What Downtime Really Means for Your Retail Business

And how to avoid it.

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Think downtime is no big deal?
Think again.

Over one-third of enterprise organizations indicate that a single hour of downtime can cost their firms between $1 Million and more than $5 Million, exclusive of any legal fees, fines, or penalties.[1]

But their IT infrastructure clearly isn't a business' only concern, since most retail business' technology infrastructures now spread far beyond a single traditional office location. Today's connected enterprises encompass SaaS applications; and access and traffic across data centers, branch offices, and hybrid- and multi-cloud environments; as well as a hybrid workforce[2]. So while downtime continues to be very real and potentially expensive, today's retail leaders must consider and plan for resiliency and recovery for a technology infrastructure that is much broader, far-reaching, and diverse than ever before.

Although businesses often have some type of "cushion" to help them weather a temporary loss of connectivity, power, SaaS vendor downtime, or other type of disaster, the stakes of downtime are high.

WHAT DOES YOUR BUSINESS STAND TO LOSE FROM DOWNTIME?

The first and most obvious concern for businesses experiencing downtime is the potential loss of profits.

Based on industry surveys, Gartner cites the cost of network downtime as $5,600 per minute and over $300,000 per hour.[3] And, according to 2019 survey by Information Technology Intelligence Consulting (ITIC), a single hour of downtime now costs 98% of firms at least $100,000. And 86% of businesses say that the cost for one hour of downtime is $300,000 or higher.[4]

Downtime may cause lost profits, but it also impacts productivity, sales, and customer goodwill.

Company size is just one factor in calculating loss from downtime. Industry vertical also plays a role. A survey by ITIC showed that the verticals with the highest downtime price tag—$5 Million for a 60-minute outage—included retail, banking/finance, food, energy, government, healthcare, manufacturing, media and communications, transportation and utilities.[5]

And finally, your business model factors into actual downtime cost. The more your business depends on uptime, such as in the world of retail, the more it is negatively affected by downtime.

That's obviously not the kind of money anyone wants to see go out the window. Retail businesses suffering from downtime are subject not only to potential lost profits, but to lost sales and productivity. Sales employees without access can't make sales and, moreover, any employee in a paperless or largely paperless environment cannot work effectively.

System downtime can also bring about the loss of customer satisfaction and erosion of trust. Any business that has customers relying on access for purchases, questions about product availability, support services, or product information—which in the present day is most retail businesses—is also likely to disappoint their customers.

Customer dissatisfaction breeds complaints and negative word-of-mouth, and can lead to a permanent loss of business. The final, and perhaps most threatening potential ramification of downtime, is the loss of data.

Of all businesses that endure severe data loss, only 6% survive.[7]

WHAT IS THE POTENTIAL TOTAL LOSS FROM THESE FACTORS?

As referenced earlier, according to a report from an Uptime Institute Symposium, the average cost of unplanned IT downtime across all industries is about $5,600 per minute. That clocks in at a whopping $336,000 per hour.[8]

Another study offers a similar downtime estimate. ITIC showed that 86% of firms reported the cost of one hour of downtime as $300,000, or $5,000 per minute.[9]

The number can be higher—$16,700 to $83,000 per minute—for larger retailers, according to a 2020 study by the same organization. As noted previously, 40% of enterprise respondents said that a single hour of downtime can now cost their firms between $1 Million to over $5 Million—not including legal fees, fines, or penalties.

Still, Forrester reports, of the vast majority of businesses they surveyed, an overwhelming 90% do not know or are unable to calculate the cost of their most recent IT disruption.[10] As explained by Forrester, "Infrastructure and operations groups have improved planning, maintenance, testing and actual response, but the overwhelming majority still can't actually measure the cost of a declared [downtime] disaster." The 10% of businesses Forrester spoke to that did have a figure for the total cost of their "last disaster or disruption" reported an average total cost of some $10.8 Million.[11]

THE BEST OFFENSE IS A GOOD DEFENSE

A 6% survival rate following severe data loss and average total cost of $10.8 Million are undeniably ominous numbers.

Fortunately, you can protect against disasters which are often the result of everyday issues rather than extreme occurrences. According to Forrester's research, "Most disasters are still caused by mundane events. That headlining disaster that you're watching out for most likely won't be what causes your downtime—instead, it'll be a backhoe operator at the construction site next door who accidentally severs your power or network lines." According to their research, 40% of downtime is related to power station issues.[12]

The Uptime Institute offers a similar statistic stating that power outages "accounted for 36% of the biggest, global public service outages tracked by The Uptime Institute since January 2016."[13] Other causes Forrester cites include hardware failure (25%), network failure (19%), and simple human error (15%).[14]

Top global public service outages

- Other: 5%
- Power Outages 36%
- Human error 15%
- Network failure 19%
- Hardware failure 25%
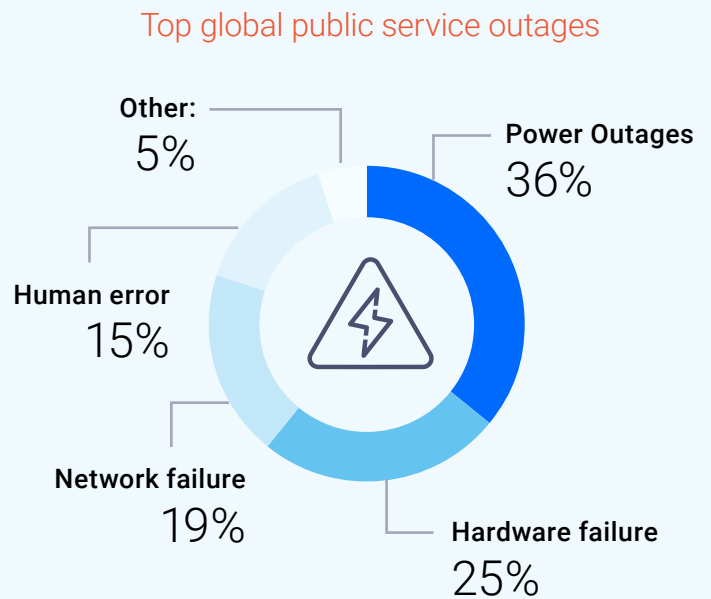
THE CONNECTED ENTERPRISE AND THE HYBRID WORKFORCE

Technology infrastructure and the workforce have moved beyond the traditional retail store space. Growing numbers of individuals, as well as full teams, are flexing where they do their jobs.

This new reality requires IT teams to deploy, secure, and support a connected enterprise infrastructure that provides technology tools that deliver seamless communications between employees, customers, and partners, regardless of whether they're inside or outside the organization.

Seamless connections rely on uptime.

In retail, the performance and security of applications, networks, and connections is paramount. For IT leaders managing network infrastructure and computing resources in today's work environment, the following are important considerations:

- The cost of technology downtime and IT issues could be a larger factor in the hybrid workplace economy. According to one study, employees report only half of the IT issues they experience.[15] Depending on the severity of the issue, remote workers in today's hybrid workplace, unable to walk down the hall for help, might be less likely than office-bound counterparts to reach out to IT to report an IT issue or get help resolving it. This could mean losses in productivity.

- Third-party cloud, colocation, and hosting provider failures, when aggregated, are now the second most commonly cited reason for IT service failure.[16]

- A study by Vanson Bourne of Help Net Security revealed that IT challenges and poor digital work experiences actually cost businesses tens of Millions of dollars in lost work time.[17]

STEPS TO RESILIENCY

What steps can retail businesses take? Below are several basic preventative actions:

- **Have a resilient, redundant failover solution.** Even the most reliable internet connections will experience downtime at some point. Service-level agreements typically reimburse a portion of monthly recurring costs, not the cost of downtime. If your business can't live without your internet connection, implement a failover solution that monitors your primary connection and automatically fails over to a backup connection to ensure high availability.

- **Avoid power outages.** Some power outages are the result of storms and other natural disasters; however, power can fail for other reasons, including insufficient supply. Ensure that you have a reliable power source and follow all proper precautions so as not to overload the circuits. Use power strips to prevent surges, and prevent devices and generators from overheating. If you employ cooling sources, make sure they are just as reliable as your power sources.

- **Have a high-quality, high-speed internet connection.** In a retail business world that is increasingly, and exclusively in some cases, dependent on internet connectivity, having a reliable and secure connection is essential. Make sure you have a reliable provider. The best providers will offer high speeds, security, and guarantees against downtime.

- **Have reliable protection against security breaches.** Make sure you have up-to-date, effective firewalls and anti-malware software in place to protect your system from potential security breaches.

- **Ensure secure connections**. Today's connected enterprise typically consists of a hybrid workforce, widespread adoption of software as a service (SaaS), and the broad dispersal of computing and network infrastructure across branch locations, data centers, and cloud providers like AWS, Azure, and Google. Remote workers are often connected to home or public networks, which can create security hazards for the business.

- **IT leaders need to ensure that connections to headquarters, data centers, SaaS, and multi-clouds are secure.** They also need to be sure that the network supports the retail business' priorities—for example, giving precedence to VoIP calls and SaaS applications—and deprioritizes less important traffic like streaming training videos.

- **Have data loss and intrusion prevention measures in place.** The idea here is to focus not on recovering data, but on protecting your system to the degree that you never have to lose it at all. Discuss the options for protection with your provider or a security consultant.

- **Use a reliable provider.** A reliable provider prevents the loss of revenue and productivity. When looking for a provider, you should seek one that offers guaranteed uptime, fast connections, and security.

- **File backup.** Back up all of your files regularly. Use both virtual and physical backups so that you have safeguards in place for any situation that might arise. Think of it as the opposite of "putting all your eggs in one basket."

- **Maintain patch management.** Put simply, patches are security updates designed to fix vulnerabilities. Patch management is how businesses refer to the policies that inform which patches should be downloaded and applied. Follow best practices with patch management to boost your business' security and reduce vulnerabilities. Patch management software solutions are available to assist with this.

- **Monitor usage.** The best way to understand your power and bandwidth requirements is to continuously monitor them. Monitoring usage also allows you to avoid circuit overloads and to truly know that your setup meets your usage needs.

A reliable provider can prevent both monetary loss and the loss of productivity. When looking for a provider, seek one that offers guaranteed uptime, fast connections, and state-of-the-art security.

HOW CAN A RELIABLE PROVIDER HELP?

A reliable provider can not only help you prevent both monetary and productivity loss due to downtime, but actually increase your business' productivity through faster speeds and more reliable connectivity. They can also enhance the effectiveness of your in-house IT staff by enabling them to focus their time on internal concerns and optimizing the products and services that help you, as a business, make money, while your provider keeps your underlying technology infrastructure running smoothly.

A framework for technology decision-making.

The Uptime Institute has developed a methodology, called FORCSS™, that provides businesses with a framework for technology decision-making. Using the six key factors below, IT leaders can efficiently capture, assess, weigh, and compare both the advantages and risks associated with a proposed solution or service.[18]

FORCSS factors:

1. **Financial:** Net revenue impact, cost of ownership, and funding requirements

2. **Opportunity:** Time to value, scalability, and overall ability to positively impact the business

3. **Risk:** Cost of downtime versus availability, level of security, and supplier flexibility

4. **Compliance:** Verification that what is being considered meets government mandates, upholds industry standards, and complies with corporate policies

5. **Sustainability:** Impact of the solution or service on the environment

6. **Service Quality:** Availability of the service, service performance, and client satisfaction level

Additional considerations:

When using this framework to evaluate a network service provider, a key consideration within both risk and service quality is whether the provider offers an uptime guarantee, fast connections, and state-of-the-art security. Take stock of your current data network, redundancy platform, and security setup, and assess where your business' vulnerabilities are, and how much risk you're willing to tolerate.

As a provider of nationwide business voice, data, network, security, and cloud services, Fusion Connect delivers the technology, resources, and expertise retail businesses need to compete in today's technology-driven world, as well as respond to the evolving state of the retail industry. Our 5-Point Service Guarantee is the most comprehensive in the industry, and is designed to provide you with both peace of mind and a world-class client experience.

> **"Responsiveness, the level of service, and being proactive: these are qualities essential in a telecom provider serving any of our dealerships."**
>
> **Jeff Mitchell,**
> CIO of Ganley Automotive Group
> and Fusion Connect client

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Our Service Guarantee

5-Point Industry Leading Guarantee Focused on Business Acceleration

☑ **Customer Satisfaction Guarantee:** You will be satisfied with the quality of your services, and any issues will be resolved to your satisfaction, or you may cancel without a penalty.

☑ **Installation Guarantee:** Fusion Connect will meet the agreed-upon installation date(s). If the targets are not met, you will be credited a full month's Monthly Recurring Charges (MRC) for the service.

☑ **100% Uptime Guarantee:** A 100% uptime guarantee, or Fusion Connect will provide you with a credit.

☑ **Rate Lock Guarantee:** Rates for services will not change for the life of your contract.

☑ **Future-Proof Technology Guarantee:** Ongoing upgrades to the next generation of UCaaS and SD-WAN technology will be implemented at no additional cost.

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