



# Backup vs. Business Continuity: Using RTO to Better Plan for Your Business

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## Executive Summary

SMBs in general don't have the same IT budgets and staffs as larger enterprises. Yet just like larger organizations they need to protect their data—and make sure they can get back to business rapidly after a disaster or other event that compromises their data and systems.

In this white paper, we'll discuss what's at stake when it comes to not just protecting, but also managing, your data (hint: your business). We'll explain why it's important to think in terms of business continuity rather than simply data backup. And we'll look at how to calculate the all-important Recovery Time Objective (RTO) and Recovery Point Objective (RPO) so that you can get what you need from your business continuity vendor.

## Introduction

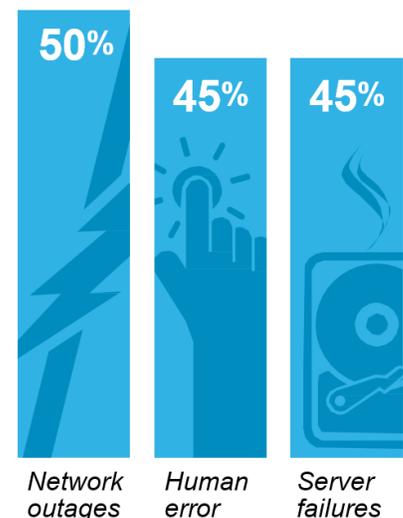
Downtime is real, and it's costly. Across all businesses, it's a staggering \$163,674 per hour, according to research by the Aberdeen Group. Of course, the exact cost depended on company size: small companies lose approximately \$8,581 per hour; medium companies \$215,638 per hour; and large enterprises a whopping \$686,250 for every hour of downtime.

The numbers speak for themselves: you need to plan for downtime.

What causes downtime? As it turns out, businesses should be more wary of their own employees than of natural disasters. Although hurricanes, tornadoes, and the like do their fair share of damage, research shows that natural disasters account for just 10 percent of downtime. The leading culprits? Network outages (50 percent) and human error (45 percent). (See Figure 1.)

So what's even more frightening than a hurricane? When you look at cause of downtime by data volume alone, the No. 1 culprit is human error, at 58 percent. (See Figure 2.)

So if you've been putting protecting your data off because you consider yourself in a safe zone, you need to understand that it's far more likely that a server will malfunction, or that someone will hit the delete key on an important document than anything Mother Nature could throw at you. No business anywhere can afford to be complacent.



**Figure 1: Reasons for downtime**

	"Large-Volume Data" sites	All others
Network outages	42%	53%
Human Errors	58%	44%
Server failures	44%	46%
Storage failures	45%	44%
Application errors	37%	33%
Power outages	13%	28%
Usage spikes/surges	19%	15%

**Figure 2: Downtime by data volume**

## What's at Stake?

Two-and-a-half quintillion bytes of data are generated daily. And 90 percent of the total data in existence was created within the last two years. A not-insignificant portion of this has been generated—and is stored—by small businesses. Consider all the servers, desktops, and laptops that the typical small business must manage. It all adds up to a lot of data to protect.

Yet nearly 75 percent of SMBs possess no disaster recovery plan, and only 25 percent are “extremely confident” that they can restore data in the case of an event that destroys their data. And 50 percent of SMBs back up less than 60 percent of their data. The remaining 40 percent? No protection for it whatsoever.

How much does this cost? Plenty. Thirty-five percent of SMBs lost as much as \$500,000 over the past three years due to downtime. Five percent lost up to \$1 million. And 3 percent lost more than \$1 million. (See Figure 3.)

	< 1,000	1,000 to 10,000	> 10,000
No costs incurred	17%	20%	8%
< \$500,000	35%	39%	29%
Between \$500,000 and \$1 million	5%	9%	8%
> \$1 million	3%	3%	10%
Don't know/unsure	24%	29%	46%

**Figure 3: Total cost of downtime**

Source: IOUG, July 2012

So what happens when disaster strikes? Businesses must scramble. And the clock is ticking while they attempt to retrieve important data. According to IDC, it takes, on average, seven hours to resume normal operations after a data loss incident, with 18 percent of IT managers saying that it takes 11 to 24 hours, or even longer.

The Aberdeen Group came up with comparable numbers when it compared best- in-class companies with average and “laggards” in the matter of data backups.

Multiply even the average amount of time it takes to recover from a downtime event (5.18 hours) times the average cost of downtime, and you've got a whopping bill to pay by any standard. (See Figure 4.)

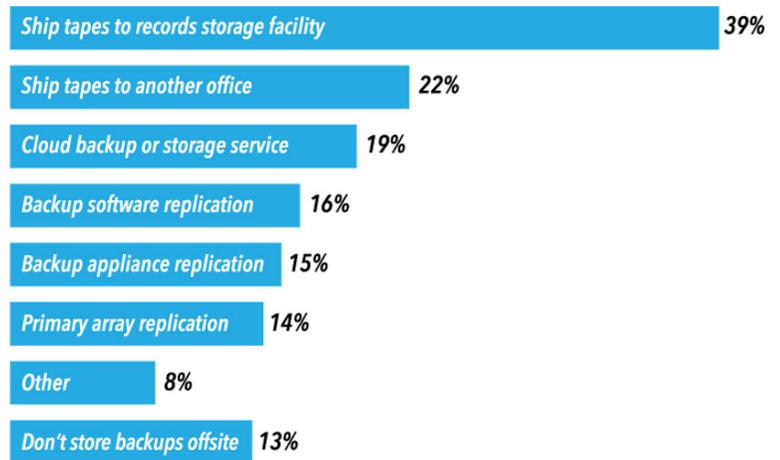
	Best in Class	Average	Laggard
Number of downtime incidents in past 12 months	0.56	2.26	3.92
Average amount of downtime per event in last 12 months	0.16 hrs.	1.49 hrs.	17.82 hrs.
Longest downtime event	0.21 hrs.	4.78 hrs.	43.71 hrs.
Critical application availability	99.90%	99.62%	99.58%
Length of time to recover from last downtime event	1.13 hrs.	5.18 hrs.	27.11 hrs.

**Figure 4: Downtime figures for SMBs in the case of data loss**

Source: Aberdeen Group, May 2013

Small wonder that 40 percent of all businesses close their doors permanently after a disaster, according to the Federal Emergency Management Agency (FEMA). Similar statistics from the U.S. Small Business Administration (SBA) indicate that more than 90 percent of businesses fail within two years after being struck by a disaster.

What are SMBs doing to protect themselves? Sixty-one percent still ship tapes off to a storage facility or another office—a surprising number, considering that this is a technology that is more than four decades old, and the processes for saving data to tape, removing it to a remote location, and retrieving it in case recovery is needed are extremely cumbersome. Thirteen percent don't do anything at all. But, interestingly enough, 19 percent are already using some sort of cloud-based data backup. (See Figure 5.)



**Figure 5: Methods for sending backup data offsite** (Multiple responses allowed)

Source: InformationWeek

## Data backup versus business continuity: what's the difference?

Although overlapping, these terms represent uniquely different mindsets when it comes to data protection.

Data backup answers the questions: is my data safe? Can I get it back in case of a failure?

Business continuity, on the other hand, involves thinking about the business at a higher level, and asks: how quickly can I get my business operating again in case of system failure?

Thinking about data backup is a good first step. But in case of failure, you have to get that data back and restore it quickly enough so your business doesn't suffer. For example, if your server dies—and remember, hardware failure is the No. 1 cause of lost data—you wouldn't be able to quickly get back to work if you only had file-level backup. For you to start working again, your server would need to be replaced, all software re-installed, data re-installed and then the whole system would need to be configured with your settings and preferences. This process could take hours or even days—and in the meantime, your users can't get their jobs done.

# 61%

of SMBs still ship backup tapes to a storage facility or another office

If you've planned for business continuity, however, you've thought of all these things. You've thought in terms of Recovery Time Objective (RTO), and Recovery Point Objective (RPO).

**RTO (Recovery Time Objective):** The duration of time within which a business must be restored after a disaster or disruption to avoid unacceptable consequences associated with a break in business continuity.

**RPO (Recovery Point Objective):** The maximum tolerable period of time in which data might be lost due to a disaster.

By calculating your desired RTO, you have determined the maximum time that you can be without your data before your business gets into serious trouble. Alternatively, by specifying the RPO, you know how often you need to perform backups, because you know how much data you can afford to lose without damaging your business. You may have an RTO of a day, and an RPO of an hour. Or your RTO might be measured in hours and your RPO in minutes. It's all up to you and what your business requires. But calculating these numbers will help you understand what type of data backup solution you need (See Figure 6).



*Figure 6: The difference between RPO and RTO*

Once you determine your RPO and RTO, it's time to calculate how much downtime and lost data will actually cost you.

Answer the following questions:

- How many employees would be affected if critical data were unavailable?
- What is the average wage of the affected employee (per hour)?
- What is the per-hour overhead cost of the affected employees?
- How much revenue would be lost per hour as a result of the unavailability of data?

Simply add up the average per-hour wage, the per-hour overhead, and the per-hour revenue numbers and you have how much a data loss will cost you.

Given that funding and budget constraints can be the top challenge (43 percent) for a business to implement a business continuity solution, calculating your RTO will give you the financial validation needed to justify its purchase and maintenance.

Calculating the real costs associated with data loss gives SMBs a better understanding of the risks relating to business failure. And thinking about your business in these terms puts your backup solution into perspective. The it-won't-happen-to-me mindset simply doesn't fly.

## What To Look for in a Business Continuity Vendor

When comparing vendors for a backup solution, SMBs say that reliability (33 percent) and price (29 percent) top the list of factors that drive their choices. But they should consider other factors as well.

- Superior RTO and RPO—Think in terms of business continuity rather than simply backup, and calculate how much downtime your business can endure and still survive (RTO) as well as how much data you can afford to lose (RFO). Choose a vendor that can guarantee top RTOs and RPOs.
- Hybrid cloud backup—As discussed above, taking a hybrid approach fixes the vulnerabilities that a cloud-only or local-only possess.
- Image-based backup—Make sure that the backup solution takes images of all your data and systems, and doesn't simply copy the files alone.
- Instant local and off-site virtualization.
- Screenshot backup verification. What good is a backup if it's not working? Demand proof. Images saved as VMDK for faster recovery times

## Conclusion

Making sure your business can continue operating in case of a disaster is just as essential to SMBs as it is to the largest enterprises. For that reason, business continuity using data backup is an essential solution that SMBs should deploy.

Data backup solutions come in all different flavors. Cloud-based solutions are increasingly popular, but they provide only a partial answer. On-site solutions also have their weaknesses.

The answer is a hybrid cloud. It provides the best of all worlds: you can recover data swiftly from a local device for the most common causes of data loss, but you have all your data safely stored in the cloud for more extreme events in which the local device is destroyed or unavailable.

## About Datto

Datto Inc. is the preferred provider of hybrid cloud-based backup, disaster recovery (BDR) and Business Continuity solutions for the Channel, available in both physical and virtual platforms. Datto provides best-in-class technology and 24/7/365 Tech Support to its 8,000 partners worldwide.

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