White Paper: Building a Case for Business Continuity

Building a Case for Business Continuity

Executive Summary

Every business faces network failure and downtime at one point or another. The more downtime a company experiences, the more money and time lost, and the more damage done to the business' reputation. A study by DTI/pwc showed that 7 out of 10 small firms that experience a major data loss go out of business within a year.[1] Today we have the benefit of business continuity solutions, which ensure that when servers go down, data, systems and applications stay up. Business continuity technology can ensure that businesses avoid the loss associated with downtime, but businesses must have the right solution in place before a network failure occurs in order to avoid that loss.

Critical components of a comprehensive business continuity solution include: procedures that ensure IT resources remain available during network downtime; the ability to quickly restore both physical and non-physical assets; and a way to make sure critical data, systems and applications are available even when a business network is not.

Many businesses already have some kind of backup system in place, but backup alone does not provide for the period of time between when the failure occurs and when data is restored – and this can take days or longer. Businesses today need to think about data backup and disaster recovery solutions as part of a larger business continuity plan that carries out the three core functions of business continuity: maintaining service, maintaining consistency, and recoverability.

This paper provides businesses with the knowledge they need to calculate the potential Return on Investment (ROI) of a business continuity solution, understand the important elements of true business continuity, and learn strategies that other IT departments are using today to convince company executives to invest in business continuity technology, such as correlating it to a company's overall reputation, resiliency, and bottom line.

Introduction

According to Storage Strategies NOW (SSG-NOW), an IT industry analysis firm, the typical business is handling anywhere from 500 Gigabytes to 100 Terabytes of business data.[2] All indications point to that range increasing dramatically in 2012, and as they do, the need to protect that data and avoid extended periods of downtime becomes even more critical. Cyber terrorism, major malware attacks, malfunctioning technology, and long-term power outages are just some of the factors that lead to downtime. But at the end of the day, customers expect businesses to function normally. They count on their services and have little tolerance for network failures. So how are you, as a business owner, protecting your customer's data, keeping their trust, and maintaining a strong reputation, even in the event of a network failure?

By the Numbers
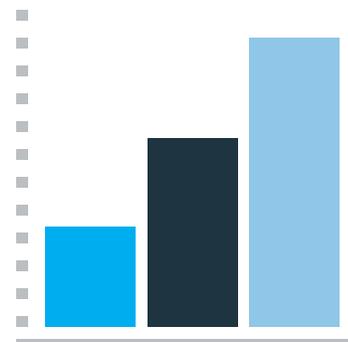
$159,331

Average loss to North American businesses per year due to IT downtime and data loss.

$12,500

Cost of downtime for a single server for a business with fewer than 100 employees.

10

Total number of hours businesses lose to downtime per year.

40%

Percentage of businesses that regularly back up their data.

1. Contingency Planning, Strategic Research Corp. and DTI/Price Waterhouse Coopers, 2004
2. Data Protection and Recovery in the Small and Mid-Sized Business, 2010

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Businesses need to think about much more than data backup when it comes to managing their networks. After all, those networks rely on applications, settings, and configurations in order to run properly. Online storage sites and tape backup solutions simply do not suffice. They can take days or weeks to fully restore your data, and you lose money as you wait. Once servers are restored, how should businesses get data from storage sites back onto their servers?

According to a 2012 study, each North American business loses an average of $159,331 per year due to IT downtime and data loss.[3] The average business suffers 10 hours of downtime per year, and during these periods, their revenue production and customer satisfaction rates are significantly reduced. The difference between just minutes of downtime and days of downtime could impact your bottom line by tens of thousands of dollars.

> **The difference between just minutes of downtime and days of downtime could impact your bottom line by tens of thousands of dollars.**

Business continuity is a way to ensure that, even in the event of a system failure, critical business functions are still available to your business, your customers, and any other entities that need access to those functions and solutions. A complete business continuity plan will also include all the policies, procedures, and required personnel to continue business during a network failure, but this white paper focuses on the core technology that makes business continuity possible.

More and more business owners are realizing the benefits of having a business continuity solution in place and have dedicated a percentage of their annual budgets to business continuity technology. This white paper will explain:

- The purpose of implementing a proper business continuity solution
- The differences between data backup, disaster recovery, and business continuity
- How businesses can minimize downtime during a network failure
- How much businesses owners should budget for business continuity and how they can calculate a return on investment (ROI)
- How IT teams have been successful in convincing their companies to invest in business continuity technology

What is the purpose of implementing a business continuity solution?

The main purpose of a business continuity solution is to ensure your business functions as you and your customers expect it to. When a network disruption occurs, IT resources must remain available. Businesses must save and/or quickly restore physical assets like in-house technology equipment, non-physical assets like reputation and trust, and financial assets like bank statements. The data that is critical to everyday work, like project management tools and help desks, must be readily available even when a business' network is down. Remember: the amount of money a business loses during a network disruption is directly proportional to the amount of time it takes to get employees back to work. So the more prepared a business is, the less money it stands to lose.

IDC estimates that only 40 percent of businesses backup their data regularly,[4] meaning 60 percent are still having data backup issues. Additionally, businesses should have a means to access this data and run their applications if servers fail or the network goes down or is destroyed. Having a business continuity solution that incorporates all of the above will ensure that your data is backed up and your data and applications remain available. Therefore, your financial loss will be negligible.

Important to note – having a true business continuity plan is much different from simply planning what action to take in the event of a disaster. You must have the right technology in place to carry out that plan and minimize the time you have to spend on maintenance and support.

Businesses cannot wait for disasters to hit before implementing business continuity technology. Business continuity needs to be proactive; it must already be in place when a network failure hits. In fact, it should be a natural part of a business' day-to-day practice so that, in the event of a disaster, business operations remain intact.

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3. 2012 Coleman Parkes Research, Ltd.

4. The Promising, Problematic SMB Backup Market, 2005

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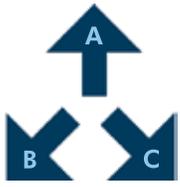
The differences between business continuity, data backup, and disaster recovery solutions

The end goals of data backup, business continuity, and disaster recovery solutions are the same: they exist to keep all of a business' data, systems and applications running 24/7. But there are differences between them. Data backup and disaster recovery solutions are all about protecting customers from data loss, while the specific purpose of a business continuity solution is to eliminate data and application downtime, and consequently save a business's money and protect its reputation.

Data backup ensures that copies of your critical information are stored and available if needed, and disaster recovery is a means to recovering those original data files. But these two alone do not prevent downtime and the consequential losses that follow, as restoring original data can sometimes takes days or weeks. Rather than standing alone, data backup and disaster recovery solutions are critical parts of a strong and complete business continuity solution. Combined, they help carry out the following three core functions of a business continuity plan:

> **The specific purpose of a business continuity solution is to eliminate data, systems and application downtime, and consequently save a business's money and protect its reputation.**

1. **Maintaining Service:** A good business continuity solution must allow a business to continue to offer all of the everyday services it usually provides to its customers.
2. **Maintaining Consistency:** All of a business' solutions and services must remain consistent, especially when it comes to timeliness in delivering services to clients.
3. **Recoverability:** A business must be able to recover data and restore a network in a timely manner.

Interestingly, 'business continuity' and 'disaster recovery' were commonly interchangeable terms. But that has been steadily changing in the last decade. In 2005, a study conducted by the Business Continuity Institute[5] (BCI) revealed that 'business continuity management' was no longer synonymous with 'disaster recovery.' When asked how companies understand the difference between the concepts of 'disaster recovery' and 'business continuity management,' more than 250 business owners internationally responded as follows:

• The most common understanding of the goal of business continuity management was: "Protecting the core running of a business if an unexpected event occurs."
• The most common understanding of the goal of disaster recovery was: "Planning for general recovery after a big physical disaster."

Businesses can eliminate or minimize downtime after a network failure

Network failures due to natural disasters and occasional power outages are beyond business' control. But having the strongest and most suitable business continuity solution possible can help businesses eliminate downtime and the financial impact of network disasters. A strong business continuity solution should be able to do three main jobs:

1. Automatically backup your data to a local appliance that can be used as a data failover device whenever needed.
2. Automatically backup all of your data to the cloud so you can failover to a virtual office in the cloud during a disaster and continue your business as usual.
3. Perform monthly failover tests without impact to your production environment so that you know, in the event of a disaster, your solution will work as expected and your business will run as planned.

Remember that you don't want to stay in a backup environment forever. So when network problems caused by a disaster are resolved, your business continuity solution should be able to completely restore all of your data back to the replacement server at your convenience.

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5. Business Continuity Management and Disaster Recovery: The Differences and Details, 2010

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To prevent or minimize downtime, it's also critical to team with a business continuity technology provider that has a solution that meets the needs of your clients and the services you provide – especially if you're in a highly regulated vertical business like healthcare, legal, or finance. Not doing so puts your customers – and your reputation within your vertical – at risk.

Budgeting for business continuity and calculating a return on investment (ROI)

The natural question for businesses when it comes to business continuity is: "Is it worth it?" The short answer is yes, though again, businesses have to find a reliable business continuity solution that makes sense from an ROI point of view. The upfront investment in the proper business continuity technology will save you money in the event of a network failure because it will minimize costly downtime and data loss.

How much downtime can your business really afford? Think of the following scenarios:

A law firm's motherboard goes out and its five attorneys and staff are without server or email access. They call the hardware manufacturer or MSP and schedule the repair for the earliest time slot 24 hours later. By the time the motherboard is repaired and systems are back up and running, it's been nearly two business days. At a billing rate of $200 per hour for each attorney, the firm lost $15k in billable hours. Even worse, the firm lost clients and referrals because of a drop in client confidence and satisfaction.

> **Today, businesses deal with anywhere from 500 gigabytes to 100 terabytes of business data. Those figures will rise steadily in 2012 and beyond, and as they do, more and more businesses are opting for cloud-based business continuity solutions and steering away from traditional tape-to-disk backup solutions.**

During tax season, a financial services business loses the server that houses their accounting software. The business was doing regular file and folder backups, but not taking server images. As a result, the business is in a world of hurt: they may get the data back, but without a full server image they'll have to reconfigure the system and reinstate preferences for the applications used to create the tax documents. Because of the additional time and work, the business has to file extensions, redo forms, and break the news to customers that their refunds will be delayed. The amount of client dissatisfaction and damage to the business' reputation is unimaginable, not to mention the added fees for filing those extensions and resubmitting those forms.

No matter what type of business you are, whenever you're unable to respond to communications or access files, you're losing valuable time and business. A 2011 study by Applied Research quantified this, finding that for businesses with fewer than 100 employees, a single day of downtime for a single server costs an average of $12,500.[6]

Think of the two main costs associated with a network disaster:
1. The billable cost of company time lost per hour, including employee salaries, multiplied by the number of hours it takes to be fully back up and running
2. The soft costs of dissatisfied customers, lost repeat business, and lost referrals

Each business has a different amount of data to protect and varying amounts they can spend on business continuity. What is most important for businesses is that they take into account the cost of everything that can be affected by a network failure when calculating ROI. Businesses can come up with a good ballpark estimate using the amounts suggested above. Some business continuity vendors have ROI calculators that can provide more specific numbers.

In the Business Continuity Institute study cited earlier, when asked: "Is business continuity worth the investment?" Companies overwhelmingly responded "Yes." The BCI found that 80 percent of businesses in the financial and retail sectors had business continuity plans, and almost 60 percent of those businesses carried out the development and maintenance of that plan at the board level.

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6. 2011 SMB Disaster Preparedness Study, Applied Research

Another study by Forrester Research in late 2010[7] revealed that business continuity and disaster recovery was the top priority for businesses in 2011. The study included over 28,000 IT decision-makers worldwide. Thirty-six percent of those surveyed said they planned to increase spending on business continuity by a minimum of five percent in 2011. At the time, Forrester reported that businesses were already dedicating between five and seven percent of their annual budgets to business continuity plans.

According to Spiceworks, the social business network for IT, the average annual IT budget for businesses is $152,000 per year.[8] Combining these figures with Forrester's estimates means that the average amount businesses are spending on their business continuity plans in 2012 is between $7,600 and $18,240.

> " Respondents found that when they specified the types of business problems a business continuity plan could help avoid, the interest was much greater. "

According to SSG-NOW Principal Analyst Deni Connors, approximately 5.75 million businesses in the U.S. spent $30 billion - $60 billion on data protection technologies in 2010. That is because many are forced to purchase four or more data protection technology solutions from different vendors in order to put together a comprehensive business continuity solution that protects Windows, Mac OSX, and Linux operating systems; Exchange Server, SQL Server, and other critical applications; and laptops, desktops, servers, and new mobile devices like smartphones and tablets.

The same SSG-NOW study mentioned above, "Data Protection and Recovery in the Small and Mid-sized Business," found that businesses are experiencing "an explosion of data growth." The study says that business data is growing at a pace that doubles every 18 months. It also found that businesses are moving to cloud-based business continuity technologies and steering away from tape-to-disk backup in the face of this massive data growth because of their lack of IT resources. (Cloud-based business continuity solutions let businesses continue their normal business operations in the event of a network failure by allowing them to failover to the cloud). Even with limited IT resources, cloud-based business continuity makes it easy for businesses to manage and maintain networks because it continually stores data in the cloud and can automatically give a business the latest versions of their files in the event of a network failure.

Remember the study cited earlier that North American businesses are losing more than $150,000 each year in downtime? Businesses can say goodbye to downtime during a network failure if they have the most appropriate and comprehensive business continuity technology in place when the failure occurs. A cloud-based business continuity solution is the easiest and most cost efficient way for businesses to minimize downtime and see a quicker ROI as a result. Businesses should also look for a solution that does this offsite virtualization with full data and machine image protection, automatic disaster recovery backup to an SSAE 16 Type II certified datacenter, monthly failover testing with zero impact to the working environment, and full restoration to replacement servers whenever it is most convenient for the business to do so. Considering the ROI of business continuity and explosion of data growth within the last two years, 10-12 percent of a yearly IT budget is a small price to pay to ensure productivity and peace of mind.

How have IT teams been successful in convincing their companies to invest in business continuity technology?

The key to convincing companies to invest in business continuity has been getting company executives to realize the importance of it. A 2011 study conducted by the BCI – "Engaging & Sustaining the Interest of the Board in Business Continuity Management"[9] – included responses from more than 600 international organizations. The goal was to find out how business continuity professionals were positioning the discussion about BCM to earn interest, engagement, and recognition from the company board.

The survey found that 29 percent of business continuity professionals said their board is "very interested" in BCM. And even more than 29 percent of businesses worldwide have business continuity plans today. So the term 'Business Continuity Management' is not the term driving home the importance of business continuity at the executive level.

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7. Study: BC/DR a Top Priority in 2011, 2010
8. Study, SMB IT Budgets Rise 15 Percent in the Last 12 Months, 2012
9. Engaging and Sustaining the Interest of the Board in Business Continuity Management (BCM), 2011

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Respondents found that when they specified the types of business problems a business continuity plan could help avoid, the interest was much greater. In fact, 82 percent of the business continuity professionals surveyed said their executive boards agreed with at least one of these following three main reasons for having a business continuity plan:

1. A business continuity plan shows effective management and preparedness in the event of a crisis and protects a business' value and reputation. (69 percent of executives agreed)
2. Business continuity delivers a competitive advantage through operational resilience. (30 percent of executives agreed)
3. Business continuity supports good corporate governance because it shows a company is willing to provide objective and transparent information about its own risk. (41 percent of executives agreed)

> "It's less taxing on us because it requires very little administration and has fewer moving parts. It's exactly what I need it to be — a solution that takes the worry out of backup and recovery."
>
> **– Jim Brittain**
> **Director of IT**
> **Bailey & Galyen Attorneys**

Thirty-seven percent of respondents also said their board members are much more interested in the company being resilient than the actual business continuity measures that need to be in place in order to achieve that resiliency. In other words, more than one-third of those surveyed said their executives do not care how their businesses achieve resiliency, as long as their businesses are always running as planned.

The conclusion we can make from this study is that, in order to get decision-makers on board with investing in business continuity management, it is best to relate business continuity to the company's reputation, resiliency and, ultimately, its bottom line. The 2011 BCI study also gave insight into which members of the CXO executive suite are most likely to support business continuity investment. Below is the percentage of CXO members that supported business continuity investment:

- Chief Operating Officers (COOs): 54 Percent
- Chief Information Officers (CIOs): 49 Percent
- Chief Executive Officers (CEOs): 40 Percent
- Chief Financial Officers (CFOs): 33 Percent
- Chief Marketing Officers (CMOs): 7 Percent

Your CXO branch will be much more likely to buy in to spending money on a business continuity plan if you present a real-life example of how the right solution improved another business' reputation and performance. Bailey & Galyen Attorneys, a Texas-based law firm, can provide such an example.

Law firm protects client data and saves time with a business continuity solution
Bailey & Galyen spent a decade using a data backup solution that forced Jim Brittain, the firm's director of IT, to spend time rebooting servers, rotating disks, and talking through lengthy support calls. "It was extremely frustrating and complex, especially when it came to media maintenance," Brittain said. "When I called the support line with a specific issue, I would have to spend 45 minutes explaining which product I was using and the problems I had with it before they could find someone who could even begin to help."

As Brittain's testimony reveals, the firm did not have the right data backup solution in place to meet its needs. Consequently, Bailey & Galyen was not maximizing the ROI on their IT investment. So Brittain tested other platforms until he found a business continuity solution that best fit the needs of Bailey & Galyen and its customers. "It's less taxing on us because it requires very little administration and has fewer moving parts," Brittain said. "It's exactly what I need it to be – a solution that takes the worry out of backup and recovery."

Brittain says he can now spin up a virtual server in approximately 15 minutes, and spends just three minutes each morning reviewing server reports – a far cry from the hours he spent combing through reports with the firm's previous data backup solution. And most importantly, Brittain says he's confident in the speed and reliability of his business continuity solution. "I

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know I can restore individual servers much faster than before. And once I look over server reports, I know I don't have to look at them for the rest of the day."

Bailey & Galyen's story is one of many examples that IT departments can use to show their company brass how to implement a business continuity solution that sustains data, system and application uptime, all the time, even during a network failure. Brittain's testimonial proves that implementing just any data backup solution is not enough. The solution has to fit your company and meet the needs of your end users. When using this or other real examples, remember to point out that downtime is costly and that businesses can realize a significant ROI through time savings with the proper solution in place.

Conclusion

Business continuity solutions are critical to helping businesses maximize productivity and avoid costly downtime. In order for a business continuity plan to be comprehensive, it must include a data backup, business continuity, and disaster recovery solution that will do three main things: maintain service, maintain consistency, and instantly recover data. But remember that all business continuity solutions are not created equal. It is imperative that your business teams with a reseller or managed service provider that shares your values of quality, service, and partnership. It's also important to make sure the solution you choose can meet the particular compliance needs in your vertical, and can easily scale as your business grows. Following these guidelines will ensure you are supported by a business continuity solution that meets your needs both now and in the future.

Business continuity solutions may or may not require an upfront investment, depending on whether or not hardware is included in the monthly service fee. Either way, you'll see maximum ROI over the shortest time period if you find the solution that best meets your needs. And when calculating that ROI, make sure to take into account the following two factors:

1. The billable cost of company time lost per hour, including employee salaries, multiplied by the number of hours it takes to be fully back up and running
2. The soft costs of dissatisfied customers, lost repeat business, and lost referrals

When calculating that ROI and budget for a business continuity plan, remember that one day of downtime per server costs the smallest businesses $12,500/day, and the costs go up from there. Take that into account, and you'll likely find the investment to far outweigh the risk.

The above figures alone are not enough to convince everyone to invest in business continuity. So if you're looking for a way to convince your CXO branch to invest in business continuity, remember to relate business continuity to the company's overall reputation, resiliency, and bottom line. And if you need a real-life example, the success Bailey & Galyen has had with its cloud-based business continuity solution will likely tip the scale.

The SSG-NOW study referenced earlier clearly shows that the amount of data businesses are handling is growing at an incredible rate. Today, businesses deal with anywhere from 500 gigabytes to 100 terabytes of business data. Those figures will rise steadily in 2012 and beyond, and as they do, more and more businesses are opting for cloud-based business continuity solutions and steering away from traditional tape-to-disk backup solutions.

Company
Bailey & Galyen Attorneys

- Texas-based law firm with more than 30 attorneys
- Specialize in criminal defense, business and corporate law, and divorce settlements

Challenge

- Time-consuming legacy backup system
- Poor support resulting in lengthy phone calls and unanswered questions

Solution

- Axcient data protection solution for mission-critical servers
- Ability to failover servers within minutes

Results

- Failover server to Axcient solution within minutes
- Easy-to-use and easy-to-manage solution
- Increase in business efficiency, time-savings and quality of support

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About Encentric

Encentric, Inc. is a CMMI Level2 certified 8a, Small Business established in the state of Virginia in 2005 that provides reliable IT services for both the federal and the commercial enterprise. Encentric's IT solutions portfolio includes Desktop Virtualization, Enterprise Mobility Management, Infrastructure Support Services and Cloud Solutions. Encentric, Inc. has built a customer-centered philosophy backed by a strong certified corps of engineers. This way, Encentric's clients receive the best technical solution to their IT environment and they can concentrate on achieving their mission-critical agency goals.

About Axcient

Axcient is an entirely new type of cloud platform that eliminates data loss, keeps applications up and running, and makes sure that IT infrastructures never go down. Designed for today's always-on business, Axcient replaces legacy backup, business continuity, and disaster recovery software and hardware, and reduces the amount of expensive copy data in an organization by as much as 80%. By mirroring an entire business in the cloud, Axcient makes it simple to access and restore data from any device, failover IT systems, and virtualize your entire office with a click - all from a single deduplicated copy. Trusted by thousands of businesses to store and protect more than 10 billion files and applications, Axcient maximizes productivity, reduces cost, and eliminates risk. Learn more at www.axcient.com.