



Hosting: big-business IT on a small-business budget

If you've got a Web site, it will typically be 'hosted' by an Internet Service Provider, or a Web hosting company. They take care of your Web site and make sure it's always visible. Today, a whole range of software services is available on the same basis. Rather than running software locally, installed on each PC, these software applications are accessible over the Web. Through software hosting providers, enterprise-class software solutions like Microsoft® Exchange Server (e-mail) and Microsoft Dynamics™ CRM (Customer Relationship Management) are all accessible to small businesses.

Why would you want a hosted solution?

Hosted software is particularly handy for small businesses. You can focus on what you do best; running your business rather than managing IT; because all you need to use hosted software is an Internet connection. Support and maintenance are handled by the hosting company, who can be held to account with a Service Level Agreement (SLA). It's a very flexible model, placing the onus on the hosting company to keep its technology up to scratch for your benefit. It means even a one-man company can use the same applications as much larger organisations.

Hosting also provides a cheaper alternative to the traditional licensing model. There's no need to pay a large amount of money for a licence in advance, buy expensive IT equipment or have in-house expertise to maintain the systems. Hosted solutions are very convenient, paid for by a monthly fee (usually fixed). Microsoft Exchange Server e-mail, for example, can be purchased on a simple and predictable, per-user monthly basis. That means no nasty surprises.

"Small companies are generally not cash rich and they can't afford the cost of a large IT infrastructure or the staff to support it", says Microsoft's Gavin Gee. With hosted software, small businesses get lower costs, predictable costs and just the right tools at the right time. As your company grows or demands change, you can switch on

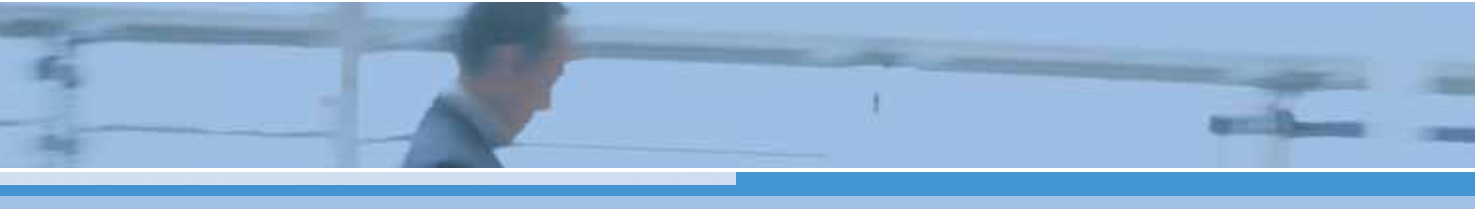
new services as you see fit – all without the need to buy or deploy new equipment. You can get going with the cheapest package, building in new requirements as your firm grows in size and stature.

Hosted solutions simply remove worries from small businesses:

- Deploy new services without worrying about buying new kit.
- Security isn't a worry – your supplier will offer best-of-breed security as part of the package.
- Costs are flexible – whether you need to grow or scale back, you can always pay for exactly what you use rather than paying for licenses that don't meet your needs anymore.

Hosting is catching on

If the idea of accessing your essential software through an Internet browser seems alien, you can take it from the experts that this represents a fundamental shift in the way we are going to work in future. Technology analysts Gartner report that 25% of new business software will be delivered online through hosted providers by 2011 – much of this growth being driven by small businesses.



The range of software delivered via hosted solutions is also growing - you can already get all of these tools online today:

- Instant Messaging – super-fast virtual conversation is a mature and widely accepted hosted product.
- E-mail – a business-critical application, Exchange Server is often the first hosted product for many small companies.
- Telephony integration in the form of Unified Communications (e-mail and phone services in one neat package).
- Archival and backup services.
- Business applications – Microsoft's small business offering extends to hosted Microsoft Dynamics CRM (Customer Relationship Management), Microsoft® Office Live Small Business and Microsoft Office SharePoint® Server.

Hosting is not just a management and budget issue. Being online increases the functionality and collaboration that can be built into these platforms – this means you get some useful new tools. SharePoint Server, for example, allows the sharing of documents with clients and suppliers in a way that is all but impossible to achieve in an in-house network. "It should be a no-brainer really. With Exchange Server, clients can get a richer experience and collaborate with their colleagues, collect their e-mail when they are away from their office, etc.", says Mark Adams – Managing Director of hosting providers Cobweb Solutions.

Are there any downsides?

There are no downsides to a hosted solution – they are designed to be as effective as anything you'll find on your desktop. However, there are points to consider when picking your provider. It's a new business relationship and you need to pick your IT supplier with the same care as you would for any other supplier to your business. Here are some questions to ask:

- It's your data. How is it backed up and secured?
- What happens at the end of the contract? How can you get your data back and how will they help you to do so?
- Are there any extra costs beyond the monthly fee or per-seat fee?
- Can the service integrate with any software you may still be running in-house? Many industries (estate agents,

recruitment consultants) use specialist software, for example and you'll want to know that these tools will all work together.

- Understand what the Service Level Agreement (SLA) means. It's your guarantee of service provision. If, for example you're offered an extra three months free, but it's not effective, what's the point? Read the terms and conditions carefully.
- Think about the one essential in-house service which underpins your hosted software: your Internet connection. If your line went down, it could be critical for your business. Consider upgrading your Internet connection with, at the very least, a backup line from a different provider.

Case study: Just Good Business

That "richer experience" can be essential to the growth of a small business. 'Just Good Business' (JGB), a UK-based business consultancy and venture capital firm, helps start-up companies to reach maturity and entrepreneurs to improve their business skills. With plans to grow from 7 to 30 client companies, the challenge was to be able to monitor and manage each client's development. Their clients work in different industry sectors and have different requirements. JGB turned to a hosted Microsoft CRM solution, which not only allowed JGB to view all client data centrally, but also for each client to participate in their own customised 'mini CRM system'.

The result is a much enhanced level of service. Any other bespoke option would have been too expensive and impractical – requiring a significant training and installation overhead. JGB estimates that the hosted solution has made a cost saving of over £20,000 without sacrificing any of the original business objectives.



Security: top of the agenda

“It’s rightly one of the top questions that our customers ask: how secure are you?” says Adams. With a hosting provider you’re aiming to offload the complications of configuring firewalls and spam filters. You’re also buying the latest technology. This means there should be no shortcuts taken with your security either.

Choose a hosting company that:

- Puts compliance, business continuity and security issues top of its agenda.
- Owns physically secure data centres and operates strict data management policies. Physical security is as important as electronic security.
- Ensures the same high level of security for each client, no matter what their size or budget.

The future is hosted

Microsoft’s industry document, ‘Next Generation hosting – the Microsoft Vision for the Hosting Industry’, says that

most companies will access software applications and service through hosted providers in the future. Collaboration increasingly requires companies to be able to work across departmental boundaries, with partners, customers and other stakeholders. That can mean everything from two or more people working on the same document, to project management and hosting Web conferences. Small companies have a big appetite for it.

It makes perfect sense – not just financially but also because hosted solutions present small companies with another valuable commodity, choice. You will be able to pick from on-site services (the software we’re all already used to), ongoing-hosted services (like Exchange Server e-mail), or even one-off tools to solve a specific problem. These are choices that were previously only available to larger companies with big budgets. Gavin Gee comments: “Small businesses are going to find that the playing field has been levelled that much more – whether they are out on the road or just being more agile, more choices are available”. If you’re looking for growth, flexibility, or just more predictable costs, a hosted solution is almost certainly available to meet your needs.

Further information:

- 1 Find a hosted service provider
<http://www.microsoft.com/uk/smallbusiness/how-to-buy/find-a-hosted-service-provider.mspix>
- 2 Weigh up the pros and cons of hosted versus in-house email
<http://www.microsoft.com/uk/smallbusiness/growing/technology-in-business/working-together/microsoft-exchange-hosted-or-inhouse.mspix>
- 3 It does what?! Some useful things you can do with hosted Exchange
<http://www.microsoft.com/uk/smallbusiness/growing/technology-in-business/working-together/unusual-benefits-of-microsoft-exchange.mspix>
- 4 Microsoft Exchange Hosted Services is a subscription service which works with Microsoft Exchange to stop junk mail and back up your email
<http://www.microsoft.com/uk/business/products/exchangehostedservices/overview.mspix>