The Risks Of "Do It Yourself" Disaster Recovery

Firms Bringing Disaster Recovery Back "In-House" Face Significant Challenges In Resources, Funding, And Preparedness

Introduction

Firms of all shapes and sizes agree: Availability, uptime, and disaster recovery are more critical than ever. In a recent Forrester study, organizations were asked what their top hardware priorities were for the next 12 months, and 60% responded that improving business continuity and disaster recovery (BC/DR) capabilities was a high or critical priority.[1] We live in an always-on, always-available world where users expect services to be available whenever they want to access them, a trend which is driving many enterprise IT shops to rethink how they address disaster recovery. For many firms, the response has been to take outsourced disaster recovery services and bring them back "in-house," although many did so without fully understanding the costs and implications of the decision. This Technology Adoption Profile explores the ways in which enterprises are sourcing their disaster recovery implications today, and what the implications are of an "in-house" model.

Enterprises That Source Recovery Sites "In-House" Require Significant Resources

In our annual hardware survey of IT decision-makers, we asked firms how they were sourcing their disaster recovery capabilities. We learned that 71% of respondents used an internally owned and operated recovery data center and 33% used a colocation facility (see Figure 1). While options like cloud-based recovery continue to grow — 8% of respondents are using it today — dedicated and shared IT infrastructure at a service provider are in use by only 11% and 9% of respondents, respectively. It's not usually a black or white decision for most companies; the majority of firms employ a hybrid approach for disaster recovery.

While more firms are running at least a portion of their disaster recovery in-house, it's also important to note that spend on BC/DR as a proportion of IT budgets is at an all-time high. In Forrester's recent budgets and priorities tracker survey from Q2 2012, we found that enterprises spent on average 6.2% of their IT budgets on BC/DR, and 28% of firms spend between 6% and 10% of their budgets on BC/DR (see Figure 2). Since 2010, the average spend on BC/DR has grown almost a full percentage point.[2] The need for human resources devoted to BC/DR is also on the rise — Forrester found that enterprises employ on average more than 31 full-time equivalents to support business continuity management corporatewide.
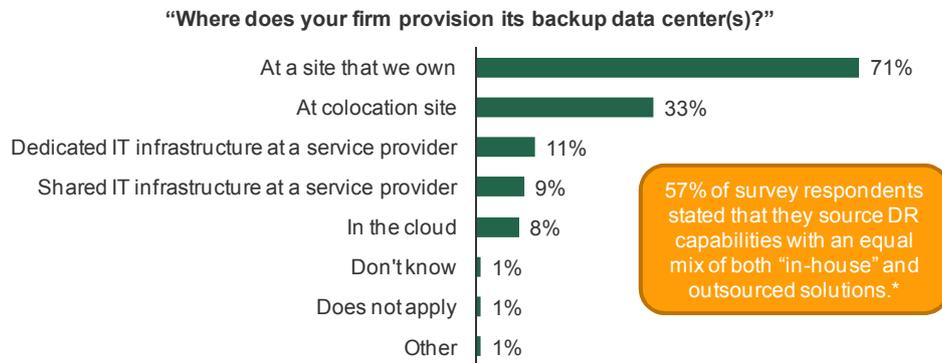
Figure 1

Many Firms Today Take A Hybrid Approach To Sourcing Disaster Recovery Capabilities

"Where does your firm provision its backup data center(s)?"

At a site that we own	71%
At colocation site	33%
Dedicated IT infrastructure at a service provider	11%
Shared IT infrastructure at a service provider	9%
In the cloud	8%
Don't know	1%
Does not apply	1%
Other	1%

57% of survey respondents stated that they source DR capabilities with an equal mix of both "in-house" and outsourced solutions.*

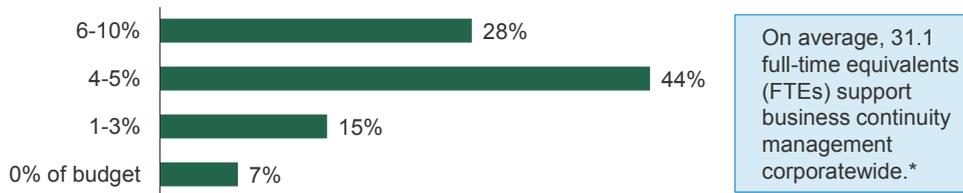Base: 542 North American and European enterprise hardware decision-makers

*Base: 75 enterprise hardware decision-makers in the US, UK, and India at firms with "in-house" disaster recovery

Source: Forrsights Hardware Survey, Q3 2012, Forrester Research, Inc.; a commissioned study conducted by Forrester Consulting on behalf of IBM, December 2012

Figure 2

Enterprise BC/DR Spend Peaks At An Average Of 6.2% Of IT Spend In 2012

"In 2012, approximately what percentage of your budget will go to business continuity and disaster recovery?"

6-10%	28%
4-5%	44%
1-3%	15%
0% of budget	7%

On average, 31.1 full-time equivalents (FTEs) support business continuity management corporatewide.*

Base: 946 enterprise budget decision-makers in North America and the UK

*Base: 184 IT decision-makers at firms with 1,000+ employees

Source: Forrsights Budgets And Priorities Tracker Survey, Q2 2012, Forrester Research, Inc., and *Forrester/Disaster Recovery Journal Business Continuity Preparedness Survey, Q4 2011, Forrester Research, Inc.
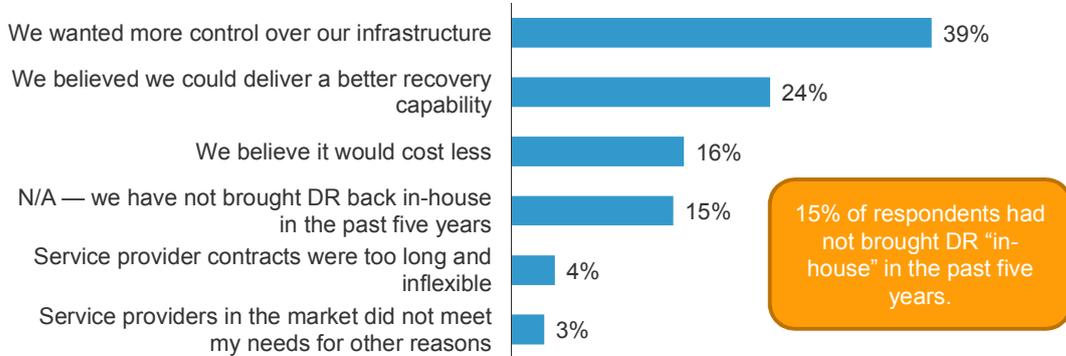
Evolving Requirements And Technology Drive Firms To Bring DR "In-House"

Over the past five years, there has been increased movement of enterprises bringing more DR services "in-house," driven mainly by the changing business and technology landscape. Business requirements have gone up, the cost of hardware has gone down, and coupled with an overall down economy, many companies made the decision to run their own DR services. In December 2012, IBM commissioned Forrester Consulting to conduct further research into the evolving replication needs of enterprises in the United States, UK, and India. Forrester surveyed 75 enterprise hardware decision-makers in the US, UK, and India on the disaster recovery processes at their organization, including their in-house DR challenges and potential drivers for outsourcing DR capabilities. The study found that the top reason that organizations made the move to bring DR "in-house" was to gain more control over the infrastructure (see Figure 3). Almost one-quarter of respondents replied that they believed they could deliver better recovery capabilities "in-house," and 16% claimed they believed it would cost them less. Interestingly, the majority of firms that run some component of their disaster recovery in-house today have brought at least some of the capabilities back in-house in the past five years.

Figure 3

Seeking More Control And Faster Recovery, Many Firms Brought DR "In-House" In The Past Five Years

"If you brought all or part of your DR in-house in the past five years, what was the primary reason?"

We wanted more control over our infrastructure	39%
We believed we could deliver a better recovery capability	24%
We believe it would cost less	16%
N/A — we have not brought DR back in-house in the past five years	15%
Service provider contracts were too long and inflexible	4%
Service providers in the market did not meet my needs for other reasons	3%

15% of respondents had not brought DR "in-house" in the past five years.

Base: 75 enterprise hardware decision-makers in the US, UK, and India at firms with "in-house" disaster recovery
Source: A commissioned study conducted by Forrester Consulting on behalf of IBM, December 2012
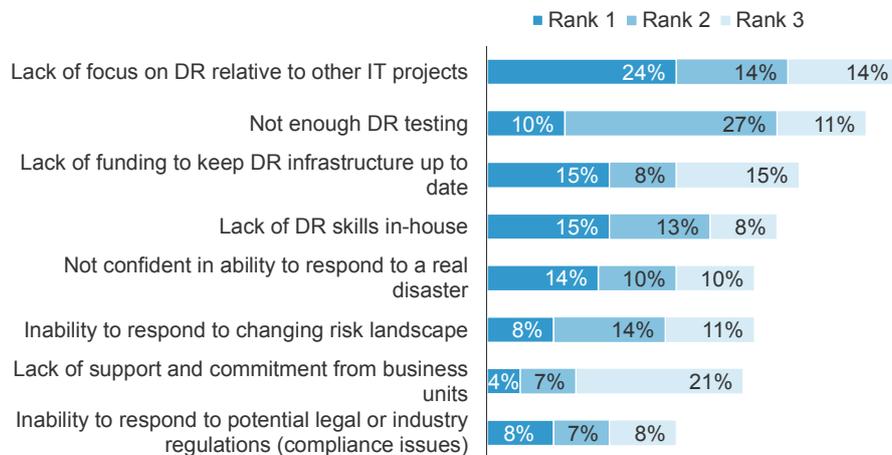
Firms Bringing DR Capabilities Back "In-House" Faced Significant Challenges

For many, running DR capabilities "in-house" proves to be a difficult task with unforeseen difficulties. In our survey, we asked companies what top challenges they faced with their in-house disaster recovery capabilities, and we found that lack of focus on DR relative to other projects topped the list; more than half of respondents indicated this was one of their top three challenges (see Figure 4). Another critical impediment was the ability to run frequent testing; 48% of respondents ranked this in their top three challenges. In addition to tests not being frequent enough, our survey found that the majority of firms were not entirely satisfied with the outcome of the tests that were run. When asked how successful any DR tests or exercises that were run in the past 12 months were, 59% responded that they were only somewhat successful, with some objectives met, and other not (see Figure 5).

Figure 4

A Lack Of Focus, Funding, Testing, And Skills Stymy Firms That Run DR "In-House"

"What are the top challenges that you are facing with your in-house disaster recovery infrastructure and processes?"

■ Rank 1 ■ Rank 2 ■ Rank 3

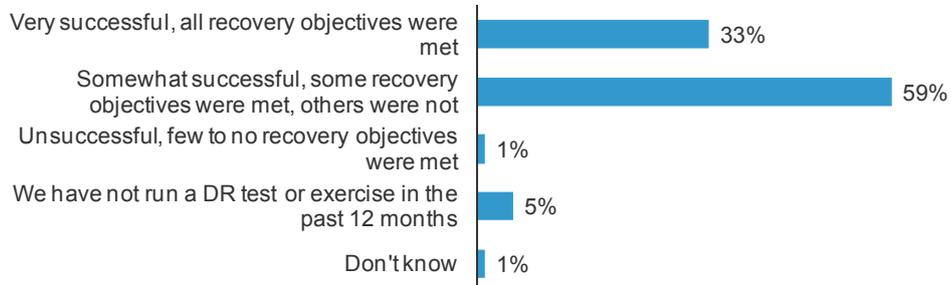|	Rank 1	Rank 2	Rank 3
Lack of focus on DR relative to other IT projects	24%	14%	14%
Not enough DR testing	10%	27%	11%
Lack of funding to keep DR infrastructure up to date	15%	8%	15%
Lack of DR skills in-house	15%	13%	8%
Not confident in ability to respond to a real disaster	14%	10%	10%
Inability to respond to changing risk landscape	8%	14%	11%
Lack of support and commitment from business units	4%	7%	21%
Inability to respond to potential legal or industry regulations (compliance issues)	8%	7%	8%

Base: 71 enterprise hardware decision-makers in the US, UK, and India at firms with "in-house" disaster recovery
Source: A commissioned study conducted by Forrester Consulting on behalf of IBM, December 2012

Figure 5

A Majority Of Firms That Run DR "In-House" Feel That Tests Are Not Entirely Successful

"If you have run a DR test or exercise (i.e., failing over, or simulating a failover of all IT systems, regardless of criticality) in the past 12 months, how successful was it?"

Very successful, all recovery objectives were met	33%
Somewhat successful, some recovery objectives were met, others were not	59%
Unsuccessful, few to no recovery objectives were met	1%
We have not run a DR test or exercise in the past 12 months	5%
Don't know	1%

Base: 75 enterprise hardware decision-makers in the US, UK, and India at firms with "in-house" disaster recovery

Source: A commissioned study conducted by Forrester Consulting on behalf of IBM, December 2012
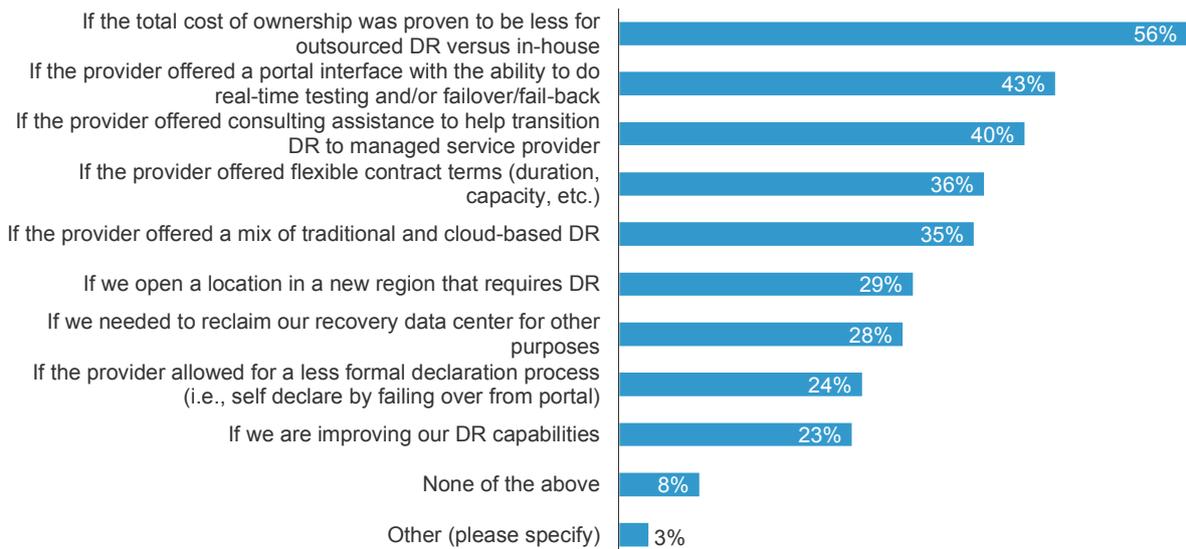
Despite Increased Spend On DR, TCO Leads Drivers For Outsourcing Considerations

The decision to insource or outsource DR capabilities requires careful consideration, and according to our survey, the leading driver of this decision is related to cost. When organizations were asked what would make them consider outsourcing part, or all, of their DR capabilities, 56% responded that they would be swayed if the TCO was proven to be less for outsourced DR versus in-house (see Figure 6). Also of interest was the ability to failover and failback in real time using a portal interface — 43% stated this would influence their decision.

Figure 6

TCO And Testing Capabilities Are Top Drivers For Organizations To Consider Outsourcing DR

"What would make you consider outsourcing part, or all, of your DR?"

If the total cost of ownership was proven to be less for outsourced DR versus in-house	56%
If the provider offered a portal interface with the ability to do real-time testing and/or failover/fail-back	43%
If the provider offered consulting assistance to help transition DR to managed service provider	40%
If the provider offered flexible contract terms (duration, capacity, etc.)	36%
If the provider offered a mix of traditional and cloud-based DR	35%
If we open a location in a new region that requires DR	29%
If we needed to reclaim our recovery data center for other purposes	28%
If the provider allowed for a less formal declaration process (i.e., self declare by failing over from portal)	24%
If we are improving our DR capabilities	23%
None of the above	8%
Other (please specify)	3%

Base: 75 enterprise hardware decision-makers in the US, UK, and India at firms with "in-house" disaster recovery

Source: A commissioned study conducted by Forrester Consulting on behalf of IBM, December 2012

Understand The Costs And Impacts Of Running Disaster Recovery In-House

Before deciding whether to insource or outsource disaster recovery capabilities, it's critical to understand all of the costs and impacts that are associated with the decision. Many firms make the leap without fully considering the following:

1. Do we have the expertise in-house needed to run and maintain an effective DR program? More than one-third of respondents in our survey indicated that this was a challenge for them.
2. Can we ensure the ongoing funding to make the program successful? Almost 40% of respondents feel that this is a top challenge they are tackling when running their DR program.
3. Can we dedicate proper resources to the program? Peer companies indicate that they have more than 31 FTEs dedicated to their BC/DR programs.
4. Can we ensure a consistent testing and exercise regimen? Not running enough DR tests and exercises is a top challenge for 48% of companies.
5. Will we be able to keep focus for continuous improvement on the program? Lack of focus is the top challenge for organizations running DR in-house.

Once they have satisfactory answers to each of these questions, firms will be able to make an informed decision about how to source their disaster recovery capabilities. For many, it's not a simple black or white response, and the answers to some of these questions may be difficult to confront, but these are critical factors to consider if firms want to ensure enduring resiliency and continuity for their organization.

Methodology

This Technology Adoption Profile was commissioned by IBM. To create this profile, Forrester leveraged its Forrsights Hardware Survey, Q3 2012, as well as its Forrester/Disaster Recovery Journal Business Continuity Preparedness Survey, Q4 2011 and Forrsights Budgets And Priorities Tracker Survey, Q2 2012. Forrester Consulting supplemented this data with custom survey questions asked of 75 enterprise hardware decision-makers in the US, UK, and India on their data center disaster recovery practices and challenges. The auxiliary custom survey was conducted in December 2012. For more information on Forrester's data panel and Tech Industry Consulting services, visit www.forrester.com.

Endnotes

[1] Eighteen percent stated that it was a critical priority, and 42% stated that it was a high priority. Source: Forrsights Hardware Survey, Q3 2012, Forrester Research, Inc.

[2] Source: "Benchmark The Performance Of Your Business Continuity Program," Forrester Research Inc., September 10, 2012.

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