

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

EVENT DATE: 5/11/2015

Revision: 5/20/2015

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), a recovery test is to be performed every 18 months (or as otherwise requested by CU*Answers).

On May 1, 2015, the test was performed at the SAGE disaster recovery site, witnessed and reviewed by 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.

To build on the success of the last SAGE recovery test, we sought to increase the scope by scheduling the event during the CU*Answers annual disaster recovery test that occurred May 5-7, 2015. For the purpose of this test, statement files were generated and transmitted by the recovered CUAPROD host at the IBM BCRS facility in Sterling Forest, NY, to the SAGE recovery location in Kentwood for processing. The processing and printing was performed on May 11 by SAGE's alternate service provider (Presort Services) at the new Presort production facility in Grand Rapids.

The disaster recovery test was performed and completed to our satisfaction. We are pleased with the results as this review will show and have provided recommendations for future test improvements.

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 RealVesco Properties. 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):
4180 44th street SE,
Building A, Suite 203
Kentwood, MI 49512

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):
4850 Kendrick Street SE
Grand Rapids, MI 49512

This disaster recovery test, performed on May 8-11, 2015, proceeded as follows:

- The test Daily Notice file was encrypted and sent via FTP to <ftp.sagedirect.com> (DNS configured for an FTP server at SAGE's disaster recovery suite) on May 8, from the CU*Answers recovered host in Sterling Forest, NY.
- The Daily Notice file was received by systems at the SAGE disaster recovery site and held for processing.
- On May 11, the Daily Notice file was decrypted, processed, re-encrypted and then sent to the FTP server at Presort Services for printing.
- From the test file, 214 Notices were printed (total of 215 pages), folded, inserted into envelopes and sealed for mailing.
- For confirmation purposes, three print proofs and end result samples of printed, inserted and sealed Notices were kept by SAGE Direct. The remaining test samples were destroyed and the statement data file was purged.

OBSERVATIONS

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 Grand Rapids' 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 past four years (both unplanned events).

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.

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

The documented procedures for this recovery test and experience of the staff involved have proven to be as near to rock-solid as they can get. For this test, there were no notable issues or challenges.

For the purpose of the next test, we will seek to expand the scope to include multiple types of files and processes and invite staff with less experience and skills to continue cross-training members of the recovery team.

For the purposes of each SAGE recovery 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 an updated documented recovery plan.
 - a. SAGE has 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 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 May 2013, we are outside of the cycle.
 - a. Although the current test exceeded the minimum cycle date (18 months), the decision to align the test with the annual CU*Answers Disaster Recovery Test was desired.
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.

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.



Disaster Recovery Test Results

Date: 5-11-15

Person completing form: [REDACTED]

Location test was performed: Sage Direct's offsite facility and Extend Your Reach's (Presort Services) Grand Rapids production facility

Who was present: Sage Direct's offsite - [REDACTED] and [REDACTED] from Sage Direct. Extend Your Reach's facility - [REDACTED], [REDACTED], and [REDACTED] of Sage Direct. [REDACTED] and [REDACTED]

What files were transmitted: Daily Notice file containing 214 notices and a total of 215 pages

Printing:

- To and from dates on the statements are correct – dated for 5/2/15
- 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 3 statements after inserting was complete and all statement pages were correct

Date copy of test results were given to CU Answers 5/15/15

Date copy of test results were give to Extend Your Reach (Presort Services) 5/15/15

Comments No totals were provided. 214 notices with 215 pages were produced.

In the event of a disaster:

No file audits will be available. Credit card and HSA statements will be mailed separately from the corresponding account statement. All statements will be printed and mailed within two weeks of Extend Your Reach (Presort Services) receiving all of the data from CU Answers. If a disaster were to include all of the Grand Rapids area Sage Direct would use Extend Your Reach's (Presort Services) Lansing facility.

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

Signature [REDACTED]

Date: 5-15-15