



Cold Sites are “Risky Business”

FFIEC Definition of a Cold Site

“A cold site provides a back-up location without equipment, but with power, air conditioning, heat, electrical, network and telephone wiring, and raised flooring.

Examples:

- Office space that the Bank, Board Members or other Vendors supply
- Mobile trailers with no physical banking or technology infrastructure in place
- Community Centers in their town
- Bank branches with insufficient infrastructure in place to restore required systems and house staff required to process required transaction volumes.
- Based on Vendors furnishing replacement infrastructure and hardware

An example of a situation when a cold site can be a viable alternative is when a financial institution has recovered at another location, such as a hot site, but needs a longer term location while their bank facility is being rebuilt. Institutions may rely on the services of a third party to provide cold site facilities or may house such a facility at another location, such as a branch or other operations center. While cold sites represent a low cost solution, this recovery option may take several weeks to implement. Therefore, *this type of facility is usually not considered an adequate primary recovery option* because of the time it takes to start production and resume operations. In addition, it is difficult to perform a recovery test using this type of facility since parallel processing would take a great deal of time and effort to complete.”

Assessing the Risk

Your Business Resumption Plan must mitigate the following risks:

- Reputation Risk
- Compliance Risk
- Transaction Risk
- Financial Risk

Things to consider before selecting a cold site as your alternate processing location

1. How long will it take for the data network between your bank and your core vendor to be established at the site?
2. How long will it take to install and configure a telephone system at the site?



3. Is the site staged with minimum spare hardware for immediate recovery of your back-up systems?
4. How long will it take you to purchase, install and configure new hardware at this site?
5. How long will it take to establish physical and digital security systems at this site?
6. Is there an IT infrastructure in place at this site that supports the rapid implementation of voice and data circuits?
7. Does the physical infrastructure at the site support required components for the rapid implementation of critical systems (e.g., Power, UPS, HVAC, Fire Detection & Suppression, and secure server room space)?
8. How long will it take to build secure teller stations?
9. How will cash and safe deposit vault needs be addressed?
10. How will drive up services be addressed?
11. How will night deposit services be addressed?
12. What is the location's distance from your bank?
 - a. Too close the disaster may impact this site as well.
 - b. Too far your customers will not want to travel there to do business?
13. If the alternate processing site is a branch of the bank, does the IT infrastructure support the additional staff and transaction volume?
14. Do the network and phone systems support the additional users and volume?
15. If the network infrastructure needs to be expanded to support additional transactions, how long will the provisioning of additional circuits take?
16. Is there adequate space for additional back office operations?
17. Is there appropriate physical and logical security for back office operations (e.g., Operations, Wire Transfers, Information Technology, etc.)?

Contact us today to learn how Recovery Solutions Mobile Bank Facilities and technology can fully address your business resumption requirements.

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