

Workshop Session 1
Intermediate/Advanced
DRJ Fall World 2009

**Business Continuity
Planning
During An
Economic Downturn**



**Presented by
Randall Till, CBCP**

Business Continuity
Planning
During An
Economic Downturn

Purpose of Today's Session

- Review trends and direction within the industry
- Discuss BC processes and practices – changes and what is working
- Discuss current topics and concerns impacting organizations today
- Provide opportunities for discussions and questions on relevant topics

Agenda

- Today's Business Environment
- Economic Challenges Impacting Business Continuity
- Business Continuity: Sustaining Readiness While Reducing Costs
- Business Continuity: A Strategic Perspective in Today's Challenging Business Environment
- Influenza A (H1N1) Pandemic Event - A BC Perspective
- Discussion and Questions

2

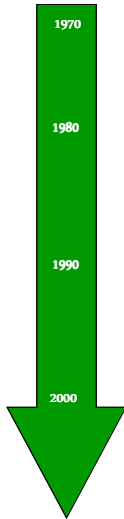
Workshop Session 1
Intermediate/Advanced
DRJ Fall World 2009

Today's Business
Environment



**Changing Risks and
Economic Challenges**

Evolution of Business Continuity



Disaster Recovery Planning

- Recovery of data centers & networks
- Located in IT Department

Contingency Planning

- Expanded scope of planning
- Focus on Regulations and Audit

Business Continuity

- Move within business areas
- Upper management commitment

Business Resiliency

- Enterprise-wide recovery planning
- Managing risks
- Executive Management engaged
- Resiliency and Sustainability

Changing Threats

Power Outage
Hardware Outage
Software Outage

Power Disruption
Regulations
Impact on business survival
Disaster events possible

Terrorist attacks
Biological/Chemical weapons
Industry regulations
On-line web applications
End-user susceptibility
Pandemic

4

Today's BCP Market Drivers

Availability of Service

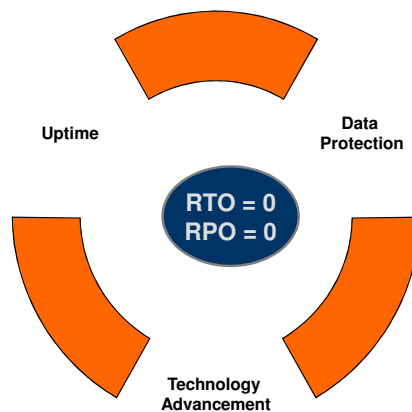
- Continuous uptime (24X7X365)
- E-business

Manage Data

- Timely, current, reliable, accurate and available
- Secured

Manage Change

- Address customer demands
- Quick delivery times
- Change Management



BCP Drivers - 64% is related to customer requirements and expectations

Source: KPMG Benchmarking Study, 2004

5

Changing Threats in Today's Environment

Threats and Risks

- **Economic Downturn**
- **Terrorist attacks**
- **Military conflicts**
- **Biological and chemical weapons**
- **Targeted attacks on companies**
- **Pandemic**



"Risks"

"Impacts"



"What's Next"

6

What Is The Cost of a Disruption?

Productivity

- Number of employees affected x hours out x burdened hourly rate

Know your downtime costs per hour, day, two days ...

Revenue

- Direct loss
- Compensatory payments
- Lost future revenue
- Billing losses
- Investment losses

Damaged Reputation

- Customers
- Suppliers
- Financial markets
- Banks
- Business partners



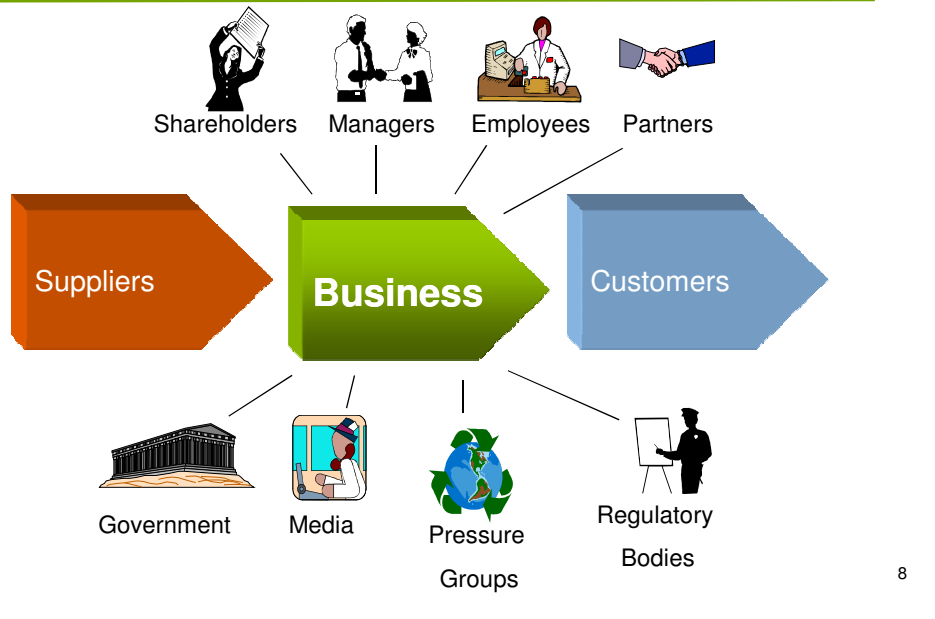
Financial Performance

- Revenue recognition
- Cash flow
- Lost discounts (A/P)
- Payment guarantees
- Credit rating
- Stock price

Other Expenses

Temporary employees, equipment rental, overtime costs, extra shipping costs, travel expenses, legal obligations ...

The Business Supply Chain



8

Supply Chain - Considerations

- **Understand the potential interdependencies between organizations**
- **Develop a relationship with public agencies to better understand recovery needs and improve interaction during an emergency**
- **Understand the impacts other firms can have on your business operations**
- **Minimize potential misunderstandings by gaining a better understanding of the interdependencies that exist between organizations**

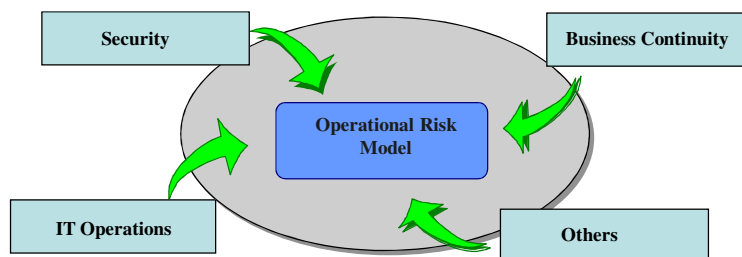
9

Regulatory Requirements, Standards, and Guidelines

- **Laws**
 - Title IX - Public Law 110.53
- **Standards**
 - NFPA 1600
 - BS25999
 - ANSI/ASIS - BCM
 - ANSI/ASIS - Organization Resilience
 - ISO Standards
- **Guidelines**
 - DRI - Professional Practices
 - DRJ-DRI - Generally Accepted Practices

10

Managing Operational Risks is an Enterprise Objective

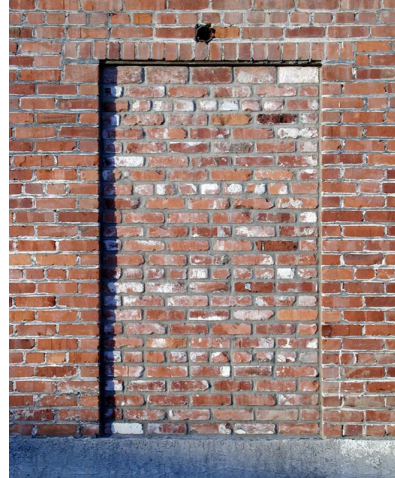


- Coordinated approach to operational risk management across all areas of the organization - a holistic approach
- Value of driving out costs, managing risks, increasing effectiveness

11

There are Significant Barriers to Success...

- **Vague and abstract nature**
- **Compartmentalized**
- **Unfunded or under funded**
- **“It won’t Happen to Us” view**
- **Regulatory-focused**
- **Simplified business recovery view**
- **Tendency to “react” instead of “respond”**



12

Workshop Session 1
Intermediate/Advanced
DRJ Fall World 2009

Economic
Challenges
Impacting Business
Continuity



The Challenge

- **Economic downturn is forcing companies to reduce expenses**
- **Business continuity doesn't generate revenue**
 - Viewed as an expense
- **Value of Business Continuity is demonstrated in a disaster or disruption**
 - "It won't happen to us!" syndrome
- **The level of business continuity planning is negotiable**
 - How much planning and preparation is enough?
- **How to reduce planning while maintaining readiness**

14

BC Concerns – Management Commitment

- **Focus on Cost Reductions**
- **Lack of understanding in Business Continuity Program**
 - Regulatory requirements
 - Customer focus and expectations
 - Maintenance, testing and training to ensure readiness
 - Maintaining organizational momentum for BC Program
- **Willingness to accept additional risks**
 - Based on good business decisions
- **BC Steering Committee - Changing Priorities**

15

BC Concerns – Scope of BC Planning

- **Requires to adjust BC planning efforts to reduce costs**
 - Combine plans at a higher level – less plans
 - Adjust priorities - eliminate less critical plans
 - Reduce testing and exercise requirements
 - Distribute more responsibility to the business areas
 - Reduce focus on a BC planning area
 - Eliminate or adjust recovery strategies and facilities
- **Look for BC risks associated outsourced business functions**
- **Modifications to BC practices are not based on solid analysis and good business decisions**

16

BC Concerns – Loss of Recovery Readiness and Preparation

- **Recovery strategies eliminated without viable alternatives**
- **Ability to remain current with organizational changes**
- **Loss of BC plans readiness**
- **Reduced BC commitment by the business areas**
- **Contract commitments with customers to maintain appropriate levels of BC services**
- **Ability to meet regulatory requirements**
- **Reduced requirements and expectations for the Business Continuity Program**

17

(-18)

Business Continuity:
Sustaining Readiness
While Reducing Costs



18

Understand the Company's Strategic Mission

- **Economic Situations are different for each company and industry**
 - Understand your company's position
- **Business Continuity Oversight (Steering Committee) will adjust with economic climate**
 - Don't assume the same level of BC commitment
- **Assess how the economic climate is impacting the strategic direction of the company**
 - Determine how this change impacts the BC Program

19

Review BC Strategic Direction and Priorities

- **Re-evaluate the strategic direction of the BC Program to meet the mission of the organization**
 - Assess BC priorities and adjust planning strategies and efforts based on new priorities
- **Assess if your company's risk tolerance level has changed**
 - What was an unacceptable risk may be tolerable
- **Business Continuity's role is to steward the BC Program during difficult times**
 - Provide cost containment - be flexible
 - Maintain acceptable readiness levels - hold ground on key issues

20

Adjust Scope of BC Planning

- **Re-evaluate BC planning areas**
 - Emergency management, business recovery and disaster recovery
 - Consider outsourcing as a method of cutting costs
 - What areas can pull back with the least risk and impact
- **Consider the scope of planning being performed**
 - Offices (headquarters vs. regional/branch)
 - Essential vs. Deferred Plans
 - Determine which contingencies/scenarios to address or omit
 - Review recovery strategies to determine if they are aligned with business needs and risk tolerance levels
 - Look for areas of over-planning to reduce efforts

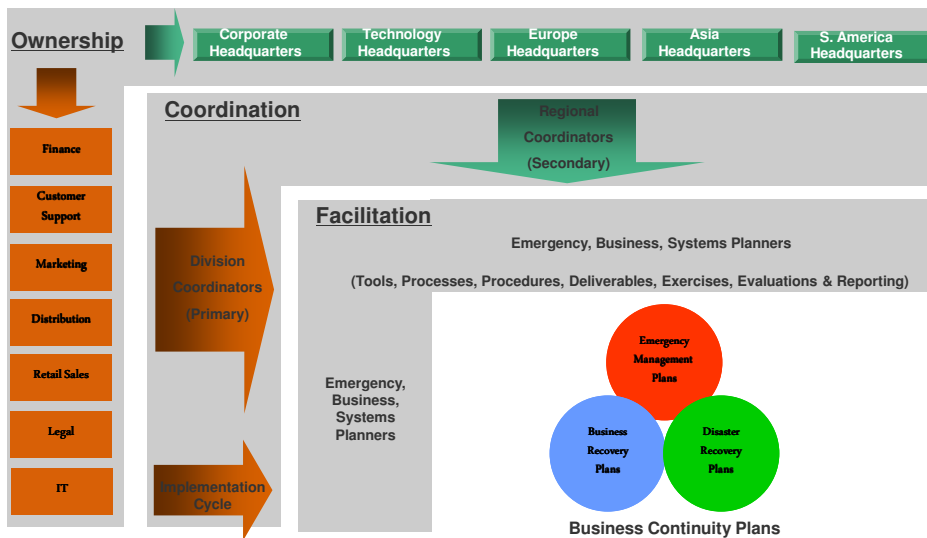
21

Distribute BC Planning Responsibilities

- **Review BC roles, responsibilities and coordination efforts**
 - Determine if additional activities can be distributed to business areas
 - Place greater planning coordination with the business areas
 - Plan owners updates supporting details
 - Assign responsibility for recovery readiness to the plan owners
 - Incorporate plan sign-off in place of testing and evaluation

22

BCP Organizational Ownership and Coordination



23

Assess Recovery Strategies and Facilities

- **Re-evaluate recovery strategies**
 - Review processes to determining recovery requirements and funding
 - Evaluate internal vs. external recovery strategies for business and systems
 - Review recovery planning strategies and requirements (approach, processes, deliverables, timelines/frequency)
- **Re-evaluate recovery facilities and setup costs**
 - Hardware contracts
 - Recovery seats (look at internal sites)
 - Consider internal recovery facilities
 - Leverage remote recovery (work-from-home)

24

Evaluate Recovery Plan Content

- **Review plan content, components, and processes**
 - General policy language and generic documents
 - Copy information for common business plans
 - Streamline planning processes and look for efficiencies
- **Automate planning processes and activities where possible**
 - Look at tools and software available in-house
 - Determine if automation can provide savings and address resource reductions
 - Automation can provide a consistent and repeatable process
 - Automation often requires support and funding

25

Evaluate Testing and Exercise Opportunity

- **Reduce scope and frequency of testing**
 - Look for areas where recovery plans are being over tested
 - Focus testing on highest risks areas providing the greatest value
 - Reduce the scope of exercises
 - Replace full physical exercises with tabletop exercises
 - Distribute testing responsibilities to the business areas
- **Leveraging redundant systems and live events as tests**
 - Exercise recovery plans in preparation for live events
 - Conduct live switches of systems to validate recovery plans
 - Allow actual events to satisfy test requirement

26

Consider Training Opportunity

- **Increase training and awareness activities to keep business continuity teams ready**
 - Conduct more formal training classes to provide greater coverage at less cost
 - Offsets loss of testing and exercises
- **Education opportunities for staff**
 - Seek out online training opportunities like FEMA
 - Participate in webinars
- **Leverage virtual technology**

27

Adjusting to Regulatory, Standards & Contract Needs

- **What are the mandatory regulatory requirements for your organization?**
 - Work to meet them; don't exceed them
- **What standards should be followed and adopted?**
 - Determine what makes the most sense and provides the greatest value
 - What is the cost of having industry best practices
- **What are the legal obligations based on past contract language**
 - What deliverables must be addressed annually
 - Make sure program reductions don't place the company at risk
 - Will changes impact the ability to attract new business

28

Documenting BC Program Costs and Budgets

- **Evaluate budgets to look for areas to reduce BC costs**
 - Short-term reductions without long-term impacts
 - Make sure you are not just moving money or work around
 - Consider reductions (e.g., less seats) vs. eliminations
- **Distribute funding to the business areas**
- **Review internal chargeback arrangements to cover BC expenses**
- **Champion overall cost reduction initiatives**

29

Workshop Session 1
Intermediate/Advanced
DRJ Fall World 2009

Business Continuity -
A Strategic
Perspective in Today's
Challenging Business
Environment



Business Continuity
Planning
During An
Economic Downturn

Business Continuity Management Strategic Initiatives

Challenge:

Business Continuity Management faces pressure to reduce costs and effectively manage risks with less resources.

Objective:

Redesign business continuity planning practices to focus on critical areas, risk factors and funding levels.

Potential Initiatives:

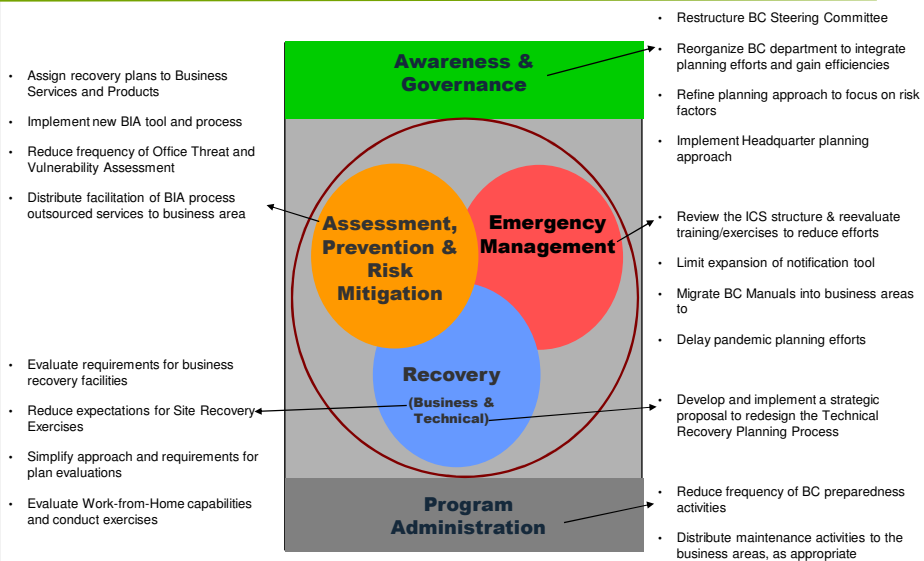
- Refocus business continuity efforts to focus on mission-critical Business Services required to run the company
- Modify planning processes and exercise requirements to achieve costs reductions while maintaining recovery readiness

Adjust BC Program to Reduce Costs & Maintain Readiness

- **Modify BC practices and process to gain efficiencies, streamline planning and reduce less critical efforts**
- **Re-evaluate business requirements and adjust recovery strategies**
- **Redesign the BC Planning processes**
 - Place ownership and responsibility on business areas
 - Modify exercise program - business owners must maintain and test recovery plans independent of exercises
 - Focus BC Exercises on mission-critical Business Services
 - Conduct unscheduled exercises for less critical systems and functions
- **Establish sign off, evaluation and reporting procedures to ensure business areas are maintaining readiness**

32

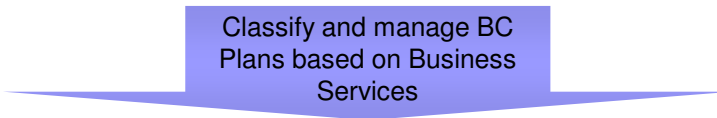
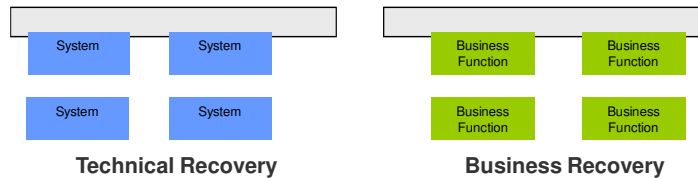
Restructure of Business Continuity Practices



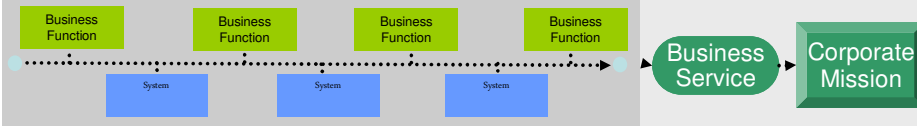
33

Implementing a Business Service Planning Concept

BC Plans are in separate silos and viewed independently



Business Process

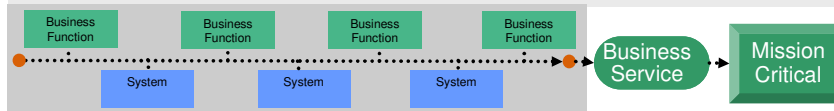


34

Focus BCP on Mission-Critical Business Services

- Reorganize and classify recovery plans:
 - **Business Services:** Assign systems and business functions to Business Services
 - **Criticality:** Assign business value (Mission Critical, Critical, Vital) to Business Service and Products
- Adjust business continuity requirements and practices based on the criticality and risk factors
- Focus the BC efforts and funding on resiliency of mission-critical Business Services

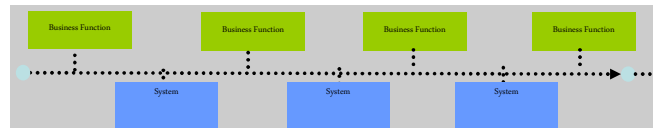
Business Process



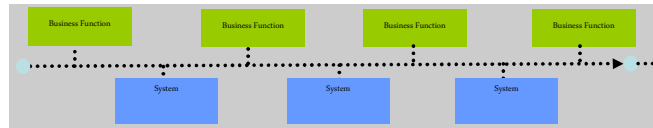
35

Business Continuity -- Business Services Priorization

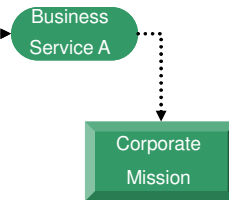
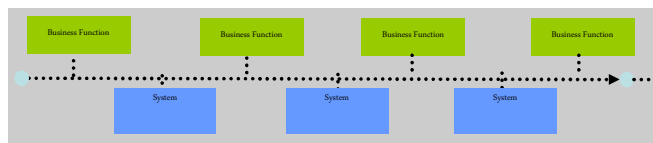
Business Process 1- A



Business Process N - A



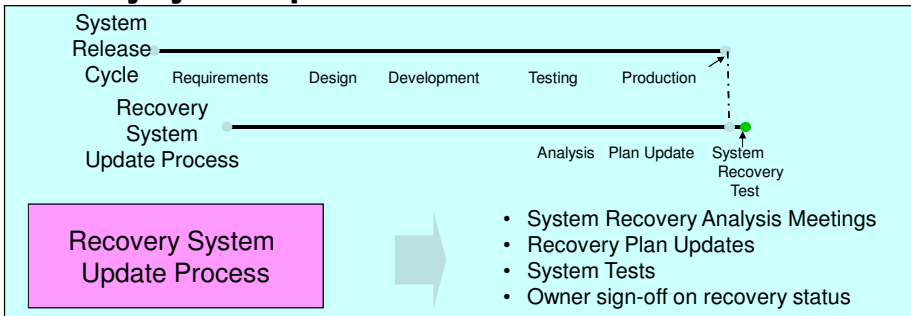
Business Process 1 - B



36

Redesign of Disaster Recovery Planning Process

Recovery System Update Process

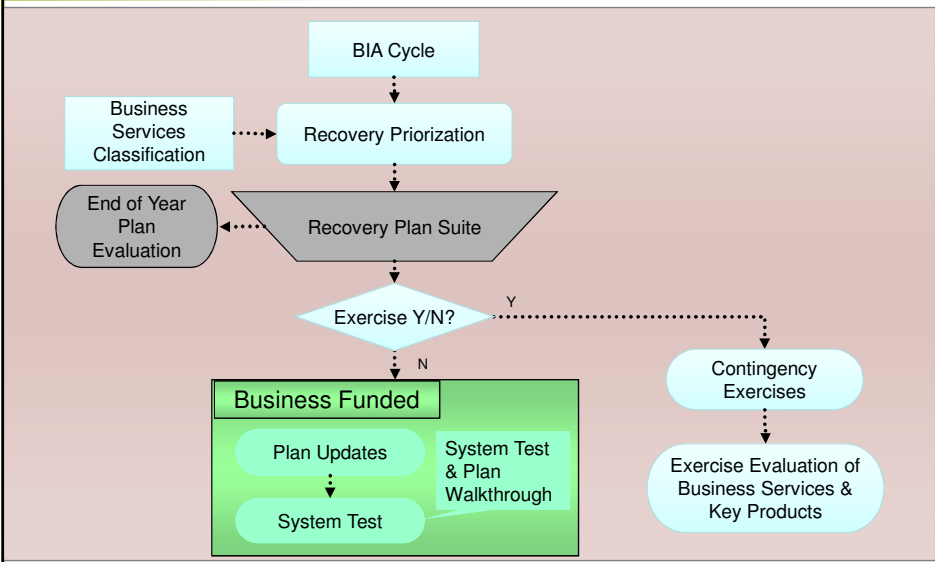


Modify Contingency Exercise Program

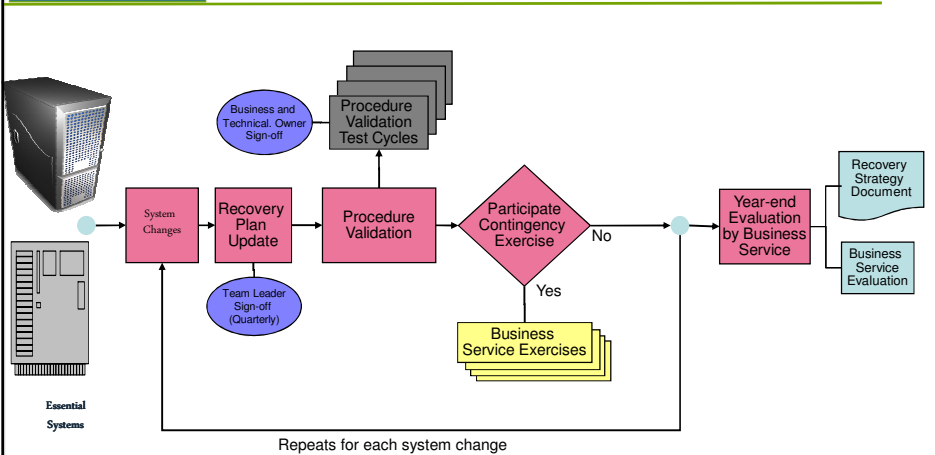
- Modify exercise approach to focus on Business Services
- Conduct Ad-hoc Contingency Exercises (limit size and scope)
- Test Generic Disaster Recovery Plans for Deferred Systems

37

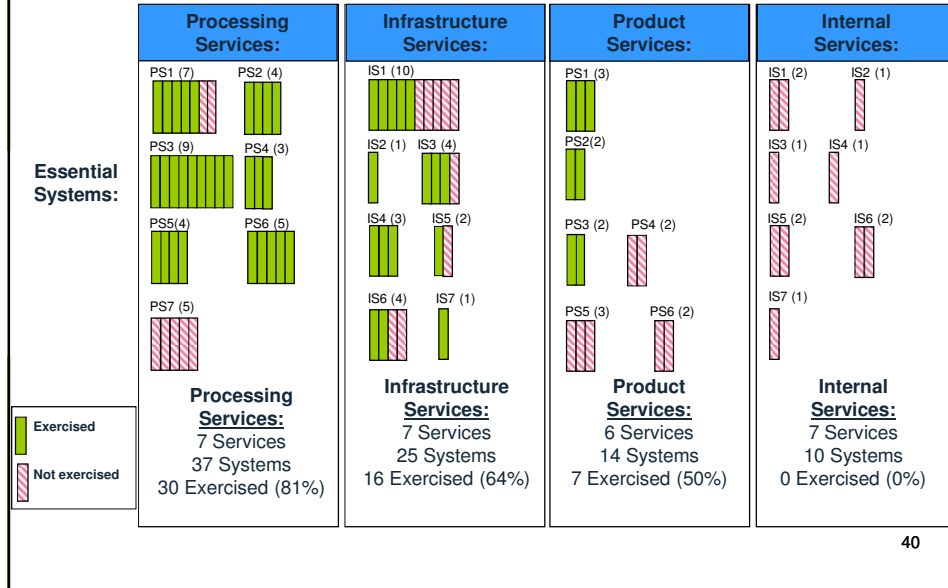
Disaster Recovery Model



DR - Recovery Plan Update and Exercise Processes



Prioritize Exercise Participation Based on a Business Services



Summary -- A Strategic Perspective

- **Modify BC practices and process to gain efficiencies, streamline planning and reduce less critical efforts**
- **Redesign BC planning process**
 - Implement a new processes to maintain and test recovery systems independent of contingency exercises
- **Assign criticality to Business Services**
 - Assign Business Service a criticality (Mission Critical, Critical, Vital) value
- **Conduct exercises to validate resiliency of Business Services**
- **Conduct year-end evaluation sessions to document resiliency of Business Services**

Influenza A (H1N1) Pandemic Event

BC Perspective

Influenza A (H1N1) Event

Actions Taken

- **Conducted meetings for Emergency Management Teams**
- **Provided communications on H1N1 event**
- **Reviewed and tested W-F-H* procedures**
- **Published office shut-down checklist**
- **Assessed business impacts of H1N1 event**
- **Supported local offices with shut-down process (e.g., Mexico)**
- **Managed pandemic supplies**
- **Updated Pandemic Plan**

H1N1 Outbreak at a Company Office

- **Identified infected employees and exposed staff**
- **Requested vulnerable staff to W-F-H***
- **Distributed communications to staff**
- **Cleaned and sanitized office**
- **Cancelled non-essential meetings**

* W-F-H - Work-From-Home

Work From Home (WFH) Infrastructure Integration

- **Evaluated WFH Infrastructure**
 - Circuits
 - Licensing Agreements
 - Capacity
- **Defined WFH equipment, software and communication network requirements**
- **Expanded WFH infrastructure to address People Impacting Events**

44

Business Continuity Plan Enhancements

- **BIA – Identified and Coded WFH Business Functions**
- **Developed WFH Recovery Strategy**
- **Expand Business Recovery Rosters**
- **Identified and Coded WFH Employees**
- **Certified Employees WFH Capabilities**
- **Developed Social Distancing Program**

45

Pandemic Requirements Integration

Business Continuity Planning During An Economic Downturn

Business Function 1
(W-F-H = Y)

Recovery Strategy

1 = Business Recovery Facility
2 = Another Office Site
3 = Work from Home

Business Recovery Roster

Name	Phone	Y-F-H
Name 1	XXX-XXX-XXXX	Y
Name 2	XXX-XXX-XXXX	Y
Name 3	xxx-xxx-xxxx	N
Name 4	xxx-xxx-xxxx	Y
Name 5	xxx-xxx-xxxx	N
Name 6	xxx-xxx-xxxx	Y

Validate W-F-H for Employees and Business Functions

Business Function 2
(W-F-H = N)

Recovery Strategy

1 = Technical Recovery Facility
2 = Primary Office Site

Business Recovery Roster

Name	Phone	Y-F-H
Name 1	XXX-XXX-XXXX	Y
Name 2	XXX-XXX-XXXX	Y
Name 3	xxx-xxx-xxxx	N
Name 4	xxx-xxx-xxxx	Y
Name 5	xxx-xxx-xxxx	N
Name 6	xxx-xxx-xxxx	Y

Social Distancing

46

Influenza A (H1N1) Event Pandemic Activation Strategy

Business Continuity Planning During An Economic Downturn

```

    graph TD
      A[Pandemic Event Begins] --> B[ICS Teams Activated]
      B --> C{Pandemic Plan Activated}
      C -- No --> D[ICS Teams Continue to Monitor Situation]
      C -- Yes --> E[ICS Teams Execute Pandemic Plan]
      E --> F{Activate Work-From-Home Strategy}
      F -- No --> E
      F -- Yes --> G[Smaller Office Business Continuity Manuals]
      F -- Yes --> H[Larger Offices Business Unit Recovery Plans]
      G --> I[Execute Office Shut-down Procedures]
      I --> J[Send Office Staff Home Execute Work-From-Home Strategy]
      H --> K[Send Office Staff Home Execute Work-From-Home Strategy]
      H --> L[Social Distance Work-From-Office Personnel]
      K --> M[Essential Business Recovery Plans Activated]
      M --> N[0-1 Day RTO's]
      M --> O[1-3 Day RTO's]
      M --> P[3-7 Day RTO's]
      K --> Q[Deferred Business Recovery Plans Activated]
      Q --> R[8-30 Day RTO's]
      Q --> S[>30 Day RTO's]
  
```

47

Pandemic Planning Triggers

Incidence of Illness						
Criteria/Measurement	Definition	Monitored By	Monitoring Scope	Pandemic Level Criteria		
				Pandemic level 1 (baseline)	Pandemic Level 2	Pandemic Level 3
Severity	Mortality rate (external statistic)	Global Security	Country and by office location	Mortality Rate 0-1%	Mortality Rate 1-2%	Mortality Rate >3%
Infection Rate	Typical rate of infection = 3-10% population. Projections with H1N1= xx% (external statistic)	Global Security	Country and by office location	Normal Influenza Infection Rate 5-10%, plus 5% for current pandemic situation	Normal Influenza Infection Rate +10-15%,	Normal Influenza Infection Rate +16-25%,
Geographical Spread	Cases per per geographical area; concentration of cases (external statistic)	Global Security	Global	Sporadic widespread	Local/regional widespread?	widespread
Company Absentee Rate	Internal statistic - status update frequency to be determined	HR	By Office Location	% absentee rate	9-15%	26-40%
Company Cases	Cases reported to HR following company reporting and tracking procedures	HR	By Office Location	xx employees	+9-15%	+26-40%

48

Pandemic Planning Triggers

Other Triggers						
Criteria/Measurement	Definition	Monitored By	Monitoring Scope	Pandemic Level Criteria		
				Pandemic level 1 (baseline)	Pandemic Level 2	Pandemic Level 3
Media Exposure	TV, Newspaper, Internet	Comm.	By Office Location	Accelerated Daily news?	Heightened with increased public anxiety	Excessive with potential for panic situation
Government Actions	Local, state national or international issuance of actions	BCP, IC	By Office Location	Limited to proposed preparation steps	Recommended actions	Mandated/highly recommended actions causing impacts to business
Community Closures	Closures of places of worship, schools/daycare, gathering places, stores/malls	BCP, IC's	By Office Location	Low	Moderate closures with impact to BAU	High level of closures causing impacts to business
Employee Concern	Chatter, circulated emails, questions to HR/mgrs etc.	HR	Global	Low	Elevated concern with impact to productivity	Extreme concern with impacts to business
Business Impacts	Changes in business patterns, reduction in revenues and sales	IC's	By Office Location	Low	Increased strain on business revenues, potential for concern	Significant impact on business operations
Legal Issues	Lawsuits	Legal	Adhoc	None	1 - 3	>3
Workplace Exposure	Physical location of office can increase/decrease occupational risk	IC's	By Office Location	Low - Infrequent contact with general public	Medium - high population density work environment or located in high volume retail stores	High - interaction with large population groups (medical facilities, entertainment, transportation, etc.)

49



Business Continuity
Planning
During An
Economic Downturn

Questions



Note: Please complete the survey forms for this session and provide us with your thoughts and recommendations.

51