

# 5 Reasons Not to Build Your Own:

## A Better Backup and Disaster Recovery (BDR) Revenue Model

It's about time McDonald's started serving sushi. They've been successfully focusing on their core products long enough, happy meals and fries. Did I scare you? Was it the thought of buying sushi from a drive thru, or was it "why would McDonald's get into selling sushi? That's not their market." No worries, sushi is not on the horizon at the drive-thru.

It does make you think, however, about the importance of offering your customer base the absolute best product or service that you're set up to deliver. For Datto, our focus is working with the Channel to deliver award-winning backup and disaster (BDR) recovery solutions. Our growth comes from growing our customer base through our core BDR capabilities. We recommend this same strategy for managed service and IT solution providers too.

The explosive growth of business data has created new opportunities in the BDR market. Data is today's business driver. It's the engine that keeps many businesses running, and gives many others their competitive edge. If the data is lost, or significant downtime is experienced, the company could go out of business.

**32% of businesses had planned to increase spending on business continuity and disaster recovery in 2011.**

Digitized data will grow to more than 1.2 million petabytes, and continue at a rate of over 50% annually. As such, more and more companies are recognizing the need for a comprehensive solution that protects their critical business data and ensures uptime in the event of a disaster. According to Forrester, 32% of businesses had planned to increase spending on business continuity and disaster recovery in 2011.

The role and growth of data, combined with the surge of cloud computing, has brought about an emergence of many different cloud and hybrid cloud providers in the BDR and business continuity (BC) space. The increasing demand for virtualization-enabled BDR solutions creates opportunities for managed service providers (MSPs), value added resellers (VARs) and IT solution providers (ISPs) to provide intelligent business continuity solutions to their clients. Given the magnitude of vendors and services available, however, it can be challenging for MSPs to know which solution is the best fit for them, and their clients.



The combination of too many options and negative experiences with prior BDR/BC vendors has influenced many MSPs into thinking it would be easier and more cost effective to build and roll out their own BDR solution. However, building and managing your own fully integrated BDR solution is a costly and time-consuming endeavor. A sound BDR plan needs to adequately address compliance, management and cost issues.

"Relying on building your own backup solution as opposed to working with an established backup vendor is not advisable," says Werner Zurcher, director of storage research at Gartner. "The question is, who is the MSP going to rely on – and to some extent, how easy are the backup vendors making it to be an MSP using their solution?" Further complicating it is the desire by more SMBs to leverage virtual machines. They are looking to implement backup recovery that the average MSP isn't going to have the skills to take advantage of, according to Zurcher.

There are several critical factors MSPs need to evaluate when considering a "do-it-yourself" BDR or business continuity solution. This whitepaper highlights five major considerations to evaluate before going down that potentially disastrous route.

### 1. Total Cost of Ownership (TCO)

Have you thought through the total costs associated with building, owning, and managing your own BDR? It's more expensive than you might think. If an MSP's goal is to improve their profit margin by cutting out the middle man (BDR vendor), it's advisable to keep reading. Going it alone may actually cost you more money in the long run.

One of the challenges most organizations encounter when they're trying to put together a disaster recovery plan is doing so in the most cost-effective way possible. The graphic to the right outlines the five major building blocks that make up a complete business continuity solution:

- Backup software
- Backup storage
- Failover hardware
- Off-site storage/archiving
- Remote failover



#### BDR vs. Business Continuity

It's important to note the differences between BDR and business continuity. SMBs will continue to demand business continuity solutions vs. standard BDR. BDR is based on data backup and the ability to recover a company's data in the event of a disaster.

Business continuity takes it one step further. In addition to BDR, a business continuity strategy will enable the company to access its data and operate during a disaster. Business continuity eliminates downtime, establishing an aggressive RPO.

<http://goo.gl/KITUJ>

Successful business continuity vendors are able to seamlessly integrate diverse technologies to create a single integrated solution that considers the total cost of ownership (TCO). Not only is building your own solution a significant time investment, it will also require constant development to keep up with advances in technology.

Don't underestimate the amount of time that is needed to spend creating and managing custom solutions. For a third party, implementing a BDR requires no capital expense and flat, locked-in subscription pricing keeps the cost of ownership affordable.

**"...the difference between building their own BDR device and going with Datto SIRIS was ... \$100."**

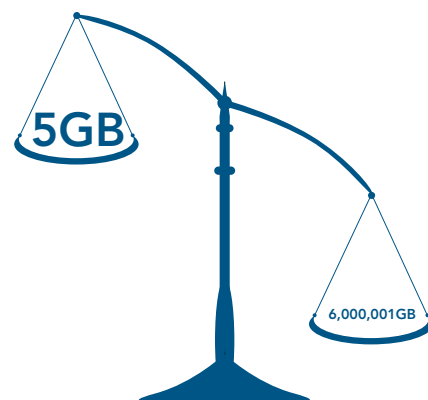
The costs of assembling, managing and maintaining these custom solutions are often hidden. A current Datto Partner, NSI Total Care based in Naugatuck, Conn., experimented with the "build your own" strategy for a while, and shared their costs associated with this approach. In general, the difference between building their own BDR device and going with Datto SIRIS was ... \$100." And, this did not include device seeding, management portal to track devices and backups, added cost of off-site storage, technical support (they'd lose money if an in-house engineer had to be pulled from a billable job to work on their BDR), hardware warranty, simple hardware upgrades, marketing support, and more. In the end, NSI decided they could make more money, with fewer headaches, by purchasing and offering Datto devices.

And, don't forget about the need to offer a family of products, that all need to be built and supported. End-users come in all shapes and sizes, MSPs have to meet their needs.

## 2. The Scale Advantage

There are elements of scale when it comes to purchasing cloud storage. MSPs need to consider that third-party vendors operate on a scale advantage when it comes to storing data. For example, adding the 6,000,001st GB of data to Datto's cloud is far more cost-effective than an MSP adding their fifth GB. At \$.09 per month, per gig, Datto has one of the lowest costs per gig off-site storage rates in the industry.

Third-party vendors have established deep relationships with data centers. For example, just as customers can attain a volume discount for purchasing 20,000 pens from a supplier, as opposed to 200, MSPs benefit from vendor volume discounts for purchasing racks in data centers. This controls the storage cost for partners and keeps it at a steady rate throughout the year. If an MSP attempts to set up this type of operation on their own, they most likely will not receive the pricing per GB that a third party expert has secured. The average cost of off-site storage as of March 2013 is 35 cents per month, per gig. Datto also assembles its own high capacity hardware in the cloud and 96TB nodes go in Datto's data center. A 96T node is not something an MSP can purchase; they would have to custom build it.



### 3. Legal Concerns/Compliance Regulations

Liability is huge concern to factor into the equation. Failing to build a reliable solution can rapidly create a management and/or legal nightmare. When you build your own cloud, you assume 100% responsibility for the data. Furthermore, building your own cloud is convoluted and requires a lot of technical expertise.

Many backup vendors are aware of the Health Insurance Portability and Accountability Act (HIPAA), Sarbanes-Oxley (SOX), Payment Card Industry Data Security Standard (PCI DSS), and other compliance requirements, and as such, tailor their solutions to ensure compliance. When you choose to build a solution on your own, you run the risk of running into the vendor “blame game,” and going it on your own means that you are taking on 100% of the responsibility, 100% of the time.



For MSPs, learning about compliance and regulations is another time-intensive chore. The amount of research that needs to be devoted to understanding the regulations and then knowing what steps to take to be compliant, is daunting. Compliance violations can be extremely costly. Solution providers can help you maintain your HIPAA compliance and achieve secure online backup by adhering to the rules, guidelines and principles inherent to the compliance mandate.

One compliance criterion is keeping enough distance between a company’s site and their respective data center. It is best practice for a data center to be at least 200 miles away from the client location. Datto files for HIPAA compliance and SOX certification, and splits that cost over thousands of users. The company also has legal counsel and security polices in place to help mitigate risks and works with top-notch data centers that meet industry regulations and have proper certifications.

### 4. Managed Recovery

As migrating applications to the cloud becomes a more enticing option for many enterprises, infrastructures are growing even more complicated. Enterprises with a hybrid environment of on-premise, colocation and cloud have interdependencies that without extremely detailed planning, could lead to a failure in recovery.

Cloud and third-party BDR providers are accustomed to running and managing their own systems, and when they are in crisis mode, they are often able to conduct the initial restore on an MSPs behalf, getting businesses back up and running that much faster. Proper management of a BDR solution also ties directly to the cost of managing and troubleshooting alone – without the help of an expert vendor.

Similar to volume discounts, MSPs or VARs have to manage the growth of data from clients on their own. That means trips to the data center, installing racks and equipment, monitoring storage capacities, etc. – the list goes on. This can be another time drain, and can get expensive depending on how quickly your clients’ data is growing. Managing the infrastructure and users is a huge part of the cost, which requires significant expertise,

knowledge, and time to manage data. Lack of expertise equals more man-hours to learn the expertise. In addition, MSPs have to cover all the costs associated when something goes wrong. Risk isn't measuring when things go as planned, risk is accessing all the options. Management over your own BDR solution takes away from the core focus of your business: managed services.

### 5. BDR: It's Simply Not What You Do

As business icon Jack Welch put it, a "common mission trap for companies: trying to be all things to all people at all times."<sup>1</sup>

End-users, particularly SMBs, would be lost without the guidance, consultation, and IT service provided by their MSPs. At the end of the day, building, managing and maintaining business continuity solutions are not the specialty of an MSP, no matter how good they are. An MSP's core business is to provide their clients with the best technology and the highest level of service, all for an affordable rate. Every hour that's put into a project of this scale is an hour that is not being dedicated to servicing existing clients – or searching for new ones.

At the end of the day, building, managing and maintaining business continuity solutions are not what MSPs specialize in. Intelligent business continuity vendors, like Datto, have done the groundwork when it comes to designing a complete and robust solution. MSPs can leverage Datto's advanced technology and industry expertise to provide their clients with the best solution possible at an affordable price point.

### Conclusion

SMBs are aggressively pursuing BDR plans; the global business continuity and disaster recovery market is predicted to reach \$39 billion by 2015, according to a study by New York-based Allied Business Intelligence (ABI) Research Business Continuity/Disaster Recovery. No doubt MSPs should get into this marketplace, aggressively. The question is: is it more profitable for an MSP to build a BDR solution on their own, or to partner with an award-winning, proven BDR vendor?

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Before you make the leap into creating your own backup solution, assess each of the building blocks of business continuity and make sure you have a solid plan of action that includes working with a vendor that understands your customers' needs. A Datto Partner may have said it best, "...since you can make a ton of money for little time and no investment....and let the big headache fall on support's shoulders...why not?"

1. Jack Welch, *Winning*, 2005