

The Guide To Starting A Web Hosting Company
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Made for WebHostingTalk

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Introduction:

Hello and thank you for purchasing this e-book. This e-book was solely created to help you, a web entrepreneur, start up a successful web hosting company. You might think, "In this industry no one can get ahead". Many people assume this and do not get into this field. Sadly for them, they are painstakingly wrong. Yes, it will be hard to compete with the "big guys", and yes, you will have to invest. According to www.boutell.com, there are about 29.7 BILLION web sites operating in the internet as of February 2007. With these findings it is pretty easy to see that even with all of the many hosting companies there will still be room for you. Remember, if you are not ready to commit to a long, hard, and satisfying endeavor then I recommend that you do not continue on. The road ahead can be very profitable, but very costly at the same time.

Chapter 1: Finding hosting yourself, a breakdown.

In this chapter I will try to simplify exactly what things you would need to get started with your business plans. The most important product you want is a steady server. When I was first starting out that price is not always what you should be looking for. Reseller hosting is the best option for web hosts that are just starting out. But remember, you should hide the fact that you are on a reseller. Most people will find this to be amateur and many people won't even look your way.

There are many companies that provide great reseller hosting. Personally, I prefer a company called FazeWire. They have treated me well in the past, both with fair pricing, and great service. Remember, with any host you choose make sure to check their uptime rating versus their advertised uptime. Even though it may not always be true, it is good to check up on it anyway. A lot of hosts these days are being very sneaky with their uptime ratings and faking them. They do this by having a very small server for their website and then a separate server for their customers. In this way, the customer server can go down and their uptime will not reflect it. Other hosts are fairly honest and most downtimes are cured within minutes.

A big factor to consider is control panel. There are many control panels; some popular ones include cPanel, DirectAdmin,

and Plesk. The most popular, in my opinion, is cPanel. This seems like the most customer-friendly option, and most modern hosts use it. But remember, that is just my opinion and you should solely choose based on your own trials. cPanel can be found at <http://www.cpanel.com> and DirectAdmin can be found at <http://www.directadmin.com>. Plesk is a whole different world. Plesk is a control panel built for the Windows operating system, and the others are made for Linux. If you are starting a Windows hosting company I strongly recommend that you use it. <http://www.parallels.com/plesk/> is where it can be found.

You should try to find one with instant set up, and make sure it's free. Most of the time it is an automatic PHP script that sets up everything and automatically makes it work so it takes the host where you are purchasing absolutely no effort. Reseller hosting will usually come with a pre-selected control panel, so make sure to pick a reseller company with a panel you like. You, your customers, and everyone who uses your services will have to use the panel to control their site, so keep that in mind. Eventually, you might want to move up to "Virtual Private Server" hosting, and eventually a dedicated server. More about these factors will be told in the pages ahead.

That is pretty much it for essentials – a server. Like I said, it will not be as complicated as you might have imagined. Yes, a server is only the first part of the puzzle, but the puzzle only has three parts. If you fulfill these three basic requirements, you will be up and running in no time.

Chapter 2: Design of the site: The Hook

The design of your site is probably one of the major factors that will account to its success. Many people, at first, assume that they should go the easy way and get a simple Template Monster template and be done with it. I have learned the hard way that Template Monster templates, and other premade ones, are generally cheesy looking. Customers tend to notice the “non-originalness” of the template and are put off by it. Remember, if a customer does not like your template they are not even going to look at your prices.

Many people glance at a site and look for big words that speak to them. Because of this, your website design should make your key words pop out. For example, “AFFORDABLE PRICING!” looks better than “CHEAP CHEAP!” The consumer might subconsciously associate your services with being cheap, and therefore leave quite quickly.

Color is also a very important aspect in a design. Generally, most people are greeted by the color blue. Blue is considered one of the most calming colors and the most soothing to the eye. A template with nice blue colors will beat any nicer looking template with harsh reds. Bright colors like red make you want to look away instead of looking at the site.

You should keep you tabs simple! Don't make a lot of menu tabs, try to streamline it. Consumers want to be able to get somewhere fast so make sure to always keep a sitemap link available in the footer. Nobody wants to wait for content, so make sure your site is properly coded. A good coder will make sure that the site loads as fast as possible and will ensure that he is not using un-valid code. Valid coding works better with a browser and enhances the overall site performance.

Although you might not be able to, try to have your site done to be compatible with most browsers. You do not want anyone to suffer because they do not have the latest browser or one that is picky. IE is especially hard to perfect, but it is one of the most popular browsers out there.

Not that tech savvy? Where can you get a designer? I would honestly say to search for one. [Good] Pages can be designed at a decent price of \$60 per page. Also, you can get the site coded for about \$100. This would include all of the pages of the design. Remember, it is up to you to find a good designer. I cannot recommend any specific ones, but look around and don't be too un-trusting. Many designers are free lancers who are either college students or just people looking to make a nice side income. They will usually work as hard and as diligent compared to people who charge thousands of dollars and do it for a living.

Your design should always keep the customer in mind. Do not sacrifice usability for decoration. I personally recommend staying away from flash and staying with a nice, clean, simple

“Web 2.0” template. These are usually very nice looking, and your customers will love them.

Chapter 3: How do I collect payment?

I have to say that collecting payments was one of the greatest burdens I had faced in this field. Usually, it is not that bad, but contacting payment gateways is always a headache. As usual, you get to learn from my many mistakes. I STRONGLY recommend going with a pre-written billing system to manage your clients. This system will allow you clients to pay their bills, submit support tickets, contact you, check the server, and many other things. I will try to review those, in my belief, are the best of the best.

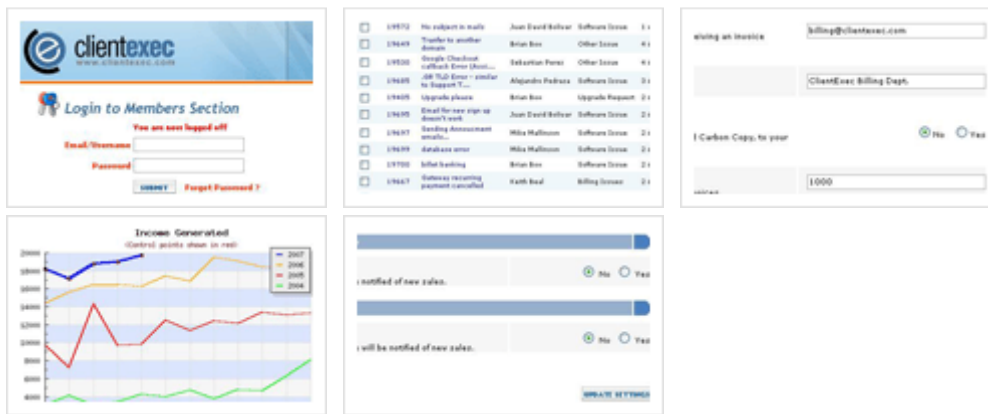
Before going into specifics I would like to explain why I recommend against having a custom system written at first. The main reason, and usually the most painful and obvious one, is price. The price for a custom system can be upwards of 1000% more than a pre-written system. These systems would also need to be maintained and most new hosts just do not need this kind of product. Also, when customers see a “Powered By” slogan in the bottom it tells them you care. They see that you are willing to invest money to keep them online and happy.

The big guns in the field are three major billing systems, WHMCS, ClientExec, and ModernBill. These three most excellent systems both have their excellent positives and sometimes lethal

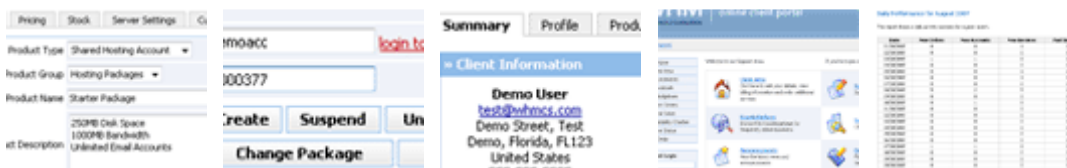
negatives. I've used WHMCS from the gecko, but I will be trying to be as indifferent as possible.

To start, here are some screenshots from both systems. Their default themes are always nice, but you should really go the extra mile and have it integrated into your site design. Again, I recommend www.fazewire.com for all of your services. For a small price of \$25 they will fully integrate your site.

Client Exec:



WHMCS:



Modern Bill:

The screenshot displays a control panel interface with several sections:

- New Customers:** A section with a "Show All New Customers" link and a table listing customer details:

United States	ACME Products
12/1/06 2:22 PM	Joe Customer
Invoice: \$5.00 Closed	joe@mydomain.com
- ADD A NEW PAYMENT GROUP:** A form with two input fields:
 - Payment Group Name: Euro
 - Payment Group Currency: EUR
- Gateway Modules:** A list of payment gateways:

Name
AuthorizeNet
BluePay
EchoInc
- Google AdWords™ Credit:** A table showing credit amounts:

\$25
\$50
\$75
- Database Information:** A form for database configuration:

Database Type:	MySQL
Database Host:	MySQL
Database Name:	PostgreSQL 8

They both offer great features. Some basic features that both include is a fully fledged billing system, unlimited support, owned licenses, customer management, profit graphs, profit tracking, automatic domain registration, and pretty much full automation of your sales. As soon as a customer's payment is cleared the system will automatically set up their account and then the system will notify you of this.

ClientExec is a wonderful system with a bit different system than WHMCS in the pricing scheme they use. ClientExec offers a great introductory package for new hosts. A plan for \$6.95 a month is offered for fresh, new hosts. This plan allows for hosts to have a maximum of 25 clients, and it is seemingly the best choice for a newbie. The only negative about ClientExec would be its picky design system, but if you are not a website developer you should not have to worry about that.

WHMCS is a great billing system, too. It has everything that you can imagine. Even though it is not as eye catching as ClientExec, they are constantly updating and trying hard to make the system as good as possible. Personally, I have dealt with their support and I consider it to be superb. They usually go above and beyond their expectations. WHMCS is much easier to design and has a more flexible system for developers. A WHMCS license can be obtained for \$12.95 a month.

ModernBill is the most decorated of all the systems. In my opinion, it is the nicest looking. If you are looking to use the default system ModernBill will certainly be your choice. Sadly, ModernBill also has a pretty hefty price tag. It starts at \$24.95 a month for a maximum of 50 clients. But remember, you get what you pay for. This system is probably the best, but that is, of course, only your call to make.

I recommend getting all of your licenses at <http://www.licensepal.com>. Because they buy licenses in bulk, they are able to resell them for a much cheaper price than the original distributor. For example, if you went with LicensePal you would be saving \$3.00 on a WHMCS license.

Chapter 4: Overselling

To make overselling a bit simpler, I will paste an excerpt written by me on the FazeWire blog.

“Overselling is a term that I used to describe a situation where a hosting company sells more than it has. Sadly, most of the hosting industry is inclined to do this because many hosting companies do this already. Many companies feel that you cannot compare to other hosting companies if you do not oversell. Also, many large companies oversell, too. Because of this, the small companies have no chance. These companies oversell because they know that legally very little people could use up 500GB of space or 5TB. Then, customers see this number and think, “Wow I get so much for so cheap, why would I go with you”.

Companies are desperate to compete, so they end up going to these senseless tactics. Customers do not realize this and they end up getting penalized later. I highly suggest that you do not oversell. Usually, when you do not oversell you get higher quality customers. These customers are more acquainted with hosting therefore writing less support tickets and giving you less of a headache.

Also, overselling can land you in a lot of hot water. If a customer does end up using everything that you promised him or her you would be hit with huge overage charges. Usually, hosts find other ways to stiff people when they oversell. They throttle

the CPU or memory usage, SQL connections, and other things. Overselling is a big risk for a small company.

Chapter 5: Launching the Site [Finishing Touches]

In this chapter I will discuss some basic last minute things that you should do before you open your site up. First and foremost, proofread your site! Many hosts start up a site with either poorly worded slogans or just pure spelling errors. Please, do not embarrass yourself and your hard work.

You will need to sign up for your payment gateway at this point. I recommend a company called CDG Commerce. This company seems to have the best price to quality ratio. They have a great percent, great integration with billing systems, and a cheap price. For \$10 a month you can accept pretty much any cards possible. There are other alternatives, but they range from \$20 a month or a large one time set up fee. I've done a lot of research on CDG Commerce and I have yet to see a bad review. Hopefully, this will not change. <http://www.cdgcommerce.com>

A domain registrar will also be required. Most domain registrars charge a nominal fee to sign up. You should use either a Tucows Reseller or a DirectI reseller. Tucows will give you better price per domain but they have a sign up fee and a fairly complicated process. You can get a Tucows account at <http://services.tucows.com/>. Also, you can get a free DirectI reseller account at <http://domains.whmcs.com>. The only

difference would be the price per domain. The DirectI reseller charges about \$8.00 per domain and Tucows is about \$9.00 per domain.

Once you have this all set up, make sure to run a few test transactions. Create some coupon codes that give 100% discounts and start stress testing your system. Make sure that you are able to sign up, view your hosting accounts, sign up for hosting, and that it is auto setup for you. This process should occur automatically as long as it is configured correctly.

Slowly, start creating some nice ad campaigns. Get some great advertising banners done and start spreading them. People always like discounts, so make sure to include at least a certain percent off of your product. This will attract more people as long as the discounts are attracted in a catchy yet simple manner.

Make sure your DNS is set up right! You should go to through your site and make sure every single DNS record is correct. If there is a mistake the site can be greatly affected, especially with speed issues. Also, make sure your server is ready to create new DNS records for customers. Usually, it does this by itself but it never hurts to proof that process.

Go over your configuration and take your time when you review it. If there is any value off that can cause a great gap in your server and either leave you vulnerable to or leave potential customers to a half-working server. You want to go through every

setting one by one to make sure it is set to your liking. It may take a while, but these things should never be rushed.

Congratulations! Your site is now launched. From now, the road gets a little tougher, but don't give up because you should never let go of your plans. Slowly, you will now start growing.

Chapter 6: SEO

Here comes probably the most difficult part of this battle. Search Engine Optimization. You can either love it, or dread it, but it must be done. What does SEO stand for you ask? SEO stands for Search Engine Optimization. This term is used to explain how websites are elevated in browsers and how to get ahead to customers. In this chapter I will try to best explain how to improve your sites SEO rating. Even though not many things can be done for a hosting site, but I will mention some of the most important factors.

First of all, let's make sure that your websites can be successfully used for SEO. Your website should have a good title. This title should have your website name, what you serve, and the page which it is. For example, I use something like "FazeWire Web Services – Home Page – We have hosting for everyone!" This title allows search engines to see my company name, clearly, and other descriptors of the page.

Next, make sure that your images have alt tags! I can't stress this enough. Many sites have some images that portray text or some kind of logo and have no alt text. Remember, search engines can only read what you give them. They are not a person; they are just a blind computer that has to work with whatever they are given. When you define an alt tag it gives a vivid image to the search engine. Even if your alt tag says "divider", the search engine will think "this person is using an image to divide and nicely organize their text". It will help search engines better recognize your site.

Also, you will have to do some basics. Just submit your site to the major browsers. I highly recommend doing this by hand and not using any auto-submitting services. Usually, the services do not work right or may actually anger the search engines because they entered your site in an invalid manner.

Therefore, your site should now be basically visible. Even though it will be on page 1,000,000 of web hosting on Google, it will be there. I highly suggest hiring an SEO firm that will work with through an expert manner and subsequently improve your sites rating in Google and other major search engines. As always, I recommend www.fazewire.com for all of your website needs.

The real way to do it yourself is to have other sites link to you. Getting good customer reviews is always good, but make sure to avoid faking them. It is unfair both for you, the rating site, and the future customer to see a fake review.

Your site physically needs to get links in order to move up in rank. This means that other sites must link to your and it will move up ranks. For example, if a very prominent site like www.webhostingtalk.com links to your site your PR [page rank] will immediately rise. A site like WHT [web hosting talk] has a very high PR associated with web hosting.

Chapter 7: Surviving your first months

There are many things you can do to try to help pass the time. Generally, just try to get customers. Trust me; this will be an uphill battle. It will be hard, and often times stale. You should never give up though. ALWAYS try new things! You should have ways to keep people coming, and more importantly, coming back.

Many people never realize that the key is to keep people coming back. The point is not just having general traffic; the point is to have directed traffic. You should be getting traffic that comes back and people that enjoy your site. Consider investing in visitor tracking tools to see where your visitors are, what they are doing, and if they come back. Note pages that are very popular and have your other pages made more like them.

Try posting your link in places that aren't very obvious. You can try to make eBay auctions to try to get your name out. This should also help with your SEO. Also, if there is a blog on impeccable design or a web hosting blog be sure to post your site

in the comment. I can't even relay the amount of traffic I've received from just posting my site in a comment.

DON'T GIVE UP! You'll want to; I know it for a fact. Sometimes you can sit there for months at a time without a customer. In those months, just try to improve your site design or other factors of it. Never let your sites dry up because you believe you'll never get business.

Treat your customers well. Even though this will be covered in the next chapter, I decided to include it here too. You should try to keep your current customers are happy as possible. Remember, they are making this possible for you. The customer is not always right, but you can at least make them think they are.

Keep your up time perfect during this period. If your site is down a lot people will see that and stay clear. You should sign up for monitoring services your site for free and keep you updated. Also, these sites usually do profiles on your host, so do not hesitate to sign up for it. Remember, it will only get you more traffic.

Join web hosting forums! Usually, if you are an insightful and a nice person, people will want to visit your site. Make sure to keep your site in your signature and all of your forum profiles. Many of the sites you go on will allow for a website, so keep a link there. You never know when someone might be bored and clicking around.

Chapter 8: Managing your customers

Managing your customers isn't usually a very difficult process. Let me start off with the basics. Remember, CHECK YOUR WORK E-MAIL! Many people forget to check every single e-mail address and either A. May miss a customer or B. May miss a support ticket. This then brings me on to the next point. DO NOT forget to check the support ticket section. The worst thing you can do is to have your support tickets open for a long time.

All in all, just try to keep them happy. Never hesitate to go the extra mile for the people who keep you in business. Also, try to weed out the annoying customers. Sometimes, customers will be just too needy. I highly suggest that these customers be slowly weeded out and inevitably offering them a choice to cancel.

Make sure your customers pay their bills on time! Never let them take advantage of you and not pay their bills on time. Usually, they will start to get lazier and then pay your bills later. Make sure that you do not let people have free hosting. If they do not pay their bills do not hesitate to suspend them.

Love your customers and they will love you back. Your customers chose you out of the thousands of other companies they could have gone with. Remember that, and always try to side with them. Throw them a deal here and there; give them a little bit more space. Overall, just show them that you care and appreciate their business.

Keep them secure! Try to always have a valid SSL certificate anywhere the customers will be entering any kind of private data. Besides the obvious safety concerns, once again your customers will see that you care enough to instill some security protection for them.

Give them your number. I highly recommend doing this so that you can always offer 24/7 emergency support. They will appreciate having a real person to talk to and not just a face behind the curtain. Remember, hearing a voice is much more calming than reading an e-mail telling them that their site will be safe.

Don't be afraid to help them out. Whenever they have an issue with some wild server script or things just aren't working right don't be afraid to step in and do it for them. It will remind them why they keep paying those bills every month.

Final Checklist:

- ✓ You've chosen a good, solid, and reliable hosting company.
- ✓ You have bought licenses to all of your required billing products.
- ✓ You have registered your domains.
- ✓ You have opened your account with a payment gateway.
- ✓ You have opened an account with a domain registrar.
- ✓ You have a fully functioning, well designed, and a well working website.

- ✓ You have submitted your site to search engines.

- ✓ You're becoming active on Web Hosting Forums.

- ✓ Your customers are happy.