



What is a Disaster?

A RAH Technology White Paper

One of the Series of White Papers on
Business Continuity and Disaster Recovery

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When many companies ponder their business continuity and disaster recovery status, they are often perplexed about what exactly constitutes a disaster. Of course, many disasters are self-evident: it does not take much imagination to consider an earthquake that puts you out of business for a month as anything but a disaster. But what about failure of an application? Or the loss of a key employee? Are they disasters?

The question of what constitutes a disaster may not have much significance until you consider the circumstances under which you would activate disaster recovery and business continuity measures. When do you go ahead, call everyone in, and begin to react?

To start, let us consider a disaster something sudden and something “bad.” “Sudden” in that we haven’t had much time to prepare for it and “Bad” in that we do not want it to happen. It hurts our revenue, our ability to do business, our people or our infrastructure. However, just being “bad” is not enough. Many “bad” things can happen in the normal course of business that should be handled as normal business events. The PC crash is both “sudden” and “bad”, but is it a disaster? Ditto the leak in the roof.

This brings us to our first major refinement of the definition, based on the concept of “normal course of business.” A disaster had better be something beyond the normal course of business. If it can be handled, or should be handled, within the normal course of business it can hardly be considered a disaster.

OK, so how do I decide which events needs to be handled in the normal course of business?

Likelihood and Impact

To distinguish “normal”, but “bad” events from disasters consider two different dimensions: the likelihood of an event and the impact on the business. Highly likelihood events are those that occur frequently, perhaps up to at least once per year. You know they are going to happen, you just don’t know when. Therefore, you and your employees are prepared to deal with the situation on an everyday basis. If, for example, you have a call center and an operator becomes ill, standby personnel are available to; if you have a delivery service and a truck breaks down, quick service or a replacement is available; if you provide a service over the internet and a server crashes, a secondary server takes over.

Highly impacting events are those that hurt business in an identifiable way, such as direct loss of revenue, increased expenses, loss of customers and loss of reputation. Revenue may be lost because of rebates to customers, inability to provide service or process new orders, and delay in service rollout. Increased expenses can occur because of the need to



hire temporary personnel, loss of normal operations efficiency, need for temporary housing or travel, among other reasons.

It is not always possible to pre-determine whether a particular event would have high or low impact on business. A tire blowout, a somewhat likely event with a typically low impact, may have a high impact on a company with only a handful of trucks. A coffee spill, another negligible event, can be devastating if it happens on the only copy of a disk containing a company's total software assets (shame on you if you are in that situation, but, hey, it's happened before).

The concept of probability and impact may be summarized in the following table:

Impact Probability	Low	High
High	Must manage in normal business processes	Tragedy - Must reduce probability or impact to another category
Low	Accept risk and impact	Disaster – Scope of Business Continuity Plan

The vertical axis represents the probability of a disruptive event, such as a snowstorm or a tire blowout, and the horizontal axis describes the impact on the business, such as lost sales.

Low probability events with low business impact can safely be ignored or accepted and dealt with on an ad hoc basis (“ I spilled coffee on my lap”).

High probability events, ones that occur often, but have low business impact, are normally incorporated into business processes and not treated as disasters (“ Joe’s PC is not working – call the helpdesk”).

High probability events with high business impact must be ameliorated as soon as possible, either reducing the probability of their occurrence or their impact on the business (“ our headquarters sits on an ammunitions dump right near a practice range”). You cannot safely continue to operate a business in this quadrant. The result would not constitute a “ disaster” but rather a “ tragedy.”



Low probability events with high business impact are the focus of a Business Continuity Plan (“An earthquake brings the HQ building down”). Neither the probability nor the impact of these events can be lowered much further.

Nevertheless, because of their threat to the business, these events need to be planned for.

How Do I Use This

A disaster then is a sudden, low probability, high impact event that cannot be managed under normal business processes. It is not always possible to determine the exact probability of such events and, fortunately, there is no need to do so. It is sufficient that the probability is low and the event, therefore, does not need to be normally taken into account. If, on the other hand, you are endangered by high probability high impact events, please change something quickly: reduce either the probability or the impact now.

For the remaining low probability, high impact events, prudence dictates that they be taken into account in Business Continuity plan. A Business Continuity Plan, by its nature, is a plan for doing business in an abnormal and extra-ordinary way. Develop such a plan; use the table above, define your disasters, and figure out how to deal with them.

For more information on Business Continuity and how to develop a Business Continuity Plan, see the other White Papers in this series.

About RAH Technology

RAH Technology provides telecom and IT solutions to service providers, enterprises and healthcare providers, with a focus on Voice over IP, WiFi, Security and Operations. RAH Technology provides a fresh approach for its customers, zeroing in on their major business benefits and ignoring hype, bloat and smokescreens. We help our clients cut through the complexity of technology, operations and systems and maximize their value.