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Monitis: Monitis in Digital Market World

Early in the morning, Raffi Kassarjian, the CEO of Monitis, a Stanford graduate, was standing in his office in the center of Yerevan holding a cup of coffee and thinking about the company's prospects. Providing IT systems monitoring services, Monitis highly depends on digital marketing techniques such as search engine optimization (SEO), paid search, remarking, blogs and others. Despite being one of the leaders in the industry, the company was facing the issues of attracting qualified leads to its website and later converting those visitors to users. Though Monitis has quite a strong marketing team, those two issues remain the main objectives of the company's fast growth.

Company background

Monitis, one of the leading IT companies in Armenia, started operating in 2006. Headquartered in the United States, it also has offices in Germany and Armenia. In 2011, Monitis was acquired by GFI Software, which is also the owner of TeamViewer company. Nowadays the company offers its clients various network and system monitoring services that are cloud-based, which means that the data is accessible through the web regardless of place or time.

Monitis is considered to be a software as a service company. Software as a service (SaaS) is a software licensing and delivery model in which software is licensed on a subscription basis and is centrally hosted. It is sometimes referred to as "on-demand software". SaaS is typically accessed by users using a thin client via a web browser.

The business model of Monitis is based on subscriptions: monthly and yearly. The company also provides flexible opportunities in creating custom plan based on customer needs with a starting price of \$12 a year. The price mainly depends on the number of monitors, which help the clients to diagnose the issues within their websites, servers or applications. Monitis offers more than 30 monitoring locations all over the world. The package price is also affected by server work frequency, load test and scenario load test quantity,

as well as alerting type, such as email, SMS, call notification, Twitter, etc (**Exhibit 1**). Monitis also offers free monitoring tools: the visual traceroute of a website and the page load speed. Customers can have a 15-day trial period for testing basic and premium services of Monitis, which can be extended to more days upon request.

Regarding the pricing strategy, Monitis like many other players in the market has chosen the subscription based model. Firstly, when customers are not familiar with the product, they can try it for free, after trying the product, customers choose either monthly or yearly subscription model. To give customers more incentive to choose the yearly model, for the latter Monitis offers 20% discount compared to the same service in the monthly subscription. The product of Monitis is very flexible to customer needs. Users can customize the monitors based on their specific needs by constructing a package. As a result, the overall price will be adopted accordingly. As each service has a specific price, users can choose the quantity and type of monitors they need and locations they want to track.

IT monitoring - definition

Web monitoring is the process of testing and verifying that end-users can interact with a website or web application as expected. Website monitoring is often used by businesses to ensure website uptime, performance, and functionality is as expected. Website monitoring companies provide organizations the ability to consistently monitor a website or server function and observe how it responds. The monitoring is often conducted from several locations around the world to a specific website, or server, to detect the issues. Monitoring companies report on these tests in a variety of reports, charts and graphs. These diagnostics allow network administrators and webmasters to correct issues faster.

IT Industry in Armenia

Unquestionably the skilled and productive workforce is one of the most important competitive advantages of Armenian ICT sector. Not only the low-paid workforce but also high productivity of Armenian specialists is quite attractive to foreign investors. In 2014, the workforce employed in the IT sector reached 11,564, which accounted for about 10% growth compared to 2013. The number of technical specialists such as software engineers, analysts, developers, IT project managers and others reached 9,567.

Armenia is still considered a low-cost offshore development location, where salaries are competitive with those of many IT outsourcing countries such as India, Russia, Israel, Ireland, and China.

The two largest educational institutions, Yerevan State University (YSU) and SEUA have traditionally been the leaders in providing IT education. However, the growth of the industry has attracted new educational institutions like the American University of Armenia (AUA) and the European Regional Institute of Information and Communications Technology in Armenia (ERIICTA), the Russian-Armenian (Slavonic) University (RAU), Yerevan State University of Architecture and Construction (YSUAC) and the French Higher Institute of Engineering in Armenia (ISIFA), widening the choices available for students while increasing the pool of IT professionals.

In 2013-2014 around 8500 students were enrolled in Armenian universities offering IT specializations.

Foreign branches of IT related companies, as part of their strategic management, constantly train their employees both in Armenia and at the head offices. Furthermore, the branches have created special resource centers and libraries to provide opportunity for the staff to improve their qualification and skills.

In 2016, Monitis employs more than 100 people in Armenia and has over ten employees in foreign countries. Around half of the workforce consists of developers, followed by project managers, Q&A specialists, marketing specialists, etc.

Substitutes to web-based paid monitoring

Scripts

Website monitoring can be implemented by simply adding a script (a chunk of programming code) to the website source code to collect sufficient data for analysis. This technique allows website owners to save on the monitoring service costs. However, it has two downsides. Firstly, small companies, who are either outsourcing their website creation and maintenance processes or have a small team responsible for it cannot afford to hire a specialist, that can add a script to the website with functionality comparable to the services offered by Monitis and similar companies. Secondly, the script functionality will be limited to monitoring website performance on the host country only, unlike the ability of web-based services of monitoring website performance in several countries simultaneously.

Downloadable software

Many companies offer downloadable monitoring software which is another substitute for web-based monitoring. Downloadable software can provide with more advanced features. For instance, GFI Network Server Monitor automatically alerts and corrects issues on the network or on the server. Paessler PRTG Network Monitor, another downloadable software has Google Maps integration, allowing it to display geographical maps. Moreover, it has advanced maps functions, allowing to create custom network views. Despite the mentioned strong sides, the downloadable software also brings several inconveniences. Website owners need to install and set the software up, which might take up to several days. Moreover, this type of software needs constant updating as well as a need in installing plug-ins if there is a need for extra features, not included in the original software package.

Free web-based monitoring

Although the package of services offered by free web-based monitoring companies such as Nagios, has little difference from its main paid competitors, the major downside of these services are the limitations on usage, the number of monitors, the number of locations, etc.

Customers

The process of acquiring a user involves five stages. First, the interested person will find the company through a search engine or other sources and visit the website. At that point, the visitor will open the web page and get familiar with the services provided. The second stage will start once the visitor successfully signs up for a free trial. After signing up, Monitis will have the contact information of the visitor and an automated email with an activation link will be sent to the provided email address, the third pillar starts after the user activates the account and adds at least one monitor. The fourth stage is when the user returns to their account after registration and continues to use the service. The final action will be to subscribe to Monitis's service as a paid user either on a monthly or yearly basis. **(Exhibit 2)**

Monitis is mainly targeting three profiles of users which the company thinks are the largest segment of their user base. IT/Operations managers who represent almost half of the target market, developers who are 8% and technical managers or Chief Technical Officers (CTOs) which are 21%.

IT/Operation managers are SysAdmins, network engineers who are responsible to insure the proper functionality of the IT and network infrastructure, Monitis tools will help these specialists in preventing issues and problems before their occurrence through notification and alerts.

Monitis services and tools help network and systems administrators identify possible issues before they affect business continuity and to find the root cause of problems when something goes wrong in the network. Be it a small business with less than 50 devices or a large enterprise with more than 1000 devices, continuous monitoring helps to develop and maintain a high-performing network with little downtime.

Developers benefit from Monitis services by running analysis of web page and monitoring the performance in real time, in this way developers are able to identify what particular element in the code is causing the load time to be slow and hints on how to fix them.

Competitors

Pingdom

Pingdom is one of the main competitors of Monitis. The Sweden-based company is part of the SolarWinds Cloud portfolio. Pingdom is a global performance monitoring solution for websites and web applications.

Since 2007, Pingdom earned the trust of more than 700,000 users in over 200 countries including Spotify, Pinterest, Facebook, Twitter, Zendesk, MailChimp, and more. In addition, customers enjoy Pingdom's reliability which allows them to filter out false alerts using a second opinion process to double-check downtime from another location before considering the website or application as down. Pingdom's extensive network of more than 60 probe servers in North America and Europe help to reduce false alerts and maintain high levels of reliability.

Pingdom is offering fixed plans and charging its user on a monthly or yearly basis, starting at \$14.95/month starter package for personal website and blogs, \$45.95/month for small business website and \$89.95/month for advanced web monitoring. Pingdom also offers enterprise package for high volume needs and all-inclusive suite which allows multi-user login and includes BeepManager. BeepManager is an incident management tool, which sends the right alerts to the right person at the right time using alert policies, on-duty schedules, maintenance, etc.

People who are interested in Pingdom plans can sign up for a free 14-day trial and easily change the monthly plan in the control panel.

With Pingdom, customers will be the first to know of any issues with their website, Domain Name Server (DNS), email server, or any other infrastructure they choose to monitor. Pingdom notifies customers of any issues so that they can focus on their daily business. The platform allows customers to easily and quickly set up monitoring without all the technical work normally involved.

Pingdom offers a number of reasonably priced plans which vary based on user needs. While Pingdom does not strive to be the cheapest monitoring solution on the planet, the value (e.g. features, reliability, and ease of use) that the user get for the cost is very high.

New Relic

Lew Cirne founded New Relic in 2008 with a vision to deliver application performance monitoring (APM) as a purely SaaS product. By embracing the power and accessibility of the cloud, New Relic grew rapidly and quickly became an integral tool for developers, IT ops teams, and executives around the world.

Today, New Relic is helping thousands of customers consistently improve their software performance. New Relic gives users deep performance analytics for every part of the software environment. Users can easily view and analyze massive amounts of data, and gain actionable insights in real-time. For apps, users and business.

New Relic pricing is divided into four main packages. Application Performance Management which is charged by hours used., whereas Mobile, Browser and Synthetics monitoring (real time) are charged based on monthly or yearly subscription. All packages are applicable for free trial of 14 days pricing plan

From the above, it seems that New Relic's app monitoring and alert capabilities mean that it's still the best option of the two. However, if you're looking for a deeper view of your website and its visitors without too much reliance on your app, Pingdom goes be the wiser option, especially considering that its standard package is less than half the price of New Relic's offering.

Threat of new entrants

If comparing the required capital for starting an IT company in general with the required capital levels of other industries, the difference is immense. Many of the famous IT giants have started in garages or small offices with a handful of employees, or even without them. However, a web monitoring services company requires more capital to be invested at the start as well as a considerable number of employees. Mainly the up-front investment is required for acquiring hardware, such as servers powerful enough to handle the monitoring process.

Customers subscribe to web monitoring services for one month or year. After the subscription period is over, customers are offered to prolong their subscription for another month or a year. Prolongation of subscription is on a voluntary basis for the customers. Most of the Web monitoring services do not create contractual obligations for their subscribers to prolong their use of the services.

Companies provide web monitoring services either on a web basis or through downloadable applications. Thus, they have the opportunity of distributing their product worldwide, regardless of the company servers' location.

The majority of web monitoring services provide largely-similar services with slight differences in the services packages they offer. For instance, both Monitis and Pingdom provide HTTP and HTTPS monitoring, as well as content check. However, Monitis provides the content check on keywords only, unlike Pingdom, which provides a full content check. On the other hand, Monitis services package allows its customers to monitor email protocols, such as IMAP and POP. Pingdom package does not have these services. From the available monitoring locations point of view, Monitis is losing Pingdom offering 20 locations compared to the 60 offered by Pingdom.

Digital Marketing Techniques

In e-commerce search engines such as Google, Bing, Yahoo or others are the main places where the buyer meets the seller. They serve millions of users per day looking for answers to their questions or for solutions to their problems. There are two ways to be on the first page of these search engines, by organic search results, which includes a sophisticated search engine optimization strategy, and paid search, which implies online advertising.

Search engine optimization or SEO in short is a set of rules that can be followed by web site owners to optimize their web sites for search engines and thus improve their search engine rankings. That say using SEO increases the searchability of the website. It has become important as users trust search engines and having a presence in the top positions for the keywords the user is searching increases the web site's trust. The majority of search engines users are more likely to choose one of the top 5 suggestions in the results page so to take advantage of this and gain visitors to their web site or customers to their online store one need to rank as higher as possible. SEO can put one ahead of the competition. If two web sites are selling the same thing, the search engine optimized web site is more likely to have more customers and make more sales. Nowadays SEO includes two main types, on-site SEO and off-site SEO, in addition, a decent SEO process includes a content strategy such as blogging, infographics and videos.

Main factors of on-site optimization imply right keyword placement and keyword density. Nowadays, Monitis uses 8,242 organic keywords which generate around 10,000 monthly traffic to its website. If these keywords were used to place an advertisement in Google, that would cost Monitis approximately \$81,000 per month. (**Exhibit 3**)

Organic search is more relied and sustainable way to be found on the web, while paid search is more of a helping tool to promote your website. Paid search marketing means to advertise within the sponsored listings of a search engine or a partner site by paying either each time your ad is clicked (pay-per-click - PPC) or when your ad is displayed (cost-per-impression - CPM). In **Exhibit 4** you can see the paid search results history of Monitis for recent six years. As shown in **Exhibit 5**, until 2013 Monitis was concentrating more on paid search rather than SEO. Since then organic search method was taken as a priority, as compared to paid search it is considered an investment rather than cost.

Another effective tool which Monitis uses, is the remarketing. It implies that when a user searches Monitis in a search engine, a special cookie is made in the person's web browser, and the ads are shown to him in different other partner websites.

The off-site optimization is done through backlinks from various web pages directed to Monitis' web site. Monitis has currently 2,400 backlinks from various websites. The authority of the websites plays an important role for search engines as the high it is the more reliable is the referral. It has occurred in different websites such as mashables.com as one of the top 10 best monitoring tools.

As a content strategy tool, Monitis uses its blog to address common topics that can be of interest to their current and potential customers. This helps both to be more visible in search engines and provide interesting insights to their readers.

Monitis is also present in different social media networks such as Facebook, Twitter, LinkedIn, etc. As well as email marketing is implemented to their current or former customers.

Conclusion

For 10 years of its operation, Monitis has become one of the industry leaders in cloud-based IT monitoring industry on an international level. Serving more than 200,000 customers worldwide, Monitis provides quality monitoring services. Raffi Kassarian always likes to quote the famous title of Andrew Grove's iconic book "Only the Paranoid Survive", thus reminding himself that there is always room for improvement.

Will Monitis be able to implement an effective strategy aimed to increase the flow of qualified leads to its website? Can Raffi's team find a way to raise the conversion rate?

Exhibit 1 Services of Monitis

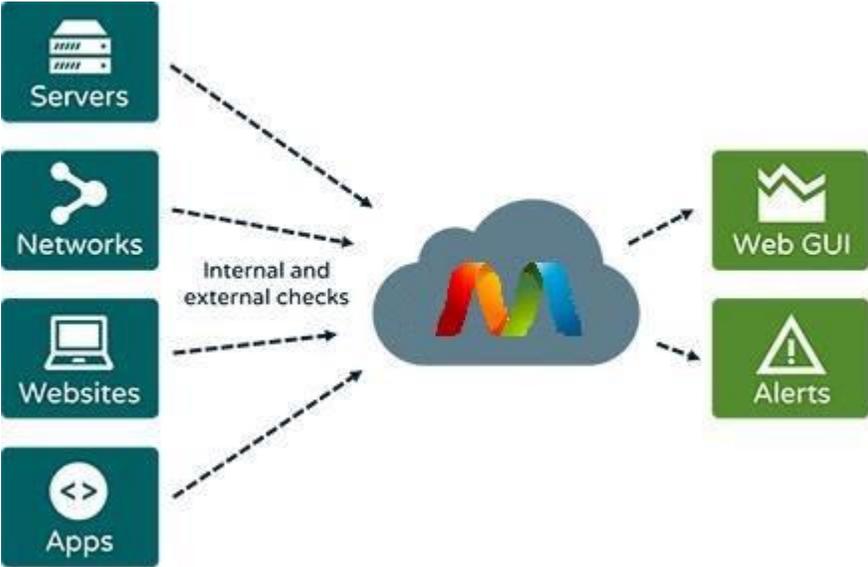


Exhibit 2 User Acquisition Funnel

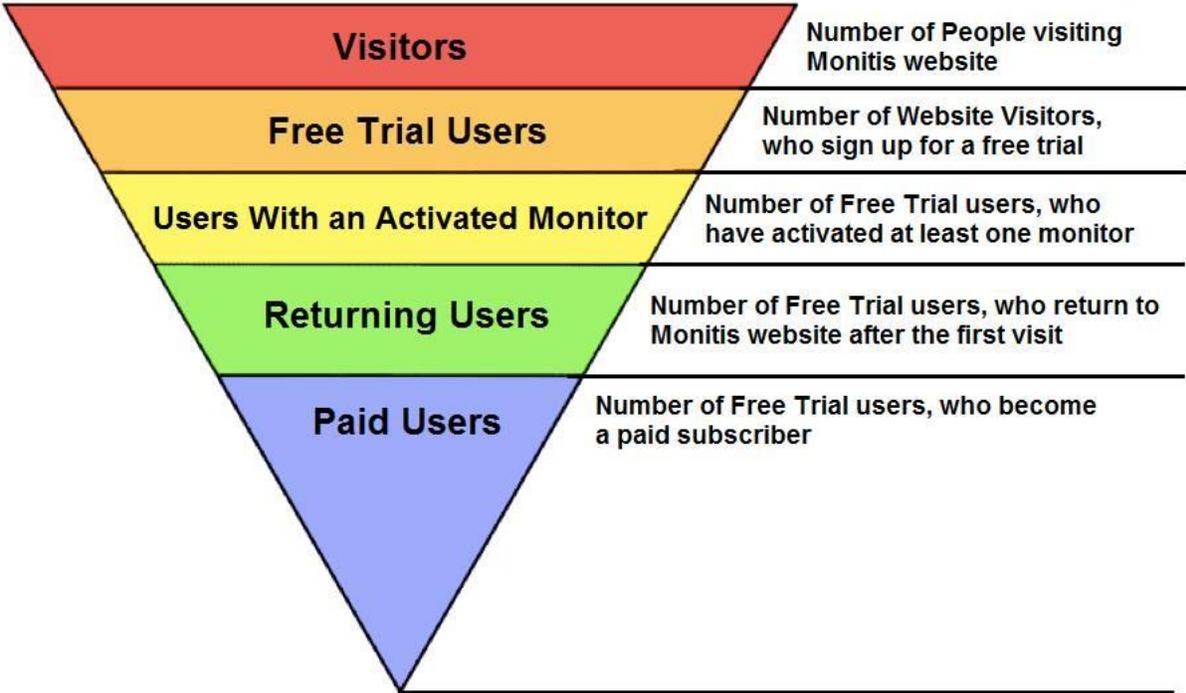


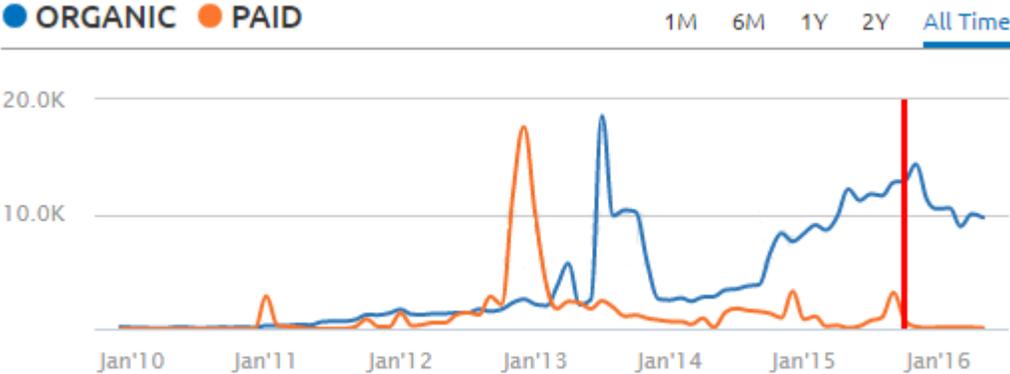
Exhibit 3 Organic Search traffic generation of Monitis 2010-2016



Exhibit 4 Paid Search traffic generation of Monitis 2010-2016



Exhibit 5 Paid Search and Organic traffic generation of Monitis 2010-2016



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