



Offsite Backup Service vs. In-House Backup: A Cost/Benefit Analysis for Small and Medium Businesses (SMBs)

The key challenge for data backup activity at SMBs is that if there are existing backup processes in place, they usually don't get done regularly and are performed in such a way that does not fully protect the organization.

Copying data to CDs/DVDs or Tapes that are left on premises only insures that some data will be available for restore if the backup media is accessible after a data loss event – and if this data is taken offsite it is usually unencrypted, making it available for viewing and use by virtually anyone that might come into contact with it. Fires usually destroy backup media that are left onsite, and in many cases the affected premises are off-limits to everyone for many days after a fire or other disaster. Proper backups are done automatically, at non-peak business hours, are securely encrypted, are available for restore at any time, and are taken offsite – every night.

The time and processes spent verifying the backups were successful and are restorable (you DO verify your backups, right?) is also a critical component in any backup plan. The worst time to discover that your backups are not current, or that they are incomplete or corrupted, is after the primary data store is gone.

Costs for proper in-house SMB data backup include:

- Employee time - backing up: (daily) ½ - 1 hour
- Backup Media: \$2 - \$200 – depending on format
- Hardware: \$200 to \$8000 depending on format
- Employee time - verifying backups: (weekly) 1 hour
- Employee time – swapping media: (daily) .25 hours+

Assuming that the employee responsible for the backups, removal of media, verifications and restore processes is on a salary of at least \$30,000 per year, and using the minimum time dedications outlined above, the cost of properly backing up an SMBs data is about \$71.25 per week, \$285 per month, and \$3420 per year – **not including hardware**. If you factor in the cost of true manual 'rotation' of backup copies to a secure offsite location using a courier service (\$300 per month+) and the aggregate costs associated with restoring data from tapes or the internal costs of managing a single total loss/restore event, the costs of in-house backup can skyrocket to well over double the previous estimate.

Compare this to OBS service, operating automatically at non-peak hours, and without imposing on your existing staff or adding hardware or media resources of any type. Typical charges for a

basic OBS service might be \$50-\$75 per month, resulting in a *minimum* cost savings of between \$2520 and \$2820 per year.

The costs associated with restoring data backups are perhaps the largest potential cost exposure for an SMB. In most cases, a professional will be required to configure new hardware, restore operating systems and application software, and to properly restore the critical data to its original state. An OBS provider is typically well-versed in your network architecture, data construct, and customer touch-points. The cost of restoring data is typically included in the low monthly cost of a backup service, or is specified in the contract for OBS service.

If an SMB is currently handling their own backups in accordance with the guidelines outlined above (and most aren't), they are already spending over three times the cost of an automated, encrypted, and offsite OBS service.