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MONDAY, MARCH 27, 2006

Planning for the Worst



Many U.S. companies are also subject to a variety of data-retention laws that specify how data must be disposed off. The FTC Disposal Rule, for example, enacted in June 2005, requires that information from credit reports, medical histories, insurance claims, etc., must be disposed off properly — requirements that must be reflected in a service provider's business-continuity plan.



"If the service provider is backing up the data, you have to make sure that as a customer, the provider isn't keeping data longer than it should, under the laws that control the customer," Hirshman explains. "The plan may say to backup the data at a particular frequency; keep tapes for a certain duration and store them in a stipulated way. But if the data is lost or stolen during a disaster, and they have kept the information too long, that could be a problem."



Another key provision — one that is especially relevant if your service provider also handles tasks for a variety of other customers — is ensuring that your processes are given priority for regaining operations in the event of a disaster.



"They may have a facility servicing 10 or even 100 customers, and they are going to need to recover all customers at the same time," Keating explains. "It's an enormous issue that has to be addressed in the contract."



Look Out for Hallmarks of a Solid Business-continuity Plan

- >>> Spell out required availability and tolerance for downtime. Based on this, stipulate whether your data, systems and processes require a cold, warm or hot site
- >>> Detail relevant privacy and information-security standards as well as regulatory compliance
- >>> Describe how systems, applications or other outsourced processes, as well as employees, will be transitioned to another service provider or location in case of a disaster
- >>> Make provisions for ensuring that workers knowledgeable about your processes are available to take over in case of an emergency
- >>> Stipulate an alternative means of network and telecommunications connectivity
- >>> Specify that your company's operations will receive priority in terms of recovery operations if your service provider services more than one customer
- >>> Make sure you have addressed all types of potential risks, including transition, value, complexity, innovation and geopolitical risks
- >>> Impose penalties for non-compliance of any part of the business-continuity and disaster-recovery plan.



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