I have my VEs mounted on an ext3 filesystem which lies on top of LVM and I create an LVM snapshot nightly via a script.

I then mount the LVM snapshot readonly and rsync to a remote system.

This way I am only transferring the files that have changed since the last backup and the VE experiences no downtime whatsoever, while the backup is in a consistent state because of the LVM snapshot.

If you wish to keep multiple days worth of backups present, using tar+gzip or something like dar on the server that is receiving the files would be suitable.

Just food for thought, feel free to reply if you want/need more detail on my backup implementation.