

## **WORK AREA RECOVERY (WAR)**

### **The Market**

Since its birth in the late 1970's, the "Disaster Recovery" (DR) Industry has continued to broaden, moving from original batch application processing on mainframes, to include recovery for telecommunications connectivity, distributed processing on mid-range systems, and network and work area recovery (WAR) services.

As the industry gets closer to its 40-year anniversary, forward thinking companies are continuing to evaluate their methodologies and are realizing the need to include added value services to their overall solutions. The growing trend is therefore to protect client communications (e.g. datacentres, cloud services, shared contact centres) based on the realization that any substantial impact on a business' cash flow, customer services and ability to meet government regulation may affect shareholder value.

For instance, many companies view their customer service centres as critical because they represent the one opportunity to "meet" with clients. If this opportunity is missed, companies fear a loss of market share since they believe their clients will take their business elsewhere.

The demand for recovery services is further fuelled as many corporations continue to undergo significant downsizing to enhance corporate profitability and shareholder value. As a result, most have now outsourced, nationally and/or internationally, critical activities. While such consolidation has reduced cost, it has also increased business risk by creating a single point of "supply chain" failure.

Finally, basic good business practice and the law require companies to provide customers with standards of care and due diligence. For instance, in some cases, not having a "Business Continuity Plan" (BCP) to recover critical activities violates that fiduciary standard of care, breaching the trust between the company and the customer. To satisfy these responsibilities, it is important that organizational management address several issues that will ensure that there is an executable and auditable strategy in existence.

Primary market research previously conducted indicated businesses are looking for a recovery services provider that possesses four key attributes:

#### **1. Substantial Corporate Reputation, Resources and Financial Depth**

Because recovery services is considered to be a high risk industry and the delivery of critical communications during a disaster is integral to the ongoing concern of an organization, customers want to be assured that they are working with someone who has a solid reputation. Furthermore, they require verification that a provider has the ability to both deploy resources as appropriate and continue to fund the development of recovery services as it grows.

The ability to have a dedicated project management infrastructure in place to support the client during developmental activities, on-going application maintenance, testing activities and actual execution of recovery services during a disaster is critical.

Equally critical, is the use of dedicated equipment to provide recovery instead of providing services through excess capacity, reciprocal or third-party agreements that may or may not be executable in time for a disaster.

## 2. “Hot, Warm & Cold Sites” With Geographic Coverage

The need for multiple hot, warm or cold site locations with appropriate geographic coverage is more developed in the UK and North America. Customers have a strong preference to test in a location that is close to their own site, with a reliance on service providers/themselves to have other sites where they can recover to in the event of a “City” disaster:

- a. In-House – e.g. Citi, Pershing, BNY Mellon;
- b. IBM (17 UK Sites) – Planning to leave Market;
- c. Phoenix (18 UK Sites) – Financial Irregularities;
- d. SunGard (17 UK Sites) – Up for Sale, 15,000 customers in 70 Countries;
- e. i-Wasp (18 UK Sites) – Independent Providers;
- f. Sentronex (2 UK Sites) – Growing;
- g. Regis (1,800 locations) – 600 Cities, 100 Countries;
- h. Community Resilience (Unknown) – Part of Property Management Business;

There are “flexible” Business Recovery solutions available in the marketplace today, not least BYOD (Bring Your Own Device), most however offer limitations which may compromise timeliness and dependability, but should be seen as only an element of any recovery solution. Companies may also be driven by their budgetary requirements rather than delivery of a fully workable solution that is sufficient to meet local regulatory requirements and their understanding of the identified risk/threat.

## 3. Quick Ship

Quick ship solutions involve a pre-arranged agreement between a customer and supplier/hardware vendor to ship standby equipment held in:

- a. Bonded Storage;
- b. Standby hardware for on-site delivery;
- c. Strategic relationships may secure delivery within three to five days;
- d. Specialist salvage arrangements for equipment that cannot be sourced;
- e. Off the production line if a company’s equipment is damaged or destroyed;

However, companies that are producing niche critical communications, unless there is an SLA (Service Level Agreement) in place, generally cannot afford to have in place resources to deliver a five day response time, which may not account for the entire recovery process.

## 4. Reciprocal Agreements

A reciprocal agreement is pre-arrangement between two companies to use each other’s capacity in the event of a disaster. Although it is possible to make arrangements between companies that have a solid corporate reputation, there are a number of additional issues that must be considered before the solution can be deemed appropriate. In those instances where competition is not present, companies must also address issues of timeliness, compatibility and location, and to allow sufficient time to recover, companies should be approximately equal in size and operating at no more than 50% utilization.

Finally, because most reciprocal arrangements are formed out of common geography, location plays a key aspect when considering the potential for a regional disaster such as flooding, transport disruption or a catastrophic infrastructure failure. Should these events occur, it is likely that neither company would be operational and capable of supporting the others recovery.

## Summary

There are certain conditions that are driving the WAR market:

- Government & Customer requirements;
- Government & Industry regulations;
- Mergers & Acquisitions;
- Audit, Legal & Risk;
- Business Growth;
- Past events/Location;

The general rule for a “simple” standby desk position in a “syndicated”, not “dedicated” WAR, is:

- ✓ £300 to £500 per desk, including:
  - Desk/Chair/4x Power sockets
  - PC/Keyboard/Mouse/IP Telephone
  - Access to Printer & Conference Room
- ✓ Options for additional office and communication services

This market is currently dominated by Financial Institutions, operating in the UK, North America and certain parts of Asia Pacific, with a developing market in India. The general rule is that the top 40 market makers in the UK have their own dedicated seats at a recovery site, some of which may have a split contract for dedicated and syndicated seats, sometimes outsourced to a recognised supplier.

Overall it is very difficult to identify the total value of this market, mainly due to the “mix” of services being offered by individual suppliers under “Availability Services”:

- ✓ Business Continuity
  - WAR (office/dealing)
  - Workplace Restart (Quick Ship)
  - IT Disaster Recovery (DR)
  - Managed Recovery
  - Testing
- ✓ Consulting Services
  - BIA/Risk/Technology
  - Planning/Contingency/DR
  - Crisis Management
  - Exercising
- ✓ BCM Software
- ✓ Managed Hosting
  - Managed/Co-Located
  - Monitoring Services
  - Storage & Backup
- ✓ Enterprise Cloud Services
  - Managed/Hosted
  - Public & Private

The general rule is that WAR Market has diversified into many supporting areas to deliver a functional business recovery solution.