CLOUD BACKUP AND RECOVERY: SMALL BUSINESSES, LARGE ADOPTERS

March 2014

Derek E. Brink, Vice President and Research Fellow,
IT Security and IT GRC

Report Highlights

Aberdeen's research shows that small businesses are actually the largest adopters of cloud-based backup and recovery solutions – because they balance the desire for business continuity, compliance and data protection with concerns about budget, resources and expertise.

Aberdeen Group
A Harte Hanks Company

2

Definitions

Disaster recovery (DR) relates to the processes of preparing for and recovering from disruptions to the IT infrastructure, which range from the minor (e.g., disk failures, power outages, accidental data deletion) to the catastrophic (e.g., hacker or terrorist attacks, natural disasters).

Disaster recovery, which is generally focused on IT, is generally viewed as a subset of **business continuity (BC)** planning, which is concerned with all aspects of keeping the business running.

Definitions

For the purposes of this report, company size is based on the organization's revenue during its most recent 12-month reporting period:

- **Small**: < $50 million
- **Mid-Sized**: $50 million to $1 billion
- **Large**: > $1 billion

Business Context: The High Cost of Downtime Applies to All

Aberdeen's mid-2013 study on business continuity and disaster recovery found that organizations of all sizes and across all industries are more concerned than ever about protecting their data in the event of an unplanned disruption. The increasing volume and value of data – combined with the relentless drive to save time and reduce cost – is leading many organizations to look at alternative backup and recovery strategies.

Respondents were asked to estimate the immediate cost of productivity loss and revenue loss during unplanned downtime – longer-term costs, such as damage to reputation and customer attrition, were not included. Across all respondents, the average cost of downtime was more than $160,000 per hour; a breakdown of the averages by company size is as follows:

- ➔ Large enterprises: $690,000 per hour
- ➔ Mid-Size companies: $225,000 per hour
- ➔ Small businesses: $9,000 per hour

Given these costs, it's not surprising that **risk of business disruption** was the leading driver of current investments in disaster recovery initiatives, followed by **compliance requirements**, the **cost of actual downtime** and **loss of business-critical data** (Table 1).

Table I: Risk, Compliance, Cost Drive Investments in DR

Drivers for Current Investments in DR	% of Respondents (N=191)
Risk of business disruption	72%
Compliance requirements	47%
Cost of actual downtime	44%
Loss of business-critical data	37%

Multiple responses accepted; does not add to 100%
Source: Aberdeen Group, March 2014

3

The Reasons Companies *Don't* Invest in Disaster Recovery

Across all respondents, the leading *inhibitors* to current investments in disaster recovery initiatives were **lack of budget** (43%), **lack of resources for implementation** (41%) and **lack of expertise for determining a DR strategy** (33%).

Given the high cost of downtime, the budget issue *is* somewhat surprising. It turns out that just 21% of all respondents indicated having a standardized process for calculating their cost of downtime – yet knowing the cost of downtime is one of the first steps to take to show executives the importance of establishing a solid disaster recovery plan. This capability correlates strongly with top performance, with 50% of Best-in-Class organizations having established a standard downtime calculation process, compared to just 14% of the Industry Average and 13% of Laggards (see definitions in the sidebar at right).

A Practical Example: Backup and Recovery Solutions

A closer look at **backup and recovery** solutions – a core component of any organization's disaster recovery plan – will help to illustrate these higher-level themes. Capital funding for a solid backup and recovery strategy typically involves the purchase or upgrade of a number of technologies, such as:

- ➔ Target backup system (e.g., tape drive, tape library, disk array)
- ➔ Backup software
- ➔ Backup server(s)
- ➔ Switches
- ➔ Host bus adapters

Determining Maturity Classes

To distinguish **Best-in-Class** (top 20%) organizations from their **Industry Average** (middle 50%) and **Laggard** (bottom 30%) counterparts, Aberdeen used a weighted score based on the following criteria:

- Number of downtime events
- Average time to recover
- Longest time to recover
- Availability of business-critical applications

4

Depending on storage capacity requirements, these expenditures may add up to hundreds of thousands of dollars – not to mention the cost of the staff necessary to design, implement and manage backup and restoration activities. As we have seen, these are resources and expertise which many organizations do not have. In addition:

- Integration and configuration of products from multiple solution providers can be complex to implement, and costly to acquire, deploy and manage
- Traditional deployment models involving hardware and software and their corresponding patches, upgrades and obsolescence can lengthen replacement cycles and escalate total costs
- IT staff can be very limited or non-existent, particularly in smaller organizations

Addressing the Lack of Resources and Expertise: Cloud-based Backup and Recovery

Increasingly, companies are implementing a *cloud-based* backup and recovery strategy to avoid these upfront costs and to take advantage of solution providers with specialized expertise. Aberdeen's study asked respondents about their current use of cloud-based backup and recovery solutions, and their planned use within the next 12 months (Figure 1).

Across all respondents, 30% currently use cloud backup and recovery, and an additional 26% plan to use it within the next 12 months. Using the ratio of planned / current as a proxy for near-term growth provides evidence that cloud-based backup and recovery is a solution category that is strongly on the rise.

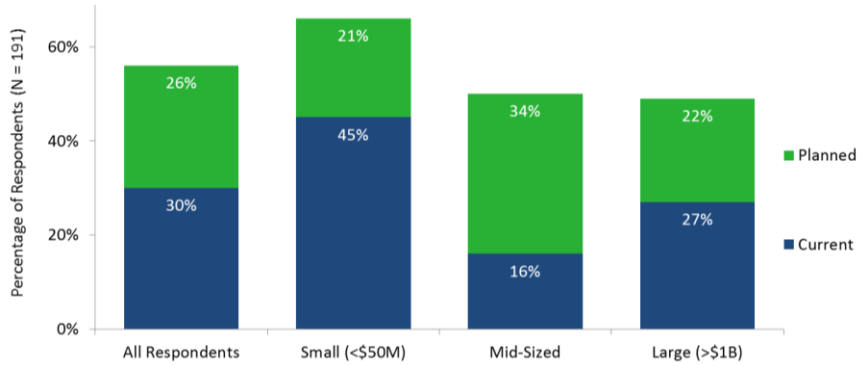
Breaking the responses down by company size, we can see that in Aberdeen's study small businesses are actually the largest

adopters of cloud-based backup and recovery – which is consistent with the higher-level findings about budgets, resources and expertise. Over time, growth in cloud-based backup and recovery solutions looks promising for companies of all sizes, but in the near term small businesses are a particular sweet spot.

"On-site backups are worthless if disaster occurs on-site."

Director of IT, Healthcare provider, United States

Figure 1: Small Businesses are Strong Adopters of Cloud-based Backup and Recovery Solutions



Source: Aberdeen Group, March 2014

For all companies aware of the risk of business disruption and the high cost of downtime, but lacking in capital or IT staff to design and implement a traditional, on-premise backup and recovery solution, cloud backup and recovery is clearly an alternative worth investigating.

"Cloud based backup and recovery services, with automated fail-over to the cloud site, is the only way to go in the future."

IT Manager, ERP Solutions Provider, Kingdom of Bahrain

For more information on this or other research topics, please visit www.aberdeen.com.

Related Research

Business Continuity and Disaster Recovery: Top Performance Capabilities of Best-in-Class IT Organizations; October 2013
Best Practices of Best-in-Class IT Organizations; September 2013
Downtime and Data Loss: How Much Can You Afford?; August 2013
Business Continuity and Disaster Recovery: The Importance of Testing; August 2013
Limit Downtime: Initiate a Business Continuity and Disaster Recovery Plan Today; July 2013
Business Continuity and Disaster Recovery: Don't Go it Alone; June 2013
Virtualization: Gateway to Business Continuity; April 2013
Cloud Storage: Lower Cost and Increase Uptime; April 2013
Lessons From Sandy: Business Continuance vs. Disaster Recovery and Why Organizations Need Both; January 2013
Steps to Take Before Choosing a Business Continuity Partner; January 2013

Authors: Derek E. Brink, CISSP, Vice President and Research Fellow, IT Security and IT GRC (Derek.Brink@aberdeen.com); Robert Bready, Contributor

About Aberdeen Group

Aberdeen Group conducts research focused on helping business leaders across sixteen different B2B technology disciplines improve their performance.

Our process is simple – we conduct thousands of surveys every year to identify top performing organizations and uncover what makes them different. We share these insights back with the market in the form of in-depth research reports and content assets to help our readers build business plans capable of driving better results with the right set of tools to help them get there.