

# Small businesses grapple with global tech outages created by CrowdStrike

July 22 2024, by ANNE D'INNOCENZIO and HALELUYA HADERO



Danielle Tuttle tries the door to a department of motor vehicles location to find it locked and the location closed due to an outage Friday, July 19, 2024, in St. Louis. Credit: AP Photo/Jeff Roberson

An owner of a consumer insights research firm couldn't pay her

employees, make Friday's deadline to sign a contract for a new business or send key research to a key client. A psychiatrist, who runs a virtual mental health practice in Maryland, saw his business hobbled as some of his virtual assistants and therapists couldn't either make phone calls or log on to their computers. And a restaurant owner in New York City was worried about how he was going to pay his vendors and his workers.

Businesses from airlines to hospitals have been grappling with a faulty software update that caused [technological havoc worldwide](#) on Friday, and its repercussions continued through the weekend. The breadth of the outages highlighted [the fragility of a digitized world](#) dependent on a few providers for key computing services.

But the problem appeared to divide those affected into haves and have-nots. Major customers of Microsoft and CrowdStrike are getting IT support to resolve the issues, but many smaller businesses whose Windows PCs may have received the problematic update are still struggling.

Take Tsvetta Kaleynska, owner and founder of the Manhattan-based consumer insights company RILA Global Consulting, which has Fortune 500 clients. As of Saturday, she resolved the payroll issue and she got an extension until Monday on the research project. But the prospective client will not move forward with the new contract, cutting her annual earnings by nearly 25%, she estimated. The problem: she couldn't sign the contract because DocuSign, which runs on Microsoft software affected by the faulty update, was down.

"If I were part of a big company, then I would be able to delegate and get support from computer science or security services," Kaleynska said. "But as a small business owner, I am depending only on myself. It's pretty devastating."

On top of Kaleynska's business issues, she had to bring her ill daughter to a local hospital Friday because the hospital's phone lines were down.

Kaleynska, an immigrant from Bulgaria who became a U.S. citizen in 2023, said she's learned a hard lesson: "Our lives are very fragile because they're based on technology, and we depend on technology."



This photo provided by the family in 2024 shows Gary Baulos, left, with his daughter, Alison, and her daughter, Athena, at the Art Institute of Chicago. Alison Baulos says her 73-year-old father was about to head to a Kentucky hospital for open-heart surgery when it was abruptly canceled Friday morning, July 19, 2024. His was one of the many operations and medical treatments halted across the country Friday because of a global technology outage. Credit: Courtesy Alison Baulos via AP

CrowdStrike is one of the largest cybersecurity firms in the U.S. and has a list of customers that includes more than half of the Fortune 500 companies as well as small and medium-sized businesses.

Following the outage, the company provided an initial fix through a software update. But many computers are expected to need hands-on work that could take days, if not longer, to complete.

For many small businesses that are impacted, that could mean working around the clock this weekend to make sure their systems are up and running, said Wedbush tech analyst Dan Ives.

"Small businesses rely on third parties for this not to happen and instead, it became a 'code red' situation," Ives said.

Overall, Ives noted tech problems can be easier to fix for big companies that have a sizable number of experts on their payroll as opposed to small businesses who could face more of an "uphill battle" because they have fewer technical resources.

"The ripple effects from this could be felt for days and weeks ahead," Ives said. "It's not just a black eye moment for CrowdStrike, but for the broader industry. You can't have one fat finger update take down a global ecosystem."

Ari Lightman, a professor of digital media at Carnegie Mellon University's Heinz College, agreed, noting the amount of money big companies spend on Microsoft and CrowdStrike is likely a large portion of their IT budget. On the other hand, small businesses can look at information online on how to resolve the outage. CrowdStrike has posted step-by-step manual fixes to its [blog](#), but it can be intimidating for those who are less tech savvy.





A patron walks out of a Starbucks at Phoenix Sky Harbor International Airport Friday, July 19, 2024, in Phoenix. A global technology outage grounded flights, knocked banks offline and media outlets off air after a faulty software update disrupted companies and services around the world and highlighted their dependence on just a handful of providers Credit: AP Photo/Ross D. Franklin

Lightman said those corporations could sue for a loss of business, but small ones might use class action suits to go after CrowdStrike for compensatory damages.

The issue is affecting [small businesses](#) differently.

Heather Garlich, a spokeswoman at Arlington, Va., grocery industry

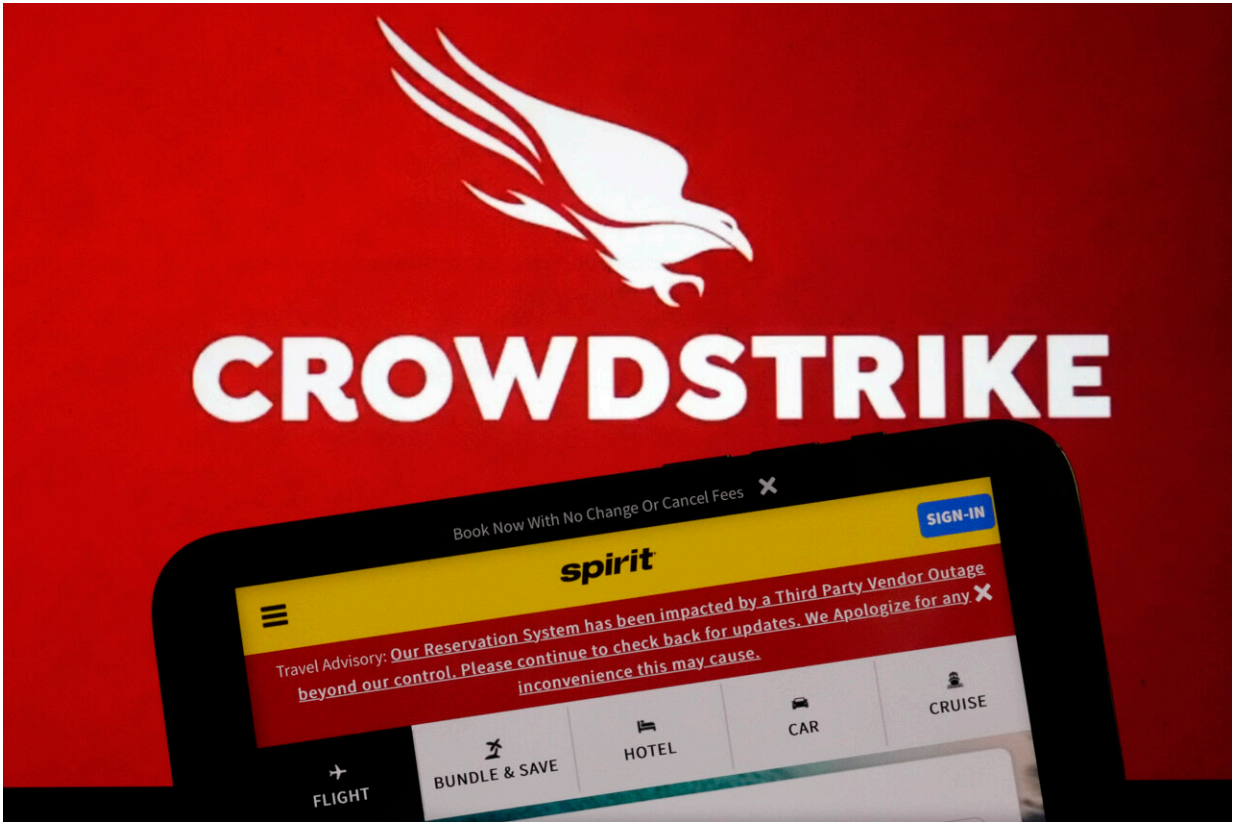
group FMI, said the outages were "somewhat spotty and inconsistent depending on how businesses use certain Microsoft tools." She said she was aware of one with an issue with a human resource system, while another had problems with their routing system for distribution. Yet another had issues with its cash registers.

Chris Seabrook, who owns a locksmith services business in Melbourne, Australia, called Asguard Locksmiths, told The Associated Press in a Friday email that the IT outage had thrown a "significant wrench" in his daily operations. He hasn't been able to send and receive emails, access critical files, manage his schedule or create invoices.

"My Microsoft PC is essential for many important functions in my business," he wrote. "As a one-man business, every minute counts and this disruption has forced me to adapt quickly to ensure my services remain as uninterrupted as possible."

To minimize the disruption, Seabrook borrowed a non-Microsoft device from a friend that enabled him to sign into his accounts and access some of his critical tools and information. He's also using his smartphone for important messages and organizing his schedule. And he's been contacting clients to update them on the situation. Seabrook didn't immediately respond to a follow-up email sent by The Associated Press on Saturday.

Some small business owners have improvised to get work done.



The logo for CrowdStrike and a Spirit Airlines webpage are shown on a computer screen and mobile phone screen, in New York, Friday, July 19, 2024. A global technology outage grounded flights, knocked banks offline and media outlets off air after a faulty software update disrupted companies and services around the world and highlighted their dependence on just a handful of providers. Credit: AP Photo/Richard Drew

Dr. Ozan Toy, a psychiatrist, and chief medical officer at the Maryland-based Telapsychiatry, which has 25 employees across the U.S., said some employees with Microsoft phone lines instead turned to the Ring Central System, while others shifted from Microsoft Teams to Zoom.

Toy said his business was fortunate to have several backups of its electronic medical record system, allowing them to resume

communications with each other and their patients. As of Sunday, the practice's cloud based services were running, he said. Toy noted financial losses were "minimal" as it has an external answering service taking calls from patients.

Chris Delmond, the co-owner of Handcraft Hospitality, which operates three restaurants in Manhattan and one in Mt. Pleasant, South Carolina, said his restaurants remained open for business. But the outage meant he could not have access to his cloud-based accounting software app on the Microsoft platform. That prevented him from seeing receipts and invoices, and slowed his ability to process checks to his employees and suppliers. He had to resort to calling his banks to see whether deposits had been made and check balances.

"I'm a small business owner. I have two other partners and we kind of do everything," he said. "So it's up to us to find out what the issues are. I don't have large platforms that help me track."

But by late Friday afternoon, all the issues related to his business' cloud based systems were back to normal, Delmond said. He noted he didn't suffer any [financial losses](#), but he added, "It's frustrating, but as a small business owner you deal with the ups and downs."

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