

Who Cares About Downtime?

Do you force your employees to take vacation time whenever your network goes down or some piece of IT breaks in your office? That sounds like a nice solution right? We all know they have completed 10 more levels of Angry Birds or Candy Crush by the time everything is fixed anyway.

Jokes aside, do you care about downtime? Have you paused recently to understand how much downtime your business experiences, and exactly what that might cost you?

**A survey by CA Technologies showed that the average small business loses \$55,000 per year in lost productivity due to downtime.
How about you?**

Let's take a deep dive into the mathematics behind downtime, so that you too can understand the cost to your business. But first, here is what downtime actually does to your efficiency:

- **Halting business practices such as inventory tracking, billing, human resources, intranet, etc.**
- **Ceased sales activities due to CRM access**
- **Failed access to business-critical applications stops progress on project work**
- **Unreachable email systems and halted communications**
- **Hourly costs to restore broken IT systems**
- **IT hardware costs to fix broken instruments**
- **Customer dissatisfaction and loss of repeat business**
- **Missed deadlines and ensuing contract penalties**
- **Potential violations of compliance**
- **Negative effects on supply chain management**
- **Loss of stock value**
- **Costs of employee overtime to catch up**
- **Extra logistics charges for priority shipping**

Now that you know what an outage can do to you, let's calculate the costs of downtime:

Calculating the cost of lost labor - Formula: $E \times A \times C \times H$

E = number of employees affected

A = average percentage of work affected

C = average employee hourly wage

H = number of hours of downtime

In this example, if you have 100 employees earning an average of \$25 per hour whose productivity is 50% effected by a 14-hour network outage your downtime loss equals:

$$100 \times .5 \times \$25 \times 14 = \$17,500$$

Calculating the lost revenue per hour - Formula: $(G/Y) \times I \times H$

G = yearly gross revenue

Y = business hours in a working year

I = percentage of impact (perceived drop in productivity due to outage)

H = number of hours of outage (14 hours of downtime is the yearly average for companies)

In this example, if you have a yearly gross revenue of \$10 million over 250 x 8 hour working days and you experience 14 hours of network outage that affects 50% of your productivity you will lose:

$$(\$10,000,000 / (250 \times 8)) \times .5 \times 14 = \$35,000$$

In these examples we have learned that the average \$10,000,000 business has a yearly downtime cost of \$52,500. That's a lot of cash!

Want to eliminate downtime in your organization? Check out Managed Services. When you sign up for a managed services program, you sign a partnership agreement with an expert IT provider. That partner company proactively monitors all of your IT devices and networks to solve problems before they start – and it is all done remotely. They are so efficient at eliminating threats to your network and resolving issues that most managed service providers guarantee 99.99% uptime for your company. For the minimal expense of signing up for managed services, that is a huge potential savings.

If you care about downtime, learn more about managed services. Contact Advanticom today for a free consultation.

Telephone: 412-385-5000
Email: Info@Advanticom.com