CONTINUITY HUB

Vendor Fails Quick Card: The Five Questions That Separate a Vendor List From a Plan

OPERATIONAL CONTINUITY ASSET • POST 643
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THE CLAIMS REALITY: CONTINGENT OUTAGES HAVE MORE THAN DOUBLED

In Allianz Commercial's analysis of large cyber claims (>€1M, dataset >€400M), **contingent business interruption (losses triggered at a supplier, cloud host, or IT vendor) accounted for 15% of large-claim value in H1 2025 — up from 6% in 2024**. Tracker IncidentHub counted **>48,000 outages** across cloud and software services in a 2025 reporting period. Your vendor does not have to be breached for your business to stop; it only has to have a bad day.

A Vendor List Is Not a Plan — CORE DISTINCTION

Vendor Inventory (Paperwork)	Tested Capability (Operational)
Answers: *"Who do we depend on?"*	**Answers: *"What happens in hour one, and who does it?"***
Looks clean in board and audit slide decks.	Diverges on the exact day the vendor fails.
Static list of critical vendor names & contracts.	Pre-defined, rehearsed workarounds that keep revenue moving.

Allianz Claims Leadership Rules:
• *Michael Daum (Global Head of Cyber Claims):* Workarounds that keep a business running must be defined in advance; companies must "prepare, test and train" for interruption.
• *Tresa Stephens (Head of Cyber North America):* "People leave organizations, systems and suppliers change, so it's important to have a response plan and test, update and embed it."

Question 1: Which Single Vendor Stops Day-One Revenue? — FIRST DOMINO

Not degrades revenue — stops it completely.

- **Payments:** Point of sale, payment gateway, transaction authorization.
- **Scheduling:** Dispatch, client bookings, operational calendar.
- **System of Record:** Core database, ERP, inventory / billing ledger.
- **Cloud Host:** Infrastructure underneath all three above.

Diagnostic Rule: Most operations name important vendors; far fewer rank them by time-to-stop. If answering takes a workshop, the plan does not know its own first domino.

Question 2: Has the Failover Ever Actually Been Run? — LIVE VS TABLETOP

A tabletop is the floor, not the ceiling. A tabletop proves people know the script; only a live failover proves the script works:

1. Real Load	Backup environment actually takes live production transactions.
2. Data Location	Data is actually where the plan claims it is (not stale snapshots).
3. Cutover Clock	Cutover takes the hours the plan claims rather than the feared weekend.

The 5-Question Governance Overview: Quick Self-Assessment — AUDIT GATE

Governance Question	Paper Inventory Trap (Vendor List)	Operational Capability (Tested Plan)	Plan Verdict
1. Day-One Revenue Stop	Alphabetical vendor directory with contract numbers.	Ranked by time-to-stop: Payments, scheduling, system of record, host.	**First Domino Known**
2. Live Failover Proof	Annual discussion workshop / slide-deck tabletop only.	Live failover under real load; verified data location & cutover hours.	**Live-Proven Script**
3. 2 AM Escalation	"We would open a support ticket on the portal."	Named vendor route, contract SLA response commitment, reachable internal lead.	**Contractual Escalation**
4. Exit Feasibility	Assumed data portability clause in master agreement.	Tested operational data export in ingestible format on an active clock.	**Tested Exit Path**
5. Manual Workaround	Afternoon drill with paper forms ("staff will manage").	Tested duration with fatigue curves, error rates, and backlog debt for week 3.	**Sustained Bridge**

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Vendor Fails Quick Card: Questions 3, 4, 5 & The Downstream Insurance Reality

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Question 3: Vendor Fails at 2 AM — Who Answers?

ESCALATION REALITY

A support tier in a sales deck is not an escalation path: If your honest response is *"we would open a ticket,"* you have described the vendor's ordinary Tuesday, not its worst night.

Requirement	What Must Be in Writing in the Plan
Vendor Contact Route	Direct emergency line, dedicated incident bridge, named account lead.
Contract Commitment	Guaranteed response time (SLA) with contractual penalties.
Own Decision-Maker	Reachable internal authority at 2 AM empowered to declare incident.

Question 4: Could You Actually Leave?

DATA PORTABILITY

Data portability is the clause everyone assumes and almost no one tests.

The Practical Narrow Drill: Has anyone ever exported your operational data out of the vendor platform, in a format another system can ingest, on a clock?

Exit Without Clocked Drill: Hope with a contract attached.	**Tested Exit Capability:** Verified ingestible export under timed SLA.

Question 5: Tested Workaround Duration (Week 3)

THE CDK PRECEDENT

When ransomware hit CDK Global (June 2024):

- **~15,000 car dealerships** forced back to paper.
- Outage lasted **close to three weeks**.
- Direct losses estimated at **~US$1.02 billion** (Anderson Economic Group / Insurance Business).

Paper worked — that is the point and the warning: A workaround is a bridge with a load limit. Staff fatigue, error rates, and backlog compound daily. An afternoon test tells you nothing about week three.

Insurance Sits Downstream of All Five Questions

PAYMENT TIMELINE

Contingent Business Interruption (CBI) Cover Pays Money Later:

- Pays after waiting periods, after proof of loss, on insurer's timeline.
- Arrives into whatever the first weeks did to customers, backlog, and staff.
- Compensates for the outcome it finds: a business that *bent*, or one that *stopped*.

The tested plan is what decides which outcome the claim ends up paying for.

The 5-Question Field Operational Checklist

OPERATOR CHECKLIST

Plan Gate	Tested Standard to Verify	Target Status	Sign-Off
1. Day-One Revenue Rank	Payments, scheduling, system of record, host ranked by exact hours to halt.	**≤ 8 Hours**	[ ] Verified
2. Live Failover Execution	Backup environment validated under production load; cutover clocked in hours.	**Live Run**	[ ] Verified
3. Written 2 AM Escalation	24/7 direct escalation route, contractual response SLA, named internal lead.	**In Contract**	[ ] Verified
4. Clocked Export Drill	Operational data exported in ingestible format on timed clock to alternate system.	**Format Tested**	[ ] Verified
5. 3-Week Manual Bridge	Workaround load limit calculated against fatigue curves, error rates & backlog debt.	**21 Days Rated**	[ ] Verified

THE FINAL LESSON: WHAT DID THE CLOCK SAY?

The dependency list is the easiest page in any continuity plan to write, and the easiest to mistake for the plan itself. Claims data prices that mistake: interruption is increasingly caused by somebody else's failure, on somebody else's clock. The question is not "are our critical vendors named?" It is **"which page of this plan has been run, live, against the vendor actually failing — and what did the clock say?"**