

Thinking of starting a shared web hosting business? Read this first!



Over the past decade or so, literally hundreds of new shared web hosting providers have launched operations, no doubt with the highest of expectations only to close shop for a myriad of reasons within their first couple of years online. If

you're an aspiring hosting entrepreneur, there are tried and tested methods and formulas for successfully running a shared web hosting business. This guide touches on those methods and formulas with a focus on what's minimally necessary to sustain and grow your operations.

Planning is paramount when launching any business

Planning is nothing more than taking into account infrastructure requirements and other variables such as price, the demographic you plan to target, the competition, funding, plus you and your team's business savvy and skills – which includes marketing, advertising, website design and functionality, customer service skills and time constraints.

In terms of infrastructure, hard choices need to be made which upstream provider to partner with, rather you'll need remote power management and monitoring, whether you'll pool bandwidth, offer metered or unmetered bandwidth, go with a reseller plan versus VPS or dedicated servers, offer live chat, phone support or simply a ticket system.

Starting with the basics for offering shared web hosting

How do you finalize which upstream hosting provider best matches your specific requirements and budget? Some of the more critical questions to address would be:

- Do they offer an upgrade path, such as from reseller accounts to VPS or dedicated servers, or possibly colocation? As your business grows, it's important that the infrastructure of your upstream provider is in place and keeps pace.
- Do they offer live chat, phone and/or ticket support? Is their Level One support team able to adequately answer level one queries 24/7 or are simple questions repeatedly referred to Level Two staff during normal working hours? As you gain clients, you can't afford to wait hours to resolve level one issues. Ask lots of questions upfront and review their knowledgebase.
- Do they have ample bandwidth and redundancy? If your upstream provider bogs down or crashes, their pain flows downstream to you. Will you be sitting on a 100Mbps or Gigabit port and how saturated is that backbone?
- Are they using their own DNS or a third party DNS such as CloudFlare? Some providers tout CloudFlare to combat DDoS attacks. At a bare minimum, ask what provisions they have in place to keep your services online.

Budget Constraints

Shared web hosting is certainly one of the few industries that can be started on a shoestring, but sustainability guidelines are no different than other industries, to wit, factor in having at least one year of operating expenses set aside to survive the launch of your new business. Countless firms have gone under because they erroneously anticipated relying on first year gross revenues to keep their operations afloat.

The know, like and trust factor

How do you persuade prospects to know, like and trust your new business? It starts with having a professionally written, well designed website that makes it easy to get from point "query" to point "purchase." Unfortunately, you can have a superbly designed site and never make one sale because it's never found on the search engines. With brick and mortar businesses, the manta is location, location, location. For newly launched shared web hosting businesses, the key is much the same, only online.

Your business needs to be seen as industry experts on forums like Web Hosting Talk, Hosting Discussion and WebmasterSun, plus be found on every web hosting directory. I like to compare this to fishing, in that the more hooks and the more appetizing the bait you put into the water, the greater your chances are of attracting and snaring a fish. In shared web hosting, this relates to providing a perception of value, which leads directly to sales. If you're consistently helping newbies on the forums, and responding to or posting threads that set you up as a go-to source, sales and referrals will come. When everyone else is settling for satisfied clients, you should be striving for raving fans. This doesn't mean giving away the world. Simply going an extra one percent in every contact you have with a prospect or client will set your business apart.

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