

Backed Up

Technology that can help community banks avert data-loss disasters

By Lauri Giesen

It's every banker's worst nightmare. A natural disaster, power outage or other unexpected occurrence happens and critical customer financial data is lost.

The bad news is that this does really happen in daylight. Even community bankers who think they've backed up all their critical data on tapes sometimes find out too late that those tapes have been corrupted or lost. The good news, however, is that through technological innovation and new service offerings, the quality of disaster recovery plans is improving while their overall cost is typically declining.



“The technology today is not out of reach for the smaller institutions, and the cost is no longer a barrier or an excuse not to take the precautions,” says Greg Schulz, founder and senior analyst for Storage10, a Stillwater, Minn.-based research firm.

The proliferation of stored data is also a consideration. “There has been an explosion in the

amount of data that banks have to keep, partially because of the growth in the number of e-mails and the documents that banks deal with and partially due to regulatory requirements that banks must keep data longer,” says Richard Heitmann, vice president of product marketing for Emeryville, Calif.-based eVault Inc. “Either way, the explosion has caused banks to look harder at adopting disaster recovery programs.”

Remote Data Protection

One community bank that decided to take a more aggressive stance on protecting its data is First Citizens National Bank in Dyersburg, Tenn., an \$860 million-asset bank with 20 locations in Tennessee. The bank had been storing back-up tapes at a central facility, but that facility was in the same proximity as its branches. The concern was, if a disaster did hit the region, the back-up facility could be affected along with the branches.

“We wanted to get our tapes out of our region and to improve the quality of the encryption we were using on our back-up data,” says Jerry Cantrell, First Citizens vice president of information technology.

The solution for First Citizens was to use a “tape-less” Web-based system from eVault in which data is encrypted and sent to an eVault server in Atlanta.

And while the more robust encryption and out-of-region

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considerations were the biggest benefits of the new system, there were other benefits as well, Cantrell says. “Now we don’t have to manage tapes. In the past, tape management was cumbersome.”

First Citizens installed the system in September and tested it in November 2006. It was able to document that data was indeed being properly encrypted and stored and could be effectively retrieved. The system processes data from all the bank’s locations by a central computer host. Data is then sent nightly in encrypted form from the bank’s host to eVault.

Individual files can be retrieved quickly if needed. In the event of a total system failure, eVault would be able to transfer all the files to a separate server and ship the new server to the bank within 24 hours, Cantrell says. First Citizens uses the eVault system today just for critical customer account data, but the bank is evaluating whether to back up other miscellaneous data on a local server using eVault’s encryption software.

New and Improved

First Citizens is not the only community bank keeping a closer eye on disaster recovery. Other community banks are also taking advantage of recent developments that improve the quality and lower the cost of preparing for a disaster.

Changing With the Times

Today’s data storage systems boast:

- More powerful encryption software for moving and storing data.
- Software systems that can track and manage back-up tapes so banks can quickly locate and know the exact condition of their tapes.
- Internet-based systems that eliminate the need for tapes and allow banks to electronically transmit data to a virtual vault without requiring a dedicated phone line.
- Shared centers that banks can use in an emergency.

Many data-storage advances address two central challenges to disaster recovery plans: moving data securely from the bank to an off-site location, and enabling backup information to be quickly and efficiently recovered, says Kelly Polanski, director of product marketing for Oceanport, N.J.-based CommVault Inc.

CommVault’s product addresses many of the concerns as they relate to encryption and managing of tapes. “Banks need an effective way to manage and track their tapes,” Polanski says. “There have been problems with lost tapes or exposed ones. Our

system quickly and securely tracks the tapes so that banks know the status of every tape at all times.”

Previously, community banks relied on spreadsheets to keep tabs on the status of backup tapes. But in a disaster those spread sheets could get lost, and banks could have trouble locating the required tapes.

CommVault’s software helps banks determine what data is missing during a disaster and quickly locate the tapes that contain that data. And all the information is kept secure by encryption so that outsiders may not access it.

Other solutions, such as that offered by eVault, eliminate tapes altogether by keeping the critical information in servers which are accessed via the Internet. “Data is compressed and encrypted before being sent to our centers where banks have Web-based access to the data,” Heitmann explains.

The electronic vaults also notify banks if data is missing. “There have been a lot of reports of tapes that have been lost, and most banks are now required to notify customers if data relating to their accounts have been lost,” Heitmann says. “This eliminates those problems.”

Right-Sized Solution

Shared facilities are not exactly new, but many of the more recent service options are better tailored for community banks, analyst Schulz says. One issue for



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community banks to decide is whether they want to consolidate critical data in a central facility before sending the data out to be stored or whether each branch should send its own files.

With improved encryption and compression technologies, banks can send the data online from the branches to a central location without security risk, Polanski says. Additionally, banks today have a lot more data to manage than ever before. Some banks that had retained data in their branches in the past are now finding there is just too much for the branches to handle. And so, they are storing much of their data with centralized hosts.

Plan of Attack

For information on business continuity and disaster recovery planning, including creating a plan, risk analysis, continuity audit checklists and service level agreements, visit www.disasterrecoveryworld.com.

Another consideration is whether to make more than one backup copy of critical data. "What if the back-up copy gets corrupted or lost? It happens. Disks get viruses or deleted," Schultz says.

When developing a disaster recovery plan, banks should think about what type of disaster is likely to occur in the regions they serve, and plan accordingly. "Everyone thinks about disaster recovery in terms of natural disasters or terrorist attacks. But the biggest problem is local power outages," says Schulz. **fb**

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