



The Future of Hosted Services

Web Hosting Talk's Research Revealed

2007 Survey Results

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About iNet Interactive & WebHostingTalk



With 165,000 members, three million monthly page views, and over 4.5 million total posts, WebHostingTalk is the Internet's largest community focused on hosted services and the infrastructure that makes the Internet work.

It is the hosting industry's gathering place, where industry experts discuss critical issues with their peers and help consumers and small businesses select and buy appropriate technologies and services.



The Premier online media network serving the hosting industry. We operate and manage some of the most prominent internet service and web development properties on the Internet. Nearly all of our media properties are the trusted authorities

within their respective industries—providing timely, accurate, and hard-to-find information aimed at helping consumers make more informed buying decisions.

Contact Information

Whether you are looking for customers for your hosting service, need a steady stream of qualified leads, or are trying to introduce new brands or services, our network has the solution for you!

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Executive Summary

In partnership with HostingCon, iNET Interactive surveyed the audience of Web Hosting Talk to better understand what's *really* happening in the hosted services industry – both in terms of what consumers of hosted services want and what providers are delivering.

A total of 455 people responded to the survey. 45% of respondents identified themselves as consumers of hosted services. 55% of the respondents identified themselves as providers of hosted services.

What Consumers Want

The factors that remain highest in importance to all consumers when choosing a hosted services provider are Reliability, Security and Support. While still considered important, Value Added Services, Ease of Use, and Cost were the least important factors.

Most (51%) of the consumer respondents plan to purchase Shared hosting within the next 12 months, following closely by Dedicated (47%) and VPS (36%), and while few plan to purchase Colocation (12%), Rich Media (7%) or Clustered Hosting (6%).

When considering the importance of hosted applications as a value-added service, Social Networking Platforms lead the way, with 49% of respondents identifying the hosted application as Extremely Important or Important . This was followed by Blogging Platforms (37%), Groupware (35%), Photo Sharing/Image Galleries (30%), Productivity Apps (25%), and VoIP (24%).

What Providers Are Delivering

The survey indicated that the greatest challenges facing providers are Marketing and Customer Acquisition, Differentiation in a crowded market, and Personnel issues.

Today, most (88%) providers offer Shared Hosting, followed by Reseller (67%), Dedicated (45%), Rich Media (27%), VPS (21%), Co-location (21%), and Clustered (16%).

VPS is the fastest growing category, with 36% of hosting companies planning to add VPS to their product offering within the next 12 months. That was followed by Rich Media (23%), Dedicated (21%), Clustered (17%), Co-location (12%), Reseller (11%) and Shared (2%).

The survey found that most hosting companies offer the major categories of hosted applications including e-commerce (77%), Blogging (75%) and Photo Sharing/Image Galleries (72%). Voice over IP was the least-offered application at 14%.

Observations and Opportunities

The following observations and opportunities were identified:

1. Don't forget the basics—Reliability, Security and Support are still the most important factors to consumers
2. Nearly one quarter of consumers rank VoIP as a valuable or extremely valuable hosted service, but only 14% of web host offer VoIP today.
3. One third of web hosts offer, or plan to offer, clustered hosting, while only 3% of consumers plan to buy it in the next 12 months. There is clearly a need to educate consumers about the benefits of this technology.

Methodology

Sample

The survey was administered to visitors of WebHostingTalk.com, an iNET Interactive community.

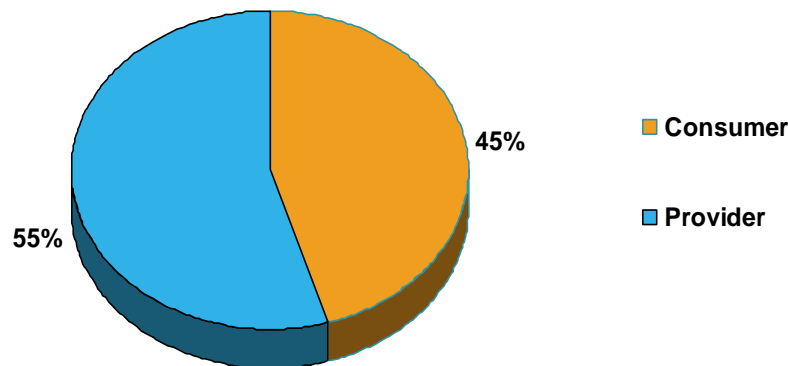
Procedure

The survey was conducted 6/11/07 – 7/12/07, via a link located on the promo bar of the WebHostingTalk.com home page. No other advertising or incentive was provided.

Response

A total of 455 people participated in the survey. The chart below shows the breakdown of those who identified themselves as providers or consumers of hosted services. Respondents were not permitted to choose both.

Q: You would describe yourself primarily a _____ of hosting services.



Consumer Responses – Aggregate Results

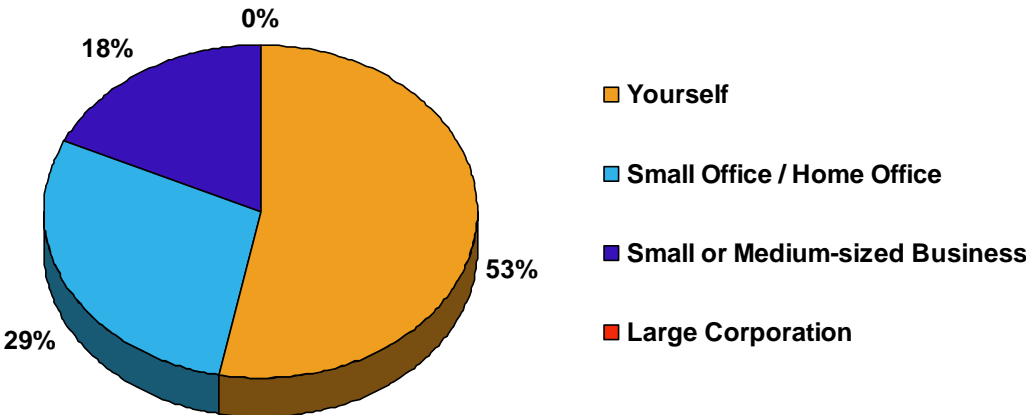
The following section contains the aggregate results of those who participated in the consumer portion of the survey. A total of 205 people responded to this particular section.

The survey aimed to break consumers of hosting into four distinct groups:

- Consumers who represent themselves
- Consumers who represent small / home offices
- Consumers who represent small / medium sized businesses
- Consumers who represent large corporations

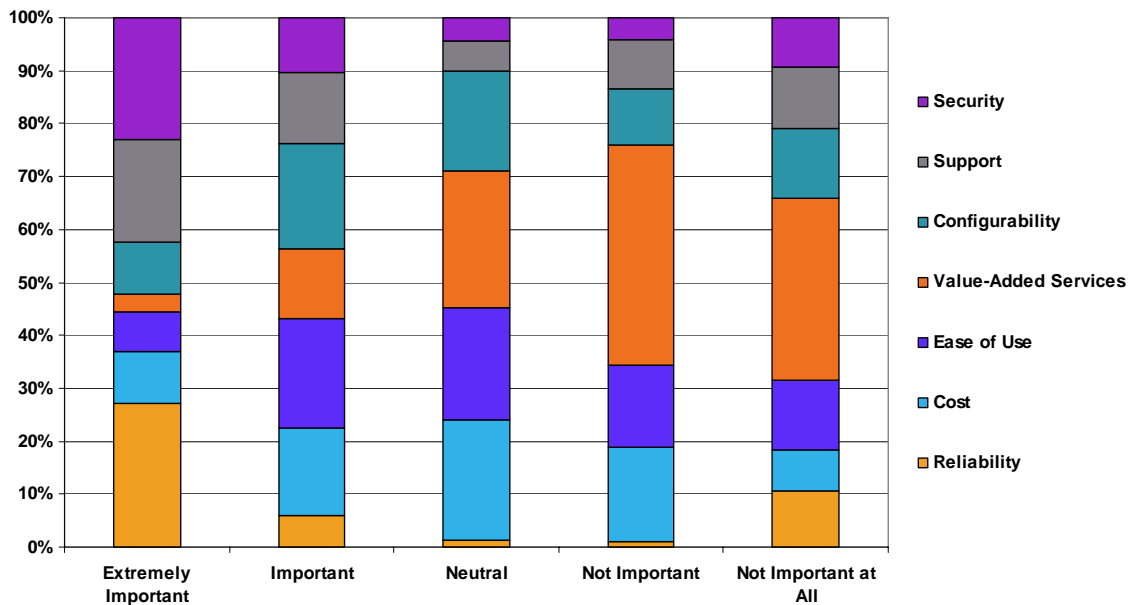
The last group, consumers who represent large corporations, did not receive any responses and is therefore excluded when breaking down the results by group.

Q: As a consumer of hosting services, you primarily represent _____.

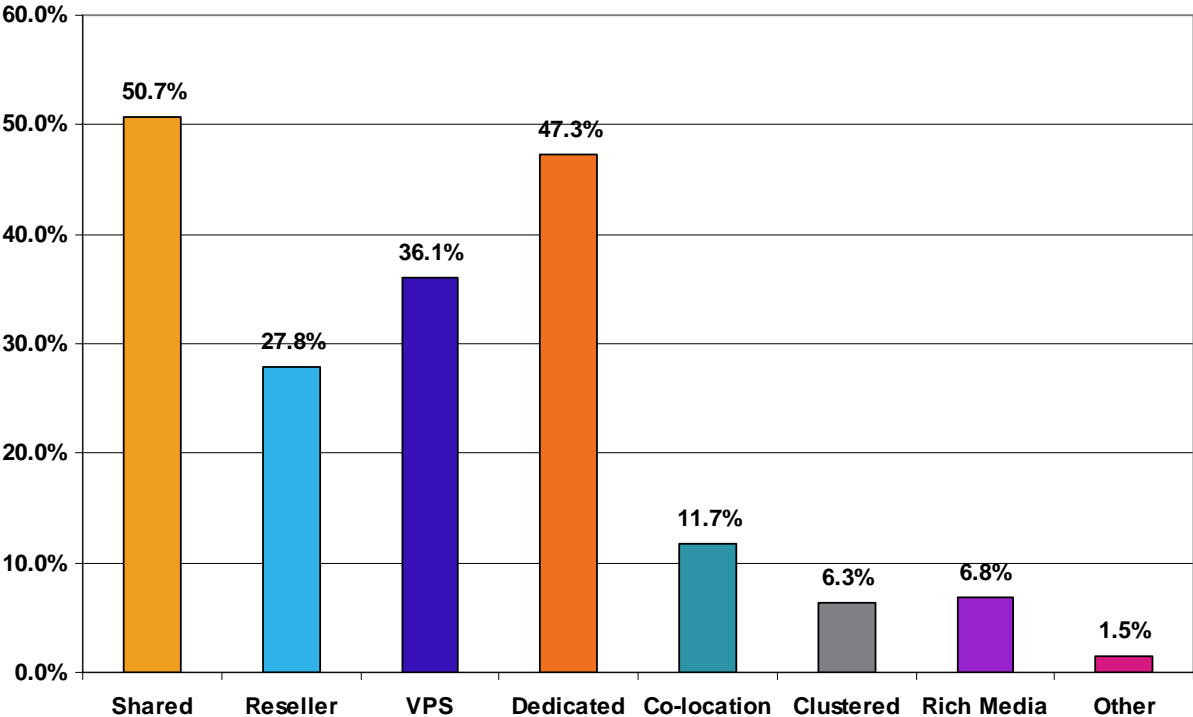


Q: When choosing hosting services, how would you rank the following factors:

	Extremely Important	Important	Neutral	Not Important	Not Important at All
Reliability	83.4%	10.6%	1.5%	0.5%	4.0%
Cost	29.6%	29.6%	29.1%	8.5%	3.0%
Ease of Use	23.6%	36.7%	27.1%	7.5%	5.0%
Value-Added Services	10.1%	23.6%	33.2%	20.1%	13.1%
Configurability	30.2%	35.7%	24.1%	5.0%	5.0%
Support	59.8%	23.6%	7.5%	4.5%	4.5%
Security	70.4%	18.6%	5.5%	2.0%	3.5%

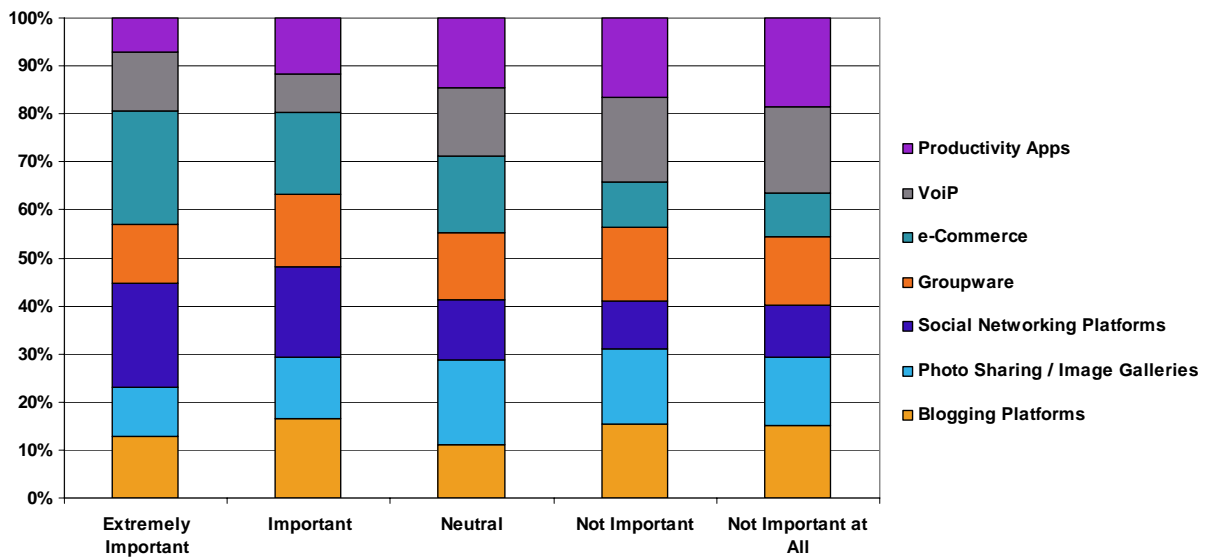


Q: What types of hosting do you plan to purchase in the next 12 months?

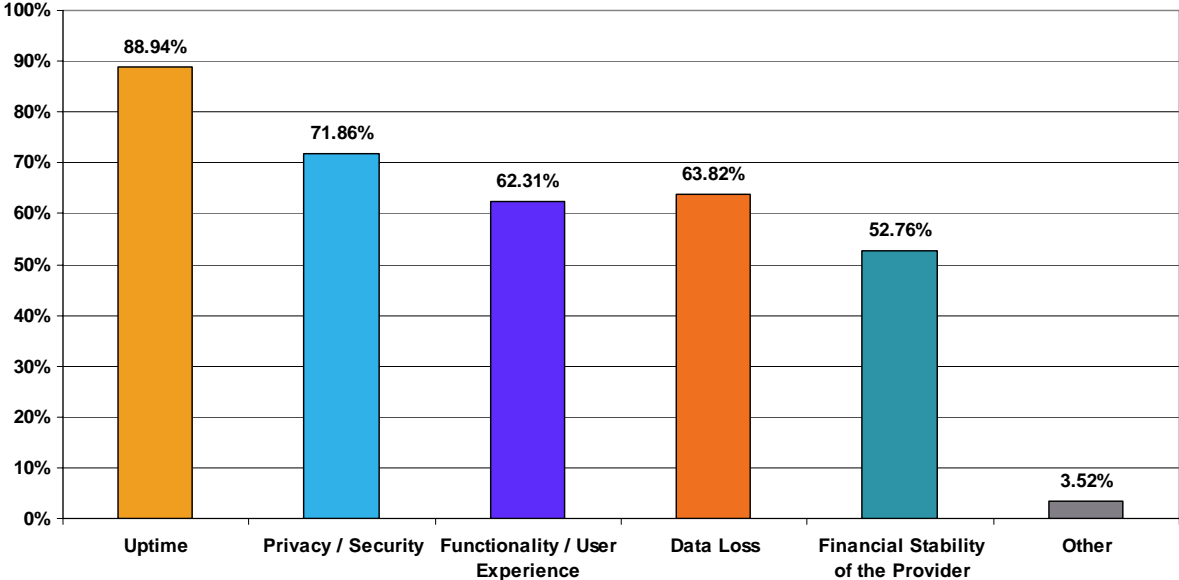


Q: How would you rank the value of the following hosted applications?

	Extremely Important	Important	Neutral	Not Important	Not Important at All
Blogging Platforms	12.6%	24.6%	16.6%	16.1%	30.2%
Photo Sharing / Image Galleries	10.1%	19.6%	26.1%	16.1%	28.1%
Social Networking Platforms	21.1%	28.1%	18.6%	10.6%	21.6%
Groupware	12.1%	22.6%	20.6%	16.1%	28.6%
e-Commerce	23.1%	25.6%	23.6%	9.5%	18.1%
VoiP	12.1%	12.1%	21.1%	18.6%	36.2%
Productivity Apps	7.0%	17.6%	21.6%	17.1%	36.7%



Q: As you consider hosted software applications, your biggest concerns are...



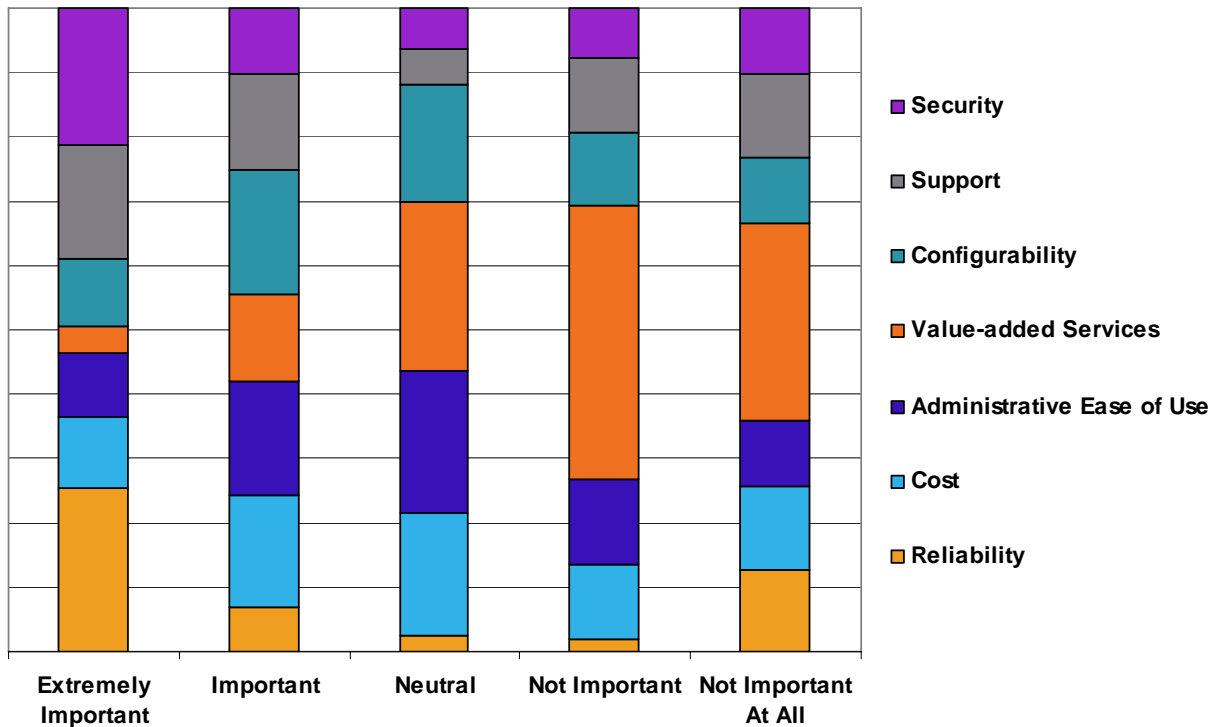
Consumer Responses – Representing Yourself

The following section contains the results of those who participated in the consumer portion of the survey who indicated that they represented themselves as a consumer of hosting services.

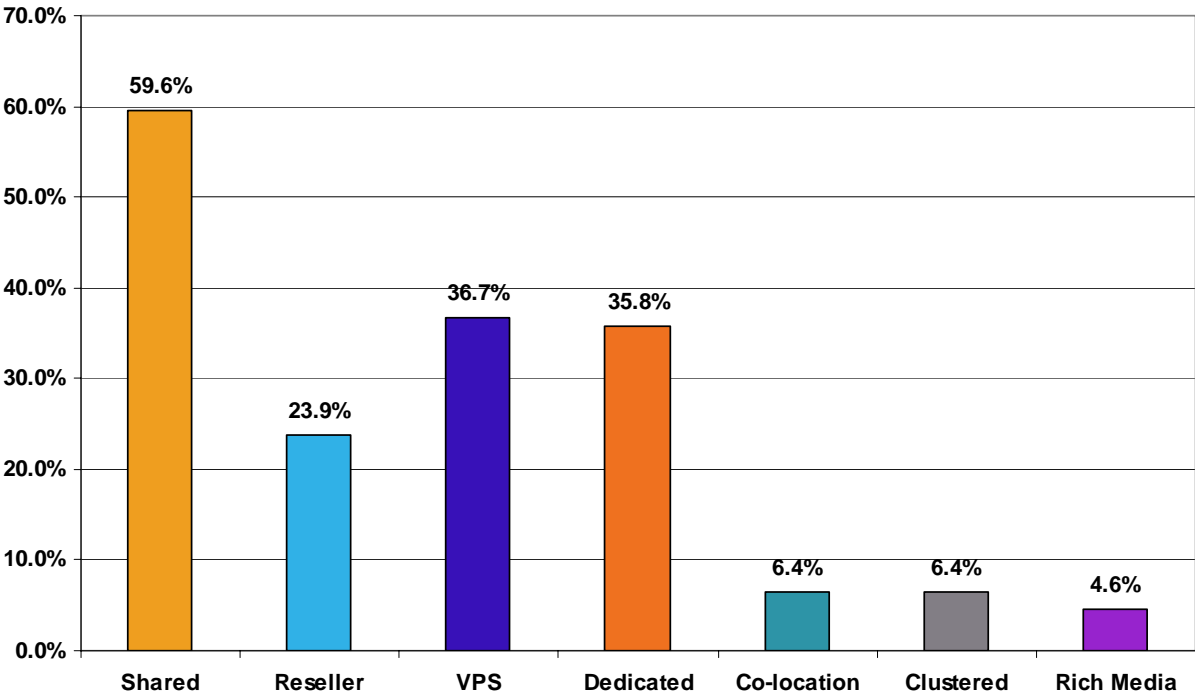
A total of **110** people are included in the responses to this section.

Q: When choosing hosting services, how would you rank the following factors:

	Extremely Important	Important	Neutral	Not Important	Not Important At All
Reliability	78.2%	13.6%	2.7%	0.9%	4.5%
Cost	34.5%	33.6%	21.8%	5.5%	4.5%
Administrative Ease of Use	30.0%	34.5%	25.5%	6.4%	3.6%
Value-added Services	12.7%	26.4%	30.0%	20.0%	10.9%
Configurability	32.7%	37.3%	20.9%	5.5%	3.6%
Support	54.5%	29.1%	6.4%	5.5%	4.5%
Security	65.5%	20.0%	7.3%	3.6%	3.6%

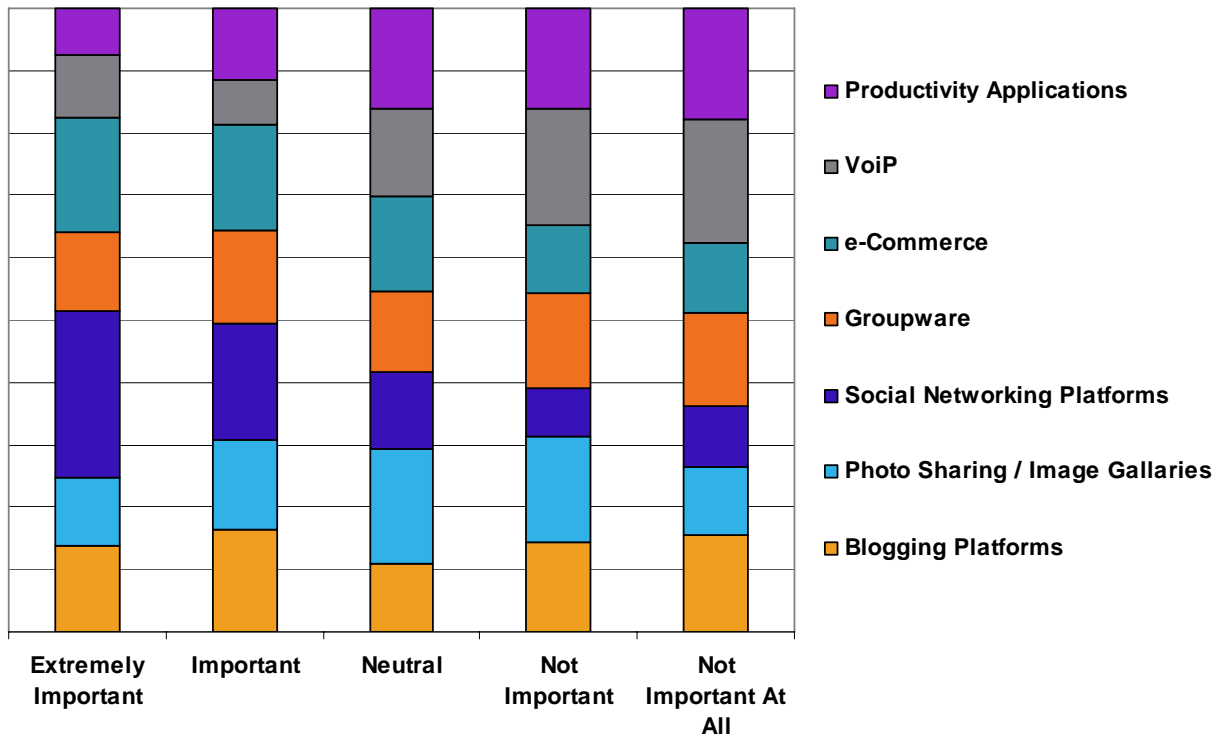


Q: What types of hosting do you plan to purchase in the next 12 months?

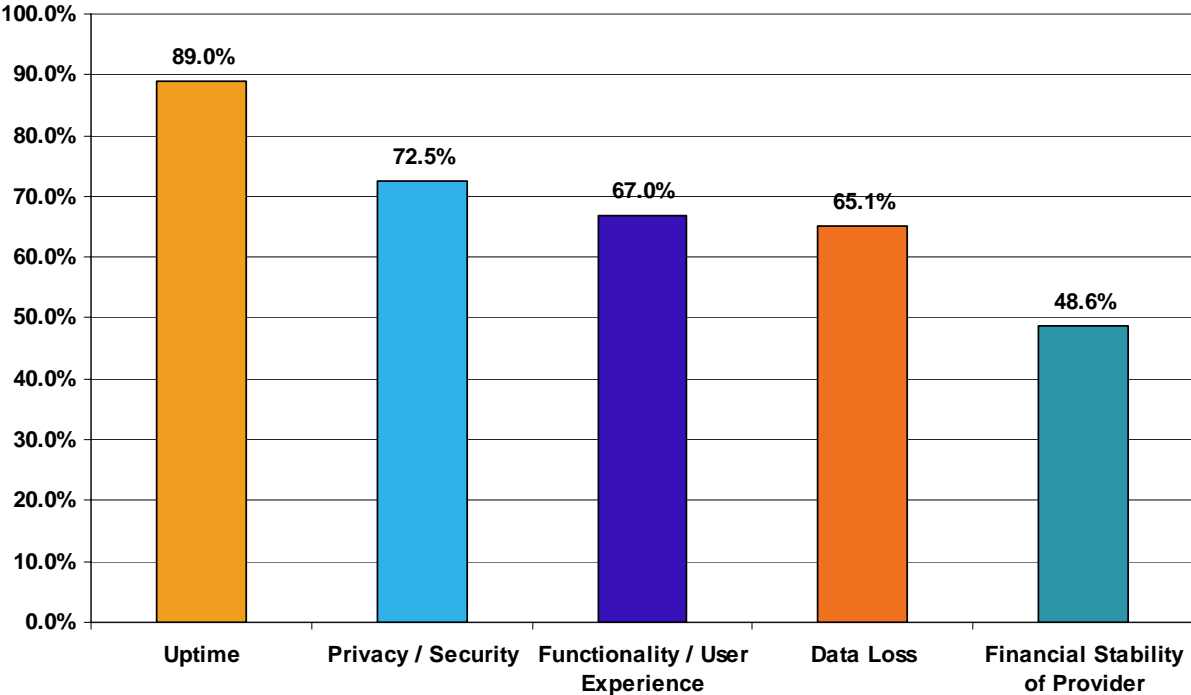


Q: How would you rank the value of the following hosted applications?

	Extremely Important	Important	Neutral	Not Important	Not Important At All
Blogging Platforms	13.8%	24.8%	16.5%	15.6%	29.4%
Photo Sharing / Image Galleries	11.0%	22.0%	27.5%	18.3%	21.1%
Social Networking Platforms	26.6%	28.4%	18.3%	8.3%	18.3%
Groupware	12.8%	22.9%	19.3%	16.5%	28.4%
e-Commerce	18.3%	25.7%	22.9%	11.9%	21.1%
VoiP	10.1%	11.0%	21.1%	20.2%	37.6%
Productivity Applications	7.3%	17.4%	23.9%	17.4%	33.9%



Q: As you consider hosted software applications, your biggest concerns are...



Consumer Responses – Small Office / Home Office

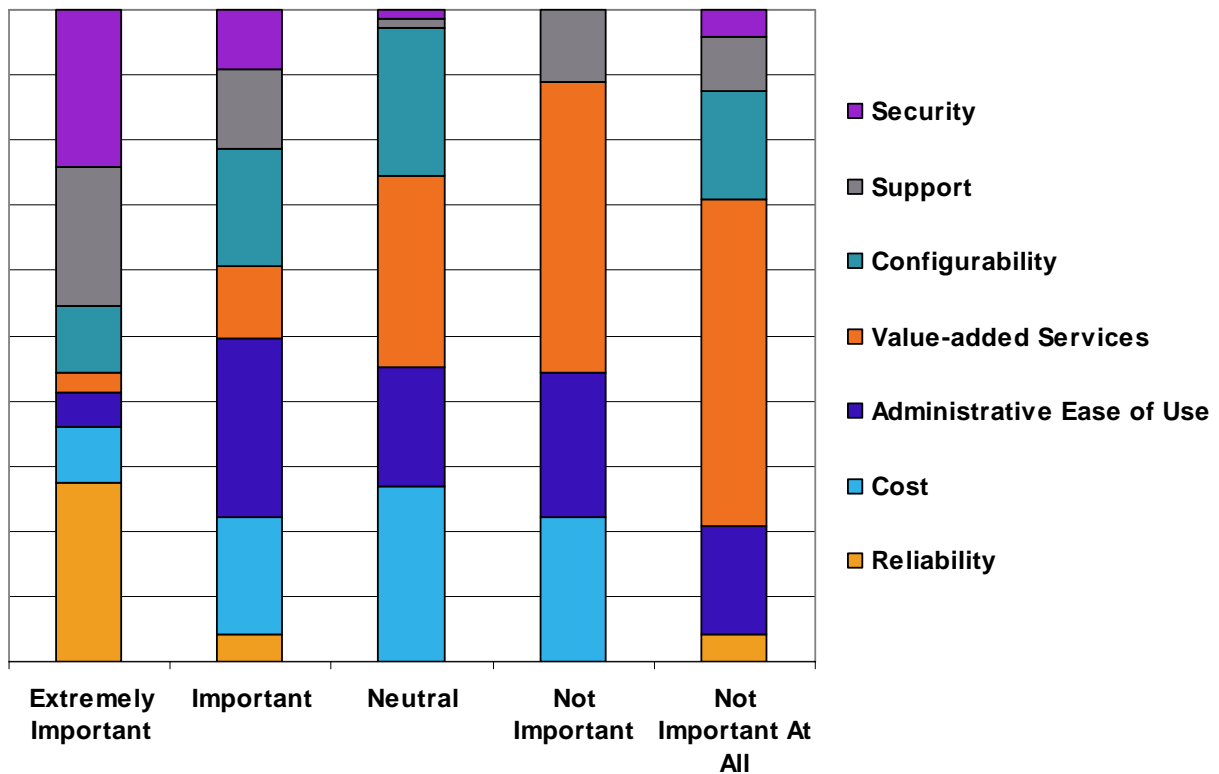
The following section contains the results of those who participated in the consumer portion of the survey who indicated that they represented a small office / home office as a consumer of hosting services.

In the survey, small office / home office was defined as having between 1 and 5 employees.

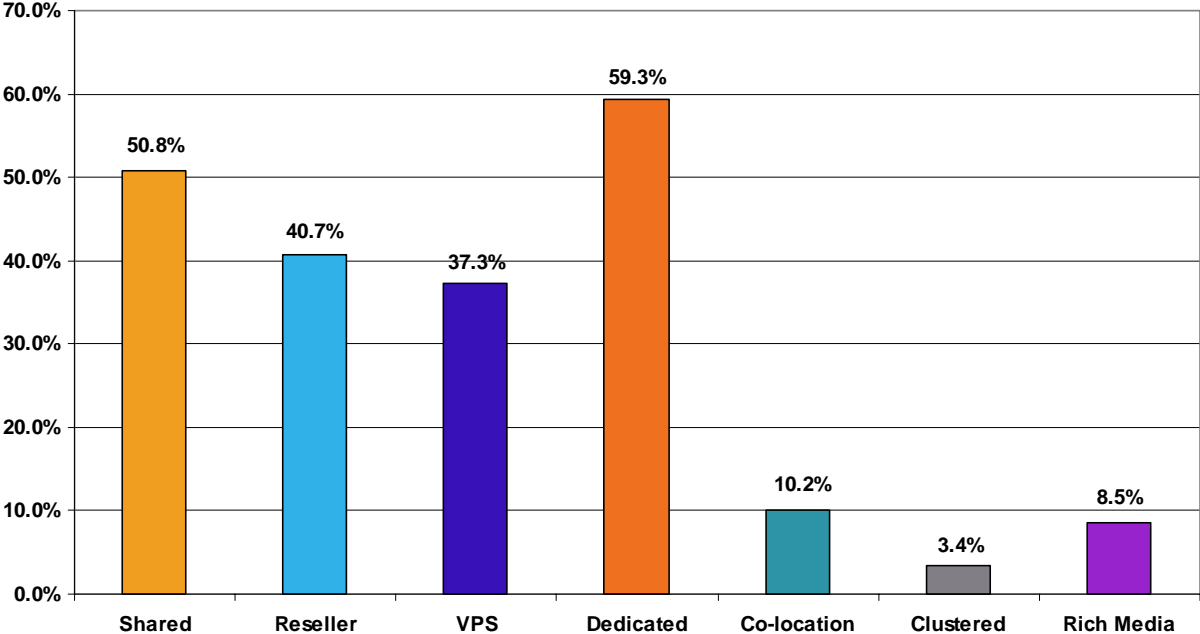
A total of **59** people are included in the responses to this section.

Q: When choosing hosting services, how would you rank the following factors:

	Extremely Important	Important	Neutral	Not Important	Not Important At All
Reliability	91.4%	6.9%	0.0%	0.0%	1.7%
Cost	29.3%	31.0%	32.8%	6.9%	0.0%
Administrative Ease of Use	17.2%	46.6%	22.4%	6.9%	6.9%
Value-added Services	10.3%	19.0%	36.2%	13.8%	20.7%
Configurability	34.5%	31.0%	27.6%	0.0%	6.9%
Support	70.7%	20.7%	1.7%	3.4%	3.4%
Security	81.0%	15.5%	1.7%	0.0%	1.7%

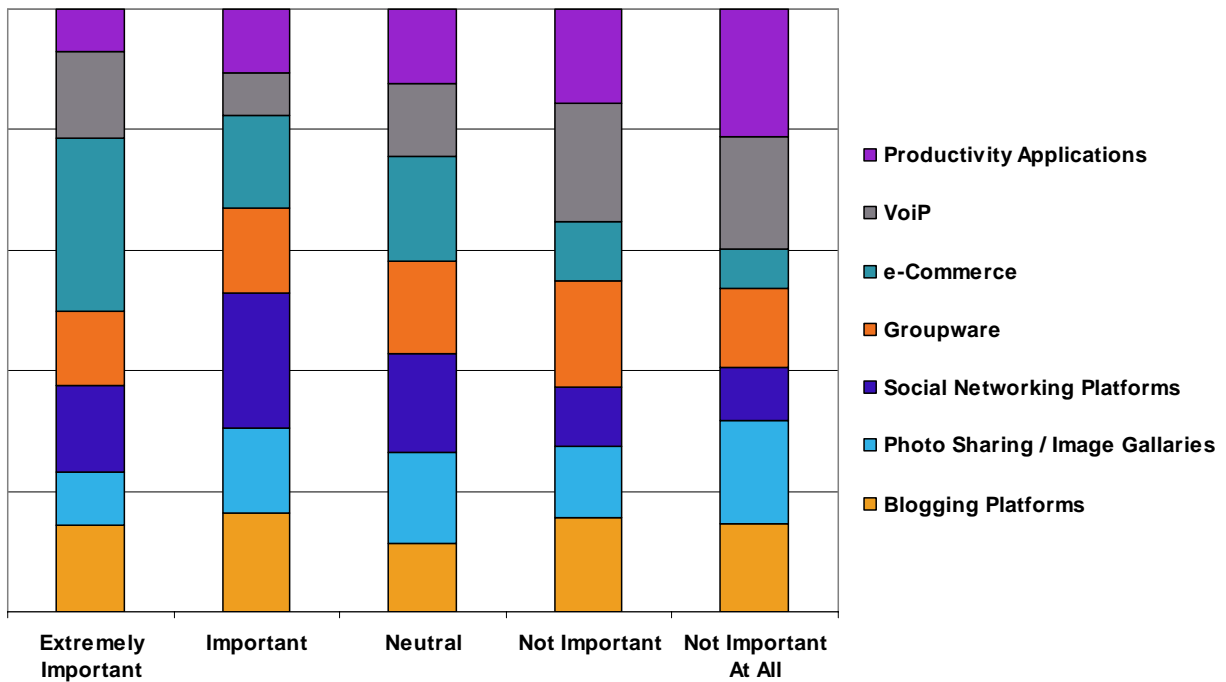


Q: What types of hosting do you plan to purchase in the next 12 months?

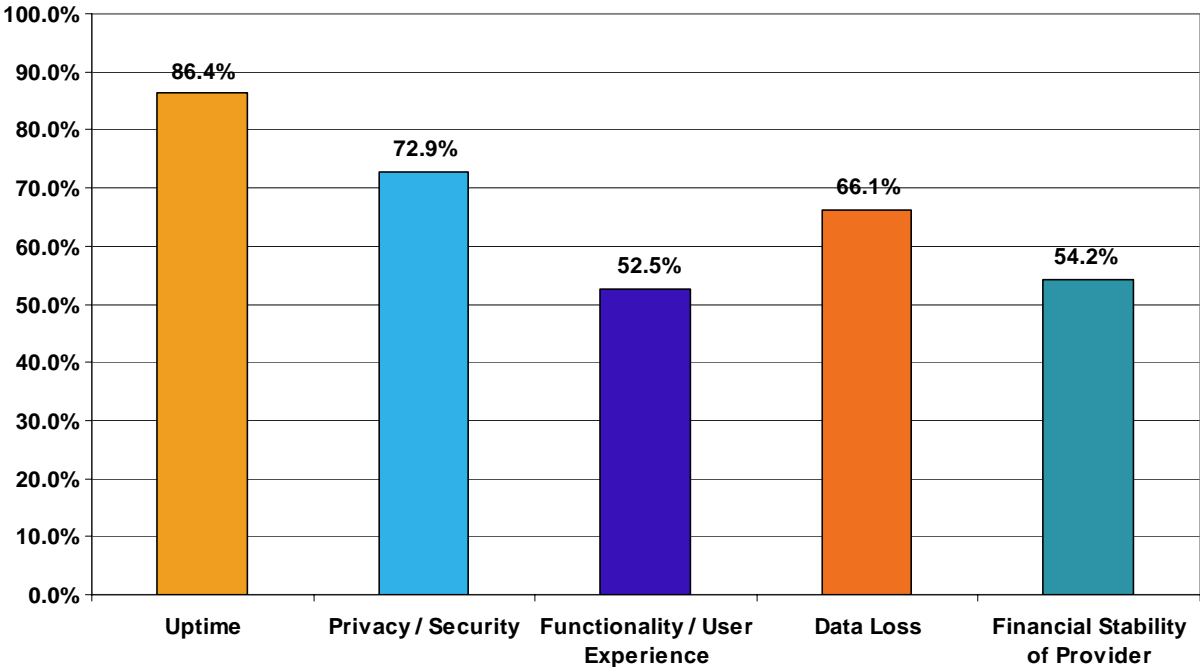


Q: How would you rank the value of the following hosted applications?

	Extremely Important	Important	Neutral	Not Important	Not Important At All
Blogging Platforms	13.6%	23.7%	18.6%	13.6%	30.5%
Photo Sharing / Image Galleries	8.5%	20.3%	25.4%	10.2%	35.6%
Social Networking Platforms	13.6%	32.2%	27.1%	8.5%	18.6%
Groupware	11.9%	20.3%	25.4%	15.3%	27.1%
e-Commerce	27.1%	22.0%	28.8%	8.5%	13.6%
VoiP	13.6%	10.2%	20.3%	16.9%	39.0%
Productivity Applications	6.8%	15.3%	20.3%	13.6%	44.1%



Q: As you consider hosted software applications, your biggest concerns are...



Consumer Responses – Small / Medium Sized Business

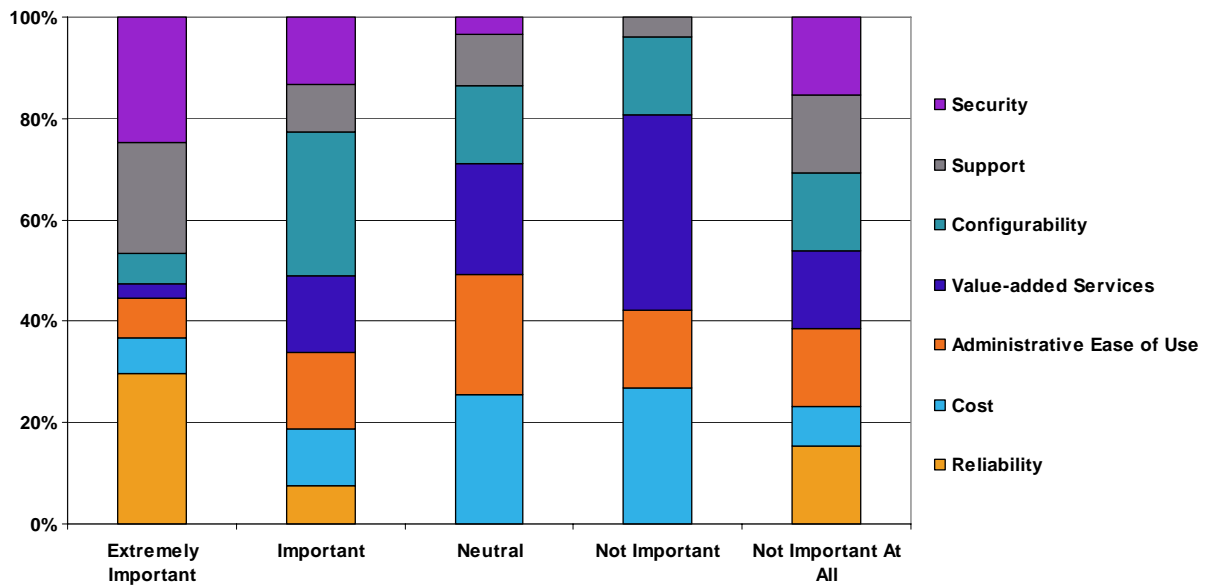
The following section contains the results of those who participated in the consumer portion of the survey who indicated that they represent a small / medium sized business as a consumer of hosting services.

In the survey, a small / medium sized business was defined as having between 6 and 1,000 employees.

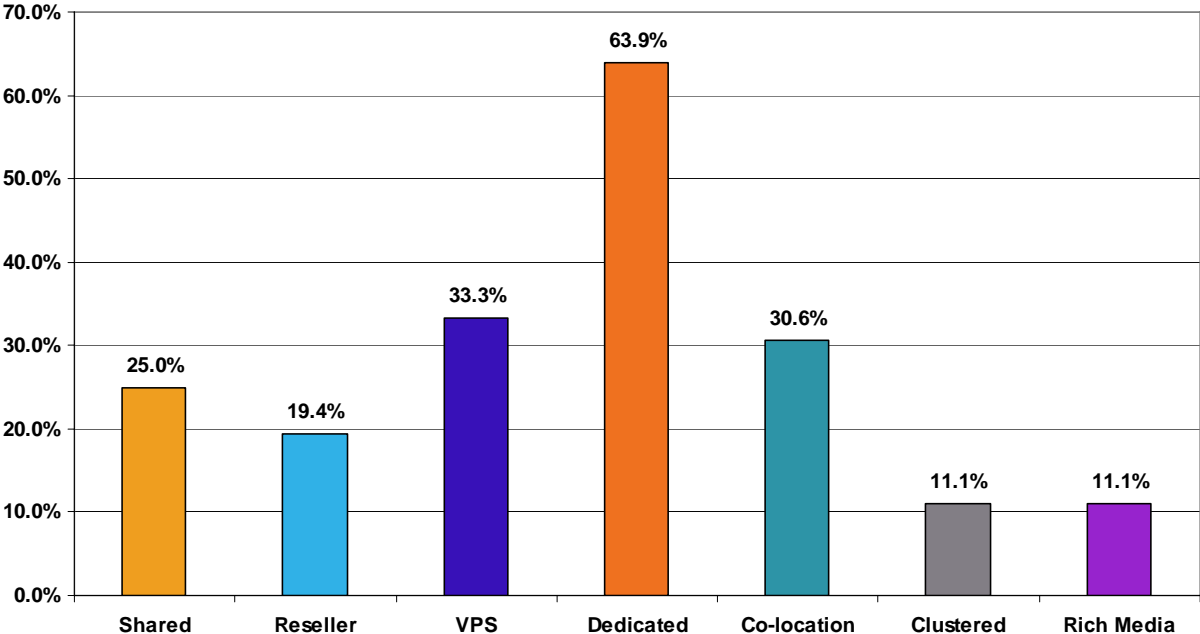
A total of **36** people are included in the responses to this section.

Q: When choosing hosting services, how would you rank the following factors:

	Extremely Important	Important	Neutral	Not Important	Not Important At All
Reliability	83.3%	11.1%	0.0%	0.0%	5.6%
Cost	19.4%	16.7%	41.7%	19.4%	2.8%
Administrative Ease of Use	22.2%	22.2%	38.9%	11.1%	5.6%
Value-added Services	8.3%	22.2%	36.1%	27.8%	5.6%
Configurability	16.7%	41.7%	25.0%	11.1%	5.6%
Support	61.1%	13.9%	16.7%	2.8%	5.6%
Security	69.4%	19.4%	5.6%	0.0%	5.6%

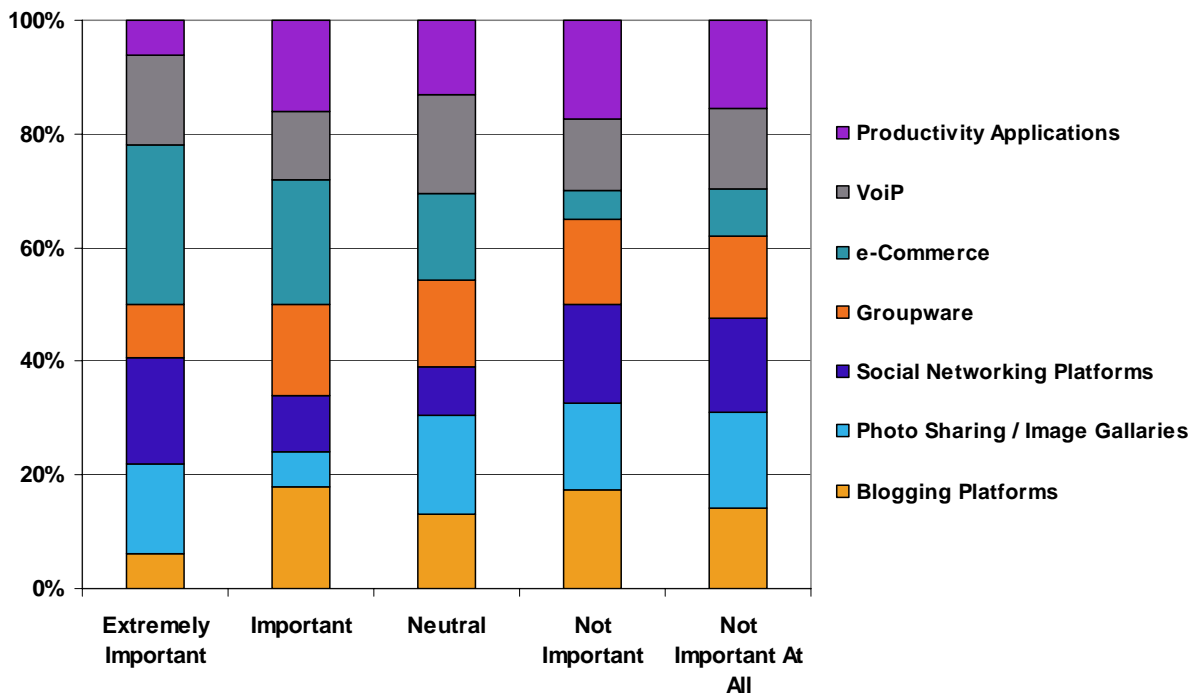


Q: What types of hosting do you plan to purchase in the next 12 months?

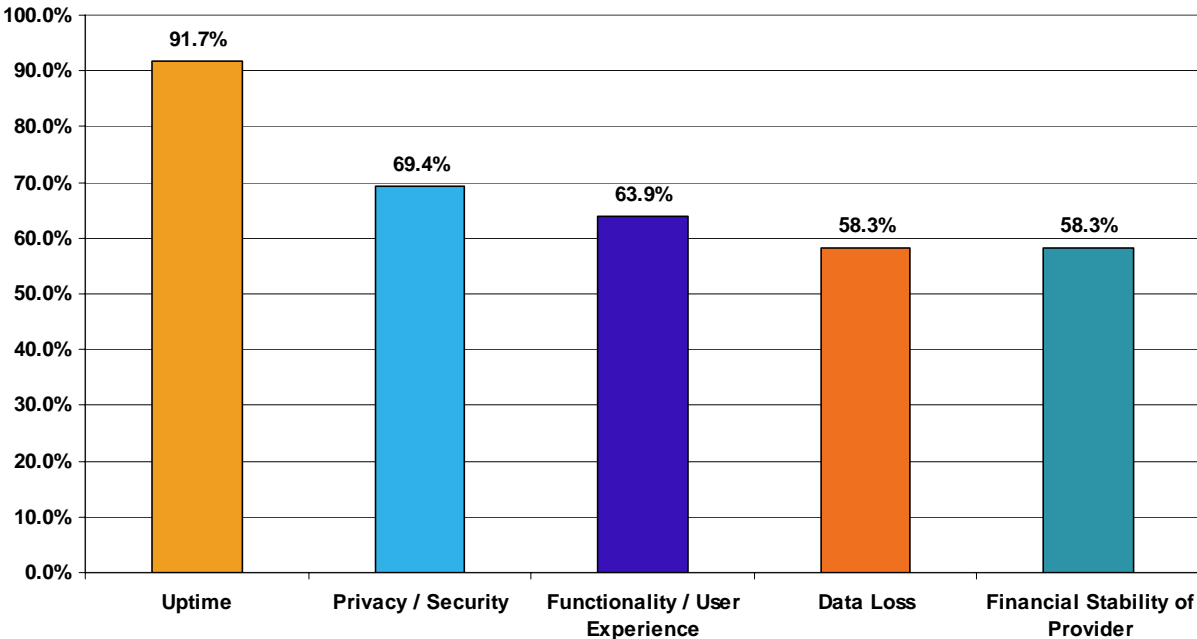


Q: How would you rank the value of the following hosted applications?

	Extremely Important	Important	Neutral	Not Important	Not Important At All
Blogging Platforms	5.6%	25.0%	16.7%	19.4%	33.3%
Photo Sharing / Image Galleries	13.9%	8.3%	22.2%	16.7%	38.9%
Social Networking Platforms	16.7%	13.9%	11.1%	19.4%	38.9%
Groupware	8.3%	22.2%	19.4%	16.7%	33.3%
e-Commerce	25.0%	30.6%	19.4%	5.6%	19.4%
VoiP	13.9%	16.7%	22.2%	13.9%	33.3%
Productivity Applications	5.6%	22.2%	16.7%	19.4%	36.1%



Q: As you consider hosted software applications, your biggest concerns are...



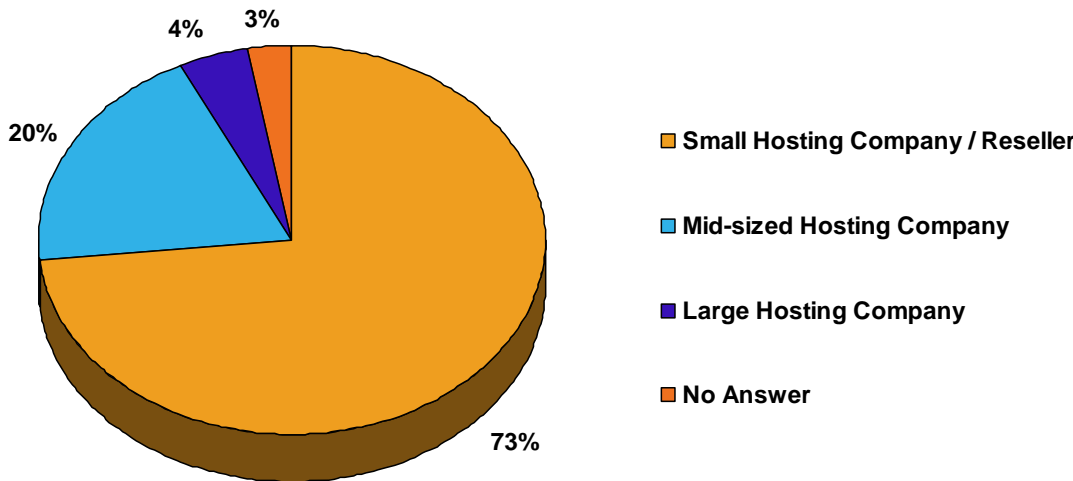
Provider Responses– Aggregate Results

The following section contains the aggregate results of those who participated in the hosting provider portion of the survey. A total of **250** people responded to this section.

The survey aimed to break providers of hosting into three distinct groups:

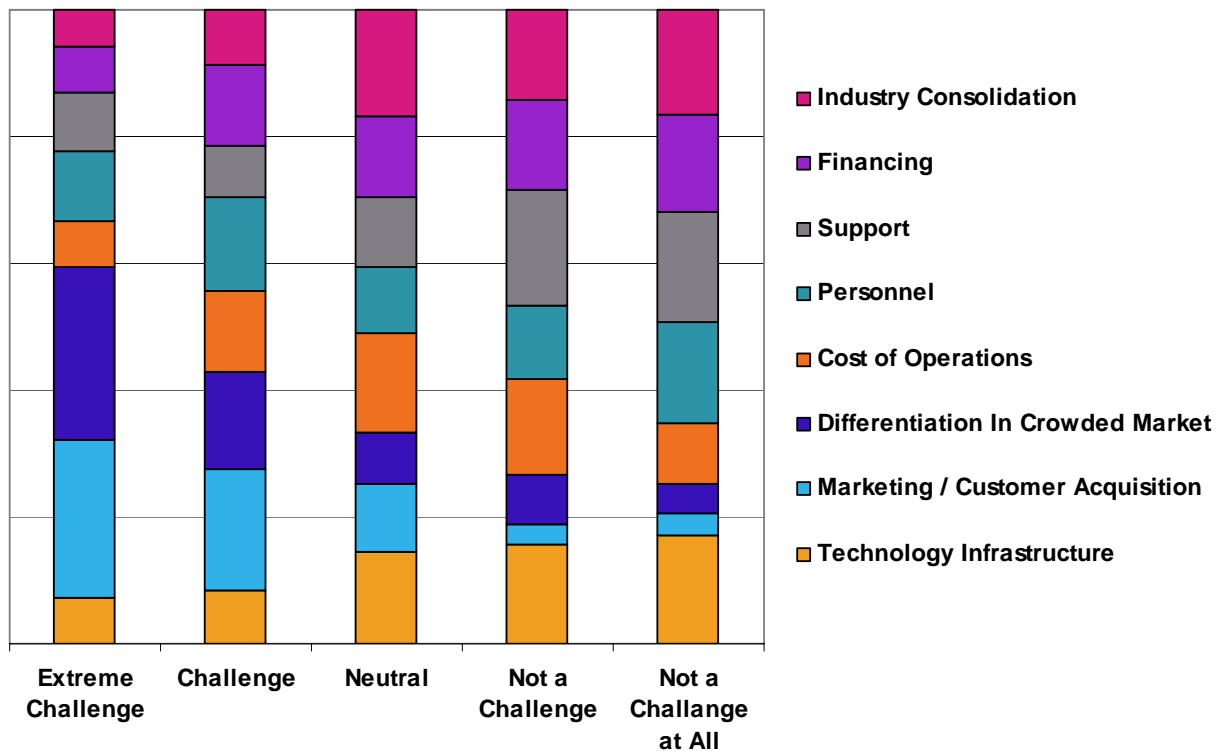
- Small hosting companies / resellers
- Mid-sized hosting companies
- Large hosting companies

Q: As a hosting provider, how would you describe yourself?



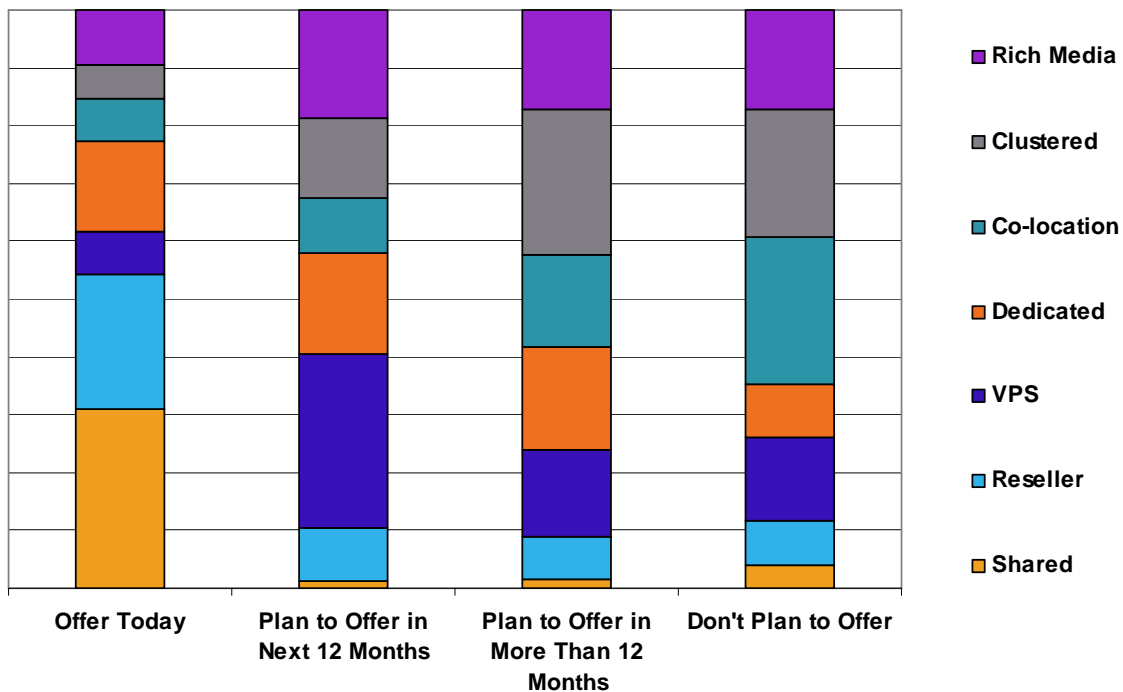
Q: As a hosting company, what are your greatest challenges?

	Extreme Challenge	Challenge	Neutral	Not a Challenge	Not a Challenge at All
Technology Infrastructure	10.3%	14.4%	29.2%	25.5%	20.6%
Marketing / Customer Acquisition	36.2%	32.5%	22.2%	4.9%	4.1%
Differentiation In Crowded Market	39.1%	26.3%	16.5%	12.8%	5.3%
Cost of Operations	10.3%	21.8%	31.7%	24.7%	11.5%
Personnel	16.0%	25.1%	21.0%	18.5%	19.3%
Support	13.2%	14.0%	22.6%	29.6%	20.6%
Financing	10.7%	21.8%	25.9%	23.0%	18.5%
Industry Consolidation	8.2%	14.8%	34.2%	23.0%	19.8%



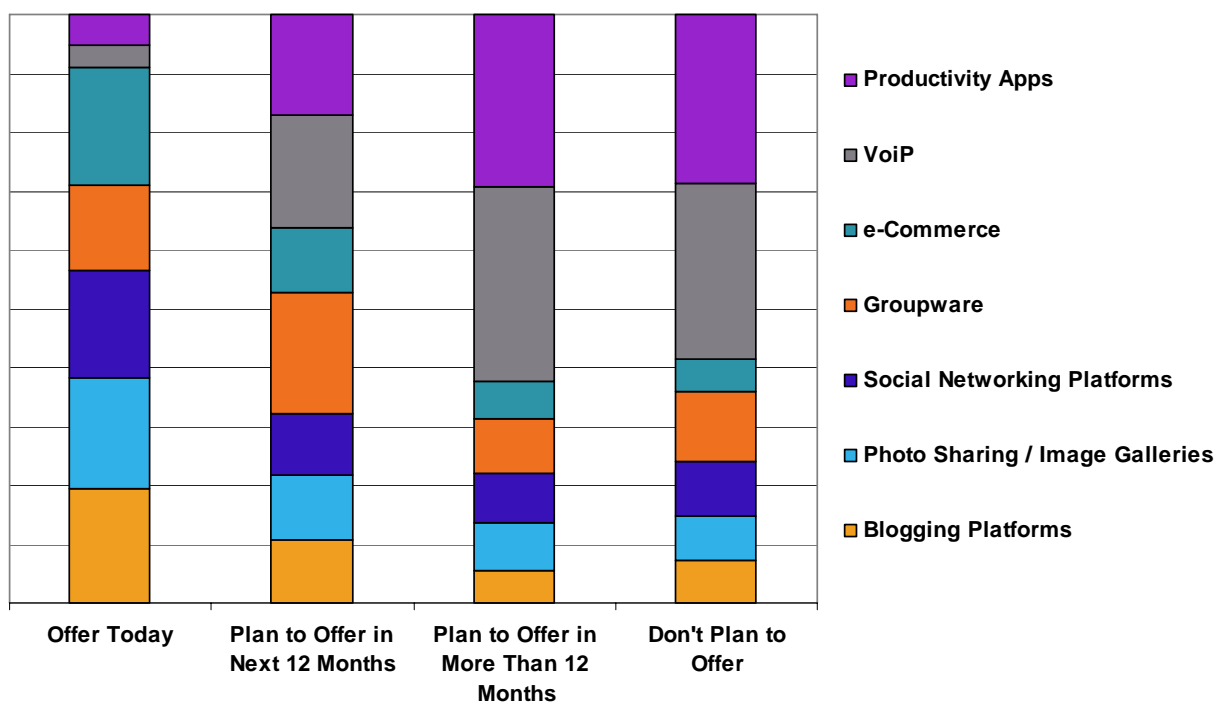
Q: What types of hosting do you offer or plan to offer?

	Offer Today	Plan to Offer in Next 12 Months	Plan to Offer in More Than 12 Months	Don't Plan to Offer
Shared	88.5%	1.6%	1.2%	8.6%
Reseller	66.7%	11.1%	5.3%	16.9%
VPS	21.4%	36.2%	11.1%	31.3%
Dedicated	44.9%	21.4%	13.2%	20.6%
Co-location	21.0%	11.5%	11.9%	55.6%
Clustered	16.5%	16.9%	18.5%	48.1%
Rich Media	27.2%	22.6%	12.8%	37.4%



Q: What hosted applications do you offer or plan to offer?

	Offer Today	Plan to Offer in Next 12 Months	Plan to Offer in More Than 12 Months	Don't Plan to Offer
Blogging Platforms	74.9%	9.9%	2.5%	12.8%
Photo Sharing / Image Galleries	72.4%	10.3%	3.7%	13.6%
Social Networking Platforms	70.8%	9.5%	3.7%	16.0%
Groupware	56.0%	18.9%	4.1%	21.0%
e-Commerce	77.0%	10.3%	2.9%	9.9%
VoiP	14.4%	17.7%	14.8%	53.1%
Productivity Apps	20.6%	15.6%	13.2%	50.6%



Provider Responses – Small Hosting Company / Reseller

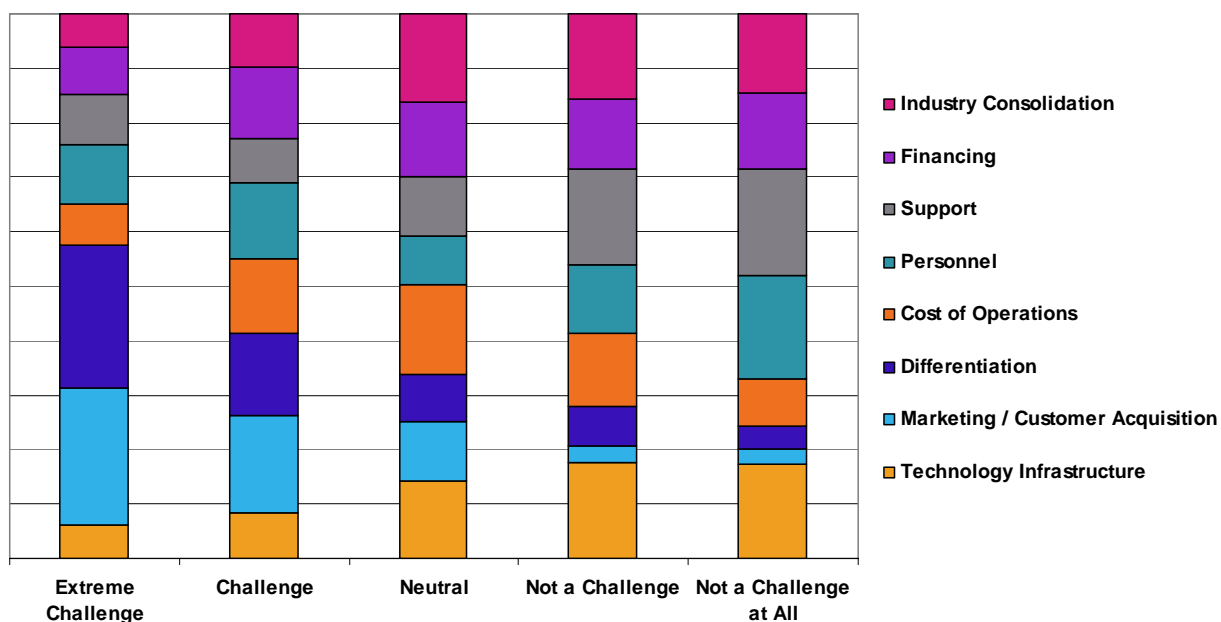
The following section contains the results of those who participated in the hosting provider portion of the survey who indicated that they represent a small hosting company / reseller as a provider of hosting services.

In the survey, a small hosting company / reseller was defined as having less than 1,000 accounts.

A total of **188** hosts are included in the responses to this section.

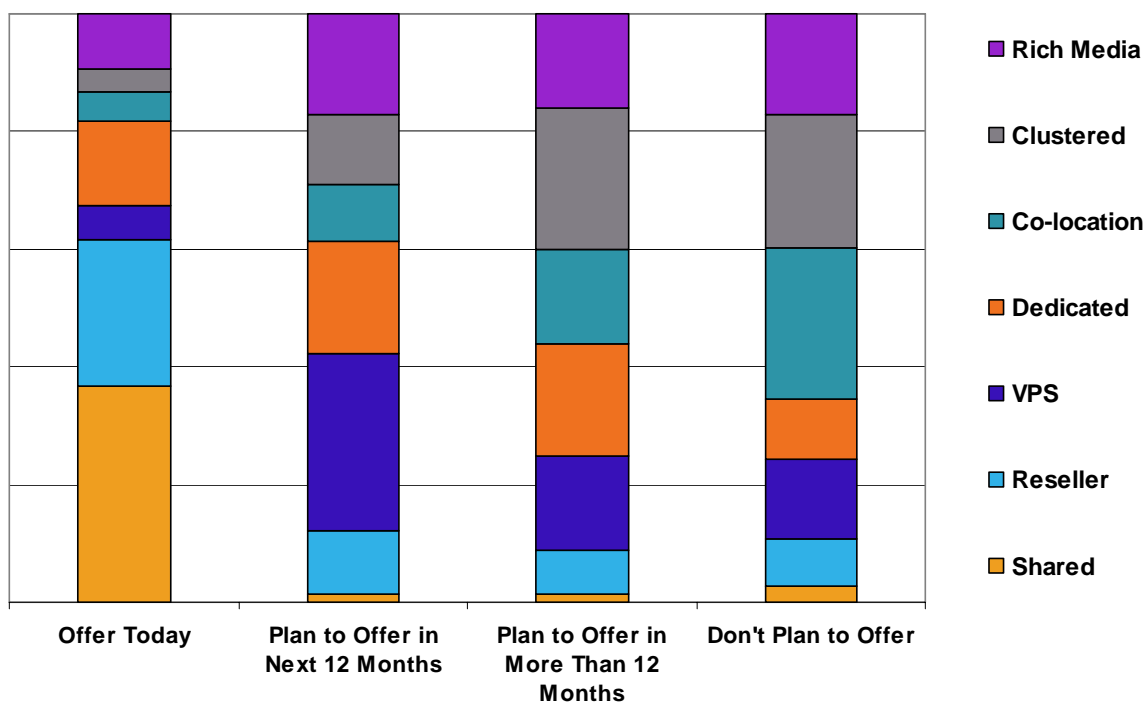
Q: As a hosting company, what are your greatest challenges?

	Extreme Challenge	Challenge	Neutral	Not a Challenge	Not a Challenge at All
Technology Infrastructure	9.6%	14.4%	29.3%	27.1%	19.7%
Marketing / Customer Acquisition	38.8%	31.4%	21.8%	4.8%	3.2%
Differentiation	40.4%	26.1%	17.6%	11.2%	4.8%
Cost of Operations	11.7%	23.4%	34.0%	20.7%	10.1%
Personnel	16.5%	24.5%	18.1%	19.1%	21.8%
Support	14.4%	13.8%	22.3%	27.1%	22.3%
Financing	13.3%	22.9%	27.7%	20.2%	16.0%
Industry Consolidation	9.6%	17.0%	33.0%	23.9%	16.5%



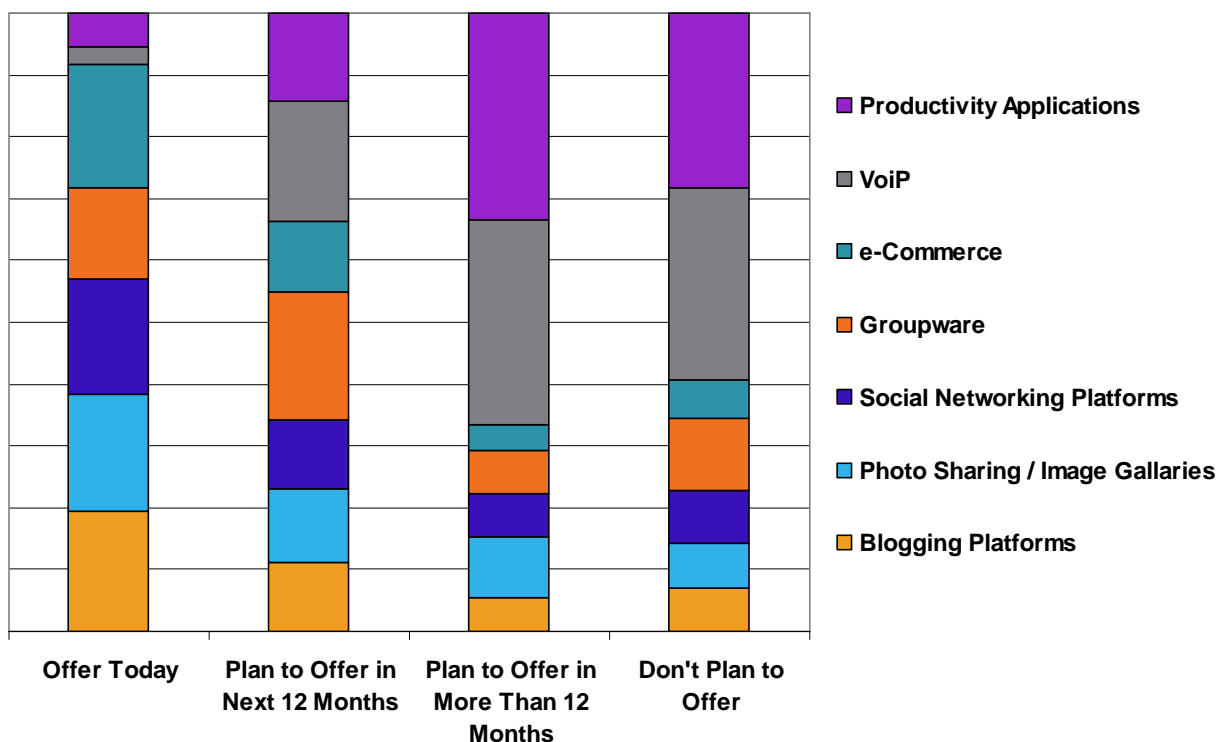
Q: What types of hosting do you offer or plan to offer?

	Offer Today	Plan to Offer in Next 12 Months	Plan to Offer in More Than 12 Months	Don't Plan to Offer
Shared	90.4%	1.6%	1.1%	6.9%
Reseller	60.6%	13.8%	6.4%	19.1%
VPS	14.9%	38.8%	13.3%	33.0%
Dedicated	35.1%	24.5%	16.0%	24.5%
Co-location	12.2%	12.2%	13.3%	62.2%
Clustered	9.0%	15.4%	20.2%	55.3%
Rich Media	23.4%	21.8%	13.3%	41.5%



Q: What hosted applications do you offer or plan to offer?

	Offer Today	Plan to Offer in Next 12 Months	Plan to Offer in More Than 12 Months	Don't Plan to Offer
Blogging Platforms	74.5%	10.1%	2.1%	13.3%
Photo Sharing / Image Galleries	71.8%	10.6%	3.7%	13.8%
Social Networking Platforms	71.3%	10.1%	2.7%	16.0%
Groupware	56.4%	18.6%	2.7%	22.3%
e-Commerce	76.6%	10.1%	1.6%	11.7%
VoiP	10.6%	17.6%	12.8%	59.0%
Productivity Applications	20.7%	12.8%	12.8%	53.7%



Provider Responses – Mid-Sized Hosts

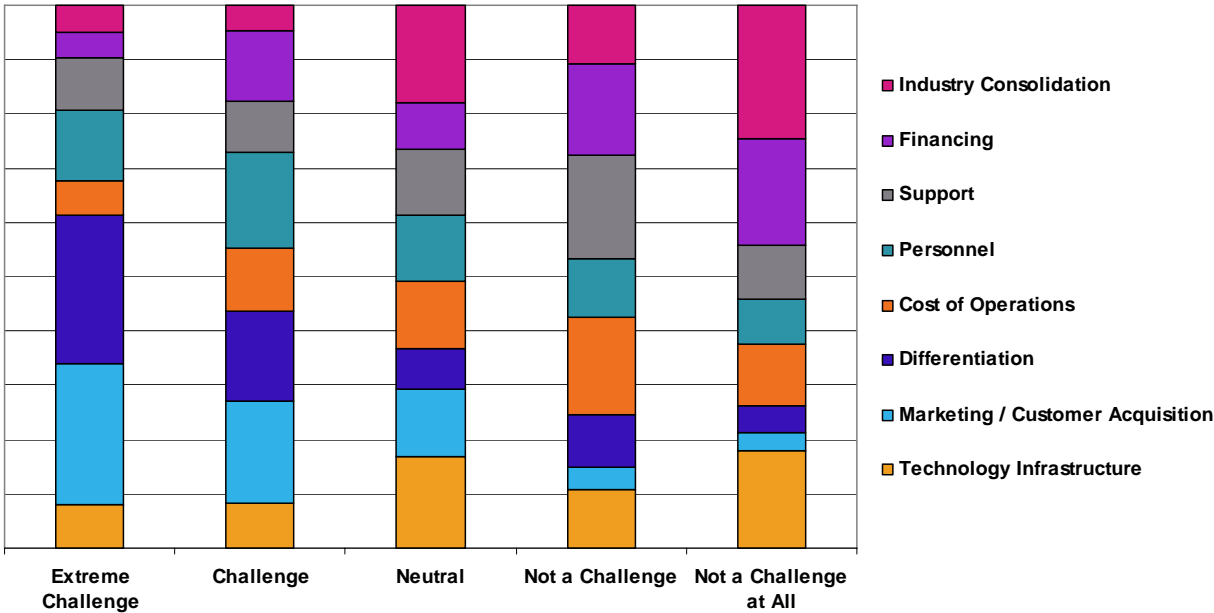
The following section contains the results of those who participated in the hosting provider portion of the survey who indicated that they represent a mid-sized host as a provider of hosting services.

In the survey, mid-sized host was defined as having between 1,000 and 25,000 accounts.

A total of **51** hosts are included in the responses to this section.

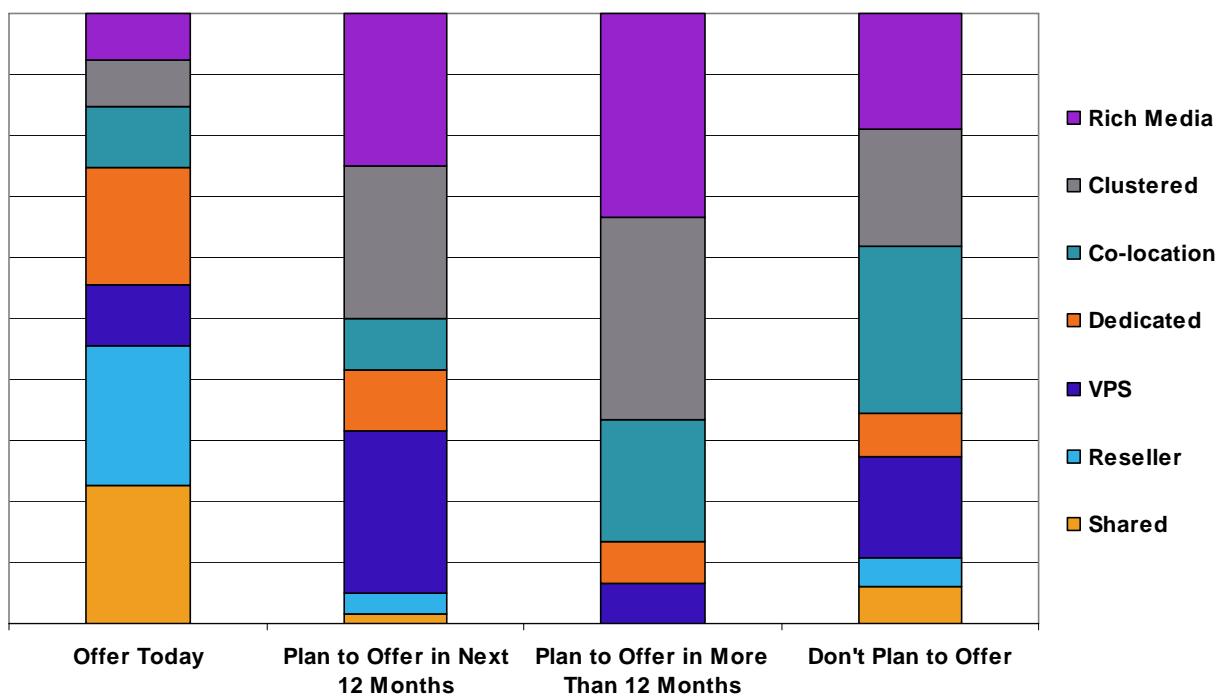
Q: As a hosting company, what are your greatest challenges?

	Extreme Challenge	Challenge	Neutral	Not a Challenge	Not a Challenge at All
Technology Infrastructure	9.8%	13.7%	35.3%	19.6%	21.6%
Marketing / Customer Acquisition	31.4%	31.4%	25.5%	7.8%	3.9%
Differentiation	33.3%	27.5%	15.7%	17.6%	5.9%
Cost of Operations	7.8%	19.6%	25.5%	33.3%	13.7%
Personnel	15.7%	29.4%	25.5%	19.6%	9.8%
Support	11.8%	15.7%	25.5%	35.3%	11.8%
Financing	5.9%	21.6%	17.6%	31.4%	23.5%
Industry Consolidation	5.9%	7.8%	37.3%	19.6%	29.4%



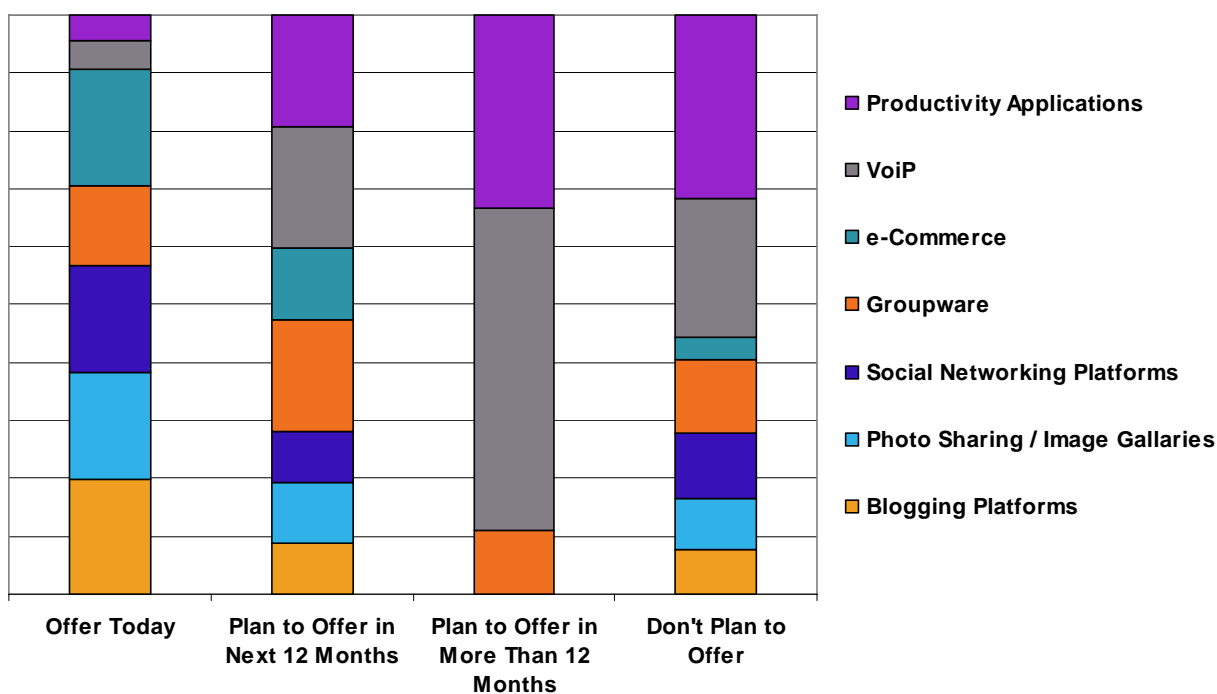
Q: What types of hosting do you offer or plan to offer?

	Offer Today	Plan to Offer in Next 12 Months	Plan to Offer in More Than 12 Months	Don't Plan to Offer
Shared	88.2%	2.0%	0.0%	9.8%
Reseller	88.2%	3.9%	0.0%	7.8%
VPS	39.2%	31.4%	2.0%	27.5%
Dedicated	74.5%	11.8%	2.0%	11.8%
Co-location	39.2%	9.8%	5.9%	45.1%
Clustered	29.4%	29.4%	9.8%	31.4%
Rich Media	29.4%	29.4%	9.8%	31.4%



Q: What hosted applications do you offer or plan to offer?

	Offer Today	Plan to Offer in Next 12 Months	Plan to Offer in More Than 12 Months	Don't Plan to Offer
Blogging Platforms	78.4%	9.8%	0.0%	11.8%
Photo Sharing / Image Galleries	74.5%	11.8%	0.0%	13.7%
Social Networking Platforms	72.5%	9.8%	0.0%	17.6%
Groupware	54.9%	21.6%	3.9%	19.6%
e-Commerce	80.4%	13.7%	0.0%	5.9%
VoiP	19.6%	23.5%	19.6%	37.3%
Productivity Applications	17.6%	21.6%	11.8%	49.0%



Provider Responses – Large Hosts

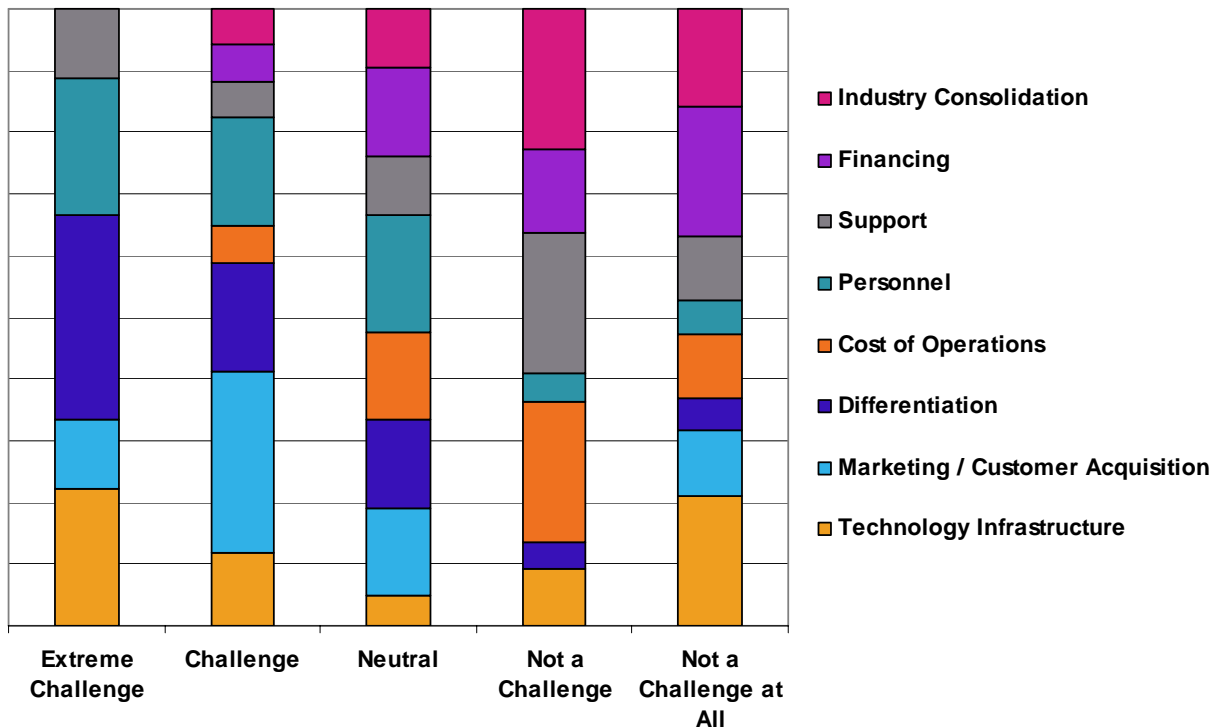
The following section contains the results of those who participated in the hosting provider portion of the survey who indicated that they represent a large hosting company as a provider of hosting services.

In the survey, a large hosting company was defined as having more than 25,000 accounts.

A total of **11** hosts are included in the responses to this section.

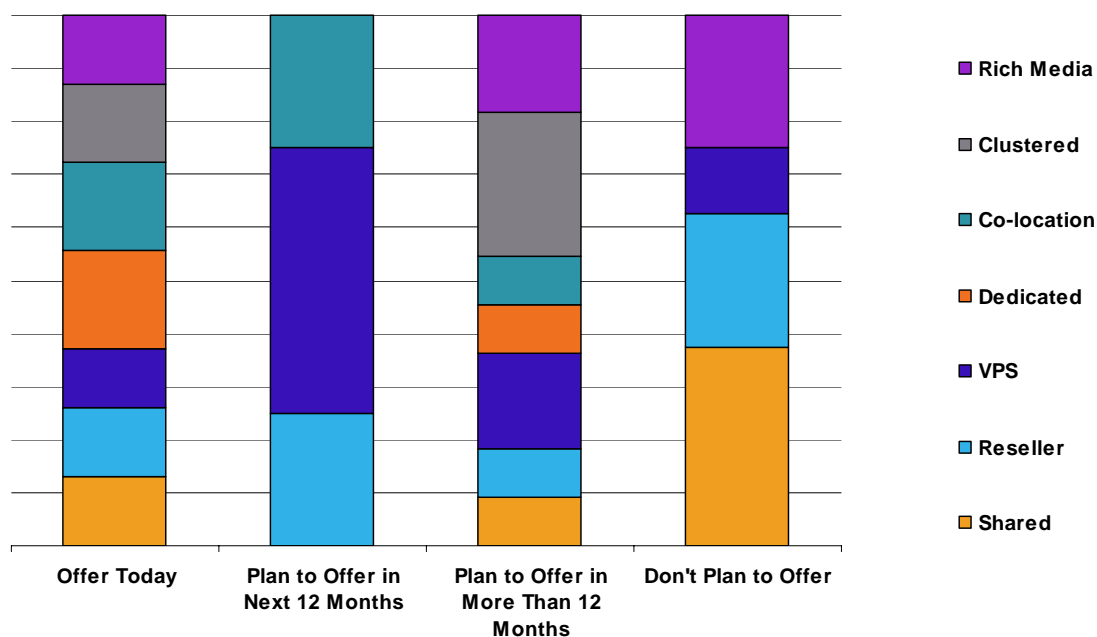
Q: As a hosting company, what are your greatest challenges?

	Extreme Challenge	Challenge	Neutral	Not a Challenge	Not a Challenge at All
Technology Infrastructure	18.2%	18.2%	9.1%	18.2%	36.4%
Marketing / Customer Acquisition	9.1%	45.5%	27.3%	0.0%	18.2%
Differentiation	27.3%	27.3%	27.3%	9.1%	9.1%
Cost of Operations	0.0%	9.1%	27.3%	45.5%	18.2%
Personnel	18.2%	27.3%	36.4%	9.1%	9.1%
Support	9.1%	9.1%	18.2%	45.5%	18.2%
Financing	0.0%	9.1%	27.3%	27.3%	36.4%
Industry Consolidation	0.0%	9.1%	18.2%	45.5%	27.3%



Q: What types of hosting do you offer or plan to offer?

	Offer Today	Plan to Offer in Next 12 Months	Plan to Offer in More Than 12 Months	Don't Plan to Offer
Shared	63.6%	0.0%	9.1%	27.3%
Reseller	63.6%	9.1%	9.1%	18.2%
VPS	54.5%	18.2%	18.2%	9.1%
Dedicated	90.9%	0.0%	9.1%	0.0%
Co-location	81.8%	9.1%	9.1%	0.0%
Clustered	72.7%	0.0%	27.3%	0.0%
Rich Media	63.6%	0.0%	18.2%	18.2%



Q: What hosted applications do you offer or plan to offer?

	Offer Today	Plan to Offer in Next 12 Months	Plan to Offer in More Than 12 Months	Don't Plan to Offer
Blogging Platforms	72.7%	9.1%	18.2%	0.0%
Photo Sharing / Image Galleries	63.6%	9.1%	27.3%	0.0%
Social Networking Platforms	54.5%	0.0%	36.4%	9.1%
Groupware	45.5%	18.2%	27.3%	9.1%
e-Commerce	63.6%	0.0%	36.4%	0.0%
VoiP	45.5%	0.0%	27.3%	27.3%
Productivity Applications	27.3%	36.4%	27.3%	9.1%

