How to start a web hosting business: A concise guide

Category: Branding
written by Stewart Hodgson | 10 November 2022
Learning how to start a web hosting business is an excellent way to launch a new company from scratch, and start earning serious revenue. Although running your own hosting company might seem like a complicated prospect at first, it's actually a lot simpler than it seems.

If you can find the right partners, implement the correct technology, and create a compelling brand identity, you'll be on your way to profit in no time. In fact, it's worth noting the global web hosting services landscape is growing at a phenomenal rate.

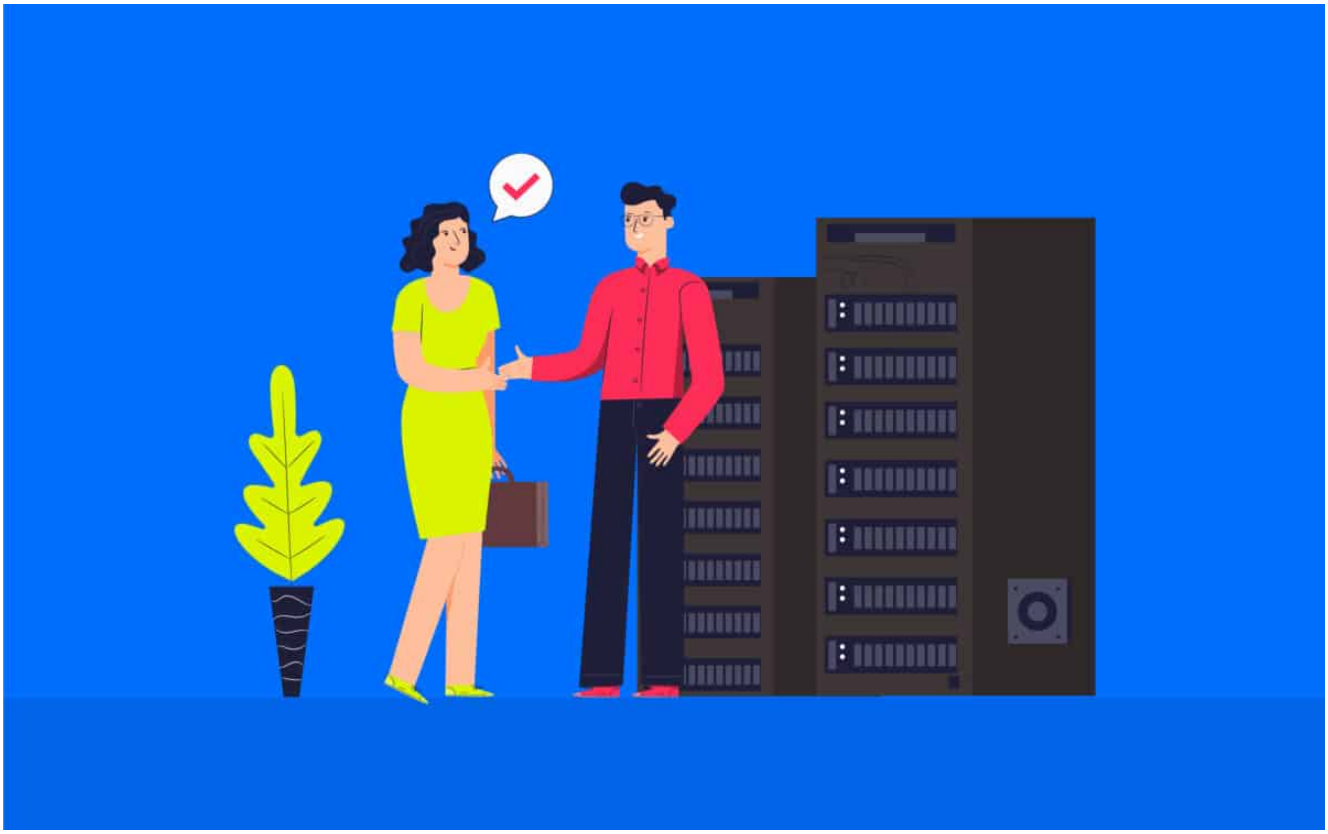
By 2028, the space is expected to be worth a whopping $267.10 billion worldwide.

Thanks to reseller business models, the barrier to entry for web hosting is much smaller than you might think. You don't necessarily need a lot of specialist hardware, or plenty of capital to dive in.

However, just like starting any business, you will benefit from a clear plan of action.

Today, we're going to discuss some of the key steps involved in learning how to start a web hosting company from scratch.

Let's dive in…



Why start your own hosting company?

Before you learn how to start a web hosting business, or any new venture for that matter, it’s worth understanding your “why”. Knowing the benefits and potential of the web hosting industry will give you not just motivation, but purpose.

It can help you to establish a brand vision, and give you more of the insights you need to start creating an effective business plan.

As mentioned above, one of the core reasons to consider starting a web hosting company today, is simplicity. Compared to other technology-driven business opportunities, starting your own hosting company is notoriously easy.

If you work with a hosting partner, you won’t necessarily need to manage your own hosting hardware.

In fact, reseller hosting means your partner handles most of the legwork on your behalf. They deal with technical

difficulties and ensure services keep running smoothly, so you can focus on serving your clients, and generating brand loyalty.

Hosting service providers also benefit from:

Excellent opportunities

For as long as the internet continues to thrive, there will always be a demand for web hosting solutions. Businesses rely on web hosts to connect their websites and stores to customers around the world.

You can almost guarantee you'll always have a source of income, provided you can engage and meet the needs of your clients.

Great revenue

Because there's very little initial output to worry about with various forms of web hosting, you can generate pretty great profits. You'll need to choose your pricing strategy based on a clear understanding of the market and competition.

However, you should find it's easy to create some significant revenue, without a lot of outlay.

Versatility

Depending on your business, you can choose whether you want to exclusively focus on selling web hosting, or offer a range of digital services. You could combine web hosting with things like domain selling, or business branding.

You could also offer customers consulting support and special add-on services to help bring their online presence to life.

Can I create my own web hosting

company?

Thanks to the flexible hosting ecosystem, virtually everyone can start a web hosting company in today's landscape. You don't need to have a lot of initial capital, and you may not need significant technical knowledge, if you choose a reselling brand model.

With web hosting, you can focus entirely on developing a strong brand promise and excellent customer service, without having to stock inventory or deal with fulfillment. You can resell hosting solutions in a range of different packages, and don't need to be a server guru to get started.

You don't even need to know how to create a website.

Of course, the complexity involved in launching your own web hosting endeavour will depend on a number of factors, including your chosen business model.

If you don't want to work with a partner brand to deliver your hosting as a reseller, then you'll need a lot more technical knowledge, as you'll be responsible for setting up, managing, and protecting servers.

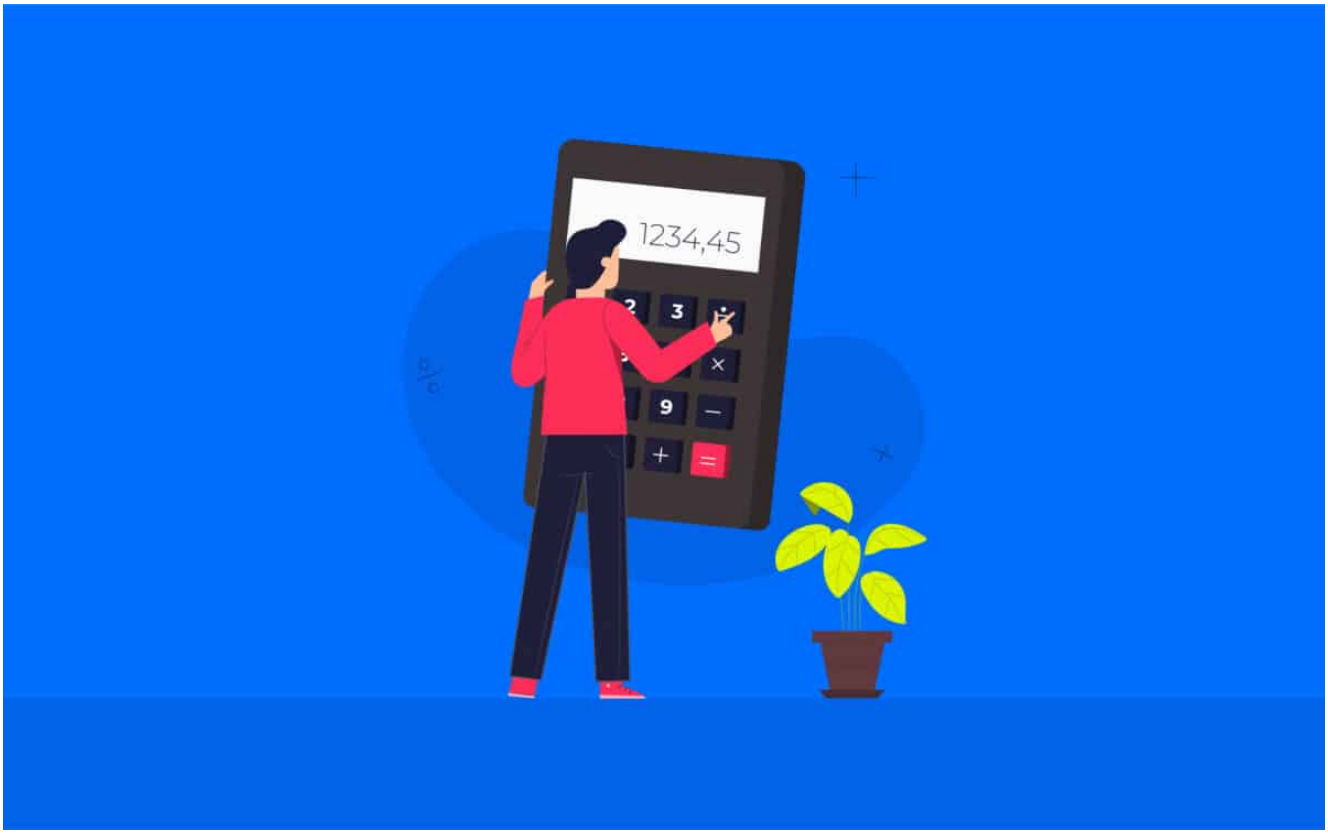
However, the success companies can achieve with web hosting services can be phenomenal with virtually any business model. Let's take a look at an established brand, for an excellent insight.

Established web hosting companies like Hostzealot deliver a range of valuable hosting services, support, and guidance to companies around the globe.

They benefit from delivering amazing customer service to their clients, and have devoted significant attention to creating a brand which makes them stand out from the competition.

If you can follow in their footsteps, your opportunities for

profit are limitless.



How much money do you need to become a web host?

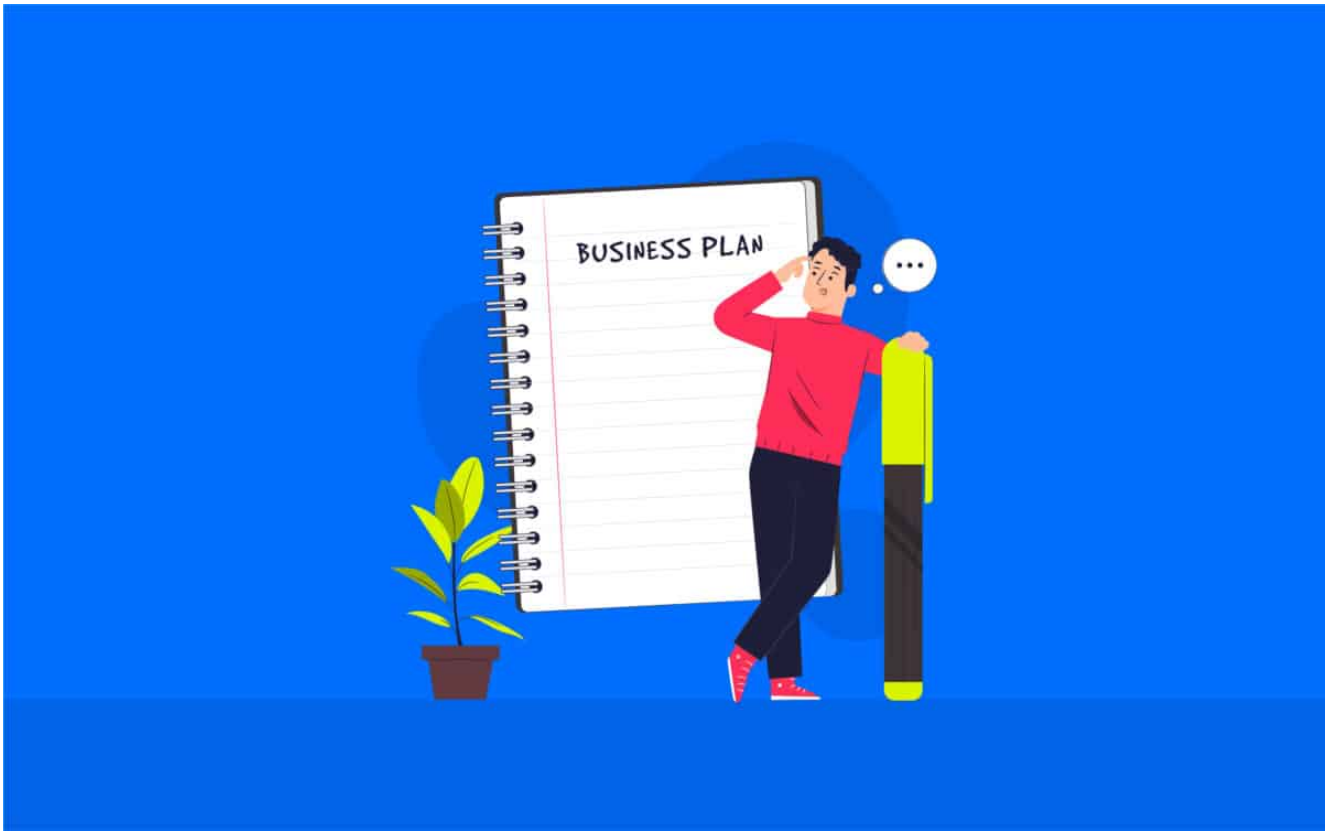
The exact price of starting a hosting company can vary depending on a number of factors. If you're working with an existing hosting or server company to resell their services, you won't need a lot of initial cash.

You can work with your partner to set up a subscription plan which you sell onto your customers. You don't even need to pay for any hardware.

Alternatively, if you're creating and managing your own servers, the pricing can be a lot higher. You'll need to consider the costs of hardware, as well as any experts you may need to hire to help you manage and run a successful hosting business.

How to start a web hosting company

Learning how to start a web hosting business begins with exceptional planning. Similar to launching any kind of organization, you'll need to build a brand, find a niche, and develop a "business plan" which outlines what kind of customer you're going to reach, and how you're going to make a profit.



Before you dive into anything, it's worth doing some research to make sure your web hosting company idea is viable.

Here are some tips to get you started:

Step 1: Find your niche

The low barrier to entry for the web hosting landscape makes it a great option for many would-be entrepreneurs. However, it also means you're likely to have a lot of competition in your industry.

A good way to make your company stand out, is to find a specific niche or target audience.

Examine the current market for web hosting solutions and ask yourself which groups are “underserved”. You might focus on delivering low-cost web hosting and support to companies who are just getting started online.

Alternatively, you might look into web hosting specifically designed for enterprise companies with bigger bandwidth requirements.

Your chosen niche will influence not just your branding and marketing choices, but also what kind of technology you need to invest in. It’s important to get this area ironed out before anything else.

Step 2: Determine your USP

Once you’ve found a clear audience for your web hosting solution, it’s time to think about how you’re going to convince them you’re the best solution for their needs. Usually, this process will start with some basic competitor research.

Find out what other companies selling similar solutions to like-minded customers promise their target audience.

Based on what you learn about the competition, you should be able to determine “unique selling points” which help to differentiate your brand.

While it might be tempting to focus entirely on pricing as a way of attracting new customers, remember that low-cost solutions may not be the most attractive way to make a profit in this industry.

There’s always a risk another company could come along with a cheaper partnership deal, allowing them to out-sell you. Instead, it’s worth thinking about how you can provide your clients with a phenomenal customer experience.

What can you do to give your hosting clients peace of mind, or

make it easier for them to manage their online presence?

Step 3: Define your business plan

Finally, you can use your competitor research and your knowledge of your "customer personas" to start building a business plan. This document should outline everything shareholders and investors might need to know about your company.

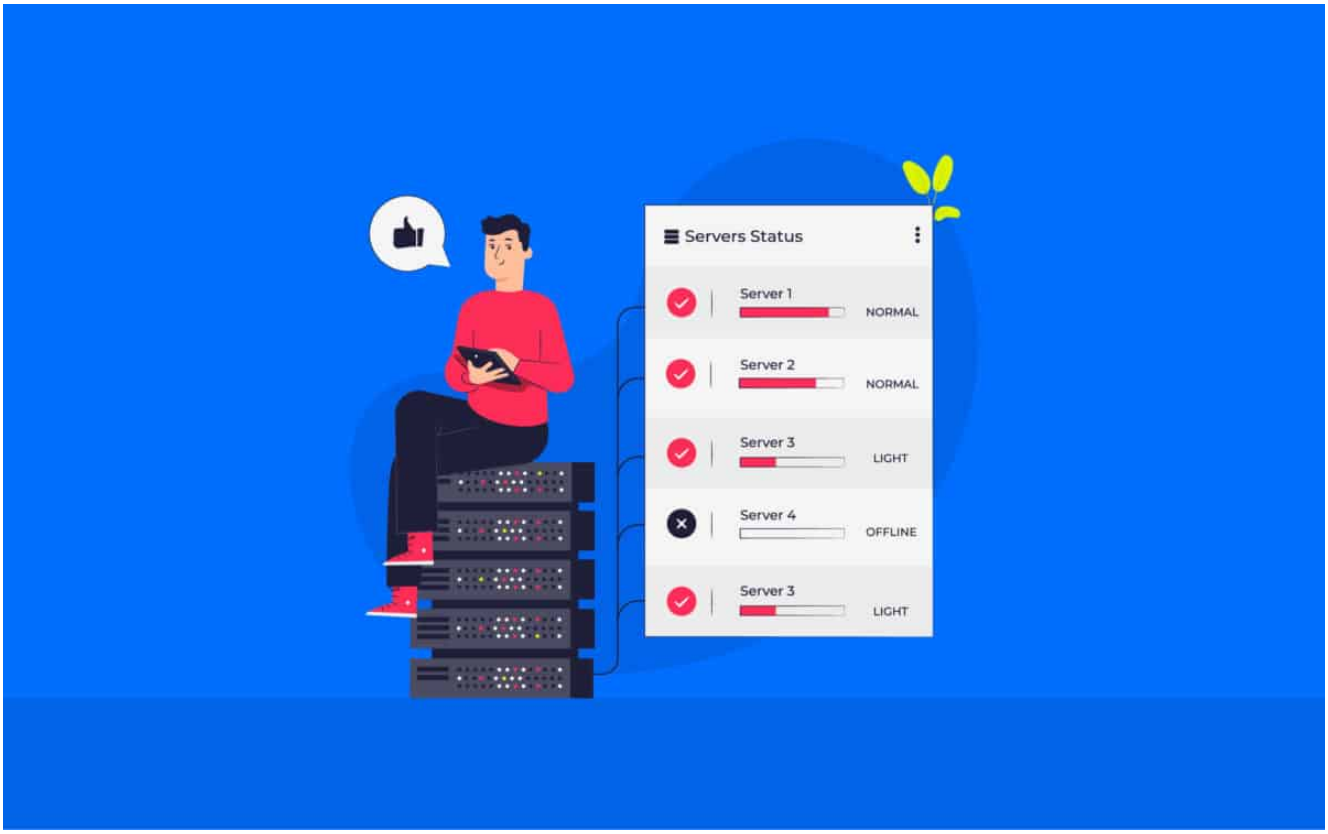
Start by defining how you're going to become a web host. For instance, are you going to resell hosting, or start a server from scratch?

Next, create a pricing plan for how you're going to sell your solutions to customers. You may need to check the competition and look into models with the partners you're going to be working with for this.

You'll also need to take some time to get the legal aspects of your business ironed out.

Make sure you have the right insurance in place, the correct tax elements set up and so on. Your business plan can even include insights into how you plan on growing your venture going forward, so you have a clear path of progression laid out.

Starting a hosting business



Building your brand

While most people learning how to start a web hosting business focus significant attention on the technical side of developing their company, branding is often more important than you'd think.

A good brand helps to differentiate you from the countless other hosting providers and resellers on the market. It's how you form an emotional connection with your target audience.

There are a few components involved in developing a strong hosting company brand:

1. Naming your web hosting business

One of the first elements you'll need to define when creating your web hosting brand, is the name for your company. Naming a business might seem simple enough, but it can be more complex than it appears.

There are various points to think about, including what style of name you want to use.

Invented and creative names are great for showing your innovative side, but they can be hard to figure out on your own. Descriptive names are simpler, but often less memorable.

The right name should tell your customers something important about your brand. It needs to highlight your values, promise, or purpose, and connect with clients on a deeper level.

Ensure the name for your web hosting business isn't already being used for another brand with a trademark search online. Next, check you can acquire the domain name you need for your hosting website, as well as any social media usernames.

2. Develop the core components of your brand

With your name defined, you'll be able to start developing brand identity guidelines.

While most companies start by creating logo mock-ups and color palettes, it may be worth looking at your brand personality and tone of voice first.

Identifying the core identity of your brand, and how you're going to connect with your customers should help to inspire your visual brand assets.

Are you going to be sophisticated, reputable, and knowledgeable? Do you want to simplify the hosting experience for your audience, and come across as friendly and accessible?

Your personality will give you a clear overview of the kind of "voice" you want to create.

Once you have your personality ironed out, you can begin to work on your visual brand assets.

These include crucial components such as:

- **Your logo:** What kind of image do you want people to connect with your brand?

- **Your website:** How is your site going to look, and what kind of features should it have?
- **Your color palette:** What sort of colors are going to have the right emotional impact on your target audience? Blue often conveys reliability, while green highlights creativity.

3. Plan your marketing strategy

Though there are still a few steps to take before you'll be ready to start advertising your web hosting services, it's a good idea to consider how you're going to connect with clients as quickly as possible.

Finding customers for your website hosting business is one of the most important steps in ensuring your company is successful.

There are various ways you can reach out to your customers, from cultivating word of mouth with excellent experiences and referral campaigns, to promoting ads on Google and Facebook. Most web hosting companies will use a variety of tools to reach their audience.

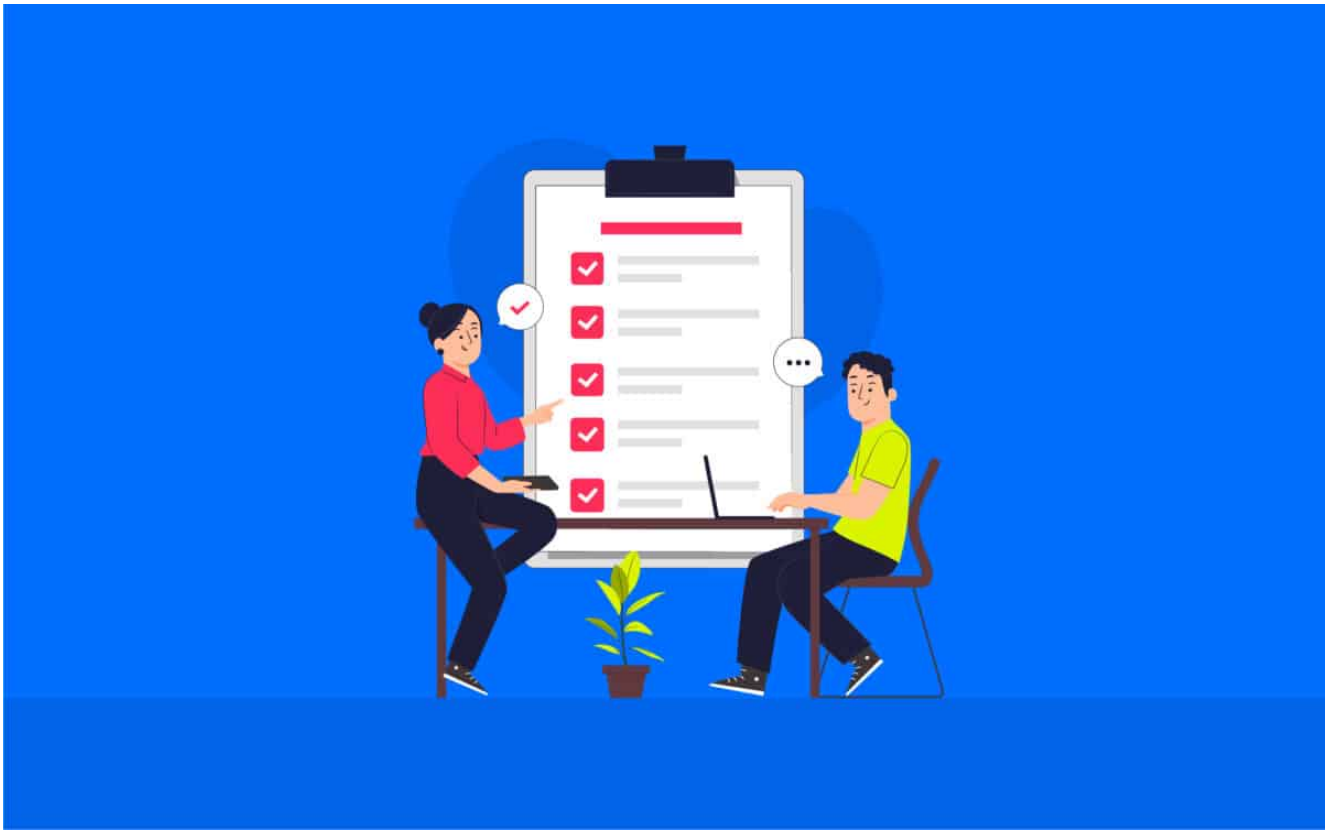
It's worth checking out the marketing strategies used by your competition to gain some initial inspiration.

Finding out whether other competing companies are using strategies like content marketing, SEO, and social media marketing will guide your own promotional decisions.

The technical requirements of starting a hosting company

While you don't need to be a server expert to learn how to start a web hosting business, there are some technical steps involved in getting everything set up.

Primarily, you'll need to think about your server type, and find a partner you can work with if you're not going to build your servers yourself.



There are a few different options available for server types, such as:

Dedicated servers

Dedicated servers are specifically used to support a single client. The features are extensive, but the hosting costs are also more expensive. If you're planning on supporting larger clients with more security needs, this could be the ideal option

Dedicated cloud servers

Cloud servers are excellent when you want to give your customers rapid scaling opportunities. Even when clients have an unexpected spike in traffic, they'll be able to leverage consistent performance.

VPS

Virtual private servers are single servers, in the cloud or otherwise, which is partitioned to suit a range of different users. Although the space is limited, this can be a fantastic cost-effective option for many hosting providers.

You can host multiple clients in one system, without spending a fortune on technology.

Cloud servers

Simple cloud servers, otherwise known as public cloud hosting providers, are highly available and scalable solutions which pull resources from multiple servers with virtualisation. This is an optimal choice for websites with unpredictable traffic.

Ideally, you'll want to avoid relying on shared hosting for your infrastructure. Although this can seem like the cheapest option, it also has a lot of limitations, which can make it difficult to provide your customers with an amazing experience.

Once you've chosen your server type, you'll either need to design the server from scratch, which requires a lot of technical knowledge, or find a dedicated server partner. The right server partner will be critical to your success, so make sure you don't cut corners here.

Look for a partner who can offer dedicated server support in case of hardware failures. You'll also need to prioritize exceptional server deployment, and high-level security, so you can defend your customers against potential DDOS attacks and other concerns.



Can you make money from web hosting?

As mentioned above web hosting can be an excellent way to make money in the digital age. Like any business however, it takes time and effort to ensure you're earning a consistent income.

To be a profitable reseller, you'll need to put in the effort. This means finding a way to stand out from the competition, building an exceptional brand, and delivering phenomenal service.

Once you learn how to start a web hosting business, you'll need to figure out how to consistently grow your presence. For most companies, the best strategy will be to concentrate on phenomenal customer service and experience.

The more time you commit to keeping your clients happy, the more likely you are to benefit from brand loyalty.

Devise a plan for how you're going to engage your clients by

staying up-to-date with their needs. Allowing your customers to leave feedback and reviews regularly will give you an insight into what they really need from you.

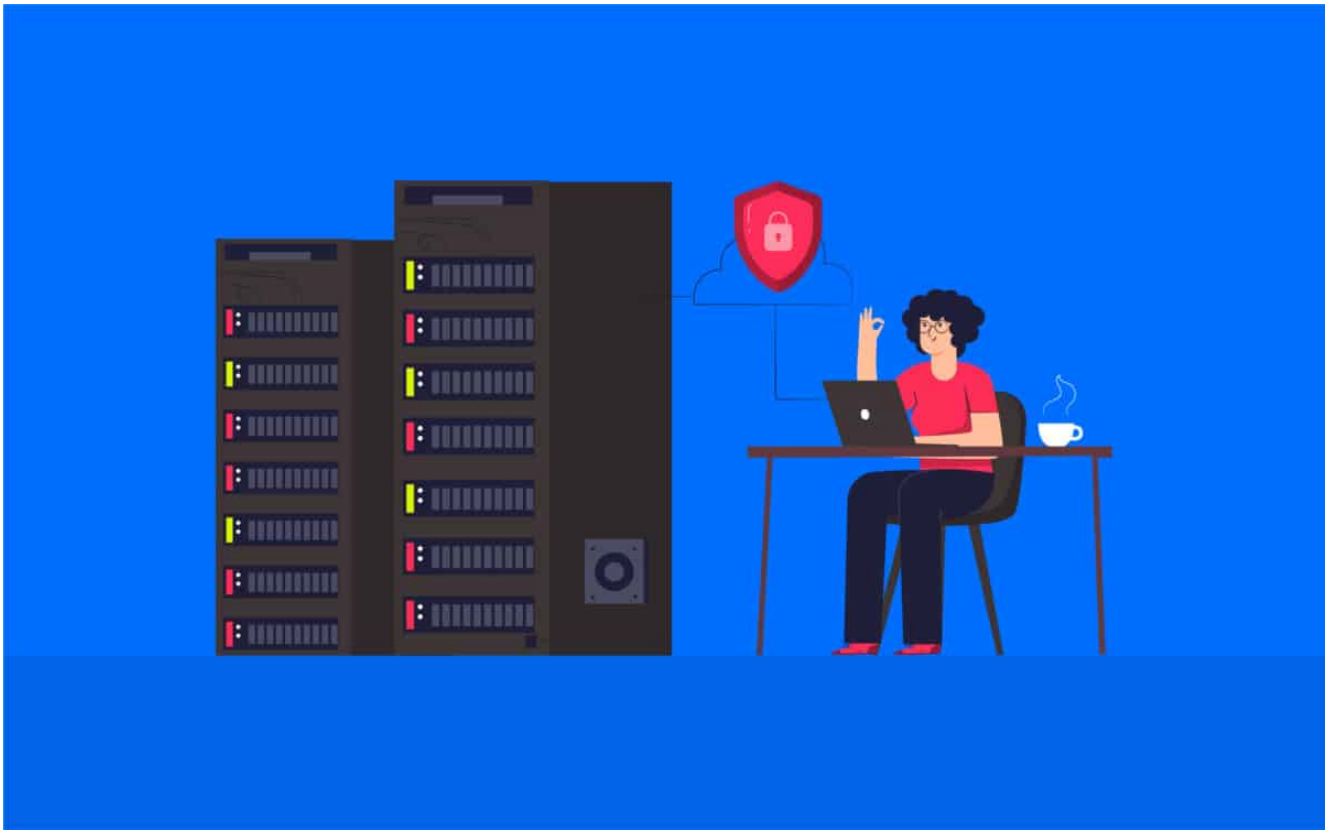
It’s also worth making a commitment to exceptional, transparent service.

Be clear with your customers about any issues you might be facing, and work with them to solve problems using a range of strategies. Don’t nickel and dime your clients. Always come up with a fair solution to any financial situation, and develop fair downtime, SLA, and refund policies.

Is selling website hosting profitable?

With the right plan and a consistent brand, website hosting can be a highly profitable and effective business venture. However, you’ll need to be committed to working frequently on your business and keeping your service optimized.

The amount of money you can actually make will depend on the business plan you choose, your pricing structure, and the companies you work with.



Should you become a web host?

Learning how to start a web hosting business might seem like a complicated concept at first, but it can be relatively straightforward, providing you have the right plan in place.

Devote enough time to building a reputable brand and connecting with your target audience, and you'll be on the way to a successful and profitable company in no time.

Just remember, there are various steps involved in becoming a web host. You'll need to think not just about the type of business you're going to run, but how you're going to set yourself apart from the competition.

If you need help developing an attractive brand, reach out to an expert.

Fabrik Brands offers a range of branding and development strategies for companies in every industry. Reach out to learn how we can help you create your web hosting business today.

Fabrik: A branding agency for our times.