

## reducing third-party hotsite costs

### Objective

Commercial hotsites are a key component of the business continuity solution for many companies. However, they represent significant, and sometimes huge, monthly expenses that literally go on forever. Contingency planners must find ways to control the cost of this component while, at the same time, taking advantage of the benefits offered by the dedicated alternate site model.

### Issues

Reducing hotsite costs requires a level of information and experience that is not generally available in the average company, even if they have dedicated contingency planning resources. And unfortunately, the hotsite vendors are constrained by their house solutions and recommend typical approaches even if they are motivated to protect the client's interests.

Additionally, the greatest leverage comes from viewing the production environment and the recovery environment as one balanced equation, both sides of which must move in tandem. Some of the most effective solutions come from applying proven, advanced technology to the production side of the equation thus changing the recovery side. Unfortunately, system integrators typically don't understand business continuity solutions and continuity vendors don't cross into the production environment. The result is a significant loss of leverage.

### Solution

There are fundamentally two ways to control or reduce hotsite costs. The first is to reduce the "footprint", (e.g. the amount of hardware, software and network required at the hotsite). All hotsite subscriptions are based on the size of the infrastructure configuration... reduce the configuration and you reduce the monthly cost. The second is by negotiating favorable rates and terms in the hotsite contract.

To reduce the footprint of your hotsite requirements, you must first completely understand your RTO and RPO. The RTO is the Recovery Time Objective and represents the maximum time in which business processes *and* their supporting systems must be made available after an interruption. Many companies think in terms of 24, 48 or 72 hours, although more and more companies today are facing RTOs of several hours, or even minutes. The RPO is the Recovery Point Objective. The RPO is the logical point in time to which systems are restored and is a function of synchronized backup data availability for all necessary applications.

WTG conducts an Iterative Business Process Decomposition (IBPD) to help its clients determine their RTOs and RPOs. By modeling a company's business process flows and inter-process dependencies, a clear picture is constructed of which functions are

critical to work results. It then becomes a relatively simple effort to map the critical processes to applications and, ultimately, to infrastructure hardware and other recovery requisites. The advantage of the IBPD over a traditional BIA is that we arrive at the RTO and RPO by understanding workflow, as opposed to forcing relatively abstract estimates of loss. While the coarse estimates arrived at with a BIA are usually sufficient for typical planning efforts, a much more accurate view is required to define the absolute smallest recovery footprint and to achieve the correspondingly smallest monthly cost. The RPO directly impacts the cost of data backup and, since backup solutions occur in steps, the cost difference between an RPO of twelve hours and six hours can amount to literally millions of dollars. The RTO is similarly linked to direct costs. The cost difference between recovering in twelve hours versus six can amount to millions of dollars. Keep in mind that we are not talking about small incremental improvements... an accurate understanding of the RTO and RPO can reduce hotsite costs by an order of magnitude.

With an accurate understanding of the RTO and RPO in hand, the next step is to design the recovery architecture needed to support these requirements. WTG's Data and System Availability Architectures ensure the most effective architecture to meet the stated RTO and RPO objectives. Keep in mind that designing recovery architectures is a specialized discipline and most production personnel simply do not have the experience to design them. And unfortunately, it is contrary to the hotsite vendor's interests to design small solutions. Also keep in mind that the RTO and RPO drive completely different architectures even if they are both the same number. Most companies tend to equate the two, which artificially expands the recovery footprint. Often, something as simple as placement of hardware can result in dramatic savings. In other cases, application of specialized technologies not available to the hotsite vendor or understood by in-house personnel, will reduce the footprint while offering synergistic benefits like production fail-over. Time staggered configurations and multiple tier recovery architectures also serve to reduce the recovery footprint and reduce costs.

Finally, WTG has a unique ability to help with your hotsite Vendor Analysis. We know what terms the major vendors will and will not accept. We know the going rate for services as well as the minimum rate, which arms us to get better prices. We have successfully negotiated creative upgrade clauses that recognize the rapid depreciation of hardware to give you more coverage with more flexibility. We know how to get you long-term prices in contracts with "outs" that allow flexibility as your requirements and options change. And we accomplish this while maintaining a win-win environment that ensures an excellent vendor relationship for the all-important support needed at time of disaster. Our Vendor Analysis assists

the first time buyer with everything from a formal RFP through final contract negotiations and helps seasoned pros deal with contract renewals and extensions. The subscription savings we gain in the first contract years alone often more than pay for our fees with latter year savings dropping right to our client's bottom line.

## Scope

The strategies and techniques described in this solution are equally applicable to all levels of implementation, including: single business process, individual applications, single servers, platforms, whole sites or the entire enterprise.

## Proven Results

WTG recently re-architected an advanced recovery solution for a large, just-in-time manufacturing company. The architectures recommended by three large hotsite vendors were virtually identical and each vendor's approach cost nearly \$300,000 per month. With the techniques described in this solution, WTG developed an architecture that saved the client over \$250,000 per month for the same recovery capabilities and added a production hot fail-over capability, effectively for free.

On the contract negotiation side, we renegotiated a hotsite agreement and the client documented that WTG produced a \$20M savings over the term of the agreement.



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When it comes to highly-resilient, highly-available and highly-recoverable solutions for systems, data and people, WTG are the experts of choice. We design, implement and maintain cost-effective, leading-edge solutions within the framework of our holistic NextGen 360° ABC™ methodology so you can respond to any incident-any time. Our 360° NextGen ABC methodology can improve recovery and continuity planning results for "new players" or "old pros" alike and our continuity architectures are specifically designed to provide proportionate solutions that cost less.

