Overview

It’s a virtual given in today’s environment that companies of all sizes must actively engage in developing, implementing and regularly testing disaster recovery (DR) plans for their business-critical information. Those that don’t are literally putting their company’s future, or their customer’s business, on the line. Companies may choose to implement a DR plan on their own; the costs of doing so, however, are significantly higher than those associated with outsourcing the function to a third-party offering, such as Windstream Hosted Solutions’ Disaster Recovery as a Service (DRaaS).

Convincing the CFO gatekeeper

A recent report from the Aberdeen Group quantifies the average cost of an hour of downtime at $138,000, up 19 percent from a similar survey conducted two years ago. The Aberdeen report found that large companies (those with more than 1000 employees) took the largest hit, with downtime costing them an average of more than $1.1 million for each hour their systems were offline. Mid-sized firms (with between 100 and 1000 workers), by contrast, suffered a financial hit of $74,000 for every hour of downtime, and small firms reported that data or network disasters cost them just under $7,000 per hour.

But Aberdeen found that mid-sized firms were most likely to suffer the most downtime events (3.5) during the course of a year, and that their events were likely to last the longest, on average.

<table>
<thead>
<tr>
<th></th>
<th>Small Companies</th>
<th>Mid-sized Companies</th>
<th>Large Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Cost/Hour</td>
<td>$6,900</td>
<td>$74,000</td>
<td>$1,130,000</td>
</tr>
<tr>
<td>Occurrences/Year</td>
<td>1.7</td>
<td>3.5</td>
<td>3.0</td>
</tr>
<tr>
<td>Average Length/Occurrence</td>
<td>2.2 hours</td>
<td>3.8 hours</td>
<td>.8 hours</td>
</tr>
<tr>
<td>TOTAL COST</td>
<td>$25,806</td>
<td>$984,200</td>
<td>$2,712,000</td>
</tr>
</tbody>
</table>

Source: Aberdeen Group, February 2012

While the cost of self-implementing a DR strategy has traditionally been seen as a cost center by many CFOs, these numbers indicate that a properly implemented DR plan can save the company significant money, or be revenue-neutral at the least.
Convincing the CFO gatekeeper (cont.)

Moreover, firms increasingly keep more and more data under active management and store it because they can; IDC estimates the per-gigabyte cost of data storage will drop to 66 cents by 2015, with the amount of information managed at enterprise data centers growing by 50 times from their current levels. This places companies at even greater risk for losing the information critical to their business operations.

Disaster Recovery as a Service to the rescue

Gartner estimates that 30 percent of mid-sized firms will use cloud-based Recovery as a Service (RaaS) to support their IT operations by 2014, up from one percent today.

Gartner says that in addition to eliminating to the cost of dedicated recovery floor space and facilities, RaaS can address four principal pain points:

- **Recovery exercising/testing costs**
- **Change skew**
- **Recovery configuration startup**
- **Testing scope**

When properly implemented, RaaS can result in less:

- **Downtime**
- **Client exposure and market share**
- **Unnecessary dollars spent**

Windstream Hosted Solutions’ Disaster Recovery as a Service (DRaaS) addresses these and other points, and does so at a significantly lower cost than self-implementation. Companies that implement their own DR plan must take on significant capital expenditure and operating expenditure costs, involving hardware, software and infrastructure. (That does not include the staff needed to run the operation following a disaster.) The chart on the following page assumes a DR implementation involving a minimum two terabytes of data stored on five mission-critical servers, and assumes a near-zero Recovery Point Objective (RPO) or data loss, with regular maintenance upgrades factored in.

**Downtime costs** involve far more than simply the costs of idle infrastructure. Those costs also include operational and personnel factors, including:

- **Lost revenue from delayed billing, and additional penalties due to late payments**
- **Loss to reputation and perceived reliability**
- **Cost of rescheduling appointments and lost opportunities**
- **Cost of unproductive staff while infrastructure is being restored**
Disaster Recovery as a Service to the rescue (cont.)

This produces a minimum total cost of $322,200 over the three-year period, with the CapEx costs incurred before the DR environment can go live. The cost may be significantly higher if the company does not have:

- A dedicated, geographically distributed, 24 x 7 x 365 IT team, trained in recovery
- A significant VMware environment, or shared SAN storage
- A fault-tolerant, N+1 environment
- An up-to-date, regularly tested recovery plan

Outsourcing the same configuration to Windstream Hosted Solutions’ DRaaS, by contrast, slashes the costs by more than 55 percent, with no need for initial CapEx costs, plus contracted OpEx costs and service level agreements (SLAs):

<table>
<thead>
<tr>
<th>DRaaS</th>
<th>Cost/Month</th>
<th>Term</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$3,900</td>
<td>36 months</td>
<td>$140,400</td>
</tr>
</tbody>
</table>

These numbers do not take into account additional charges for unanticipated scaling of storage requirements, which can sharply increase costs in a self-administered DR implementation. Often overlooked are the costs of implementing these changes, usually due to the disruption of existing workload or revenue-generating projects in flight. Those costs are already determined with DRaaS as optional charges, at significantly lower rates.
Disaster Recovery as a Service to the rescue (cont.)

In addition, a DRaaS implementation takes full advantage of Windstream Hosted Solutions’ dedicated facilities that include:

- **Offsite hosting** in a Windstream Hosted Solutions’ enterprise-grade SSAE 16 compliant facility
- **Host-based replication**, allowing for application-level consistency
- **VMware-based servers**
- **Highly available cloud environment**, with N+1 or better components
- **Redundant network environment** with nationwide reach
- **Fully managed equipment**, with 24 x 7 x 365 monitoring and troubleshooting

DRaaS enables chargeback and intelligent sourcing decisions, allowing IT to put a specific cost around DR capabilities and RPO/Recovery Time Objective (RTO) levels. This helps avoid situations where the business organization may say it needs a one-minute RTO for all applications, without a concept of the true cost of such a request. Implementing DRaaS on a per-server basis enables the cost of DR to be easily quantified, allowing for a more focused cost/benefit discussion.

**Summary: Clear case Disaster Recovery as a Service**

The need for companies to implement DR plans is clear, with the cost of downtime skyrocketing. Even if they choose to do it by themselves, mid-sized companies can potentially save an average of $662,000 a year over the cost of lost productivity and business when their networks go down.

Even a direct comparison of “do-it-yourself” DR versus DRaaS clearly demonstrates that companies can save an amortized average of more than $60,000 per year, or about $182,000 over the three-year period.