

Fasthosts & AiRealtor Partnership

Vertical Market Demand for Specialized SMB Solutions

Small businesses across many industries are increasingly seeking end-to-end digital tools tailored to their niche. One analysis finds that **60% of small businesses now rely on vertical SaaS platforms** for daily operations ¹, and **89% of IT leaders agree vertical SaaS is the future** ². Industry-specific software delivers faster time-to-value for busy owners ³: sectors like healthcare, real estate and manufacturing already use solutions built for their workflows ⁴. For example, over **80% of legal professionals expect AI use in their firms to grow** in the next year ⁵, and niche legal tools (case management, document AI) are emerging. Similarly, the \$2.1–\$2.2 trillion U.S. construction and trades market (projected ~\$15 trillion globally by 2030) remains largely undigitized ⁶. Millions of small contractors (plumbers, electricians, etc.) are adopting simple AI tools that plug into existing workflows ⁷. These vertical users demand “low-friction” solutions: early ROI from automating admin or quoting drives **rapid adoption and retention** of specialized tools ⁸ ⁹. In short, there is **strong latent demand** among SMEs in fields like trades, legal, recruitment, and more for industry-specific, AI-powered business platforms.

Registrar Market Gap: Assets vs. Activated Businesses

Despite this demand, no domain registrar today *automatically* delivers a complete business-ready package at purchase. Domains are sold as passive assets, and most end up unused. In fact, recent data show **over 52% of registered domains host an active website – the rest are parked or placeholders** ¹⁰. In other words, roughly 48% of domains sit idle. Most registrars (GoDaddy, Wix, Cloudflare, etc.) only bundle generic services: basic hosting, email, or site builders. For example, GoDaddy’s new AI site builder simply **asks about your business and generates a generic template** ¹¹, without any vertical-specific features. No major provider currently offers a **“one-click vertical business pack”** (domain + specialized site + tools) at signup. That leaves a *structural gap* – domains remain one-time sales of digital real estate, instead of gateways to recurring, operational business platforms.

Feasibility of Multi-Tenant AI Infrastructure

Building this “business activation” layer is technically viable. Modern cloud AI services support multi-tenant architectures and seamless integration of multiple models. For example, AWS Bedrock is a fully managed service that lets you access **multiple foundation models (AI21, Anthropic, Cohere, Meta, Stability, etc.) through a single API** ¹². AWS has even published a reference design for a **multi-tenant generative-AI gateway**, where one SaaS environment serves many “tenants” securely ¹³ ¹². In such a design, each customer gets isolated data and custom prompts, while sharing underlying AI services. As AWS concludes, “a generative AI multi-tenant architecture helps you maintain security, governance, and cost controls while scaling the use of generative AI across multiple use cases and teams” ¹³. In practice, this means Fasthosts (with AiRealtor) could host a single AI platform in the cloud and activate it per vertical at scale, just as described in AWS’s SaaS model. In short, the **infrastructure for vertical AI at domain-scale is proven feasible** with today’s cloud tools.

Strategic Impact: ARPU, Retention, Differentiation, Margin

Introducing vertical business packs would create significant upside for Fasthosts. Key benefits include:

- **ARPU Lift & Cross-Sell:** Vertical SaaS vendors routinely charge more by bundling multiple products. In one vertical SaaS study, vendors with several products sold to the same SMB saw **“higher ARPU, LTV, and net revenue retention”** ⁹. Bundling hosting, AI sites, marketing and industry tools into one package lets Fasthosts increase the average monthly spend per customer.
- **Churn Reduction:** Industry-specific solutions reduce churn. SMB owners prefer one trusted vendor for all their tools ¹⁴ ⁹, and verticalized platforms become “control points” that customers rely on. By contrast, horizontal or generic site builders are easily dropped. Vertical packs would lock in customers with higher switching costs and boost lifetime value.
- **Differentiation & Moats:** A vertical strategy creates a defensible product. Generalist AI builders are commodity (many competitors). But specialized platforms build “data moats” – for example, in trades, **“horizontal LLMs struggle with the nuance”** and only a focused vendor can gather the rich trade-specific data needed ¹⁵. This proprietary data makes replication by generic competitors practically impossible. In practice, vertical packs mean Fasthosts can become known as *the* host for, say, UK solicitors or electricians, whereas generic site makers cannot claim that edge.
- **Margin Expansion:** Vertical SaaS often enjoys higher gross margins. Because vertical vendors capture more revenue per customer and sell add-ons, they can be **“more profitable for a given rate of growth”** ⁹. (Tidemark notes that multi-product SMB vendors grow faster and yield better profit profiles.) Moving from one-time domain sales to recurring SaaS revenue also increases lifetime profitability.

Collectively, these factors make a compelling commercial case: the **business activation layer is monetizable** through higher ARPU, lower churn, stronger positioning and SaaS-like margins.

A New Category: AI Business Activation Layer

This is more than a feature – it’s a new product category: embedding an **“AI Business Infrastructure Layer”** at the point of domain registration. Under this model, buying a domain would automatically provision a vertical website, business email, booking/payments integration, and AI tools for that industry. The domain becomes the operational *hub* of a launched business, not just a name to park. No registrar currently claims this category – Fasthosts would be first in the UK to offer a true **domain-to-business activation** platform. All elements align: Fasthosts’ Partner Programme can distribute the vertical packs, AiRealtor provides the flagship vertical AI engine, and Fasthosts’ cloud hosting becomes the recurring SaaS platform. In effect, Fasthosts and AiRealtor together would **reposition Fasthosts as a business platform**, converting domains from one-time assets into ongoing business assets.

Conclusion: Fasthosts as Business Activation Platform

The registrar industry today sells domains and generic builders – but the **business-activation layer is still uncaptured**. This analysis shows a clear opportunity: Fasthosts is uniquely positioned to own that layer. By bundling AiRealtor’s vertical AI with domain/hosting packages, Fasthosts can seize first-mover advantage in a new domain-to-business category. The result is obvious: higher ARPU, improved retention, and a defensible, differentiated platform. Fasthosts’ leadership now faces a choice: compete on commodity hosting and generic templates, or transform into *the* UK specialist for vertical business activation. The research strongly indicates that evolving into a vertical business activation infrastructure will unlock lasting growth.

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