

CU\*ANSWERS REVIEW OF SAGE DIRECT, INC.'S DISASTER RECOVERY TEST

EVENT DATE: 11/28/2011

Revision: 1/6/2012

SUMMARY

As part of a robust business continuity program, CU\*Answers seeks to actively review the disaster recovery preparedness of those vendors who provide business critical services and supplies. This includes the audit and review of vendor disaster recovery plans.

According to the five year 'Statement Processing Agreement' with Sage Direct, Inc. (SAGE) dated November 10, 2010, a recovery test is to be performed every 18 months (or as otherwise requested by CU\*Answers).

On November 28, 2011, the test was performed at the SAGE disaster recovery site, witnessed and reviewed by Jeff Miller (Manager of the CU\*Answers Operations Team) and Jim Lawrence (CU\*Answers Business Resumption Manager). At stake was SAGE's ability to fulfill their obligations in the event of a disruption at their primary production facility. The disaster recovery test was performed and completed to our satisfaction. We are very pleased with the results as this review will show.

EVENT REVIEW

SAGE's disaster recovery plan includes three facilities:

SAGE primary production facility (IT and Printing):  
3400 Raleigh Ave. SE  
Kentwood, MI 49512

SAGE leases a single office suite for disaster recovery purposes. The suite is part of a professional complex owned by [CONFIDENTIAL]. At this suite are computer systems and networking equipment to receive process and transmit document files from their clients.

SAGE disaster recovery facility (IT only):  
[CONFIDENTIAL INFORMATION OMITTED]

SAGE has a contractual agreement with Presort Services for disaster recovery printing services in the event of a disruption to normal production at SAGE's primary facility.

Presort Services facility (IT and Printing):  
3594 Roger B. Chaffee Blvd.  
Wyoming, MI 49548

This disaster recovery test, performed on Monday, November 28, 2011, proceeded as follows:

- The test statement file (\*FLAT\*) was encrypted and sent via FTP at 7:52 AM to ftp.confidential.com (DNS configured for an FTP server at SAGE's disaster recovery suite).
- We arrived at the SAGE disaster recovery suite at 8:30 AM and met with SAGE employees.
- The (\*FLAT\*) file was received, decrypted, processed by 10:02 AM at the SAGE disaster recovery suite.
- The processed file was encrypted and sent to the FTP server at Presort Services for printing.
- We then traveled to the Presort Services facility.
- We verified that the file was received at Presort Services.
- From the test file, 500 statements were printed, folded, inserted into envelopes and sealed for mailing.
- For our purposes, a print proof and end result sample of a printed, inserted and sealed statement was kept by Jeff Miller. The remaining test samples were destroyed and the statement data file was purged.
- The disaster recovery test concluded at 12:30 PM.
- At the conclusion of the test, we traveled to the SAGE primary production facility for a tour.

## OBSERVATIONS

This disaster recovery test was performed during the morning hours on the Monday following a holiday. When asked, Presort Services employees did comment that it was a particularly low volume time. We were told that afternoons are the peak volume windows with the two weeks surrounding the first of the month the busiest (week before and after). Presort Services has a similar facility in Lansing (with equal capacity potential) that can share (some or all of) the production load should capacity at the Roger B Chafee facility reach its limit. Presort has an arrangement for mobile generators in the case of a power failure. These mobile generators have been used twice in the last three years (both unplanned events).

[CONFIDENTIAL INFORMATION OMITTED]

Presort Services targets clients in the financial, insurance, and medical industries (among others). Presort Services operates two shifts (at the time of this test) with the capability of three shifts if required.

Throughout the exercise, we asked questions related to contingency planning and preparedness, including recent disruptions and how they were handled (power outages, snow storms, pandemic planning, etc.). Answers provided demonstrated a solid knowledge of business continuity principles and an investment in recovery preparation planning.

Physical security at the Presort Services facility included proper visitor sign-in, badging, and being accompanied by an employee at all times during the tour.

Presort Services provided adequate proof of abundant (rotated) inventories of paper and envelopes on site for use in the event of a disruption at the SAGE primary production facility.

## CHALLENGES

For the purposes of this test, we set out to resolve/confirm the following components from the 'Statement Processing Agreement' between SAGE and CU\*Answers. Responses are shown below each.

1. SAGE warrants that they will ship within 2 weeks of a catastrophic event.
  - a. Based on test results, there is no indication that SAGE would fail to meet this timetable.
2. SAGE warrants the ability to receive statement data in encrypted state via FTP.
  - a. Successfully tested.
3. SAGE to provide CU\*Answers with a documented plan.
  - a. SAGE indicated that a basic point-by-point document would be provided (not allowing for every possible contingency, but outlining the necessary steps that will need to occur in a disaster to handle processing in timely fashion). As of this report, no additional documentation has been received.
4. According to the agreement, testing will "ensure that the disaster recovery service will satisfactorily handle the current CU\*Answers processed volumes." We will need information on site processing capability as well as material sources (paper, envelopes, etc.).
  - a. Both the SAGE disaster recovery site processing capability and the processing capability and inventories of their fallback vendor indicate that handling CU\*Answers volume will not be at issue.
5. Minimum 18 month testing cycle; last test was November 2010, we are within the cycle.
  - a. The current test was accelerated against the 18 month cycle because SAGE has added their new secondary site into the process and needed to test capability once it was operative.
6. CU\*Answers has the right to audit and visit the site accompanied by a SAGE employee.
  - a. See above; both the SAGE secondary site and their correspondent vendor site have been reviewed for production capability and security; both were found to be acceptable.
7. Test results will be provided to CU\*Answers as soon as they become available.
  - a. Ann Marie Priddy (SAGE employee) to provide certification that all data was deleted and certification of successful completion of the test. Included at the end of this review.
8. SAGE will maintain confidentiality of data at all times.
  - a. Successfully tested during this exercise.
9. SAGE will test recovery capability with a "flat file" format by 12/31/11.
  - a. Successfully tested during this exercise.

## CONTINUING EFFORTS AND RECOMMENDATIONS

Of interest is the close proximity of the recovery facilities (within 5 miles of each other). It is important to understand the risks inherent to such and determine if this is acceptable. Potential risks may include a regional power outage, severe weather outbreak (ice, snow, winds, etc.). Presort Services does have additional production redundancy with its facility in Lansing. We may want to consider another potential vendor in the event of a regional disaster.

SAGE indicated that the systems at the disaster recovery site are synchronized (application) weekly. If the timing of a disruption was such that synchronization must be completed before processing could begin, a delay of 24-48 hours could result. This complies with the agreement that statements would be produced and mailed without inserts within two weeks of the declaration of disaster.

[CONFIDENTIAL INFORMATION OMITTED]

As noted in challenge #3 above, we will request a documented plan from Sage Direct, Inc. to demonstrate that a strategy for future recovery efforts is in place.



## Disaster Recovery Test Results

Date: 12/3/11

Person completing form: [REDACTED]

Location test was performed: Presort Services Grand Rapids facility and Sage Direct's offsite facility.

Who was present [REDACTED]

What files were transmitted: October 2011 Flat3

### Printing:

- To and from dates on the statements are correct
- Number of pages shown on statement match the number of pages printed
- All address lines are showing including name, address, city, state, and zip

### Inserting:

- Correct envelopes were used
- One complete statement was folded and inserted into each envelope
- The address block placement in the window is correct
- Envelopes are sealing properly
- I opened 5 statements after inserting was complete and all statement pages were correct

Date copy of test results were given to CU Answers 12/3/11

Date copy of test results were give to Presort Services 12/3/11

### Comments

The statement file was deleted from Presort Services system on 11/29/11. All printed statements were shredded on site at Presort Services on 11/29/11. The data file was deleted from Sage Direct's offsite system on 11/28/11.

Audit totals will need to be provided to Presort Services including statement pages and total number of envelopes.

### In the event of a disaster:

Credit card statements will be mailed separately from the corresponding account statement. All statements will be printed and mailed within two weeks of Presort Services receiving all of the data from CU Answers.

The original copy of this completed form will be kept on file at Sage Direct.

Signature [REDACTED]

Date: 12-3-11

[REDACTED] \Disaster Recovery Test Resultsb.doc