



## **2007 AT&T Business Continuity Study U.S. NATIONAL Results**

### **Methodology**

The following results are based on a telephone survey of 1,000 Information Technology (IT) executives in 10 U.S. metropolitan/regional areas. The sample of participating companies was drawn from Dun and Bradstreet's business list of companies with at least \$10 million in revenue located in each of the 10 areas. The metropolitan areas are based on DMAs (Designated Market Areas). Interviewing was conducted between January 17 and February 14, 2007, and the interviews averaged 10 minutes in length.

The 10 market areas include:

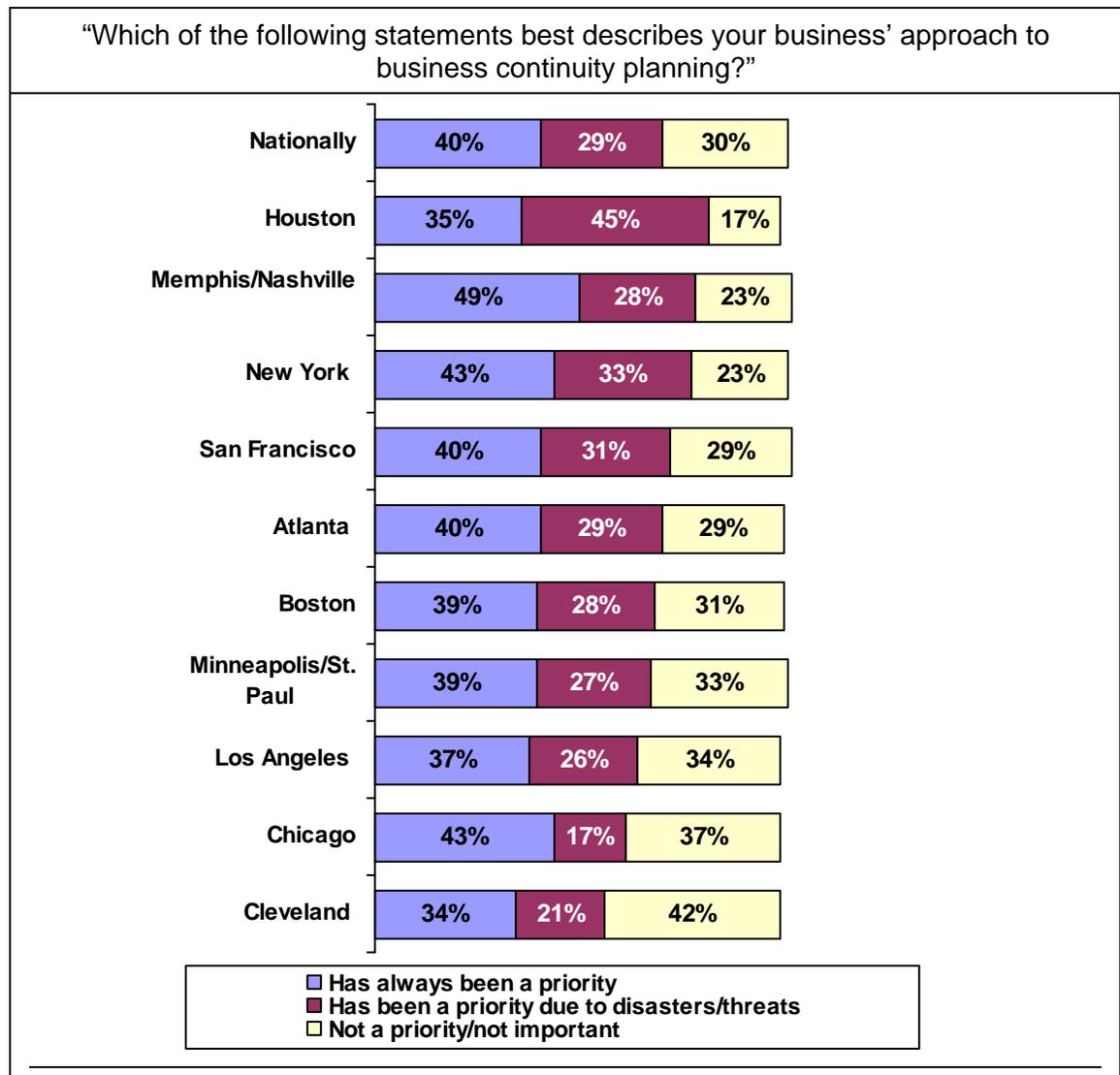
- Boston (100 interviews)
- New York (100 interviews)
- Atlanta (100 interviews)
- Cleveland (100 interviews)
- Chicago (100 interviews)
- Minneapolis/St. Paul (100 interviews)
- Memphis/Nashville (100 interviews)
- Houston (100 interviews)
- Los Angeles (100 interviews)
- San Francisco (100 interviews)

Of the 1,000 participating executives:

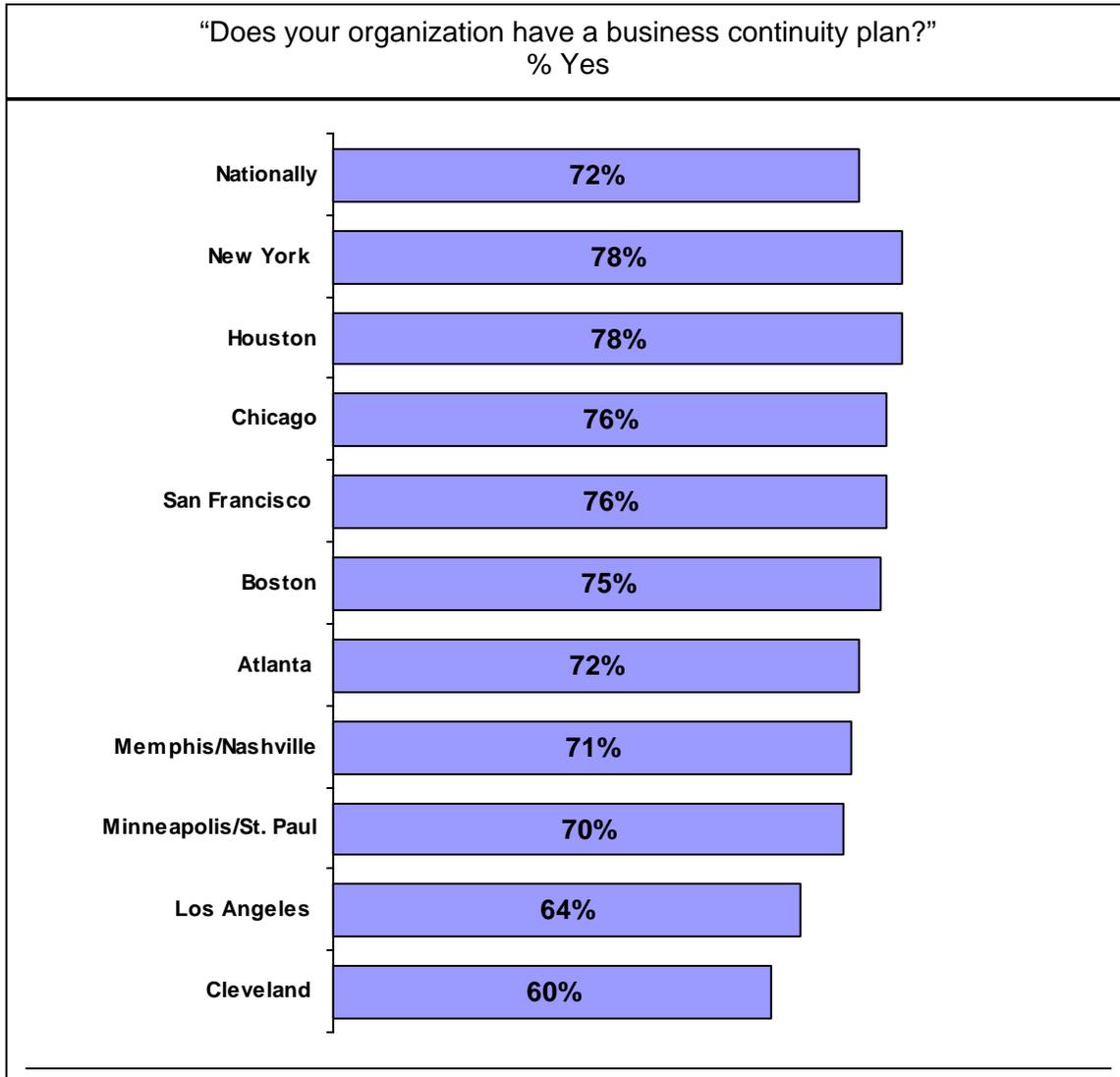
- 60% are Managers/Directors of IT or IS
- 44% provide oversight and project management for their company's business continuity plans, 28 recommend the purchase of security products/services for the plan, and 26 are part of a team designing or evaluating the plan
- 70% represent companies with revenues in excess of \$25 million (Dun and Bradstreet's information)
- 64% represent companies with 100 or more employees (information supplied by respondents)

## Key Findings

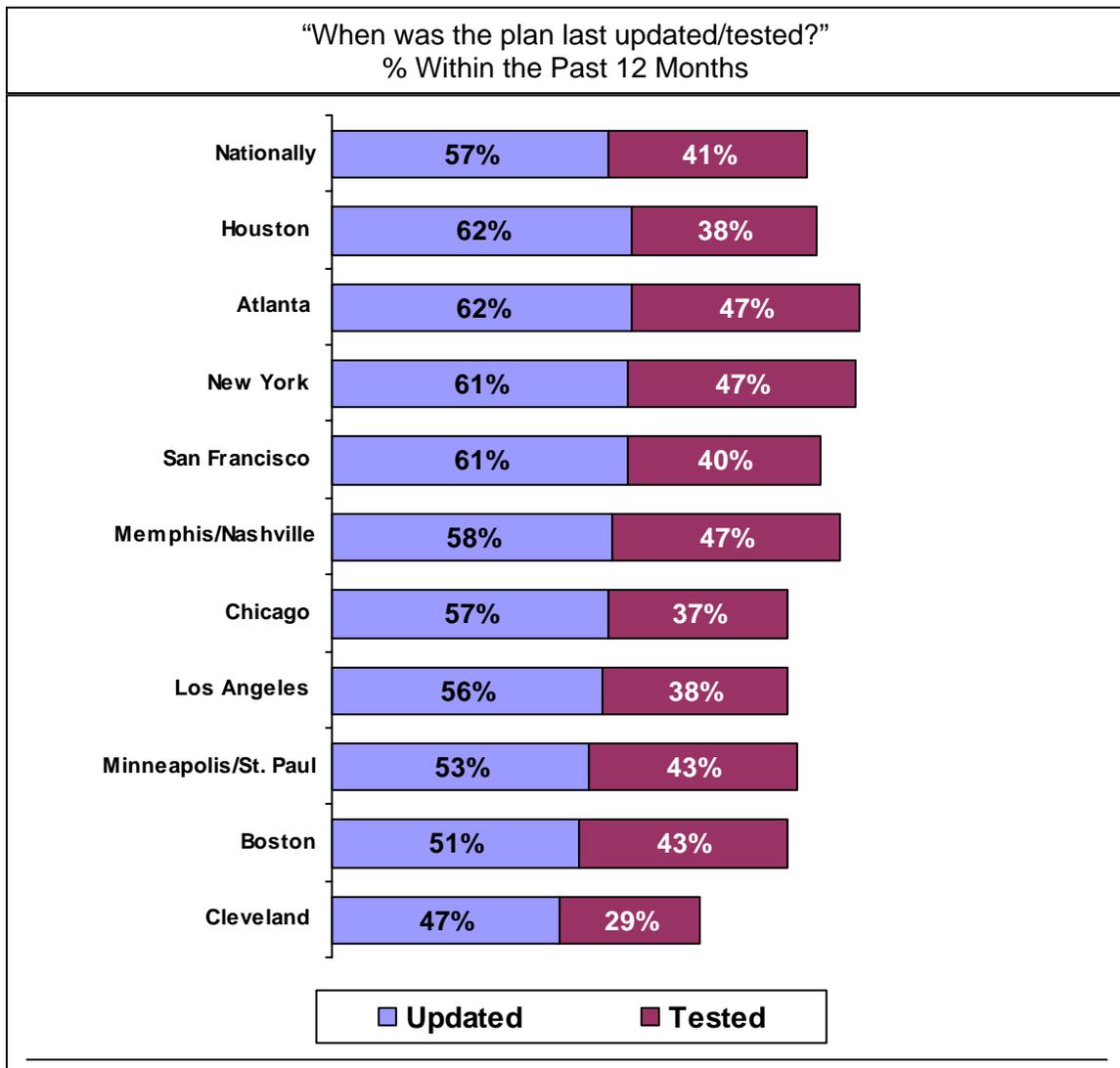
- **Business continuity planning is seen as a “priority” by more than two-thirds (69%) of IT executives across the United States.** Four out of ten (40%) indicate it has always been a priority for their business, and more than one-fourth (29%) indicate it has become a priority in recent years due to natural disasters, security, and terrorist threats.
  - Nonetheless, three out of ten (30%) executives say business continuity planning is “not a priority.”
  - Memphis/Nashville executives are the most likely to say business continuity planning has always been a priority (49% compared to 40% nationally), while Houston executives are most likely to indicate that business continuity planning has become a priority in recent years because of natural disasters, security, and terrorist threats (45% compared to 29% nationally). Conversely, Cleveland executives are most likely to indicate that business continuity planning is not a priority (42% compared to 30% nationally).



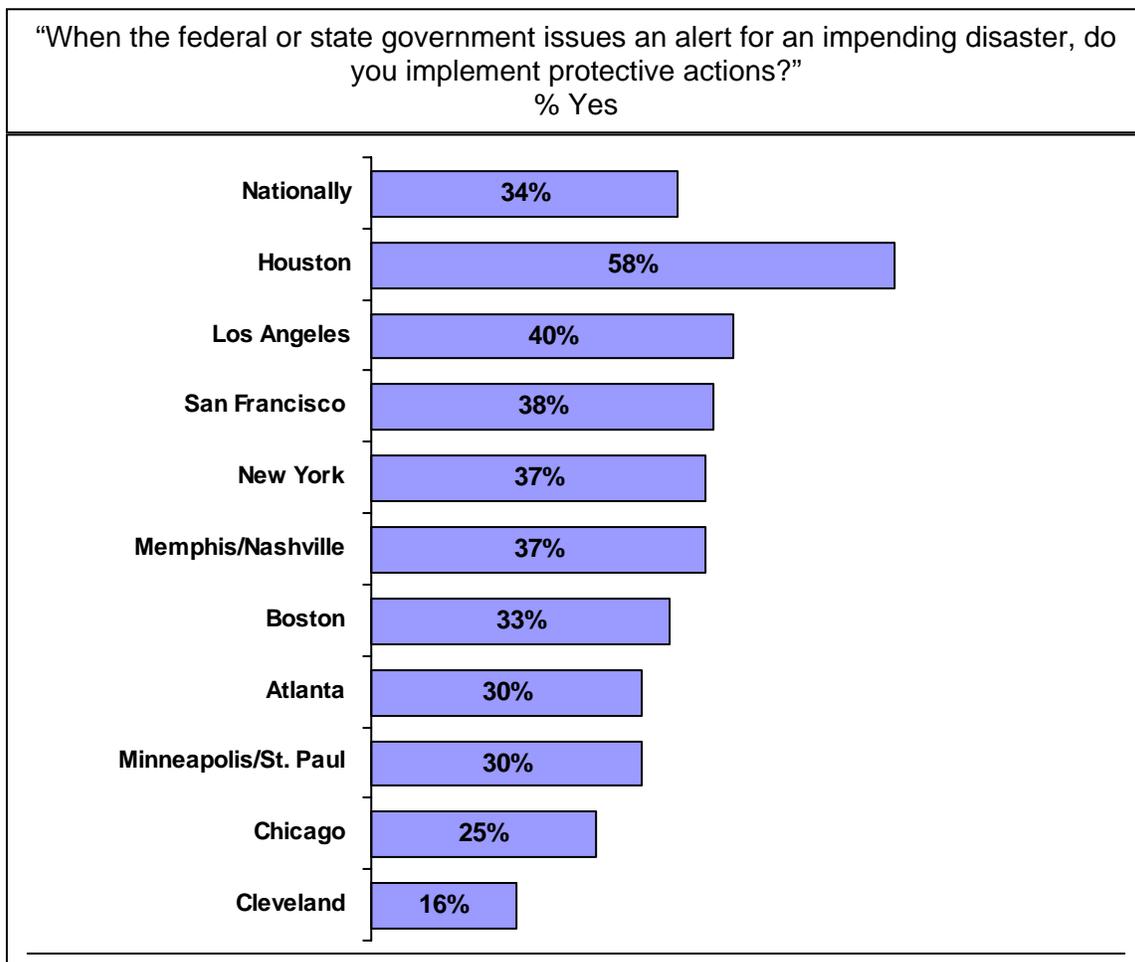
- **Seven out of ten (72%) executives indicate their companies have a business continuity plan.** One-fourth (26%) indicate their company does not have a plan.
  - New York and Houston companies are most likely to have a plan (78%, respectively, compared to 72% nationally), while Cleveland companies are least likely to have a plan (60% compared to 72% nationally).



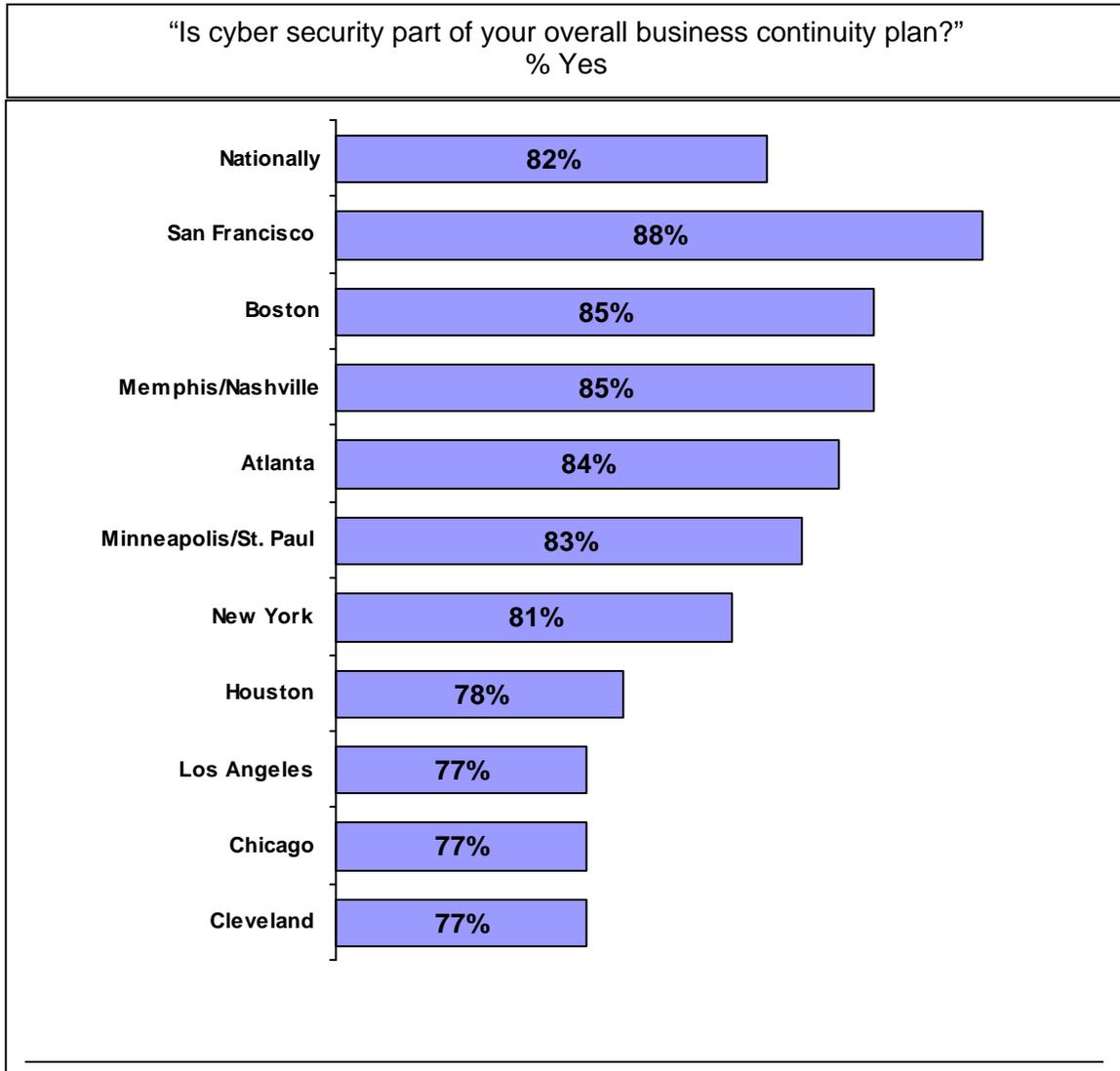
- **Companies are more diligent about updating their plans than they are about testing their plans.**
  - While a majority (57%) of companies have had these plans updated in the past 12 months, fewer (41%) have had the plans tested during the same time period. Very few indicate that their plans have never been updated (1%) or tested (12%).
  - Companies in Cleveland are the least likely to have had their plans updated (47% compared to 57% nationally) or tested (29% compared to 41% nationally).



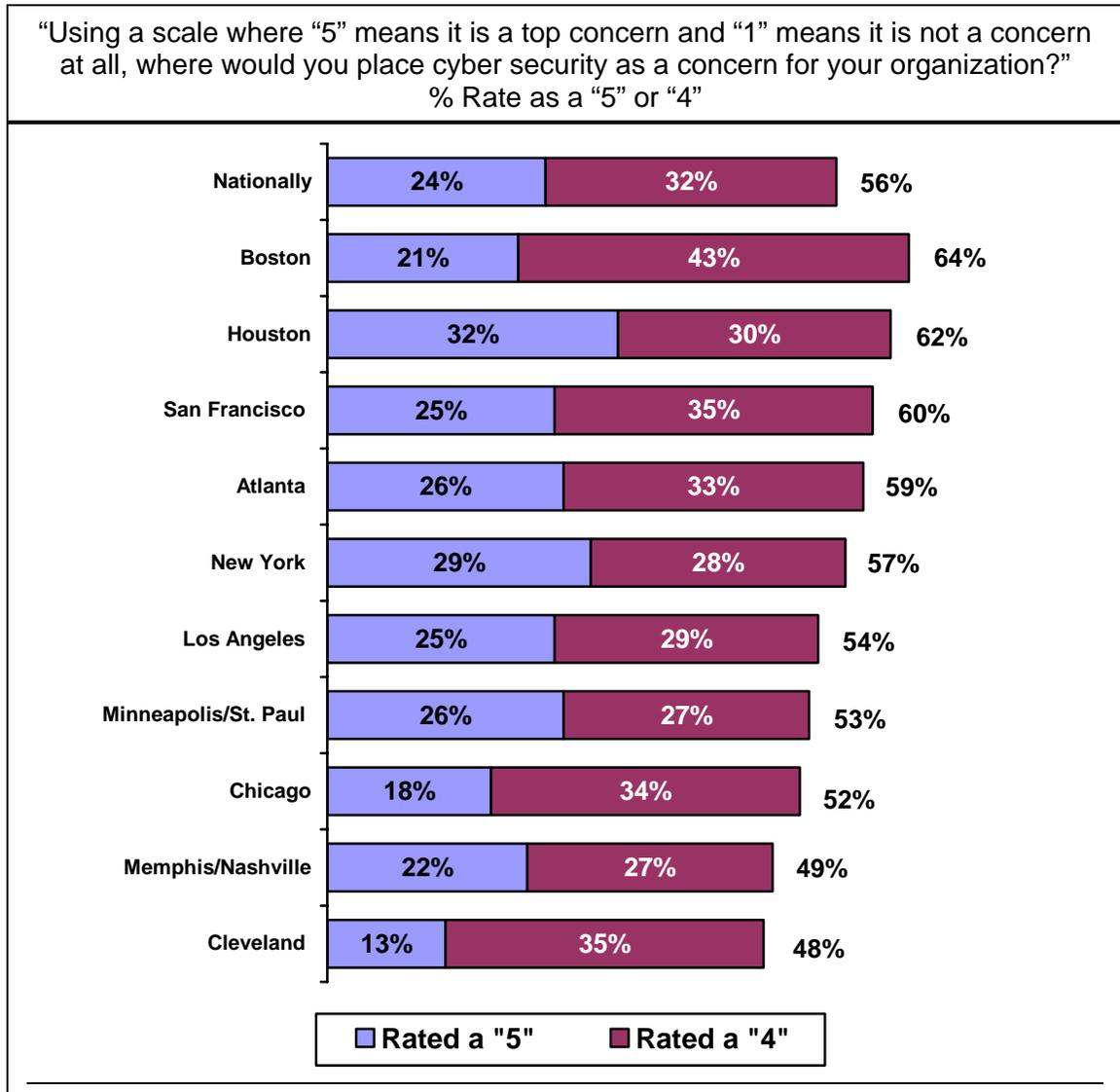
- **Of four possible business continuity measures, companies are most likely to have implemented Internet security measures (68%).**
  - Other business continuity measures that companies have already taken include establishing redundant servers and/or backup sites (59%), educating employees (57%), and using a service provider for outsourcing (35%).
  - Concerning future efforts, companies are planning to educate employees (16%), establish redundant servers and/or backup sites (16%), implement Internet security measures (13%), and use a service provider for outsourcing (10%).
- **Nationally, only one-third (34%) of all companies implement specific protective actions when the federal or state government issues an alert for an impending disaster.**
  - Houston companies are most likely to “take action” (58% compared to 34% nationally), while Cleveland companies are least likely to “take action” (16% compared to 34% nationally).



- **Eight out of ten (82%) executives indicate that cyber security is part of their company's overall business continuity plan.**
  - Companies in San Francisco are the most likely to indicate that cyber security is part of their overall business continuity plan (88% compared to 82% nationally).
  - When it comes to cyber security, actions that companies have taken include educating employees (66%), defining corporate security policies (65%), and contracting with an outside service provider to manage security (29%).

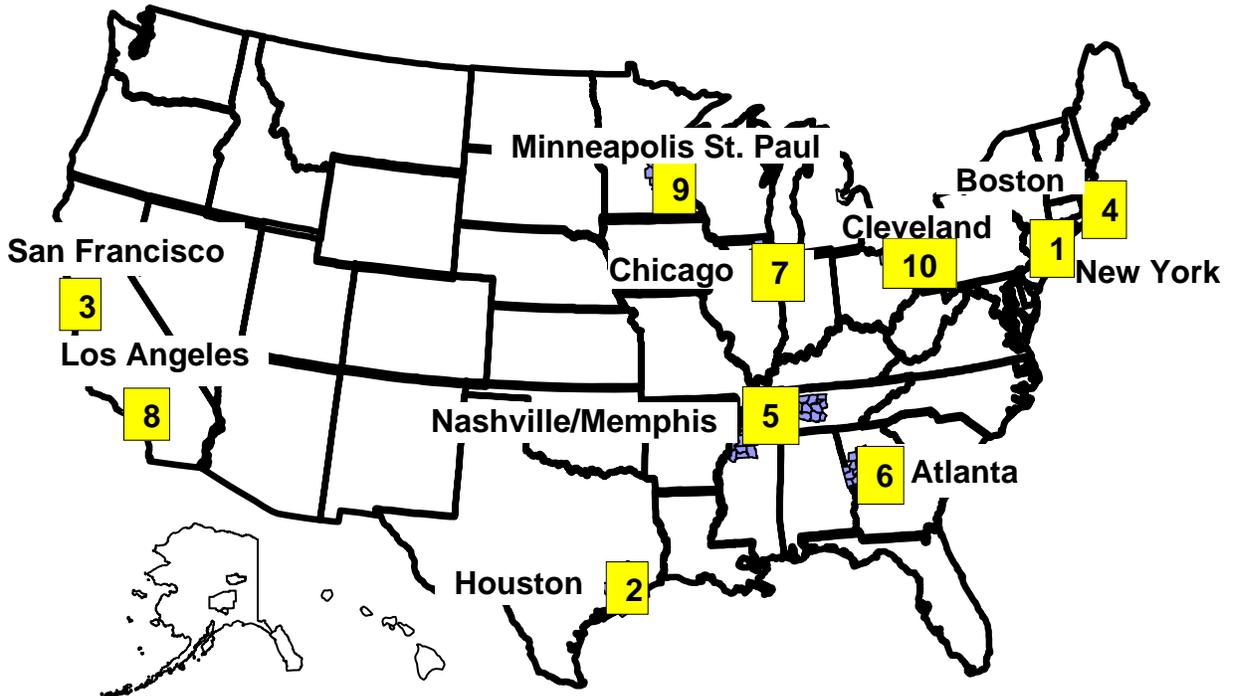


- **A majority (56%) of IT executives view cyber security as a concern.** On a scale of one to five, where “5” means a top concern, and “1” means not a concern, one-fourth (24%) rate cyber security as a “5” and one-third (32%) rate it a “4”.
- Companies in Boston, Houston, and San Francisco are most concerned about cyber security. Those in Cleveland and Memphis/Nashville are least concerned.



- **Of the 10 market areas, New York and Houston rank the highest in terms of business continuity preparedness while Cleveland ranks the lowest.**
  - The Business Continuity Rankings (from 1 to 10) were computed for each market based on responses on three components: ***Business Continuity Plan*** (having a plan, last time updated/tested, taking action when alerted by federal or state governments); ***Actions Taken on Plan*** (business continuity measures in place including Internet security measures, establishing redundant servers, educating employees, and using a service provider for outsourcing); and **Cyber Security** (cyber security is part of overall plan, actions implemented including educating employees, defining corporate security policies, and contracting with an outside service provider to manage security).
- **New York is first (highest in preparedness) on the Business Continuity Rankings, while Cleveland ranks tenth (lowest in preparedness). The rankings for the ten market areas are:**
  1. **New York**
  2. **Houston**
  3. **San Francisco**
  4. **Boston**
  5. **Memphis/Nashville**
  6. **Atlanta**
  7. **Chicago**
  8. **Los Angeles**
  9. **Minneapolis/St. Paul**
  10. **Cleveland**

### Business Continuity Market Rankings



Survey results refer to DMAs of selected markets

### **Experiencing a disaster increases the priority companies place on business continuity planning.**

- Only one-fourth (24%) of these companies have suffered from a natural or manmade disaster. However, experiencing a disaster seems to make companies more aware of the need for business continuity planning.
  - One-fifth (19%) of all companies took actions because of a disaster to reduce business interruptions in the future.
  - Overall, companies that have experienced a disaster are more likely than those who have not to view business continuity planning as a priority (77% compared to 65%, respectively).
  - Companies that have experienced a disaster are also more likely than those who have not to have taken three of the four business continuity measures: implemented Internet security measures (78% compared to 65%, respectively), established redundant servers and/or backup sites (69% compared to 56%, respectively), and educated employees (66% compared to 54%, respectively).
  - Companies that have experienced some type of disaster are more likely than those who have not experienced a disaster to:
    - ◇ “Take action” when the federal or state government issues an alert (41% compared to 33%, respectively),
    - ◇ Include cyber security as part of their business continuity plan (90% compared to 79%, respectively), and
    - ◇ Have educated employees (78% compared to 63%, respectively) and defined corporate security policies (76% compared to 62%, respectively) as part of their cyber security planning.
- **Some companies may have their “heads in the sand” when it comes to the probability of disasters.**
  - One out of seven executives indicate that business continuity planning is not a priority because the probability of a disaster causing business disruption is small (14%) or that the overall probability of a disaster at their company is too small (13%).

## Detailed Findings

### *Priority of Business Continuity Planning*

- **Business continuity planning is seen as a “priority” by more than two-thirds (69%) of IT executives in the United States.** Four out of ten (40%) indicate it has always been a priority for their business, and more than one-fourth (29%) indicate it has become a priority in recent years due to natural disasters, security, and terrorist threats.
  - Nonetheless, three out of ten (30%) executives say business continuity planning is “not a priority.”
    - Reasons for business continuity planning not being a priority include other issues take priority (18%), systems in place are considered sufficient (15%), the probability of a disaster causing business disruption is small (14%), the probability of a major disaster at the company is small (13%), and business continuity planning is too expensive (9%).
  - Memphis/Nashville executives are the most likely to say business continuity planning has always been a priority (49% compared to 40% nationally).
  - Houston and New York executives are the most likely to indicate that business continuity planning has become a priority in recent years because of natural disasters, security, and terrorist threats (45% and 33%, respectively, compared to 29% nationally). This is related to Houston’s experience with hurricanes in the past few years and New York’s experiences with 9/11 and blackouts (companies in both cities are also most likely to have experienced a disaster).
  - Conversely, Cleveland executives are most likely to indicate that business continuity planning is not a priority (42% compared to 30% nationally). Cleveland executives are also more likely than executives elsewhere to believe that the probability of a disaster causing business disruption is small (22% compared to 14% nationally) and that the probability of a major disaster is small (22% compared to 13% nationally).

### *Business Continuity Plans*

- **Seven out of ten (72%) executives indicate their companies have a business continuity plan.** One-fourth (26%) indicate their company does not have a plan.
  - Houston and New York executives are most likely to indicate that their companies have plans (78%, respectively, compared to 72% nationally).
  - Cleveland executives are most likely to indicate that their companies do not have a business continuity plan (34% compared to 26% nationally) which is consistent with their comments about business continuity planning not being a priority.

- **Companies are more diligent about updating their plans than they are about testing their plans.**
  - While a majority (57%) of companies have had these plans updated in the past 12 months, fewer (41%) have had the plans tested during the same time period. Very few indicate that their plans have never been updated (1%) or tested (12%).
  - Houston and New York executives are most likely to indicate that their companies have updated their plans in the past 12 months (62% and 61%, respectively, compared to 57% nationally).
  
- **Companies are most likely to have implemented Internet security measures (68%).**
  - Other business continuity measures that companies have already taken include established redundant servers and/or backup sites (59%), educated employees (57%), and used a service provider for outsourcing (35%).
  - New York, Chicago, and Houston companies are most likely to have established redundant servers and/or backup sites (68%, 66%, and 65%, respectively, compared to 59% nationally).
  - Chicago companies are most likely to also have educated employees (65% compared to 57% nationally) and used a service provider for outsourcing (42% compared to 35% nationally).
  - Concerning future efforts, companies are planning to educate employees (16%), establish redundant servers and/or backup sites (16%), implement Internet security measures (13%), and use a service provider for outsourcing (10%).
  
- **Nationally, only one-third (34%) of all companies implement specific protective actions when the federal or state government issues an alert for an impending disaster.**
  - Houston companies are most likely to “take action” (58% compared to 34% nationally) while Cleveland companies are least likely to “take action” (16% compared to 34% nationally).

## *Cyber Security*

- **Eight out of ten (82%) executives indicate that cyber security is part of their company's overall business continuity plan.**
  - Companies in San Francisco are the most likely to indicate that cyber security is part of their overall business continuity plan (88% compared to 82% nationally).
  - When it comes to cyber security, companies have taken activities such as educating employees (66%), defining corporate security policies (65%) and contracting with an outside service provider to manage security (29%).
    - Executives in Boston and San Francisco are particularly likely to indicate that their companies have focused on educating employees (77% and 76%, respectively, compared to 66% nationally).
    - Executives in San Francisco also indicate that their companies have defined corporate security policies (73% compared to 66% nationally).
- **Viruses and worms are the most significant perceived threats to cyber security in the minds of these IT executives. Almost three-fourths (74%) indicate this is one of the three most significant threats, followed by “hackers” (45%).**
  - Other perceived threats to cyber security include SPAM (37%), internal sabotage (30%), an internal accident (29%), customer, partner, and/or vendor access to internal systems (22%), remote workers (17%), denial of service attacks (15%), competitor espionage (9%), and terrorist attacks (8%).
  - Cleveland executives are the most concerned about viruses and worms (80% compared to 74% nationally); those in Chicago are the most concerned about internal sabotage (39% compared to 30% nationally); and those in New York are the most concerned about terrorist attacks (20% compared to 8% nationally).
- **A majority (56%) of IT executives view cyber security as a concern.** On a scale of one to five, where “5” means a top concern, and “1” means not a concern, one-fourth (24%) rate cyber security as a “5” and one-third (32%) rate it a “4.”
  - Another one-fourth (27%) rate cyber security as a “3,” while one out of seven (16%) rate it as not a concern (a “2” or a “1”).
  - Executives in Boston, Houston, and San Francisco are most likely to rate cyber security as a concern, i.e., a “4” or a “5,” (64%, 62%, and 60%, respectively, compared to 56% nationally).
  - Conversely, executives in Memphis/Nashville, Los Angeles, and Cleveland are most likely to rate cyber security as not a concern, i.e., a “1” or “2,” (23%, 20%, and 20%, respectively, compared to 16% nationally).

### ***Business Continuity Rankings***

- **Of the 10 market areas, New York and Houston rank the highest in terms of business continuity preparedness while Cleveland ranks the lowest.**
  - The Business Continuity Rankings (from 1 to 10) were computed for each market based on responses on three components: ***Business Continuity Plan*** (having a plan, last time updated/tested, taking action when alerted by federal or state governments); ***Actions Taken on Plan*** (business continuity measures in place including Internet security measures, establishing redundant servers, educating employees, and using a service provider for outsourcing); and **Cyber Security** (cyber security is part of overall plan, actions implemented including educating employees, defining corporate security policies, and contracting with an outside service provider to manage security).
  - For each of the 12 variables in the analysis, each market was scored from one to ten, representing its relative position against the other cities on that variable. These scores were then combined to provide a ranking on each component of the Business Continuity Ranking. Each component was weighted equally in the computation of the rankings (33%).
- **New York is first (highest in preparedness) on the Business Continuity Rankings while Cleveland ranks tenth (lowest in preparedness). The rankings for the ten market areas are:**
  1. **New York**
  2. **Houston**
  3. **San Francisco**
  4. **Boston**
  5. **Memphis/Nashville**
  6. **Atlanta**
  7. **Chicago**
  8. **Los Angeles**
  9. **Minneapolis-St. Paul**
  10. **Cleveland**
- **New York and Houston rank highest on the Business Continuity Plan component.**
  - On this component of the rankings, New York ranks number one followed by Houston.
  - Companies in these markets tend to have business continuity plans, have updated the plans in the past 12 months, and they “take action” when the government issues an alert for a pending disaster. These two markets are most likely to have experienced disasters (9/11, blackouts and hurricanes, respectively) and therefore, are more concerned about business continuity planning.

- **While Chicago ranks seventh on the list overall, it ranks first on the Actions Taken on Plan component.**
  - Companies in Chicago are most likely to have established redundant servers and/or backup sites, educated employees, and used a service provider for outsourcing.
- **Overall, San Francisco’s Business Continuity Ranking puts it third on the list behind New York and Houston. However, it ranks first on the Cyber Security component.**
  - Companies in San Francisco are most likely to include cyber security as part of the overall plan, to have educated employees about the plan, and defined corporate cyber security policies. Boston ranks second on this component.
- **Los Angeles, Minneapolis/St. Paul, and Cleveland rank at the bottom of the list of cities. Cleveland ranks tenth on all three Business Continuity Ranking components.**

<b>Business Continuity Rankings</b>				
<b>Market</b>	<b>Overall Ranking</b>	<b>Business Continuity Plan Component</b>	<b>Actions Taken on Plan Component</b>	<b>Cyber Security Component</b>
New York	<b>1</b>	<b>1</b>	5	4
Houston	<b>2</b>	<b>2</b>	<b>2</b>	7
San Francisco	3	3	4	<b>1</b>
Boston	4	5	3	<b>2</b>
Memphis/Nashville	5	4	6	5
Atlanta	6	6	7	3
Chicago	7	7	<b>1</b>	8
Los Angeles	8	8	9	9
Minneapolis-St. Paul	9	9	8	6
Cleveland	10	10	10	10

### *Experience with Disasters*

- **One-fourth (24%) of these companies have suffered from a natural or manmade disaster.** The vast majority of companies (75%) have no experience with disasters.
  - The most frequently experienced disasters include blackouts (11%), hurricanes (6%), cyber attacks (5%), floods (5%), and other extreme weather or snow (5%).
  - Executives in Houston and New York are most likely to indicate their companies have suffered a disaster (31% and 30%, respectively, compared to 24% nationally), while executives in Minneapolis/St. Paul and Los Angeles are least likely to indicate their company has had this experience (16% and 19%, respectively, compared to 24% nationally).

- Executives in New York and Boston are most likely to mention blackouts (22% and 18% compared to 11% nationally); those in New York mention terrorist attacks (6% compared to 1%, nationally); those in Houston mention hurricanes (28% compared to 6% nationally); those in San Francisco mention earthquakes (11% compared to 2% nationally); and those in Memphis/Nashville mention tornados (12% compared to 2% nationally).
- Financial damages from disasters were minimal, with 78% of all companies experiencing no disasters and/or no financial damage from a disaster. One out of ten (12%) had financial damages of less than \$100,000, and only 4% had damages of more than \$100,000.
- The non-financial impact of the disasters was most likely to affect customer/supplier relationships (6% of executives indicating the disaster negatively impacted customer relationships and 2% indicating the disaster negatively impacted supplier relationships) and employees (5% indicating the disaster resulted in a reduction in the workforce and 4% indicating the disaster resulted in a loss of employee confidence). Three percent (3%) mentioned that the disaster tarnished their company's reputation, and only 1% mentioned loss of stockholder confidence.
- **Experiencing a disaster increases the priority companies place on business continuity planning.**
  - Even though companies report little financial or non-financial impact of disasters, one-fifth (19%) of all companies took actions because of a disaster to reduce business interruptions in the future. Among those who actually experienced a disaster (n = 241), 78% took some action to reduce problems in the future.
  - Overall, companies that have experienced a disaster are more likely than those who have not to view business continuity planning as a priority (77% compared to 65%, respectively).
  - Companies (e.g., in New York and Houston) that have experienced a disaster are more likely than those who have not to have taken three of the four business continuity measures: implemented Internet security measures (78% compared to 65%, respectively), established redundant servers and/or backup sites (69% compared to 56%, respectively), and educated employees (66% compared to 54%, respectively).
  - Companies that have experienced some type of disaster are more likely than those who have not experienced a disaster to:
    - “Take action” when the federal or state government issues an alert (41% compared to 33%, respectively),
    - Include cyber security as part of their business continuity plan (90% compared to 79%, respectively), and
    - Have educated employees (78% compared to 63%, respectively) and defined corporate security policies (76% compared to 62%, respectively) as part of their cyber security planning.

*IT Worries*

- **If IT executives can't sleep at night, it is because they are worrying about viruses/worms and security breaches.**
  - Three out of ten (31%) indicate that worrying about viruses/worms is most likely to keep them up at night, followed by security breaches (22%), natural disasters (18%), man-made disasters (12%), and corporate/eCommerce sites crashing (10%).
  - Executives in Boston are the most likely to be worrying about viruses/worms (39% compared to 31% nationally); those in Minneapolis/St. Paul are the most likely to be worrying about security breaches (31% compared to 22% nationally); those in San Francisco are the most likely to be worrying about natural disasters (26% compared to 18% nationally).