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Selling BCDR Made MSPeasy

MSP Tips + Scripts for Nailing the BCDR Pitch

Introduction

Many managed service providers (MSPs) struggle with communicating the value of a true business continuity and disaster recovery (BCDR) solution to their small business clients and/or prospects. In a recent survey of 2,300, justifying the cost of BCDR was one of the top business pain points. So, what's the deal?

For starters, many business owners don't understand how a BCDR solution differs from traditional backup. The more cost-conscious business owner may find it difficult to justify spending more for data protection than they have in previous years, particularly when they've never suffered any severe data loss or outages. Then there are those individuals who have no idea what cybersecurity or ransomware means (or why they should care). Sigh. That being said, in order to nail the BCDR pitch, MSPs must take the time to nurture their customers and prospects with educational content.

From this eBook, you'll learn how to explain the benefits of a fully managed BCDR solution over traditional backup products from successful MSPs who've got it down to a science. You'll also learn real-world examples on how BCDR products can reduce the financial impact of an outage (i.e. business downtime) and access a 1-page pitch script for arguing your case.

In today's world, downtime is no longer acceptable. The good news: BCDR solutions eliminate downtime. Companies that don't make BCDR implementation a priority are just asking for trouble.

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Bonus FREE Tool:
Quickly evaluate a business's cost of downtime with **Datto's Recovery Time Calculator**

Calculate Now

Selling BCDR - Calculate the Cost of Downtime

The cost of a few hours of downtime, never mind days or weeks, can be devastating for a business. When a business is down, customers cannot make purchases or access account information. Employees can't work. The lost revenue adds up quickly. There was a time when taking days or weeks to recover didn't have the lasting impact it does now. Tape backups that required physical transportation were reliable enough for the time. But in 2019, businesses can't wait weeks or even days to get moving again. In today's world, downtime is no longer acceptable. The good news: BCDR solutions eliminate downtime. Companies that don't make BCDR implementation a priority are just asking for trouble.

From server failure and power outages to cyber threats, downtime can be caused by a number of factors. As ransomware continues to attack businesses everywhere, we asked 2,400 MSPs we partner with around the world to shed some light on the cost of these attacks. MSPs reported the average ransom requested was ~$4,300, and the cost of downtime from an attack was 10X greater at ~$46,800.

These are figures no company can afford. Think about the number of employees affected by a disaster, their wages, the associated overhead costs and the revenue lost because of the disaster and add it all up for every hour of downtime. Add to that the negative impact of a downtime incident on a company's reputation (i.e. loss of trust and/or business) and you've got a significant blow to the bottom line on your hands.

Manual backups and outdated technology won't help the businesses of today. Solutions designed 40 years ago were created to solve the problems of 40 years ago.

Manual backups and outdated technology won't help the businesses of today. Solutions designed 40 years ago were created to solve the problems of 40 years ago. Backup tools that add more work for employees aren't going to function optimally. People make mistakes. The threat landscape businesses face has evolved dramatically.

Customers that cling to outdated or manually-driven backup processes may achieve the goal of backing up their data in one sense, but they can't guarantee its availability when needed, nor can they ensure the process is actually working. Business continuity cannot be guaranteed with backups that are dependent on employees remembering to copy data at the end of the week. That means automation. In particular, a hybrid cloud backup promotes continuity.

The most cost-effective solution for companies looking to back up critical workloads is in the cloud. In 2019, resistance to the cloud over reliability issues is no longer sensible, it's just holding organizations back. Hybrid cloud-based backup solutions give companies access to a local backup stored onsite and an additional copy of their entire network stored in the cloud. The local backup enables quick access to data when necessary. Meanwhile, the cloud keeps another copy available to fail over when a larger-scale issue occurs and gives companies the ability to avoid extended downtime. Hybrid cloud backup gives organizations the security they need to quickly get back up and running for both small and major data disasters.

No company is immune to data disaster. It's clear that the revenue lost when a problem leads to extended downtime is far too substantial to let it become a possibility. Moreover, outdated technology is not the answer.

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Raising the Bar for Reliability

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Companies that want security for the growing list of threats need to consider what they stand to lose, as well the solutions designed to minimize downtime entirely.

The RTO/RPO Pitch is a great way to quickly justify the higher cost of a all-in-one a business continuity and disaster recovery (BCDR) solution over a plain old Backup solution. The goal is to highlight the value of business continuity vs. backup. Here's a quick and easy way to do this using Datto's free Recovery Time Calculator. Here is how it works.

Step 1 - Determine the Amount of Downtime the Company Faces

When meeting with potential customers, start is by evaluating the amount of time it takes to recover data - either locally or from the cloud - in the case of data loss or disruption. You'll need the following metrics during said evaluation:

- Critical System Data: X GB

  - Critical system data is the amount of data lost in a scenario resulting in employee downtime.

- Time Between Backups: X DAYS X HOURS X MINUTES

  - The interval at which your backups take place. This is used to check the Recovery Point Objective.

- Recovery Process Start: X DAYS X HOURS X MINUTES

  - The time it takes initiate a file or system recovery. This includes alerting a Managed Service Provider and configuring the recovery point.

- Estimate Downtime: X DAYS X HOURS X MINUTES

  - The amount of downtime is determined by adding the RECOVERY PROCESS START TIME to the amount of time it takes to fully recover the data lost (LOCAL RECOVERY TIME).

  - The speed at which the lost data is recovered is determined by whether it's being restored locally or from the cloud.

    - Local Speed: The default local restore speed is based on a typical gigabit connection.

    - Cloud: The default cloud restore speed is based on the average internet connection speed of businesses in the U.S.

      - **Note:** Since local recovery is faster than cloud recovery, local recovery will result in less downtime.

Example:

- RECOVERY PROCESS START TIME: 1 Hour

- LOCAL RECOVERY TIME: 1170 seconds

- RECOVERY PROCESS START TIME + LOCAL RECOVERY TIME = DOWNTIME

- 1HR + (100 GB / LOCAL SPEED) = DOWNTIME

- 1HR + (819200 MB / 700 Megabits Per Second (MBPs)* = DOWNTIME

- 1HR + 1170 seconds = DOWNTIME

- DOWNTIME = 1HR 20MIN

  *Takes into consideration network traffic

Step 2 - Determine the Cost of Downtime

Once you've got an estimate of the amount of downtime the company faces in a data loss or outage scenario, use the calculator to estimate the hourly cost of downtime.

The cost of downtime is first determined by the total cost of each employees' time. This includes employee wage, overhead costs (subscription costs, benefits, etc.), and revenue lost as a result of the employees not working (sales opportunity loss). It could also include an ecommerce site that is down and no longer generating sales as a result of system outage.

Example Values:

- Employees Affected: 10

- Average Wage: $25/HR

- Overhead Costs: $100/HR

- Revenue Lost: $250/HR

- Total Cost of Downtime: $600/HR

Plug it in:

- (EMPLOYEES * WAGE) + (OVERHEAD + LOST REV) = COST OF DOWNTIME

- (10 * $25/HR) + ($100/HR + $250/HR) = COST OF DOWNTIME

- ($250/HR) + ($350/HR) = COST OF DOWNTIME

- COST OF DOWNTIME = $600/HR

So here's what you say: "RTO, which stands for Recovery Time Objective, is the length of time it takes for you to restore business operations following an outage."

Many people assume that a backup is a backup. And in a way, that's true -- all backup products create a copy of data. But, not all backups are created equally when it comes to restoring data and applications.

Next, explain to them why they should care about this metric. "Sure, you have backups. Now, what if the power goes out? Have you considered the time it would take to restore the backups back into the environment in case the power goes out? With the solution you're currently leveraging, it could take days. For some companies, this isn't a big deal - they can function offline just fine. For your business, how much downtime could you afford?" See what I did there?

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"You have to talk to them about time to recover," said Jim Turner of Hilltop Consultants, successful MSP. "We currently only sell Datto for data protection, however we have a number of older customers that we haven't been able to move to Datto from another backup product. One of them recently had a RAID failure and it took us *days* to recover data and get them back up and running."

Paul Franks Alabama-based MSP ThinkGard offered similar advice. "You need to have that business conversation. Ask them 'If you are down, what does it cost?,'" he said. "Explain to them that the system they currently have in place won't get them back online within a reasonable timeframe. Many companies don't realize that recovery time can vary widely between solutions."

So, when you are talking to prospective customers about BCDR, it helps to illustrate it in terms they understand. As Franks noted, one way you can do this is to evaluate what they currently have in place for backup.

Selling BCDR - The RPO Pitch

Scenario: Let's say a prospective customer or current client are using XYZ backup software to back up 500 GB of data daily. You know from experience that restoring 500 GB of data using the XYX product will take a minimum of 3 hours, assuming you don't need to acquire any new hardware.

First, ask: How much revenue would you lose if you were offline for 3 hours? What about a whole day?

Next, explain: You need to think about your the recovery point objective, or RPO, of your business. Your RPO refers to the amount of data that your company stands to lose between backups. So, let's say you created 10 GB of new data in a day and a pipe burst, flooding a server at 4pm. If your previous backup occurred at 6pm the night before, that 10 GB of data is gone, lost forever. That's why it's standard practice of today's businesses to take periodic data backups throughout the day.

Wrap it up: So, knowing this information, it's also important that you know that it is nearly impossible to schedule periodic backups throughout the day using XYZ backup software. With your current solution, you're facing the loss of a day's worth (or more) of work. I'm sure you realize this 100% translates into revenue loss.

When a business owner can put a dollar value on what they stand to lose, it's much easier to explain the value of a BCDR solution. In other words, revenue loss is more likely to resonate with a business person than *data* loss.

Selling BCDR - The Brand Reputation Pitch

As noted above, many small business owners don't understand that not all backup solutions are created equally when it comes to recovery time. Depending on the products you choose, recovery of business critical systems can be very time consuming, and the financial impact of business downtime can extend beyond just revenue loss. Downtime can have a serious impact on a company's reputation. This is an important concept to communicate to prospects as well.

One way to illustrate this to potential customers is to get them to think about how their customers would react if they were unable to serve them for an extended period of time—say an entire day. Consider the nature of the business and tailor the message accordingly. For example, a day of IT downtime isn't going to impact the reputation of a local restaurant in the same way it will impact a small law firm. Look to your own business for examples. If you have a client that left another IT service provider because they couldn't recover IT operations quickly, you might build their story into your pitch.

Security breaches can have a negative impact on a business' reputation, particularly if they are in an industry that involves sensitive customer data. While a BCDR solution isn't exactly a security tool, it does allow users to recover from a security breach quickly. "It's not just about downtime, it's also about brand," said Turner. "Pitch the ability to roll back to the time before a hack happened."

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Build Sales Expertise

You've got the information you need to educate prospective clients about the value of BCDR. That's a good start, but technology doesn't sell itself. So, you still need to dedicate time and resources to sales.

As noted at the start of this ebook, there are two ways to build sales expertise— hire someone with sales experience or dedicate someone already on staff. If you are serious about growth, hiring skilled salespeople can make a big difference. However, this might not be in the budget for some shops. Many shops don't have the bandwidth to focus on sales and business development. They already have their hands full doing what they do best—monitoring, improving or repairing clients' IT infrastructures.
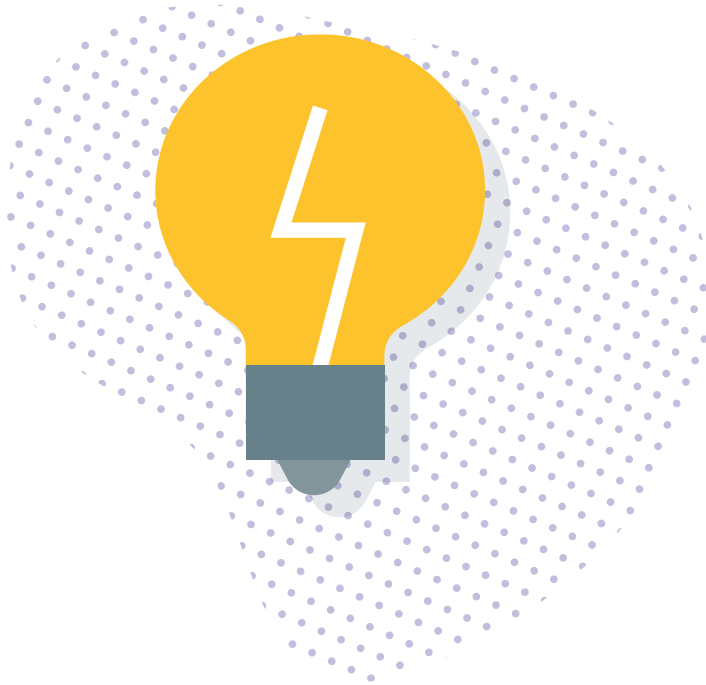
So, how do you carve out the time necessary to dedicate to sales and marketing, even if it's only part-time. Let's say you are the owner of an MSP with five full-time employees (including yourself). What's stopping you from training your most senior employee to take over some of your technical responsibilities? Or if you aren't sales inclined, perhaps one of your employees is a good fit for taking on a sales role.

Once you have someone dedicated to sales, it is essential to focus your efforts on finding customers that are a good fit for your business. This comes up again and again in conversations with successful MSPs—not every client is a good client. This can be a really tough pill to swallow when you are just getting started in the IT services biz. When you don't have a lot of clients, it's difficult to turn anyone away. But, according to Franks and Turner, you need to.

"

Stop chasing after every opportunity go after the right ones. Know when to say no.

-Jim Turner
 Hilltop Consultants

According to Franks, identifying good customers starts with research. "What is the company? Are they subject compliance regulations?," he said. "Identify those things, see if they are subject to certain regulation and go in with that pitch."

Many small businesses are so focused on up-front costs when it comes to technology that they miss an obvious point. The cost of downtime is potentially much greater to their business. According to Turner, when prospects don't understand this concept he doesn't bother pursuing them. "Most of my clients get it," said Turner. "And if they don't, there are probably ten other reasons they aren't a good fit for me. Some companies just don't get it."

Franks agreed. "At ThinkGard, we only sell Datto. I used to own a company that sold a number of different backup products, and it was hard to upsell BCDR, he said. "You definitely come across companies that don't understand the value. Now, we only sell to clients that have in-house IT staff. The value is obvious to them, so it makes the sale easier."

"Stop chasing after every opportunity go after the right ones," said Turner. "Know when to say no."

Conclusion

Justifying the higher cost of BCDR solutions to cost-conscious small businesses is definitely a challenge. However, if you focus your efforts on finding the right companies and communicating the right message, it is easily overcome.

As noted above, customer education is an essential piece. On the following page you will find a handout explaining the benefits of BCDR over other data protection solutions. It communicates the value of BCDR to business owners or decision makers in clear, easy to understand terms.

Pitching BCDR to Prospects

Why You Need a BCDR Solution

A good business continuity and disaster recovery plan should be considered essential for organizations of all types. However, data protection rarely gets proper attention -- even though ignoring it can have serious implications. So, why should you care?

Downtime is Expensive

If your employees or customers do not have access to essential applications and data, there will be a direct impact on productivity and revenue. While this sounds obvious, many organizations do not consider the actual costs of downtime. To better understand the cost of downtime, consider the following example. Let's say your business has 100 employees, average hourly revenue is $1,500 and the backup data set amounts to 2 TB. Given these parameters, a full restore from a local backup using traditional backup software would take over 8 hours. The associated downtime cost would amount to $34,000 in lost revenue. Some modern data protection products offer the ability to run applications from the backup device or in the cloud. This allows users to continue operations while primary application servers are restored. Choosing a BCDR solution aimed at reducing downtime makes good business sense.

Backup Alone is Not Enough

You'd be hard pressed to find a business today that doesn't conduct some form of data backup. But, what happens if a flood wipes out your primary and backup servers? Sending a copy of data offsite for disaster recovery should also be considered essential. Historically, this meant sending tapes to a secondary location or tape vault. As noted above, modern BCDR products can run applications from backup instances of virtual servers, and some can extend this capability to the cloud.

This approach is frequently called cloud DR or disaster recovery as a service (DRaaS). The ability to run applications in the cloud while onsite infrastructure is restored is widely considered to be a game changer for disaster recovery.

"Lower-case d" Disasters Not every disaster is a widespread natural disaster. In fact, most IT downtime is a result of things like accidental (or intentional) data deletion, damage to computer hardware and poor security habits. For example, a recent CompTIA study found that 94% of respondents routinely log into public wifi, in spite of security risks. And, 69% of this group accesses work-related data over public wifi. A cryptolocker attack or virus can halt operations just as easily as a burst pipe or a power surge. These "lower-case d" disasters happen regularly and the associated downtime costs build over time. Having technology in place that allows your business to continue operations following these small disasters is equally, if not more, important than protecting against a hurricane that may or may not occur.

Business Continuity is Everyone's Concern

Data is essential for all types of organizations today, so ensuring access to applications and data following a disaster is critical. But it's just one piece of the data protection puzzle. Evaluating your business' ability to restore IT operations can be a good starting point for company-wide business continuity efforts. Good business continuity planning should look at the business as a whole, and the goal should be to develop business resilience. In fact, many business continuity planning efforts start by conducting a business impact analysis or risk assessment -- these studies can reveal weaknesses in your business' ability to continue operations that go far beyond IT.