

Key challenges to anticipate in BCM program development

A recent survey, conducted by Disaster Recovery Journal in conjunction with Isurus Market Research & Consulting, shows that most organizations continue to face challenges in establishing and managing a Business Continuity Management (BCM) program although they have made significant progress in establishing some elements of a BCM program. Despite this progress, very few have a fully mature BCM program. For most organizations, BCM remains a “work in progress.” Fortunately, most organizations recognize the importance of continued investment in BCM and, despite the current economic climate, plan to continue to fund BCM at levels similar to recent years.

In a December 2008 survey, we asked DRJ subscribers to profile the current status of their business continuity and disaster recovery program, the major challenges they face related to BCM, their usage of software to support BCM, reporting structure for their BCM program, and recent and future patterns in BCM-related spending. One hundred and nineteen people participated, all of whom are responsible for at least one of the following: assessing needs, developing plans, approving plans, evaluating or selecting software, or plan testing, for their organizations’ business continuity plan. The large majority of organizations participating in the survey have annual revenues (or government agency budgets) of \$500 million or more.

Glossary

The term Business Continuity Management (BCM) was used throughout the survey.

For purposes of this research, BCM is defined as the practice of coordinating, facilitating and executing activities to ensure an organization’s effectiveness in:

- Identifying and mitigating operational risks that can lead to business disruptions *before* they happen
- Responding to disruptive events (natural and man-made; accidental and intentional)
- Recovering mission-critical business operations in the event of a business disruption
- Conducting a postmortem after events to improve all future recovery operations

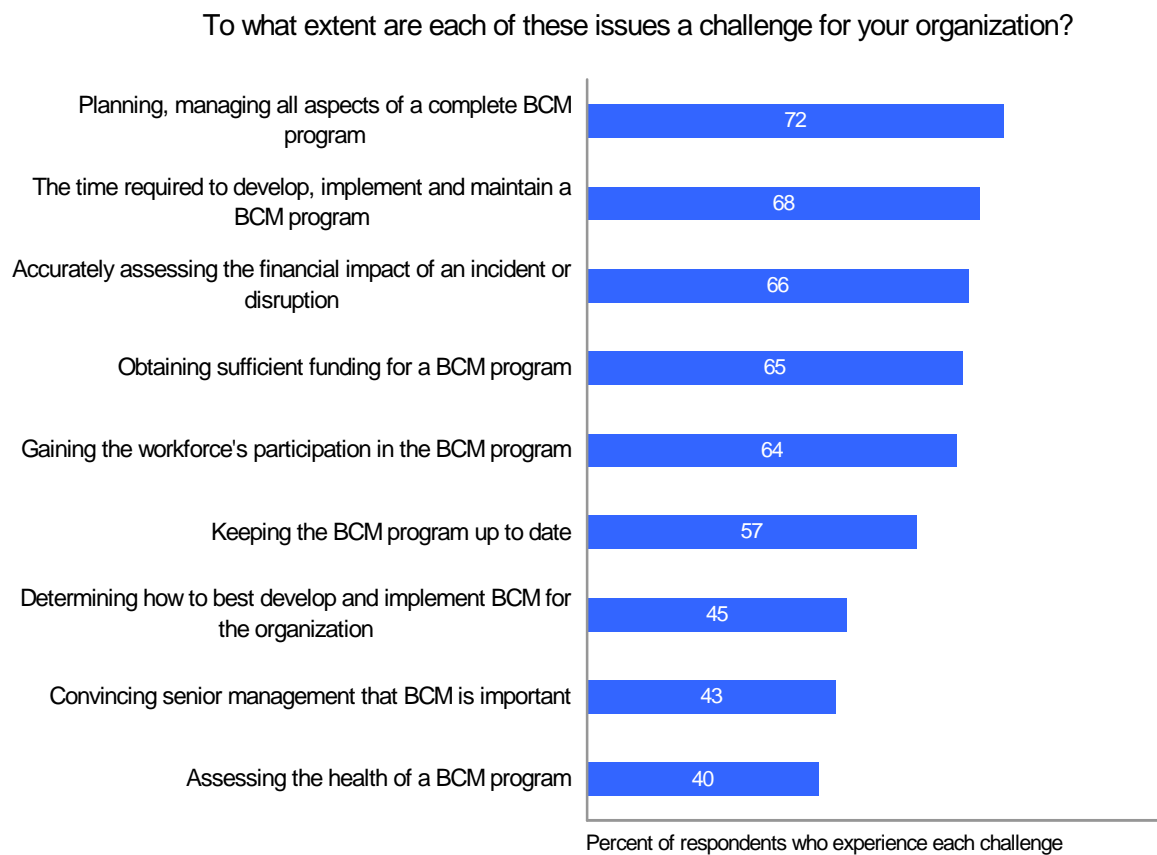
Biggest challenge is effective and efficient program management

When asked to rate the extent to which their organizations face a series of nine challenges, the most commonly faced challenges are *planning and managing all aspects of a complete BCM program* (72% face this challenge) and the *time required to develop, implement, and maintain a BCM program* (68%).

Among the challenges related to gaining organizational support for the BCM program, about two-thirds of organizations are challenged in *obtaining funding* (65%) or *gaining the workforce’s participation* (64%) but *convincing senior management that BCM is important* is a challenge for less than one-half (43%).

Two-thirds of organizations are challenged in their ability to *accurately assess the financial impact of an incident or disruption* (66%), which may be related to their challenges in obtaining sufficient funding: organizations that can put an accurate cost on a disruption are typically better able to justify funding requests.

Figure 1. BCM Challenges



BCM is still a “work in progress” for most

The challenges faced by organizations are consistent with the sophistication of their existing BCM capabilities: BCM is best characterized as a “work in progress” for the large majority of organizations (85%).

- More than half of these organizations have an Emerging BC Program (54%), defined as either Disaster Recovery Aware or Business Continuity Aware.
- Fewer than one-half of organizations (46%) have Maturing BC Programs defined as either a Recognized BC Program or an Integrated BC Program.

Figure 2. Current status of BCM in the organization

Which of the following options* best describes the current status of your organization's BCM program?		
No survival plan	2%	Emerging
Minimal Continuity Recognition	6%	
Disaster Recovery Awareness	13%	
Business Continuity Awareness	33%	
Recognized Business Continuity Program	31%	Maturing
Integrated Business Continuity Program	15%	

*Refer to the Appendix for the full text of these categories, as shown in the survey.

The maturity of a BCM program correlates somewhat to reporting structure. Organizations where the BCM program does not report to IT (and instead reports to Risk, Finance, or another function) are more likely to have a Maturing Program and less likely to have an Emerging Program. This pattern may indicate that IT views BCM more narrowly, whereas functions like Risk, Finance, and Compliance take a broader, more inclusive view of business continuity.

Many organizations lack formal BCM capabilities

Most organizations have multiple BCM capabilities in place; however, the majority do not have the formal capability with appropriate resource levels needed to effectively perform each of the eleven areas assessed in the survey (see Figure 3).

- Of the eleven BCM capabilities assessed in the survey, organizations are most likely to have the capability to *develop and manage business continuity plans* (49%), followed by *emergency notification* (45%), and *incident management* (44%).
- About one-third to forty percent of organizations currently have the capability to conduct *business impact analysis* (40%), *test planning, execution and improvement* (40%), *executive reporting* (36%), and *risk assessment* (34%).
- Organizations are least likely to currently have *supply chain continuity* capabilities in place (15%).

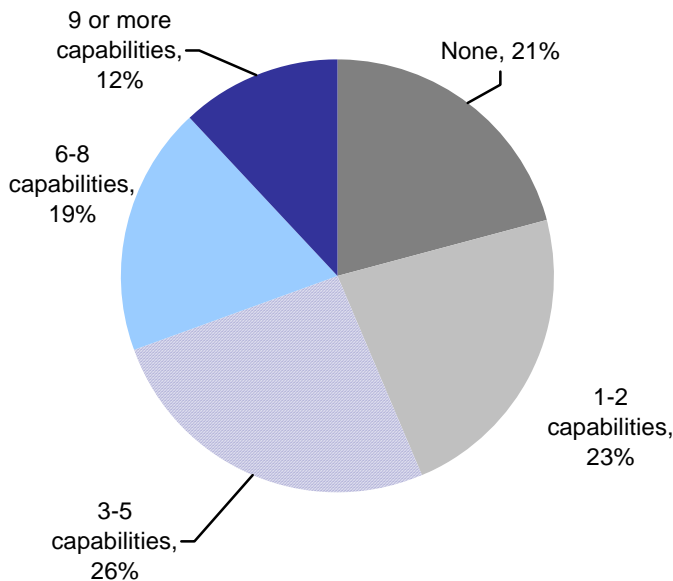
Figure 3. Current BCM capabilities



*Refer to Appendix for full definitions of these capabilities, as shown in the survey.

Across the eleven capabilities assessed in the survey, most organizations have a formal capability with appropriate resource levels in five or fewer areas (70%). Nearly twice as many organizations have none of these capabilities (21%) compared to those with nine or more capabilities (12%) at a formal level.

Figure 4. Number of formal capabilities with appropriate resource levels



BCM spending shows continued commitment

Most organizations remain committed to maintaining, or in some cases increasing, their investments in BCM. Among the organizations participating in this survey, 83% indicate that investment in BCM programs either remained stable or increased from 2007 to 2008, and nearly two-thirds (62%) predict their 2009 BCM budgets will be comparable or somewhat higher than 2008 budgets. Likely a reflection of the challenging economic climate, these data do show some reduction in BCM investments in 2009: 29% expect 2009 budgets to be lower than 2008 levels, and 9% say conditions are too uncertain to predict 2009 budgets.

Organizations in the Emerging BCM segment (which have fewer BCM capabilities already in place; see page 6) are more likely to increase BCM spending in 2009 compared to the Maturing BCM segment. This trend indicates that Emerging Programs recognize the need for continued investment to develop the BCM capabilities they currently lack.

Figure 5. BCM budgets for 2007 and 2008

How did your organization's BCM program budget for 2008 compare to 2007?			
	Total	Emerging BCM	Maturing BCM
Significantly higher than the 2007 budget	12%	17%	6%
Somewhat higher than the 2007 budget	31%	27%	36%
The same as the 2007 budget	40%	33%	49%
Somewhat less than the 2007 budget	8%	8%	9%
Significantly less than the 2007 budget	8%	16%	0%

Figure 6. Expected BCM budgets for 2009

Given the current economic climate, how do you expect the 2009 BCM budget to compare to 2008?			
	Total	Emerging BCM	Maturing BCM
Significantly higher than the 2008 budget	3%	5%	0%
Somewhat higher than the 2008 budget	17%	20%	13%
The same as the 2008 budget	42%	39%	46%
Somewhat less than the 2008 budget	21%	17%	26%
Significantly less than the 2008 budget	8%	8%	9%
Too uncertain to predict	9%	11%	7%

Other notable patterns in BCM budgeting include:

- Reporting structure for the BCM program correlates to program investments. BCM programs that report to the IT department are less likely to have increased their budgets from 2007 to 2008, and most expect budgets to remain stable in 2009. BCM programs that report to Risk, Compliance, Finance or other non-IT functions are more likely to have increased their budgets from 2007 to 2008, but expect 2009 budgets to be lower. As noted on page 3, BCM programs that report to a non-IT function are also somewhat more likely to be Maturing rather than Emerging Programs; they may be reducing 2009 BCM budgets because less funding is needed to maintain, rather than build, their program.
- Investment in BCM varies somewhat by organization size. Organizations with annual revenues of less than \$1 billion are somewhat more likely to expect 2009 BCM budgets to be higher than 2008 levels compared to organizations with \$1 billion or more in annual revenue.

Trend in addressing challenges with BCM suite software

Although only 29% of organizations currently buy all of their BCM applications from a single vendor, the majority (60%) either strongly or somewhat prefer to purchase all of their BCM applications from a single vendor (a suite approach).

Figure 7. Usage and preference for BCM applications from a single vendor

Which of the following best describes the BCM providers your organization uses?		Would your organization prefer to purchase all of its BCM applications from a single vendor or prefer a best of breed approach?	
All of our BCM apps are from the same vendor	29%	Strongly prefer a suite approach	28%
Most, but not all, BCM apps are from the same vendor	14%	Somewhat prefer a suite approach	32%
Our BCM apps are spread across multiple vendors	44%	Somewhat prefer best-of-breed	25%
None of these describe my organization	10%	Strongly prefer a best-of-breed approach	15%
I don't know	4%	(Results are calculated as a percent of organizations that state a preference for suites versus best of breed.)	

The trend toward a preference for buying suites of applications from a single vendor is consistent with the major challenges organizations face when developing, maintaining and testing business continuity and disaster recovery plans. Suite offerings are typically designed to improve the efficiency and effectiveness of managing a complete BCM program.

Looking ahead

- Most organizations will benefit from assessing their existing BCM program, identifying which capabilities need to be developed, and setting priorities for future activity. Especially in the current economic times these organizations should ensure they are focusing on the most critical areas based on business priorities and risks.
- Comprehensive BCM programs become more complex to manage, maintain and test. Most organizations will benefit from being forward-looking about the challenges of developing and managing a BCM program, and putting in place both software suites and BCM processes that will efficiently and effectively support those efforts.
- The results indicate a trend toward suite preference, which likely reflects the increasing breadth and complexity of BCM programs.

Appendix

Figure 2 Glossary: BCM program statuses

No survival plan

No organized ability to recover business operations (people, processes, technology, facilities) after an incident.

Minimal Continuity Recognition

Limited ability to recover IT with no ability to recover business operations. No testing or exercises takes place. Crisis management capability is not in place.

Disaster Recovery Awareness

Business Impact Analysis is outdated, incomplete, or does not exist. Continuity plans are in place for data center recovery though not for the business. Plan testing or exercises are infrequent, informal (no standardized test process) and has no executive visibility.

Business Continuity Awareness

Business Impact Analysis updated infrequently. Continuity plans for some or all business areas with some integration between business and technology recovery plans. Plan testing or exercises take place although not across multiple functional or process areas.

Recognized Business Continuity Program

Business Impact Analysis updated at least every two years though not reviewed by executive management. Business area and technology continuity plans in place and fully resourced based on recovery priorities. Defined crisis management structure in place. Continuity plans are tested at least annually with business area involvement in data center recovery testing. No direct executive or management involvement in testing activities.

Integrated Business Continuity Program

Business Impact Analysis updated at least annually for entire organization and is reviewed and accepted by executive management. Strategies and plans for continuity are in place for all business and technology areas; recovery resources/strategies are satisfactory to support extended crisis or event; plans, strategies, resources reviewed and approved by executive management. Standard testing strategies and processes in place including annual test planning; all plans, resources, strategies tested at least annually. Direct executive management participation in integrated exercises with visibility into all test results and plan updates.

Figure 3 Glossary: Organizational BCM capabilities	
Risk Assessment	Ability to conduct periodic risk assessments to identify specific threats to the continuity of business operations and the likelihood of their occurrence, in order to facilitate development of mitigation plans
Business Impact Analysis	The ability develop business impact analysis as needed to identify and prioritize business processes, personnel, applications and other resources based on criticality to the organization. Determine the business impact if business processes are not performed for a specific time for purposes of establishing recovery objectives. Determine which business processes depend on which organization capabilities (applications, people, business functions, etc.)
Develop and Manage Business Continuity Plan(s)	Ability to manage the process of developing and updating business continuity plans on an ongoing basis. Involve appropriate functional areas for specific plan contents and responses to alternate incident scenarios. Identify prioritized actions and resources needed by team/ roles at time of emergency.
Employee Training and Communications	The ability to ensure that employees will be able to implement business continuity plans at the time of a disaster or event. Includes routine training and ongoing communications appropriate to the employees' role in the business continuity plan.
Test Planning, Execution and Improvement	The ability to regularly plan for tests or exercises, record results and identify corrective actions for sub-standard performance against objectives. Includes defining objectives and securing resources and personnel necessary.
Emergency notification	Ability to notify employees, customers, suppliers and others about an event and the next action they should take. Includes the ability to track individuals' confirmation of message receipt and "check-in" for recovery team formation, crisis command center coordination, etc.
Incident Management	Ability to manage a crisis or incident to restore operations. Includes ability develop and maintain situational awareness to manage and adapt pre-defined action plans to emerging circumstances involving staff, suppliers, emergency services, and others.
Workforce Continuity	The ability to provide employees with productive work environments during disruptive events, e.g., data center outages, natural disasters, transit strikes, pandemics, or other events that might prevent the workforce from reaching their normal work location. Includes prioritizing employees according job function criticality and assess employees' ability to work from home or alternate locations.
Supply Chain Continuity	The ability to have visibility and insight into your suppliers' BCM programs and their ability to resume or sustain operations after a disaster. Includes prioritizing suppliers based on potential business impact if supplier is unable to meet commitments, as well as developing risk mitigation plans.
Compliance Management	The ability to reconcile requirements from multiple standards and regulatory bodies on an as needed basis and provide integrated guidance to the organization to achieve compliance in a cost-effective manner. Includes formally assessing and tracking of compliance, as well as routine monitoring of changes to requirements.
Executive Reporting	The ability to link BCM program and operational metrics to business goals and initiatives to demonstrate program value to senior management on routine basis.



SunGard Availability Services

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