

# Business



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BUSTER**

Business Plan Small Business Plan for Web Hosting A website designing and hosting business set-up is a small business which can be started with a small capital and without the pains of going round the circles of bureaucracy. A hosting company is easy to set-up and you need to hire servers from one of the server farms that give servers on rent. An experienced technical hand with a couple of support guys can help you set up the infrastructure. The designing part can be outsourced to countries like India, Malaysia or Thailand, where it can be done cheap.

Strengths: Easy set-up with less investment, returns can be quick for designing business

Weakness: Sustainability, if you are not generating enough revenues over time. The business needs to grow in terms of resources and human resources

Threats: The competition is tough and you need to create a niche brand for your services.

Opportunities: Immense opportunities because the US economy is robust and looks good for the next year.

A typical cost structure will be as follows:

Dedicated line speed

Units for your servers

Price per month

4 Mbit

2 Units

\$190

8 Mbit

3 Units

\$290

24 Mbit

5 Units

\$790

32 Mbit

10 Units

\$1190

### Business Plan2

The management structure for a hosting company can be typically private with a CEO, a technical head and finance & HR heads followed by the hierarchy below.

Since, the cyberspace has no territorial or geographical border; it is easier and cost effective to start such a company. But, still the location is important because within this virtual space we have “ addresses” of the machines through which these data and information are transmitted. The domain name is assigned to a particular machine with a corresponding IP address within which the machine is physically located (e. g. in “. us” domain extension). But, the machine may not be located in USA. It could be anywhere in the world. Hence, the legal part for a Web Hosting company is a bit different from other businesses and there are laws, which control them. There are Trademark Law, the Defamation Law, laws related to Fraud and Antitrust and Copyright Law. The Cyberspace is considered as a distinct place, where transactions do take place, and real people are involved to make this happen. Hence, following the protocol of this business comes under the legal parlance of the Cyberspace.

Financially such Web hosting companies took a hit in the early 90’s when the

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internet bubble burst. But over a period of time situation has improved a lot, with effective laws and investor support. The results of web hosting companies like Hostopia are the proof of the good times. Revenues have increased to \$5.6 million in the third quarter 2006, a jump of almost 25% as compared to last year. Till December 31, 2006, the company had approximately 248,000 end-users utilizing its services. Cash flows from operations have ended at \$2.8 million for the nine months ended at December 31, 2006. It has invested \$2.1 million in capital assets and intellectual property rights for this tenure. And it has substantial cash in hand from its IPO to invest and expand in the near future.

### Business Plan3

#### Reference:

1. [http://www.cli.org/X0025\\_LBFIN.html](http://www.cli.org/X0025_LBFIN.html)
2. <http://www.dedicated4u.com/server-farms.php>
3. <http://www.hostingforum.ca/237015-web-hosting-firm-hostopia-reports-third-quarter-revenue-growth.html>