

*Research Brief*

## Data Backup Trends at SMB Organizations

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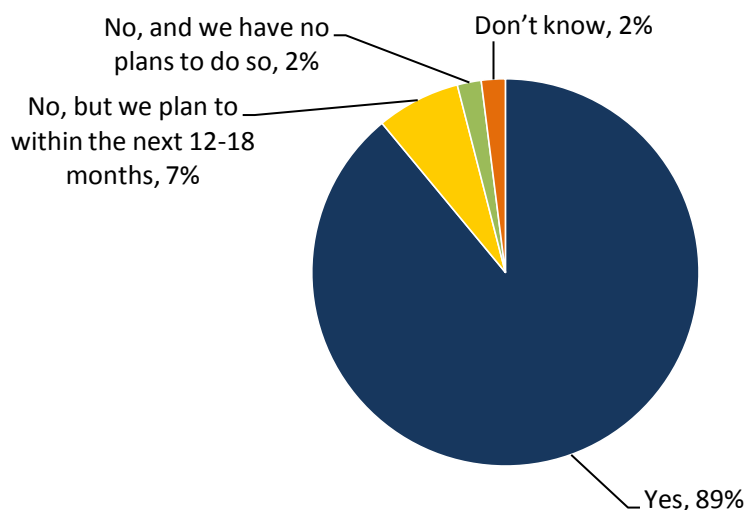
**Abstract:** SMB organizations are just as reliant as their enterprise and midmarket counterparts on data to support day-to-day operations, though they typically lack the resources and/or IT expertise to ensure its availability and preservation. In spite of this, recent ESG research reveals that many SMBs understand the importance of their IT assets and are at least attempting to back up their data, whether proactively or reactively. However, given the fact that even larger organizations haven't "solved" data protection, there is an opportunity in the SMB space for both education and services to not only supplement current backup strategies, but—more importantly—to foster new ones.

### Data Backup Is Prevalent among SMB Organizations

ESG recently surveyed 412 IT and business professionals responsible for the technology needs of small (99 or fewer employees) and small midmarket (100 to 250 employees) organizations<sup>1</sup> in North America.<sup>2</sup> In addition to general IT and data storage environments, respondents were asked about their organizations' data availability requirements, as well as the subsequent steps taken to protect data and meet those requirements. Today, even the smallest businesses rely on computer systems to keep their day-to-day operations running smoothly. Everything from financial records, employee information, customer data, and sales orders to video surveillance, e-mail, supply chain data, and third-party logistics information such as shipping and tracking are maintained digitally. As more aspects of the business are digitized and automated via the use of computers, the more imperative it is to protect those assets. Data protection is an integral part of IT operations—maintaining one or more local and/or remote copies of primary data provides an insurance policy for minimizing data loss and downtime. Given the increasing usage and importance of computers within the SMB segment, it should come as no surprise that nearly all organizations currently back up their data or expect to do so in the near future (see Figure 1).

Figure 1. Data Backup Plans

Does your organization currently back up its data? (Percent of respondents, N=412)



Source: Enterprise Strategy Group, 2013.

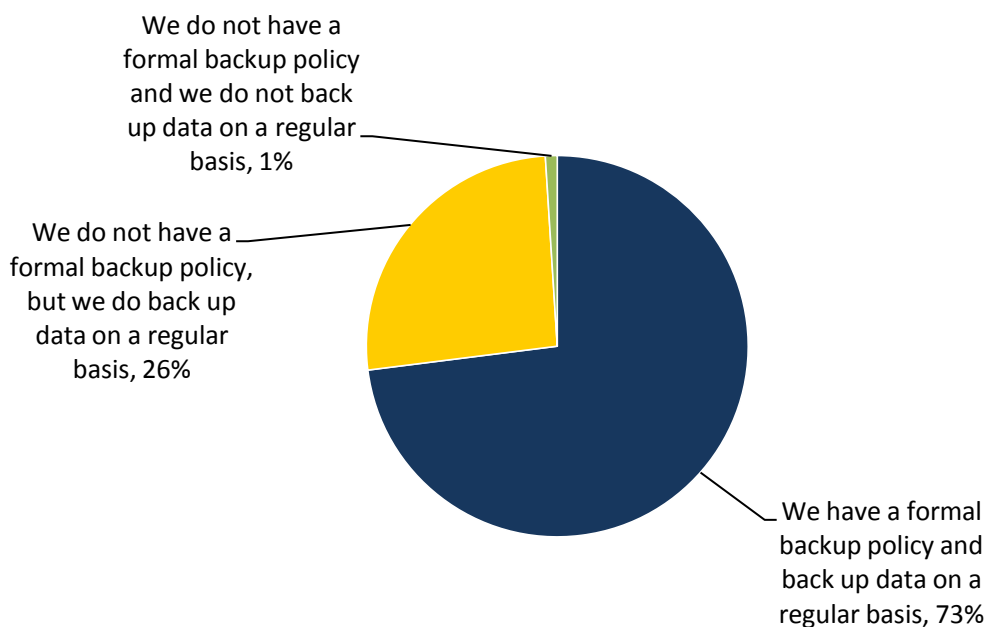
<sup>1</sup> ESG refers to small and small midmarket organizations collectively as SMB (small medium business).

<sup>2</sup> Source: ESG Research Report, [SMB Storage Market Trends](#), April 2013.

SMB organizations that do protect their data were then asked to describe their approach to backup. As seen in Figure 2, nearly three-quarters (73%) of these respondents report not only backing up data on a regular basis, but also having a formal policy, while 26% back up data habitually without the assistance of any official guidelines. Not surprisingly, organizations that place a higher premium on IT were more likely to be more committed to data protection processes. Specifically, 80% of those with management teams that view IT as a competitive advantage have a formal policy and back up data on a regular basis, compared to only 70% that view IT as a tactical means to an end (see Table 1).

Figure 2. Approach to Data Backup

**Which of the following best describes your organization’s approach to backing up its data? (Percent of respondents, N=366)**



Source: Enterprise Strategy Group, 2013.

Table 1. Approach to Data Backup, by Attitude of Organizations' Management Teams toward IT

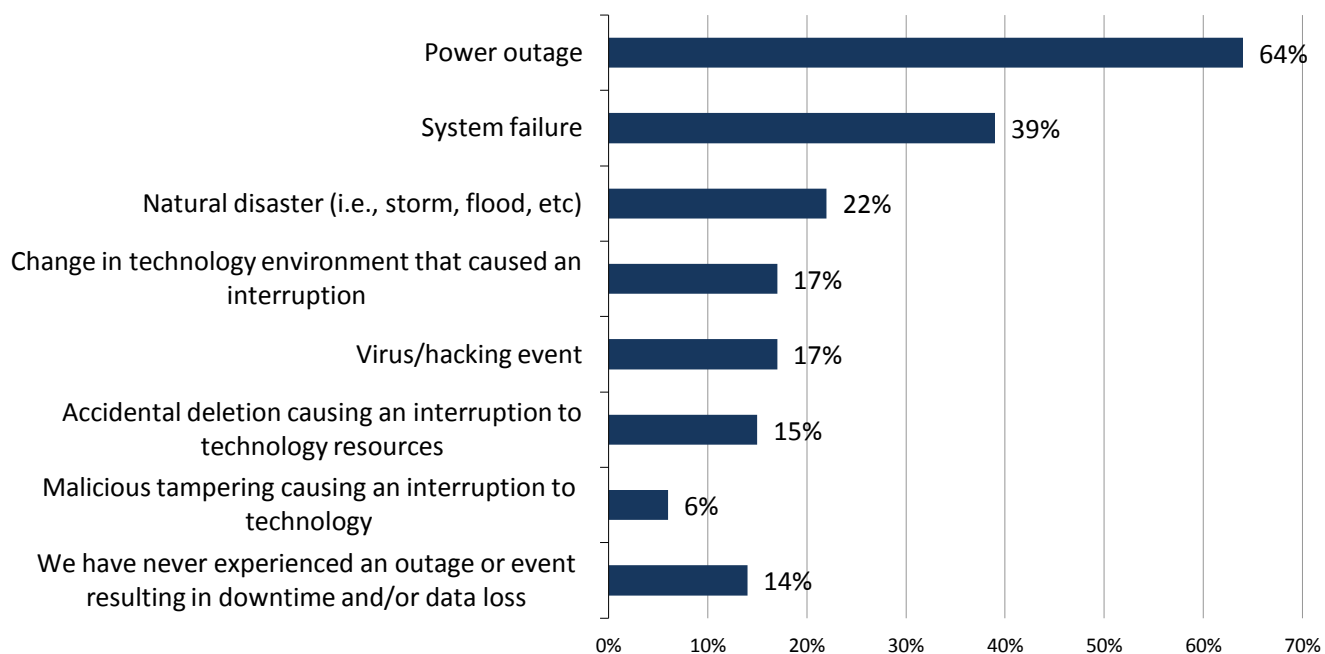
| Which of the following best describes your organization’s approach to backing up its data? |  |   |   |
|--|--|---|---|
|  | By attitude of organizations' management teams toward IT   |   |   |
|  | Views technology as a <u>competitive advantage</u> – stays on top of current technology trends and invests in related products appropriately (N=124) | Views technology as an <u>enabler</u> – but generally waits to invest in related products until they have proven acceptance in the market (N=138) | Views technology as a <u>tactical means to an end</u> – tend to make investments on an as-needed basis and only after those technologies have been widely accepted in the market (N=83) |
| We have a formal backup policy and back up data on a regular basis                         | 80%  | 72%   | 70%   |

Source: Enterprise Strategy Group, 2013.

What types of events have caused organizations to experience downtime and/or data loss? According to Figure 3, nearly two-thirds (64%) of respondent organizations say that a power outage has resulted in downtime and/or data loss, while 39% attribute these issues to a system failure. What is more interesting is the apparent correlation between one of these events and data backup strategies. Specifically, one-quarter of the organizations that *do not* currently back up their data have *never* experienced an outage or event leading to downtime and/or data loss, compared to 13% of those that do back up their data (see Table 2).

**Figure 3. Outages/Events That Resulted in Downtime/Data Loss**

**Has your organization ever experienced any of the following types of outages or events that resulted in downtime and/or data loss? (Percent of respondents, N=412, multiple responses accepted)**



Source: Enterprise Strategy Group, 2013.

**Table 2. Downtime and/or Data Loss Drives Organizations to Back Up Data**

**Has your organization ever experienced any of the following types of outages or events that resulted in downtime and/or data loss?**

|   | By data backup plans          |   |
|---|-------------------------------|---|
|   | We currently back up our data | We <u>do not</u> currently back up our data |
| We have never experienced an outage or event resulting in downtime and/or data loss | 13%                           | 25%   |

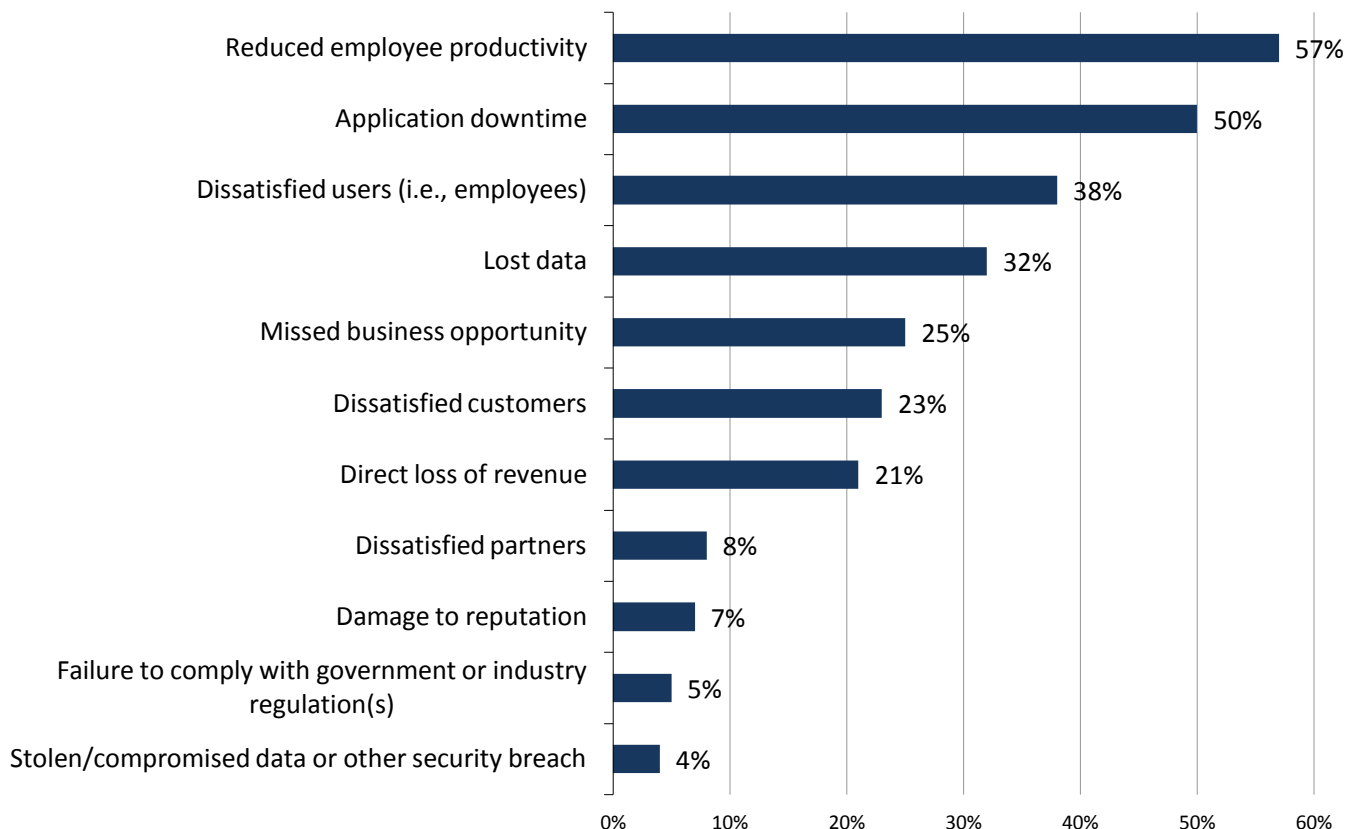
Source: Enterprise Strategy Group, 2013.

The challenges associated with outages and other events causing downtime and/or data loss can have tangible, adverse business effects. Interestingly, Figure 4 reveals that issues pertaining to an organization’s employees are the most commonly cited. Indeed, at least half of SMB respondents indicate that outages have led to reduced employee productivity (57%) and/or application downtime (50%). Additionally, more than one-third (38%) of SMB organizations report having dissatisfied users as the result of downtime or data loss events. Although less frequent, downtime and

data loss events have also led to much more serious—and external—consequences, such as missed business opportunities (25%), dissatisfied customers (23%), and a direct loss of revenue (21%).

*Figure 4. Business Impact of Outages or Events Resulting in Downtime and/or Data Loss*

**What has been the business impact on your organization of the outages or events that resulted in downtime and/or data loss? (Percent of respondents, N=342, multiple responses accepted)**



Source: Enterprise Strategy Group, 2013.

## The Bigger Truth

ESG’s data shows that most SMB organizations “get it” with regard to protecting their data and many even have a specific backup policy. The reality, counterintuitive though it may seem, is that SMB organizations arguably need data protection as much as—if not more than—their enterprise and midmarket counterparts. However, the unfortunate truth is that far too many SMBs still settle for less protection than they should because of their incorrect presumption about its complexity, a lack of awareness of product capabilities, and a staffing situation that limits the time necessary to evaluate and—more importantly—manage technology. This represents an opportunity for vendors and channel partners to address these misconceptions and challenges through a combination of education and services, whether that takes the form of an audit assessing the use – or lack– of product features in order to optimize utilization and maximize availability or a managed service that provides data protection expertise to those organizations with limited IT resources.

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