



KPMG ANALYSIS

Small-Business Data Backup Goes Online

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By Dave Pelland, Managing Editor, Digital Insider

Demand from small and medium-size businesses for online backup services is bringing large technology companies into the market.

In turn, the interest in online backup is helping validate the "software-as-a-service" (SaaS) model, in which software applications are delivered through Web browsers. Companies can subscribe to tools like customer relationship or project management applications that are usually less expensive than purchased software, and don't require installation and maintenance on their own networks.

"Traditionally, small business have run [backup] servers with tape drives, but because many business owners aren't technically savvy, they haven't always been able to follow through on backup procedures," says Steven Rodin, president and CEO of data-protection services provider Storagepipe Solutions.

"Online backup [is] a good fit for the small-business market, and it's often cost-effective when compared with other approaches," Rodin says.

Large technology vendors including EMC, Symantec and IBM, in addition to startups, are extending the SaaS concept into the small- and medium-sized business' (SMB) IT infrastructures. They are offering browser-based online storage and backup services in which customer data files are copied automatically over the Internet and stored on vendors' servers.

"Many larger companies have started moving into the market and deploying online backup infrastructures," says Anil Miglani, senior vice president in charge of security and storage operations for market-research firm AMI Partners.

"Large vendors are driving down the cost of online backup because they can offer economies of scale that local [resellers] do not have," Miglani says. "Also, the larger vendors can assure customers to a greater extent about the safety and security of the data."

Cheaper Than Tape

Because SMB customers share the cost of running servers and data centers, online backup services can also be less expensive than traditional tape-based backups. For example, pricing for Symantec's online backup and storage service starts at about \$25 a month to back up five gigabytes.

Data-storage firm EMC entered the market in late January with a Web-based backup

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offering for desktops, laptops and Windows servers. The move follows EMC's acquisition in October 2007 of Berkeley Data Systems, which offered the Mozy backup service for small businesses and consumers.

Symantec began offering two online backup services for SMB customers in mid-February as part of its hosted Symantec Protection Network services, and online retailer Amazon.com is also selling networked storage services to Web developers.

Storagepipe's Rodin says large technology vendors are attracted to online backup services as SMB customers recognize that their business data is more important to their companies' success than the equipment that it's stored on.

"It lends more credibility to the overall [online backup] space when you have big players recognizing the growth," says Rodin.

Miglani says smaller companies are attracted to the relative simplicity of online backup. Once a company designates the files or folders that should be backed up, data can be copied either at a scheduled time, when files are changed, or a combination of both.

"[SMBs] can add online backup capability without having a large investment outlay for hardware and software, and they don't need anyone internally to monitor that IT infrastructure," Miglani says.

Another advantage of online backup is that data is transmitted automatically to a vendor who makes multiple copies of the data. That's a major attraction for smaller businesses without experienced storage management professionals.

"Backup can have a lot of administrative overhead as people are scheduling data backup windows, dealing with tapes, trying to get tapes [stored] offsite, and trying to get tapes back," says Chris Schin, senior director of product management for Symantec's hosted network-protection offerings. "With online backup, any time a file is changed at the block level, we capture those changes and send them over the Internet to our data centers."

The disaster recovery and business continuity features of online backup are also a major selling point to SMBs, as data is copied several times to servers located at different data centers.

"Ultimately, the small business customer is attracted to the offsite storage aspect," says Schin. "They want their data to be protected in a disaster recovery scenario?[the data] is no longer at their site, and it's stored redundantly in multiple locations. We could lose an entire data center and we won't lose anybody's data."

Security Concerns

However, since data is being copied several times to multiple locations, it raises security questions. Generally, backup data is encrypted before it leaves customers' locations, with the encrypted files being stored on the vendors' servers.

"We can't unlock that data," says Schin. "It has to be sent back to the customer site before it can be decrypted and restored to a local machine."

Storagepipe's Rodin says because most small businesses don't encrypt data stored on internal servers, the data could be more secure outside of a customer's facility than inside it.

Storage backup vendors also say the relative ease of hosted backup services can help promote greater awareness among SMB customers of the need to protect important business data.

"Companies are often burned once, then they realize they have to get their act together," says Rodin. "In larger companies, many times there's a mandate to protect data in a certain way, whereas small businesses often don't have those processes."

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