

Dynamic Net gains business, increases margins with HP servers



"HP is a valuable strategic partner for us. They help us create specialized solutions that give our customers the tools they need to prosper. That kind of customer focus is the main reason we have such low customer turnover — less than 1 percent per year."

— Peter Abraham, chief executive officer,
Dynamic Net Inc.



Web hosting is a volatile industry with a fine line between success and failure. Peter Abraham, chief executive officer of Dynamic Net Inc., is determined not to get caught on the wrong side of that line. His small but growing company in Wyomissing, Pa., provides Web hosting services to 600 businesses that have more than 1,000 Web domains.

After eight years of serving small and medium-sized businesses, Dynamic Net and Abraham had a lot to be proud of. A mere 1 percent annual customer turnover rate reflected the firm's high customer satisfaction and loyalty.

Still, Abraham knew the firm's ability to grow and keep customers satisfied for the long term required solving one major issue. The Sun servers that Dynamic Net rented from another vendor simply weren't capable of delivering sufficient power and reliability. And, because adding capacity was a slow process, Abraham also was concerned about scalability.

Then there was the potential upside. Abraham knew the power of alliances to help build the company's offerings and customers' confidence in those offerings. "We already had some high-profile strategic partners like Cisco, Oracle, MySQL and Red Hat, but we needed more strength in the hardware area, particularly with servers," he says.

When it came to choosing a hardware partner and server

provider, Abraham talked to others in the hosting business and read all the product reviews available. His conclusion: "Servers are the backbone of our business, and we wanted to offer our customers the best. HP makes the best. It is the clear leader in server quality and service."

HP provides the power

Dynamic Net's Network Operations Center consists of six HP ProLiant DL360 servers running Windows 2000 Server and Red Hat Linux. In addition, the office staff uses HP desktop PCs, HP laser printers and HP inkjet printers.

When Dynamic Net needs new equipment, it orders directly from the HP.com Business to Business Web site. Accessing pricing and product selections specific to Dynamic Net, Abraham also uses the same HP site to obtain prices for proposals and check delivery status. For specialized orders, Abraham contacts the company's HP sales representative.

Today, Dynamic Net's HP ProLiant servers handle approximately 8 MB per second of traffic, which is the equivalent of 2,532 GB of monthly bandwidth. One customer site alone receives more than a million visitors per month.

HP ProLiant servers charge ahead

Dynamic Net's customers expect a lot and, with the new HP servers, they get it. Example: Within three hours of being publicized on a popular television show, one

Challenge

- To keep pace with the growing needs of companies with Web sites by improving capacity, reliability and service

Solution

- Replacing rented Sun servers with new HP ProLiant DL360 servers

Results

- Improved customer satisfaction
- Minimized maintenance and support costs
- Increased business
- Increased equipment and services margins to 40%
- Improved scalability
- More time for staff to concentrate on core concerns
- Enhanced company image because HP technology is well respected

Hardware

- HP ProLiant DL360 servers running Windows 2000 Server and Red Hat Linux software
- HP desktop PCs
- HP laser and inkjet printers

customer had its Web site usage jump from 1 MB to 6 MB of traffic per second. "The HP servers didn't even blink," says Abraham. "Everyone got into the site quickly and easily. Our customer's Web master was amazed, their audience got prompt responses, and the Web site advertisers were ecstatic."

Smaller users get the same speed and power. Dynamic Net maximizes its own revenue by putting 100 to 200 customers on one powerful HP server, confident that those customers will still get superior performance and speed. At present, the margin between what it costs Dynamic Net to own the equipment and provide services versus gross revenue is 40 percent. This is higher than the industry average and a significant improvement over Dynamic Net's previous margins.

"The cost savings are tremendous," Abraham says. "We went from more than 20 Sun servers to six ProLiant DL 360 servers. The Sun RAM alone cost 10 times what the HP RAM costs us, plus there's a lot of technology out there that doesn't run on Sun. Intel-based technology simply opens more doors for us."

The new HP servers have been trouble-free, adds Abraham. "It's like a dream, with zero downtime when it comes to hardware." Dynamic Net has automated monitoring systems on its HP servers, but the five-person staff spends very little time managing them. That frees a lot of time for new product development, sales, customer service and customer support.

The HP strategic partnership is helping Dynamic Net keep customer turnover low, and HP's reputation for proven, quality products is helping obtain new business.

"When we approach prospects, many of them don't know about us or our competitors, but they do know about HP," Abraham says. "We talk about our services, but we also tell them that HP is a strategic partner and that HP ProLiant servers power our operations center. That carries a lot of weight."

The HP strategic partnership helps in an industry where many of the competitors offer bargain-basement prices but use less reliable equipment. "Our best customers know price counts, but reliability is the driving factor," says Abraham. "The HP partnership helps validate our charges. It helps convince customers that we are offering

them a higher total value so they can justify the costs."

The HP.com Business to Business Web site cuts ordering time and has helped Dynamic Net obtain new business by providing prompt price and service quotes. Previously, Dynamic Net had to call, fax or email vendors to get a quote. Responses could take eight hours, a day or even two weeks. Now, using the HP.com Business to Business Web site, the company can get a price in minutes. Even if



the customer needs a configuration that can't be priced online, Abraham gets a quick response from HP, emailing his sales representative and getting a quote faster than he ever did when renting servers.

Alliance with HP enhances image

"HP is part of our success story because we're able to market ourselves more effectively when we tell prospects that HP servers will be handling their Web traffic," says Abraham. "They understand that they will have plenty of reliable power at their fingertips 24 x 7. After all, who wants to advertise on a Web site that is down much of the time?"

As for maintenance, Abraham particularly likes the idea of ProLiant hot-plug hard drives, even though Dynamic Net hasn't had to replace one yet. If the time comes, he

knows all the company has to do is pull out the old one and plug in the new one.

"HP's reliable technology bolsters our image and helps us deliver focused solutions," says Abraham. "And HP gives us the same superior service we like to give our customers."

At a glance

Company: Dynamic Net Inc.

U.S. headquarters: Wyomissing, Pennsylvania

Founded: 1995

Employees: 5

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Primary business: Provider of business Web-hosting services

For more information on how working with HP can benefit you, contact your local HP service representative, or visit us through the Internet at our world wide web address:
<http://www.hp.com>

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