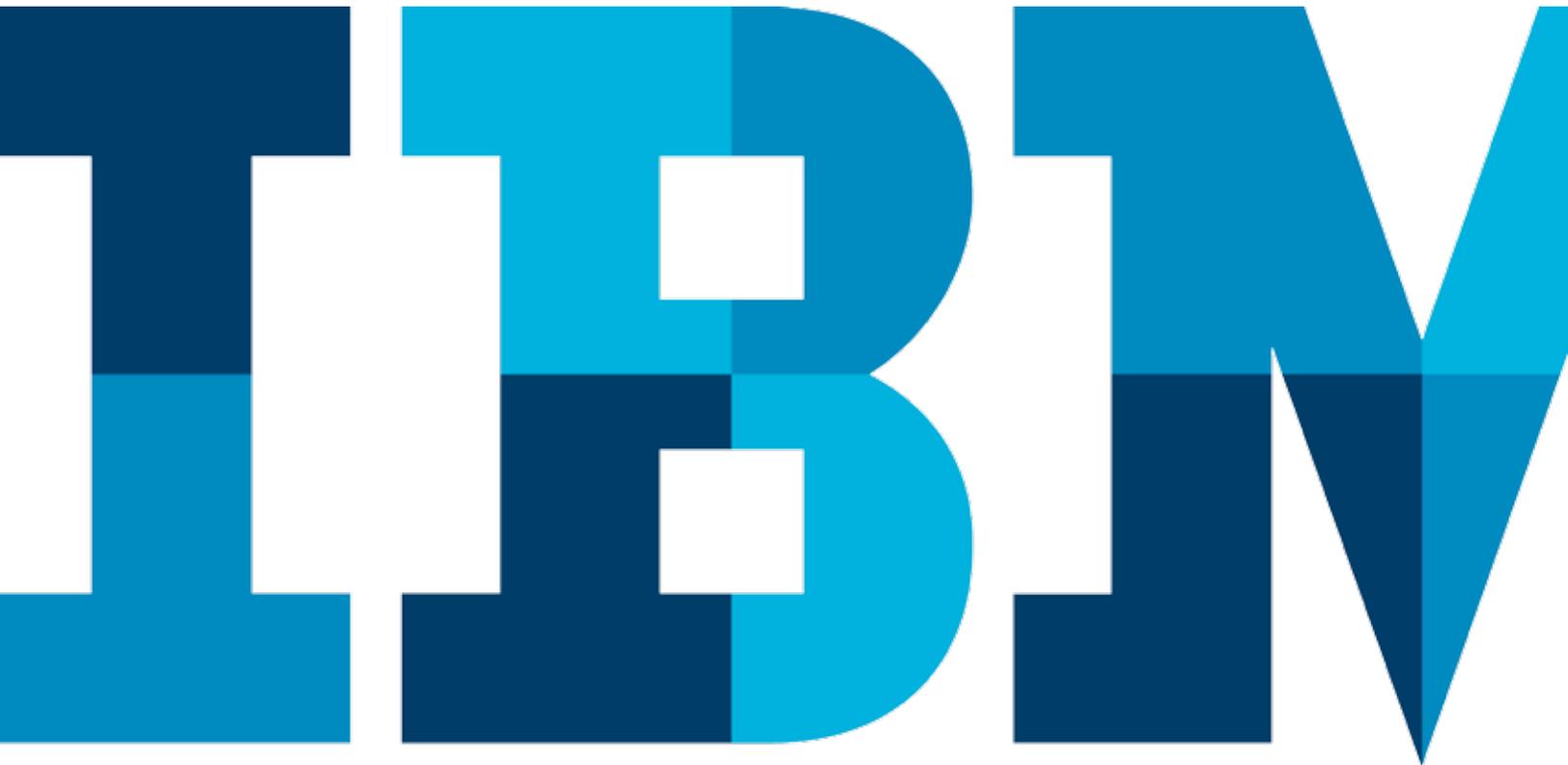


IBM index reveals key indicators of business continuity exposure and maturity

Will a more holistic approach to business continuity improve your organization's score?



Overview

Since its launch in 2011, the IBM Business Continuity Index has been completed by organizations all over the world, enabling them to rate the performance and maturity of their business continuity programs against peer organizations and make informed decisions about their own continuity strategies.

Business continuity and resiliency are critical requirements of modern businesses, but they are not always well understood beyond departments with immediate program responsibility. By establishing a tangible focus for discussions about business continuity, the Business Continuity Index makes it easier for organizations to raise the internal profile of business continuity, promote dialogue and drive new initiatives, process change and best practice.

It is easy to imagine a conversation between IT, business and executive teams on the need to raise a company's rating in business continuity testing from *aware* to *capable*. Some IBM clients have also used it to facilitate conversations with key suppliers – exactly the kind of holistic focus needed in today's complex, service-oriented business landscape.

About the Business Continuity Index

The index, which began life as a spreadsheet based on consultant expertise, is now available as an interactive questionnaire that can be completed in less than 30 minutes. You can even answer the 25 multiple-choice questions on your smartphone or tablet computer at your convenience.

The results of the test remain confidential to you. The data from all respondents will be consolidated and analyzed by IBM to provide a comparison of results, such as by industry or by question. It will not be possible for you or any other users of the index to view company-specific or personal data other than your own. You will have the opportunity to tell us that you do not want your information used for further marketing contact from IBM or its affiliates.

You will receive an overall score that will give you a clear picture of where your business sits on a scale from *exposed* to *mature*, along with practical guidance on how your organization can take a more holistic approach to business continuity. You can review your individualized report online and receive a copy of it via email.

A review of the results to date has already yielded some interesting statistics about the global state of business continuity and the key characteristics that indicate particular maturity or exposure in continuity terms. The more people who complete the survey, the more detailed such insights will become. In this way the Business Continuity Index will repay repeated visits and continue to deliver more insights over time.

How it works

Participants are asked to rate their organization according to five specific questions in each of these areas of the business continuity lifecycle:

- **Assess** – identify business needs through a detailed assessment based on business impact, risk, recoverability and resiliency.
- **Design** – develop a business continuity management plan embracing business requirements, disaster recovery, testing principles and technical recovery solution design.
- **Plan** – create detailed execution plans for disaster recovery and business continuity, governance and processes to establish a risk management culture.
- **Test** – exercise the plan and assess the results through comprehensive testing procedures, including walkthroughs and crisis management simulations.
- **Maintain** – build and implement on-going maintenance strategies to respond to businesses changes and new threats, and develop broader awareness across the organization.

Upon completion of the survey, participants receive a business continuity rating (out of 100) that positions an organization as *mature*, *capable*, *aware* or *exposed* in terms of business continuity. By using these four simple words, the Business Continuity Index gives organizations a quick and easily understood indication of their readiness for disruption. This can help promote internal dialogue around areas for improvement.

Percentage scores in each area give an additional layer of granularity, particularly useful for those looking to fine-tune specific areas of their resiliency strategy. While online you can see how your organization's scores compare to others in your industry and to the participant population as a whole. You can also view suggestions for improving your continuity strategy in each of the five areas.

Is the glass half full? Or half empty?

In total, an encouraging 64 percent of organizations rated *mature* or *capable* in their overall business continuity (Figure 1). There are underlying statistics masked by such blanket figures, however, that serve to highlight the importance of an on-going dialogue around business continuity and resiliency.

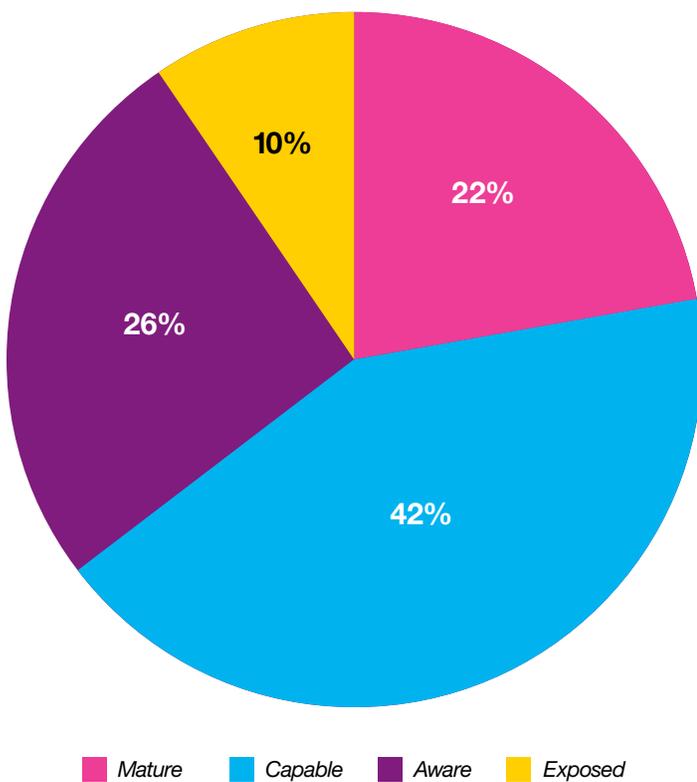


Figure 1: All participants by overall business continuity maturity

A deeper examination reveals that fully half of all respondents answered negatively to some fundamental questions about their business continuity preparedness. This could, of course, be seen as cause for encouragement: that 50 percent of businesses do have a specific budget for continuity or disaster recovery certainly implies that the importance of continuity and resiliency is becoming understood.

Fifty percent do not have:

- A well-defined, full-time organization responsible for business continuity/disaster recovery
- A specific budget for BC/DR
- A tested continuity plan for business users
- Plans that cover business processes as well as IT
- Success at meeting recovery point objectives

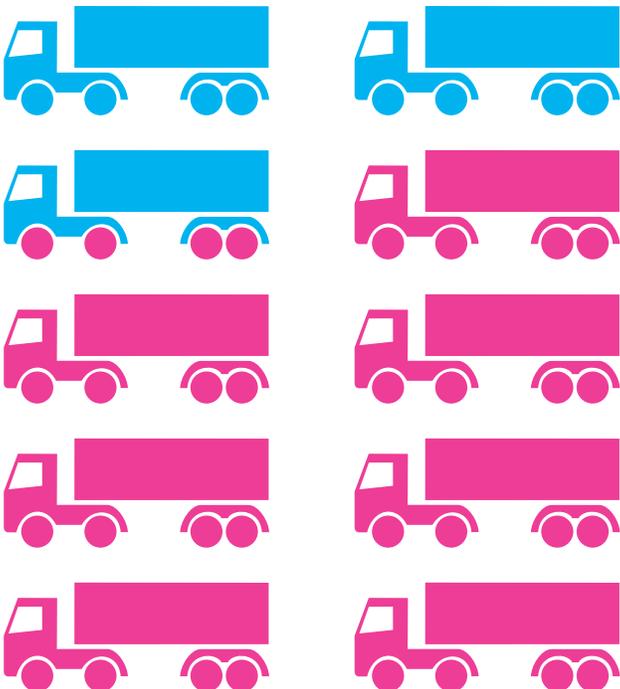
By the same token, though, the 50 percent of businesses who are failing on one or more of these measures is a clear indication that overall more focus, funding and improvement are needed. This is supported by the finding that 30 percent of organizations do not have two critical, basic components in place: documentation of their continuity/recovery strategy and a defined testing strategy.

A mitigating factor here may well be timing. The Business Continuity Index was launched during a time when budgets have been squeezed like never before, so it is perhaps not a surprise that a dedicated budget for business continuity might fall by the wayside. Organizations should recognize that the kind of disasters that can cause significant disruption are just as likely to strike during a downturn – when businesses are more vulnerable to their consequences – as in a period of prosperity.

Beneath the surface

A common theme that emerges from the data is a disparity between the existence of business continuity strategies and their practical implementation. For instance, just 40 percent of participants judged that they have met their recovery time objective (RTO) and recovery point objective (RPO) targets. RTO and RPO, which respectively define the acceptable time before an organization is back up and running and how much data a business is prepared to lose, are the core metrics that define successful business continuity, so the number of organizations not meeting their targets should be a cause for concern.

72%
of participants don't assess
supply chain vulnerabilities



Further potential inadequacies are uncovered when considering the scope of continuity programs. Sixty-five percent of organizations admit to focusing only on business-critical applications, and, while these are the most important, there is a danger that other, less obvious but equally vital components of the business ecosystem are being overlooked. While 60 percent of organizations do say they include non-standard equipment in their plan (if they consider it business-critical), only 28 percent of participants reviewed the resiliency plans of their major suppliers. Businesses are increasingly dependent on complex networks of products and services from third-party suppliers, and failing to include the supply chain in a continuity plan is tantamount to overlooking a core business function or process.

One business continuity index participant certainly agrees: “Supply chain resilience is a hot topic right now. Acting in a consultative role as Business Continuity Manager on behalf of a major IBM client, I found the Business Continuity Index really useful to assess the resiliency of a major IT services supplier. Sitting down with them for an hour and going through the questions enabled me to produce an independent assessment of their risk to our supply chain. As a result we were able to agree on mitigation actions that they would take to reduce that risk.”

“Supply chain resilience is a hot topic right now. Acting in a consultative role as Business Continuity Manager on behalf of a major IBM client, I found the Business Continuity Index really useful to assess the resiliency of a major IT services supplier.”

– Tony Perry, IBM consultant

A tale of two departments

It is clear that one issue hampering smooth-running continuity strategies is a lack of integration between business and IT, and even between different departments responsible for implementation. Specifically, 42 percent of respondents cited no direct interface between IT and business departments when it comes to business impact analysis. And in more than 65 percent of organizations business units have little to no involvement in continuity testing. It is a sobering thought that in such cases the first involvement a business user might have in disaster recovery is when a disaster actually strikes.

“The Business Continuity Index helped reveal that the company did not, in fact, have a fully integrated disaster recovery plan.”

—Gary Juggins, IBM consultant

This disparity gets to the core of the Business Continuity Index and is one of the fundamental reasons IBM developed it: to foster greater understanding of continuity and promote more informed dialogue throughout the enterprise. Indeed the Business Continuity Index works best when representatives from different departments complete the questionnaire on their own. The differences revealed can be more telling than the similarities.

Gary Juggins, one of the IBM consultants who helped develop the index and who uses it today with clients, offers this case in point: “With this client, both the business continuity and data center management teams completed the Business Continuity Index. The results showed a differential of 12 percent, with the business continuity team recording 78 (*mature*) and the data center team recording 66 (*capable*). The biggest difference turned out to be in testing (with overall ratings of 19 and 13 out of 20, respectively). The Business Continuity Index helped reveal that the company did not, in fact, have a fully integrated disaster recovery plan.”

Testing, testing

Sixty-eight percent of organizations claimed to have at least a basic strategy that included annual testing. Encouraging though that is, annual testing should be seen as the bare minimum. Only 45 percent, for instance, have a full disaster recovery plan with documented test activities. Without such a plan, organizations may well recover key business systems – but are they confirming these systems are accessible, usable and providing data integrity?

Just 20 percent of Business Continuity Index respondents have had their testing plans passed by external audit. In most industries this is not a legal requirement, so it is perhaps not surprising that few take their testing plans beyond internal due diligence. But external audits are perhaps the best way to uncover crucial points of weakness and ratify the completeness of testing plans. In the increasingly tightly regulated financial services industry, external auditing of testing plans is far more common.



55%

do not have a **full disaster recovery plan** with **documented test activities**

Four marks of maturity

So what does characterize a *mature* organization in business continuity terms? There are four factors that stand out, each of them a characteristic shared by more than 70 percent of *mature* organizations.

Area	Characteristics	Considerations for remediation
Assess	In 78% of <i>mature</i> organizations , business continuity, disaster recovery and risk management roles are defined and performed.	Businesses that don't have these functions fully defined should certainly consider doing so as a first step towards establishing themselves as a brand that is ready for anything.
Maintain	In 78% of <i>mature</i> organizations , business continuity/disaster recovery strategy is fully documented, approved and regularly reviewed.	Planning should not be seen as a one-off exercise. Businesses and threats change all the time; risk management needs to do the same.
Plan	In 76% of <i>mature</i> organizations , strategy includes a fully tested and documented alternative work-area location for business users, including desktop deployment, printing and call rerouting.	These organizations are prepared for events that require some degree of relocation. In these situations it is not just a question of what data needs to be recovered and how quickly, but also where will the recovered systems be accessed from and how?
Test	In 71% of <i>mature</i> organizations , no inhibitors stand in the way of regular testing of business continuity and disaster recovery plans.	Testing should be supported by comprehensive documentation, and perhaps even external audit (an encouraging 59 percent of <i>mature</i> organizations have their plans passed by external audit).

Table 1: Four common factors of a *mature* organization

Four signs of exposure

At the other end of the spectrum there are four factors common to most organizations who received an overall *exposed* rating.

Area	Characteristics	Considerations for remediation
Design	In more than 90% of <i>exposed</i> organizations , there is no interface between change management and business continuity management functions.	Whoever takes responsibility for business continuity (and in 62% of <i>exposed</i> companies such responsibility is not adequately defined) needs to be empowered to operate effectively with other key leaders who can help bring about change.
Test	In 86% of <i>exposed</i> organizations , there is no defined test strategy that identifies disaster recovery principles and the types of testing to perform.	Businesses need to work hard to ensure their testing strategies are fit for purpose. Do they include tabletop walkthroughs, for instance? Are different crisis simulations played out? Too often the answer to these questions is "no."
Plan	86% of <i>exposed</i> organizations do not know if their recovery arrangements cover non-standard but business-critical equipment.	This level of uncertainty should be a cause for concern. Not a single organization in the <i>exposed</i> category could claim that they could make alternative arrangements should they lose the use of non-standard equipment.
Assess	86% of <i>exposed</i> organizations have no mechanism for reviewing their business resilience capabilities.	Unless plans are reviewed regularly in the light of new facilities, processes, personnel or potential threats, they are almost certainly not offering the kind of protection an organization needs.

Table 2: Four common factors of an *exposed* organization

A holistic approach

These initial Business Continuity Index findings reinforce IBM's own focus on the importance of taking a holistic approach to business continuity and resiliency, one that spans all layers of an organization, not just technology and facilities.

It is also vital that businesses recognize that a business continuity strategy is not a one-off exercise. A regular program of testing, analysis and strategic development is vital if businesses are going to maintain their preparedness as technology, businesses, supply chains and threats evolve from month to month and year to year. And, of course, a vital tool for tracking progress and learning from others is the Business Continuity Index tool itself.

Assess
<ul style="list-style-type: none"> • Business Impact Analysis Risk Analysis • Recoverability Assessment • Resilience Program Assessment • Availability Assessment
Design
<ul style="list-style-type: none"> • Resilience Strategy Design for availability, continuity and recovery • Resilient Architecture Design for availability, continuity and recovery • Resilience Program Design for business continuity management and governance
Plan
<ul style="list-style-type: none"> • Resilience Plan Development for business continuity, disaster recovery, crisis management and availability • Resilience Program Design for business continuity management and governance • Technical Procedure Development
Test
<ul style="list-style-type: none"> • Resilience Plans: Validation and Testing of crisis management, recovery and continuity plans
Maintain
<ul style="list-style-type: none"> • Availability Management • Resilience Program Management • Customized workshops and educational seminars

Table 3: Support offered by the Business Continuity Index across all five stages

How can IBM help?

Let IBM help you build a solid business case for change by conducting our Continuous Operations Risk Evaluation (CORE) workshop. The CORE Workshop couples the Business Continuity Index with IBM's experience from more than 50 years of helping clients build strong business continuity and resiliency programs. IBM's experienced resiliency consultants will conduct an on-site, in-depth analysis of your business continuity processes and risk profile to build a specific action plan for continuity and resiliency improvements.

IBM Business Continuity and Resiliency Services can offer direction and support across all five stages of the business continuity and disaster recovery lifecycle (see Table 3).

Conclusion

The Business Continuity Index is helping businesses of all sizes to get a clear picture of the state of their business continuity strategies and – just as importantly – to raise awareness of resiliency and disaster recovery at all organizational levels. Longer-term benefits will be seen as organizations return to the Business Continuity Index year after year, setting themselves improvement targets and finding new ways to fine-tune their strategies.

Begin your journey to a more resilient enterprise today

Find out what your organization's rating is on the IBM Business Continuity Index. Simply point your browser to one of the URLs below and click or touch the "Begin" button.

From your desktop PC, go to:

www.ibmbusinesscontinuityindex.com

From your smartphone or tablet, go to:

www.ibmbusinesscontinuityindex.com/mobile



For more information

To learn more about how IBM can help your organization advance your business continuity processes, or to request a meeting to discuss your Business Continuity Index results, contact your IBM representative or IBM Business Partner, or visit the following website:

ibm.com/services/continuity

© Copyright IBM Corporation 2012

IBM Global Services
Route 100
Somers, NY 10589
U.S.A.

Produced in the United States of America
July 2012

IBM, the IBM logo and ibm.com are trademarks of International Business Machines Corp., registered in many jurisdictions worldwide. Other product and service names might be trademarks of IBM or other companies. A current list of IBM trademarks is available on the Web at "Copyright and trademark information" at ibm.com/legal/copytrade.shtml

This document is current as of the initial date of publication and may be changed by IBM at any time. Not all offerings are available in every country in which IBM operates.

THE INFORMATION IN THIS DOCUMENT IS PROVIDED "AS IS" WITHOUT ANY WARRANTY, EXPRESS OR IMPLIED, INCLUDING WITHOUT ANY WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND ANY WARRANTY OR CONDITION OF NON-INFRINGEMENT. IBM products are warranted according to the terms and conditions of the agreements under which they are provided.



Please Recycle
