pages, or you can utilize one of the many free HTML editors available on the web. Many hosts also offer

templates to get your site started.

3) Upload your site.

Some hosts will have easy instructions located in your welcome email. There are basically two main ways of uploading your website content onto the web server. The easiest and most common method is via FTP. There are many free FTP programs available on the web (a good one is SmartFTP.com). FTP allows you to quickly transfer many files. Another method is to use the File Manager within your cPanel control panel, which has an upload feature which allows you to browse your computer and select the files you wish to upload. You can also use other third party products such as Microsoft FrontPage, which connects to the web server to upload your content. We will not go into further detail on this topic because you can easily find instructions from your host or FTP software company.

Here is a more detailed look at building your website:

Your website is one of the most important pieces of your web hosting business. Your website is generally what creates your customers' impressions of your company, and since they can't see you in person your website serves as a representative of who you are and what kind of business you conduct. Since your website is so important, it's good to spend some time making sure you present your website with a high level of quality, functionality, and professionalism. Here are some elements that may help you in creating your storefront and point of contact with the world.

Using a web designer or doing it yourself

A nice benefit of using a web designer is that a web designer can give you a professional looking website even if you don't have any experience. It's a very common approach, and there are thousands of web designers that would love to

have your business. If you decide to use a web designer, make sure you take a good look at their portfolio of websites to make sure you like their style. It's also great if you can get a referral to a web designer that someone you know has had a good experience with. Higher priced web designers are not always the best, and likewise cheaper ones often do provide less. Therefore it's good to be very precise as you go over details with them, so you both know what to expect. Currently, you can often find very low priced web designers in overseas markets common for tech outsourcing, such as India.

On the other hand there are also great benefits of designing your own site. Primarily, it will be your own creation expressing your own style and persona. If you have any HTML experience, or if you're a quick learner, designing your own site can be a very rewarding experience worth your consideration. Self-designed sites often look a little less professional in the flashy and polished sense, but can still create a strong sense of solidity by conveying the heart of the business owner.

Website templates

One easy way to get your website started is to begin with a template. There are many places on the web where you can buy templates, or get them for free. Typically you get what you pay for, and the expensive ones are nicer than the free ones, but cheap or free templates can still be a great option for first-time resellers. The downside of free templates is often too many people are using the same template. Higher quality templates often sell for \$29 to \$1000. An important aspect of using a template is to utilize as much customization as possible. For a startup company, a template is a good way to save some money and focus on keeping up a positive cash flow. Eventually, as your company becomes more profitable, I would suggest having your own website created specifically for your company, whether it be by of own design or with the help of a professional web

designer. This will allow your company to increase its professionalism and unique branding on the web.

Your home page

If you check out the websites of many different web hosts, you might see several common elements that are present on most of their home pages. Along with their logo and name, you will often see some featured hosting plans, and a short summary of the company and often some news and other special information. First impressions are made instantly, so important that your website grabs a prospective client's attention the very moment your home page loads in their browser. You can grab their attention with a color scheme, graphics and text. After grabbing their attention, you want them to feel that this is a comfortable place (which is why you don't want to be overly flashy), and a company that they would trust with their business (which is why professionalism is so important). You want your page to be nicely organized (not randomly scattered). It is a good idea to highlight a few of your best hosting plans on your home page so the prospective buyer can make a quick comparison to other hosts, and also have a direct link to the order page. It's also important that your home page—and every other page for that matter—has an easy and efficient navigation menu which allows people to quickly move around your website. You can look at the big hosting companies the get some good ideas for your site, but don't just assume that since it's a big company they have a great web design. I've seen many huge companies with poor design and color schemes. They may still manage to attract customers because they're spending so much money on marketing, but it's not necessarily due to their home page.

Customer service

Anyone browsing your site should be able to quickly identify the support you offer. If you offer live support, a helpdesk, or a toll-free number, make sure it's

very easy for potential customers to see it. Adding a FAQ (frequently asked questions) section or knowledge base is an effective way to lower your number of support tickets. Again, put it in a prominent place so that customers can find it before requesting help. Written or Flash (movie) tutorials also help alleviate support requests by giving clients an easy way to learn about your services.

About your company

It is valuable to most web hosting prospects to be able to learn a little about the company they are considering. When possible, its best to make your “About Us” page as personal as possible, rather than copying a generic description from another host. In other words, who are you really, and what makes you different? While many one-man companies want to portray the image of a larger company, there are plenty of prospects out there who would be happy hosting their site with an individual they feel they can trust. If you can sell yourself as an honest and reliable individual with the necessary skills to manage a web server, go ahead and write it that way. It’s also a good idea to have some sort of physical address listed somewhere. Again, the key here is honesty...don’t post an address of an office building you don’t work out of. Post your home address if necessary, or get a PO Box.

Spelling and grammar

Nothing kills professionalism and crushes a potential client’s confidence like poor spelling and grammar. At the very least, you need to run a spell checker on everything, but even that’s usually not enough. Unless you’re an English whiz, it’s a good idea to have someone else proof your work. Preferably someone who has a very verbal skills in the language in which you are writing. Someone like an English teacher. Many people don’t know the proper usage of there vs. their, your vs. you’re, etc. Typically, when I see a company that makes those kinds of mistakes I won’t buy anything from them.

Dead links

OK this is almost as bad as spelling errors. You know, when you click on a hyperlink and you land on a “page not found” error. It reeks of amateurism, and makes your company look like they don’t have their act together. That’s one of the reasons I keep my sites simple; less pages to keep track of! Before uploading and going live with your site, make for absolute certain that all links work from every page. One bad link is enough to drive many potential clients to look elsewhere.

There’s a lot that goes into a successful website

Hopefully, you now have a basic idea about how you want to build your web site, but there is always room for improvement. Major corporations spend as much as several million dollars developing their website, which is their online identity. Since a lot of information is not specific to the web hosting industry but rather applicable to all business websites, I have left much of it out of this course because you can find it elsewhere. A quick search on the web will provide you with many resources to explore regarding successful website development.

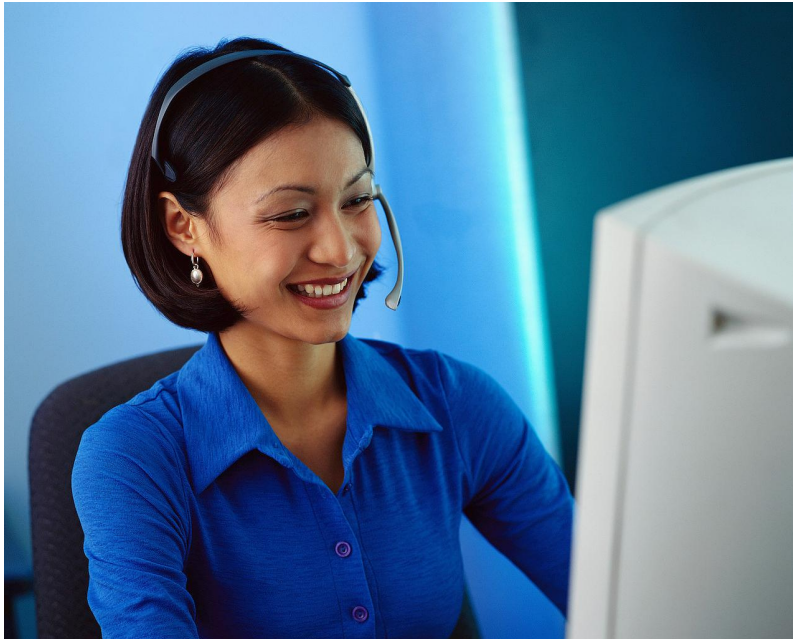


STUDY IT!

Questions to ask yourself:

- 1) Have I registered a domain name?
- 2) What do I want my website to convey?
- 3) How will I create my website?

Notes:



Step 6: Setup your backend and hosting plans

What is a backend?

I'm sure many business people and "scholars" have much better definitions of this than me, but I like to think of it as the guts of the business that make things run behind the scenes. When I think of a backend as it pertains to web hosting, I consider the following elements:

- Billing system
- Order processing
- Support system
- Accounting and recordkeeping

Billing system

As you contemplate your billing system, the first piece of information you should look at is what types of payments are you going to accept. Hopefully, you've already outlined this in your business plan. Will you take Paypal, or will you accept credit cards through your own merchant account, or will you accept checks and money orders by mail? Accepting payments by mail significantly complicates your business, so I would suggest not accepting payments by mail, or if you do—only accept annual term payments. The easiest payment system to implement, and my recommendation, is to use a third-party payment processor such as Paypal or 2Checkout. These third-party payment processors allow you to accept credit cards, debit cards, and e-checks securely through their web-based system. They also allow you to create automatically recurring billing, which is the most powerful billing tool that all resellers should implement. Rather than having to bill your customers each term (month, quarter, etc), the third party payment processor will automatically bill your customer on their due date, based on the terms of the subscription that you created. In other words, if you create a \$10/month subscription, it will automatically charge your customer \$10 on the day they sign up, and then it will charge them \$10 on the same day of each subsequent month. This is a huge timesaver, by automating the billing process you can eliminate the need to bill your customers at all. If you do wish to send your customers a formal bill, or if you aren't using automatically recurring payments, there are several software programs that can help automate the process for you. The ones specifically designed for web hosting that I would recommend are WHMautopilot, Lpanel, and Modernbill. There dozens of other billing programs available, but I recommend those ones because they also have auto-setup scripts and various client-management features built in to them, which we will discuss next.

Order processing

This part of your backend can basically be broken down into two options: manual processing, or automated processing. Manual processing is pretty much self-explanatory. Your customer places an order and pays using one of your available payment methods. When you receive the order and payment, you go into your Web Host Manager (WHM) and set up the client's account, and then send them a welcome email with the pertinent information. Using this method there are a few different ways you can set up your order form to collect the information you need. The most important piece of information you need is the domain name. If you use only Paypal as a payment processor, Paypal has a form tool which will allow you to collect up to two form fields along with each order. For example, you could set up your form so that the customer types in their domain name and username along with their order. When you receive the order confirmation from Paypal, this information will be included. Another method is to simply use a form mail script. This is easily implanted using a two-part order form. In the first part, they type in their applicable information and click "submit", thus emailing you the form. When they click submit, they are then redirected by the form mail script to your payment page. The third method is to use a shopping cart application which integrates the collection of data and payment processing. The advantage of manual order processing is it can help reduce the possibility of fraud and abuse because each order is screened by you as you process it.

Automated order processing saves a lot of time for the reseller, and also creates a smooth ordering process for the customer. Automation is a huge key to building a successful online business, and this is one form of automation that I would highly recommend. An automated order processing program collects the pertinent data from your customer, directs them through their online payment, and then interacts with your web server to set up the account and then sends out a welcome email to your customer. The programs I would recommend are WHMAutopilot, Lpanel, and Modernbill. I am certain there are now several other equally viable software programs available as well. The risk of automated order

processing is the potential for fraud, and abusers such as spammers to sign up undetected. However, I would say the benefits of automated order processing typically outweigh the risks. If a customer on the other side of the world orders at 3:00AM, they don't have to wait for you to wake up and check your email. Your program will go to work for you and set up the account. On top of performing all of these tasks, it also creates a nice customer database which can be used for billing and a number of client administration tasks such as suspending accounts, performing server checks, etc. Just make sure you manually **review** each order after it has been set up. This will help catch fraudulent customers before they have a chance to run their malicious activities (like spamming) on your server.

Support system

Your solution for a support system depends largely on your own aptitude and preference. If you are familiar with the web hosting platform (such as cPanel) and with basic server administration tasks, you may wish to support your customers yourself. This is especially true while your business is in the startup phase with only a few customers, or if you intend to keep your customer base small. If you choose not to be your own support tech, there are a few alternatives. The obvious one is you could hire a support tech to work for you. While this is often the most ideal situation, most startups can not afford to hire an additional person initially.

A more affordable solution may be to outsource your technical support to a company who specializes in providing support for web hosting companies. Many outsourcing companies are located in technologically advanced areas in low-cost countries such as India. Outsourcing to an overseas company can be a very cost-efficient solution, but can also result in additional problems and challenges so you want to make sure you adequately research your solution before making any commitments. Outsourcing companies typically offer one or more pricing

solutions including per-ticket, per-customer, per-server, flat fee per month, or per representative hired.

There are also other creative support solutions available. One solution I've seen work with success is creating a community forum where customers can help each other, guided by more experienced moderators and administrators. A host can offer free hosting to moderators in exchange for their help in running the forum. Other forms of bartering have been done successfully as well. For example you could provide free hosting in exchange for 5 hours a month of answering trouble tickets in your helpdesk.

As for the support options themselves, again hopefully you've outlined this in your business plan. Are you offering email only, or a helpdesk, live chat, or telephone? Email and telephone are self-explanatory; if you're even considering starting your own business I'm sure you know to use email and the telephone. Live chat is a nice option if you decide to use it, however you need to be diligent in being available or it could be counteractive. Have you ever seen a site that offers live chat, but the operator is never available during business hours? I think it shows a lack of professionalism, and I rarely buy from such companies. On the other hand, if you run it properly it can be a valuable tool that helps you get customers problems resolved in one chat session rather than a back-and-forth email or support ticket conversation. To run live chat you could simply post your IM screen name (handle) for one of the popular IM platforms such as AIM, MSN, or Yahoo. The other method would be to use a web-based chat client from a free download, or on a subscription basis from a chat provider. Regardless of whether you offer any other methods of support, the one method I will strongly suggest is an online helpdesk where customers can submit trouble tickets. There are several free helpdesks available, as well as more powerful applications available for purchase. The helpdesks I would recommend are Kayako or Perldesk, both available on a monthly or yearly subscription. Some client management programs such as Lpanel also have a functional helpdesk integrated into them. It

is best to choose a helpdesk that supports email piping. In other words, you can send an email to support@yourcompany.com and it automatically opens a helpdesk ticket. Then when you answer the ticket, it also sends an email reply to the client, who can then reply from within their helpdesk account or by replying to the email.

Accounting and recordkeeping

This side of the business can easily be overlooked by enthusiastic startups, and is often the less-favorable task for creative entrepreneurs. However, a solid accounting and recordkeeping system is essential to the long-term survival of your business. If you use an automated system such as WHMautopilot, Lpanel, or Modernbill, it will automatically keep track of much of your financial information which is a useful tool and database. However; regardless of whether you use one of those programs, I would suggest keeping an offline record of your customers and financials. This could be done through an accounting application like Quicken, or with a customized database in Access, or using a simple spreadsheet (which is my preferred method) in a program like Excel. I personally prefer Excel for its simplicity. Your records should include the following information at a **minimum**:

- Customer name
- Domain name
- Billing Due date
- Subscription ID number
- Price
- Size of plan
- Email address

Offline Database Tutorial

Following is an explanation of Excel spreadsheet that was included for you with this e-course to keep an offline record of your customer database. Obviously you need to have the Excel software (or something compatible) in order to use it.

The spreadsheet document is broken into three worksheets (pages). You can move between the worksheets using the tabs at the bottom of the screen in Excel. The first worksheet is the customer database:

Worksheet 1 of 3, Customer Database

Customer Database												
Monthly Accounts												
Day	Creation	Account	Server	Subscription ID	Price	Type	GB Disk	Transfer	Contact Name	Email address	#	
1	1/1/2005	sample1.com	1	S-37B16533YT875280X	5.00	End user	0.2	1.0	Joe Sample1	joe@sample1.com	1	
2	1/2/2005	sample2.com	2	S-37B16533YT875280X	10.00	Reseller	2.0	20.0	Joe Sample2	joe@sample2.com	2	
3	1/3/2005	sample3.com	2	S-37B16533YT875280X	20.00	Reseller	3.0	40.0	Joe Sample3	joe@sample3.com	3	
Total Monthly Subscription Income:					15.00		2.20	21.00				
Annual Accounts												
Date	Type	Account	Server	Subscription ID	Price	Type	GB Disk	Transfer	Contact Name	Email address	#	
1/1/2005	Annual	sample4.com	1	S-37B16533YT875280X	50.00	End user	0.2	1.0	Joe Sample4	joe@sample4.com	4	
1/2/2005	Annual	sample5.com	1	S-37B16533YT875280X	100.00	End user	1.0	20.0	Joe Sample5	joe@sample5.com	5	
1/3/2005	Annual	sample6.com	2	S-37B16533YT875280X	150.00	Reseller	3.0	40.0	Joe Sample6	joe@sample6.com	6	
Total Annual Subscription Income:					150.00		1.20	21.00				
Monthly Hosting Expenses												
Day	Creation	Account	Server	Subscription ID	Price				Contact Name	Email address		
1	1/1/2004	sample reseller account	1	None	39.95				Host Gator	support@hostgator.com		
1	1/1/2004	sample.server2.com	2	None	119.00				The Planet	support@theplanet.com		
Total monthly hosting expenses:					158.95							
NET INCOME:												
Monthly Subscription Inco					15.00				cPanel End-User Account	End user		
Annual Subscription Inco					12.50				WHM Reseller Account	Reseller		
Less Monthly Server Exp					166.95				Other	Other		
Avg. Net monthly incor					-131.45							

This is the page where you will start. As you will see, the spreadsheet is set up to handle monthly and annual billing accounts. You can add other billing frequencies as needed, by replicating my format and adjusting the calculation formulas, etc. However, part of the reason I only included the two frequencies is

that it's typically easier for new hosts to keep track of. I firmly believe in keeping things simple when possible. I've also found that most customers are willing to sign up for either monthly or annual billing. In other words you won't lose much business by not offering other terms like quarterly, semiannual, etc.

Take a bit of time to familiarize yourself with the spreadsheet before you start adding data. Most importantly, make yourself a backup copy of this Excel template so you have it in case you mess up any formulas and want to go back and see how it was written.

The data entry is pretty straight-forward. The monthly accounts are sorted by signup day. That's because those customers will be paying you each month on that same day. So for example if you wanted to see how many accounts are due on the 11th day of the month, you could simply open your spreadsheet and look at that day. The annual billing section is organized by calendar date since those customers will be paying you on the same date each year.

For the "account" section, I would recommend using the domain name, or if it's a reseller account; their primary domain.

I would recommend utilizing the server-name field, even if you don't have more than one server or reseller account at the time. The reason for this is that if you continue to grow your hosting business, you will eventually upgrade to multiple servers or reseller accounts (or VPS, etc), and at that time you will wish you had kept track of your customers on a per-server basis. For example, if you are simply using one reseller account to host your customers, you could put the value "reseller1" in the server field for those customers. Then if you get another reseller account you could call it "reseller2", or if you get a dedicated server you could call it "dedicated1", etc.

Filling in their subscription ID in the according space is a helpful tool if you use recurring billing. For example if you are using Paypal subscriptions, you can simply **copy and paste the subscription number** from your Paypal account into the spreadsheet. The result is a hyperlink in the spreadsheet, which you can click on at any time to go directly to that customer's billing history in your Paypal account.

The price is self-explanatory. Simply enter the according subscription rate into the spreadsheet.

The "Type" field allows you to distinguish between different classes of subscribers. For example, if you sell both end-user and reseller accounts, you will want to keep track of which customer has which type of account. Even if you start by selling only end-user accounts, again I still would recommend using this field. The reason is that if you grow the business, you may very well end up selling resellers accounts, dedicated servers, and who-knows-what-else at some point in the future. And if that happens, you will be glad you kept good records from the beginning. Rather than typing the "type" for each individual account, I would recommend using a system like the one set up in the spreadsheet. There is a small "key" section toward the bottom of the page which contains each of your class types. Then simply link the "type" cell of each account to the "master" cell on the key. That way if you want to change the name of a classification at any point in the future, you only have to change one cell instead of changing it for each account individually.

The disk space and monthly transfer limits are important to keep track of so you can see how you are utilizing your resources. It is especially essential if you are overselling your resources, in which case you need to carefully monitor how much you are overselling so it doesn't get out of control.

You will see that I've also included space for the customer name and email address on the spreadsheet. This should be a minimum amount of information you collect in your offline database, and you can add additional fields as necessary. Lastly, the final right-hand column in this page shows a number next to each customer. A simple formula fills down the numbers as you add customers, and that way you can easily go into your database at any time and see your total number of customers.

The final ingredient for this worksheet is your hosting expenses. Simply fill in the information for your reseller account (or VPS or dedicated server) in the appropriate space.

If you managed to enter the data for your customer accounts and hosting expenses without breaking any of the formulas, you will see a nice line of totals at the bottom of each section, as well as a convenient summary of income and expenses at the bottom of the page. If you did break any formulas, just refer back to that extra copy that you made (remember I told you) and see what happened. If you're not particularly gifted with Excel, don't feel bad—just get someone to take a look at it who knows Excel very well. My spreadsheet is very simple to figure out, and basically only uses simple addition, subtraction, multiplication and division, with a minimum of complex equations.

The next worksheet in the document (remember there are three pages) is a breakdown of accounts on a **per-server basis**. If you are using a reseller account to host your customers, then the reseller account would serve the same function as a server. It is important to track this data per-server (or per-reseller account) in order to see how you are utilizing your resources and cost-efficiency.

For example, do you know exactly how much disk space or bandwidth you have sold on a particular reseller account or server? Do you know your return on investment (ROI) for a particular server based on the accounts you have

currently sold? If there were any one **secret ingredient** in this entire e-course that can put you on the path to success this is probably it! Admittedly, most new web hosts probably keep some sort of customer database, but they fail to adequately track and project ROI! This is huge. You need to know exactly where you stand, and where you are going. When you have a good handle on this concept you can take it to the next level and start setting your goals in terms of ROI rather than customer numbers.

Let me put it another way. It doesn't matter how many customers you have. That's right, it doesn't matter! What matters is how much money you are making! I read *Entrepreneur* magazine each month and I get so tired of seeing them quote another company's total sales volume. They always say Such-and-such company did \$10 Million in sales last year. I say so what! I want to know how much money they actually put in their pocket. Maybe it cost them \$9.9 Million to make that \$10 Million in sales and they only made \$100k profit. In other words, what is their ROI? If a kid spends \$1 to set up a lemonade stand and makes \$10, then I'm impressed because that's a great return. On the other hand, I have known hosts who have sold a million dollars of hosting but their profit margins were so thin that they had to worry about a few credit-card charge-backs eating up their entire monthly profit.

You need to forget about the gross sales and only think about your net. Maybe you won't get an article written about you in a magazine, but you will be making your living working for yourself which is something many people who read those magazines fail to do.

OK, all that just goes to say how important it is to track your numbers, so let's get back to the task at hand which is to learn to keep an offline database. Here's a picture of the per-server worksheet:

Worksheet 2 of 3, Per-Server Tracking

Microsoft Excel - offlinedatabase.xls

File Edit View Insert Format Tools Data Window Help

The per-server worksheet is set up exactly the same as the first customer database worksheet except for one difference. You guessed it—it's broken down by server instead of lumping them together. You can add additional servers (or reseller accounts, VPS, etc), as needed.

The nice thing is that you don't have to really do any work to keep this page updated. Any time you make a change, add, or delete a customer from the first

page, you simply copy and paste that change onto this second page. For example, let's say you add a new customer to your customer database on the first page. They happen to be on Server1. You would then copy that row on the first page, tab over to this second page, and paste (insert copied row) onto this page under the Server1 heading. By keeping this page up to date, you can instantly access many important pieces of data at any given time.

The third and final worksheet of our document is the summary report. This is the cool part where you get to see the numbers that really affect whether you will be buying a new car this year, or eating at your favorite restaurant, or putting your kids through college, etc. Once this page is set up, it will require no work to maintain, as it draws all of its data from the other two pages and instantly does the calculations for you so you can see the bottom line.

Worksheet 3 of 3, Summary Report

Microsoft Excel - offline database.xls							
File Edit View Insert Format Tools Data Window Help							
C19							
	A	B	C	D	E	F	G
1	Average Monthly Profit Per Server						
2							
3	Server Name	Avg Monthly Profit	ROI	Target	+ / -	Notes	
4	Server 1	-22.45	-56.20%	200%	-256%	server for end-users	
5	Server 2	-76.50	-64.29%	250%	-314%	server for resellers	
6	Avg Monthly Net:	-98.95					
7	Avg. Annual Profit:	-1,187.40					
8	Company ROI	-82.70%					
9							
10	Amount needed in bank on the 1st of the month to pay server expenses:					158.95	
11							
12	Annualized Gross Subscriptions:		330.00				
13							
ALL By Server SUMMARY							
Ready							

This report page pulls the expenses and revenues for each server from the other pages, shows you how profitable each server is, and tabulates the profitability of the overall business. This is where you can really learn to thrive as you gain experience. As you gain a feel of how profitable each server should be, you can set target goals for yourself based on ROI percentage, and then check those numbers regularly to see where you stand. For example if your ROI goal is 200% for a server, and it dips below that number, then you can add some customers to that server after you check the per-server page (and of course the server itself) to make sure you are not overloading the server.

I wish I could tell you the ideal target numbers to strive for, but there are too many variables in this business to even give you a good estimate. It depends on what type of hosting you're selling, to whom, and for how much money. I typically try to double my money on any internet business venture. However, you could choose to run your business at a higher or lower threshold just depending on your objectives. I've seen hosts who have astronomical ROI's who make \$5000 - \$10,000 per month or more per server by selling lots of expensive hosting plans and loading them up on high-end servers. On the other hand, if your objective is to host your own sites and maybe make a few dollars on the side, then a small monthly profit margin on a reseller account might be great. In general I'd recommend shooting for at least 50% ROI. The lower ROI you aim for, in my opinion, the more experience you need to have in managing your assets, otherwise you could lose your shirt from one small mistake.

The report page becomes a powerful tool as you learn how to use it. If you notice that your servers are generally overloaded, then you probably need to change something in your strategy. You could lower your per-server ROI goal, which would then lower the number of accounts you need to put on a server to meet your goal. On the other hand, if you see that your ROI is already at a good level that you wish to maintain, you could raise your prices accordingly in order to end up with a lower ratio of customers per server. A third option might be to upgrade

to a higher-end server or reseller plan to host your customers on. While it will raise your hosting expenses, the increase in resources might not be proportionate. In other words, for a little more money you might be able to get a lot more resources. So to take the scenario to a practical level, let's say you're trying to decide whether to lower your ROI goal from 200% to 150% and reduce the number of customers per server, or upgrade to a larger server. You can simply plug the price of the upgraded server into your Excel spreadsheet and look at the ROI report to see how the cost difference would affect your ROI. It may be that you discover that by upgrading to a more expensive server it would only drop your ROI to 175%.

There are hundreds of scenarios and variables that may be encountered, and that's why I can only emphasize that it's best to learn to track your numbers and use the tools to your advantage because it's impossible for me to write the solution for every situation you might come into.

You will see I also made a line on the report page that tells you your total hosting expenses, which is the amount of money that you need to make sure you have in your bank account on the 1st of each month. I know it sounds overly-rudimentary, but it's easy for new hosts to lose track of it; especially if rapid growth occurs. You may wish to add other items into the equation, such as support expenses, utilities, and any other fixed monthly costs.

In addition to your customer information, it is good to keep track of your overall finances using at a minimum a general ledger and P&L (profit and loss) statement. These documents are much simpler than you may think; in fact if you know how to balance your checkbook you're almost there. Your general ledger is basically a list of all the expenses and revenues for the month. Again this can be a simple Excel spreadsheet. Your expenses would include any expense related

to the business such as your reseller account, advertising costs, support costs, Paypal or merchant fees, etc. Your revenues are the money that you receive from your hosting clients. You can then add up your expenses and revenues for the month, and if your revenues exceed your expenses, you made a profit! A P&L statement simply summarizes the information from your general ledger in a format used by most businesses to gain a good overview of a company's financials in one page. I'm not going to give you a full *Accounting 101* class here in this e-course because you can easily find a lot of information about P&L's and accounting on the web, but we will briefly overview the sample General Ledger and Profit & Loss Statement that I've included for you in this e-course.

Accounting Tutorial

If you have Excel (or a compatible program) you may wish to utilize my spreadsheet to help you with your monthly accounting. There are many ways to do your accounting, including popular programs like Quickbooks and Money. I certainly don't discourage using those types of programs—in fact I would recommend it if you know how to use them with a good level of proficiency. The idea is to develop a system that works for you personally, and hopefully meets the requirements of the IRS (or your country's governing tax authority).

My spreadsheet is broken down into thirteen worksheets (pages). The first twelve worksheets are a general ledger for each month of the year. The thirteenth worksheet is a profit and loss statement, which basically summarizes all the general ledger pages. We'll start with a description of the general ledger.

Monthly General Ledger

Microsoft Excel - offlineaccounting.xls

File Edit View Insert Format Tools Data Window Help

100% Arial 8

J17

	A	B	C	D	E	F	G	H	I
	Date	Transaction ID	Name	Type	Item Title	Tax Category		Debit	Credit
1									
2	1/1/2005	0NK25763J24209504	sample man	Subscription Payment Received	hosting_startup_promo	Gross Receipts			2.00
3	1/1/2005	0NK25763J24209504	Paypal	Fee	hosting_startup_promo	Bank Service Fees		0.38	
4	1/1/2005	0NK25763J24209777	Sample 1	Subscription Payment Received	hosting_startup_promo	Gross Receipts			15.00
5	1/1/2005	5VS01152EC309253G	eBay, Inc	Web Accept Payment Sent	eBay Seller Fees	Commissions & Fees		2.50	
6	1/4/2005	1DJ06294UV548532J	sample man	Reversal	hosting_startup	Less Returns/Allowances		2.00	
7	1/6/2005	7394823672	Host Gator	VISA Payment	Rent Reseller Account	Rent web server		39.95	
8	1/9/2005	8EJ43578R8050683T	Conductive Corp.	Web Accept Payment Sent	Web Hosting Prospects	Advertising		20.00	
9	1/31/2005	858475458	Qwest	VISA	Internet access	Utilities		39.99	
10	1/31/2005	P/L	Your Company	Monthly Earnings	Profit/Loss	Loss		-87.82	
11					BALANCE			17.00	17.00
12									

JAN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC 2005 P & L 2005 All GL

Ready

The general ledger (GL) is just like the ledger you keep in your checkbook. It lists each expense and revenue on a line. The columns I've included are simply the minimum that I've found necessary to keep adequate records. You can certainly add columns and keep additional information as needed.

Basically all your expenses go into one column and your revenues go into another column. The difference between the sum total of those two columns is your profit or loss for the month.

One of the most helpful things I did was add a "Tax Category" column. This will make things a breeze when creating your P&L Statement, and when it comes time to do your taxes. I took the tax categories directly off of the IRS Schedule C (profit or loss from a business). This of course applies to those of you here in the USA—but the same principle probably applies to most other countries as well. I've found the following categories to be useful when it comes to accounting for a web hosting business:

- Gross Receipts (Revenue)
- Returns & Allowances
- Advertising
- Contract Labor
- Commissions and fees
- Legal & Professional Services
- Operating/Office Supplies
- Travel
- Section 179 Equipment
- Maintenance & Repairs (Direct)
- Miscellaneous
- Taxes and Licenses
- Interest
- Depreciation
- Rents
- Business Insurance
- Utilities (Direct)
- Bank Service Fees
- Amortization
- Gain (Loss) on Sale of Assets
- Interest Income

What you want to do is make EVERY expense or revenue on your general ledger fit into one of those categories. I'm tempted to suggest further hints about tax accounting, but I'm certainly not qualified to offer tax advice so here's my recommendation: talk to a tax professional. They can probably help you save a lot of money by telling you how to do your accounting in the most advantageous way. If this is your first business this is especially true, and you may want to talk

to someone before you start to make sure you're taking advantage of all the tax savings that can come with running your own business.

For those of you who have a high volume of Paypal transactions, here's a protocol that I used to import my monthly Paypal transactions into my monthly GL in Excel. Keep in mind that it's important for you to develop your own system that you understand...this just happens to be the way I did it for myself, so you might see an easier way to do it.

- 1) In your Paypal account, go into your History. Download transaction history. Download a **comma delimited** (CSV) file for the month for all transactions.
- 2) Open the file with Excel. Save it as an Excel spreadsheet (XLS).
- 3) Narrow the columns down to the following columns by deleting the extra columns:
Date | Name | Type | Gross | Fee | Transaction ID | Item Title
- 4) Change the columns into this order by moving them:
Date | Transaction ID | Name | Type | Item Title | Gross | Fee
- 5) Select All. Turn on Autofilter. Filter by Type. Delete the following types:
 - Temporary hold placed
 - Temporary hold released
 - Update to eCheck received
 - Withdraw funds to bank account
 - Any other transactions not directly related to your hosting business
- 6) Select All. Sort by Date, ascending.
- 7) Copy all rows except the header row. Paste them directly beneath the bottom row (so now you have two copies of each transaction).
- 8) Delete all the Fees from the top "set of rows". Delete all the Gross from the bottom set. (just highlight them and hit the delete key)
- 9) Turn the Fee column into Credit, and the Gross column into Debit.
- 10) Select All. Sort by Debit, ascending.

- 11) Start at the top and turn every number into its reciprocal positive.
- 12) Delete any 0's, and any test transactions, etc.
- 13) Move all positive (not counting the ones you just changed) debits over into the Credit column. Hint – you can drag and drop groups of cells.
- 14) Select All. Sort by Credit, ascending.
- 15) Take all negative Debits and move them over into the debit column. Now turn them into positives.
- 16) Delete any 0's, and any test transactions, etc.
- 17) Insert a Tax Category column, and a small blank separator column (see my spreadsheet for example).
- 18) Filter for each Type, and fill down with the appropriate tax category:
 - Payment received = Gross receipts tax category for all credits. For corresponding debits (Paypal fees) the tax category is Bank Service Fees. For those fees, change the Name to Paypal and the Type to Fee, and fill down.
 - Payment sent = Commissions and Fees, or Rent (Web Server), or whatever makes the most sense. It needs to be one of the categories from the tax category list. Filter each Type until you have assigned a tax category to every transaction for the entire month.
- 19) Select All. Sort by Date ascending, then by Transaction ID ascending, then by Credit ascending.
- 20) What you have at this point is basically your GL for the month. If you have transactions from other sources besides Paypal (like a merchant account, checkbook, etc.), then you need to add those to the ledger as well.

When you've finished your monthly GL, it's time to summarize that data in a Profit and Loss Statement (P&L). A P&L statement gives a good snapshot of your current business situation, and if you do it right, it provides most of the information you need for your doing your taxes.

Profit & Loss Statement

[illegible]

To get the info from your GL into the P&L statement, one easy way is to use the Filter function in Excel. On your monthly GL, simply do an Autofilter using the header row. Then filter each Tax Category. The sum total for each Tax Category becomes the number that you plug into the P&L statement. For example, if you had seven different advertising expenses for the month, then when you filter by the Advertising tax category you should see those seven line items. If those seven items add up to \$200.00, then you enter \$200.00 on the Advertising line on your P&L statement for the corresponding month.

This will allow you to see at any time how much money you've received or spent in any category for any month, quarter, or year. It's essential information for planning your business and setting goals. You can double check your P&L statement to make sure you've included all the data from your GL by seeing if the bottom line matches. If the profit or loss on the P&L statement matches the profit/loss line on your monthly GL, then you probably got all the data carried over to the P&L successfully.

I typically wait until the 2nd or 3rd day of each new month and then I take a couple hours and get my accounting done for the previous month. I use the *cash* method of accounting which means I count receipts and expenditures as they actually occur. Unless you're a big corporation, you're probably aware of all your receipts and expenditures for the previous month, and you don't need to wait for numbers to trickle in from various departments, etc.

When I finish my accounting each month, I print out the GL and P&L statement and put them into a 3-ring binder. I keep one 3-ring binder for each business entity, for each year.

If you've done your accounting each month, your taxes should be a breeze, especially if you remain a sole proprietor with no employees. All you need to do is take the information from your year-end P&L statement and fill out a schedule C (profit or loss from a business). NOTE: This is NOT official tax advice. I am not an accountant, and you should consult your tax adviser before filing your tax return.

Regarding business status, the simplest type of business with the least amount of paperwork is a sole proprietorship. You can also simplify things by not having any employees. You can avoid hiring employees by only using help on a contractual basis (in other words they are a contractor vs. an employee). There are several restrictions in this regard (you can't set a contractor's hours, etc.), so it would be best to do some serious research and/or consult an attorney before making any contractual or employment arrangements.

Creating your hosting plans

There are two main considerations we will look at in regard to setting up your hosting plans:

-Size of the plans

-Pricing

Once again, your strategy in the area of hosting plans should correlate directly with your overall objectives as laid out in your business plan. The first thing you need to look at is the amount of resources available to you. For example you might have 2GB of disk space and 20GB of transfer at your disposal to distribute as you wish. I would recommend no more than six plans, and in many cases three is the ideal number. So if you have a 1GB/20GB private label reseller plan, you might create the following three plans:

4MB/40MB Mini site (also known as a business-card site, very popular for small businesses

20MB/200MB

200MB/2GB

You could sell up 500 of those mini plans, 100 of your medium plans, or 10 of your largest plans. Let's just take a quick look at the income potential of this scenario. Let's say you're paying \$20/month for your private label reseller account. If you charged \$3/month for your mini-plan and sold 500 of them, your profit would be \$1480/month. If you charged \$6/month for your medium plan and sold 100 of them, your profit would be \$580/month. If you charged \$12/month for your large plan and sold 10 of them, your profit would be \$100/month. As you can see, you can make a profit with any number of variables, but in general the smaller the plan, the higher your profit margin.

When it comes to pricing, the temptation for many startups is to attempt to compete by offering the lowest price, or by copying the pricing strategy of a seemingly successful competitor. However, this strategy can often backfire. If you see a host offering ridiculously low prices, there is probably one of two possible reasons. Either they are a startup and they are grossly overselling their server, which will lead to the eventual disintegration of their business, or they are a well-established company with thousands of clients and they can lower their profit margins significantly because of their volume.

When developing your pricing structure, again it's important to consider the overall goals of your company. Do you want to make an extra \$2000/month? If so, how many plans would you need to sell at what price in order to reach that goal? Consider your market. Are you selling to a niche market? If so, you can charge more than if you were simply selling to the general market. Are you selling to local businesses? If so, you can charge much more than the prices you generally see advertised on the web. Remember it's all about the profits. You wouldn't be starting your own business if you didn't want and need to make money. Don't forget to factor in your expenses as you crunch the numbers. There's an old saying that there's more than one way to skin a cat. If your goal is \$2000 revenue per month, one way to achieve it would be to sell 1000 hosting plans at \$2/month. At such a cheap price, it might be feasible to sell 1000 plans. On the other hand, if you sold plans to local businesses for \$40/month, you'd only have to sell 50 of them!

While one strategy may or may not necessarily be better than the other, it's good to keep an open mind and look at several options before you decide on your final pricing strategy. If you aren't sure how much to charge, here's a good technique to find out what people are willing to pay for your services. Pick a price point higher than you think your service will sell for. For example if you think it might sell for \$5, price it at \$10 instead. If people buy it for \$10, that's great, if not, lower your price to \$9. Try that for a week or so. If the customers still aren't

biting, then lower it by another dollar. Continue to ratchet it down until people start buying, and as soon as they start buying, you know you've reached an optimal price for your service. Believe it or not, some people would rather pay more for their hosting. The reason for this is the psychology of customer perception. If a host is offering their services at rock-bottom prices, the customer may perceive the host to be dishonest or low-quality. On the other hand, another host could offer the exact same service for a much higher price and as long as that host presents themselves professionally, a sophisticated customer is often more likely to buy from them.

After determining your pricing strategy, focus on the other aspects of your services that provide value to your customers. Price is an important piece of the puzzle, but perceived value is more important. As long as the customer perceives that the value of your services exceed the price, they will buy. Value is created by the whole package, support, professionalism, and anything else perceived by your customer as a part of the hosting experience. So pick your price and then make sure you provide the value to match it.



STUDY IT!

Questions to ask yourself:

- 1) What is a backend?
- 2) How will I process orders and bill my customers?
- 3) How will I price my hosting plans?

Notes:



Step 7: Market your services

Marketing is perhaps the most important skill an entrepreneur can possess. You can be a technical genius with the best services and support available, but if nobody knows about it then it's all for naught. The hosting industry is a difficult market to compete in if you aren't armed with a good marketing plan. There are thousands of hosts competing for everyone's business, and some people would say the market is saturated, but I don't think that's true. As I mentioned before, there are thousands of websites added to the world wide web every day. There is not host that has anywhere near a majority of the market share, and there is plenty of business to go around.

The key is setting yourself apart from the competition in some way, and capitalizing on those differences to market your services. There are many ways to find customers. There is no limit to the creative possibilities when it comes to marketing, but here's some tried and true methods you might wish to consider.

Niche marketing

If you have a target market, an industry, a group, etc. it will be a lot easier to understand the needs of your customers and provide a viable service to meet those needs. One excellent strategy is to find a niche market for yourself (for example--web hosting for churches). That doesn't mean you should come up with a totally new niche. You can simply find a niche with growth potential or little competition. This often works best if you focus on one of your passions. Maybe you love the arts, so you could provide specialty hosting for aspiring artists and musicians. Perhaps you are an armed services veteran, and you can relate to other veterans in a way that most hosting companies couldn't. The best places to advertise to most niche markets are in publications designed for and widely read by those markets. What magazines do you read? What e-zines do you receive? What websites do you visit pertaining to your hobby or interest? Hopefully you get the idea that it's good to be unique, and to use that uniqueness to your advantage to set yourself apart from the crowd and appeal to a specific group of people.

Local marketing

What is your local market like? Many businesses like to buy their hosting locally. Local (small) business users generally will pay more than the average web hosting buyer. So, if that is your target market, then you'll be able to sell your plans at higher prices. If you are targeting local businesses, don't sell cheap. The market will sustain higher prices. Keep in mind that you will either be competing against no one or against local ISPs that don't offer enough features and charge pretty high prices. \$20 a month is nothing to a business, so price accordingly, but don't forget to do a little market research first. If you choose this as your target, a good habit is to contact your local businesses on a regular basis.

For example, you could contact a few businesses each day, or take one or two days a week set aside to do your calling. Just think about how much you could make if you just set up ONE business on an e-commerce plan each week. Maybe you will provide a basic website with a shopping cart for them and charge \$50/month for your services. After just one year you would be up to \$2000/month. The great thing about web hosting is the **residual income** effect. If you then did the same thing the next year you'd be making that same \$2000/month plus you would add another \$2000/month to it. Basically you would be increasing your annual income by \$24,000 every year thereafter.

A well-known, but great technique for local marketing is to look for businesses with “generic” email addresses on their business cards. In other words, their email address is @yahoo.com, @comcast.com, or @your-ISP.com etc. The approach for these prospects is simple. “Sir, could I have 5 minutes of your time to show you how to make your company look more professional, while providing valuable internet advertising at the same time?” You can then show them how you can help them get set up with their own domain name for their email (which makes them appear more professional), and set up a simple website at the same time (which gives them internet advertising). Whereas your internet-based consumers are probably aware that they can find and register domains for under \$10, you can probably charge a local business \$20-30 without them batting an eye.

Another classic technique that you may wish to implement is the introductory letter followed up by a phone call. The letter introduces yourself to the business owner, and lets them know that you will be calling in the next week. Then when you call them, you can treat it as more of a “warm call” than a cold call. You can ask if they received your letter. Don't be shocked if they didn't—as it will often end up in the trash. Your only objective over the phone is to set a short appointment. Don't do any selling over the phone. I repeat—don't do any selling.

First make sure you're talking to the decision maker (ie. Business owner). Then get them curious and a bit excited.

"Sir, if I could show you how to save money on your advertising while improving your PR at the same time would you be interested?"

"Well sure."

"OK that's perfect! It will only take a few minutes. I'm going to be on your side of town tomorrow and I have an opening at 9:15, or would 2:30 be better for you?"

Bang! Set the appointment. Show up on time. Be professional. Tell them how you can help them. Ask for the order. It's as easy as that.

Just think of the possibilities if you were to really get aggressive and hire sales people and expand into other local regions. Currently this is a largely untapped goldmine waiting for someone like you to come after it. Local ISP's have no competition in many markets, and those local businesses would love a local web host who can offer them a personal touch.



Pay-per-click banners and keywords

Pay-per-click (PPC) has quickly become an industry standard in internet advertising. The beauty of it is you only pay for actual traffic to your site (versus cost-per-impression advertising in which you pay for the number of times your ad is seen regardless of its success). Two of the most popular PPC sources are Overture and Google Adwords (MSN is also a player now as well). These two ad

engines use specific keywords selected by the advertiser to determine when to show ads in search engines.

For example if you have a PPC ad with the keyword “cheap web hosting”, they would display your ad when someone types in “cheap web hosting” into a search engine. It’s a great form of advertising because it delivers very targeted prospects based on your keywords. Unfortunately, due to the size of the web hosting market, it is difficult to obtain high keyword ranking for many common search terms because the large web hosting companies pay a premium for those keywords. For example, a large hosting company might be paying \$12 per click for the search term “web hosting”. This makes it hard for startups to compete for those terms, so the key is to **be creative**.

I have obtained hundreds of great search terms for \$0.10 or less per click simply by thinking outside the box to come up with terms web hosting prospects might type into a search engine. Try combining several search terms, like “php mysql web hosting”, etc. Other tricks include bidding on misspellings of common search terms, and bidding on search terms in peripheral industries that might be pertinent to your niche market. You can find some great keyword marketing resources at <http://www.howtosellhosting.com/eric-recommends.html> in the “Marketing” section.



Online auctions

Online auctions are a great place for startup web hosts to advertise because they are largely overlooked by the larger web hosting companies. I think this is mainly

due to the selling format which is geared toward a more personal selling style rather than mass-advertising which is preferred by mega companies. The other reason is the prominence of young startup hosts selling cheap plans makes some companies think it's difficult to compete. However I see it as a chance to shine above the competition. I've even heard hosts say "I wouldn't touch eBay with a 10-foot pole!" Whenever you hear something like that, run TO it, not away from it, because it could be a great opportunity to get yourself a nice piece of a particular market. For a while, I was almost convinced by the naysayers that eBay really wasn't a web hosting-friendly venue. But then I noticed that eBay has not one but TWO separate categories specifically for web hosting sales. There are not many eBay categories where they gave a category the same exact name in two separate locations, but hosting was one of them. What does that tell you? They like web hosts!

eBay (www.ebay.com) is the largest online venue, period. It's a great place to market your services, but again because it's such a popular place there is quite a bit of competition. Just like your overall marketing strategy, the key on eBay is to be different and appeal to your target market. Most startups make the mistake of copying other sellers' auction ads. This is rarely successful, as even the average consumer can frequently spot a copycat. There are several other auction venues such as Yahoo that have remained relatively untapped by web hosts, and a huge potential exists to capitalize on them. With all online auctions (and eBay in particular), make for certain to abide by all rules governing the auctions. Many startups ignore such rules, which will result in their account being suspended and a negative reputation. Rules may include not providing links to your site, offering direct contact information, etc.

There are many third-party user tools available for auction sellers that can benefit web hosting sellers as well. The tools I've found to be the most useful are auto-listing programs which automatically launch your auction at the specified time, which can save a lot of time. Most auction venues have some of their own tools

available, and there are many competing third-party tools available, the most useful of which I've found has been Andale (www.andale.com).

A few eBay techniques that I've found to be particularly useful include:

Run a featured auction. It will cost about \$20 extra but it will be well worth it because of the increased traffic. Find out what your best selling product or service is, and make it your featured item. As long as you make enough sales to cover your \$20, then it's worth it. If your hosting plan is \$20 and you sell one plan, it was worth it. In your auction item description, include a link to your other auctions. That way all the traffic for your featured item will be disbursed to your other items as well. So if someone doesn't like your featured item, maybe they will like one of your other items better.

Here is one of my big "secrets". The trick to turning auctions into automated sign-up machines is to direct buyers to your signup page. Now be careful and read the rest of what I have to say before you run off and try it. You can NOT simply place a link in your item description that directs customers to your signup page on your site. That violates at least two rules. For one, you can't link directly to a page where you have items for sale off of eBay. Second, it's called fee-avoidance. In other words, people will go there and sign up without buying on eBay first, and thus you are avoiding eBay's fees. If you try doing it that way, you will be reported to eBay (probably by me) and they will take down your auctions and/or issue a warning. Read eBay's rules. You need to link to a 3rd-party payment processor (like Andale). As I researched this issue, I found that there were also many 3rd-party payment processors who were really more like a 4th party. They actually processed payments on behalf of a 3rd-party. Essentially it's an auction-management company who specializes in payment solutions for sellers. For example, Andale is a 3rd-party payment processor, but they also process payments for Paypal. So what I did is made my own payment processor. Since it needs to be a third party, you need to set it up on a separate domain from your

hosting site. It should look like a generic payment processor or auction-services company. When buyers arrive at the home page, they are presented with an opportunity to select their item number, or seller ID, or however you want to make it work. The NEXT page is your signup form. So here's how it all works together:

In your auction you make a section titled Payment Terms. In your payment terms section you need to make it clear that buyers must FIRST buy from your auction, but then proceed to your payment processor site (xyzpayments.com or whatever). Yes you can put the link to your payment site directly in the auction. Again, it doesn't show anything for sale when they go to the site, it just offers the ability to pay for an auction. The system only works on fixed-price auctions, because then you can set the prices in accordance with your signup form. The customer buys from your auction at the specified price. They proceed to your payment site, which directs them to your order form when they click a link or enter their item number. They pay via your order form which is connected to your backend software and their account gets set up instantly.

If you don't want to go through the hassle of setting up a payment site, there is another way to do it. In your auction Payment Terms you state: "After you buy via the auction you will receive an email with the payment link". The way you can automate it is by using a 3rd-party auction management service that sends out "winning bidder emails" automatically to all your winners. Use a company that will allow you to customize that winning bidder email. In the email, you will direct them to your signup page on your site.

Lastly fill up the entire title limit when you are creating your auctions. Regardless of what I'm selling, I almost always make sure to use all the available space to within one letter. Use as many details as possible. Keep in mind that keyword "spamming" is not permitted, but if there are certain keywords associated with your service then use as many of those keywords as possible. Use words like

Cpanel, PHP, ASP, domain, or other words that people might use when looking for hosting.

Online forums

Once again, the benefit of an online forum is the niche factor. An obvious type of forum to target would be one that pertains to web hosting or web design, because visitors to those forums are already interested in web hosting. The forum WebHostingTalk (WHT, see www.webhostingtalk.com) is considered to be an influential factor for many prospective hosting customers. Other applicable forums may not be about web hosting, but rather a topic pertaining to your niche market. For example, if your niche market is the medical profession, you would want to advertise in forums where communities of doctors, nurses and medical professionals congregate. Many forums allow you to advertise for free by simply joining the forum and posting your ad to the forum. Others may charge for banner advertising, etc. In any forum, make sure you are well aware of the rules before making any posts. Most forums have some regulation regarding advertising (they might need to be in a certain category, etc).

Hosting directories

Much like PPC on the search engines, the majority of hosting directories are currently dominated by the big companies. Most hosting directories make their money by charging for ranking, or pay-per-click. However, it's still better to get yourself listed than to not be listed. Most hosting directories have a free listing option which will give you a listing buried among thousands of other hosts, but still of some value when it comes to linking for search-engine-optimization. Also, as I keep saying, you can experience success if you manage to set yourself apart from the crowd. If your listing is titled "hosting for doctors", it's likely that you will

be unique in your niche, and if a doctor does happen to come along he or she may be more likely to click on your listing than on a generic one.



Public relations

Most startup companies don't understand the concept of PR, and don't have a clue how much a PR specialist costs. PR is a valuable tool that can skyrocket your company into the top ranks overnight if done correctly. Typically, you can get a PR specialist for about \$500/month if you search a job website such as guru.com. Understandably, this may be out of reach for many startups with limited budgets, but for those who can afford it, it can jumpstart their business into instant success. However, you don't need a PR expert to issue your own press releases and create PR for your company. There are many self-help books that can teach you to do it yourself. An important thing to keep in mind as you consider a press release is the question all news reporters continually ask themselves: "so what?" Is anyone really interested in your story, and is it really news? So you just launched a new product, so what? You need to put a spin on it that makes it an interesting news story for anyone who reads it.

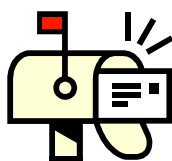
Free information

Providing free information and articles helps your business on a number of levels. First of all, it establishes credibility for your company. If you publish several useful "how-to" articles on your site it can help give your clients a feeling that you are a professional with the experience they want to see in a host. Better

yet, if you can get your article published on another site (not your own site), it makes you look like an expert in the field, and provides free advertising. The content of information and articles also plays a big role in search engine rankings. Focus on things you know well, and especially focus on your niche. If your niche is web hosting for doctors, write an article about how your content management system can improve a doctor's office website. Then publish it on your site, and send it to the webmaster of any doctor-related news sites and ask them if they would publish it for free leaving a small link at the bottom of the article. It's not uncommon for someone with a good niche to have a list of over 100 websites that publish every article they write. If you're a bad writer, or if you don't have the time, you can hire a freelancer to write one for you typically for under \$200. A good place to find freelancers is a site called eLance (www.elance.com)

Besides articles, it is usually beneficial to have a good selection of educational information on your own website. Again, the "how-to" approach is a classic approach that always works. The more good info you have on your site, the less it will look like your site was thrown together, and you will create a greater level of perceived depth to your company in the mind of the prospective client.

Direct mail



This method can get pretty expensive, and it's often better suited for established companies with an existing customer base. However, if you can obtain targeted leads for your niche, it can be an invaluable tool for startups as well. People are bombarded by spam email, so it's generally ineffective (not to mention it's becoming illegal—which is why we won't even be considering it as a marketing

option). On the other hand, direct mail advertisements are not used by many web hosting companies, so it could be a good way to set yourself apart from the crowd. Solicitation for business advertisements should be as targeted as possible, or you're going to be wasting a lot of money. For example, if your niche is web hosting for doctors, you would want to try to buy a subscriber list from a doctor magazine, or a list of all the doctors in your region from an informational company like Cole's or D&B.

Once you have some customers, a great technique to try would be to send your customers direct mail. The US postal service has a service at USPS.com that allows you to print and mail postcards with customized text and your logo for \$0.79 each. Since it's not something most companies do, I think many clients would consider it a nice gesture to receive a postcard thanking them for the business, and asking for referrals. You might set up a referral program where you pay them commission for each customer they bring to you. This type of approach helps engrain your brand in the client's mind, and again emphasizes your professionalism and attention to detail.

Search engine optimization

Search engine optimization (SEO) is an ever-changing science. It's made a lot of people rich, and caused others to become frustrated with the lack of traffic their sites receive. If you're a startup with a shoestring budget, you probably won't be able to hire SEO professionals who can guarantee you a top search engine ranking for the most common search terms. There are entire books that have been written on SEO, and since it's a field that changes so rapidly I'm not even going to attempt to cover it here, but I will give you some helpful advice for this topic. First of all, go ahead and do your best. In other words, at least try to

optimize your site for search engine rankings. A lot of SEO pros will tell you it can't be done by an amateur but that's because they want your business. Go ahead and read all the articles you can find. Pay attention to things like:

- meta-tags/keywords
- header description
- title
- content
- links to your site throughout the web
- “spiderability”
- search engine submission

Do what you can and submit your site to all the search engines. It often takes months, and in some cases years, for a site to be properly indexed in a search engine, so make it a priority to get this done early in your startup phase. If you have a distinct niche, it will be much easier to obtain traffic from your target market. While your site might be buried among thousands on a search for “web hosting”, you might be able to achieve a top ranking when it comes to “web hosting for doctors”, etc. If you have a bit of money to spend in this area, you may want to hire a professional SEO freelancer to optimize your site. You can typically find freelancers (at sites like eLance) who will do the work for much less than a big company would charge. I have some great SEO tools listed in the “Marketing” section at: <http://www.howtosellhosting.com/eric-recommends.html>

Strategic partnerships

Strategic partnerships are great because they often utilize forms of bartering, which doesn't negatively impact your cash flow. Typically in a partnership, both you and the other partner have a goal in common: to gain new customers.

Partners can be your most valuable asset, but they can also backfire if not chosen wisely, so be careful who you work with. An example of an ideal partnership would be a web designer. You have customers that need web design, and the web designer has customers that need web hosting. It can be as simple as when someone asks you about web design you make the referral and vice versa. Another level would be to advertise each other on your sites through banners, or links, or in welcome emails, etc. It's usually beneficial to focus on partners who are in the same type of industry, such as website traffic, SEO, web marketing, server monitoring, etc. If you have a distinct niche, try to partner with those in your niche. If your niche is web hosting for sports enthusiasts, you might offer free web hosting to a bike shop in exchange for a flyer in everyone's shopping bag, or a banner ad on top of their site.



Word of mouth

Word of mouth is the age-old classic form of advertising that has proven to be effective time and again. The web hosting industry is no exception. Personal referrals to your services are the strongest form of advertising you can have, and will result in the highest number of conversions into customers. Don't be afraid to ask for referrals. Offer an incentive program to your current customers to bring new business. Good customers usually bring other good customers, which cuts down on your support expenses. If you provide a good service at a good price, your customers will bring more business to you. The key here is very simple: provide excellent service.

Tracking

It is important to cautiously approach and test new advertising opportunities as they come your way. Make sure that you track the ROI (return on investment) of each campaign and know exactly how much you spent on it and how much revenue it brought in. This way, you'll be able to continue to invest into successful advertisements without wasting your money on ineffective ones. Some advertising sources have built-in tracking, such as Google Adwords, and Overture. They give you nice reports with your click ratio, conversion ratio, and more importantly your cost-per-order (CPO). If you are using any method of advertising that doesn't have built-in tracking, you need to do some sort of tracking on your own. Ideally, you want to calculate your CPO for each method in order to determine if it's worth continuing. Large hosting companies currently pay as much as \$100 per order to obtain new customers, however in general I'd recommend keeping your CPO no higher than about \$10-\$20 as a startup company. Of course that also depends on your target market and profitability of your hosting plans. If you charge \$50/month, then a \$100 CPO is great because you will basically earn it back in two months. In other words, how quick will your ROI be? If your CPO for an order is \$80, but the account will bring you \$40/month of profit, your ROI for that order will take just two months. If you simply can't figure out the CPO for a marketing campaign, at least keep notes so that you can compare your results with future efforts.

Change it up

There is no method of marketing that is guaranteed to work for you like it works for another company. Each company is a little different, and every marketing effort brings different results. Try new things often, and throw new techniques into the mix. At the first sign of an ad becoming stale, throw it out and use something fresh. A mistake a lot of startups make is when they finally find an

avenue that works for them; they put all their eggs into that basket and never change. You want to keep your marketing efforts distributed between at least a few sources, and change things often. Don't be afraid to fail in this area. Even giant corporations fail often. You just have to keep putting stuff out there and when you make a connection, pursue it. When you hit a home run with an ad, exploit it to death. Don't try to pace yourself by spreading it out over a long term so you only get a certain number of customers per day. If you strike it rich with a killer ad, don't be afraid to go all out and sign up 100 customers a day, because you never know what tomorrow will bring. In other words, get what you can get when you can get it. Of course that's just my philosophy, in reality you need to make sure you can adequately support the number of clients you are signing up. Nevertheless, the most successful entrepreneurs I've known are the ones who go for the gusto, take the risks, and grow as fast as they can.



STUDY IT!

Questions to ask yourself:

- 1) What is my target market or niche going to be?
- 2) Which methods of marketing will I focus on to start with?
- 3) How will I track my marketing efforts?

Notes:



Step 8: Support your customers

What kind of experience do I need so I can support my customers?

Of course it's beneficial to have some experience under your belt before jumping in and supporting your customers' technical needs. Most of their questions will be basic questions about the setup and administration of their hosting account. Fortunately most of these issues involve the control panel, and if you chose a popular control panel such as cPanel then you're in luck since it is probably the most user-friendly control panel in the industry. Perhaps you've already used cPanel to host one of your own websites. If you already know how to use cPanel for your own domain, you're at least halfway there. WHM is just the management side of cPanel, and it uses the same user-friendly type of interface that you're used to. If you have the ability to learn, no further experience is needed. Also there is a wealth of helpful information available online at the cPanel site, various forums, and most likely with your own host as well. Many hosts have extensive documentation linked from their support page, as well as educational flash tutorials. That's one of the best parts about being a reseller—your provider is there to help you if you run into a snag. It is good to choose a host who places

heavy emphasis on their reseller opportunities, because they will be likely to treat their resellers with the best service possible.

Many startup resellers are worried about the amount of trouble tickets they're going to receive. However, the number of requests probably won't be overwhelming. Typically new clients will ask a few questions, but as your customers become familiar with the control panel most of them won't even need support unless the server is down.

* * * * *

This section is somewhat repetitive of the information from the “Set up your back end” chapter. That’s because your support solutions are an integral part of the backend of your company, but are also so important that it warrants a separate chapter dedicated to the topic which is what you’re reading now.

Your solution for a support system depends largely on your own aptitude and preference. If you are familiar with the web hosting platform (cPanel, etc.) and with basic server administration tasks, you may wish to support your customers yourself. This is especially true while your business is in the startup phase with only a few customers, or if you intend to keep your customer base small. If you choose not to be your own support tech, there are a few alternatives. The obvious one is you could hire a support tech to work for you. While this is often the most ideal situation, most startups can not afford to hire an additional person initially. A more affordable solution may be to outsource your technical support to a company who specializes in providing support for web hosting companies. Many outsourcing companies are located in technologically advanced areas in low-cost countries such as India. Outsourcing to an overseas company can be a very cost-efficient solution, but can also result in additional problems and challenges so you want to make sure you adequately research your solution before making any commitments. Outsourcing companies typically offer one or

more pricing solutions including per-ticket, per-customer, per-server, flat fee per month, or per representative hired.

There are also other creative support solutions available. One solution I've seen work with success is creating a community forum where customers can help each other, guided by more experienced moderators and administrators. A host can offer free hosting to moderators in exchange for their help in running the forum. Other forms of bartering have been done successfully as well. For example you could provide free hosting in exchange for 5 hours a month of answering trouble tickets in your helpdesk.

As for the support options themselves, again hopefully you've outlined this in your business plan. Are you offering email only, or a helpdesk, live chat, or telephone? Email and telephone are self-explanatory, if you're even considering starting your own business I'm sure you know to use email and the telephone. Live chat is a nice option if you decide to use it, however you need to be diligent in being available or it could be counteractive. Have you ever seen a site that offers live chat, but the operator is never available during business hours? I think it shows a lack of professionalism, and I rarely buy from such companies. On the other hand, if you run it properly it can be a valuable tool that helps you get customers problems resolved in one chat session rather than a back-and-forth email or support ticket conversation. To run live chat you could simply post your IM screen name (handle) for one of the popular IM platforms such as AIM, MSN, or Yahoo. The other method would be to use a web-based chat client from a free download, or on a subscription basis from a chat provider.

Regardless of whether you offer any other methods of support, the one method I will strongly suggest is an online helpdesk where customers can submit trouble tickets. There are several free helpdesks available, as well as more powerful applications available for purchase. The helpdesks I would recommend are Kayako or Perldesk, both available on a monthly or yearly subscription. Lpanel

also has a functional helpdesk integrated into it. It is best to choose a helpdesk that supports email. In other words, you can send an email to support@yourcompany.com and it automatically opens a helpdesk ticket. Then when you answer the ticket, it also sends an email reply to the client, who can then reply from within their helpdesk account or by replying to the email.

Here are some additional tips that may help you as you develop a support system for your hosting company:

- Provide **as much documentation as possible** in your support area. This includes FAQ's, flash tutorials, step-by-step instructions, links to helpful websites, and anything else you think might be beneficial to your customers. The more information they can find on your site, the fewer tickets they will submit, which saves you time. These days a lot of people really have a DIY (do it yourself) mentality, so make your site an educational center for your customers to learn about your services.
- Become **an expert at DNS**. Besides control panel issues, DNS is probably the most common tech support issue you will face. Many customers simply have a hard time setting their DNS to your name servers. If you deal with custom name servers, that creates another big area for snags to occur. You may wish to build an entire FAQ section specifically addressing DNS issues. Familiarize yourself with www.dnsreport.com It's a great site and I hope they never take it down. It has proven to be an invaluable resource time and time again, along with its partner site: www.dnsstuff.com Using those sites I was able to diagnose about 75% of all DNS problems I encountered. Some other sites to get information from are www.whois.sc and www.internic.com/whois.html
- Answer trouble tickets **completely and thoroughly**. Give more information than necessary (but not so much as to confuse them). This helps to prevent future support tickets, and therefore even though it takes longer on the first ticket,

it will save time in the long run. Take every opportunity to teach customers how to help themselves. The tendency of a support technician is to fix the problem really quick and then shoot off a response to the customer saying “OK it’s fixed now. You’re good to go.” Don’t do that. If it’s something the customer could have done on their own, take the time to write out step-by-step exactly how you fixed it. Again it will save you time in the long run, and at the same time it will boost their commitment to you; creating a customer for life.

SAMPLE:

Dear {name},

We have resolved the name server issue which was causing the problem for you. The problem was that the DNS zones for your custom name servers were not set up on the server. Although you had properly created those custom name servers with your registrar, they must also be added to the server in order to be functional. For future reference, you may wish to use the following steps to add DNS zones to the server as needed.

- In your reseller control panel, click on “Add DNS Zone”
- In the box labeled “domain” , enter the custom name server. For example ns1.yourdomain.com
- In the box labeled “IP”, enter the IP address of the name server. This would be the same IP you used when you created the name server at your register. If you need to know what IP to use, please let us know.
- Click Create
- Repeat for the second name server

You can also find a flash tutorial for this process on our self-help page at <http://hostingcompany.com/tutorials/>

Please don’t hesitate to let us know if we can be of further assistance.

Warm regards,

John
Support Department

A few nuances in the ticket above that you will want to be sure to implement for your own support department include:

Always address them by their name. It will make it seem more like a personal reply instead of a distant “tech support robot” who doesn’t care about them as a person.

Always end the ticket with an open invitation to request further support, and then close it with a cordial phrase such as “warm regards”.

- Create a very **detailed welcome email**. The more information you can provide them initially, the fewer support requests you will have during the time your customer is getting acquainted with their new account. You want to provide them with some basic instruction of how to get started and upload their site, as well as a link to your support resources. Here is a sample welcome email for an end-user account. I would consider this welcome email to be a BARE MINIMUM of what you would want to provide. You want to provide as much information as you think they can handle without getting confused.

SAMPLE:

Dear {name},

Thank you for your order. Your account has been set up! Please save and print this email for future reference.

Important account information:

Domain Name: {domain}

cPanel Control panel login: <http://{server ip}:2082>

Login: {username}

Password: {password}

IP Address: {ip}

Server name: {server}

Please have your registrar set the DNS for your domain to:

ns1.nameserver1.com

ns2.nameserver2.com

It usually takes up to 48 hours for the domain to resolve to our servers from the time you make the DNS change with your registrar.

If your domain has not yet resolved to our servers and you wish to upload via ftp, you can ftp directly to the IP, {sip}, using the same username and password as your account login. If you need FTP software, a good free program is at <http://www.smartftp.com>

The default control panel skin is cPanel X theme. If you wish to switch your account to RVskin with multi-language capability please submit a support ticket with your request.

If you are interested in downloading one of our free web hosting templates to use for your website, they can be downloaded from {location of templates}

username: member

password: {password}

If you have any questions, please visit <http://www.{yourcompany}.com/support.html> for our support resources and contact information.

Thanks again,

Support Team

{yourcompany}

- It's often helpful to **divide your support department** into a few categories; especially if you have anyone else to help you share the responsibility. Three good categories would be: Admin level support (server administration stuff that will probably need to be handled by your hosting provider), Level one tech support (all the basic questions and support that you are responsible for), and Sales/Billing support.

- Be extremely **careful about who you hire**. This is for several reasons. For one, anyone running your support will need root access to your account. Unfortunately there are a lot of bad people on the internet, so be careful who you trust with your livelihood. Secondly, a lot of people just don't have the experience or skills to take care of your customers. They can talk the talk when you're interviewing them, but when it comes time to handle issues quickly and smoothly you may be in for a whole different experience. Don't forget about interpersonal communication skills. You could be the most experienced support tech in the world, but if you use incomplete sentences or if you're rude to my customers I don't want you. Your technical support is one of the primary areas in which your customers' opinions about your company are formed, so take it seriously.

- Lastly, develop a **Terms of Service & Acceptable Use Policy**. This is important for many reasons as well. First, it serves as a legal agreement between you and your users. For this reason, it is advisable to consult an attorney when

devising your policy. Second, it lays out your expectations so there are no surprises when it comes time to terminate a customer for abusing your server. Many customers (the smart ones) actually do read the policy before they sign up. It should set a strong tone of the way you do business, and what types of activities will not be tolerated on your servers. Again, I advise you to seek legal counsel before implementing your policy. Here is simply an example of a Terms of Service Agreement.

SAMPLE:

TERMS OF SERVICE AGREEMENT

This Terms of Service Agreement (TOS) is a formal and legally binding agreement between //Hosting Company// (we, Company) and You, the service user (you, Subscriber). Use of our service constitutes acceptance and agreement to the TOS in full.

Contents:

- I) Purpose and Overview of the TOS
- II) Specific Violations of the TOS
- III) Security
- IV) Network Performance
- V) Payment Policy
- VI) General Operations
- VII) Violation Reporting
- VIII) Violation Procedures
- IX) Miscellaneous Provisions

I) PURPOSE AND OVERVIEW OF THE TOS

The TOS is provided to give our Subscribers and users a clear understanding of what we expect of them while using our services. All users of our services including those who access our services but do not have accounts, as well as those who pay a service fee to subscribe to the services, must comply with our TOS.

We support the uncensored flow of information and ideas over the Internet and do not actively monitor subscriber activity under normal circumstances. Similarly, we do not exercise editorial control over the content of any website, e-mail transmission, newsgroups, or other material created or accessible over or through the services, except for certain proprietary websites. However, in accordance with our TOS, we may remove any materials that, in our sole discretion, may be illegal, may subject us to liability, or which may violate the TOS. We may cooperate with legal authorities and/or third parties in the investigation of any suspected or alleged crime or civil wrongdoing. Your violation of the TOS may result in the suspension or immediate termination of your account without prior notice.

The following are guidelines for the establishment and enforcement of the TOS:

- Ensure reliable service to our customers
- Ensure security and privacy of our systems and network, as well as the networks and systems of others
- Comply with existing laws
- Maintain our reputation as a responsible service provider
- Encourage responsible use of the Internet and discourage activities which reduce the usability and value of Internet services
- Preserve the value of Internet resources as a conduit for free expression and exchange of information
- Preserve the privacy and security of individual users

While we are committed to the principles of free speech, certain activities that may be damaging to the resources of both us and the Internet and cannot be permitted under the guise of free speech. The resources of us and the Internet are limited, and abuse of these resources by one user has a negative impact on the entire community.

We do not routinely monitor the activity of accounts except for measurements of system utilization and the preparation of billing records. However, in our efforts to promote good citizenship within the Internet community, we will respond appropriately if we become aware of inappropriate use of our service.

If you violate the TOS, we reserve the right to terminate your service without notice. We prefer to advise Subscribers of inappropriate behavior and any necessary corrective action, however, flagrant violations of the TOS will result in immediate termination of service. Our failure to enforce this policy, for whatever reason, shall not be construed as a waiver of our right to do so at any time.

II) SPECIFIC VIOLATIONS OF THE TOS

By using our services you agree not to commit any of the following specific violation of the TOS. The following constitute specific violations of the TOS:

Illegal use: Our services may not be used for illegal purposes, or in support of illegal activities. We reserve the right to cooperate with legal authorities and/or injured third parties in the investigation of any suspected crime or civil wrongdoing. If anything is not legal in the United States of America, it is not permitted to reside on our servers. If illegal content or usage is found, the account will be suspended and/or terminated. Subscriber agrees that the Company may disclose any and all subscriber information including assigned IP numbers, account history, account use, etc. to any law enforcement agent who makes a written request without further consent or notification to the Subscriber.

Harm to minors: Use of our service to harm, or attempt to harm, minors in any way, including, but not limited to child pornography is prohibited. Violation of this policy will result in immediate termination of your service and a report will be made to law enforcement authorities.

Threats: Use of our service to transmit any material (by e-mail, uploading, posting or otherwise) that threatens or encourages bodily harm or destruction of property is prohibited.

Harassment: Use of our service to transmit any material (by e-mail, uploading, posting or otherwise) that harasses another is prohibited.

Fraudulent activity: Use of our service to make fraudulent offers to sell or buy products, items, or services, or to advance any type of financial scam such as "pyramid schemes," "ponzi schemes," and "chain letters" is prohibited. This also includes any knowing misrepresentation or misleading statement, writing or activity made with the intent that the person receiving it will act upon it.

Forgery or impersonation: Adding, removing or modifying identifying network header information in an effort to deceive or mislead is prohibited. Attempting to impersonate any person by using forged headers or other identifying information is prohibited. Forging any message header, in part or whole, of any electronic transmission, originating or passing through our service is in violation of the TOS. The use of anonymous remailers or nicknames does not constitute impersonation.

Unsolicited commercial e-mail/Unsolicited bulk e-mail (SPAM): Use of our service to transmit any unsolicited commercial or unsolicited bulk e-mail is expressly prohibited. Violation of this SPAM policy will result in severe penalties. Upon notification of an alleged violation of our SPAM policy, we will initiate an investigation. During the investigation, we may restrict Subscriber access to the network to prevent further violations. If a Subscriber is found to be in violation of our SPAM policy, we may, at our sole discretion, restrict, suspend or terminate the Subscriber's account. Further, we reserve the right to pursue civil remedies for any costs associated with the investigation of a substantiated policy violation. We will notify law enforcement officials if the violation is believed to be a criminal offense. Anyone using our service to host websites or services that support spammers or cause any of our IP space to be listed in any of the various Spam Databases will have their account(s) immediately suspended. The account will not be unsuspended until such time that you agree to remove any and all traces of the offending material immediately upon reconnection. First violations of this policy will result in an "Administrative Fee" of \$25 and your account will be reviewed for possible immediate termination. Severe violations may result in immediate and permanent removal of the account(s) from our network without notice to the customer. A second violation will result in an "Administrative Fee" of \$100 and immediate termination of your account.

E-mail/News Bombing: Malicious intent to impede another person's use of electronic mail services or news will result in the immediate termination of the offending account.

Usenet Abuse/Spamming: We have a zero tolerance policy for the use of our service for the posting of messages or commercial advertisements which violate the rules, regulations, or charter of any newsgroups or mailing list. Commercial messages that are appropriate under the rules of a newsgroup or mailing list or that are solicited by the recipients are permitted.

Unauthorized access: Use of our service to access, or to attempt to access, the accounts of others, or to penetrate, or attempt to penetrate, security measures of ours or another entity's computer software or hardware, electronic communications system, or telecommunications system, whether or not the intrusion results in the corruption or loss of data, is expressly prohibited and the offending account is subject to immediate termination. You may not attempt to circumvent user authentication or security of any host, network or account. This includes, but is not limited to, accessing data not intended for you, logging into or making use of a server or account you are not expressly authorized to access, or probing the security of other networks. Use or distribution of tools designed for compromising security is prohibited. Examples of these tools include, but are not limited to, password guessing programs, cracking tools or network probing tools. Violations of system or network security may result in civil or criminal liability. We will investigate occurrences, which may involve such violations and may involve, and cooperate with, law enforcement authorities in prosecuting users who are involved in such violations.

Copyright or trademark infringement: Use of our service to transmit any material (by e-mail, uploading, posting or otherwise) that infringes any copyright, trademark, patent, trade secret or other proprietary rights of any third party, including, but not limited to, the unauthorized copying of copyrighted material, the digitization and distribution of photographs from magazines, books, or other copyrighted sources, and the unauthorized transmittal of copyrighted software is prohibited. This also includes intellectual property rights. Distribution and/or posting of copyrighted or the aforementioned infringements will not be tolerated.

Collection of personal data: Use of the service to collect, or attempt to collect, personal information about third parties without their knowledge or consent is prohibited.

Network disruptions and unfriendly activity: Use of the service for any activity which affects the ability of other people or systems to use our services or the Internet is prohibited. This includes "denial of service" (DOS) attacks against another network host or individual user. Interference with or disruption of other network users, services or equipment is prohibited. This includes, but is not limited to: "flooding" of networks, deliberate attempts to overload a service, and attempts to "crash" a host. It is the Subscriber's responsibility to ensure that their account(s) are configured in a secure manner. A Subscriber may not, through action or inaction, allow others to use their account for illegal or inappropriate actions. A Subscriber may not permit their account, through action or inaction, to be configured in such a way that gives a third party the capability to use their account in an illegal or inappropriate manner. Unauthorized entry and/or use of another company and/or individual's computer system will result in immediate account termination. We will not tolerate any Subscriber attempting to access the accounts of others, or penetrate security measures of other systems, whether or not the intrusion results in corruption or loss of data. We reserve the right, to drop the section of IP space involved in Spam or Denial-of-Service complaints if it is clear that the offending activity is causing great harm to parties on the Internet. In particular, if open relays are on your account, or if denial of service attacks are originating from your account. In certain rare cases, we may have to do this before attempting to contact you. If we do this, we will contact you as soon as is feasible.

Distribution of Viruses: Intentional distributions of software or anything that attempts to and/or causes damage, harassment, or annoyance to persons, data, and/or computer systems are prohibited. Such an offense will result in the immediate termination of the offending account.

Inappropriate Use of Software: Use of software or any device that would facilitate a continued connection, i.e. ping, while using our services could result in suspension of service.

IRC networks: It is forbidden to host IRC (Internet Relay Chat) that is part of or connected to another IRC network or server. Accounts found to be connecting to or part of these networks will be immediately suspended without notice. The account will not be unsuspended until such time that you agree to remove any and all traces of the offending material immediately upon reconnection. Severe violations may result in immediate and permanent removal of the account(s) from our network without notice to the customer. Any user who commits a second violation will be immediately and permanently removed from our network without notice.

Streaming Video and Audio: Streaming Video and Audio is not permitted on our servers. You must zip the content to prevent this if you wish to have it hosted, and like everything else this content must be legal and in compliance with our copyright guidelines.

Eggdrop Scripts: Eggdrop scripts/bots and IRC bots of any type are not allowed, these are grounds for immediate account deletion.

Adult Material: Adult Material is not allowed, unless specified in your package deal. If a website is found to contain adult material that is not on an adult approved server/package, the website will be suspended.

Objectionable Material: You may not use our service to publish material, which we determine, at our sole discretion, to be unlawful, indecent or objectionable. For purposes of this policy, "material" refers to all forms of communications including but not limited to: narrative descriptions, graphics (including photographs, illustrations, images, drawings, logos), executable programs, video recordings, and audio recordings. If you unsure if your content is objectionable, please contact us before posting it.

Chinese Forums: Chinese Forums are not allowed on our network. These sites require too much CPU usage. They typically require a dedicated server to run properly. If they are found on any server we will suspend and/or terminate them.

ANIME: Anime websites are not allowed on our network. If an Anime website is found we will terminate the account. These sites are not allowed on our servers because most of them are illegal, and almost inevitably cause server problems.

Demo Accounts: Due to the potential of a security breach, or malicious activity aimed at our network, control panel demo accounts are not allowed. We recommend linking directly to the control panel maker's website for their demo (for example www.cpanel.net).

Use of our service by minors: Persons under the age of eighteen (18) must have permission from their parent/guardian to use our services. By signing up for our service, you agree that you are over the age of eighteen, OR your parent/guardian has permitted you to do so and has read and agreed to the TOS, and has accepted responsibility for any actions you may take as a minor under their custody.

III) SECURITY

By using our services you agree to adopt adequate security measures to prevent or minimize unauthorized use of your account. Your password provides access to your account. It is your responsibility to keep your password secure. Sharing your password and account

access with unauthorized users is prohibited. You should take care to prevent others from using your account since you will be held responsible for such use.

Subscribers will be held responsible for any activity by third parties using their accounts in a way that violates the TOS. You are responsible for any misuse of your account, even if the inappropriate activity was committed by a friend, family member, guest or employee. Therefore, you must take steps to ensure that others do not gain unauthorized access to your account.

Subscribers who are resellers are responsible for enforcing the TOS to all of their clients. If their clients are found to be violating the TOS, we will suspend and/or terminate the offending site and let the reseller know. It is advisable that you adopt similar or stricter policies than ours. Our Subscribers may use and/or modify a copy of our TOS for use on their website(s).

IV) NETWORK PERFORMANCE

By using our service you agree to abide by this policy. Our services operate on shared resources. Excessive use or abuse of these shared network resources by one customer may have a negative impact on all other customers. Misuse of network resources in a manner which impairs network performance is prohibited by this policy and may result in termination of your account.

You are prohibited from excessive consumption of resources, including CPU time, memory, disk space and session time. You may not use resource-intensive programs which negatively impact other customers or the performances of our systems or networks. This may include certain scripts or forums that put excessive use on the SQL server in a way which degrades performance for other users. We reserve the right to terminate or limit such activities. Additionally, if your account(s) becomes the target of denial-of-service (DOS or DDOS) or other malicious attacks against the server, we reserve the right to end your service. Accounts may not be used as a download distribution point for your bundled software. They are to be used for standard web practices only. This means that all content stored on an account must be used for "normal" website use. "Un-normal" usage is anything that a shared server would not be able to provide under standard circumstances. If your account requires resources that are not able to be provided by a shared server, we may require you to rent a dedicated server. If you are unsure of whether your account may violate this policy, please contact us prior to subscribing.

V) PAYMENT POLICY

By using our services you agree to the following payment policy and instructions.

Refunds: We offer a seven-day money-back guarantee. If during the first seven days after subscribing you are unhappy with the service you may submit a refund request. Any such request must be made in writing and must be made before the end of seven days from the moment your initial payment was made. In such case your payment will be refunded (less any set-up fees or special costs) and your account will be deleted from our network upon refunding. The seven-day money-back guarantee only applies to the first payment made on a new account. After the initial seven-day period, no refunds will be made at any time for the first payment on a new account. All subsequent payments made to us are absolutely non-refundable. If you dispute a charge to your credit card issuer or take any action that results in a payment being reversed that, in our sole discretion is a valid charge under the provisions of the TOS, you agree to pay us an "Administrative Fee" of \$100.

Payment/Subscription: Establishment of this service is dependent upon receipt by the Company of payment of stated charges. We require that all Subscribers use an automatically recurring payment subscription through a payment processor (currently Paypal). Your recurring subscription must remain active at all times for your account to remain activated. If a subscription becomes inactive and/or is cancelled, we will suspend the account and issue a warning to the Subscriber to their email address on file. If the subscription is not rectified within 7-days of the warning we will delete the account from the server. If it is a reseller account we will also delete any domains "under" the primary account. Such termination or denial will not relieve Subscriber of responsibility for the payment of all accrued charges, plus reasonable interest and any collection fees. We may allow some users to purchase our services with a one-time payment or subscription that is not automatically recurring. Any such allowance does not forfeit our right to require any such user to activate a recurring subscription at any time.

Cancellation: All cancellations must be made by the subscriber by canceling their recurring subscription. We will not comply with verbal or written requests to cancel accounts. It must be done by canceling the subscription with the payment processor. Upon notification that a subscription has been cancelled we will delete the Subscriber's account from the server. We will not wait until the end of any advertised or perceived billing cycle, and we will not refund any unused portions of any subscription payment. We require that a recurring subscription be active at all times and will therefore delete the account upon termination of the subscription.

Service Rates: Subscriber acknowledges that the nature of the service furnished and the initial rates and charges have been communicated to Subscriber. Subscriber is aware that the Company may prospectively change the specified rates and charges from time to time. The promotional offer is contingent upon Company achieving and maintaining its cost of service goals including but not limited to rates charged to company by its suppliers.

VI) GENERAL OPERATIONS

By using our service you agree to the following policy and limitations pertaining to our services.

Uptime: Subscriber acknowledges that the service provided is of such a nature that service can be interrupted for many reasons other than the negligence of the Company and that damages resulting from any interruption of service are difficult to ascertain. Therefore, Subscriber agrees that the Company shall not be liable for any damages arising from such causes. In no event shall the Company be liable for any special or consequential damages, loss or injury. Although many of our own network providers guarantee an uptime of 99% or more, we make no guarantees about uptime performance because we realize there are influencing factors that are outside of our control, and in most cases even outside the control of the data centers and network providers we work with.

Support Boundaries: We provide technical support to our Subscribers. We limit our technical support to our areas of expertise. We provide support related to your account or virtual site's physical functionality. We do not offer tech support for application specific issues such as cgi programming, html, or any other such issue. We do not provide technical support for your customers, unless an outsourced support subscription has been purchased. We provide a variety of support information and options to our Subscribers. These support options can be found on the support page of our website.

Abuse of Our Staff or Network Staff: Abuse towards our staff or our network staff will not be tolerated. If you use foul language, threaten us, or do anything we find offensive, we may suspend and/or delete your account. Per our payment policy we offer no refunds.

Internet Protocol (IP) Address Ownership: If we assign a Subscriber an IP address for the Subscriber's use, the right to use that IP address shall belong only to us, and Subscriber shall have no right to use that IP address except as permitted by us in our sole discretion in connection with the services. We shall maintain and control ownership of all IP numbers and addresses that may be assigned to Subscriber by us, and we reserve the right to change or remove any and all such IP numbers and addresses, in our sole and absolute discretion. Our allocation of IP addresses is limited by the policies set forth by ARIN (American Registry for Internet Numbers). These policies state that use of IP addresses for IP-based virtual hosts will not be accepted as justification for new IP addresses. What this means to you is that you must use name-based hosting where possible. We will periodically review IP address usage, and if we find that clients are using IP addresses where name-based hosting could be used, we will revoke authorization to use those IP addresses that could be used with name-based hosting.

Bandwidth and Disk Usage: Subscriber agrees that bandwidth and disk usage shall not exceed the quota for the services ordered by Subscriber on the order form (the "Agreed Usage"). We will monitor Subscriber's bandwidth and disk usage. We have the right to take corrective action if Subscriber's bandwidth or disk usage exceeds the Agreed Usage in our sole discretion. Such corrective action may include the assessment of additional charges, or disconnection or discontinuance of the service. If we take any corrective action under this section, Subscriber shall not be entitled to a refund of any fees paid in advance prior to such action.

VII) VIOLATION REPORTING

By using our service you agree to report violations of the TOS to us. Anyone who believes that there is a violation of our TOS should direct such information to us by email immediately. If available, please provide the following information:

The IP address used to commit the alleged violation

The date and time of the alleged violation, including the time zone or offset from GMT

Evidence of the alleged violation

E-mail with full header information provides all of the above, as do system log files. Other situations will require different methods of providing the above information. We may take any one or more of the following actions in response to complaints:

- Issue written or verbal warnings
- Suspend the Subscriber's newsgroup posting privileges
- Suspend the Subscriber's account
- Terminate the Subscriber's account
- Bill the Subscriber for administrative costs and/or reactivation charges
- Bring legal action to enjoin violations and/or to collect damages, if any, caused by violations

VIII) VIOLATION PROCEDURES

By using our services you understand and agree with the following procedures and policies.

We are under no duty to look at each Subscriber's or user's activities to determine if a violation of the TOS has occurred, nor do we assume any responsibility through our TOS to monitor or police Internet-related activities.

First violation: Any Subscriber, which we determine to have violated any element of the TOS, shall receive an email, warning them of the violation. The service may be subject at our discretion to a temporary suspension pending a Subscriber's agreement in writing, to refrain from any further violations.

Second Violation: Subscribers that we determine to have committed a second violation of any element of this Acceptable Use Policy shall be subject to immediate suspension or termination of service without further notice.

Suspension of Service or Cancellation: We reserve the right to suspend network access to any Subscriber if in the judgment of the network administrators the customer's account is the source or target of the violation of the TOS or for any other reason which we choose. If inappropriate activity is detected, all accounts of the Subscriber in question will be deactivated until an investigation is completed. Prior notification to the Subscriber is not assured. In extreme cases, law enforcement will be contacted regarding the activity.

IX) MISCELLANEOUS PROVISIONS

Indemnification: In agreeing to the TOS, Subscriber indemnifies us for any violation of the TOS that results in loss to us or the bringing of any claim against us by any third-party. This means that if we are sued because of a Subscriber's or a customer of a Subscriber's activity, the Subscriber will pay any damages awarded against us, plus all costs and attorney's fees.

Contact Information: You must provide us with, and keep current, good contact information for yourself including an E-mail address and telephone number. If we fail to communicate any information to you due to a non-current, inoperative, or incorrect email address you are still responsible and accountable for any such information we attempted to communicate.

Waiver: A waiver by the Company of any breach of any provision of the TOS by Subscriber shall not operate as or be construed as a continuing or subsequent waiver thereof or as a waiver of any breach of any other provision thereof.

Assignment: Subscriber shall not transfer or assign the TOS without the prior written consent of the Company. Company may assign the TOS at anytime without consent from or notice to Subscriber. Company reserves the right to cancel Subscriber's rights under this contract at any time without further obligation.

3rd Party Disclaimer: We take no responsibility for any material input by others and not posted to our website by us. We are not responsible for the content of any other websites linked to us; links are provided as Internet navigation tools only. We disclaim any responsibility for any such inappropriate use and any liability to any person or party for any other person or party's violation of this policy.

Disclaimer of warranties: We are not responsible for any damages your business may suffer. We do not make implied or written warranties for any of our services. We deny any warranty or merchantability for a specific purpose. This includes loss of data resulting from delays, non-deliveries, wrong delivery, and any and all service interruptions caused by us.

3rd Party Software and Services: We may provide you access to third party software and/or services ("Third Party Products ") through reseller relationships we have established with certain commercial vendors. Subscriber understands that product support for Third Party Products is provided by us and not by the Third Party Vendor, unless otherwise notified. Neither us nor any Third Party Vendor makes any representations or warranties, express or implied, regarding any Third Party Products. Subscriber expressly acknowledges and agrees that use of third party products is at customer's sole risk and such third party products are provided "as is" and without representation or warranty of any kind from us or any third party vendor, including without limitation, any implied warranty of merchantability, fitness for a particular purpose, accuracy or completeness of responses or results, correspondence to description, or non-infringement of third party rights. To the maximum extent permitted by applicable law, neither us nor any third party vendor will be legally responsible for any damages, whether direct, indirect, or consequential, arising from the use or inability to use any third party product. Subscriber agrees to observe the terms of any license and/or applicable end-user subscriber agreement for third party products and that customer shall be fully liable to third party vendors and us with respect to any improper use of such third party products or violation of license agreements with them and/or applicable end user subscriber agreements. Subscriber agrees not to remove, modify or obscure any copyright, trademark or other proprietary rights notices that appear on Third Party Products or that appear during the use of Third Party Products. Subscriber further agrees not to reverse engineer, decompile, or disassemble the Third Party Products.

Revisions to the TOS: We reserve the right to revise, amend, or modify the TOS at any time and in any manner. In such case the amended or revised TOS will be posted to our website. Subscriber understands that changes to the TOS shall not be grounds for early contract termination or non-payment.

Location and Severability: The TOS shall be construed in all respects in accordance with the laws of the State of Colorado. If any part of the TOS is found to be invalid or unenforceable by law, the remainder of the TOS will remain enforceable and in full effect.

END OF SAMPLE



STUDY IT!

Questions to ask yourself:

- 1) Do I have the ability to learn?
- 2) Who is going to handle my technical support?
- 3) What support options will I offer?

Notes:



Step 9: Get advanced techniques and advice

Make money from domain registrations

Each of your customers will need a domain for his or her website, so why not make some money from it? There are several affiliate programs which will allow you to make money from domain registration without going through the tedious and expensive process of becoming an internationally recognized accredited registrar. Two of the most popular programs for resellers are with Enom and Wild West Domains (WWD aka GoDaddy). Certain auto-setup scripts such as Lpanel, Whoiscart and Modernbill allow you to integrate domain registration into the signup process. However, it's not mandatory to do so. You can just as easily provide a link or frame to your affiliate registration site for your client to register a domain just prior to purchasing web hosting from you. I personally recommend Wild West Domains for a few of reasons. It only costs \$99/year to join their program. They give you a customizable storefront, which allows you to sell any selection of domains and other ancillary products such as traffic, SSL certificates, copyright protection, and more. You set your own prices and product selection,

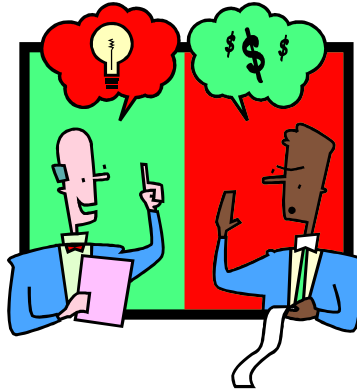
and it also allows you to use your custom name servers as the default name servers when someone registers a domain.

I'll say it again: Be different!

If you fail in this area, there's a good chance your entire business could fail. I'm not telling you this to discourage you, but to give you a heads up on some potential pitfalls that could be detrimental to your success. There's one question you need to continually ask yourself, and if you don't have a good enough answer you can expect to fall short of your goals. The question is: why should people buy hosting from you?

Different marketing style:

Where are you getting your advertising ideas? By looking at your competitors ads and copying them? Go to a search engine or hosting directory and take a look at what web hosts are doing. How many of them are screaming for attention by listing their price and a few features? Do any of them really stand out from the crowd? Currently it seems that about 99% of all hosts are using the same exact marketing strategy, and I'm guessing it's getting old for the consumers who are trying to choose a host that will be a good match for their needs. Don't allow yourself to blend into the crowd, do something different. I've often had success by copying ads of successful companies in other industries. There are other industries that have been around a lot longer than web hosting, and many of their marketing firms are much more mature in their approach than even the best hosting companies. Look at ads for cars and clothes, and medicine, and anything you use. They don't all use the same bleeding red ads screaming low prices and features. Many of them have gotten past that, and developed more effective techniques of stirring peoples' emotions and tugging their heart strings.



Different price:

Don't base your prices on what so-and-so is selling hosting for. I know you've seen them selling hosting for ridiculously low prices and throwing in a free domain, maybe offering a free month or even a free year. Don't do it. First of all, as a startup you can't compete with the volume some of those companies are selling. Secondly, a lot of those companies are grossly overselling their resources and likely teetering on the brink of a technological and financial disaster. Why are so many companies tempted to play the low-price game? Because it's the easy way out. Competing by price is a lazy way to get clients, because you don't have to think about anything else. Just lower your price lower than anyone else and start shouting it from the rooftops. There are other pitfalls of rock-bottom prices, particularly the bottom-feeder customers who are looking for those rock-bottom prices. The poorest people are always the most demanding. The person who can only afford \$2/month will expect world-class service for his \$2/month, while the slightly savvier \$20/month customer realizes that even \$20 isn't much money in the big picture and therefore is happy with the service given. Price differently. I've seen big companies run successful campaigns using catchy but unusual price points like \$7.77. When you're thinking about price, stick to the objectives of your business plan rather than getting carried away in a price war.

Different service:

In case you hadn't noticed, most web hosts offer almost the same services with just a little variation in how they portray it. It seems like a lot of hosts think the longer the list of features and benefits they make on their site, the more successful they will be. Fortunately, so many of your competitors have the same mentality that it can work in your favor if you can figure out how to do it differently. The key is to make it clear to prospective customers that your service is superior to your competitor's service. As I said, many hosts are currently in the habit of feature/benefiting their clients to death. They think if their competitor lists 20 features, then they simply need to list 30 features and that will lead to success. What I see happening a lot is this sort of technique leading to confusion. A good saying to keep in mind is that a confused mind never buys. Rather than focusing on just more features, focus on those specific features that make you different. Maybe you offer the exact same service with the exact same features as another host. Well rather than emphasizing those same features, make up a new feature and emphasize it over all the others. Many resellers make bold claims like 99.999% uptime or 24/7 support. In reality these types of claims are often unfulfilled, and frequently not even controllable by the host. These types of claims have become so prevalent in advertising that I've seen lately that less information can be more effective. Even less features can be more effective if you convey it in a way that connects with your customers. If you notice that all of your competitors are promising 99.99% uptime you could make a point of not offering an uptime guarantee. For example, you could invent a feature called the "uptime honesty policy" in which you make no promises as to a percentage of uptime but that you will always provide your customers with honest answers when the server goes down. This type of approach has a double benefit for you: first of all it draws attention to the fact that your competitors are probably not being honest about their uptime, and secondly it relieves you of an uptime obligation that your competitors are struggling in vain to achieve.

Different brand:

What's your company's name going to be? Take some time to come up with the right name, because it's to top of the pyramid and the flag flown by your business. The wrong name can portray a lack of professionalism and even drive customers away. When it comes to your domain, don't settle for a mediocre name just because it was available. I know this may come as a disappointment to you if you've already registered a name that you're excited about, but I'm very serious about the following advice regarding domains.

-ONLY use a .com domain. I don't care how good of a .net or .biz you have, get a .com!

-There should be no dashes in the domain

-No misspellings or abbreviations

-No more than three words

-Must be memorable, easy to spell, and should convey the topic of your business within the name

If the name you want is already taken, see if the name is currently in use, and if it's not in use try to contact the owner of the domain and make an offer for it. If the domain does not have privacy protection, you can obtain the contact information from a whois search like Internic.com or whois.sc. Domain squatters often register hundreds or thousands of domains and will be happy to sell you a domain for a reasonable price. Don't mess with people who expect to get thousands of dollars for a domain, but I've picked up several high quality brand names in the \$100 to \$200 range. If you're serious about the business, don't be afraid to invest \$100 in a top quality name for your company. It will pay off in the long run. If it comes down to a choice between two companies, and one is named ZekesHosting.com while the other is named Zekes-web-hostingstore76.com, most people will go with the name that portrays a more professional image.

Of course there is a lot more to branding than just your name. It involves the entire experience your customer has with your company at every point of contact. Start with your company name as the foundation of your branding efforts, and tie it into everything you do. Think about branding your plan names, your support helpdesk, your ordering system, and anything you can apply it to. When customers hear your company name, you want them to immediately have a picture and feeling of trust, reliability, professionalism, value, and anything else you're striving to convey. There is a lot of information available on the web about branding, so I'll leave that to you to research. You can't really go wrong in your efforts, because any effort to establish a strong brand will already put you ahead of most of your competitors who've never even thought about it. As you research and apply your efforts to your own company remember that you don't have to be a billion dollar corporation to achieve a strong brand. If you come across any information that implies you have to spend millions of dollars to brand your company, ignore it and look for advice from professional marketers who know what creative branding is all about.



Be exciting

If you're not excited about your business, then how can you expect your customers to be excited about it? Have you told your friends about it? Is it something you can easily talk about? If you're not able to talk about it, then

you're customers won't be talking about it and you won't get the word-of-mouth marketing going which is probably the most important form of publicity. You have to create a buzz. A big enough buzz can catapult you into superstardom overnight. Do things that excite you and that will excite your customers. Never take a "business-as-usual" attitude. Each day is an opportunity to do something great. What are your passions? What are your life goals and dreams? Your greatest aspirations? How can you apply those dreams to your business? Motivation speaker Zig Ziglar once said that a sale is a "transfer of enthusiasm from one person to another". Let your passion show, and if you can incorporate it into your business in a way that motivates your customers then you're set for success!

Never stop learning

You are starting a business in the tech industry. Think about that! As you know, technology is rapidly advancing and constantly changing. This means you need to keep learning if you want to ride the wave of technology to success instead of being pummeled by it. Be a student of the business. Read articles about the topics discussed in this course. Start learning about the technology behind web hosting. As they say, knowledge is power, and the saying holds true in this business. The more you know, the more flexible you can be as you adapt to changes. Make it a goal to learn something new each week. The moment you stop learning should be the moment you die.

In addition to industry-related material, I would strongly suggest reading books that will make you a better person. If you can improve your personal qualities, then you can take those skills and qualities and translate them into any business you might decide to pursue in the future. In other words, you probably won't be a web host for the rest of your life, so take the time to develop yourself a well-rounded and skilled person. Communication skills are some of the most

important because you will always be communicating. Some books I would suggest checking out include:

How to Win Friends and Influence People by Dale Carnegie

The 7 Habits of Highly Effective People by Stephen R. Covey

Anything by Zig Ziglar

The Bible

Almost any book you can get your hands on that deals with leadership, management, interpersonal communication, etc.

I'm telling you; if you become a better communicator and a skilled leader, it will make you better at business, and it **will** help you run your web hosting company. Period.

Take a Risk

OK this is a tough one to teach. It's almost scary for me to write it, because I know from first hand experience that risk may involve failure and pain. In fact if every person who reads this book decides to step out and take a big risk, a good percentage of them will fail. It's a part of the game. Unless you're the one-in-a-zillion person who gets lucky and strikes it rich, you will HAVE to take a risk in order to find business success. Of course there are many different levels of risk, and they hold different levels of potential reward. I'm not telling you to do something stupid. The fact that you're reading this shows me that you're probably not that type of person anyway. But there will come a point where you have to take an educated and calculated risk. Step out on the limb. Take a leap of faith, so to speak.

For me, one of those risks was quitting my day job and transitioning to working from home full time. What was at risk? Well my income obviously. However, even in a worst-case scenario the most terrible possible result would have been bankruptcy, or worse—having to go find a new job. Both of which were not life-

threatening. The fact is, if I hadn't taken that risk, I probably would still be stuck in a job I didn't enjoy to this very day.

Again one of the keys here is that it should be an educated risk. There may be times in life where we need to take a completely blind risk based on gut instinct, but this new business for you is probably not one of those times. I've seen people slave away to save up \$10,000 to start their new business. Once they have "enough" capital they decide they are ready to take their risk and start the business. They blow through it in one month on advertising, only to end up in complete failure at the end of the month; out of money, and no customers to show for it. That's not a risk; that's stupidity. It doesn't have to be that way. Be smart. But keep in mind; you **do** need to take a risk.



STUDY IT!

Questions to ask yourself:

- 1) How can I make money from domain registrations?
- 2) Why should people buy hosting from me?
- 3) What are my passions, and how can I incorporate them into my business?

Notes:



Step 10: Sell your business

Yes, you read it correctly. I said sell your business. I'm not talking about selling hosting plans; I'm talking about selling the whole thing. While you probably hadn't even thought of it yet, it's never too early to plan ahead. As motivational guru Stephen Covey puts it, "Begin with the end in mind." This isn't to say your number one objective needs to be selling out, but if you're going to start a successful company you need to think long term. Your goal may be simply to make some additional income to pay your bills each month, which is great, but a time comes when all business owners leave their businesses. If it's not by selling out, it will be on their deathbed. Why not sell out while you can still enjoy the dividends?

In such a rapidly changing technological field such as this, I would recommend putting together a long term goal of selling your business in one to five years. If five years from now, things are still looking great for the industry, then go from there...maybe you'll extend your goal by another five years. You'll want to talk to your tax professional before you make any plans, but typically if you've owned the business for at least a year, you may be able to tax it as a capital gain which

may be taxed a lower rate than income. We're not going to delve too deeply into this topic because it shouldn't be at the very forefront of your concerns as you launch your new venture, but I do at least want to plant the bug in the back of your mind. We won't get into the nitty-gritty details of the actual sale and transaction because that's down the road and you can find a wealth of business resources to help you when it comes time, but here's a few pointers to keep in mind as you build your business.

- **Keep good records.** This includes accounting, customers, support, and everything else related to your business. Most potential buyers will have at least some due diligence process which they must satisfy before consummating the deal. The better records you have, the easier it will be to provide this information when you need it. Be honest in your record keeping. Bad information will only create the potential for problems down the line.

- **Build a quality business.** When you sell your company, the business itself *is* the product. So if that's the case, how can you create value for your end-product? Your reputation is a huge consideration, as well as the quality of your customer database. Are your customers primarily bottom-feeders who complain at the drop of a hat, or are they comprised largely of professional small business owners, etc?

- **Focus on the company's potential.** For a business buyer, one of the biggest considerations is what is the future capability of this business? Do they have a strong growth strategy? Can I double its size in the next several years? Create a growth strategy that ends far beyond your anticipated sale date. Then follow that strategy and keep good records to document your progress along the curve. This will help the potential buyer to gain a clear picture of where the business is headed.

-Talk to your hosting provider about any acquisition opportunities. Some hosting providers actually have a customer buy-back program where they will buy your customers from you if you decide to sell out or leave the business early (even if you've only been a reseller for a short period of time).

How much money can you expect to get for your company?

It depends on dozens of variables including the important points mentioned above, as well as market conditions, supply and demand, and even luck. If you've only been in business a few months, or if your customer base isn't very solid, you might only receive one-month's worth of revenue for a buy-out. On the other hand, if you build your company with integrity and acquire high quality customers over a period of time, it's not unusual to receive a year's worth of revenue for the sale of your company. Again, don't get too far ahead of yourself, but make a long term goal for yourself so you have something to work toward. Make your goal big enough that it motivates you to put forth your best effort as you grow your business.



STUDY IT!

Questions to ask yourself:

- 1) What are my long-term goals in life?
- 2) How can I achieve my long-term personal and financial goals?
- 3) For how long do I want to run a web hosting company?

Notes:



I hope you enjoyed this e-course. If you read the whole thing, you've already got one of the most important qualities for success: you're a student of the business! If you notice any mistakes in this e-course, don't hesitate to contact me at www.ericssupport.com. If you have any unanswered questions, or concerns about what you've read, please let me know so I can answer your questions and address those concerns. Also don't forget to check out the special opportunities on the following pages. I wish you the best in your hosting endeavors and anything else you decide to put your mind to!

Sincerely,

Eric Holmlund



BONUS:

Special opportunities for YOU!

Start your own web hosting business today for \$24.95!

If you're reading this, you're probably interested in gaining more money, more freedom, and living a more fulfilling life. Do any of these things strike a chord with you?

- Work at home**
- Run your own business**
- Control your own schedule**
- Spend more time with your loved ones**
- Host your own websites for free**
- Make money while you're sleeping**

Did you know that the internet is a money-making machine that works 24 hours a

day, 7 days a week? At all times, regardless of what you're doing, money is being made on the internet. That means that while you're eating, sleeping, working and playing, money is pouring into the pockets of internet entrepreneurs from all around the world. The internet is so big, and there's so much money to be made that there's plenty of room for anyone to join the system and start profiting from the power of the internet. Trillions, yes trillions, of dollars are being spent on the internet and thousands of people are discovering a new lifestyle and fulfilling their dreams each day. Would you like to be one of them?

Imagine owning your own internet business, and each time a customer makes a purchase the money is automatically sent to your account, even if you're sound asleep!

If you just read this course on how to sell web hosting, you know what I'm talking about. I'm talking about starting your own web hosting company by becoming a web hosting reseller. And if you paid attention to the details in the course, you know that the best way to start your venture is with a private label reseller plan, dedicated server, or another program (depending on your technical experience and personal preferences).



It's time to stop wasting your time and money on get-rich-quick schemes that never work. It's time to stop wasting your time and money on hyped up programs

designed only to put money in someone else's pocket. It's time to stop wasting your time and money on dishonest hosts who offer "unlimited" disk space, only to be disappointed when their servers crash and they go out of business!

If you wanted to start your own web hosting company from the ground up without utilizing an existing plan, it would cost you tens of thousands of dollars. You would spend thousands on equipment, bandwidth, software licensing, server administration, and more. The beauty of these programs is all that stuff has already been done for you. You get to utilize a platform that is prepared for you to launch your business from. There is not need to reinvent the wheel, so to speak. We've already done the work and all you need to do is plug yourself into our system.

Think about it. **Web hosting is one of the most powerful business opportunities you can leverage without spending a fortune.**

Web hosting is the possibly the fastest growing internet sector in the world. "Web hosting revenues will reach \$19.8 billion by 2004, up from \$1.4 billion in 1999" - International Data Corp.

And according to Frank Feather the author of FutureConsumer and G-Forces, "By 2010, the Internet will gobble up 31% of consumer spending, leaving most brick-and-mortar retailers in rubble."

In other words, if you don't want to get left behind in the dot com world, it's time to join the online revolution by starting your own web hosting business today!

FOR A SPECIAL DISCOUNT GO TO:

<http://www.howtosellhosting.com/hostgator.html>

Then when you order, use the coupon code: **ERICSTIPS.COM**

I also have some other recommendations available. These are great opportunities that you can't afford not to at least check out.

I have compiled some fantastic opportunities for the following:

- 1) Shared Hosting**
- 2) Per-Account Reseller Programs**
- 3) Private Label Reseller Programs**
- 4) VPS Programs**
- 5) Dedicated Servers**
- 6) Set Up Your Own Server**
- 7) Affiliate Programs**
- 8) Marketing Resources**

To see these great opportunities please go to:

<http://www.howtosellhosting.com/eric-recommends.html>

