



# HOSTING INDUSTRY SURVEY RESULTS

# 2016



Conducted by  CloudLinux™



Hello,

I am Igor Seletskiy, CEO of CloudLinux. Recently, we have conducted a comprehensive hosting industry survey and I am excited to share the results with you!

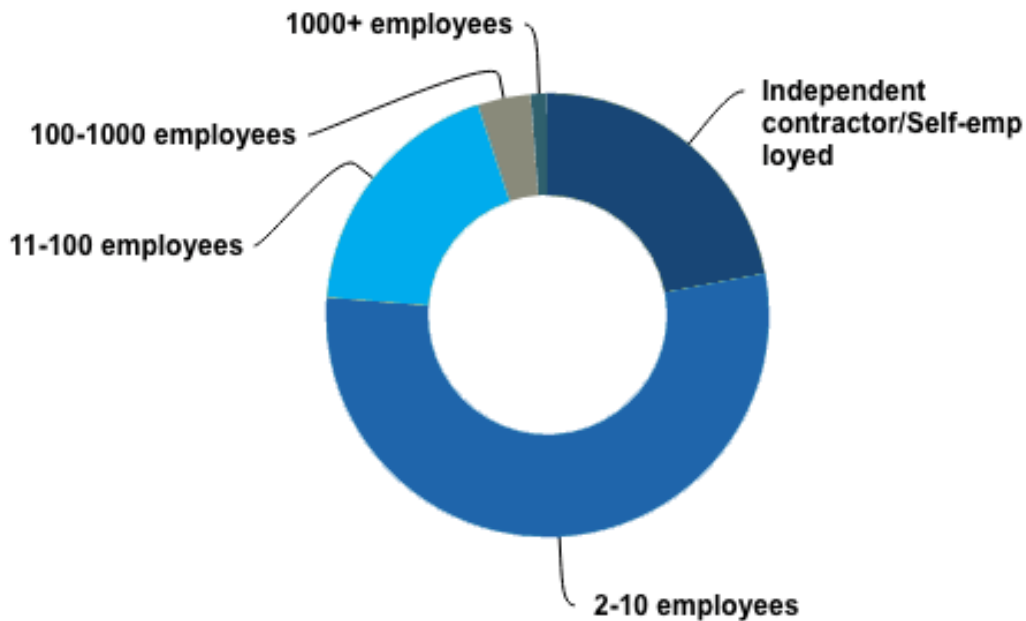
This survey was broadcasted to web hosting experts across the globe, with 714 responding to it. These professionals have shared their view on issues related to VPS, security, and other services and systems. The survey also covers topics related to customer expectations, business growth, as well as challenges associated with it.

I would like to thank everyone who participated in the survey!

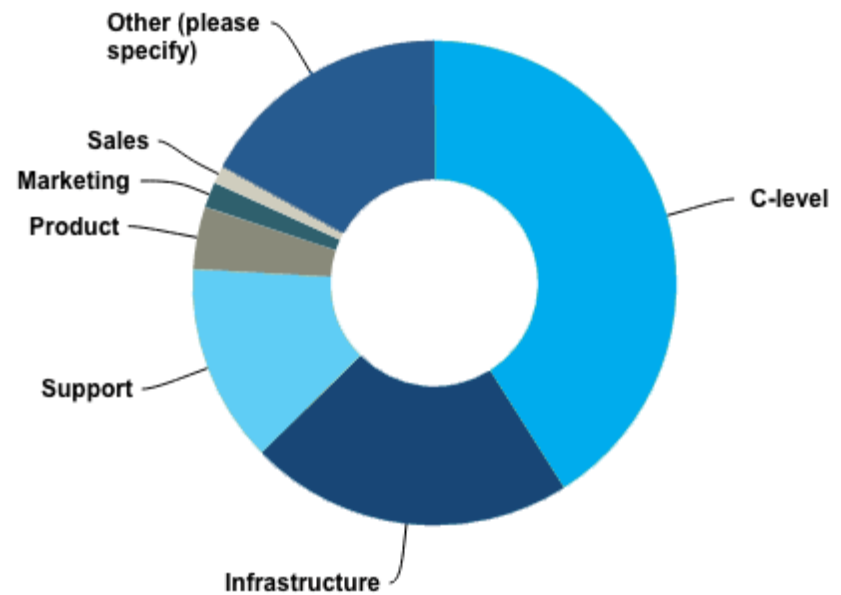
Igor Seletskiy  
i@cloudlinux.com



# Respondents profile



**Company size**



**Role**

**714 Respondents**

# Respondents include...

27%

27% of respondents do not have a VPS / Dedicated Hosting offering

16%

16% of VPS / Dedicated Hosting respondents don't offer shared hosting

34%

34% of respondents offer Application hosting to their customers

# Main reasons customer buy VPS/Dedicated Plans

---

More Resources, 66%

Root Access, 58%

Running Special Applications, 56%

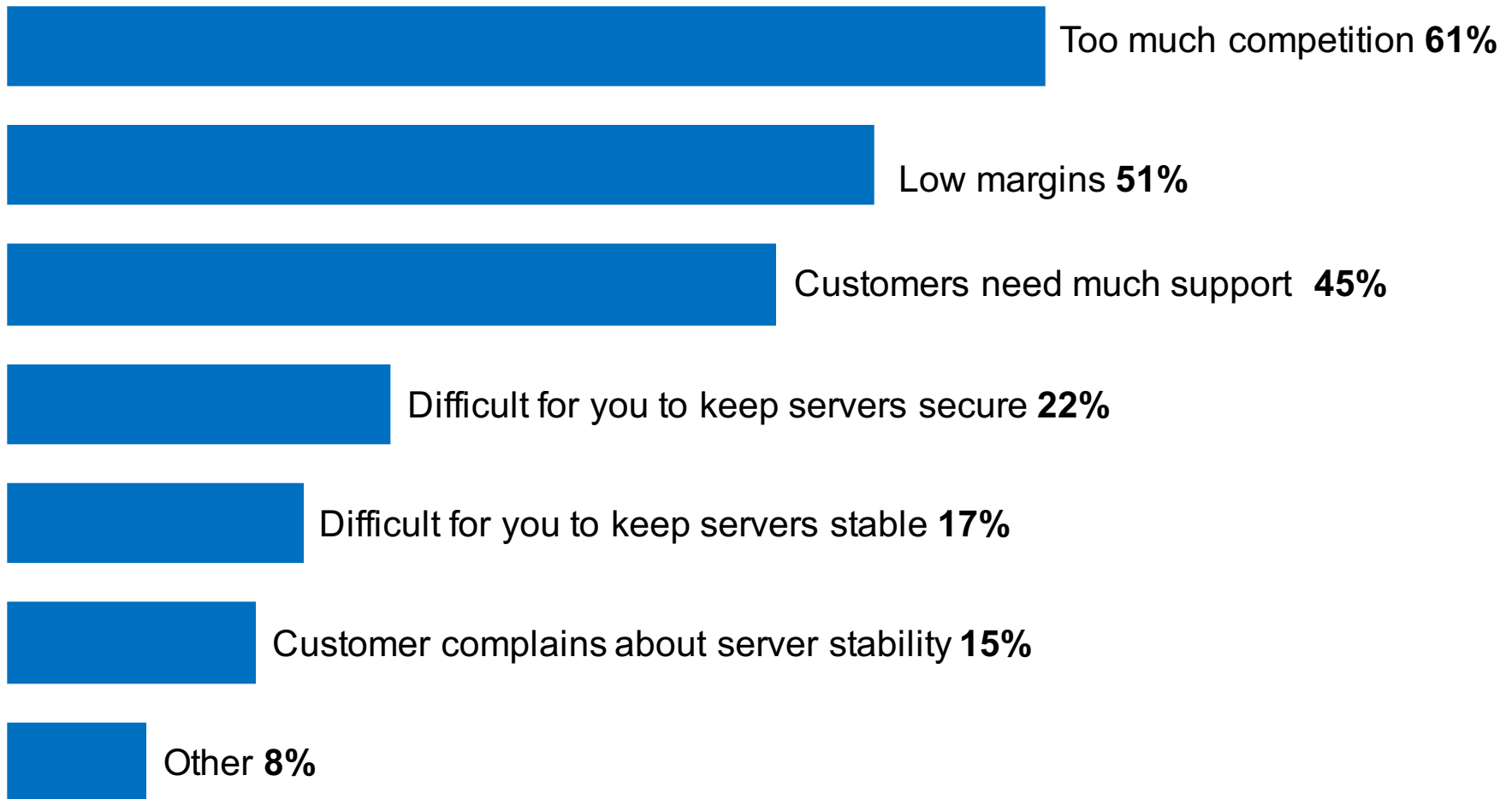
More Power, 52%

Server/Website security, 48%

Stability of Servers, 43%

# Top issues hosting providers experience with VPS / Dedicated servers

---



# Some “other” reported issues are ...

---

*" Difficult for you to keep servers secure and stable when the VPS is self-managed. "*

*" Lack of good software for VPS hosting. "*

*" Lots of manual work when preparing customized hardware configurations. "*

*" A lot of maintenance for us. No automatic roll-out of VPS servers, too costly to realize that. "*

*" To many low cost providers with horrible service "*

*" Abuse "*

*" Clients don't know how to manage servers. "*

*" Monitoring and managing VPS against abuse (spam, excessive resource consumption, etc.) "*

*" What issues?! :) "*



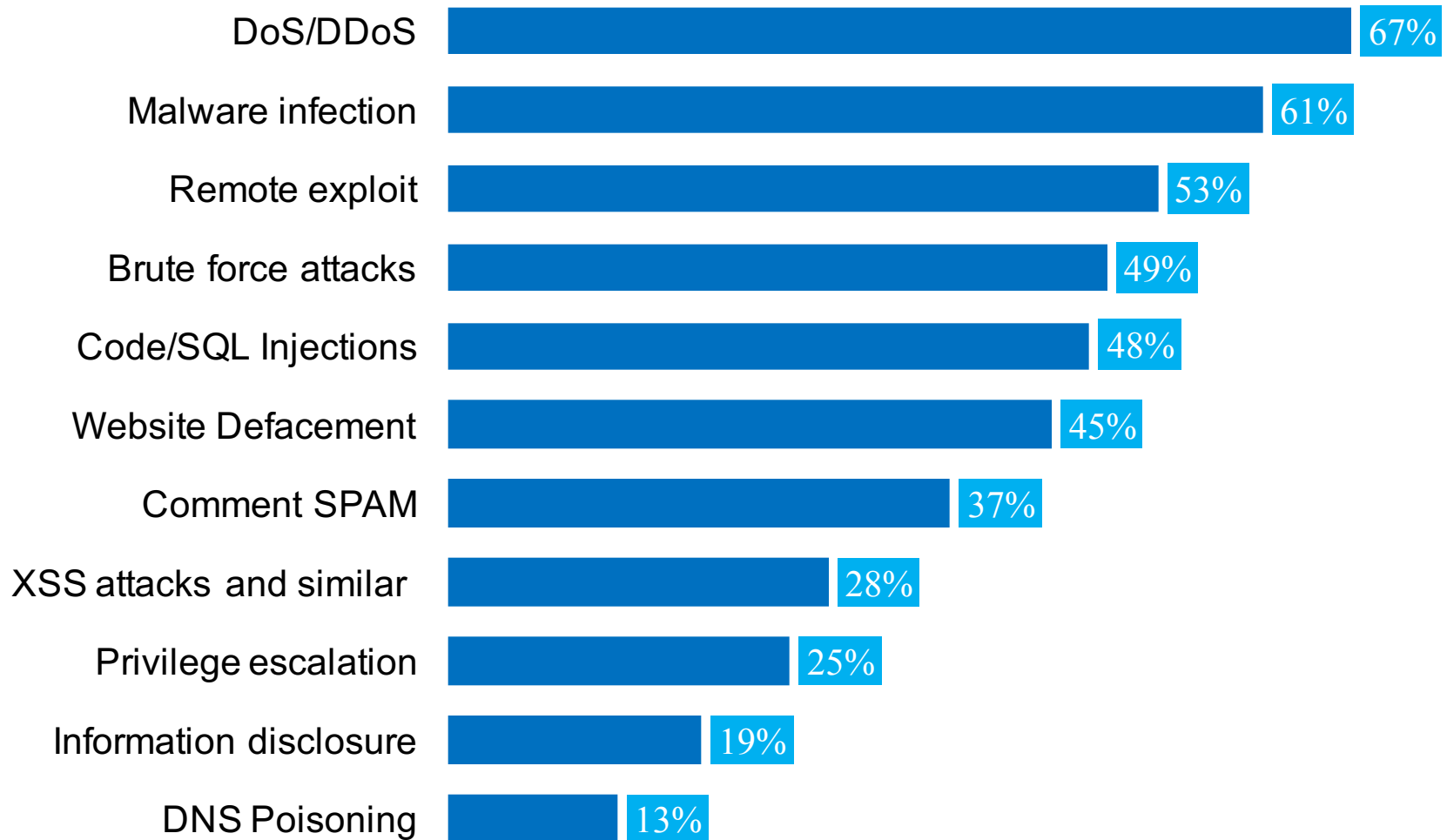
**65%** of respondents said it is **very or somewhat difficult** to upgrade customers from shared hosting to VPS / Dedicated.



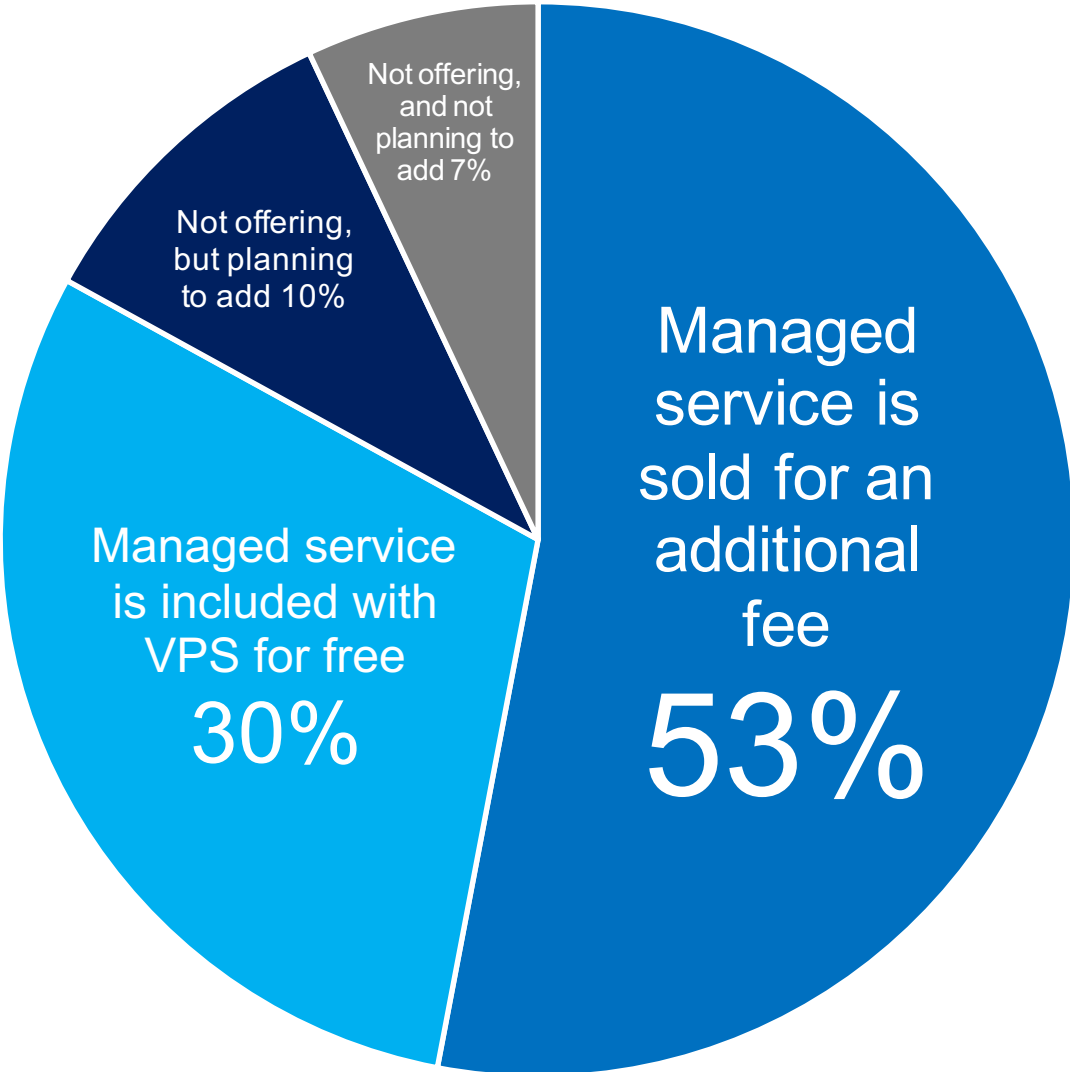
**Over 70%** of respondents are worried about **VPS / Dedicated security**. Also, over 60% reported that **most customers** are also worried about security.



# Over 60% reported that **customers worry about security**. Top reported issues are:



# Breakdown of managed service hosting offering



# Hosting Insights: 2016 vs 2011

92%

reported that customers expect to have more managed & preconfigured, easy to deploy services than 5 years ago

67%

reported that customers expect to have more control over the server than 5 years ago

# Top 3 reasons respondents would resell a security product to customers

48%

To offer better services

24%

To minimize support issues

16%

To make money

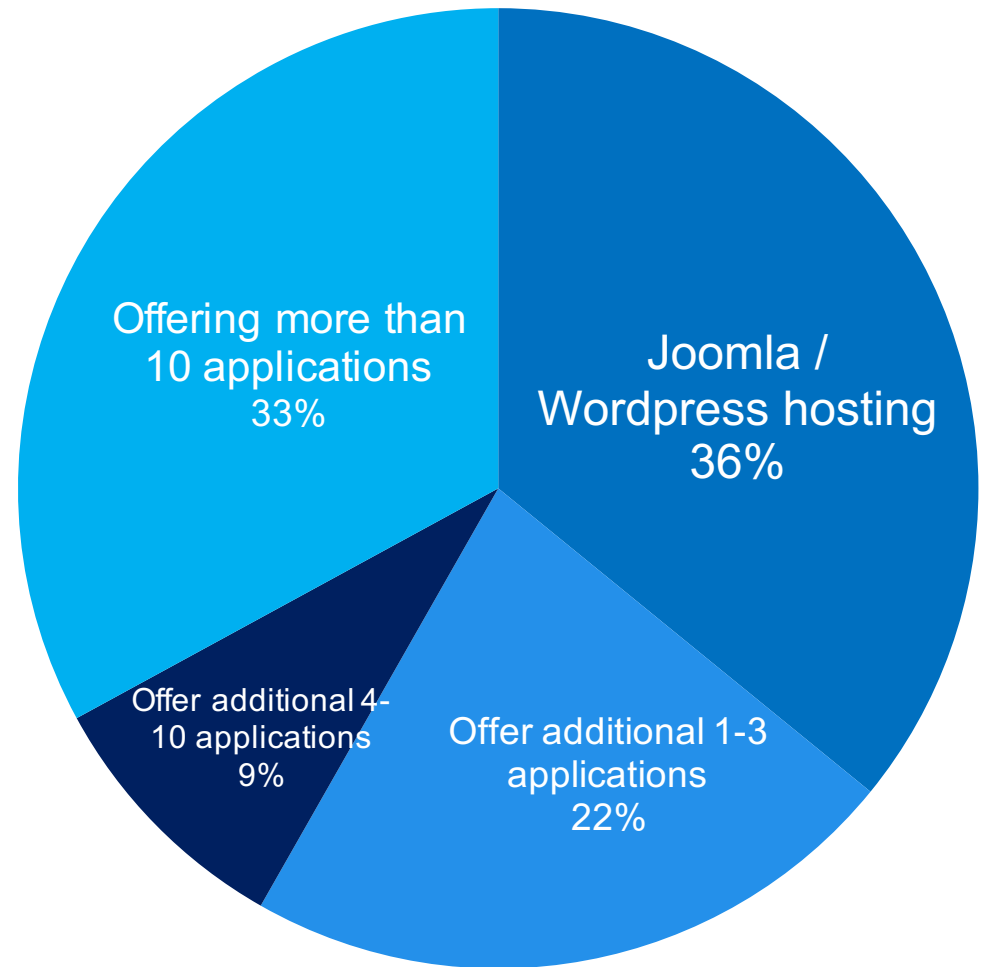
“To provide better security for clients ... to reduce the complains/possible abuse cases resulting in more client satisfaction and less support issues. In the end, it is all about the client satisfaction.”

*10% of respondents reported they are not interested in reselling security products*

# Hosting Insights: Application Hosting

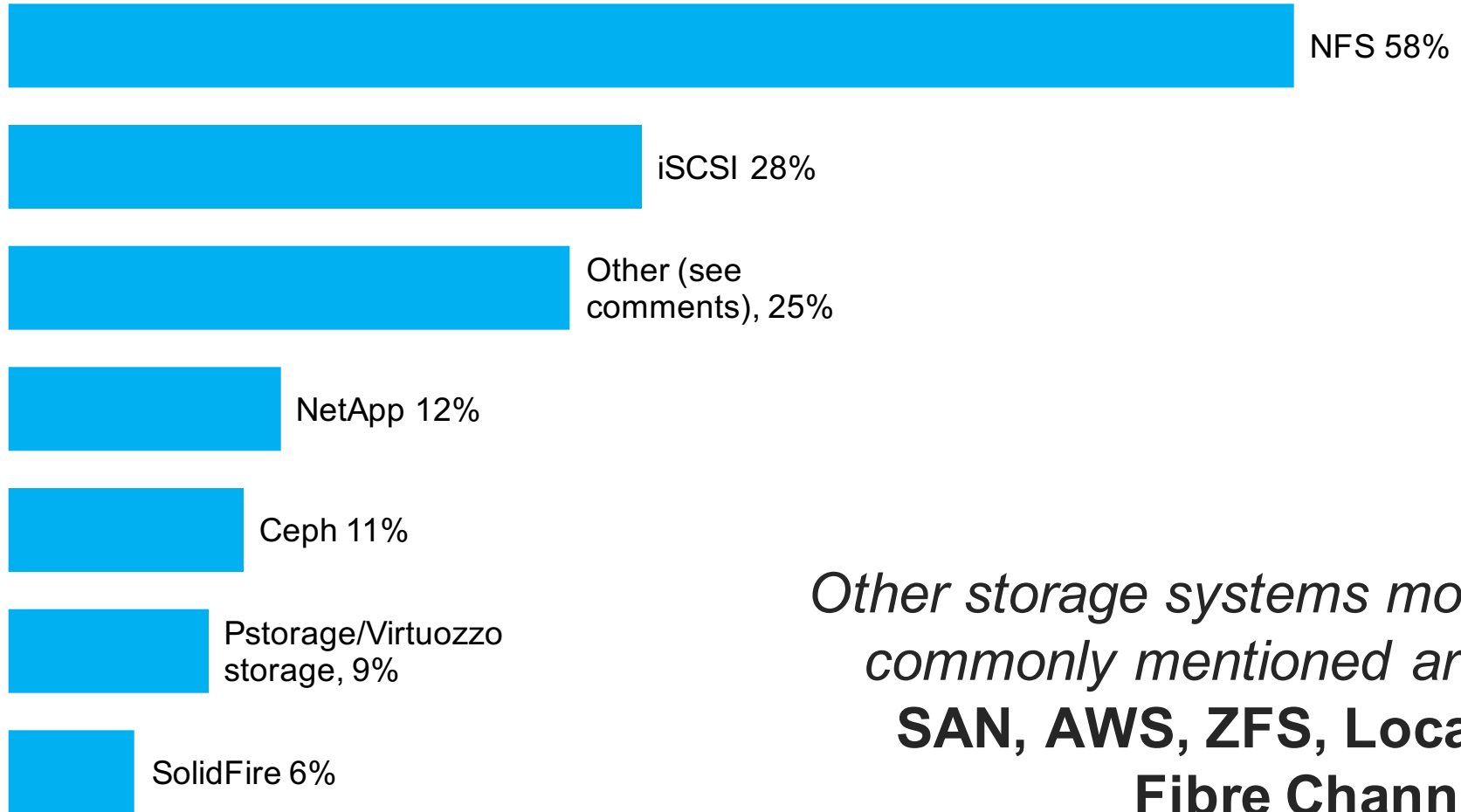
**Only 34% of respondents offer Application hosting to their customers.**

Nearly 74% of those offer it as part of the shared platform using Softaculous, Installatron, etc.



Top reason hosters don't offer Application hosting: **No time to focus on it.**

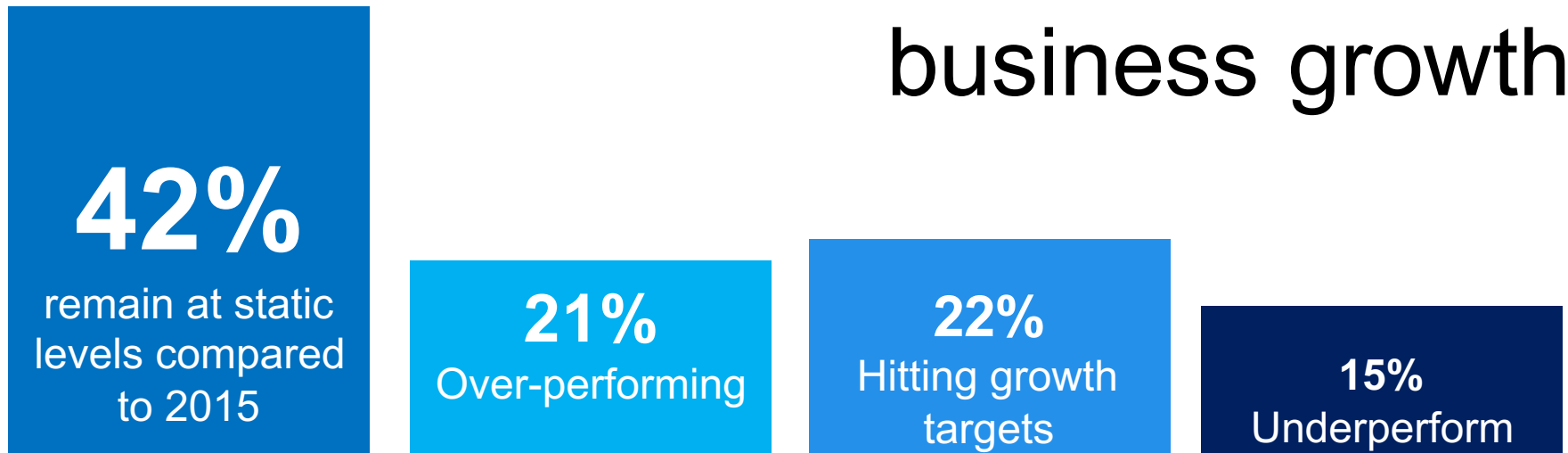
# Hosting Insights: Storage Systems Utilized



*Other storage systems most commonly mentioned are:*  
**SAN, AWS, ZFS, Local, Fibre Channel**

# Business Growth & Challenges

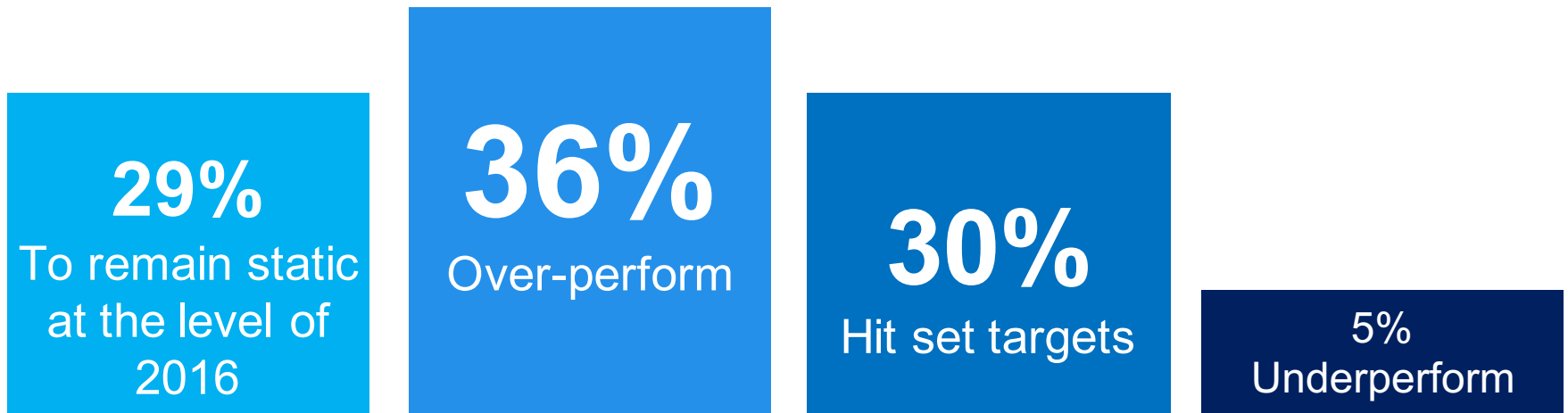
Reported level of satisfaction with 2016 business growth



**57%** of hosting companies report static or lower than expected growth in 2016

# Business Growth & Challenges

## Expected growth in 2017





# Plans to achieve expansion in 2017

---

Attracting new types of clients 52%

Extension of a product range 38%

Conquering new market niches 35%

Conquering markets in new countries 23%

I don't expect expansion 22%

Other 3%

***Other ways include:***

Better marketing and product advertising, better data centers, acquisition

# Business Growth & Challenges

**58%**  
report they  
intent to offer  
new products  
or services in  
2017

*For a complete list, please request a full version of the survey results by emailing [news@cloudlinux.com](mailto:news@cloudlinux.com)*

## ***New services will include:***

- Docker / Container hosting
- E-comments solutions
- Larger hosting plans
- SSL Certificates
- Storage solution
- Enterprise email solutions
- Cloud Hosting
- Openstack
- Managed colocation
- Hosted Applications
- Security services
- PaaS
- Managed & unmanaged VPS

# Business Growth & Challenges

For accomplishing higher growth, hosting companies lack...

72%

report revenue from existing customers is the biggest contributor to business growth

Marketing expertise 47%

Money 39%

Sales expertise 35%

Resources 34%

Lead conversion 22%

Lack of talent 19%

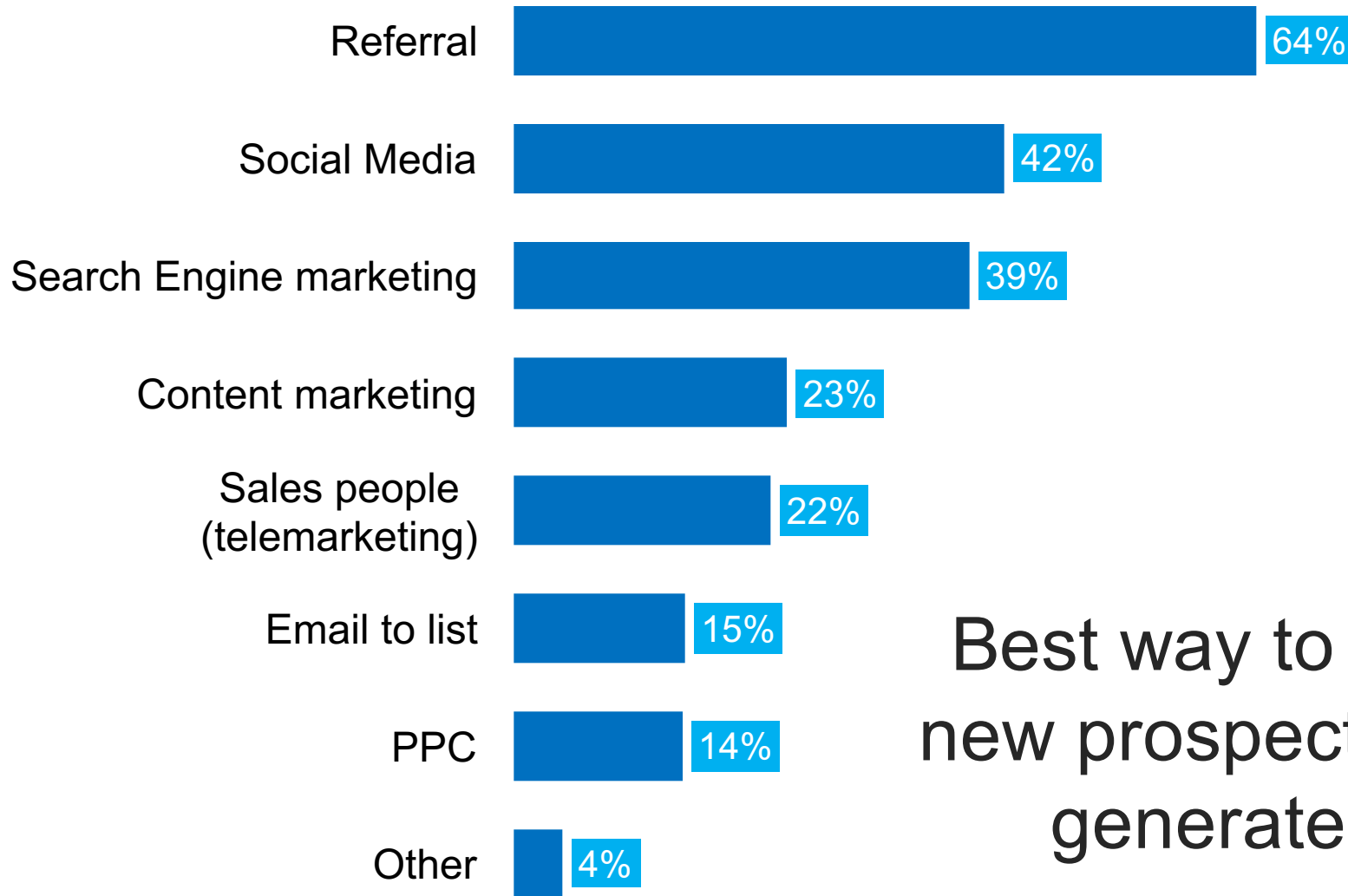
Training 16%

Other 4%

***Top other 3 include:***

- Lack of time
- Economic situation
- Competition

# Business Growth & Challenges



Best way to reach  
new prospects and  
generate leads

# Business Growth & Challenges

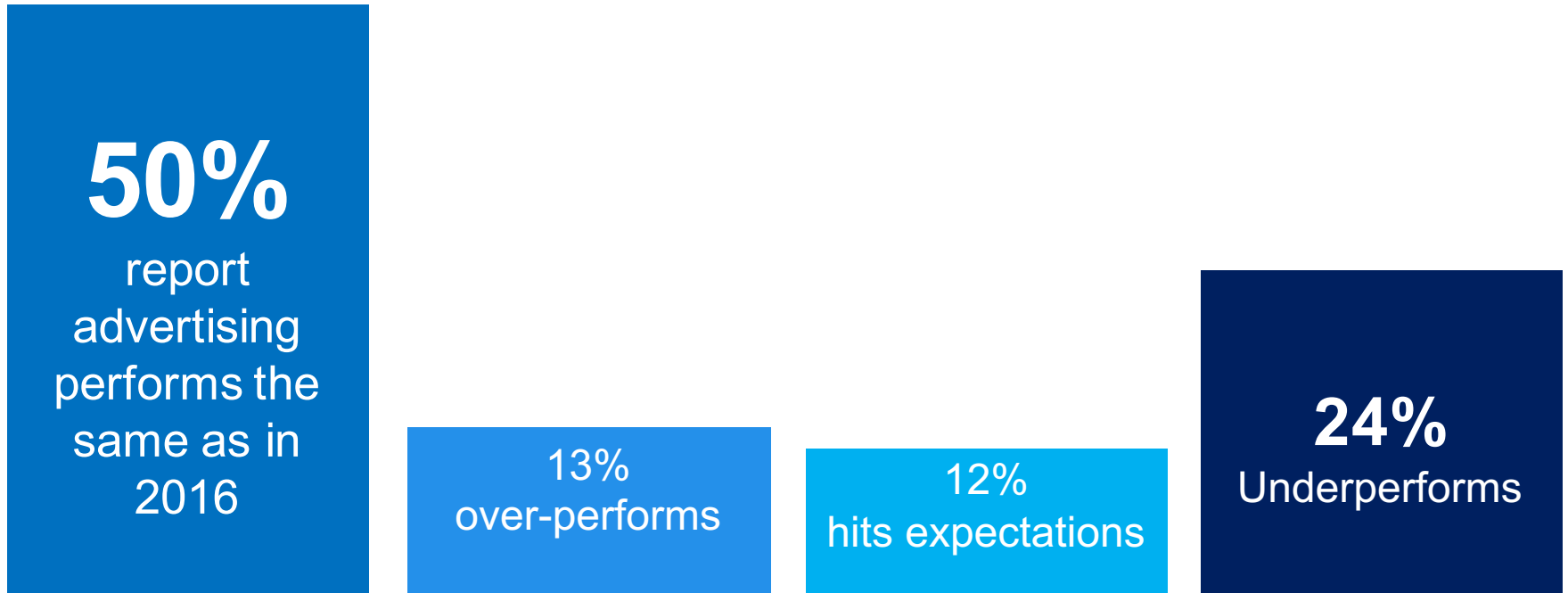


Reported  
sales person's  
involvement

*64% of companies  
report they **need little  
to no help** from a sales  
person to close deals*

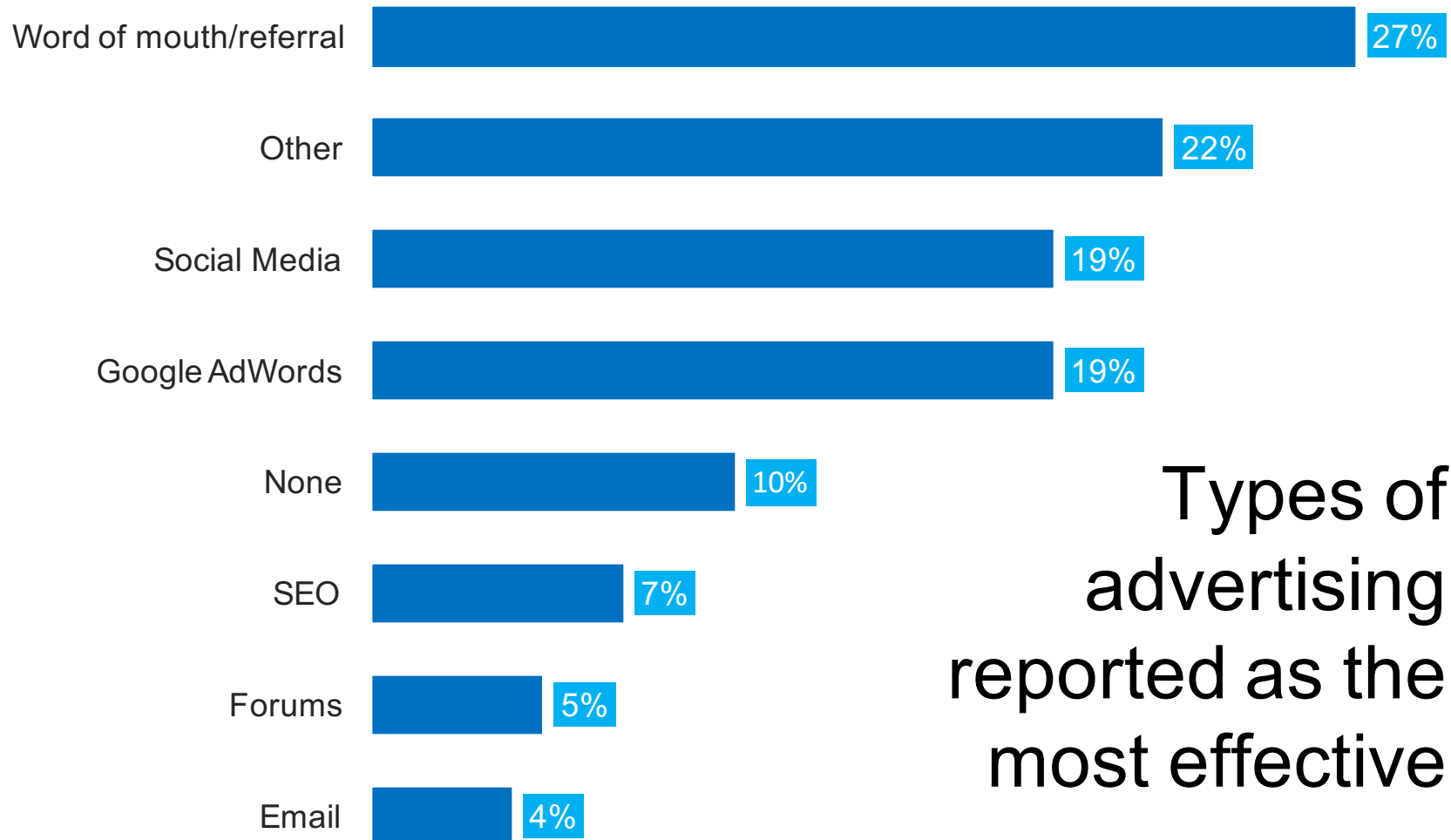
# Business Growth & Challenges

Effectiveness of advertising for hosting companies in 2016 compared to previous years



# Business Growth & Challenges

Word of mouth/referral is #1 in generating new leads



Types of advertising reported as the most effective

# Business Growth & Challenges

Effectiveness of advertising: another look

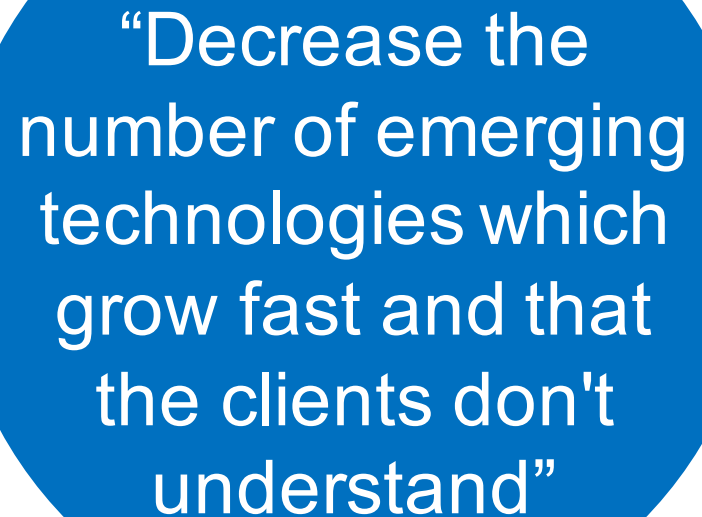
Email Business **SEO** Organic **Forum** Customer  
**Marketing** Remarketing **Social Media** Sales  
**Adwords** Search Engine  
**Word of Mouth** Hosting **Google**  
Recommendations from Existing Clients **Referral** Internet  
**Facebook** Adsense **Advertising** **PPC**




## And finally ...

If there was something hosters could change in the way they do hosting...most notable answers:

- Stop selling dedicated servers
- High-availability shared hosting
- Make customers pay more
- Stop worrying about security
- Improve marketing
- No-support hosting
- Have a great sales team
- More defense from site hacking
- Sell more add-on services
- Add cloud services
- Stop offering phone support
- More effective advertising
- Simplify offering for customers
- Automation, automation, automation...
- And “hire three more of you”...



“Decrease the number of emerging technologies which grow fast and that the clients don't understand”



If interested, please request a full version of the survey results by emailing [news@cloudlinux.com](mailto:news@cloudlinux.com).

Conducted by  CloudLinux™

*Findings from this survey can be republished without approval request but with the reference and the link to the source.*