

The Experts All Agree:

"A Company that experiences a computer outage lasting more than 10 days will never fully recover financially. 50 percent will be out of business within five years."¹

An estimated 25 percent of businesses do not reopen following a major disaster²

70 percent of small firms that experience a major data loss go out of business within a year.³

Of companies experiencing catastrophic data loss:

- 43% of companies never reopened
- 51% of companies closed within 2 years⁴
- 80% of companies that do not recover from a disaster within one month are likely to go out of business.⁵
- 75% of companies without business continuity plans fail within three years of a disaster⁶
- Companies that aren't able to resume operations within ten days (of a disaster hit) are not likely to survive.⁷
- Of those businesses that experience a disaster and have no emergency plan, 43 percent never reopen; of those that do reopen, only 29 percent are still operating two years later.⁸

Are Small Businesses Prepared?

This all might seem so obvious, that it is hard to conceive of any small business that does not frequently back up its key data. The SBA tells all small business owners: "Make back-up copies of all tax, accounting, payroll and production records and customer data on computer hard drives, and store the records at an offsite location at least 100 miles away. Important documents should be saved in fireproof safe deposit boxes." It all seems so obvious, yet a national Harris Interactive survey of 597 computer users⁹, as reported in Realty Times found:

- One in four users frequently back up digital files, even when 85 percent of computer users say they are very concerned about losing important digital data.
- Thirty-seven percent of the survey's respondents admitted to backing up their files less than once per month.
- Nine percent admitted they have never backed up their files.
- More than 22 percent said backing up information is on their to-do list, but they seldom do it.

Most of the 143,000 disaster loans made by the SBA after the Gulf Coast hurricanes were for flood damage. As former SBA Administrator Hector V. Barreto told a key meeting of disaster relief administrators¹⁰ "Last year's Gulf Coast hurricanes and this month's flooding in New England are reminders that no matter where you live, there's always the potential for a major disaster. No one is insulated from the threat of losses caused by wind, storms, floods and wildfires, power outages and other natural and man-made disasters. These catastrophes should remind us of the need to be prepared, to have a plan not just to survive disaster, but to recover quickly."

¹ Jon Toiga, *Disaster Recovery Planning: Managing Risk and Catastrophe in Information Systems*, (Yourdon Press, 1989)

² "Open For Business" a publication of The Institute for Business & Home Safety (IBHS), a nonprofit association that engages in communication, education, engineering and research for the insurance industry. See www.ibhs.org/docs/OpenForBusiness.pdf

³ Contingency Planning, Strategic Research Corp and DTI/Price Waterhouse Coopers (2004) and is widely quoted in places such as: Diana Shepstone, National data awareness project launched to help businesses prevent data disasters (Data Centre Solutions, Jan. 8, 2007) see: <http://www.datacentresols.com/news/articles-full.php?newsid=5455>

⁴ University of Texas Center for Research on Information Systems, as cited in *Datamation*, June 14, 1994

⁵ Jonathan Bernstein, president, Bernstein Crisis Management, LLC in *Director*, June 1998, v51n11, p44

⁶ Bruce Blythe, CEO, Crisis Management International in *Blindsided: A Manager's Guide to Catastrophic Incidents in the Workplace* By Bruce T. Blythe (Portfolio Hardcover, August 22, 2002)

⁷ http://www.techworld.com/cmsdata/whitepapers/833/How%20Secure%20is%20your%20Storage_Symantec.pdf.

⁸ The Hartford's Guide to Emergency Preparedness Planning, created by The Hartford Financial Services Group and now published by J.J. Keller & Associates

⁹ Harris Interactive survey done for the Imation Corp., September, 2002

¹⁰ Speech given May 22, 2006, see SBA Release Number: 06-41

