![NovaBACKUP logo]

BEYOND THE CLOUD:
WHY SMBs NEED HYBRID BACKUP
for Real Resilience

A practical guide for MSPs on protecting client data, minimizing risks, and building trust through smarter backup strategies.

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Cloud backup has long been a cornerstone of backup strategies for small and medium-sized businesses (SMBs) and Managed Service Providers (MSPs) who support them. However, the massive surge in cloud storage usage for backups within the last two years highlights just how essential cloud-based data protection has become.

According to our own customer data, the use of cloud storage for backups increased by 91.6% between August 2023 and August 2025.

However, popularity does not equate to perfection. While cloud storage offers advantages such as offsite access, flexibility, and scalability, there are also pitfalls that businesses can't ignore. These risks include compliance challenges, slow restores, and overreliance on third-party vendors, among other things.

In this guide, we will dispel common misconceptions, explore the most common risks of cloud backup, and demonstrate how a **hybrid backup strategy** provides stronger, more resilient data protection for your and your customers' business data.

WHY CLOUD BACKUP IS SO APPEALING TO SMBs

For SMBs, cloud backup offers a compelling mix of cost savings, flexibility, and ease of use. Unlike traditional backup solutions that often require expensive on-premises infrastructure and ongoing maintenance, cloud services deliver enterprise-level data protection without the high upfront investment.

Here's why so many SMBs are drawn to the cloud:

- **No onsite hardware to manage:** Eliminates the need for dedicated servers, backup appliances, or complex networking equipment.

- **Predictable monthly costs:** Subscription-based pricing makes it easier to budget and scale with your business.

- **Remote accessibility:** Access backups from anywhere with an internet connection, which is ideal for remote or hybrid workforces.

- **Scalable storage:** Adds more space as data grows, without needing to upgrade physical infrastructure.

- **Automated processes:** Many services offer scheduled, unattended backups to simplify IT management.

For time-strapped SMBs with limited IT staff, these benefits are understandably attractive. But this convenience can lead to a false sense of security. It's easy to assume that just because the data is stored in the cloud, it's fully protected. But that's not always the case. Overreliance on cloud backup alone can leave businesses vulnerable to data loss, compliance failures, and lengthy recovery times when disaster strikes.

Tip for MSPs

Remind clients that, although cloud backup provides predictable costs and reduces IT overhead, it doesn't replace proper backup planning.

TOP 5 CLOUD BACKUP MYTHS THAT HURT SMBs

Cloud backup is often surrounded by plenty of hype, potentially leading SMBs to believe it's a "set it and forget it" solution. As their trusted advisor, however, you know the reality is more nuanced. Let's debunk the five most common myths about cloud backup and explain what they really mean for your clients' businesses.

Myth #1: "The Cloud Is Always Secure"

The Truth: Although cloud providers offer strong infrastructure security, the data is only as secure as the safeguards a business implements. Internal measures such as access controls, multi-factor authentication (MFA), and encryption are still essential for protecting backups from cyber threats.
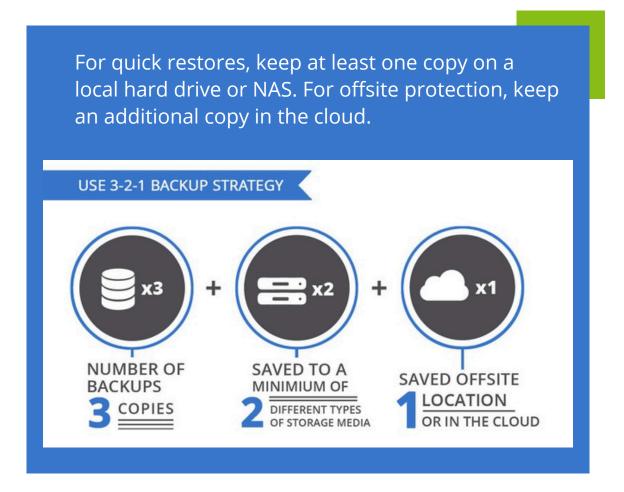
Myth #2: "The Provider Handles Everything"

The Truth: Many SMBs assume their cloud backup provider manages all aspects of data protection. In reality, most operate under a shared responsibility model, which means they are responsible for configuring security settings, monitoring backups, and verifying restores.

Myth #3: "All Backup Services Are the Same"

The Truth: Not all providers are created equal. Some cloud services focus on file syncing, some on providing storage for active data, and some on conducting backups with versioning, encryption, and disaster recovery capabilities. Always check the fine print, test performance, and understand exactly what's included before entrusting a provider with any data.

Myth #4: "External Drives or NAS Aren't Necessary Anymore"

The Truth: Cloud and on-premises backups are complementary, not competitive. While cloud backup helps ensure recoverability from local disasters such as floods or fires, external hard drives and NAS devices for local backups enable faster recovery, particularly for large files, full system images, and servers.

For quick restores, keep at least one copy on a local hard drive or NAS. For offsite protection, keep an additional copy in the cloud.

USE 3-2-1 BACKUP STRATEGY

x3   +   x2   +   x1

NUMBER OF BACKUPS
3 COPIES

SAVED TO A MINIMUM OF
2 DIFFERENT TYPES OF STORAGE MEDIA

SAVED OFFSITE
1 LOCATION OR IN THE CLOUD

Myth #5: "Cloud Backup = Disaster Recovery"

The Truth: Cloud backup is just one component of disaster recovery. Disaster recovery plans for SMBs require clearly defined Recovery Time Objectives (RTOs) and Recovery Point Objectives (RPOs). Relying solely on cloud backup to keep the business operational during a disaster can leave business owners unprepared for major downtime.

RISKS OF A CLOUD-ONLY BACKUP STRATEGY

Now that we've cleared up some of the biggest misconceptions about cloud backup, it's time to look at the real-world risks that businesses face when they rely solely on the cloud.

Although the cloud is convenient, relying on it exclusively leaves SMBs vulnerable to real-world disruptions, such as sudden outages, delays in restoring critical data, and compliance issues that can result in fines or penalties.

Here are the most important risks to be aware of:

Cloud Outages

Even major providers like AWS, Microsoft Azure, and Google Cloud experience regional and global outages caused by network issues, software misconfigurations, or DNS problems.

If the company's critical data exists only in the cloud, outages can bring operations to a standstill. When an outage occurs, SMBs can't access their critical files or systems. This means that even short periods of downtime can halt operations, delay customer service, and block payroll and billing processes.

Data Breaches and Cybersecurity Risks

Cloud providers offer strong infrastructure security, but backup files can still be exposed to identity-based attacks, API exploits, credential leaks, and misconfigured access controls.
If access controls are weak or encryption is mismanaged, attackers can corrupt or lock important business files, leading to lost revenue, reputational damage, or operational standstills.

Solutions that offer **MFA**, **role-based access controls (RBAC)**, **client-side encryption**, and **immutable storage** or **immutable backups** reduce risk by making backup data much harder for cybercriminals to access or alter.

Cloud Storage vs Cloud Backup

Copying backup files to general cloud storage or file syncing services (like OneDrive, Google Drive, or Dropbox) is **not the same as using a dedicated backup solution**.

General cloud storage may:

- Allow multiple users access, increasing accidental deletion or ransomware risk
- Lack backup-specific encryption or immutability
- Offer limited versioning or recovery features

A proper cloud backup solution keeps files isolated, reduces potential threat vectors, and ensures a business can reliably restore data when needed.

Want to learn more about the difference between file syncing services and cloud backup?

Read our blog post for more details

Compliance Requirements

SMBs in regulated industries must comply with standards such as HIPAA, PCI-DSS, or GDPR. These regulations specify how data must be stored, encrypted, audited, and deleted. As an example:

- **HIPAA** requires end-to-end encryption, secure authentication, and signed Business Associate Agreements (BAAs).
- **GDPR** mandates specific data storage locations and the ability to fulfill deletion requests.

Without a data protection solution that meets regulatory requirements, SMBs risk failed audits, regulatory fines, and even temporary business shutdowns.

Everyday Challenges for SMBs

Even everyday hurdles related to cloud-only backup, not just major risks, cause challenges for small businesses.

- **Slow restores:** Recovering large datasets over the internet can take hours or even days, depending on file size and bandwidth.

- **Limited support:** Automated or email-only help can be frustrating during urgent recovery situations. Live, responsive support is rare but crucial.

- **Unexpected costs:** Some providers charge extra for restores, data being sent to and from the storage, multiple versions, or storage overages, turning a low-cost plan into a surprise expense.

Tip for MSPs

Educate clients that cloud-only backups may cause downtime during outages and expose data if the proper safeguards aren't configured. Recommend a combined security and data protection approach that includes functions such as encryption, MFA, and role-based access controls to ensure the safety of their data.
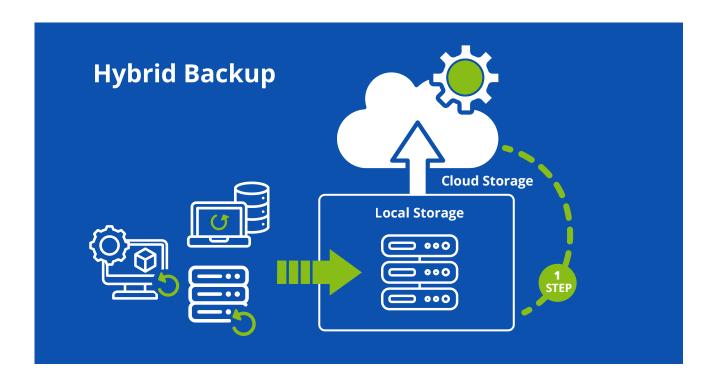
WHY A HYBRID BACKUP STRATEGY IS BEST FOR SMBs

These risk scenarios illustrate how cloud-only backups can leave SMBs exposed. A **hybrid backup strategy**, which combines local backup for speed and cloud backup for resilience, transforms these risks into manageable outcomes.

Critical workloads, such as SQL databases, virtual machines, and line-of-business applications, can be quickly recovered from a local device, minimizing downtime during a hardware failure or disaster. Meanwhile, cloud backups serve as secure offsite copies that protect data from fire, flood, theft, and other site-level incidents.

Regulations and industry standards often expect businesses to maintain multiple copies of critical data, including at least one offsite copy. Hybrid backup naturally supports this requirement while giving SMBs control over backup frequency, retention policies, and recovery objectives.

In short, it delivers operational resilience, regulatory compliance, and cost-effective flexibility without the need for enterprise-level IT resources.

Hybrid Backup

Cloud Storage

Local Storage

1 STEP

Here's why SMBs benefit from a hybrid approach:

☑ **Faster recovery:** Local backups enable quick restores of files, databases, and applications, keeping downtime to a minimum.

☑ **Offsite protection:** Cloud backups provide a secure fail-safe in case of fire, flood, theft, or other disasters at your primary site.

☑ **Built-in redundancy:** Maintaining copies in both locations ensures one system's failure doesn't mean data loss.

☑ **Custom control:** Hybrid backup lets you fine-tune schedules, retention policies, and recovery settings to match the sensitivity and value of your data.

☑ **Compliance support:** By combining encryption, access control, and audit-ready logs, hybrid solutions help SMBs meet regulatory requirements without complex IT overhead.

Backup Testing and Verification

Even the best backup strategy is useless if the data cannot be restored. Testing backups regularly by conducting a restore from local and cloud storage ensures that the files are complete and recoverable.

As an IT Service Provider, support your clients with:
- Periodic test restores of files, folders, or entire systems
- Verification of both local and cloud backup copies for integrity
- Logging results to identify problems before disasters strike

How to Choose the Best Hybrid Backup for Your SMBs

Not all hybrid backup solutions are created equal. When evaluating providers, consider these key points to make sure your customers' business is truly protected:

Is the hybrid setup simple and seamless?

The best solutions let you back up locally and offsite in a single, easy-to-manage job. Your customers' data goes to local storage first for fast restores, then automatically to the cloud for offsite protection without any complicated configuration needed.

Are backups encrypted in transit and at rest?

Strong encryption safeguards their data from cyber threats, both while in transit and while they're stored.

Can you easily manage retention for both local and cloud copies?

Look for solutions that let you set different retention periods for local versus cloud storage, for example, 30 days locally for quick access and 60 days in the cloud for longer-term protection, without juggling multiple backup jobs.

Is technical support included and responsive?

Fast, accessible support is critical during a data loss event, preferably with live assistance rather than automated email responses.

Do they meet your clients' industry compliance requirements?

Make sure the solution supports the regulations your customers are subject to, whether HIPAA, GDPR, or others.

How quickly and easily can you restore their data?

The best hybrid solutions automatically determine the fastest way to recover files, whether from local storage for near-instant restores or from the cloud if the local copy isn't available. SMBs shouldn't need to worry about where a backup resides, the software intelligently locates the latest version and restores it, minimizing downtime without any extra effort.

Does the solution help you see all the backups from one place?

Monitoring dashboards and automated reporting can ensure you are aware of the health status of your customers' backups, giving you a tool to demonstrate protection and value.

The best hybrid backup solutions do more than just back up your data. They give you the confidence to recover quickly and reliably while keeping backup management simple and stress-free.

Tip for MSPs

Since you will be responsible for your customers' backups, emphasize how your services will save them time and money while providing them with peace of mind in case of a data emergency.

Cost Considerations and ROI

As an MSP, you can help your clients understand the financial benefits of hybrid backup.

While adding a local backup might seem like an extra expense, it can actually reduce long-term costs:

- **Faster restores reduce downtime:** Rapid recovery from local storage minimizes operational losses.

- **Avoid catastrophic recovery costs:** Multiple copies ensure the data can be recovered after any disaster scenarios.

- **Optimized storage allocation:** Frequently accessed files remain local, while older archives reside safely in the cloud.

Presenting these calculations helps SMB clients see backup as an investment, not just an operational cost.

Nearly one in five SMBs are forced to close their business after a successful cyberattack.

Even aside from cyberattacks, the loss of business data can have devastating consequences, no matter the reason. Ask your clients: What would happen if you couldn't access your most important information for a day, a week, or longer?

Here's how local-only, cloud-only, and hybrid approaches typically compare, highlighting why a hybrid backup approach consistently offers the best balance of speed, protection, and ROI.

	Local-Only	Cloud-Only	Hybrid
Upfront Cost	Medium ($500–$2,000)	Low	Medium + Provider Fees
Ongoing Cost / Year	Low	Medium–High ($1,000–$5,000+)	Medium–High ($1,000–$5,000+)
Recovery Speed	🟢 Very Fast	🟡 Depends on bandwidth	🟢 Fast (local) + 🟡 Reliable (cloud fallback)
Security / Compliance	🟡 Medium	🟡 Medium–High	🟢 High (encryption + isolated backups)
Risk of Data Loss	🔴 Medium–High	🟡 Medium	🟢 Low
Ease of Management	🔴 Manual setup & monitoring	🟡 Mostly automated	🟢 Automated + single job for local + cloud
ROI / Business Impact	🟡 Moderate Low ongoing cost, but high risk and limited offsite protection. May require manual management.	🟡 Moderate Easy to scale, offsite protection included, but recovery and compliance can be challenging for large datasets.	🟢 High Combines fast recovery with offsite protection, meets regulatory needs, reduces risk of downtime. Strong ROI through minimized downtime, faster restores, and avoided data loss costs.

Tip for MSPs

Use cost comparisons like this one to show SMBs that backup is an investment, not just another IT expense.

REAL-WORLD SMB RECOVERY SCENARIO

In northeast Texas, where tornadoes and sudden outages aren't unusual, fast data recovery can mean the difference between a minor hiccup and major disruption.

Tony Linton, owner of TLC Netcon Inc., recalls one customer whose hard drive failed completely. "It was unrecoverable. Thanks to NovaBACKUP, we had a good backup. I gave him the key, he created a zip file, and we recovered his data very quickly."

For Tony's SMB clients, managed backup is more than an add-on service. It's reliable protection. He monitors, manages, and updates backups so his customers can stay focused on running their businesses. And with NovaBACKUP's cloud integration and broad storage compatibility, Tony spends less time traveling to troubleshoot issues and more time supporting more clients efficiently.

Want the full story? Read the TLC Netcon case study.

WANT COMPLETE BACKUP WITHOUT THE HEADACHES?

Cloud backup is a powerful tool for SMB data protection, but it should never be your only line of defense. To keep your customers' businesses resilient and their data secure, adopt a **hybrid backup strategy** that combines the speed and control of local backups with the safety and scalability of the cloud.

Don't wait for a ransomware attack, accidental deletion, or system failure to discover gaps in your backup strategy. **Take control now!** Ensure all backups are reliable, complete, and easy to restore whenever they are needed.

So, What's Next?

If you've found yourself nodding along while reading, recognizing the challenges of downtime, compliance risks, and unreliable cloud-only backups, the good news is that you don't have to solve these problems alone.

For SMBs: Talk to your IT service provider about building a hybrid backup strategy that supports you with a stronger data protection strategy for faster restores.

For MSPs: If you're looking for a backup platform that helps you deliver all of the above to your clients without adding complexity to your workload, NovaBACKUP is here to help. Let's talk about how we can support your services with purpose-built backup for MSPs.

ABOUT NOVABACKUP

NovaBACKUP provides robust hybrid backup solutions designed specifically for small businesses and the MSPs that support them, giving you fast local restores, secure offsite cloud storage, and responsive expert support—all in one easy-to-manage solution.

Schedule a call with one of our backup experts today!

Our Service Promise

We promise to treat the protection and safety of your data like we do our own. Our job it to make data protection as simple and reliable as possible. You can count on us to provide professional, knowledgeable support that meets your data protection needs. Feel free to reach out to our team if you need assistance with your backup and recovery needs.

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