

Backing Up Your QuickBooks Financial Information

*A Guide to Protecting Your Company
Against Lost or Damaged Data*

Contents

Purpose of this Document-----	3
Data Damage/Loss/Disaster-----	3
Data Recovery-----	4
QuickBooks Backup-----	5
QuickBooks 2006 and Prior-----	5
QuickBooks 2007-----	7
Storage Options-----	9
Suggestions for Backing up your QuickBooks Data-----	10
Additional Files to Back Up-----	11

Purpose of this Document

Loss or damage of data is a hazard that all people risk when using a computer to store important information. For the average computer user, this may mean the loss of a favorite song or pictures of friends. For business owners, however, the stakes are much higher. They can lose their company's financial information, customer information, and vendor information. This data is a vital part of day-to-day activity and losing it can bring business to a screeching halt.

The main purpose of this document is to explain the importance of making frequent backups, as well as to inform you of the consequences that come with data loss, including the costs associated with data recovery.

We will give you examples of different types of backup storage media, the average costs of the media, and the advantages and disadvantages of each type. We will also make suggestions as to other QuickBooks data you may want to include in your backup procedures in addition to backing up the QuickBooks company file.

Data Damage/Loss/Disaster

Data loss or damage can result from any number of causes. Most people are aware of the threat from outside sources such as viruses and hackers and protect themselves by installing anti-virus and firewall security software on their systems.

An often less expected cause of data damage is hardware failure. Hardware failure, such as a hard drive crash, accounts for approximately 40% of all data loss, whereas viruses only account for about 6%.

There are other causes for data loss as well. After hardware failure, human error is the most common cause. (29% of cases)¹ Data damage can also be caused by power outages, theft, or natural disasters (such as fire, flood, or earthquakes).

If you experience a data loss, it doesn't matter what caused the loss. All that matters is that the data is gone. Now you're faced with the task of recovering and restoring the lost information.

¹ David M. Smith, Ph.D. *The Cost of Lost Data. The importance of investing in that "ounce of prevention"*
<http://gbr.pepperdine.edu/033/return1> (2003)

Data Recovery

No matter how much data has been lost, the prospect of having to recover and re-enter any amount of work can be frustrating. Having a recent backup can relieve some of the stress involved.

If there is no recent backup, then the QuickBooks Data Recovery team may be able to repair the data file and recover the information. Sending in your file for Data Recovery, however, requires you to be out of QuickBooks and not to enter any new data until your file is returned.

The impact that this lost time has on a company depends on the amount of data that is entered daily and the number of employees that are normally tasked with entering the data.

To better illustrate this point, we will use the example of employees that are paid \$12/hr. for 8 hours a day to enter data into QuickBooks.

		Business Days Without Data File			
		1	2	5	10
Number of QuickBooks Data Entry Employees	1	\$96.00	\$192.00	\$480.00	\$960.00
	5	\$480.00	\$960.00	\$2,400.00	\$4,800.00
	10	\$960.00	\$1,920.00	\$4,800.00	\$9,600.00
	15	\$1,440.00	\$2,880.00	\$7,200.00	\$14,400.00
	20	\$1,920.00	\$3,840.00	\$9,600.00	\$19,200.00

As you can see, the cost due to lost productivity can be quite extensive.

Since Data Recovery normally takes approximately 10 business days, a company with 5 QuickBooks data entry employees could lose almost \$4,800 in those 10 days.

This total does not include the fee for QuickBooks Data Recovery (\$250).

But this is only half of the problem.

Once the data has been recovered and returned, these employees then need to enter any activity that occurred while the data file was out.

If the data file was out for 10 days, then the activity for the past 10 days will need to be entered into the file. For the 10 days the data file was out, that's \$4,800 in lost productivity. Plus, if it takes 5 employees another 10 days to re-enter the past data, that's another \$4,800. So this data loss could potentially cost the company \$9,600, plus the cost of the Data Recovery service.

The impact of this data loss can be lessened if there is a recent backup that can be restored. Even having a backup that is 10 days old could save the company thousands of dollars.

If the company suffers data loss, then the backup from 10 days ago could be restored.

Assuming it would take 5 employees 10 days to re-enter that data, it would still cost the company \$4,800 to get back up-to-date. However, there would not be any additional cost due to loss of productivity, therefore eliminating the additional \$4,800 that the company paid in the other scenario.

Now if the company were to make a daily backup, then the only information that would need to be re-entered would be any transactions from today. Again, assuming there are 5 employees that need to re-enter 1 day's worth of information, this would only cost \$480 or less.

The actual cost could be more or less depending on your company's procedures, the number of employees that use QuickBooks and the pay rate for these employees. But no matter the dollar amount, it is easy to see that the more recent the backup, the less time (and money) that is wasted on work that has already been done.

QuickBooks Backup

Recovering your company's lost financial data can be a painstaking and expensive process. Having a recent backup can lessen the time and pain associated with getting your company back on track. QuickBooks Backup makes it easy to keep copies of your financial data in case of a disaster by letting you set up automatic backups, schedule backups, and create backups manually. Next we'll outline the options and steps for creating QuickBooks backups.

QuickBooks 2006 and prior

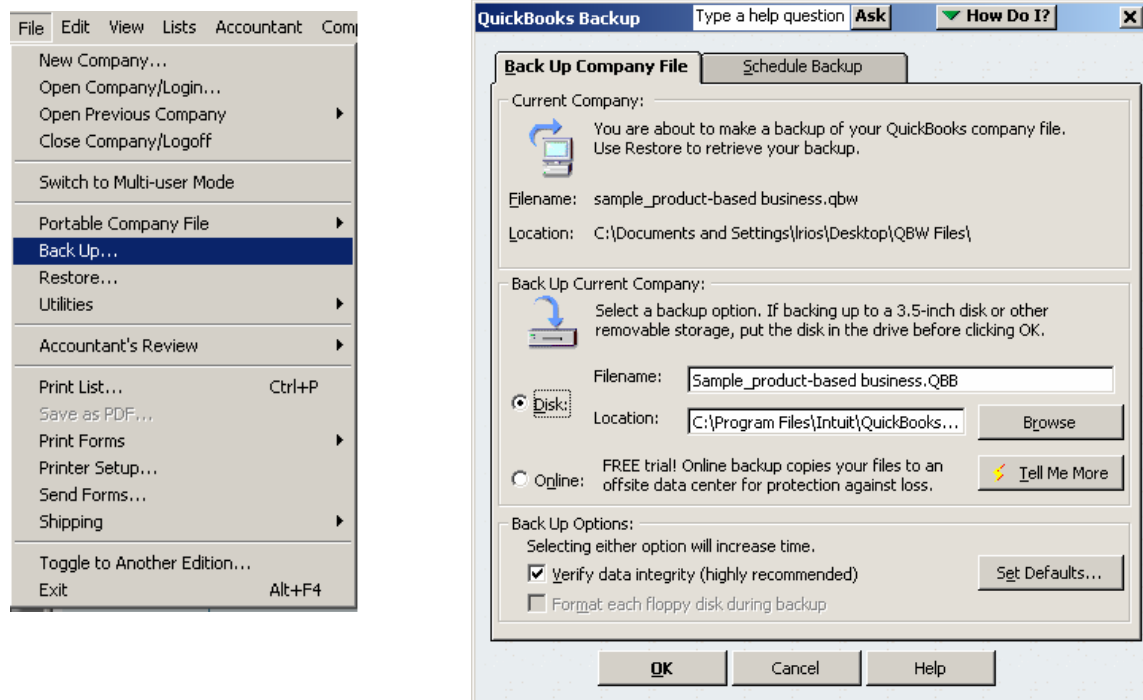
QuickBooks offers an easy way to make backups of your company's data file. There are several options for making a backup:

- Manually create a backup.
- Schedule an automatic backup at a specified time and date.
- Automatically create a backup after opening and closing the file a specified number of times.

Manual Backup

QuickBooks allows you to make a backup whenever you feel it is necessary.

To do this, simply select **Back Up** from the **File** menu, name the backup, choose the location, and click **OK**. You can also choose to verify the integrity of your data file prior to creating the backup. This will help to ensure that you have an undamaged data file to return to if necessary.



An advantage of performing a manual backup is that you have more control over each backup in case you want to change the location or the backup file name.

A disadvantage of only doing manual backups is remembering to do them. If you tend to be very busy, then relying only on manual backups may not be a good idea.

Scheduled Backup

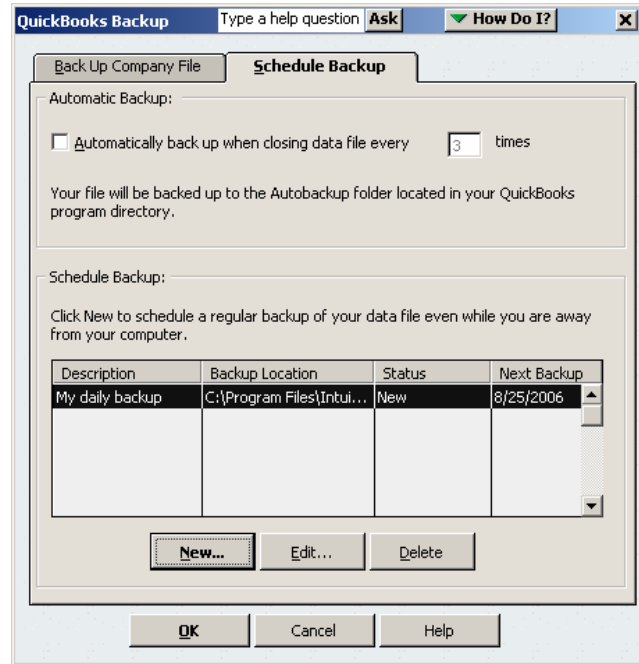
With scheduled backups, you have the convenience of setting up the file to back up without having anyone at the computer. To get to the Schedule Backup screen, click the **Schedule Backup** tab in the QuickBooks Backup screen.

This screen lists the backups that have been scheduled for the file. It lists the description of the backup, the location where the backup will be saved, the status of the scheduled backup (*New* if it has just been created, *Ready* if it has completed at least one backup), and the date of the next backup.

As you can see, it's possible to schedule multiple backups for the same file if you like. One reason for doing this may be to store multiple copies in different locations. Having backups in several locations helps to ensure that you will still have access to a good backup in case something happens to the location where the main backup is stored.

The backup will be stored in the **Autobackup** folder in your QuickBooks directory. By default, this is C:\Program Files\Intuit\QuickBooks 2006\Autobackup.

Clicking the **New** button will allow you to schedule a new automatic backup.



This screen allows you to include a description of the backup, the location where the backup will be stored, the number of backups to keep, the time to do the backup, the days the backup should be done, and how often to do the backup (every week, every 2 weeks, etc.).

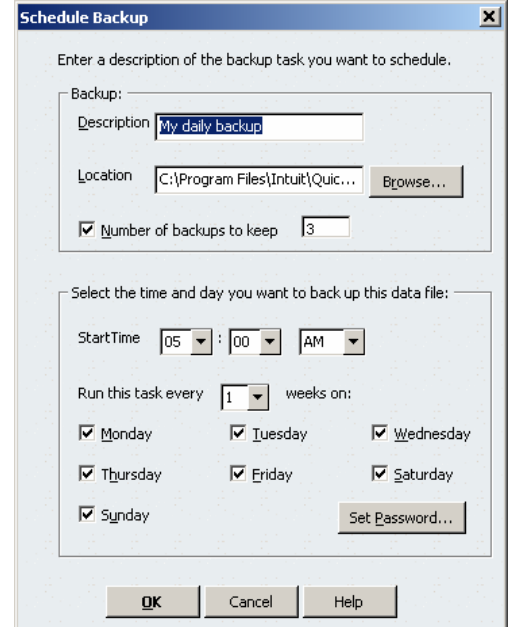
With the scheduled backup set, you do not even have to be at the computer or have anyone logged in. You just need to leave the computer on when you leave for the day.

Click **OK** to return to the **Schedule Backup** tab.

Automatic Backup

From within the QuickBooks Backup screen (above), you can also choose to automatically back up your file after closing it a specified number of times.

If you check the box labeled "Automatically back up when closing data file every", you can specify how many times to close the file before automatically creating a backup. You can choose to do both scheduled and automatic backups.

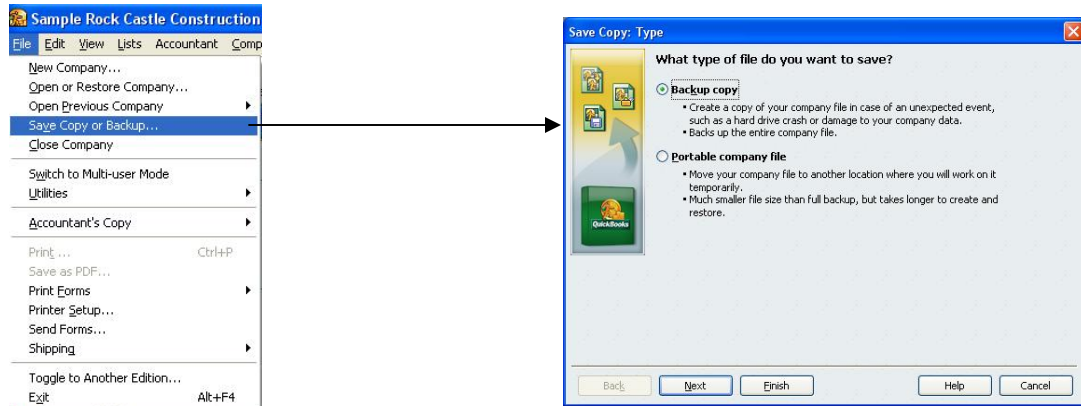


QuickBooks 2007

In QuickBooks 2007, you have the same options of creating manual, scheduled, and automatic backups, but the backup process is somewhat different than in prior versions.

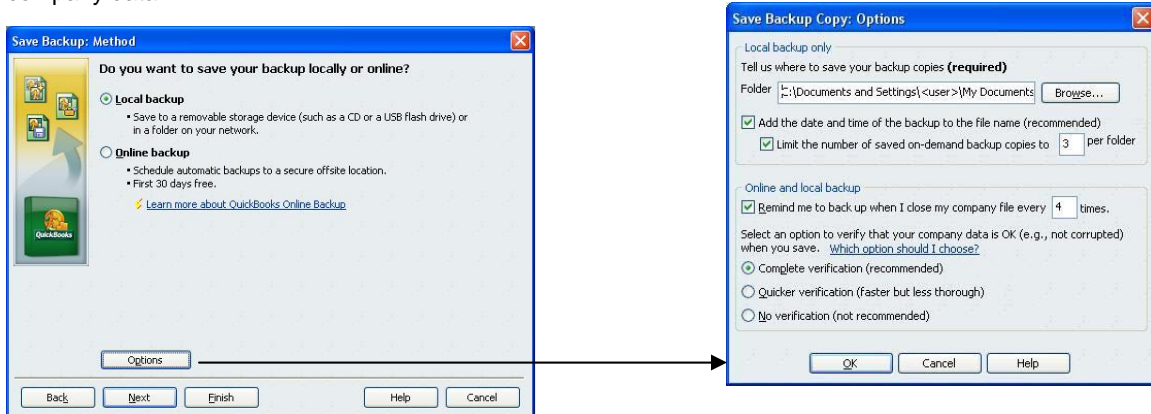
In the 2007 version, the backup process has been changed to a short interview—QuickBooks asks you a series of questions to help guide you through the backup process.

To access the backup screens, click the **File** menu and select **Save Copy or Backup...**



Select **Backup copy** and click **Next**.

The next screen lets you choose whether to save the backup to a local drive (hard drive, CD, DVD, USB flash drive, and so forth.) or use QuickBooks Online Backup. From this screen, you can click the **Options** button to determine where the local backup will be saved, add a timestamp to the backup file, and limit the number of backup files stored. You can also set reminders and specify the level of verification for your company data.



Adding the date and time of the backup to the file name will help to keep your backups in order. The backup file name will look like this:

Company Name(Backup Dec 1, 2006 02 41 PM).QBB

Limiting the number of on-demand backup copies will help save disk space by only keeping a specified number of automatic backups (discussed in the next section). If you reach that number and QuickBooks tries to make another auto-backup, the oldest auto-backup will be deleted.

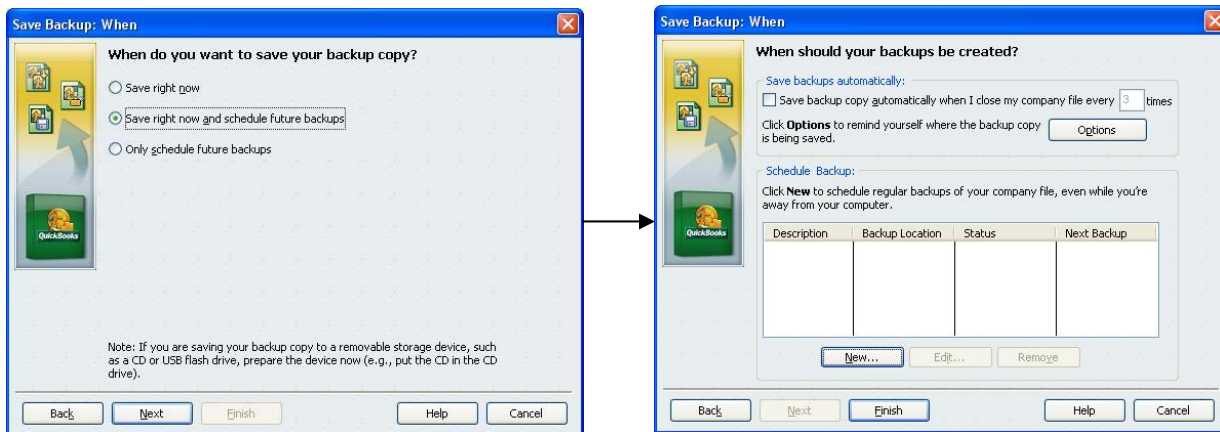
Settings reminders will display a window reminding you to backup your file after closing your company file the specified number of times

For more information on the levels of verification, click the link labeled "Which option should I choose?"

Click **Next** to continue.

Note: If you are creating a backup for the first time and have not set your backup location yet, the options screen will automatically be displayed when you click **Next**. You are required to select a backup location before continuing.

QuickBooks will ask you if you only want create the backup, back up now and schedule future backups, or only schedule future backups. Select either of the second two options and click **Next** to display the backup schedule screen.



As with previous versions, you can set QuickBooks to automatically back up after the file is closed a specified number of times. You can also create or modify scheduled backups. The process for scheduling backups is the same as in prior versions. Simply click **New** or **Edit**. For details on how to set up a scheduled backup, see the section titled **Scheduled Backup** under **QuickBooks 2006 and prior**.

When done, click **Finish**. QuickBooks 2007 will automatically include all company-related files, such as those for Financial Statement Designer, Fixed Asset Manager, Loan Manager, and custom logos in your backup.

For more information about using the QuickBooks backup feature in all versions, click your QuickBooks Help menu, click the Index tab, and type **backups**. You can also find information online by going to www.quickbooks.com/support/ and search for backup topics for your product.

Storage options

There are many different options available for storing your backups. The important thing is to make sure to choose the option that best suits your company's needs. Prices can vary from \$40 for a CD-R drive to tens of thousands of dollars for a tape backup drive. Obviously, if you have a small company and only plan to store the data from QuickBooks and a few other programs on your backup drive, the tape drive would not be the most suitable choice for you.

Below are examples of different storage media that you may want to consider for storing your important data. We have included sample price ranges for the drive as well as the media used with that drive:

	Drive pricing	Media pricing	Capacity	Price per GB	Advantages	Disadvantages
CD-R	Low	Low	650MB-700MB each disc = 65GB – 70GB per pack of 100	Low	Each CD is inexpensive and portable	CDs can sometimes become scratched and unreadable
DVD-R	Low	Low	4.7 GB each = 235GB per pack of 50	Low	Each DVD is inexpensive and portable	DVDs can sometimes become scratched and unreadable
USB Flash Drive	Low	Medium	64MB-16GB	Medium-Low, depending on storage capacity	Very portable. Lightweight, very easy to use	Small and easy to lose.
Zip	Medium	Medium	100MB-750MB each = 300MB-2.25GB per pack of 3	High	Sturdy	Zip drives are getting rarer. Cost per MB is a lot more than CDs or DVDs.
External Hard Drive	Medium	No separate media needed	160 GB (Example only. External hard drives come in many different capacities.)	Medium	Large amount of storage space available. Ideal for a small number of computers.	More bulky than CDs or DVDs. Depending on the amount of data that needs to be stored, it may be more than what is necessary.
Online backup²	Medium	No separate media needed	400MB – 10GB	High	Backups are stored on an offsite location automatically. Backups are available from any computer with Internet access.	Service requires annual or monthly payment. The backup file cannot be accessed immediately if there is no Internet access.
Network Drive	Medium	No separate media needed	Varies depending on company need	Low	Large amount of storage space. Expandable.	Not very portable. If the drive is in the same location as main data files, both can be lost in the event of an emergency in the building (fire, flood, etc.)
Tape*	High	High	100GB -300GB per tape. Many tape drives can even store several Terabytes of data (1 TB = 1000 GB).	Low	Can store a massive amount of data. Can be used to backup entire networks. Cost per GB is minimal.	The large amount of space means a larger price tag. Most small businesses will not need this much storage space and may not be able to afford the mid-size and larger systems.

For current pricing on all forms of storage, check your local electronics store or online.

***Note:** QuickBooks technical support cannot help you with using tape backups. For information on using a tape backup, please contact your system administrator.

² QuickBooks Online Backup Service: http://quickbooks.intuit.com/product/add_ons/online_data_backup.jhtml

Suggestions for Backing up Your QuickBooks Data

When deciding how often to back up your QuickBooks data, there are a few things to take into consideration:

- If your current data file became damaged, how much information would be lost?
- How much would it cost the company if your employees were unable to access your QuickBooks file to enter new transactions?
- How much would it cost to re-enter the new transactions as well as any other transactions that may be lost?

We recommend making several different backups through the fiscal year, and make sure to keep copies of at least the last two versions of each backup (for example, keep the current weekly backup and the one from the prior week):

- Make a daily backup that can be stored either on the hard drive of one of the computers or on removable media (such as CD, DVD, or USB flash drive) that is kept at your business location for quick access in case something happens. Keep at least two days' worth. Daily backups can be scheduled through the Schedule Backup tab. If you decide to store the backups on a hard drive, we suggest creating a main backup folder, and then creating a subfolder for each day of the week. You can then schedule a new backup to be made every day and stored in the appropriate folder. Keep in mind that if your hardware fails, you may be unable to retrieve the backup. Backing up to your local hard drive is not recommended as part of a regular backup routine.
- Keep the weekly backup on removable media in a location away from your business' building. This will ensure that your financial information is safe in case something happens in your building. Keep at least two weeks worth.
- Keep a monthly or quarterly backup on removable media in a safe, offsite location as well. Keep backups of at least the past two months or quarters.
- Keep a backup of every fiscal year on removable media in a safe, offsite location. Again, keep backups for the last two years.

In addition to these suggestions, here are other suggestions we have regarding backing up your QuickBooks data:

- When creating your weekly, monthly/quarterly, and annual backups, we suggest including several reports for comparison later on to be sure all the figures are correct after restoring a backup. We suggest keeping these reports in a binder or other container with the backup disc:
 - Profit and Loss statement
 - Accounts Payable by vendor
 - Accounts Receivable by customer
- Keep at least two copies of the same backup and reports and keep each one in separate locations away from the company building

Additional Files to Back Up

Note: The backup utility for QuickBooks version 2007 automatically includes the files listed below in its backup procedure; therefore, there is no need to save copies of these files to a separate backup.

In QuickBooks versions 2006 and prior, there are other files that the QuickBooks backup utility does not include that you may want at a later time. These files are used by the following programs:

- Fixed Asset Manager
- Financial Statement Designer
- Loan Manager
- Customer/Client Manager
- Point of Sale

These files will need to be backed up (if possible) and copied to the media individually.

- Fixed Asset Manager (FAM) has a backup utility under the File menu. The backup file is stored in the **backup** folder of the FAM directory. By default, the FAM backup directory is **C:\Program Files\Intuit\FAM05\backup**
- Financial Statement Designer (FSD) does not have a separate backup utility, but the FSD files are stored in **C:\Program Files\Intuit\QuickBooks 2006\Components\FSD\Client**. The files that need to be copied have an **.fsr** extension at the end and will have the same name as your company file.
- Loan Manager does not have a separate backup utility, but the Loan Manager files have an **.lmr** extension and are located in the same directory where your data file is stored.
- Customer/Client Manager has a separate backup utility under the File menu. The backup files have a **.qcb** extension and are located in **C:\Program Files\Intuit\QuickBooks Customer Manager\Backup**
- To backup your Point of Sale data file, please open your Point of Sale and see the documentation in the Point of Sale Help menu. You can also look online at <http://www.quickbooks.com/support> and search for backup topics for your product.

Conclusion

Many people do not back up their data as often as they should, usually because they feel it takes too much time to research the options and too much time to set up the backup process.

What is often overlooked is the time and cost involved in recovering that data if it is ever lost. Hopefully, this article has shown you the importance of backing up your data. We also hope it helps you to gain a better understanding of what losing data could cost your company, besides the cost of the data recovery service.

We hope this article has helped you to make more informed decisions regarding your data and preparing for unforeseen circumstances, not only for your QuickBooks data, but for all of your important business information.