

How to get started in the Data Recovery Industry

Introduction to the Data Recovery Industry

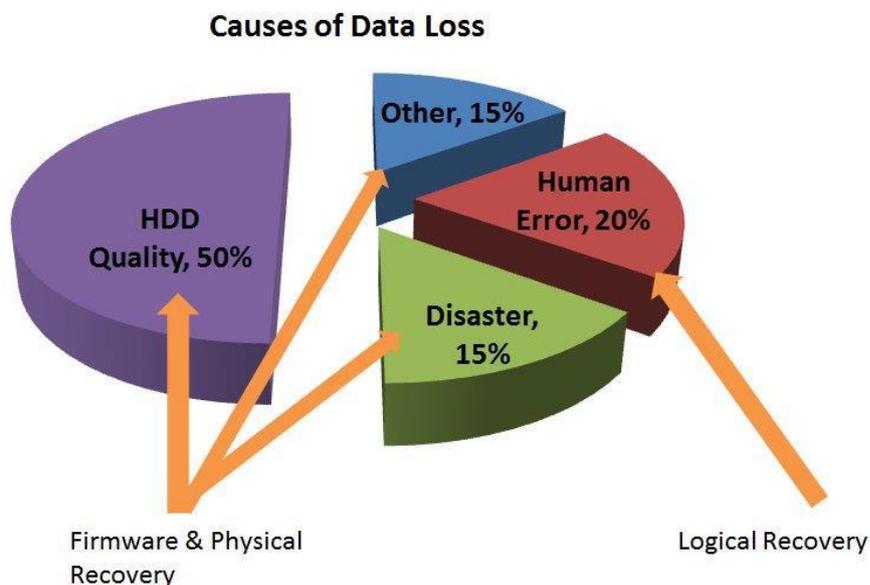
Regardless of how much easier it becomes to backup important data, every single day in the PC industry a customer loses their precious photos or data because of hard drive failure.

As more and more data is stored on computer hard disks, flash memory devices, portable storage devices and servers, the importance of data loss prevention and security increases. The economic and/or emotional cost from losing this data can be immense and as the total storage capability increases while the actual physical space required decreases, the potential data loss and associated cost becomes that much greater.

According to an investigation by IDC a few years ago, there were more than 400 data recovery companies in North America with a combined annual turnover of \$150m and the market was increasing by 50% every year. In Australia the value of Data recovery services is estimated to be in excess of \$15m p.a. and that 1 in 10 PC users have lost important data because of hard drive failure

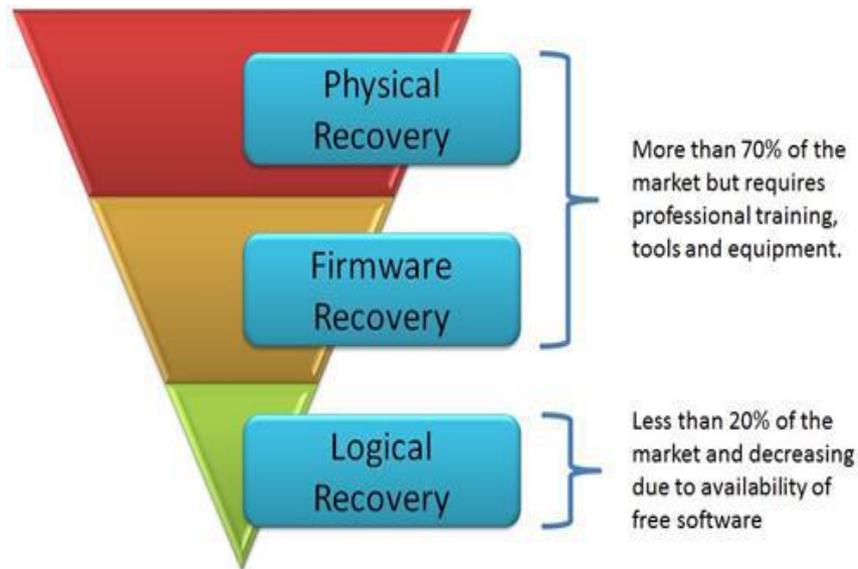
The services generally provided within this market include data recovery, data replication, data wiping and computer and forensic services.

What are the most common causes of Data Loss?



What are the options for data recovery?

There are 3 levels of data recovery



Who are the customers for these services?

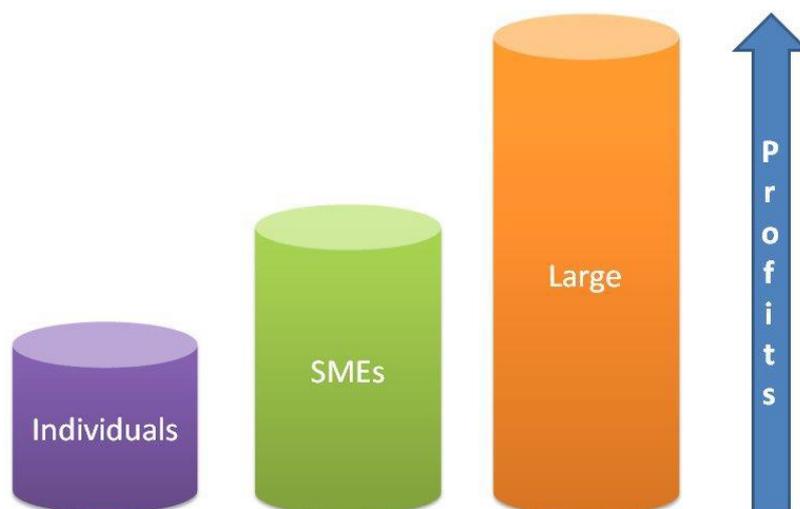
Customers range from individual home clients, to small and medium enterprise to large corporates and local, state and federal government organisations.

All have different needs, priorities and budgets.

Individual home clients: potentially represent a larger number of jobs due to lower levels of backup systems in place however value of data may not be as high and therefore pricing needs to be more competitive.

Small & Medium Enterprise clients: more complicated data recovery cases with a higher data value therefore higher profit potential.

Corporate and Public Sector clients: Totally focussed on value of all data and therefore more likely to proceed with any jobs with potential to succeed no matter the cost.



How can you get started in the Data recovery Industry?

Well, the obvious first answer to this is to get professional training, purchase some specialist tools and equipment and set-up your own data lab. This of course for most people is not a realistic option. Firstly where do you get training from and secondly, the cost of much of the tools and equipment is high and outside of many shops budget and risk vs return considerations.

What are your other options?

1. Refer job to another lab and if you are lucky you get a commission. Generally the client in this situation is no longer yours and you lose control of future opportunities with the same client.
2. Alternatively you take control, take the job in as your own client and manage the outsourcing process and receive a small margin for your time and effort.

In both options, you are generally forced to work with set prices that often are not flexible or affordable so you spend your time coordinating the job and the work doesn't go ahead.

How can Data Recovery Tools help?

Data Recovery Tools provides you 3 steps to get started in the Data recovery Industry-

- Reseller – Own the customer, get good margins. Provide affordable options to clients. This is a low risk, low cost way to get started. Market the service and build a customer base before risking any further investment.
- Training – DRTools can provide some basic training allowing you to do some basic DR in-house. This will provide you with potentially quicker turnaround for your customers and the opportunity to increase your margins.
- Tools and Equipment Sales – Invest in specialist tools and get more advanced training that allows you to do more advanced recoveries in house. You may be already using software for logical data recovery successfully, but with specialist DR tools your success rate will increase many times. Only specialised data recovery tools can work on drives not detected in BIOS, can image hard drives backwards, can image drives by selective heads, can retry bad sectors, can issue soft reset and hard reset commands and repair Firmware problems. Specialised tools allows more hard drives to be recovered and a higher success rate means higher profits.

How do the numbers stack up?

Because of the specialised nature of data recovery profits can be relatively high.

Profit per job using DRTools Data Recovery Service is \$100-\$500 per recovery. If you only sent us 5 jobs per month your additional average gross profit would be \$1500 per month or \$18,000 p.a.

If you purchase the basic tools and solve 2 of those Data Recovery Jobs yourself your margin increases by at least \$300 per month making your annual gross profit closer to \$22,000 p.a. It has been our experience that specialist Data Recovery Tools, on average, pay for themselves after approximately 10 jobs.

In addition to the direct Data recovery business returns, there are a number of other value adds for your business:

- **Increase Customer loyalty**

The support and/or training you receive Increases your expertise and ability to assist clients thereby improving the perception they have of you as being an expert.

Because the customer remains yours, you again can increase the service aspect to customers and increase their loyalty.

- **Benefit from other revenue opportunities**

By promoting this service you provide an opportunity to attract new customers and introduce them to your broader services gaining increased revenue opportunities.

You will have increased upsell/cross sell opportunities to these new customers.

You will still have opportunities to complete repairs for equipment even though the DR work may not go ahead. This is because the customer remains yours and is not 'referred'.

Data Recovery is an exciting industry and with constant reward for customers and business alike.

To find out more about how DRTools can help you get started, give us a call on 02 9984 8769 or use our contact page.