The New Business Imperative

Ensuring Operational Resilience for Operational Excellence

Unexpected downtime is expensive. It can cost millions in lost revenue, negatively impact customer satisfaction, and cause considerable reputational damage.

That's why as threats to cloud businesses continue to rise, operational resilience needs to be top of mind across all departments within the organization, at every level. The prevalence, frequency, and cost of unplanned disruptions are increasing every year. For 90% of enterprises, downtime costs exceed $300,000 per hour and for 40% of enterprises, downtime costs are between $1 million and $5 million per hour, according to the Information Technology Industry Council (ITIC).

Resilience planning offers a solution. Although it has traditionally been viewed from the perspective of loss exposure, recent disasters including COVID-19, global supply chain shocks, spikes in cybercrime, and geopolitical tensions have demonstrated a need for operational resilience to evolve beyond risk management. Successful businesses of the future will be able to leverage volatility as a driver for differentiation and growth.

While it may be impossible to eliminate all systematic risks, there are ways to mitigate them. If businesses can shift from a reactive respond-and-recover model to a proactive anticipate-and-engage framework, they will be able to expand their competitive advantage, deliver sustainable value to stakeholders, and earn customer trust.

6 Key Drivers Behind the Need for Operational Resilience

The cloud, despite all its benefits, has become the newest systemic risk. Within a three-year period, it is estimated that 96% of businesses will experience some type of outage, according to LogicMonitor. As dependency on the cloud increases, operational strategy must adapt to a growing list of demands and threats.

Six main factors are behind the push for ongoing and sustainable operational resilience.

1. **Customer expectations are higher than ever.** Customers are demanding more—from "always available" to "personalization at scale"—and tolerating less from businesses. When trust is difficult to build and easy to lose, organizations must develop responsive customer experiences, regardless of the external environment.

2. **Sophisticated and opportunistic cybercrime.** Security is commonly cited as the number one cause of unplanned server downtime.

What is Operational Resilience?

With all the nuanced discussions and varying definitions, operational resilience can seem slightly amorphous. Some view it narrowly, such as cyber risk management, while others lean toward a broader business resilience perspective.

Teradata views operational resilience as an organization's ability to sustain critical services and deliver ongoing value to the entire value chain, during both normal operations and disruptions.

Some key principles to keep in mind when approaching operational resilience include:

- Focusing on what customers' needs are

- Defining desired outcomes and relevant products or services

- Understanding the full scope of end-to-end processes, systems, and infrastructure

- Incorporating effective communication channels across the entire organization

- Promoting a culture of responsiveness and agility by keeping people and organizational behavior top of mind

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Since the start of the COVID-19 pandemic, there has been a 50% increase in global weekly cyberattacks, resulting in more than 900 attacks per week per large organization, according to Check Point. With the average total cost of a single data breach reaching $4.24 million in 2021, it's no surprise that direct cyber insurance premiums are expected to increase at a 21% CAGR over the next three years, according to ITIC.

3. **Long-tail of natural and man-made disasters.** In 2021, the U.S. alone had 20 separate billion-dollar climate disasters, and COVID-19 created one of the most volatile times in recent history. The world is poised to face tremendous challenges stemming from climate change that will have a long-term impact on consumer behavior, supply chain stability, the speed of technology adoption, and more.

4. **Persistent human error.** According to a recent joint study by Stanford University and Tessian, 88% of all data breaches are caused by employee mistakes. In another study by ITIC, the number two cause of unplanned server outages was human error, which was responsible for 64% of outages. Although advanced technologies such as robotic process automation (RPA), digital identity, and zero trust security are making great strides to reduce the possibility of human error, those solutions are not fail-safes and are not adequate replacements for resiliency planning.

5. **Regulation is on the rise.** As more industries move sensitive data and operations to cloud environments, regulators are increasing their involvement. A recent uptick in compliance activity for financial institutions, especially in EMEA, and new guidelines for broader industries suggests a gradual transition from guidance to regulation.

6. **Stressed exits, deplatforming, and concentration risk.** Although they are rare, stressed exits and deplatforming are critical concerns for businesses that have a strong dependency on third-party cloud providers. If concentration risk is unavoidable, it becomes paramount to have appropriate contingency plans in place.

Creating Sustainable Value Through Resilience

Disruptions may be inevitable, but so are the ensuing opportunities that manifest during adversity.

Unfortunately, many companies are often too preoccupied with crisis management to seize opportunities.

Unlike competitors caught in repair-and-recover mode, an operationally resilient company is positioned to allocate strategic resources toward investing in research and development, pivoting the business model, or attacking new market segments. It is an opportune time to expand the competitive moat.

The key is to align adaptive practices with resilience practices. Adaptive practices are proactive initiatives for "predictable" market dynamics, while resilience practices are reactive responses to unplanned events.

With robust resilience, an organization can create a sustainable flywheel capable of enduring extreme volatility and leverage that friction to generate innovation. Those adaptive strategies will ultimately provide additional insights to enhance future resiliency.

Operational resilience can alleviate the acute stress caused by chaos and free up resources for growth. Without it, the opportunity cost would be extraordinary.

Mitigate Outages and Ensure Business Continuity with a Hybrid Multi-Cloud Solution

One way to protect against a cloud outage impacting a business is to implement a hybrid multi-cloud environment. This environment allows organizations to avoid being locked into a single public cloud vendor. It also avoids the problem of a single point of failure causing an organization-wide outage.

A hybrid multi-cloud environment gives organizations the flexibility to seamlessly switch between multiple cloud service providers. Companies also have the ability to move workloads back on-premises.

This is an area where Teradata can help. Teradata offers a modern cloud platform for a hybrid, multi-cloud world. It gives companies the power and flexibility they need in the cloud, with more control, less risk, and no vendor lock-in.

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Modern Operational Resilience Impacts Profit and Loss

People, processes, and profits are all critical to operational resilience. That's why it needs to be more than just an IT concern. The traditional siloed approach limits the ability to maximize positive business outcomes, maintain financial stability, and uphold customer trust. Failure to incorporate all areas of the business can lead to a fragmented and diluted response.

The financial benefits of operational resilience are derived from three key areas. The first is the most intuitive: cost savings. Preparedness allows a company to mitigate unexpected financial losses. The second benefit is propping up revenue. Minimizing downtime keeps the sales engine alive and simultaneously preserves customer engagement.

The third benefit deals with external stakeholders. Investors, regulators, partners, suppliers, and even competitors will carefully observe a company's ability to navigate system-wide disruptions. Confidence and sentiment may be difficult to quantify, but their significance should not be understated. For example, investor confidence can be directly linked to the availability of additional capital.

Putting the Focus Back on the Customer

In any crisis, dynamic environments and conflicting priorities present enormous challenges to companies. Although unintentional, the dizzying array of considerations may cause leadership to lose sight of the most important stakeholder—the customer. This can cause an inadvertent focus on urgent tasks, not necessarily mission-critical matters.

As a remedy, an operational resilience framework can be adopted to reaffirm a customer-centric strategy. The framework helps unify the organization from a principled standpoint. Using customer-obsession as the focal point, leadership can realign siloed groups and consolidate competing priorities.

The result is a holistic understanding of mission-critical products, services, processes, and systems. Resiliency transforms into a tool for supporting operational excellence and promoting a customer-first culture.

Teradata Empowers Operational Resilience Across an Organization

Oftentimes, Teradata's customers have mission-critical processes running on Teradata Vantage™. By focusing on the importance of data analytics to the modern day business, Teradata has built a toolset to ensure resiliency at every level.

Teradata's operational resilience strategy includes:

* Business continuity planning
* Backup and disaster recovery
* High availability
* Organizational agility
* And more

Teradata's hybrid multi-cloud deployment options give organizations true flexibility and portability to future-proof their businesses.

About Teradata

Teradata is the connected multi-cloud data platform company. Our enterprise analytics solve business challenges from start to scale. Only Teradata gives you the flexibility to handle the massive and mixed data workloads of the future, today. The Teradata Vantage architecture is cloud native, delivered as-a-service, and built on an open ecosystem. These design features make Vantage the ideal platform to optimize price performance in a multi-cloud environment. Learn more at **Teradata.com**.

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