

BUSINESS CONTINUITY – LOS ANGELES SUMMARY OF RESULTS

Priority of Business Continuity Planning

- ◆ Only four in ten Los Angeles company officers who have responsibility for business continuity planning at companies with annual revenues of \$50 million or more (40%) say business continuity has always been a priority for their company, while 28% say it has only become a priority in recent years due to security and terrorist threats. About three in ten (28%) say business continuity planning is important but not a high priority, while 4% admit it isn't important at their company.
 - Companies with 500 or fewer employees place about as much importance on business continuity planning as those with more than 500 employees.
 - Not surprisingly, far more companies which have a plan in the event of a disaster say business continuity has always been a priority (55%) than those at companies without a plan (12%).
 - Business continuity planning is not a higher priority at companies which have suffered a business disaster (70%) than at those which haven't (67%).
- ◆ Of the one in three Los Angeles company officers who have responsibility for business continuity planning who say business continuity is not a high priority, the most common reasons they cite for it's lack of importance are other issues taking priority (72%), they consider the systems in place sufficient (66%), expense (44%), the low probability a major disaster will hit their company (38%) and unfamiliarity at the company with the process required to ensure business continuity (34%).

Having a Business Continuity Plan

- ◆ Only six in ten Los Angeles company officers who have responsibility for business continuity planning (62%) say their organization has a business continuity plan.
 - Companies with 500 or fewer employees are as likely to have a plan (63%) as are larger companies (62%).
 - Only 22% of companies where business continuity is not a priority have a plan, compared with 81% of companies where it is a priority.
- ◆ Most organizations with a business continuity plan have updated it within the last six months (45%) or the last six to twelve months (27%). About one in five (21%) say it was last updated more than a year ago.
 - Companies with more than 500 employees are not much more likely to have updated their plan within the past six months (50%) than companies with fewer employees (41%).
 - Only half of companies where business continuity is rated as a high priority (50%) say their plan has been updated in the past six months.

- ◆ At only 58% of the companies with a business continuity plan has the plan been fully tested within the past year, with 35% saying it was tested within the past six months and 23% in the past six to twelve months. Twenty-six percent say their plan was last tested more than a year ago and eleven percent concede their plan has ever been tested.
 - Business with 500 or fewer employees are as likely to have had their plan fully tested in the past year (56%) as companies with more than 500 employees (61%).
 - Only 59% of companies where business continuity has always been a priority have fully tested their plan within the past year, while 38% say it was last tested more than a year ago or never.
 - Companies which have suffered disasters in the past are more likely to have tested their plans in the past year (73%) than those which haven't suffered a previous disaster (54%).
- ◆ The most common ways business continuity plans are communicated to employees are via meetings or conferences (81%), e-mail (73%), the employee handbook (53%), internal newsletters (39%) and web postings (27%). Only three percent admit they haven't communicated their plan to employees.
 - Companies with more than 500 employees are more likely than smaller ones to communicate their plans via web postings (36% vs. 21%).

Monitoring Public Alert Systems

- ◆ Two in three Los Angeles company officers who have responsibility for business continuity planning (66%) say they monitor public alerting systems for warnings about terrorist threats or other potential disasters, with network or cable TV (36%), the Emergency Alert System (35%) and NOAA weather radio (21%) the most common systems monitored.
 - Company size has little influence on the probability a company will be monitoring these systems.
 - Companies which have suffered from a previous disaster are not more likely to monitor warning systems than organizations which haven't suffered from a disaster previously (65% vs. 66%).
- ◆ Only 20% of Los Angeles companies implement specific protective actions when the federal terrorist alert level rises; at companies which have suffered from a previous disaster, only 15% implement specific actions.

Implementing Business Continuity Measures

- ◆ The vast majority of Los Angeles companies have established (55%) or plan to in the next six months (25%) redundant servers and/or backup sites, while 61% have implemented Internet security measures such as firewalls, intrusion detection, hacker protection and/or password authentication, or plan to in the next six months (16%). About one in three (37%) have used a service provider for outsourcing and another nine percent plan to in the next six months.
 - Many companies where business continuity has not been a priority plan to take various actions in the next six months, including 44% who plan to establish redundant servers and 31% who plan to implement Internet security measures. Even if these plans proceed, however, 37% of these firms will not have established redundant servers and/or backup sites and nearly half (47%) will not have implemented Internet security measures. Among firms where business continuity is a priority, about nine in ten have already taken these steps or plan to in the next six months.

- Companies with more than 500 employees not more likely than smaller companies to take any of these steps.

Suffering from a Disaster

- ◆ About one in five Los Angeles companies (20%) have suffered from a disaster which resulted in their organization having to cease operations for a period of time.
- ◆ The most common disaster suffered was an earthquake (35%), followed by power outages (15%), fire (10%), a weather-related event (10%) and September 11 (10%).
- ◆ Three in four companies which suffered a disaster lost business because of it (75%), generally less than \$100,000 a day (55%), although 15% say it cost their organization \$100,000 to less than \$500,000 a day and one says it cost their organization half a million to a million dollars a day. Only 5% say the stoppage cost the company nothing, while 20% admit they don't know how much it cost the company per day.
- ◆ Despite suffering from a disaster previously, one in three of these companies have not taken actions as a result the disaster to reduce business interruptions in the future.
- ◆ The most common change made as a result of the disaster was server-related, mostly obtaining a back-up server (38%). Other changes included better planning for power sources and/or generation (23%) and upgrading the communications system (8%).

Methodology

These results are based upon 100 telephone interviews conducted by Opinion Research Corporation among officers at companies with annual revenue of \$50 million or more in the Los Angeles area who have responsibility at their organization for business continuity planning, particularly when it comes to telecommunications, websites and data networking. Interviews were conducted April 23-May 17, 2004.

The bulk of the respondents provide oversight and project management of their business continuity plan (37%), while 31% are part of the project team designing and/or evaluating the plan and 26% recommend the purchase of IT or security products and/or services for the plan. The most common job titles of those interviewed were IT manager/director (35%), CIO (10%) and MIS manager/director (5%).