

BUSINESS CONTINUITY – NEW YORK SUMMARY OF RESULTS

Priority of Business Continuity Planning

- ◆ Only half of New York company officers who have responsibility for business continuity planning at companies with annual revenues of \$50 million or more (45%) say business continuity has always been a priority for their company, while 31% say it has only become a priority in recent years due to security and terrorist threats. Eighteen percent say business continuity planning is important but not a high priority, while 3% admit it isn't important at their company.
 - Companies with more than 500 employees **do not** place more importance on business continuity planning than those with 500 or fewer employees.
 - Not surprisingly, far more companies which have a plan say business continuity has always been a priority (54%) than companies without a plan (22%).
 - Business continuity planning is **not** a higher priority at companies which suffered a business disaster (47%) than at those which haven't (44%).
- ◆ Of the one in five New York 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 (67%), expense (67%), they consider the systems in place sufficient (62%), the low probability a major disaster will hit their company (48%) and unfamiliarity at the company with the process required to ensure business continuity (19%).

Having a Business Continuity Plan

- ◆ Only three in four New York company officers who have responsibility for business continuity planning (74%) say their organization has a business continuity plan.
 - Companies with 500 or more employees are more likely than smaller companies to have a plan (83% vs. 64%).
 - Only 38% of companies where business continuity is not a priority have a plan, compared with 86% of companies where it is a priority.
 - Nearly all businesses which have suffered a previous disaster (88%) have a plan, compared with 67% of those businesses which haven't suffered a disaster.
- ◆ Most organizations with a business continuity plan have updated it within the last six months (61%) or the last six to twelve months (28%). Only 11% say it was last updated more than a year ago.
 - A majority of companies with more than 500 employees (66%) and with 500 or fewer employees (53%) have updated their plan within the past six months.
 - Companies which have not suffered a disaster are just as likely to have updated their plan in the last six months (59%) as those companies which suffered a disaster (64%).
 - New York companies are the most likely to have updated their plans in the past six months, while those in San Francisco (34%) and Chicago (35%) are the least likely to have updated their plan in that time period.

- ◆ Most New York companies (78%) have fully tested their plan within the past year, with 34% saying it was tested within the past six months and 45% in the past six to twelve months. Eleven percent say their plan was last tested more than a year ago and another 8% concede their plan has never been tested.
 - Businesses with 500 or fewer employees are as likely to have fully tested their plan in the past year (77%) as companies with more than 500 employees (80%).
 - Companies which have not suffered disasters in the past are just as likely to have tested their plans in the past year (75%) as companies which have suffered a disaster (82%).
 - New York companies are the most likely to have tested their plan in the past year, while those in Miami are the least likely to have tested their plan in that time (50%).
- ◆ The most common ways business continuity plans are communicated to employees are via meetings or conferences (72%), e-mail (64%), the employee handbook (45%), web postings (39%) and internal newsletters (36%). 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, web postings and internal newsletters.

Monitoring Public Alert Systems

- ◆ Nearly eight in ten New York company officers who have responsibility for business continuity planning (77%) say they monitor public alerting systems for warnings about terrorist threats or other potential disasters, with network or cable TV (59%), the Emergency Alert System (36%) and NOAA weather radio (23%) 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 (88%) than those who don't have a plan (48%).
 - Companies which have suffered a previous disaster are also more vigilant in monitoring warnings (91%) than companies which have escaped disasters (71%).
- ◆ Only 12% of New York companies implement specific protective actions when the federal terrorist alert level rises; at companies which have suffered from a previous disaster, only 9% implement specific actions.

Implementing Business Continuity Measures

- ◆ The vast majority of New York companies have implemented Internet security measures such as firewalls, intrusion detection, hacker protection and/or password authentication (73%), or plan to in the next six months (17%). In addition, most have established (66%) or plan to establish in the next six months (20%) redundant servers and/or backup sites. About four in ten (38%) have used a service provider for outsourcing and another 11% 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 57% who plan to implement Internet security measures and 48% who plan to establish redundant servers.

- Among firms where business continuity is a priority, about nine in ten have already implemented Internet security measures or established redundant servers. Only 53% have or plan to use an outsourcing service.
- Companies with more than 500 employees more likely than smaller companies to have taken every step but outsourcing, where results are similar among larger and smaller companies.
- Washington (39%), New York, 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 three New York companies (32%) has suffered from 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, while those in Philadelphia are the most likely to have been spared a disaster (7%).
- ◆ The most common disasters suffered were the electrical blackout in 2003 (63%) and 9/11 (25%).
- ◆ Two in three companies which suffered a disaster lost business because of it (66%), generally less than \$100,000 a day (47%), although 19% say it cost their organization \$100,000 to less than \$500,000 a day. Only 16% say the stoppage cost the company nothing, while 19% admit they don't know how much it cost the company per day.
- ◆ Nearly all companies which suffered a disaster (84%) 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 (26%), upgrading the communications system (22%), obtaining a back-up server (19%), developing or improving their business continuity plan (19%) and moving their server off-site (11%).

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 New York area who have responsibility at their organization for business continuity planning, particularly when it comes to telecommunications, websites and data networking. Interviews were conducted May 18-June 17, 2004.

The bulk of the respondents provide oversight and project management of their business continuity plan (50%), while 28% are part of the project team designing and/or evaluating the plan and 17% 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 (31%), CIO (19%) and Vice President (17%).

Industries of those who were interviewed include services (29%), wholesale trade (22%), finance, insurance and real estate (20%) and manufacturing (12%).