

FALCONSTOR

**The “Backup as a Service” Opportunity
for Managed Service Providers
with FalconStor Software**

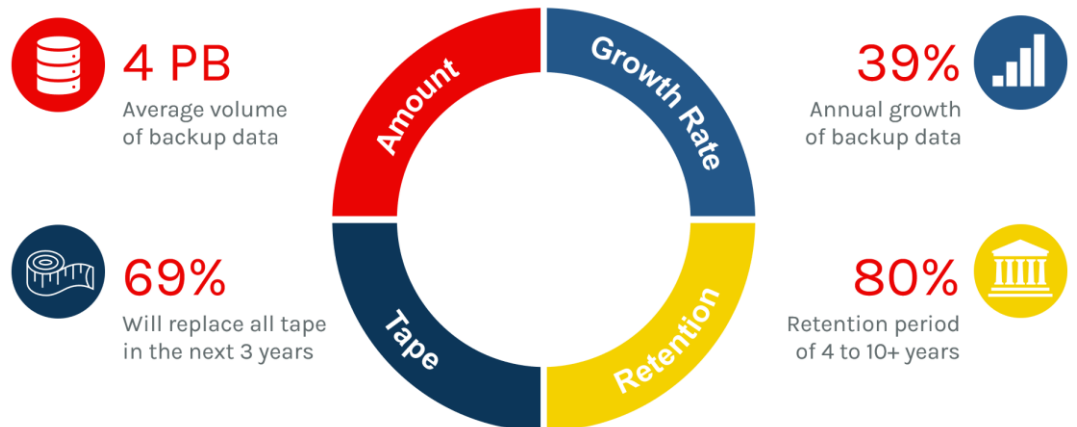
INTRODUCTION

The rise of the cloud, the imperative to increased data protection, and the need to rationalize enterprise IT in the aftermath of the COVID pandemic have all combined to generate a substantial business opportunity for Managed Service Providers (MSPs) to capitalize on the “Backup as a Service” (BaaS) opportunity – to takeover backup and archival operations as a first step in migrating a customer’s operations into the MSP’s datacenter. FalconStor is working with leading MSPs around the globe, including those focused on IBMi, to power a compelling end-to-end BaaS service for today’s on-premises and multi-cloud world. Now is the time to partner with FalconStor to bring a BaaS offering online and grow a profitable business powered by FalconStor software, joint marketing and sales, technical support, and our ecosystem of partners which can securely ingest customer’s hundreds of old backup tapes into digital form and securely shred them.

THE STATE OF ENTERPRISE IT TODAY

IDC’s Top Technology Trends for 2021 indicate that CIOs are pushing the transition toward cloud-centric IT models to remain competitive and make the organization digitally sustainable. The IDC report indicates that “By the end of 2021, based on lessons learned, 80% of enterprises will put a mechanism in place to shift to cloud-centric infrastructure and applications twice as fast as before the pandemic.” IT organizations are under tremendous pressure to increase resiliency and reduce their overall IT budgets as a percentage of revenue. That combination is forcing IT organizations to examine their operations and increasingly to look to outsource non-core functions to focus on the heart of the business, bringing backup and archival into the crosshairs.

THE BACKUP AS A SERVICE OPPORTUNITY

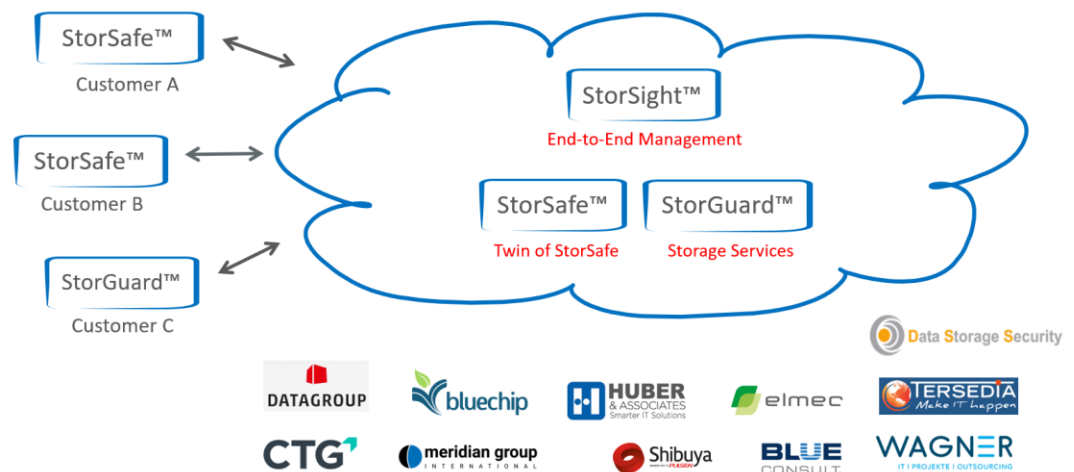


In October of 2020, an Enterprise Strategy Group research survey of 303 enterprise IT organizations found that on average they were managing four petabytes of backup data growing at 39% annually retained typically between four and ten years.

While enterprises, including those using IBMi equipment and Veeam backup software, are actively using tape today, 69% of them are planning to replace all tape within the next three years. Combined with the need to focus on higher priority items, CIOs are using FalconStor technology to replace tape libraries, eliminate tape juggling, and outsource their backup and archive operations to an MSP.

LEADING MSPS ARE STANDARDIZING ON FALCONSTOR

A growing number of MSPs offer Backup as a Service (BaaS) based on FalconStor software, in combination with servers and storage purchased from any vendor. BaaS helps MSPs modernize backup and archival operations for their customers, allowing them to protect all their mission-critical data within the backup window, ensure backups are securely and efficiently stored, and retain a copy of backups offsite for increased resiliency.



MSPs have a choice in how they construct their business model using FalconStor, sometimes referred to as “Asset Heavy” or “Asset Light” models. And customers can be outfitted with the perfect hardware for any SLA or situation.

ASSET HEAVY

In the Asset Heavy model, the MSP stands up its own cloud including FalconStor StorSafe™ and StorSight™ running in its datacenters on industry-standard compute servers from any vendors and block and object storage from its vendors of choice. We have seen many services-oriented, value-added resellers make the transition to this model, including many with a rich history servicing IBMi hardware and software.

ASSET LIGHT

In the Asset Light model, the MSP instead uses the major public clouds as the target destination for the offsite copy of backup data. While the MSP retains full control and visibility of the data and processes through the FalconStor portfolio, they can also utilize a twin copy of StorSafe residing in Microsoft Azure, AWS, Google, or IBM Cloud. If there is just one StorSafe on-premises at the customer, it can export Secure Data Containers directly to cloud object storage for offsite protection.

Regardless of the model selected, MSPs working with FalconStor have the ingredients and the commitment of a world-wide go-to-market partner to build a BaaS offering that serves their customers' needs and drives a highly profitable new line of business.

BAAS BASED ON FALCONSTOR MEETS CUSTOMERS' CRITICAL NEEDS

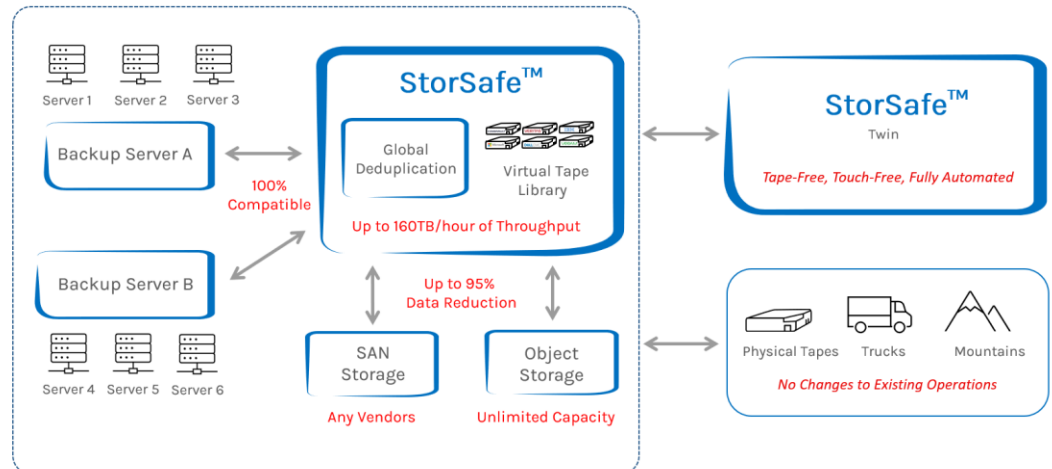
FalconStor's experience serving the largest enterprise customers and helping our MSP partners build their BaaS business highlight a critical list of requirements today and tomorrow. Customers can finally move from slow, manual backup operations that use tapes to fast, modern, and automated backup-to-disk data protection both on their premises as well as in the MSP choice of cloud for safe-keeping, all the while driving out costs with market-leading deduplication technology.

CUSTOMERS ARE LOOKING TO MODERNIZE

Customers need to go faster to keep pace with the ever-expanding amount of mission-critical data that needs to be protected. They are looking for a solution that can be right-sized for the needs of their different departments and be easily expanded as needs grow over time. They want to leverage the cloud for all it has to offer and ultimately many enterprises are planning to move mission critical applications to the cloud.

ON-PREMISES BACKUP-TO-DISK

OFFSITE PROTECTION



CUSTOMERS FEEL THE NEED FOR SPEED

The volume of data directly impacts the speed of backup. MSPs are using our StorSafe software to make their customers' existing backup and restore software run faster by upgrading to a backup-to-disk target implemented on-premises. StorSafe delivers industry-leading performance of up to 160 TB per hour while doing inline deduplication, without burning other compute resources.

YOUR CUSTOMERS NEED TO EASILY GROW OVER TIME

Because StorSafe and StorGuard are 100% software, they can be run on as little as a single VM or can use as many as 9 industry-standard servers for backup processing, and they can utilize unlimited storage capacity to accommodate growth, unlike all-in-one backup-to-disk appliances that are far less configurable and often require disruptive and expensive forklift upgrades over time, with vendor lock-in pricing. A variety of SLAs can be offered.

CUSTOMERS ARE LOOKING TO ADOPT THE CLOUD

To help customers leverage of all that the cloud has to offer, StorSafe can export backup data captured locally to remote private or public clouds. StorSafe software runs at the customer's site to provide a backup-to-disk target that replicates to a twin StorSafe in the MSP's datacenter, or exports backup data to Secure Data Containers stored on Cloud Object Storage at the MSP or in public clouds.



CUSTOMERS MUST CURTAIL THEIR BACKUP COSTS

While customers know the need to modernize, containing costs remains top of mind for them. That is why customers, especially IBMi shops trapped in the world of tapes, are looking for a solution that is 100% compatible with what they have today, will be easy to operate, avoids vendor lock-in, and aggressively deduplicates backup data to minimize storage costs on-premises and in the cloud.

CUSTOMERS NEED COMPATIBILITY WITH EXISTING SYSTEMS & PROCESSES

Customers are rarely interested in changing everything, and this goes in particular for their backup and recovery software. With FalconStor, MSPs can now offer customers an on-premises backup-to-disk target that is 100% compatible with their existing backup and restore software and procedures.

With 20 years of experience and compatibility with many generations of backup software, FalconStor has proved to be able to fit into existing operations. Dozens of MSPs are using StorSafe today with backup and recovery software that spans generations, from Veeam to IBM (including IBM BRMS), Veritas, Commvault, and more.



CUSTOMERS ARE LOOKING TO SIMPLIFY THEIR OPERATIONS

StorSafe is easy to install and operate across the customer's hybrid estate and frees them from having to deal with physical tapes ever again. Adopting StorSafe on-premises is as easy as redirecting backups currently aimed at tape libraries or older backup-to-disk target toward StorSafe, which appears as an industry-standard iSCSI or Fibre Channel tape library to the backup software.

CUSTOMERS WANT TO AVOID VENDOR LOCK-IN

Customers are tired of having their choices limited. FalconStor's backup-to-disk software can be used with any brand of compute server, disk array, object, or cloud object storage provided to it, so customers and MSPs alike avoid hardware vendor lock-in which has often resulted in higher costs. They've often lived that headache with backup-to-disk appliances in the past and are looking for a better way forward.

CUSTOMERS NEED AGGRESSIVE DATA DEDUPLICATION

Industry-leading data deduplication is used on premises to dramatically slash the capacity required to hold back up data. Backups are reduced in size by up to 95% over time, dramatically reducing storage costs at the customer site and in the MSP's data center where a twin copy of StorSafe is typically run. This enables the MSP to either lower the price to its customers to grow the top line or improve the bottom line.

CUSTOMERS HAVE TO HAVE OFFSITE PROTECTION OF BACKUPS

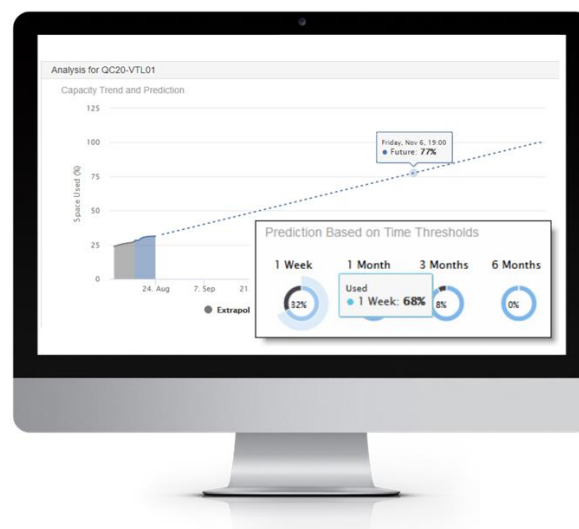
MSPs can now offer their customers, including IBMi shops, a solution whereby backups are directed to the customer's on-premises backup-to-disk target and then are continuously replicated offsite to MSP's datacenter, still fully deduplicated and encrypted, for safety. The old "offsite" copy used to be a tape in a bunker, and now it is file in the MSP's private cloud or in a public cloud.

CUSTOMERS NEED HIGH SECURITY

Data is under threat from attack every day. But when data backups are managed by FalconStor's software, the data is fully AES-256 encrypted on-premises at the customer site, in the MSP's datacenter, as well as while in transit between them. Only the customer has the keys, managed by their on-premises StorSafe, which provides a high level of security.

CUSTOMERS STILL WANT FULL VISIBILITY

Even though they may outsource operations, Customers still want to retain the ability to monitor and see their backups across sites and clouds from a web browser. While customers want to see their own operations, MSPs need to have a view of their entire portfolio of customers' operations. FalconStor's multitenant user experience enables MSPs to manage all of their customers in a shared environment as well as provide their customers the window into their data that they need. Visibility is key for both the provider and the end customer.



WHAT YOUR CUSTOMERS GET FROM BACKUP AS A SERVICE

MSPs have a great opportunity at hand in the form of BaaS service line, and FalconStor has the experience and capabilities to be the partner of choice. Demand is high, the time is now, and FalconStor has the software to power the end-to-end BaaS solution for you and your customers.




While features and functions are essential, enabling a scalable operating model is key. FalconStor provides the ability to scale individual customer's environments as the data volume grows and to scale the MSP's private cloud easily. From an operating perspective, our policy-based automation enables the client team to set up operations once and eliminate manual tasks.

In terms of capacity, as data volumes grow, FalconStor lets you scale by adding a new processing node or storage capacity non-disruptively. In terms of operations, our software provides full visibility into the data and jobs for each specific end-customer in a secure, multitenant environment that is built for tailoring to individual customer SLAs and for routine business operations like charge back.

Over 20 years we have ironed out all the usual frustrations and, with our MSPs and ecosystem partners, have migrated hundreds of customers from tape to cloud, and IBMi customers from ProtecTIER® and tapes to StorSafe-based touch-free BaaS.

OUR COMMITMENT TO YOUR MSP BUSINESS

FalconStor is 100% committed to collaborating with you to make your Backup as a Service offering successful both technically and financially. This involves helping you build your offering as well as collaborating on sales, marketing, training, and support. We have been successful with leading MSPs who offer Backup as a Service to their customers using our software in the Asset Heavy or Asset Light models.



You can see our commitment in our terms of service – our business model as a company is built around mutual success: we charge our MSP business partners based on the capacity of data under management and provide our industry-leading data reduction capability to help drive down the cost of long-term storage, enabling MSPs to pass along that savings to their customers or increase their profit margins.

Contact us at <https://www.falconstor.com>, and we will have a representative explain the details of our MSP Program.