

# The Hidden Costs of Downtime:

IT Resilience is Key to Business Continuity



## Hacked? Here's Your Next Move: Cyber Insurance and Incident Response Planning

In today's fast-paced business environment, organizations rely heavily on IT systems to function. These systems are the backbone of operations and the engine driving productivity, making it imperative to have a strong, resilient IT infrastructure that operates seamlessly. Unfortunately, interruptions causing unplanned downtime can be frequent.

82% of companies have experienced at least one unplanned IT downtime incident over the past three years, according to Forbes.

Three catalysts typically cause unplanned downtime: networking issues, cyberattacks, and the classic human error. When an organization's technology falters, financial and reputational impacts can be significant.

IT downtime costs \$5,600/minute on average, according to a report by <u>Gartner</u>. And according to <u>Uptime</u> <u>Institute</u>, 60% of all outages in 2023 resulted in damages over \$100,000 each.

The financial impacts -- often the most concerning damage caused by unplanned downtime -- are an accumulation of the following:

**Lost Potential Revenue:** Regardless of size, organizations depend on their IT infrastructure to make sales transactions. When businesses lose the ability to process transactions, it results in immediate and direct financial losses.

**Lost Productivity:** Productivity is abruptly halted when unplanned downtime occurs, preventing employees from performing their tasks and causing delays in timelines and operational activities. This disruption often leads to missed project deadlines, reduced overall productivity, and frustrated employees.

**Cost to Recover:** Recovering from IT downtime incurs substantial costs. Emergency repairs and remediation costs, possible overtime expenses, and potential compensation to customers for their inconvenience in the form of refunds or discounts can add up quickly.

**Costs of Intangibles:** While difficult to quantify, intangible costs are a significant concern. Reputational damage is a notable concern, with IT downtime eroding customer trust and loyalty.

#### 40% of outages damage brand reputation and image, according to Tilio.

IT downtime can severely impact an organization's ability to deliver services or products as expected, leading to significant negative consequences on customer satisfaction. This disruption not only impairs the customer experience but also has broader reputational impacts, such as:

**Tarnished Brand Image:** Frequent IT downtime erodes the trust and loyalty of stakeholders, including customers. When service reliability is compromised, customers may question the organization's competence and commitment to quality, ultimately damaging the brand's reputation.

**Negative Word-of-Mouth:** Unsatisfied customers are more likely to share their negative experiences with others, whether through personal conversations or social media. This adverse publicity can spread quickly, amplifying the negative perception of the brand and deterring potential customers.

**Competitive Disadvantage:** Consistent IT issues can drive prospective customers to seek out competitors who can offer more reliable services. This shift not only results in immediate revenue loss but also positions the organization unfavorably in the competitive landscape.

### How can you protect your bottom line and your organization's reputation?

Minimize unplanned downtime and maximize uptime by utilizing IT infrastructure scaled to safely support your organization's needs and ensure continuity of operations.

A simple and stress-free solution to knowing your IT is optimal is to outsource your IT management to a reputable managed service provider (MSP) capable of managing ALL of your IT operations. Here are some key factors in how they will maximize your uptime and help control the 3 top causes of downtime: networking issues, cyber attacks, and human error:

**Proactive Monitoring and Maintenance:** MSPs continuously monitor your IT infrastructure, identifying and addressing potential issues before they escalate. Regular updates, patches, and performance checks keep systems running smoothly and seamlessly.

**Data Backup and Recovery Solutions:** The overall damage caused by unplanned downtime directly correlates to the recovery time. Implementing automated data backup solutions and having a recovery plan in place is a proactive solution to a quick and easy recovery in the event of unplanned downtime, helping minimize damage.

**Advanced Security Measures:** Advanced cybersecurity measures -- such as firewalls, encryption, intrusion detection systems, and regular security audits -- protect your IT infrastructure from cyber attacks.

**Scalability and Flexibility:** MSPs offer scalable solutions that adapt to your business's evolving needs, ensuring you have sufficient infrastructure and minimize possible disruptions due to insufficient support.

**Staff Training:** While human error is unavoidable, it can be minimized. Implementing regular IT and Cybersecurity training for all staff is an essential starting point.

#### Secure IT That Works Seamlessly, Maximizing Uptime and Minimizing Downtime

Reducing unplanned downtime helps prevent financial and reputational losses. By partnering with a reputable MSP, you can proactively manage and mitigate the key factors that cause downtime, ensuring business continuity while minimizing risks and potential losses.

Leapfrog offers outsourced managed IT and cybersecurity services that fit easily into your business model. With over 25 years of MSP, MSSP, and CyberRisk Management experience, we help a broad array of companies simplify their IT operations while improving their security and resiliency. Our services are scalable, aligned, and built on a proven methodology, and our culture (we call it "Frogma") is built on Integrity, Service, and People so you get personalized, best-in-class support.

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