THE RESILIENCE IMPERATIVE

A report examining the largest threats to resilience in business today, the enormous toll these take on those in leadership positions, and how companies can better support employees in times of crisis by creating greater business resilience.

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Foreword

Disruptions and disasters are an all too common aspect of doing business. It seems barely a week can pass without an organisation facing backlash or making headlines for crises resulting from cyberattacks to data corruption. From financial juggernauts to established high-street retailers, no company is safe from threats to resilience today.

With technology continuing to permeate every aspect of modern-day business, it has become more important than ever for organisations large or small, commercial or non-profit, to be resilient to sudden change.

Digital transformation is accelerating expectations of pace and availability amongst end-users, who demand always-on services to run operations without fail 24/7, creating resilience imperatives. Any break in service can now profoundly impact an organisation in a number of ways, and as this report reveals, in addition to the well-known financial and reputational imperatives that drive a need for resilience, there is also a personal one.

To understand the challenges companies now face, and draw conclusions on how to best to combat these, Sungard Availability Services (Sungard AS) surveyed business leaders across the UK and Ireland. The results demonstrate a C-Suite with a delicate balance on their hands in times of technological disruption.

The study uncovered three key imperatives driving resilience in organisations today

The Fiscal Imperative

The immediate financial impact of lost business, repairing operations and services and adjusting to any long-term effects.

The Reputational Imperative

The reputational cost to organisations and employees, damaging brand perception in the eyes of customers and partners

The Personal Imperative

A new resilience imperative identified by this research – the personal impact on the individuals involved. A concerning number of business leaders admit their mental health has suffered as a result of technology disruptions, with the majority having suffered stress related illnesses and/or damage to their mental wellbeing.

With these Resilience Imperatives in place, having the right mindset, a plan, and the technological know-how to weather different IT storms is vital to maintaining a successful business. Companies must make themselves agile, available and secure, and extend this way of thinking to the support of employees too.

The crisis landscape today

In today's interconnected world, business ecosystems are bigger and more complex than they have ever been. Exposure to and interaction with the outside world has evolved as well, inevitably giving rise to risks which vary in nature. Over the past two years, 93% of organisations have experienced tech-related business disruptions, according to IDC's 2018 The State of IT Resilience report. Of those, 17% stated disruption was severe, with 20% admitting their business suffered major reputational damage and permanent loss of customers.

Technology is not the only thing that can create havoc either. Along with cyberattacks and critical information infrastructure breakdowns, the World Economic Forum's 2019 Global Risks Report lists extreme weather events, natural disasters, and man-made environmental disasters among the top ten risks most likely to occur, and have the biggest impact.

With virtually every aspect of an organisation now vulnerable to threat, the results from this study demonstrate how the source of crises are becoming more varied in the UK and Ireland today. The business leaders surveyed revealed the crises they believe are most likely to threaten their organisation in 2019 were a cyber-attack (50%), network failure (33%) or IT outage (33%).

Across both territories, the top three threats for 2019 break down as:

In the UK

53% Cyber-attacks

36% An IT outage

26% Data corruption/loss

In Ireland

56% Network failure

42% Cyber-attack or hardware failure

32% Data corruption/loss

While such threats would likely cause concern to any discerning business, robust practices updated in line with the latest threats can keep networks and intellectual property protected in all of these instances. Unfortunately, many businesses are still battling with the basics in an effort to keep such crises at bay.

In the UK, almost 1 in 5 (19%) business leaders stated their organisation experienced 3-4 cyberattacks, and just over 1 in 5 (22%) experienced 3-4 IT outages in the last 12 months alone. Figures rise in Ireland, with half of business leaders (50%) saying their company experienced 3-4 cyberattacks, and just over a fifth (21%) 5-6 in the last 12 months. IT outages in the Ireland do not fair better either, with a third having had 3-4 outages (33%) over the same time period.

When it comes to the internal risks companies are facing, the picture is also worrying. In the UK, 1 in 8 respondents (13%) stated their company has experienced 5-6 insider threats, and in Ireland, 2 in 5 (40%) have experienced 3-4 insider threats in the last 12 months.

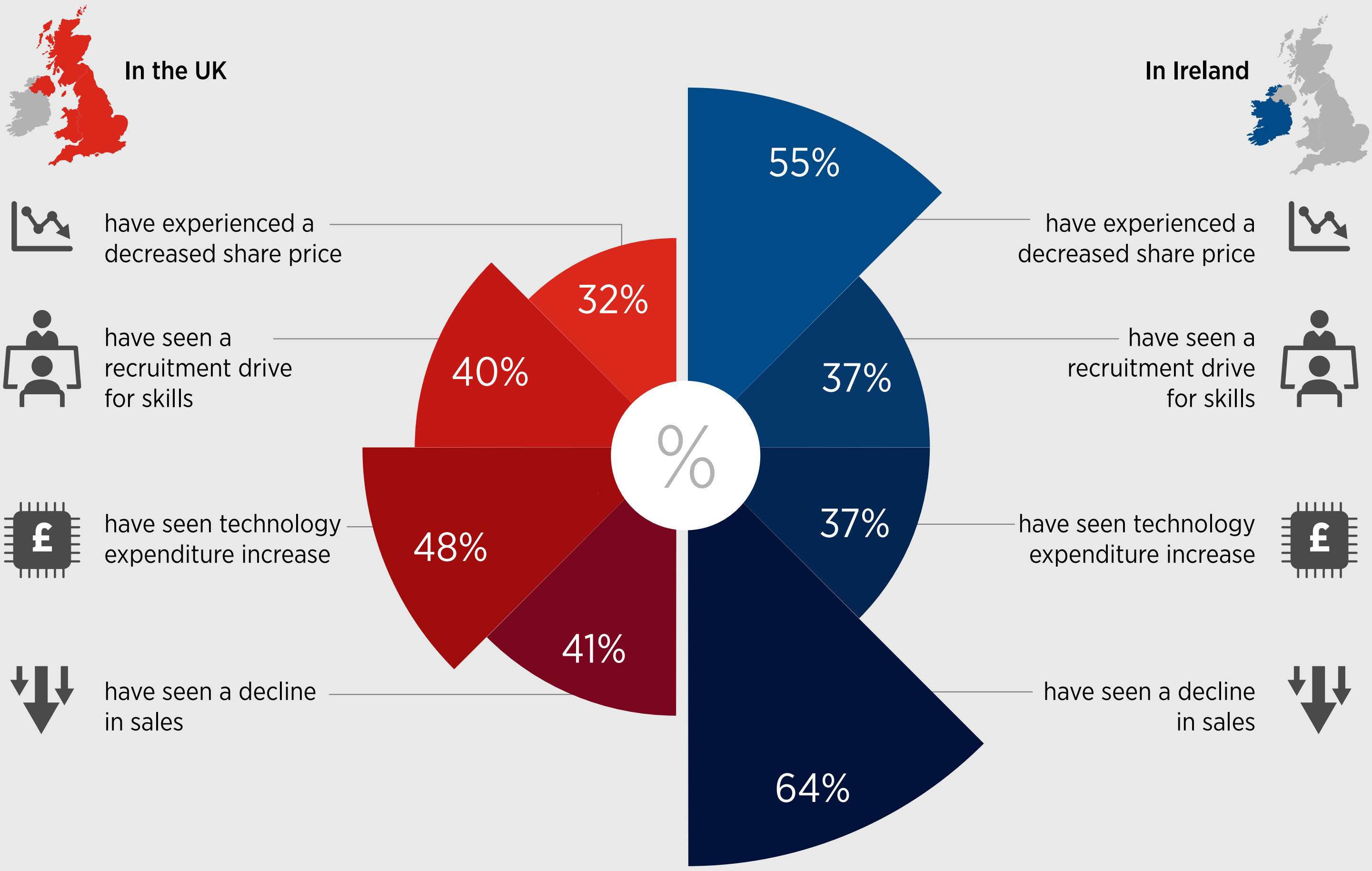
With such a range of challenges to fight, what is the impact both financially and reputationally on companies, and importantly, the personal toll on leaders responsible for navigating disruption?

The Fiscal Imperative

The financial impact of technology disruptions in business is clear.

Respondents to the study provided insights into the losses they have experienced annually as a result of downtime in their organisation. In the UK and Ireland, companies now lose on average £1,105,000 a year.

Business leaders also revealed that technology expenditure had increased in half (50%) of cases following a crisis, with 39% having witnessed a reduced share price, and 39% a recruitment drive for skills.



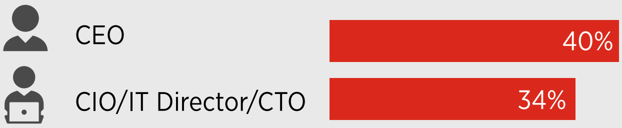
As these examples demonstrate, an organisation's entire approach to resilience must continually adapt to protect against all forms of risk. A Business Impact Analysis (BIA) can help determine which systems need what kind of protection, and how much downtime and data loss a company can afford.

However, the financial loss that follows a crisis is only one area that companies must consider.

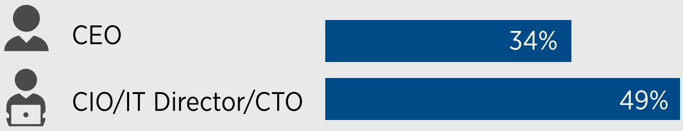
The Reputational Imperative

In terms of where responsibility falls when a crisis hits today, the study's findings reveal:

In the UK the following take responsibility:

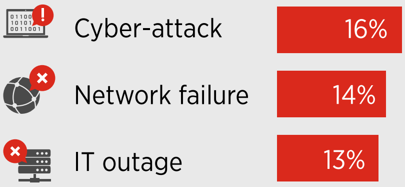


In Ireland the following take responsibility:

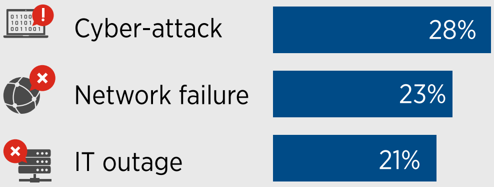


In terms of the impact crises now create, in the UK, over 1 in 6 business leaders (17%) said their company has suffered a negative impact on brand reputation after a cyber-attack and 14% had seen a decline in sales following both a network failure and/or an IT outage. In Ireland, a quarter (26%) said their company has suffered a negative impact on brand reputation after a cyber-attack, a third (33%) has seen a decline in sales following a cyber-attack, and 30% following a network failure.

In the UK, top causes of customer loss are:



In Ireland, top causes of customer loss are:



When considering a crisis from the perspective of a customer, the business leaders surveyed understand well the possible ramifications any break in service could have.

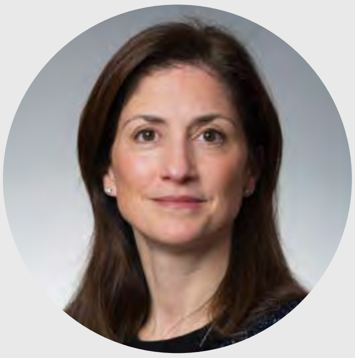
In the UK, 72% agree that their customers are more likely to seek a new supplier if they suffer a data breach or IT downtime. The same amount agree customers are likely to walk if they do not have a disaster recovery process in place.

In Ireland, 90% agree customers are more likely to seek a new supplier if they suffer a data breach, and 77% IT downtime. Over three quarters (76%) also agree customers are likely leave if they do not have a disaster recovery process in place.

Resilience isn't the responsibility of just one person in business today, but when a crisis hits, the executive leadership team are called upon to take control and manage the situation, often with limited information and little time to prepare.

Today, if an organisation cannot demonstrate that good data protection is a cornerstone of its business policy and practices, it is open to enforcement action that can damage both public reputation and the bottom line. Top executives can also be forced to forfeit bonuses and even step down following public uproar surrounding crises.

But a damaged company reputation and financial losses are not the only forms of impact in times of crisis, nor the most severe.



Advice from experts

"There are imperatives that drive resilience for industry. The first is the immediate cost of lost business and businesses having to pay to repair what has gone wrong. Then comes the reputational costs following cyber-attacks, IT outages and network failures. Businesses are all too aware of delicate customer loyalty and that any disruption will cause them to look elsewhere next time. Finally, this research has identified a new resilience imperative, which is the personal impact on the individuals involved. Many business leaders suffer from stress-related illness or damage to their mental wellbeing when disruption happens, which also affects their family and friends. Boards within organisations must take a long hard look at their company's approach to resilience today and ensure it meets the ever-changing array of challenges to it."

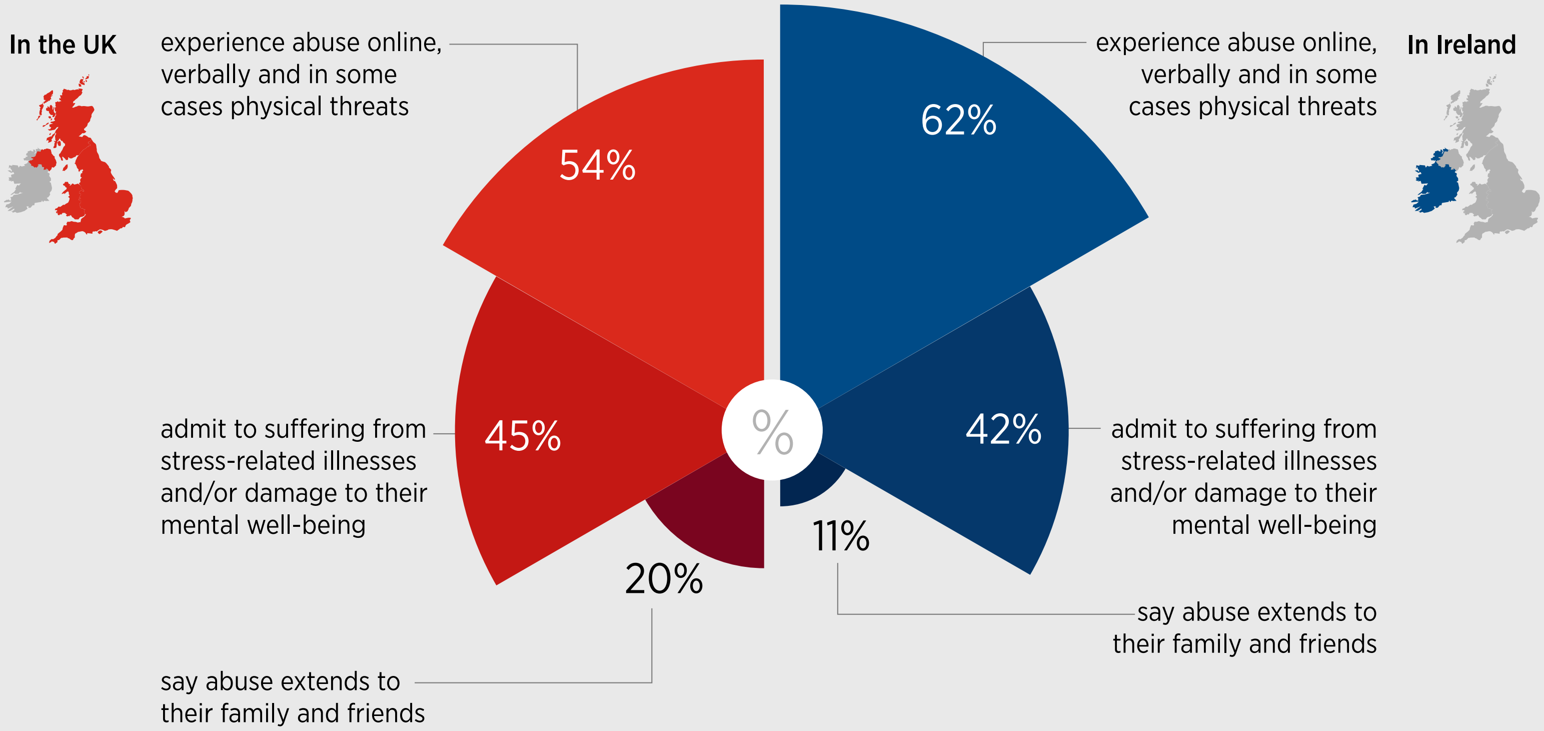
Kathy Schneider, CMO at Sungard Availability Services

The Personal Imperative

The area of most concern uncovered by this study, is the scale of the challenge business leaders are facing mentally, and follows 'burnout' becoming a legitimate medical diagnosis listed in the World Health Organisation's handbook.

In the face of technological disruptions, 57% of respondents (54% in the UK and 62% in Ireland) admit to suffering from stress-related illnesses and/or damage to their mental well-being in the event of a crisis. In today's hyper-connected world, with the C-Suite inextricably tied up with brand identity, these findings highlight the extent to which senior executives are linked to their company's resilience.

In the UK, 49% of CEOs have been affected in this way, rising to 62% amongst CIOs/CTOs. In Ireland, the pattern is similar with three quarters (75%) of CIOs/CTOs admitting this.



To do their jobs to the best of their abilities, the C-suite need the help and support of the wider business. These findings demonstrate why more must be done to instil resiliency in businesses today, and aid leaders with their personal responses in times of disruption more effectively.

Five things organisations must do now

Considering the imperatives listed above, companies need to improve their approach to resilience, without hampering long-term innovation, or the digital experiences of customers. To do that, they need to approach how they combat a variety of risks, and the impacts these can in turn create, differently. As this research shows, they must also safeguard staff.

Five things for organisations to consider:

1. Ensuring processes, applications and infrastructures are recoverable and **available** for continuous business operations.

2. Alignment of the right applications with the right platforms, using hybrid IT to minimise complexity, maximise efficiency and deliver **agility**.

3. Ensuring the right balance is struck between data access and **security** requirements amidst evolving threats.

4. Organisations should provide employees – especially those most accountable – with guidance to **communicate** with family members, and support staff accordingly through periods of significant disruption.

5. **Counselling** should become a requirement for senior leaders of a business after significant disruption.

Conclusion

Companies today are exposed to an ever-more complex array of risks, threats and uncertainties, which are only set to accelerate in the years to come. Whether driven by technology developments, cybersecurity threats, data privacy concerns, or natural disasters, coping with accelerating change is no longer an advantage, but a necessity.

In the UK, almost three quarters of business leaders surveyed (72%) stated business continuity spending will increase in 2019, and in Ireland, 85% expect business resilience will be a board priority in 2019.

This study reveals that whilst companies have long considered the financial and reputational impact of crises, there is a significant negative personal impact on leadership teams that is not being addressed. Business strategies today must go beyond ensuring a robust and agile infrastructure, to address the new Resilience Imperative which is personal. Boards within organisations must look at their company's approach to resilience and consider how they can better support staff following business disruption.

Companies can minimise risk and adapt to disruptive events by embedding resiliency into and across their environment, to make their business and IT operations more available, safe and agile. This must extend to the support of employees too. Businesses that can show this, will no doubt can gain credibility in both their own industry and beyond.

Advice from experts

"The results of this study are a little bit concerning, but also very clear, resilience is an imperative. Disruption has considerable ramifications for companies and individuals. We know that there are short, medium and long-term effects of cyber-attacks, network failure and IT outages although until now we didn't see the full effects. However, in recent years organisations have increasingly focussed on the importance of staff's mental wellbeing and our findings will cause further scrutiny of any organisation's ability to be truly resilient."

Chris Huggett, Senior Vice President, Sales, Europe & India at Sungard Availability Services

About this research

Sungard AS commissioned research to explore the views of the C-suite in companies with 500+ employees in the UK and Ireland. On the companies' behalf, an independent research organisation questioned 250 respondents in the UK, and 101 in Ireland, in March of 2019.

About Sungard Availability Services

Sungard Availability Services (Sungard AS) is a leading provider of critical production and recovery services to global enterprise companies. Sungard AS partners with customers across the globe to understand their business needs and provide production and recovery services tailored to help them achieve their desired business outcomes. Leveraging more than 40 years of experience, Sungard AS designs, builds and runs critical IT services that help customers manage complex IT, adapt quickly and build resiliency and availability. Visit Sungard Availability Services at www.sungardas.co.uk or call 0808 2784 413. Connect with us on LinkedIn, Twitter and our blog.