

Most businesses still unprepared for a major blackout, disaster, studies find

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TORONTO (CP) - A year after a major electricity failure threw Ontario and several U.S. states into darkness, less than one-third of the executives polled recently said they had a comprehensive disaster recovery plan in place.

The poll, conducted between Aug. 3 and Aug. 8 by Leger Marketing and released Wednesday, also found that only 45 per cent of the respondents were confident that government leaders have taken the necessary steps to prevent another blackout or similar emergency.

The online survey of 300 executives conducted for two firms that provide disaster planning and recovery services, also found 90 per cent of respondents believed they have an obligation to keep their business going.

But only 30 per cent of the survey respondents said they had a full-blown business continuity plan in place, while another 32 per cent said they had an "unofficial" plan.

Robert Offley, president and chief executive of survey co-sponsor Fusepoint Managed Services, said he was surprised by how many of the respondents admitted to being unprepared although their awareness of the risk has been heightened by the Aug. 14, 2003, blackout, which affected 50 million North Americans.

"I think a lot more people have good intentions. I think people clearly are aware of what could happen," Offley said in an interview.

He added that more companies see a disaster-recovery plan as an important part of good corporate governance, which has become a higher priority since the U.S. introduced legislated reforms through the 2002 Sarbanes-Oxley Act.

Offley said he was surprised the survey found 70 per cent of the respondents don't have a full disaster plan in place.

"We've seen a lot more activity at companies taking it seriously. But it also says there's a ways to go," Offley said.

Fusepoint, a five-year-old information technology service company with data centres in Toronto, Montreal and Vancouver, can provide services to help clients plan for disasters and to help them keep operating if disruptions occur.

"We're an expert in the field and we think we can do it at a lower cost than them doing it themselves," Offley said.

The survey, which was co-sponsored with Mississauga-based Agility Recovery Solutions, found that 44 per cent of the respondents believed computer, Internet and web-site failure were the most critical impact of the blackout.

Another 36 per cent cited facility failures such as lights, elevators and air conditioning.

Nearly half (47 per cent) indicated the cost and lack of internal resources have limited their ability to get a formal business continuity plan in place.

Another study by Mississauga's city-owned electricity utility found similar evidence that businesses in that city, bordering on Toronto's west side, are far from prepared for another power failure.

generation before the blackout. Of those that did, one in seven saw their generators fail due to poor maintenance and disrepair. Others generators ran out of fuel.

Barry Chuddy, an executive vice-president at Enersource Corp., which owns Hydro Mississauga, said companies that were unprepared haven't had time to put in place replacement power sources. But Chuddy said he thinks that will change over the coming years.

"There is a significant percentage of those that didn't have generators who are now considering putting them in," Chuddy said.

But that can be expensive, costing between \$600 and \$2,000 per kilowatt or \$600,000 to \$2 million a megawatt of generating capacity. That means a shopping centre requiring three megawatts of power, for example, might need to spend between \$1.8 million and \$6 million.

Chuddy expects there will be a gradual effort for businesses to come up with alternative power sources that can be used during emergencies.

"The magnitude of these investments really requires a carefully thought-out assessment of the benefits versus the costs," Chuddy said.

Depending on the size of what they're doing, it could take three to four years before there is something up and running - and that's after doing an analysis to decide whether it makes sense to pursue, he added.

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