

## BUSINESS CONTINUITY – NATIONAL\* SUMMARY OF RESULTS

### Overview

Despite the vital importance of business continuity in the age of instantaneous information exchange, business continuity planning is not a high priority at one in three companies with more than \$25 million in annual revenues. Many companies are placing their confidence in the systems they already have in place or, in effect, crossing their fingers that their company won't be the victim of a disaster which cripples their ability to do business.

Even among companies with business continuity plans, however, one in four haven't updated their plan in the past 12 months and four in ten haven't tested it in the past year. Clearly, many American businesses are gambling their futures by not taking appropriate steps to safeguard their ability to continue operations in the event of a terrorist attack or other disaster.

### Priority of Business Continuity Planning

- ◆ Only four in ten company officers who have responsibility for business continuity planning at companies with annual revenues of \$25 million or more (42%) say business continuity has always been a priority for their company, while 25% say it has only become a priority in recent years due to security and terrorist threats. Twenty-six percent say business continuity planning is important but not a high priority, while 5% admit it isn't important at their company.
  - Companies with more than 500 employees place only slightly more importance on business continuity than smaller companies (74% vs. 65%).
  - Not surprisingly, far more companies which have a plan say business continuity has always been a priority (52%) than companies without a plan (15%).
  - Business continuity planning is **not** a higher priority at companies which suffered a business disaster (69%) than at those which haven't (67%).
  - Companies in finance, insurance and real estate (57%) are the most likely to have always made business continuity a priority, while those in manufacturing are the most likely to say it is not a priority (40%).
  - Officers at companies in Miami are the most likely to say business continuity planning has always been a priority at their companies (57%), while those in San Francisco are the least likely (32%).
- ◆ Of the three in ten 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 its lack of importance are other issues taking priority (68%), they consider the systems in place sufficient (61%), the low probability a major disaster will hit their company (58%), expense (39%) and unfamiliarity at the company with the process required to ensure business continuity (27%).

## Having a Business Continuity Plan

- ◆ Fewer than three in four company officers who have responsibility for business continuity planning (72%) say their organization has a business continuity plan.
  - Companies with 500 or more employees are more likely than smaller companies to have a plan (80% vs. 67%).
  - Only 43% of companies where business continuity is not a priority have a plan, compared with 86% of companies where it is a priority.
  - Eight in ten companies which have suffered a disaster (80%) have a plan, compared with 70% of companies which haven't.
  - Companies in finance, insurance and real estate (85%), as well as service companies (83%) are the most likely to have a business continuity plan, while those in wholesale and retail trade (63%) are the least likely.
  - Miami businesses are the most likely to have a plan (84%), while those in Los Angeles are the least likely (62%).
  
- ◆ Most organizations with a business continuity plan have updated it within the last six months (42%) or the last six to twelve months (34%). One in five (21%) say it was last updated more than a year ago and one percent admit they have never updated their plan.
  - Half of companies with more than 500 employees (51%) have updated their plan in the last six months, compared with 36% of smaller companies.
  - About half of companies which suffered a business disaster (49%) have updated their plans within the past six months, compared with 40% of companies which have been spared a disaster.
  - New York companies are the most likely to have updated their plans in the past six months (61%), while those in San Francisco (34%) and Chicago (35%) are the least likely to have updated their plans in that time period.
  
- ◆ More than half of companies (59%) have fully tested their plan within the past year, with 30% saying it was tested within the past six months and 29% in the past six to twelve months. One in four (26%) say their plan was last tested more than a year ago and another 11% concede their plan has never been tested.
  - Businesses with 500 or fewer employees are about as likely to have fully tested their plan in the past year (56%) as companies with more than 500 employees (63%).
  - Companies which have not suffered disasters in the past are just as likely to have tested their plans in the past year (61%) as companies which have suffered a disaster (58%).
  - Two in three companies where business continuity is a priority (64%) have tested their plans in the past year, compared with only 35% of companies where continuity planning is not a priority.
  - New York companies are the most likely to have tested their plans in the past year (78%), while those in Miami are the least likely to have tested their plans in that time (50%).

- ◆ The most common ways business continuity plans are communicated to employees are via meetings or conferences (73%), e-mail (60%), the employee handbook (43%), internal newsletters (30%) and web postings (25%). Only four percent admit they haven't communicated their plan to employees.
  - Companies with more than 500 employees are more likely than smaller ones to communicate business continuity plans via e-mail, internal newsletters and web postings.
  - Companies in Dallas (84%) and Los Angeles (81%) are the most likely to communicate via meetings or conferences, and businesses in Los Angeles are also more likely than those in any other market to communicate via e-mail (73%) and internal newsletters (39%). Companies in Washington are most likely to communicate their plans via their employee handbook (57%), while those in San Francisco are the most likely to use web postings (43%).

### **Monitoring Public Alert Systems**

- ◆ Three in four company officers who have responsibility for business continuity planning (76%) say they monitor public alerting systems for warnings about terrorist threats or other potential disasters, with network or cable TV (53%), the Emergency Alert System (37%) and NOAA weather radio (27%) the most common systems monitored.
  - Company size has little influence on the probability a company will be monitoring these systems.
  - Companies which have a business continuity plan are more likely to monitor public warning systems (80%) than those who don't have a plan (64%).
  - Companies which have not suffered a disaster are just as likely to monitor alert systems (75%) as companies which have (79%).
  - Firms in Detroit (89%) and Dallas (86%) are the most likely to monitor public alert systems, while those in Philadelphia (65%), Los Angeles (66%) and Chicago (67%) are least likely.
- ◆ Only 13% of 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.
  - Larger companies are twice as likely as smaller ones (18% vs. 10%) to implement specific protective actions when the terrorist alert level rises.
  - Los Angeles companies are the most likely to take action (20%), while those in Detroit (7%) and Minneapolis (7%) are least likely.

### **Implementing Business Continuity Measures**

- ◆ The vast majority of companies have implemented Internet security measures such as firewalls, intrusion detection, hacker protection and/or password authentication (69%), or plan to in the next six months (14%). In addition, most have established (60%) or plan to establish in the next six months (14%) redundant servers and/or backup sites. About four in ten (34%) have used a service provider for outsourcing or plan to use one in the next six months (8%).
  - Many companies where business continuity has not been a priority plan to take various actions in the next six months, including 28% who plan to implement Internet security measures and 20% who plan to establish redundant servers.
  - Among firms where business continuity is a priority, about eight in ten (82%) have already implemented Internet security measures and three in four (73%) have established redundant servers. Only 49% have or plan to use an outsourcing service.

- Companies with more than 500 employees more likely than smaller companies to have taken every step. Companies which have suffered a disaster are also more likely than companies which haven't to have already implemented Internet security measures and established redundant and/or backup servers.
- Dallas (77%) and Miami companies (76%) are the most likely to have already implemented Internet security measures, while those in Philadelphia (20%) are the most likely to be planning to do this.
- Companies in Miami are the most likely to have already established redundant servers and/or backup sites (68%), while those in Los Angeles are the most likely to be planning to in the next six months.
- Washington (39%), New York (38%), Los Angeles (37%) and Chicago (37%) are the most likely to have already used an outsourcing provider, while those in Washington and New York are also the most likely to be planning to in the next six months.

### **Suffering from a Disaster**

- ◆ One in five companies (19%) suffered a disaster which resulted in their organization having to cease operations for a period of time.
  - New York companies are the most likely to have suffered a disaster (32%), principally the 2003 blackout and 9/11. Companies in Philadelphia are the most likely to have been spared a disaster (7%).
- ◆ The most common disasters suffered vary by market. For a majority of New York (63%) and Detroit companies (62%), it was electrical blackouts, while Miami disasters are mostly weather-related (55%).
- ◆ Two in three companies which suffered a disaster lost business because of it (68%), generally less than \$100,000 a day (44%), although 19% say it cost their organization \$100,000 to less than \$500,000 a day. Two percent say it cost their company \$500,000 to less than a million dollars a day and four percent say it cost their business one million dollars a day or more. Only 10% say the stoppage cost the company nothing, while 22% admit they don't know how much it cost the company per day.
- ◆ Nearly all companies which suffered a disaster (81%) have taken actions as a result of the disaster to reduce business interruptions in the future.
- ◆ The most common changes made as a result of the disaster were adding alternate power sources (25%), obtaining a back-up server (21%), developing or improving their business continuity plan (16%), upgrading their communications system (11%), improving security in general (8%) and improving their building in general (7%).

### **\*Methodology**

*These results are based upon 1001 telephone interviews conducted by Opinion Research Corporation among officers at companies with annual revenue of \$25 million or more who have responsibility at their organization for business continuity planning, particularly when it comes to telecommunications, websites and data networking. Interviews were conducted with 100-101 respondents in the Miami, Washington DC, Los Angeles, San Francisco, Detroit, Minneapolis, Philadelphia, Chicago, New York and Dallas areas. Interviews were conducted April 6-June 17, 2004.*

*The bulk of the respondents provide oversight and project management of their business continuity plan (42%), while 29% are part of the project team designing and/or evaluating the plan and 24% recommend the*

*purchase of IT or security products and/or services for the plan. The most common job titles of those interviewed were IS/IT manager/director (39%), CIO (10%), Vice President (9%) and CFO (7%).*

*Industries of those who were interviewed include wholesale trade (27%), retail trade (18%), services (18%), manufacturing (16%) and finance, insurance and real estate (13%).*