

INFORMATION TECHNOLOGY INTELLIGENCE CORP.

Information Technology Intelligence Corp.



2017 Report: The State of Audit, Compliance and Intelligence

*Evaluating Quality Experience Management software solutions
for the collection, aggregation, analysis and correction of audit results*

May 2017

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Research Notes and Methodology

ITIC conducted product evaluations, data analysis, and independent primary research in February through April 2016. We interviewed RizePoint references including: Brinker International, Pappas, Sodexo, Sysco, Buffalo Wild Wings, LBrands and Checkers and Rally's. Several other customers agreed to be interviewed for background. The intent was twofold: to identify organizations' requirements for Quality Experience Management tools and to chronicle customers' experience and the benefits their firms derived from using the RizePoint solutions. ITIC analysts polled businesses on the specific features, functions, ease of use and reliability of the products as well as RizePoint's aftermarket technical service and support. The data obtained during these interviews provides in-depth insight into the business and technology benefits, efficiencies, risk mitigation and brand protection organizations achieved using RizePoint Quality Experience Management solutions.

This involved utilizing and referencing publicly available data and statistics obtained from Government agencies as well as news articles, all of which are referenced in this Report and cited in the Links section at the end of this Report. Finally, ITIC leveraged data from its own independent Web-based surveys on cost of hourly downtime and reliability requirements which are referenced in **Exhibit 2 and Exhibit 3** to provide context as to the exigent need for Quality Experience Management software solutions.

Executive Summary

"It takes many good deeds to build a good reputation, and only one bad one to lose it."
Benjamin Franklin

Protecting and maintaining brand reputation is essential for any company. As a result, it is essential for enterprises to proactively monitor and manage all activities- operational and experiential - that influence a consumer's overall brand experience. Ignorance involving any aspect of business operations will result in ongoing, significant consequences. It will damage a corporation's reputation; adversely impact customers; result in operational inefficiencies, business losses and potential litigation; and even criminal penalties. It also raises the

corporation's risk of non-compliance with crucial local, state, federal and international industry regulations.

This is especially true for firms in fast-paced, competitive and highly regulated industries, including but not limited to the food, hospitality, hotel, restaurant and retail vertical markets. Typically, these organizations have dozens, hundreds or even thousands of stores, restaurants and hotels located in multiple, geographically remote locations. They must collect, aggregate and analyze a veritable data deluge in real-time. And they must respond proactively and take preventative measures to correct issues as they arise. Organizations that do business across multiple states and internationally, face other challenges. They must synchronize and integrate processes and data across the entire enterprise. Businesses must also ensure that every restaurant, hotel or retail store in the chain, achieves and maintains compliance with a long list of complex standards, health and safety laws.

ITIC's research indicates that companies across a wide range of industries are deploying a new class of Quality Experience Management software. These solutions let businesses access the latest information on daily operations, policies, procedures and safety mechanisms in an automated fashion. They also let companies take preventative and remedial action irrespective of time, distance or physical location.

This report illustrates how Quality Experience Management software with built-in Business Intelligence tools can deliver immediate and long-term benefits and protect the corporate brand. ITIC's customer-based research shows that RizePoint - with 20 years' experience in audit compliance monitoring, reporting and correction - is the clear market leader. Its software delivers brand protection and risk mitigation with mobile and cloud capabilities, increasing efficiency and productivity.

Introduction

Non-compliance is expensive, risky and unacceptable.

This is true of all companies - from the smallest organizations with fewer than 25 employees to the largest multinational global enterprises of over 10,000 employees regardless of vertical market.

Damage to the corporation's brand and reputation due to non-compliance can be severe and protracted. In worst-case scenarios, a company's brand may be so irreparably damaged that the firm goes bankrupt or out of business, altogether.

Firms that run afoul of requirements by authorities like the U.S. Food and Drug Administration (FDA) and its compliance arm, the Occupational Safety and Health Administration (OSHA) as well as international compliance and standards bodies like the European Union (EU) and the Association of Southeast Asian Nations (ASEAN), risk severe criminal, civil and legal penalties.

These include fines, inspections/re-inspections and even jail time for company executives. The penalties may cost organizations, thousands, tens of thousands and, in extreme cases hundreds of thousands for each separate incidence or occurrence. Additionally, non-compliant corporations are at high risk of litigation from their business partners, vendors and customers at every juncture in the increasingly global supply chain. Corporations can also be sued by consumers.

The direct and indirect monetary penalties for regulatory non-compliance are high and growing ever more expensive as governments and their regulatory agencies enact new laws to safeguard their various global supply chains.

An organization's reputation is one of its most valuable assets. Safeguarding the integrity of the corporate brand and the reliability of its daily operations via automated, Quality Experience Management software is imperative for every organization that expects to thrive and maintain the confidence and satisfaction of its customers – and comply with laws.

Data Deluge Drives the Need for Analytics and Auditing

Businesses are part of a vast global supply chain. Restaurants, hotels, offices, business suppliers and partners are located in multiple, geographic remote locations. The need for daily operations information on inventory/usage; safety; front and back of restaurant operations; menus, revenue and employees is integral to the company's ability to do business, remain compliant and be competitive.

Today's businesses also have an exigent need to send and receive information and get updates in real-time. The old way of doing business – generating and perusing manually through spreadsheets – is time consuming, cumbersome and error-prone. The chance of a pivotal piece of data falling through the cracks or being misread in an era of the global “farm-to-fork” supply chain is very real.

In the 21st century digital age of interconnected networks, no vertical industry is a standalone silo. Every market segment belongs to a macrocosm in which vendors and customers are linked by their interdependencies. Organizations that participate in the agri-food supply chain are also impacted by operations in a wide range of verticals including: finance; healthcare; retail; services; transportation (airlines, shipping and trucking) and weather, to name a few. In managing daily operations, companies in the food, restaurant, hospitality, hotel and retail industries must pay close attention to the goings-on in the aforementioned industries. Any issues with weather or shipping, for example could potentially disrupt business. The symbiotic and global nature of today's business environment requires agility, scalability, innovation and automated real-time access to analyze data. Quality Experience Management software addresses the challenges of the data deluge.

The amount of data generated daily and annually is astounding. [IBM estimates that 2.5 quintillion bytes of data](#)¹ are created every day and that 90% of the world's data has been created in the last four years. Every piece of data that's created is processed and transmitted daily, including information on labeling; fleet telematics; transportation routes and shipping mechanisms of food and beverages in the supply chain as well as every transaction in a warehouse, factory, hotel or restaurant is increasingly digitized.

Quality Experience Management software is revolutionizing how businesses with distributed operations are governed. Quality experience now dictates the need to sift, sort, organize and make sense of it all to drive tangible outcomes that result in greater operational efficiencies, ensure compliance and mitigate risk. All of these things contribute to maintaining the integrity of the corporate brand.

Businesses that prosper in today's complex economic environment and supply chain are increasingly turning to quality experience management tools that enable them to assess risks and make informed decisions. These solutions, which incorporate advanced data analytics and BI functionality, enable organizations to collect and analyze a wide variety of data. This involves monitoring ongoing daily, monthly, quarterly and annual operations, comparing and contrasting pricing and purchasing trends to gain a competitive edge over rivals, and increasing brand visibility in competitive markets. Fortunately, quality experience management tools are not only more affordable today than in the past, but they are easier to deploy, provision and use.

¹www-01.ibm.com/software/data/bigdata/what-is-big-data.html

Vendor Summary: RizePoint

RizePoint, formerly Steton Technology Group, based in Salt Lake City, Utah, is the market leader in the fast-emerging market for software solutions that deliver Quality Experience Management capabilities. RizePoint ensures that corporations meet their internal standards by monitoring operational procedures, health and safety standards. The Quality Experience Management solutions market currently generates \$1.2 billion in worldwide revenue. And it's growing quickly. Within the next five-to-seven years, sales in this category are expected to quadruple or even quintuple, according to ITIC survey estimates. This underscores the crucial nature of compliance for all businesses.

The technology and business benefits organizations derive from deploying RizePoint software are immediate and tangible:

- Improve daily operational efficiencies
- Mitigate risk by ensuring compliance
- Streamline operations to lower total cost of ownership (TCO) and accelerate return on investment (ROI)
- Improve customer satisfaction
- Gain competitive advantage
- Make tactical and strategic plans to drive future business decisions and goals

Separately, each of these features is necessary and compelling. Collectively, they are absolutely essential to assist businesses in achieving optimal performance and ensuring the highest levels of uptime/reliability and end user productivity.

RizePoint offers an end-to-end solution that includes RizePoint Mobile Auditor, which conducts audits and surveys on mobile devices and the RizePoint Management Console, which lets enterprises build custom audit forms, analyze audit results and enact corrective actions, among other tasks. Customers utilize the solution to inspect multiple remote locations, review assessment results and initiate corrective action to ensure a consistent and high-quality experience in every location.

RizePoint has nearly 400,000 users worldwide. Its solutions are deployed in 120 countries, using 40 languages. Its roster of customers include such notable names as: Wendy's, IHOP, Starbucks, Avendra, IHG (InterContinental Hotels Group), Applebee's and Marriott Vacation Club.

These enterprises use the RizePoint solution to measure brand delivery, standards compliance and operational conformance at over 40,000 restaurants; more than 23,000 hotel and resort properties, 13,000 grocery and general retail stores and over 84,000 businesses serviced by independent and government audit service providers.

RizePoint also boasts a 97.3% customer retention rate.

RizePoint simplifies auditing and streamlines management of:

- Quality assurance
- Corrective action plans and remediation
- Safety
- Regulatory standards
- Brand standards
- Voice of the customer integration
- Food safety
- Responsible sourcing
- Supplier quality management.

RizePoint's solutions help customers address and overcome a myriad of issues. These include:

- Removing the need to gather and assemble data using outmoded, manual paper-based audits and inspections which are time consuming and often-times lacking in details or containing faulty information.
- Identifying and taking corrective action on local and global issues across all operations.
- Analyzing and optimizing operations based on inspection and audit data.

The immediate tangible productivity and compliance results:

- Inspection information is now quickly and efficiently collected and shared.
- Issues and concerns are immediately shared with regional executive management and the pertinent local managers who can take immediate remedial corrective and preventative action.
- Line of business managers and C-level executives can utilize the data generated to identify key trends and compare results across the business, using audit data such as: compare/contrast data – including policies, procedures, revenue, safety issues, results of inspections and food and beverage quality across multiple locations throughout the

enterprise in order to spot key trends on revenue, spending, pricing and compliance. This in turn empowers the business to make strategic business and technology decisions that can positively impact the bottom line, deliver a competitive advantage and avoid compliance issues or safety hazards before they occur.

- Improved productivity among the corporation's workers and increased customer satisfaction.

Users Characterize RizePoint Software Strengths

ITIC conducted in-depth first person interviews with one dozen RizePoint customers, asking them to rate the RizePoint Quality Experience Management software on a number of key metrics including: product features, the company's ability to innovate, the depth and breadth of RizePoint's experience, the reliability of its solutions and its technical service and support.

Throughout the interview process, RizePoint users consistently voiced their overwhelming appreciation for the business intelligence (BI) tools that automated the auditing process and made it easier to achieve and maintain compliance. The end users were in unanimous accord that the RizePoint BI tools eliminated the burden of manual, error-prone report generation and aligned their organizations around critical quality results.

Overall, RizePoint software provides customers with the ability to quickly address and rectify out-of-compliance results. Utilizing these corrective action tools was a key component in the users' ability to keep compliant with internal standards and external regulations.

Additionally, all the customers interviewed by ITIC analysts gave RizePoint high marks for other key metrics such as ease of use, responsiveness and after-market technical service and support.

Ease of use is particularly pivotal for many of RizePoint's hotel and restaurant users like Pappas Restaurant and Brinker International. Representatives from these organizations noted that many of the company employees who use the product do not have technical backgrounds and the company has limited time to provide such training.

Unifying Enterprises Around Audits, BI and Compliance

RizePoint demonstrates a mature completeness of vision that propels the company into the position of Quality Experience Management front-runner. RizePoint focuses on four foundational elements to drive all company solutions and strategies:

- **Brand protection/differentiation** via enterprise compliance and strict adherence to standards.
- **Scale:** RizePoint, as an established market leader with two decades of experience, has few head-to-head competitors among the top food brands. RizePoint addresses the needs of SMBs as well as large enterprises. The functionality of its solutions is specifically geared to scale with customers' technology and business needs as their companies grow.
- **Innovation:** RizePoint constantly innovates its solutions to keep pace with ever-changing and proliferating compliance regulations. Additionally, it regularly updates the features/functions of its software solutions to provide customers with the latest technology advances such as integration with Bluetooth, digital video and external data.
- **Compliance:** Staying abreast of compliance regulations and keeping customers compliant is the focus of RizePoint's solution set.

RizePoint software is purpose built to clearly align and unify field teams, regional management and executive leadership around an enterprise's compliance performance. Its solutions can run analytics at the audit result level so customers can respond more quickly when situations arise.

Customers agree. Every organization interviewed for this report affirmed that the automated mobile auditing, business intelligence (BI) and automated corrective action capabilities inherent in the RizePoint Mobile Auditor and RizePoint Management Console provided real-time, efficient and in-depth insight involving every business process and every aspect of the business' corporate and remote operations. The RizePoint solutions also ensure high reliability. Companies can perform more audits because the auditing process itself is automated. RizePoint customers told ITIC they especially appreciated that RizePoint solutions enabled their firms to retire outmoded, time consuming manual spreadsheets, which did not provide the same level of detail and were more error-prone.

The corporate customers ITIC interviewed unanimously agreed that RizePoint Quality Experience Management solutions allow their firms to maintain compliance and respond to potential issue before they become actual issues. This in turn, ensures safety, customer satisfaction and ultimately protects the integrity and reputation of the corporate brand.

Another aspect of RizePoint's solutions is their flexibility. Product managers and administrators work in remote manufacturing facilities, warehouses and plants or travel outside the headquarters location to perform the audits. In this capacity, they often conduct the audits using a mobile device like an Apple iPad tablet. However, users can also opt to deploy RizePoint BI analysis, automated corrective action and auditing via a web browser.

"RizePoint is a one-stop shop for audit and compliance which are among our most critical capabilities," said Krysten Arriaga, Project Manager, Back of House of Operations at Pappas

"RizePoint solutions, with their mobile capabilities, keep us informed on every aspect of our business."

Krysten Arriaga, Project Manager, Back of House of Operations, Pappas Restaurants

Restaurants, which has used the software for over five years. Pappas Restaurants chose RizePoint because "the products had all the features we wanted." "Now that we have RizePoint we can conduct so many audits that provide us with so much useful information," Arriaga said. Pappas Restaurants take full advantage of RizePoint's Mobile Auditor application to enable the restaurant's employees to conduct audits live and use pictures in the restaurant and kitchen. This is extremely useful since Pappas Restaurants has approximately 90 remote locations.

"RizePoint solutions, with their mobile capabilities, keep us informed on every aspect of our business: daily operational procedures, safety, and food and beverage issues. RizePoint enables Pappas to be more proactive and put out fires before problems occur."

Brinker International, which owns, operates and franchises the Chili's Grill & Bar and Maggiano's Little Italy restaurant chain is another longtime RizePoint customer. Rahil Nathani, a project coordinator with Brinker's facilities department, runs support services for the Regional Facility Managers at the company's Maggiano restaurants. Nathani said his firm has realized tangible business and technology gains using RizePoint Mobile Auditor and RizePoint Management console. He's experienced firsthand how RizePoint Quality Experience Management tools have improved daily operational efficiencies.

Prior to deploying RizePoint solution, Brinker International and Maggiano's used Microsoft Excel documents for restaurant assessments and audits. The Excel spreadsheet assessments had "200 plus areas to address, [where] regional facilities managers go to the restaurants to ensure everything's up to Brinker's standards," Nathani says.

The result was a "very large" Excel document that created a "lot of hurdles" he says. In addition to the 200 plus questions, facilities managers were required to capture a variety of data such as photographs and notes in specific areas, which could not be accomplished using Excel.

Brinker International directors explored "a lot of different software" packages, Nathani says. Finding the right one at an effective price was the biggest challenge and one of the chief reasons it chose RizePoint.

"RizePoint creates better visibility with non-compliant items," Nathani notes.

"It's more organized and makes for quicker turnaround times in having audits completed and getting them back to our vendors. RizePoint software gives us better visibility, cleaner information with notes and pictures. Everything's a lot more viable. RizePoint has definitely made our auditing processes 100% better and more reliable," Nathani says.

"RizePoint has definitely made our auditing processes 100% percent better."

Rahil Nathani, Project Coordinator, Brinker International

"That has made us a more competitive. Our new items are now prepared uniformly within the company, our buildings look more uniformly clean and well repaired. That's a big competitive edge," Nathani says.

ELEVATE Limited, is a global consulting and auditing firm that helps the buyers, suppliers of major manufacturing brands implement best practices for more sustainable, responsible and profitable sourcing. ELEVATE's global auditing force utilizes the RizePoint Mobile Auditor and RizePoint Management Console to realize measurable efficiencies in auditing the conditions of workers as well as the environmental responsibility of its global manufacturing customers and their suppliers.

ELEVATE utilizes the RizePoint platform as part of its portfolio of services to assist its customers' ongoing responsible sourcing initiatives – including computing giant Cisco Systems; the Ascena Retail Group; Carter's, clothing for kids and toddlers; and German-based retailer

C &A.

“Mostly, ELEVATE deals with corporate social responsibility in the areas of ethical and responsible sourcing for our customers,” Patrick McKeller, a partner at ELEVATE says. “We try to improve the management of conditions for workforces in manufacturing supply chains.”

With over 400 employees, ELEVATE is “about 60% an audit company,” McKeller says, noting that in 2016 ELEVATE performed “about 12,000 audits of factories” for social labor violations. The remaining 40% of ELEVATE’s business focuses on improvement work: “How do you get better once you’ve identified the problems.”

ELEVATE, McKeller notes, fully leverages RizePoint’s advanced auditing, BI and compliance capabilities to help it and its food and retail customers perform a variety of crucial functions to improve business outcomes. These include managing loss prevention programs to reduce waste, monitoring an organization’s performance, quickly identifying issues to mitigate risks and responding quickly with auto-generated reports that help identify and analyze trends and to track corrective actions to completion.

ELEVATE’s customer Ascena Retail Group, for example, owns about five different brands. ELEVATE performs hundreds of annual audits across Ascena’s geographically remote factories, McKeller says. “Being able to control that process from start to finish, from scheduling all the way to CAP (corrective action plan) management, streamlined their operations,” McKeller notes. Previously, ELEVATE and Ascena relied on “hundreds of spreadsheets or PDF files.” Now using the RizePoint platform, they have all the information they need in an accessible database. Ascena can execute queries, run reports and look at enterprise-level predictive analyses, which provide beneficial insights into its business processes and operations.

RizePoint “basically builds you a sandbox and lets you play inside of it,” McKeller says. “The ability to do different configurations at various levels of the system is a nice selling point because everything is editable - every label, every configuration. We can basically go in to a customer and say ‘Whatever your process is, don’t change it, let the system support it’,” instead of requiring customers to alter their processes to fit RizePoint’s capacities. RizePoint’s adaptability has been one of its major selling features, McKeller says. “That adaptability is getting better over time as RizePoint updates and continues to innovate its solutions. RizePoint

“RizePoint gives us the ability to easily configure a platform as opposed to doing a full-blown customization.”

Patrick McKeller, Partner, ELEVATE

gives us the ability to easily configure a platform as opposed to doing a full-blown customization.”

RizePoint vs. Emerging Niche Competitors

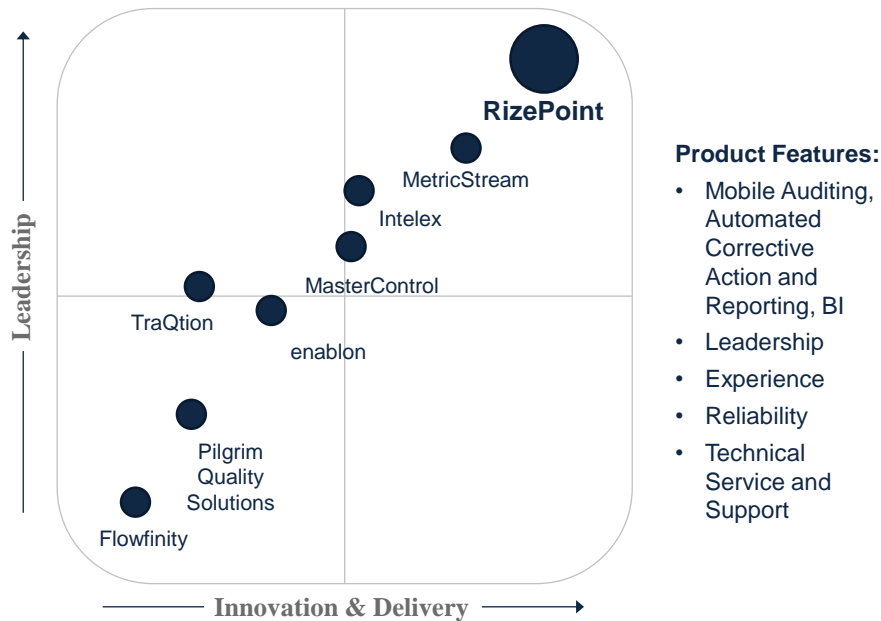
The auditing, BI and compliance software solutions market is fast emerging. Currently, the overall market has an addressable annual worldwide revenue stream of \$1.2 Billion and estimates are that figure could quadruple and reach \$7.2 Billion by 2023.

There are presently 80 to 100 vendors that are targeting the market for auditing and BI software solutions. The overwhelming majority of these vendors are small entities that have been in business for five years or less.

With 20 years’ experience in analytics, auditing and BI software for a wide range of industries, RizePoint encounters only a handful of challengers whose products deliver comparable breadth and depth of functionality. Likewise, many of these solutions lack the ease of use, expertise and proven track record of customer service and support that RizePoint has demonstrably provided since 1987.

As **Exhibit 1** illustrates below, only a handful of rivals can approach RizePoint’s core competencies in mobile auditing, reporting and BI, and automated corrective action. The corporate customers interviewed by ITIC say there are no vendors outside of RizePoint who currently deliver all three capabilities.

Exhibit 1. RizePoint versus Competing Auditing, BI Solutions



Source: ITIC 2017

RizePoint is clearly positioned as the Quality Experience Management market leader, with accelerated customer interest and adoption, and a clear and visionary product roadmap that includes specific feature value for customers in the foodservice, retail and hospitality industries.

Conclusions

Maintaining and safeguarding a brand's reputation requires consistent adherence to brand standards. RizePoint makes that easier by letting clients tap into the latest mobile and cloud technology.

That technology also makes it easier for corporations to ensure regulatory compliance. Clients can then use their next-generation auditing solution as the launching pad for important new business initiatives and opportunities.

Corporate enterprises across all vertical market segments should view auditing and compliance as core requirements. They are absolutely essential to guarantee that the organization effectively monitors, manages and maintains the highest policies and procedures for its ongoing daily operations. Quality Experience Management software solutions that incorporate analytics and BI capabilities also serve as tactical tools and strategic competitive assets that assist organizations in the food, hospitality, hotel and restaurant verticals can better meet and serve the needs of every customer, business partner and supplier in their supply chains.

Adherence to municipal, state, federal and international compliance laws ensures that businesses can avoid regulatory action and costly litigation which can irreparably damage the company's integrity and brand. The Quality Experience Management capabilities that are inherent in the RizePoint solutions deliver greater operational efficiencies and economies of scale. They make the corporation's end users more productive by saving time and greatly reducing the errors that come with outmoded manual solutions. They also make the business more strategic letting them derive deep insights to make actionable, tactical decisions and long-term strategic planning. The ability to adhere to both the corporation's internal policies and procedures and compulsory external regulations, serves everyone in the supply chain well: customers, business partners, suppliers and the company itself.

Supplemental Material

Note 1: Food Safety Issues Crucial in 21st Century Global Agri-Supply Chain

Food recalls are an ever-present danger in today's global agri-supply chain. The industry grapples with myriad threats including: contaminated meat, mislabeled packaging, tainted baby formula and spoilage during shipping. There are no quick or permanent fixes.

A [Fortune Magazine article, "Why Our Food Keeps Making us² Sick,"](#) revealed food-borne pathogens sicken 48 million Americans each year. The FDA and international regulatory agencies have stepped up oversight. This greatly increases the chances of getting caught. All companies in the global agri-food chain must police daily operations. Otherwise, non-compliance will take a big bite out of the corporate bottom line.

To cite just one instance: in 2011 the Grocery Manufacturers Association surveyed three dozen companies and discovered that over 50% had been hit with food recalls over the previous five years. Some 18% of the survey respondents revealed that the monetary damages from the recall and lost sales cost their firms between \$30 million and \$99 million, respectively. Furthermore, five percent said the financial toll topped \$100 million. And damage to the corporate brand and reputation can have an even steeper price tag.

Constant vigilance is necessary as is the ability to identify and quickly take preventative or remedial action should the need arise. This is apparent from the heightened level of government regulatory oversight, which is resulting in an increased number of food recalls.

From October 2015 through September 2016, the [Food and Drug Administration \(FDA\)](#) [Occupational Hazard and Safety Administration \(OSHA\)](#) issued a total of 2,232 citations in 615 inspections resulting in penalties of \$8,428,531 in the singular category: "All Standards cited for violating the NAICS Code 311 for Food Manufacturing."

In 2016, the U.S. Food and Drug Administration (FDA) issued 764 food recalls, a 22% surge compared to 2015. The number of the most serious recalls nearly doubled from 447 in 2002 to 659 in 2014. More recently, during the two month period covering March/April 2017, the FDA

²<http://fortune.com/food-contamination>: "Why Our Food Keeps Making Us Sick," Fortune Magazine, May 2, 2016

and the U.S. Department of Agriculture (USDA) issued 24 food recalls to date, according to the [Food Safety.gov Website](https://www.foodsafety.gov/recalls/recent/).³

What's fueling the surge in recalls?

The globalization of the 21st century supply chain. Food ships from all parts of the globe. This has created lengthy, complicated supply chains, which are rife with error. Penalties for non-compliance are both strict and stiff. Enforcement is getting tougher. Global regulators are enacting more laws and strengthening existing regulations. If convicted, corporations and company executives face monetary penalties and even jail time (see **Sidebar**).

Note 2: Hourly Downtime Costs Take a Bite out of Business

Even if your firm doesn't get hit with a lawsuit, it can still be adversely impacted by productivity interruptions which result in costly downtime. As Exhibit 2 illustrates, the mean average cost of one hour of downtime, ranges from \$6 million to over \$9 million in nine of the most popular vertical markets, according to an ITIC 2016 survey of over 600 businesses. In the food/hospitality industry the average hourly downtime cost is \$7.7 million and in the retail industry one hour of downtime costs businesses \$6.6 million. These are average costs related to lost productivity and lost business. These statistics exclude criminal, civil penalties and fines.

³<https://www.foodsafety.gov/recalls/recent/>

Exhibit 2. Average Hourly Downtime Costs Soar

Average Hourly Downtime Costs for Nine Top Verticals

Vertical Market Segment	Average Hourly Downtime Cost
Banking/Finance	\$9.3 Million (US Dollars)
Government	\$7.8M
Food/Hotel/Hospitality	\$7.7M
Healthcare	\$6.9M
Manufacturing	\$8.5M
Media & Communications	\$9.0 M
Retail	\$6.6M
Transportation	\$7.1 M
Utilities	\$6.7M

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Source: ITIC 2017

It's no surprise the top nine vertical market segments now demand the highest levels of availability and uptime. As **Exhibit 3** shows, or 99.99% uptime is now the minimum acceptable level of availability. And in the Food/Hospitality vertical segment 33% of survey respondents indicated their organizations require five or even six nines of uptime – 99.999% or 99.9999%.

RizePoint is one of the few Analytics-based Auditing and BI solutions vendors that's delivered demonstrably high levels of uptime and availability over two decades in business.

Exhibit 3. Corporate Enterprises Demand High Reliability

Minimum Reliability Requirements by Vertical Industry

Minimum Reliability	Banking/Finance	Govt/Education	Food/Hotel	Healthcare	Manufacturing	Media	Retail	Transportation	Utilities
99%	0%	0%	0%	0%	0%	0%	0%	0%	0%
99.9%	0%	0%	0%	0%	0%	0%	0%	0%	0%
99.99%	14%	79%	68%	72%	76%	31%	67%	47%	66%
99.999%	59%	19%	25%	21%	20%	56%	30%	51%	29%
99.999% +	27%	2%	8%	7%	4%	13%	3%	2%	5%

A 79% majority of businesses of all sizes – from SMBs to the largest enterprises – now require a minimum of 99.99% reliability/uptime. This is the equivalent of 52 minutes of **unplanned per server/per annum downtime**, or just 4.33 minutes per server every month. The requirements are even more stringent for corporations in the top vertical market segments which are highly regulated and bound by strict compliance laws.

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Source: ITIC 2017

Links

Below are links to articles to the latest, pertinent auditing and compliance-related news, citations, penalties, fees and issues.

The U.S. Food and Drug Administration (FDA) 2016 Recalls, Market Withdrawals & Safety Alerts: <https://www.fda.gov/Safety/Recalls/ArchiveRecalls/2016/default.htm>

The U.S. Food and Drug Administration (FDA) Inspections, Compliance, Enforcement, and Criminal Investigations Webpage: <https://www.fda.gov/ICECI/default.htm>

U.S. Food and Drug Administration (FDA) Enforcement Reports Webpage:
<https://www.fda.gov/Safety/Recalls/EnforcementReports/default.htm>

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The U.S. Food and Drug Administration (FDA) 2017 Fee Schedule for certain domestic and foreign facility re-inspections, failures to comply with a recall order and importer reinspections:
<https://www.federalregister.gov/documents/2016/08/01/2016-18089/food-safety-modernization-act-domestic-and-foreign-facility-reinspection-recall-and-importer>

U.S. Department of Labor, Occupational Health and Safety Administration (OSHA)
Webpage listing citations and penalties for Non-Compliance in Food Manufacturing during the period October 2015 through September 2016:
https://www.osha.gov/pls/imis/citedstandard.naics?p_esize=&p_state=FEFederal&p_naics=311

European Parliament Passes Official Controls Regulation for the EU Agri-Food Chain.
March 15, 2017: [http://europa.eu/rapid/press-release MEMO-17-611_en.htm](http://europa.eu/rapid/press-release_MEMO-17-611_en.htm)

Swiss Re Food safety: International regulatory dynamics and the impact on insurance White Paper, June 2015:
http://media.cgd.swissre.com/documents/RDS_FoodSafety_June2015.pdf

“Why our Food Keeps Making us Sick,” Fortune Magazine article, May 6, 2016:
<http://fortune.com/food-contamination/>

“A Look Back at 2016 Food Recalls,” Food and Safety Magazine, February 7, 2017
<http://www.foodsafetymagazine.com/enewsletter/a-look-back-at-2016-food-recalls/>