



Ceonex White Papers

Increasing Revenues in a Competitive Web Hosting Market

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on how we can help you with your next project.

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Despite a dot-com fallout on the tails of overly optimistic forecasts, the web hosting industry continues to grow. The challenge these days for many web hosts, however, is to capture a piece of this growing market and increase revenues in the process.

Massive expansion in the web hosting industry

With the Internet said to be the fastest growing sector in the history of business, the web hosting industry has experienced a massive expansion in only a few years. Fierce competition is already the norm in what is still a fledgling industry.

>>> read more

Revenue increase a rising challeng

With the potential to open a new company with only a few dollars, web hosting is considered the ultimate start-up business, allowing very small hosts to rub shoulders with large, established IT companies. At the same time, unseasoned businesses can find themselves desperate to grow their customer base, and end up competing based on price instead of quality.

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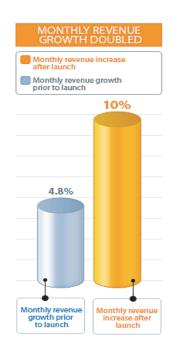
Ceonex White papers Increasing Revenues

Focus on customer conversion to achieve revenue goals

Why improve your web site?	A positive user experience and a strong brand are essential to converting potential web hosting customers.
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Focus your business and stand out from the crowd	Some companies are naturally reluctant to focus their target audience or service offerings, fearing that it will limit their revenues. Marketing experts say that the opposite is true
	>>> learn more
Cost vs. ROI	Making the decision to contract with a consulting company to improve customer conversion rates raises the question of cost versus return on investment (ROI).
	>>> learn more

See how one Hosting Company saw their revenue take off

After Ceonex developed Website Source's brand and planned a user experience focused on converting prospects to customers, Website Source saw their conversion rates rise to 45% over 8 months!



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Massive expansion in the web hosting industry



With the Internet said to be the fastest growing sector in the history of business, the web hosting industry has experienced a massive expansion in only a few years. Nearly three quarters of a billion worldwide users (Source: Global Reach, March 2004) are connecting to the Internet for their business and personal enjoyment. The number of web hosts serving this global traffic has increased exponentially in the last 15 years.

The expansion of the World Wide Web has been both a boon and a challenge to those looking to join the new Internet economy. Web hosting businesses serving 100 or more sites have been estimated to number 35,000 (Source: HostCount, May 2004) - with thousands more smaller commercial web hosts serving less than 100 sites not included in that figure. Fierce competition is already the

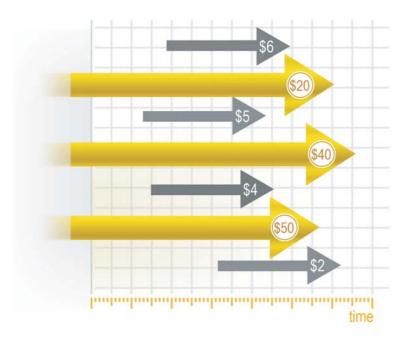
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Revenue increase a rising challenge



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Price competition has driven down profits throughout the industry, and lack of distinctive service offerings has made it increasingly difficult to vie for new customers in a progressively competitive market. Competition for high rankings in major search engines is also extremely intense, if somewhat futile: a search on Google for "web host" will return nearly 8 million results, leaving room for only 0.0001% of those results on the coveted first page. norm in what is still a fledgling industry.

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Focus on customer conversion to achieve revenue goals



With so much competition at every tier, how can a web hosting company gain a foothold in the marketplace and grow their client base? The answer lies in optimizing marketing tools to increase customer conversion. An Internet consulting company such as Ceonex, Inc., can help you increase your customer conversion rates, and thus increase revenues, by leveraging their expertise in marketing, branding, usability and more.

"Our approach focuses on three core business goals: connecting with prospects, converting them to customers, and then retaining those customers," said Theodore Agranat, CEO of Ceonex. "With this method we are able to achieve tremendous results on our projects that add significantly to our clients' revenue growth."

Why improve your web site?

As a web host, your primary – and often sole-communication with prospects is through your web site. It is at this level that your company needs to interact with your prospects in a manner that is memorable, pleasant and customer-focused. A positive user experience and a strong brand are essential to converting potential web hosting customers.

"The importance of a positive user experience is often underestimated," added Agranat. "Yet providing an experience that allows visitors to become immersed in your site and service offerings, is memorable and pleasant, and gets them excited enough to order is the core of a successful web site."

Your web site's primary goal is to maximize the number of prospects that convert into customers. A number of factors influence your customer conversion rates: usability, content planning, user path definition and a sound site architecture are some of the many tools that Internet consulting companies use to create a user-centered experience that enhances conversion rates.

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Focus your business and stand out from the crowd



A strong brand is crucial to differentiate one web host from another. "A successful brand communicates a company's unique values, builds trust and loyalty, and engages the company's target audience," said Agranat. "The process of branding additionally helps companies focus their business goals."

Some companies are naturally reluctant to focus their target audience or service offerings, fearing that it will limit their revenues. Marketing experts say that the opposite is true. "There seems to be an almost religious belief that the wider net catches more customers, in spite of many examples to the contrary," said marketing gurus Al Ries and Jack Trout in their book The 22 Immutable Laws of Marketing.

Ries and Trout offer Pepsi-Cola as one example. Their primary competition is, of course, Coca Cola. Pepsi-Cola, which was outsold by Coke more than five to one in the late fifties, was able to move to being only 10% behind in total sales in the United States by the 1980s. They did this by making a brilliant marketing move: focusing their target audience exclusively on the teenage market.

Web hosts can benefit from this specialization strategy as well, by tapping into markets ranging from small local businesses to enterprise-level corporations, teenage gaming portals to government databases, or even broader audiences speaking Spanish, Chinese, Dutch and more.

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Cost vs. ROI



Making the decision to contract with a consulting company to improve customer conversion rates raises the question of cost versus return on investment (ROI). Consultation is an investment, indeed, and can produce extraordinary results that more than pays for itself over a few years or less.

"[Our project with Ceonex] has been one of the best investments that I ever made in my company," said Stephanie Rosendahl, President and CEO of Website Source. "I was hesitant at first because it is a lot of money, but now I realize it was not just an expense, but an investment that has really paid off!"

"This is what we are in the business of doing: helping companies to grow," added Agranat. "Therefore we approach our projects in ways that make sense for the client's bottom line; for example starting with a simpler Phase 1 project and then building from that phase's success."

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See how one Hosting Company saw their revenue take off

Website Source, Inc. had successfully grown to a medium-sized company when they noticed that their conversion rates had reached a plateau. In 2003 this Austin-based web host contacted Ceonex to help jump-start their growth through the

After Ceonex developed Website Source's brand and planned a user experience focused on converting prospects to customers, Website Source saw their conversion rates rise to 45% over 8 months!

Website Source additionally reported a 40% gross revenue increase over the same period-a revenue increase that added substantially to their bottom line and resulted in significant ROI for the project.

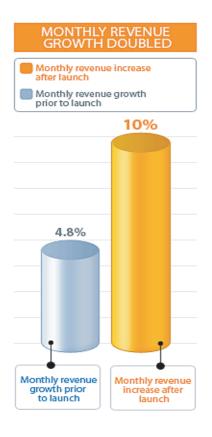
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Click on the links to read more about Ceonex's solution for Website Source:

Challeng

- Stagnated conversion rate
- Lack of differentiation from competition

>>> learn more

Solution

- Strong site architecture
- Professional and memorable corporate identity

>>> learn more

Results

- 40% gross revenue increase
- Consistent, 10% increase in monthly conversion rates

>>> learn more

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About Ceonex

Established in the USA in 1998, Ceonex is a proven global Internet consulting and development company helping clients to create and implement fullservice digital business solutions. Combining diverse expertise in business strategy, technology, usability and design, Ceonex produces highly scalable business solutions and online user experiences.

Enabling businesses to heighten brand awareness, Ceonex strengthens customers' competitive advantage and provides them with opportunities to increase revenues and enhance productivity.

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Recent Projects

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Partial Project List

























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Client Quote

"...outstanding design work and timely implementation... a fabulous website that accurately captures both our mission and spirit..."

> W. Michael Draper, CTO, NetworkWorld, Inc.