

The
2013-2014
Continuity Insights and KPMG LLP
*Global Business Continuity
Management (BCM) Program
Benchmarking Study*

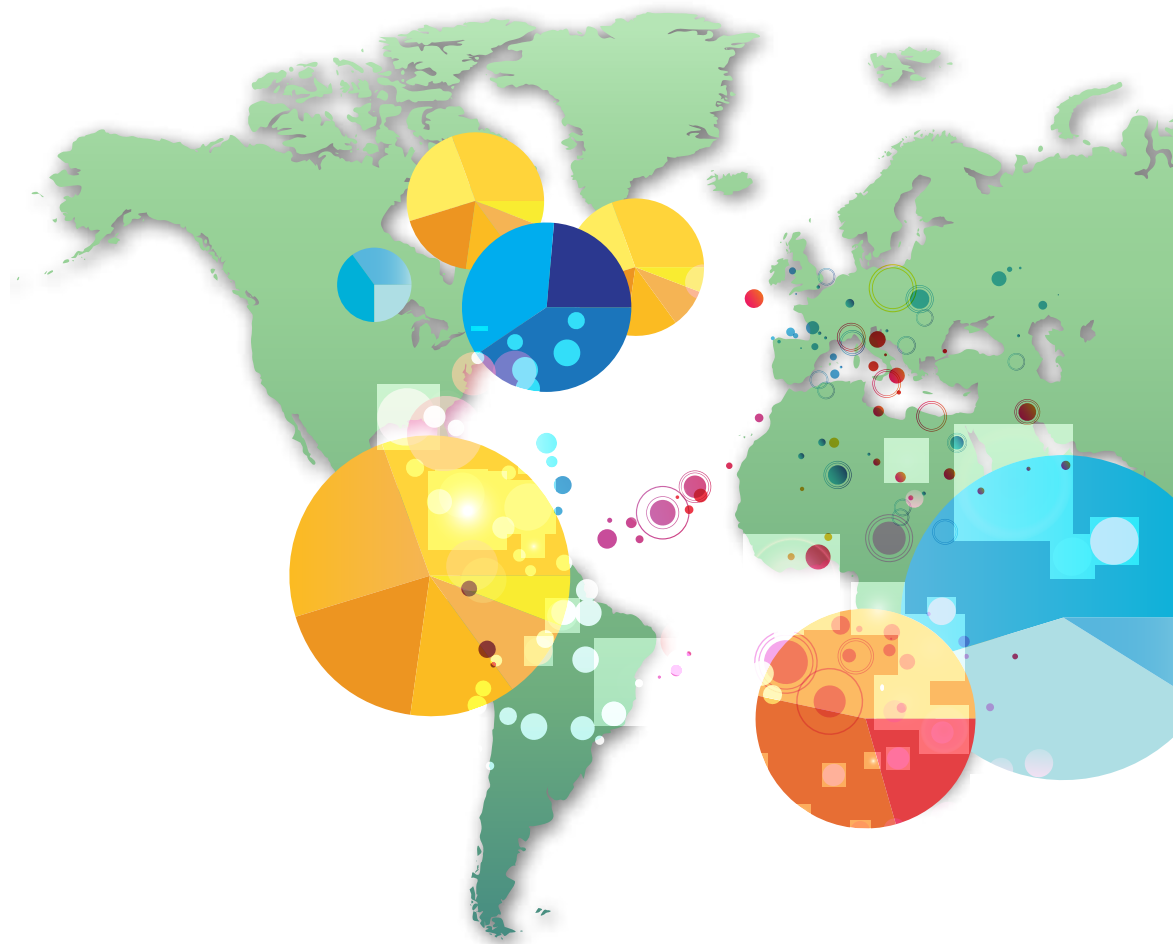


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About This Report

Statistics used in this report are based on anonymous survey responses from executives in public and private companies, government agencies and authorities, educational institutions and not-for-profit entities.

The online survey, conducted by *Continuity Insights*, explores changes to the global risk landscape, regulatory requirements and supply chain interdependencies, and compares the programs of organizations with a steering committee in place against those without a steering committee in place, highlighting some dramatic differences.

This Report is based on and generated from the KPMG LLP sponsored survey entitled: *The 2013-2014 Continuity Insights and KPMG LLP Global Business Continuity Management (BCM) Program Benchmarking Study*.

Research Methodology

Respondents for *The 2013-2014 Continuity Insights and KPMG LLP Global Business Continuity Management (BCM) Program Benchmarking Study* were obtained from the *Continuity Insights* subscriber base by way of its newsletter, website, email deployments and social media channels, as well as from other professional organizations that supported the study. The 20-minute online survey included 55 questions and was fielded from January 2014 to February 2014. Information was collected from 434 respondents, of which 305 respondents completed the entire survey.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although *Continuity Insights* endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation. For more information on the study methodology, please contact Robert Nakao at robert.nakao@advantagemedia.com.

About Continuity Insights

Continuity Insights is business continuity from management's perspective. It speaks directly to the strategic view, embracing the issues and concerns of senior-level managers. With its results-oriented approach, *Continuity Insights* is a discussion of the "why's" of business continuity and offers a comprehensive review of the vast continuity landscape. Its audience represents a wide range of businesses and industries, government and other public sector entities, and serves an array of professional disciplines. It's highly specialized portfolio includes *Continuity Insights* online/electronic media including its highly-trafficked website, e-Newsletters, webinars, and research project; and its annual Continuity Insights Management Conference and regional events.

Benchmarking has been around for a long time, without really catching too much attention beyond the U.S. It seems that there is now an ever-increasing demand for metrics to justify BCM programs and establish value for money. Benchmarking does help ensure that organizations are comparing 'like for like' rather than arbitrary numbers based on largely inappropriate ratios (percentage of sales or IT spend etc.). In terms of the survey it is no surprise that those with steering committees are much more interested in benchmarking as it helps them compare against those similar companies in their sector."

— Lyndon Bird,
Technical Director,
The BCI

“A fully integrated BCM program must engage and collaborate with all relevant stakeholders, both internal and external. Another outcome of the survey is that where a senior management advisory or steering committee exists, this is most likely to happen. From my experience the most effective BCM programs thrived where a head of BCM had assembled the right advisory or steering committee representatives...”
 — Steve Mellish,
 Chairman,
 The BCI

About KPMG LLP

KPMG LLP, the audit, tax and advisory firm www.kpmg.com/us, is the U.S. member firm of KPMG International Cooperative (“KPMG International”). KPMG International’s member firms have 155,000 professionals, including more than 8,600 partners, in 155 countries. The KPMG name, logo and “cutting through complexity” are registered trademarks of KPMG International.

KPMG Information Protection and Business Resilience services help clients effectively manage and control corporate information assets across a broad spectrum of evolving threats and scenarios. Companies today increasingly realize that security is not a one-time project, but instead a strategy that must be adaptive to changing threats, remain consistent with the organization’s business initiatives, and deliver benefits such as manageability, assurance, and efficiency. We help companies identify their most important information assets, and work with them to develop an effective approach combining technology and business processes. We work with clients to maximize the value that can be obtained from their data while protecting key business processes, information assets, and the company’s brand and reputation.

To learn more about KPMG’s Information Protection and Business Resilience, please contact:

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Acknowledgments

Continuity Insights and KPMG LLP would like to acknowledge the following organizations for their contributions in helping raise the awareness — and hence the value — of this study.

- Association Of Contingency Planners (ACP)
- Association Of Sacramento Area Planners (ASAP)
- BC Management
- BCI-USA
- Business Continuity Institute (BCI) (UK)
- Business & Industry Council For Emergency Planning & Preparedness (BICEPP)
- Business Resumption Planners Association (BRPA)
- Canadian Security Partners’ Forum
- Contingency Planners Of Ohio (CPO)
- Contingency Planning Exchange (CPE)
- Continuity Central
- DRI International
- Disaster Recovery Journal (DRJ)
- Disaster Resource Guide
- Forbes Calamity Prevention (Singapore/Asia)
- Global Conference On Disaster Management
- Mid Atlantic Disaster Recovery Association (MADRA)
- New England Disaster Recovery Information Exchange (NEDRIX)
- Risk & Insurance Management Society (RIMS)
- Rothstein Business Survival
- Southeastern Business Recovery Exchange (SEBRE)
- Southeastern Contingency Planners Association (SCPA)

In addition, we would like to acknowledge the subject-matter professionals who provided their point of view for use in this report, the companion article, the panel discussion at the 2014 Continuity Insights Management Conference and the June 2014 webinar.

1. Executive Summary

As the intricacies of risk evolve at an ever-rapid pace, business continuity management (BCM) programs need to address a wide range of threats, including natural disasters, technology issues and manmade incidents, while also aligning with their organization's strategic goals.

The 2013-2014 Continuity Insights & KPMG LLP Global Business Continuity Management Program Benchmarking Study is a comprehensive look at the current state of BCM programs and the drivers for further program development. This year, we have chosen to compare and contrast certain study results in this final report and in additional custom reports. For instance, this year's study highlights the business value for having a senior management advisory or steering committee in place to help drive program capabilities and effectiveness. To that end, we have compared and contrasted data from organizations that have a steering committee in place against those that do not have a steering committee in place.

The survey serves as an indication of how BCM programs and program capabilities have changed over the years, and highlights evolving trends that are impacting BCM programs. Readers of this report and the associated custom reports should consider using the reports to target underdeveloped capabilities within their own BCM program and also increase their awareness of BCM program trends that are being addressed and reported by other organizations.

In addition to the report, readers can view the full collection of survey responses and various custom reports that are based on the following criteria on the *Continuity Insights* website: www.continuityinsights.com:

- Annual revenue
- Entity type (public companies, private companies, government agencies or authorities, and not-for-profits)
- Governance (Entities with an Advisory Steering Committee, Entities with no Advisory Steering Committee)
- Industries (Computers/IT hardware, software and services; Financial services; Government; Healthcare; Manufacturing; Professional services and Utilities)
- Number of employees

“Since 26% of the respondents will use the survey results to generate executive support and 74% will not, nearly 3/4 of the respondents may not be using a variety of methods to improve the odds for continued success. Since our industry is growing in business value exponentially, it may be wise to review and use multiple ways to state your business case, continue to build the importance of and show business value in your BC process”

— Mike Janko,
Manager,
Global Business Continuity,
The Goodyear
Tire & Rubber Co.

“Many companies are currently choosing to focus on the entire program. To strategically align the program within corporate culture, they are developing and implementing the enterprise wide BCM program framework and related policies, which provides for guidance and accountability.”
 – Robbie Atabaigi,
 Manager,
 KPMG

“100% of respondents do not have Senior Leadership Committees as part of their governance function. This indicates a potential lack of support from high-level cross functional leadership to make the desired impact in their organizations.”
 – Mike Janko,
 Manager,
 Global Business Continuity,
 The Goodyear
 Tire & Rubber Co.

2. Respondent Profiles

2.1.1 Type Of Entity Or Enterprise

This survey showed a higher percentage of public company respondents (+6%) and lower percentage (-4%) of privately held companies compared to *The 2011-2012 Global Business Continuity Management (BCM) Program Benchmarking Study*.

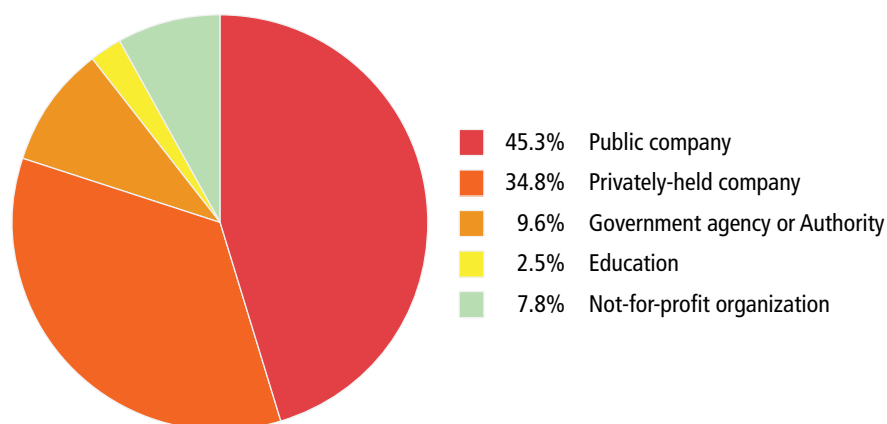


Figure 1: Type of organization, entity or enterprise.

2.1.2 Geographical Range Of Operations

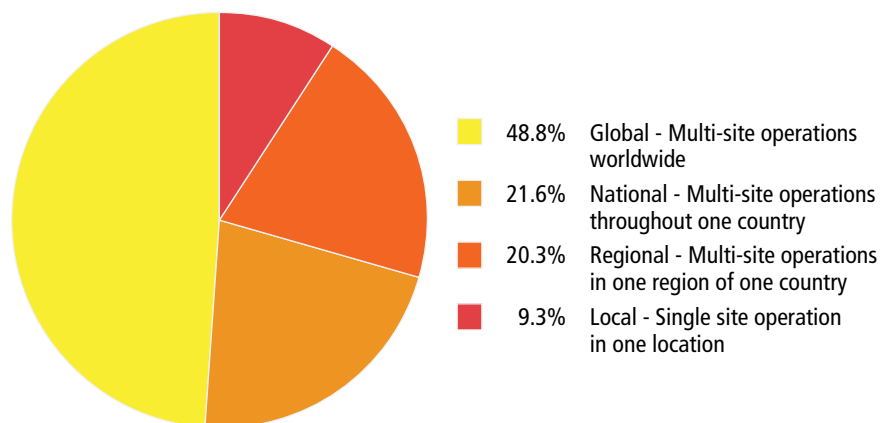


Figure 2: Geographical range of operations.

2.1.3 Country: Location of Headquarters Office

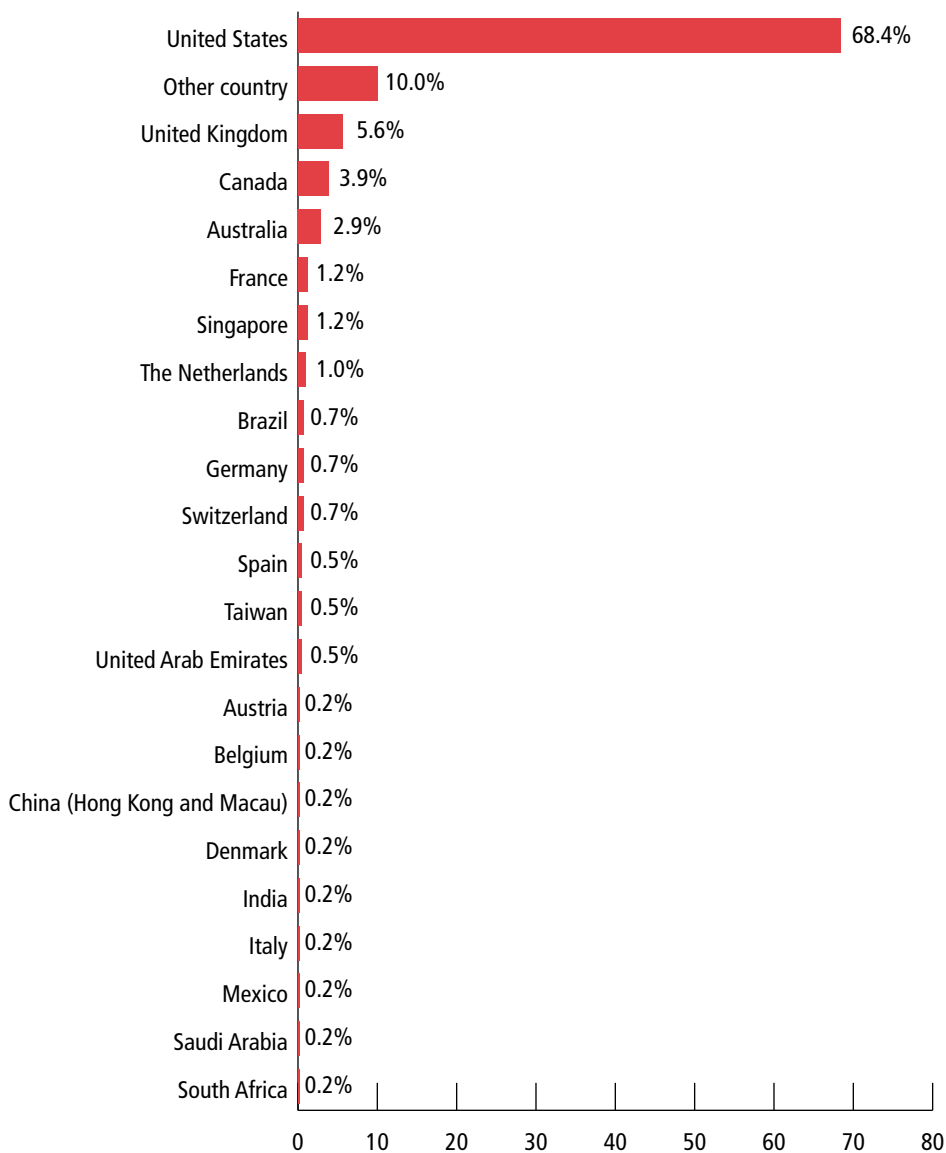


Figure 3: Location of organizations' headquarters.

I believe all programs should use benchmark data for identifying and analyzing performance."
– Ken Otis,
Director,
Business Continuity
Management,
CVS Caremark

“The fact that ‘business’ is the primary word in ‘business continuity’ means that it has to be genuinely all encompassing across the business. The most effective Steering Committee I ever worked with had representatives from all of the key areas of the business that operated mission critical activities as well those with risk management related responsibilities including security, insurance, audit etc.”

— Steve Mellish,
Chairman,
The BCI

2.1.4 Industry

Aerospace/Defense	2.5%
Automotive	0.2%
Biotechnology	0.5%
Chemical/Petroleum	1.0%
Communications/Media	1.7%
Computer/Information Technology Telecommunications	1.5%
Computer/Information Technology Software	2.2%
Computer/Information Technology Services	6.9%
Education	3.2%
Entertainment/Media	1.7%
Financial Services – Banking	14.5%
Financial Services – Brokerage	1.5%
Financial Services – Credit Card	2.2%
Financial Services – Credit Union	0.7%
Financial Services – Investment	3.2%
Financial Services – Mortgages	2.0%
Government – City/Municipality	0.5%
Government – County	1.0%
Government – State/Providence	2.7%
Government (Federal)	2.2%
Healthcare Medical – Hospital	1.5%
Healthcare Medical – Service Provider	1.7%
Human Resources	0.0%
Insurance	12.3%
International Non Government Organization (NGO)	0.5%
Logistics	0.5%
Manufacturing – Consumer Goods	2.7%
Manufacturing – Industrial Goods (Non-technology)	1.7%
Manufacturing – Medical Devices/Other Healthcare Products	1.2%
Not for Profit Organization	1.2%
Pharmaceuticals	1.0%
Power (Production/Transmission)	0.5%
Professional Services (Business Continuity/Operational Risk Consulting)	5.1%
Professional Services (IT/Business Process Outsourcing)	0.2%
Professional Services – Legal	0.2%
Professional Services (Other)	2.5%
Retail	2.5%
Transportation – Aviation	0.7%
Transportation – Mass Transit	0.0%
Transportation – Shipping	0.7%
Transportation – Trucking	0.7%
Utilities – Energy	4.4%
Utilities – Water	0.7%
Wholesale Distributors	0.7%
Other	4.9%

Figure 4: Primary type of industry.

2.1.5 Size

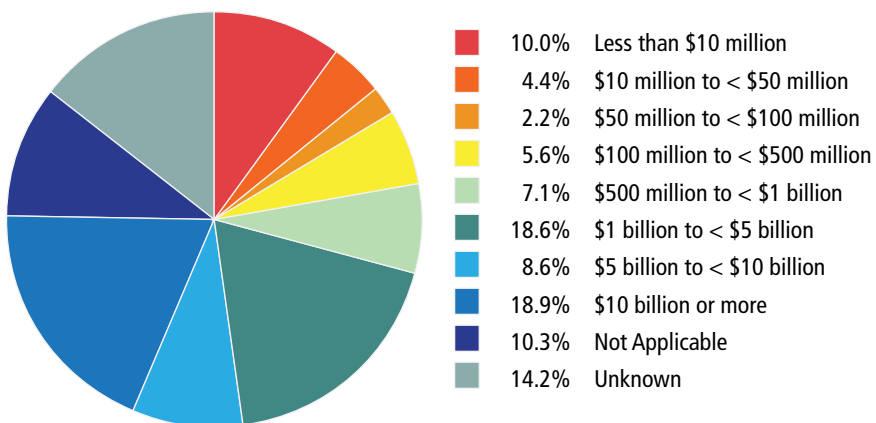


Figure 5: Companies' approximate annual revenue for FY13 (\$ US).

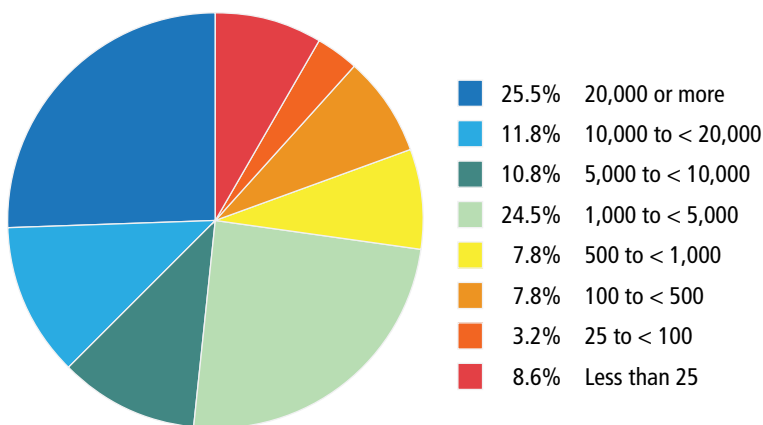


Figure 6: Number of people employed (at all locations).

“Respondents to the 2013-2014 BCM Program Benchmarking Study seem to indicate that in programs that are subject to a governance structure or have program oversight may have better results than those that are not formally looked over. Specifically, Question 53 asked ‘For which of the following capabilities do your IT Disaster Recovery Plans have documented procedures and written guidelines?’ When the notion of a Senior Management Advisory or Steering Committee is introduced, respondents replied much differently. In a number of areas such as supply chain, cloud applications and social media we see a positive spread (13 to 5 points) indicating that oversight has positive effects on programs.”

— Mike Jennings,
Senior Director,
Disaster Readiness
Program Office,
Blue Cross Blue Shield Of
Massachusetts

“There is significant value in having a governance committee that guides, supports and holds the BCM team accountable. Many of the survey results support advancement or improvement in key BCM areas over previous surveys with the engagement of a steering committee.”

– Chris Summerrow,
Director,
Business Continuity
Management,
UPS

“The establishment of an advisory board or steering committee is essential to a program’s success, especially at the onset of the program. They should meet at least quarterly to monitor the success of the program implementation and to help obtain support where there may be challenges.”

– Ken Otis,
Director,
Business Continuity
Management,
CVS Caremark

3. Survey Results

3.1 Program Governance

In response to the question “Does your organization have a Senior Management Advisory or Steering Committee that provides input and assistance to the BCM Program Coordinator and Team in the preparation, implementation, evaluation and revision of the program?”

- 71% said Yes (vs. 65% in 2011-2012)
- 29% said No (vs. 35% in 2011-2012)

As referenced earlier, for this year’s study we have highlighted findings via custom reports for those respondents that noted their enterprises have a BCM Program Steering Committee in place and those respondents that indicated no such steering committee is in place. You can compare and contrast those results by reviewing those custom reports. When asked about their organization’s BCM Program status, the majority of respondents reported that they “Have a policy, senior management steering or advisory committee, plans in place, and have developed a process for updating plans on a regular basis to reflect changes in the business and lessons learned from exercises, tests or actual events.” This answer was more prevalent in this survey than in 2011-2012, with 68% selecting this response vs. 60% in the prior study.

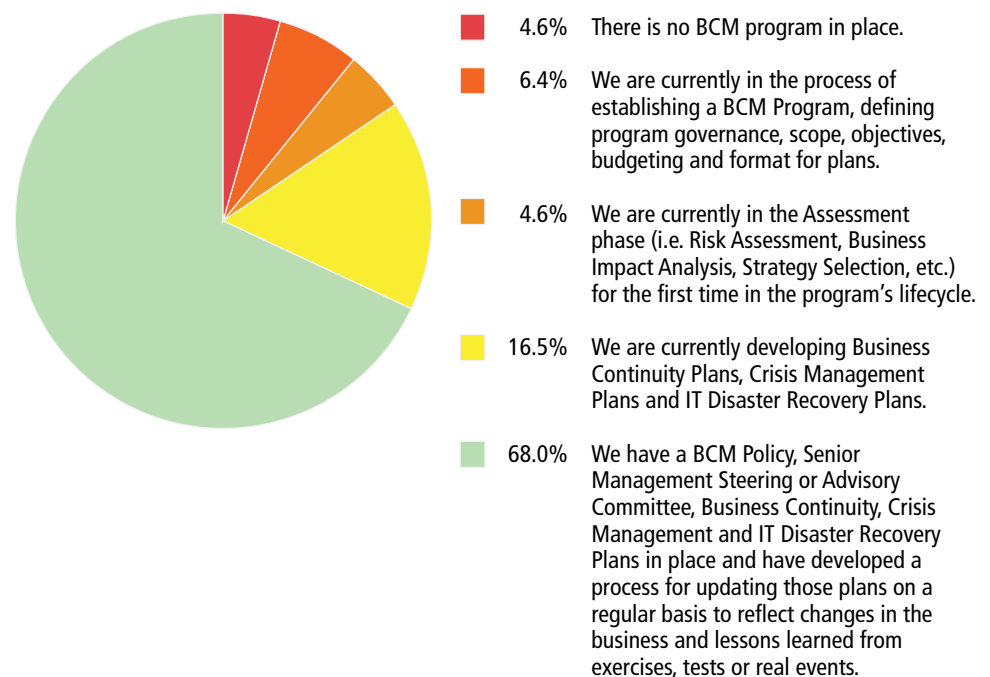


Figure 7: Current BCM program status.

3.2 C-Level Executive With Ultimate Reporting Responsibility

Results showed that a variety of C-Level executives have ultimate reporting responsibility for the BCM Program, with CEO being the most common. Figure 8 offers an outline of titles.

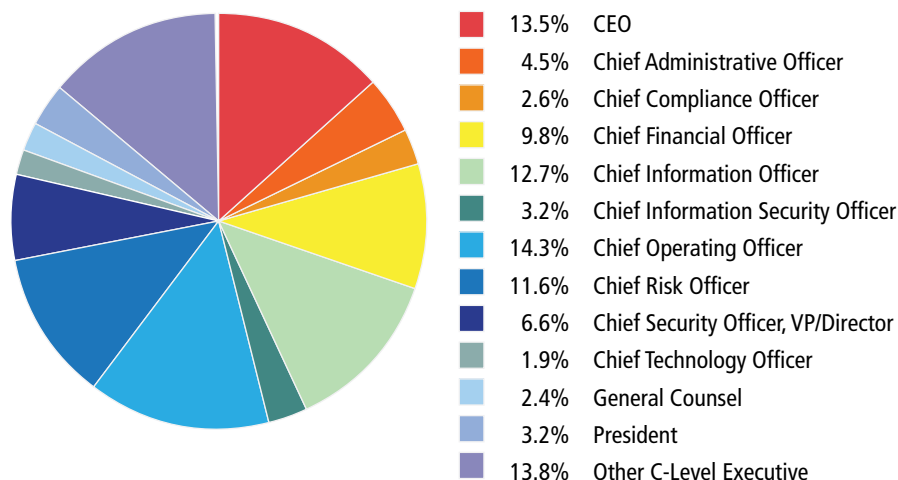


Figure 8: C-Level executive with ultimate reporting responsibility for the BCM program.

“ Certification status continues to the rise...

Most organizations value confirmation of knowledge in our industry.

Certification provides distinction from the general practitioner to a recognized subject-matter expert.”

– Chris Summerrow,
Director,
Business Continuity
Management,
UPS

“ I am especially pleased to see the overall apparent increase in the number of professionals with certifications who responded to the survey...

In general, I believe we collectively should hold ourselves to ever higher standards. Our work is critical and deserves the best in the way of skills for execution.”

– Doug Weldon,
President,
The BCI – USA

“It is very clear certification is considered a positive step, since more than 50% of respondents have organizations desiring DRI certification, 34% desiring BCI certification and others also interested in certification.”

— Mike Janko,
Manager,
Global Business Continuity,
The Goodyear
Tire & Rubber Co.

“Steering committees and program governance in most cases help successful programs become more successful. We should not automatically dismiss the notion that oversight is a bad thing; surely there may be more work to do in terms of meetings, briefings and the like, however, this will lead to better and stronger programs. We’ve been scrambling for more attention for our programs. Some are achieving success through stronger program oversight.”

— Mike Jennings,
Senior Director,
Disaster Readiness
Program Office,
Blue Cross Blue Shield Of
Massachusetts

3.3 BCM Program Leader

The majority of organizations listed their lead BCM Program Coordinator’s title as “BCM or Business Resilience Manager (25%)” and “BCM or Business Resilience Director (22%).”

In addition, a significant number of respondents that replied with “other” also indicated that their program coordinator’s title was similar to either “Director, BCM or Business Resilience” or “Manager, BCM or Business Resilience.” A complete list of titles can be seen in Figure 9.

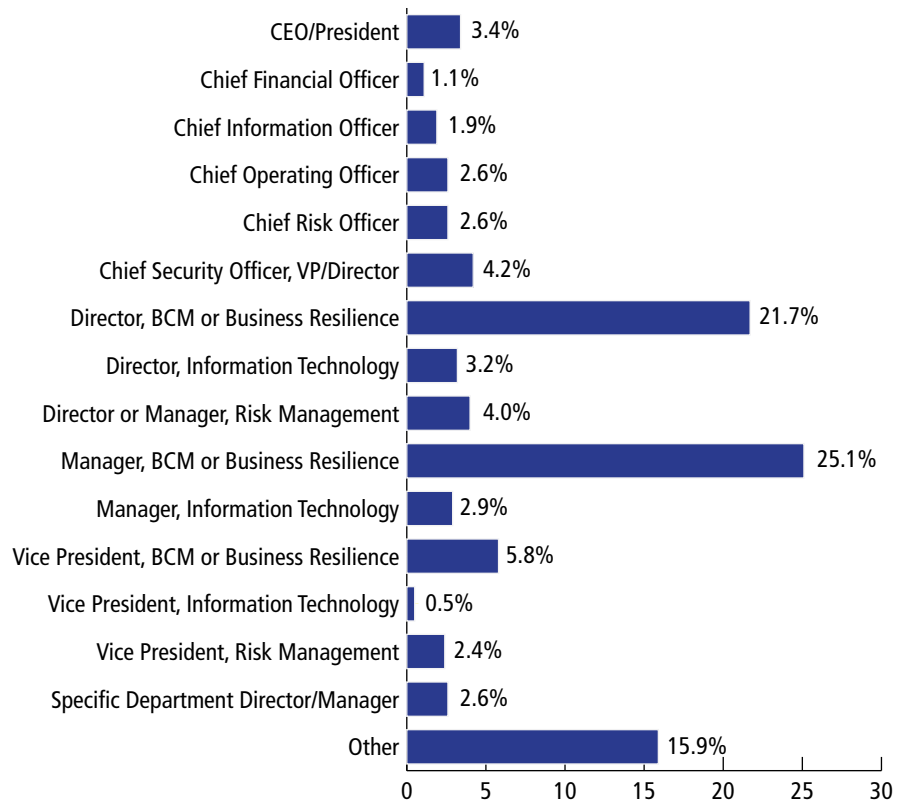


Figure 9: Job title of the lead BCM Program Coordinator.

As mentioned, this year, we put special emphasis on comparing and contrasting data from those with a steering committee in place versus those without a committee in place. The following is an analysis of BCM Program Coordinator job titles reported by those with a steering committee in place versus those without a steering committee in place.

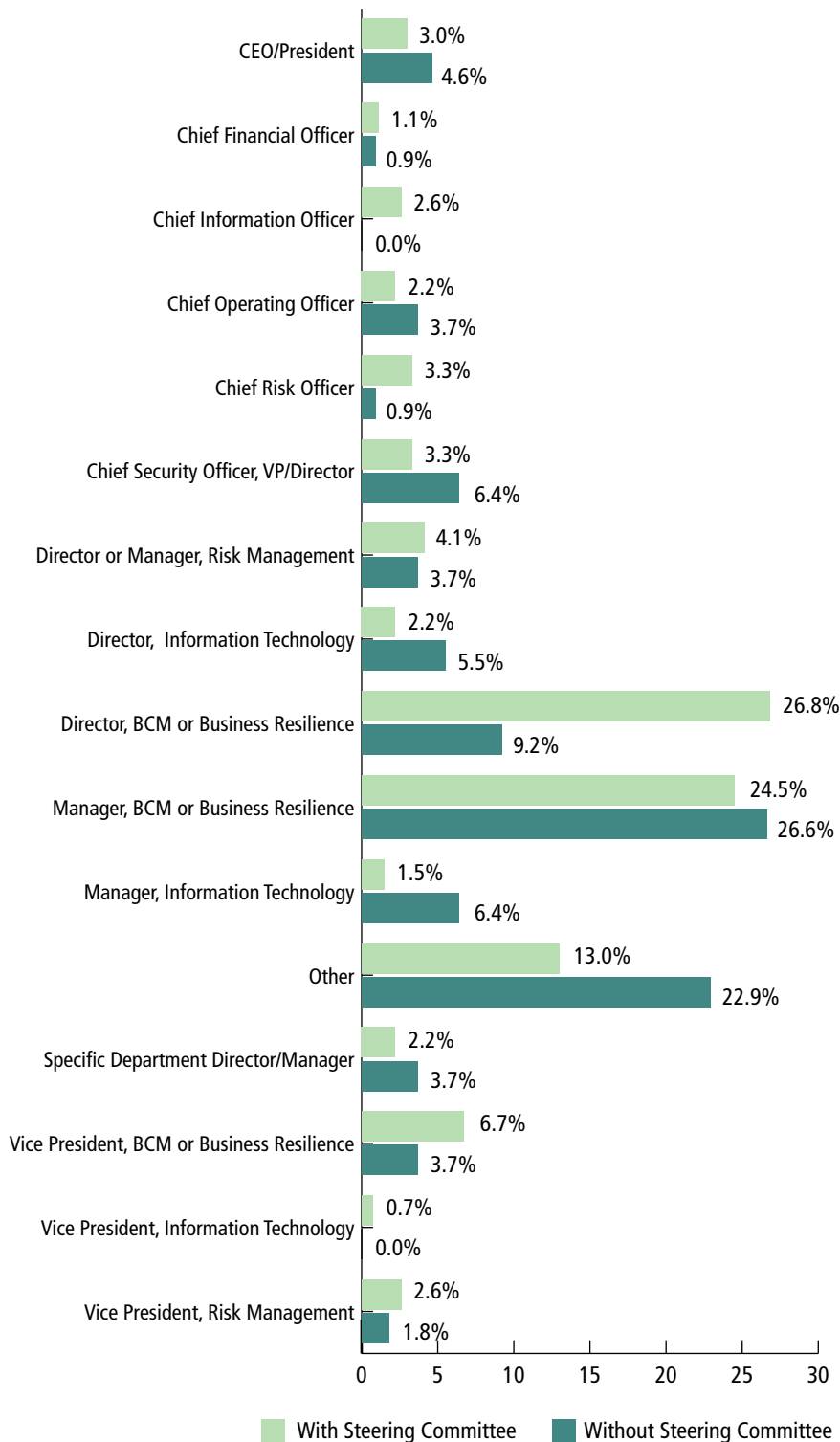


Figure 10: Job title of the lead BCM Program Coordinator: Organizations with a steering committee in place vs. those without a steering committee in place.

For any organization looking to implement or maintain a good quality BCM program it should undoubtedly be seeking the services of a suitably certified professional.

In terms of business continuity there are really only two shows in town, the DRII and the BCI. The

DRII will be most well-known and established in the U.S. whereas the BCI has a more global presence."

– Steve Mellish,
Chairman,
The BCI

“It is always important to evaluate performance against a standard, against your peers. This benchmarking study allows for measuring your own organizational performance against others. Internally we conduct maturity assessments to benchmark our performance. And for our organization, these types of studies, whether internal or external, ignite good old fashioned competition.”

– Tonya T. York, VP,
IT Service Continuity
Management,
McKesson Corp.

3.4 Resource Management (Headcount, Budget & Training)

Respondents were asked to estimate the full time equivalent (FTE) employees dedicated to their organization’s BCM Program in their Corporate Program Office AND in their various Business Units/ Functions (excluding contractors). A majority of companies indicated zero to two FTE employees.

	0-2 FTEs	3-5 FTEs	6-9 FTEs	10-20 FTEs	20+ FTEs
Corporate BCM Program Office	63%	23%	8%	3%	3%
Various Business Units Functions	65%	11%	8%	8%	9%
IT Disaster Recovery	60%	18%	10%	7%	5%

Additionally, a majority of respondents indicated that their organizations allocate funds for BCM-related programs on a “case-by-case” basis.

The top two responses to the question “How are BCM program needs funded” were:

- (1) On a case by case basis based on individual needs (approximately 40%); and
- (2) As an individual line item in each functional budget.

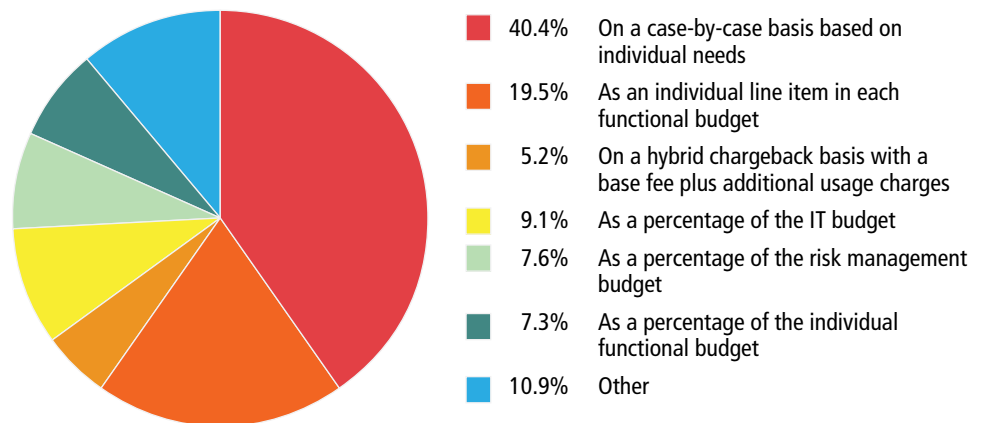


Figure 11: How funds are allocated for BCM program-related initiatives.

3.5 Potential Operational Risks & Impact Of Adverse Events

Survey results indicated a significant increase in the number of organizations that experienced an incident or interruption in the past year that caused them to activate one or more business continuity plans, crisis management plans or IT disaster recovery plans for:

- Weather related incidents (59% vs. 50% in prior study)
- Power related outage (52% vs. 47% in prior study)
- IT Security (37% vs. 31% in the prior study)

A few risks remained largely the same as in the last study. Namely Floods (31% vs. 31% in the prior study) and IT Related — Hardware/Software in production (31% vs. 30% in the prior study).

Figure 12 lists incidents and interruptions experienced over the past year.

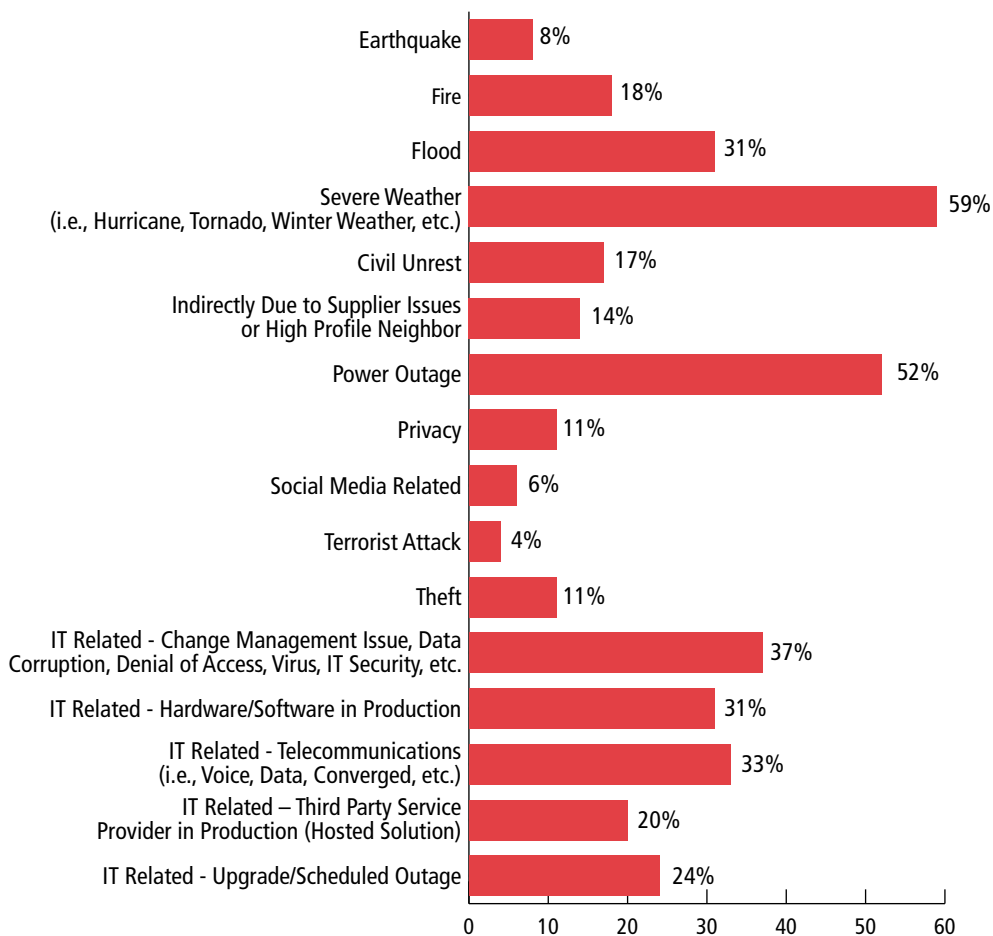


Figure 12: Incidents or interruptions in the past year that caused organizations to activate business continuity plans, crisis management plans or disaster recovery plans.

BCP professionals need to improve their knowledge of IT functions, including the pros and cons of the cloud. I believe those non-IT BCP professionals have to come out of their comfort zone and become engaged with their IT counterparts and address the BCP aspects of a cloud computing. After all, cloud computing is a critical business strategy that needs to be understood not only by IT but also by the BCP and the stakeholders that they serve.”
— Ken Otis,
Director,
Business Continuity
Management,
CVS

“ Audit findings and exercise/test results continue to be the measures of choice for most BCMs. Given the noted longevity of programs and leadership (more than 59% state 5-20 years in Q11 and Q21) and the self-reported maturity (Q28 more than 78% claim level 3 or greater), I would have expected a greater than 25% response to Maturity modeling in Q13. I am surprised by the frequency reported for BIA and Risk Assessments given the rate of change of technology and threats. BIA and Risk Assessments should be moving more to a perpetual model rather than every 1-3 as noted. ”

— Tim Mathews,
Executive Director,
Enterprise Resiliency,
Educational Testing Service
(ETS)

3.6 Program Execution & Performance

As noted in Figure 14.1, approximately 90% of survey respondents identified one or more methods for measuring performance where a steering committee is in place.

As noted in Figure 14.2, where no steering committee is in place, approximately 30% of the respondents indicated that their organization is not measuring program performance with any measurement technique.

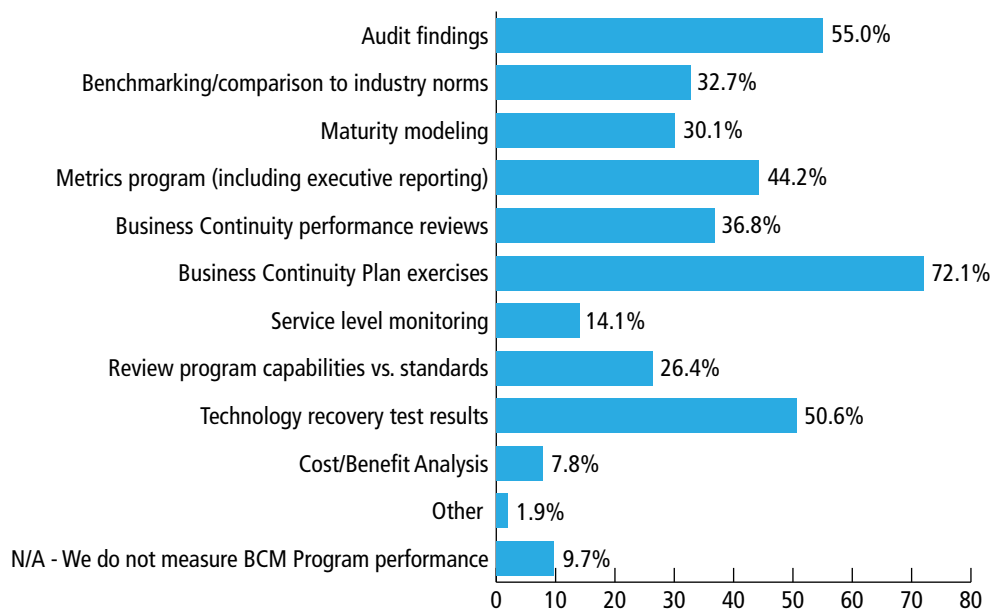


Figure 14.1: How BCM program performance is measured: Organizations with a steering committee in place.

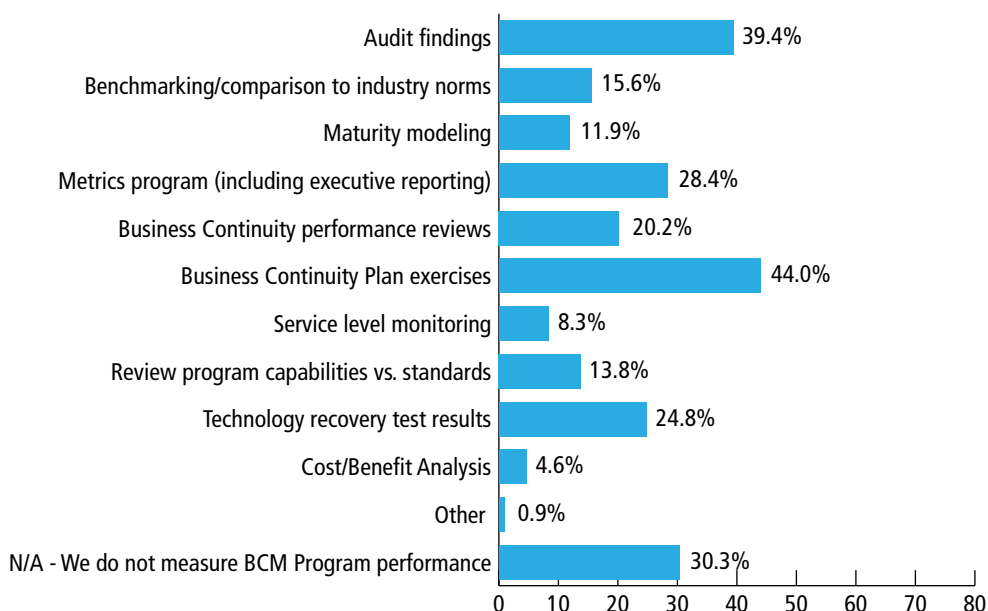


Figure 14.2: How BCM program performance is measured: Organizations without a steering committee in place.

In response to the question “For the most recent interruption that required you to activate one or more BCPs, how well were your Recovery Time Objectives (RTOs) met?”, the results varied significantly when a senior management advisory or steering committee is in place compared to when a steering committee is not in place, with higher rates of success reported by those with a steering committee in place.

Steering Committee vs. No Steering Committee

- Completely (38% vs. 21%)
- Mostly (33% vs. 34%)
- Somewhat (10% vs. 16%)
- Not at all (4% vs. 5%)
- Do not know (16% vs. 24%)

Significantly different results were reported regarding the frequency of conducting a BIA when a steering committee is in place. By example, approximately 17% of respondents that do not have a steering committee in place reported that their organization never conducts a BIA. Where a steering committee is in place, approximately 2% of the respondents provided a similar response.

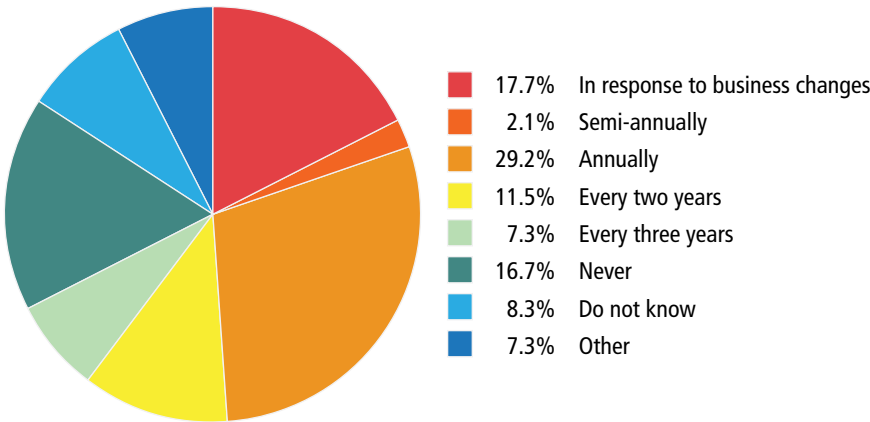


Figure 15.1: “How often does your organization conduct a BIA?” Organizations with a steering committee in place.

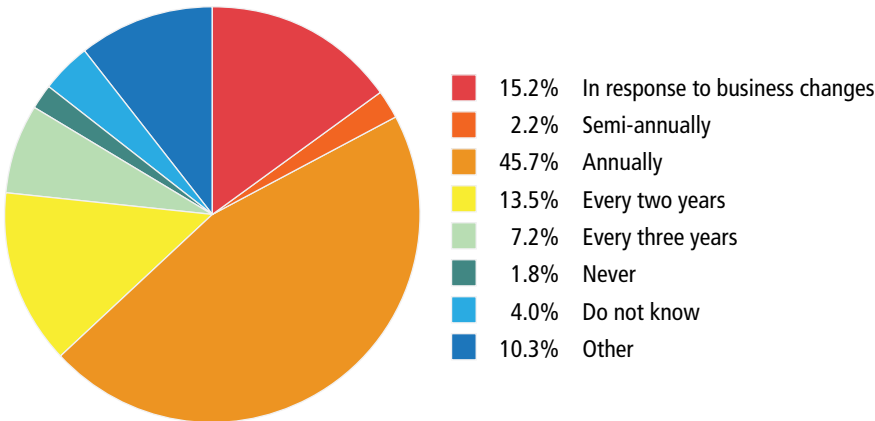


Figure 15.2: “How often does your organization conduct a BIA?” Organizations without a steering committee in place.

Establishing an effective Advisory or Steering Committee is one of the most challenging but most important aspects of a Head of BCMs jobs. Get it right and the BCM program should deliver on all levels but it requires lots of ongoing stakeholder engagement on the part of the person charged with managing the BCM program. Success is highly dependent on the technical knowledge and interpersonal skills of the Head of BCM. This can often be overlooked when an appointment is made. However, it is likely to have a direct impact on the overall success, which has been established from this survey, of having an effective senior management Advisory or Steering Committee.”

— Steve Mellish,
Chairman,
The BCI

“It is not surprising that the importance of compliance to regulations jumped to number two among all reasons for BCM, given the number of responders from regulated entities...It is long overdue for our professional organizations to play a more key role in guiding those regulations.”
 – Doug Weldon,
 President,
 The BCI – USA

“[The results] show that the influence of ISO 22301 is perhaps higher than many might of thought in North America. The rapid decline in NFPA 1600 is almost mirrored by the growth in ISO 22301.”
 – Lyndon Bird,
 Technical Director,
 The BCI

“Extremely surprised and encouraged to see that more than 42% of respondents identified ISO 22301 as the standard supporting their programs. Given that the 2011-2012 survey combined response for BS25999-2 and ASIS BCM.01-2010 was only 16%. We’ve come a long way in two years.”
 – Tim Mathews,
 Executive Director,
 Enterprise Resiliency,
 Educational Testing Service (ETS)

3.7 Leveraging Standards To Support The Program

Respondents were asked to indicate the business-continuity related standards their organization uses to support their BCM Program. This year, as referenced in Figure 16, there was a significant increase in the number of organizations using ISO standards and ITIL, and a significant decrease in those using the NFPA 1600 standard.

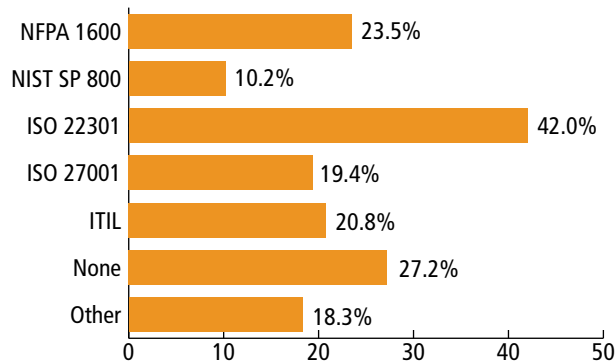


Figure 16: BCM standards used (in addition to regulatory requirements).

When evaluating the responses to this question where a steering committee is in place versus when no steering committee is in place, the following responses were noted:

Steering Committee vs. No Steering Committee

- International - ISO 22301 (47% vs. 30%)
- USA – NFPA 1600 (27% vs. 15%)
- International - ISO 27001 (22% vs. 13%)
- Information Technology Infrastructure Library (ITIL) (24% vs. 13%)
- USA – NIST SP 800 (12% vs. 6%)
- None (21.0% vs. 42%)

3.8 Integration With Other Disciplines

When we compared the responses to a similar question from the 2011-2012 benchmarking study, the integration of BCM programs with other interdependent disciplines shows little progress in strengthening the integration of the capabilities highlighted below and other disciplines that can be found in the final report and related custom reports. The most widely-integrated discipline is crisis management, with 73% of respondents indicating that their BCM program is integrated with crisis management “extremely” or “very much.” This is up from 68% of respondents in 2011-2012. Those who answered that their program was “extremely” or “very much” integrated with the following disciplines:

Strategic Planning: 31% vs. 34% in 2011-2012.

Enterprise Risk Management: 55% vs. 52% in 2011-2012.

Strategic Sourcing/Procurement: 33% vs. 32% in 2011-2012.

3.9 Integration With Third Parties

As referenced in Figure 17, only 16% of respondents reported a high level of integration with all mission-critical third-party service providers.

Other levels of integration included:

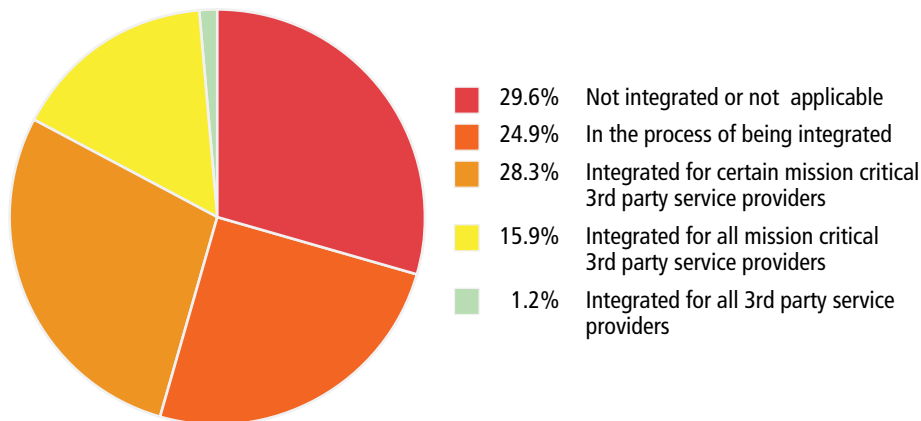


Figure 17: Extent that BCPs for third-party service providers are integrated within organizations' BCM programs.

As shown in Figure 18, organizations have varying approaches to managing supply chain stakeholders in BCM programs.

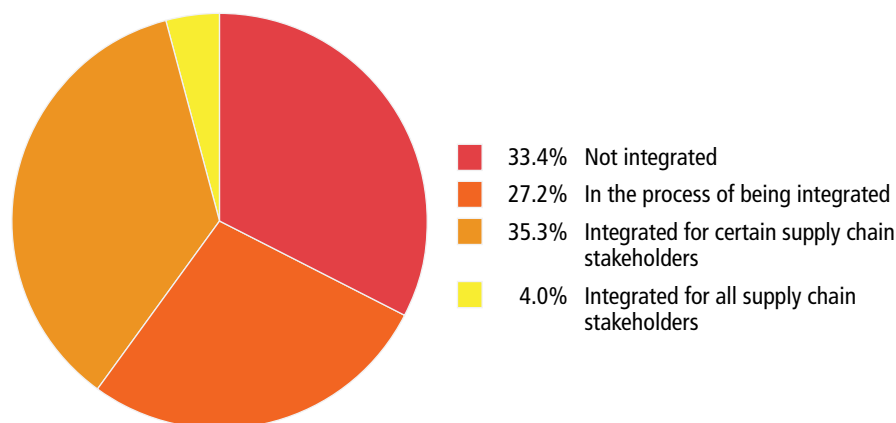


Figure 18: Extent that the BCPs for key supply chain stakeholders 'that you rely on to deliver your products or services to market' are considered and being managed within BCM programs.

Apparently only about half of critical partners are being integrated into the BCM program. It appears organizations are still not realizing external partners are critical to their success.

A very well developed internal BC plan can fail if there is a great deal of dependence on a critical external partner and that partner's level of readiness, response and recovery is way below what is required."

— Mike Janko,
Manager,
Global Business Continuity,
The Goodyear
Tire & Rubber Co.

There are multiple survey responses indicating minimal involvement of all external partners being well engaged within internal BC programs and about 40-50% have certain suppliers integrated and are working on adding more, so there is a lot of opportunity for process improvement here."

— Mike Janko,
Manager,
Global Business Continuity,
The Goodyear
Tire & Rubber Co.

“A business is not an island; integration with public partners, customers and supply chain vendors are all part of a viable program. A partnership internally and externally promotes commitment to preparedness and to bridge existing gaps.”

– Michele Guido,
Business Assurance Principal,
Southern Company

“Corporate America continues to focus on executing only core competencies within their organizations and looking to third party providers to perform functions that are not within the core competencies. I believe we are seeing this trend with the increase in respondents indicating they are working on integration with suppliers and service providers.”

– Tonya T. York, VP,
IT Service Continuity
Management,
McKesson Corp.

3.10 Use Of Software

Respondents noted their organizations are using or are in the process of deploying various types of software packages within the next year. Compared to the last study, more organizations reported using both emergency notification software and BCM software.

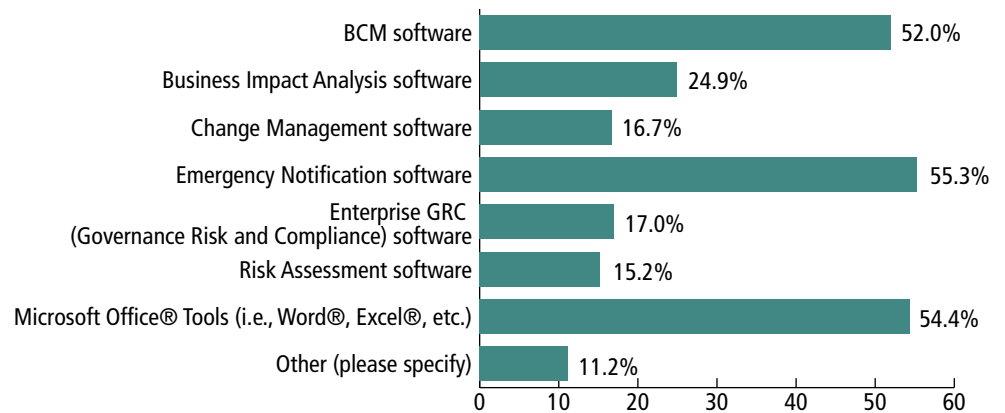


Figure 19: BCM program-related software packages organizations have implemented or plan to implement in the next year.

3.11 IT Recovery Strategy & Disaster Recovery Capabilities

Respondents were asked a series of questions regarding their organizations' IT disaster recovery strategy and recovery-related capabilities.

As noted in Figure 20, almost half of the respondents did not know how the percentage of their organization's IT budget is spent on IT DR capabilities.

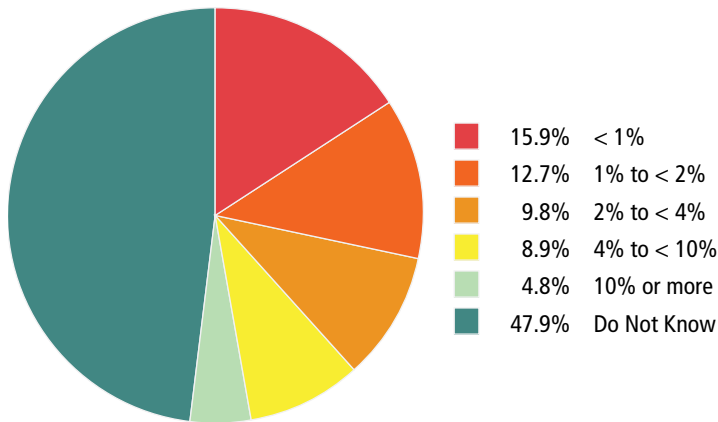


Figure 20: Percentage of IT budget spent on IT DR strategy and recovery-related capabilities.

When it comes to carrying out full scenario testing an organization's IT Disaster Recovery plans involving relevant people, processes and technologies, the majority of organizations reported testing annually.

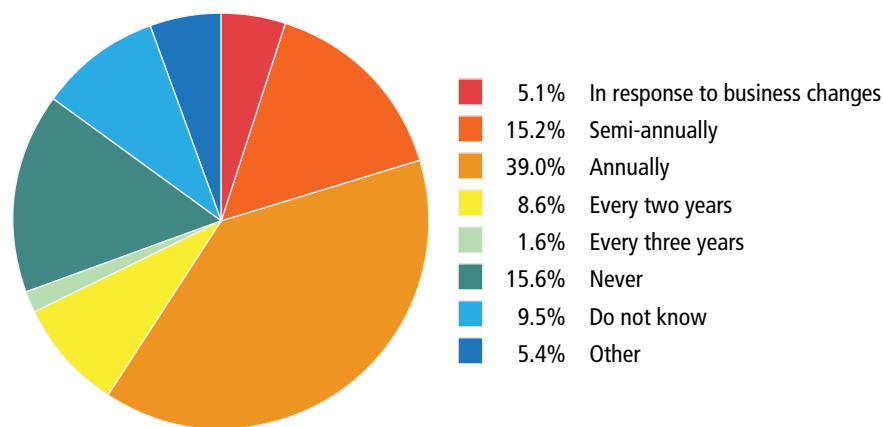


Figure 21: Frequency of full-scenario testing of organizations' IT DR plans involving relevant people, processes and technologies.

It is great to see so many BCM programs engaged in cyber attacks. I believe we have a natural role in such events for a number of reasons including preserving the company's reputation, a historic role of the BCM program. Also BCM is naturally involved when a cyber breach is accompanied by data corruption. But most of all, I believe we have an essential role in leveraging our Crisis/Incident Management capabilities on behalf of managing cyber events that can impact so many parts of the organization and so many stakeholders."

– Doug Weldon,
President,
The BCI – USA

“I am surprised that 68% responded ‘Do not know’ to Q50 regarding cloud recovery strategies and 41% to Q51 regarding application data in the cloud. This is an important and fast-moving trend that must be understood by continuity planners – not just IT staff.”

— Tim Mathews,
Executive Director,
Enterprise Resiliency,
Educational Testing Service
(ETS)

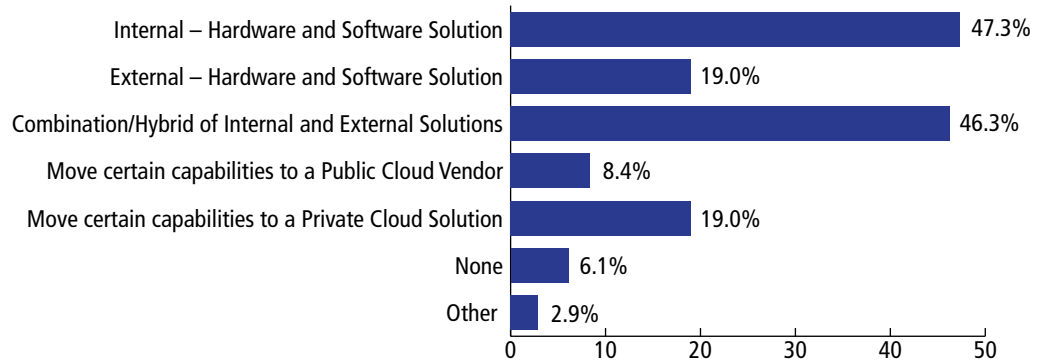


Figure 22: Organizations' current IT DR strategies.

As shown in Figure 22, “Combination/Hybrid Of External & Internal Solutions and Internal — Hardware & Software” was the most common IT disaster recovery strategy.

3.12 Cloud Applications

The majority of respondents (41%) did not know what percentage of application data is stored in the cloud; another 29% reported that none is stored in the cloud. Other results include:

- <10%: 14% of respondents
- 10 to <25%: 7% of respondents
- 25% to <50%: 3% of respondents
- 50% to <75%: 2% of respondents
- 75% or more: 3% of respondents

Figure 23 illustrates that the majority of respondents (68%) ‘Do Not Know’ if there organization is currently implementing their organization’s currently implemented IT DR plans in the cloud.

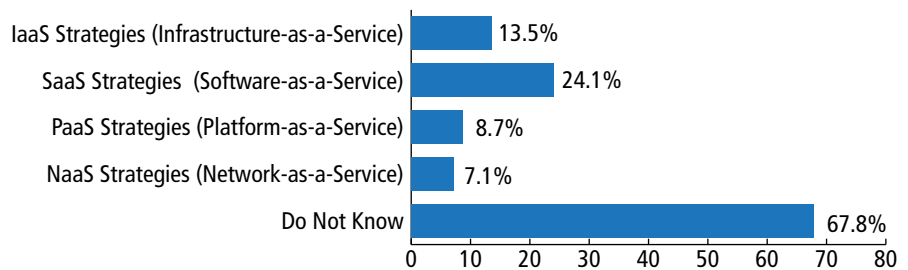


Figure 23: Organizations' currently implemented IT DR plans in the cloud.

3.13 Mobility Applications & Bring Your Own Device (BYOD)

41% of organizations reported having no BYOD program in place.

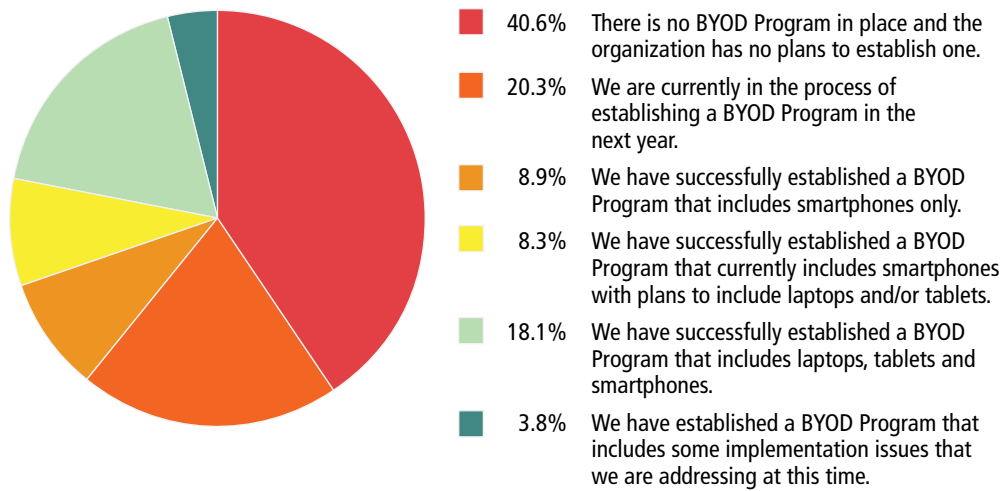


Figure 24: Status of BYOD programs.

3.14 Social Media Integration

While the majority (49%) of organizations were not utilizing social media in any of their plans, 33% reported using it for Crisis/Emergency Management plans. In the 2011-2012 study, 57% reported that they were not utilizing social media in any of their plans.

Figure 25 illustrates plans addressing social media.

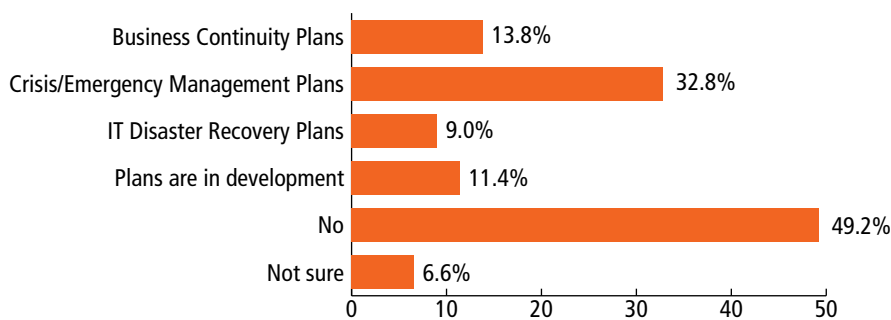


Figure 25: "Is your organization utilizing social media in any of the following plans?"

“Cyber threats are a concern for 31% of respondents, but 46% do not include them in planning. Since cyber threats are reported by government officials as a top threat in 2014, those who choose not to include cyber threats in their strategy will need to be prepared to address the issue if there is a loss of intellectual property, privacy issues and other related incidents.”

— Mike Janko,
Manager,
Global Business Continuity,
The Goodyear
Tire & Rubber Co.

“It is concerning that the proportion of respondents whose plans include cyber security response has not increased significantly since the last study, given that 20% said that they had plans in development at that time.”

— Ed Matley,
Director,
KPMG

“This is an essential BC issue and one that the professional must address. Imaginative approaches (in conjunction with InfoSec colleague) to harness the strength of both professions is urgently needed.”

— Lyndon Bird,
Technical Director,
The BCI

“I see cyber terrorism as one of the biggest threats to most organizations. I believe BCP professionals have to get more involved and become better engaged.”

— Ken Otis,
Director,
Business Continuity
Management,
CVS Caremark

3.15 Cybersecurity Integration

As illustrated in Figure 26, 36% of organizations reported that they do not address cyber terrorism in their BCM Program and related plans.

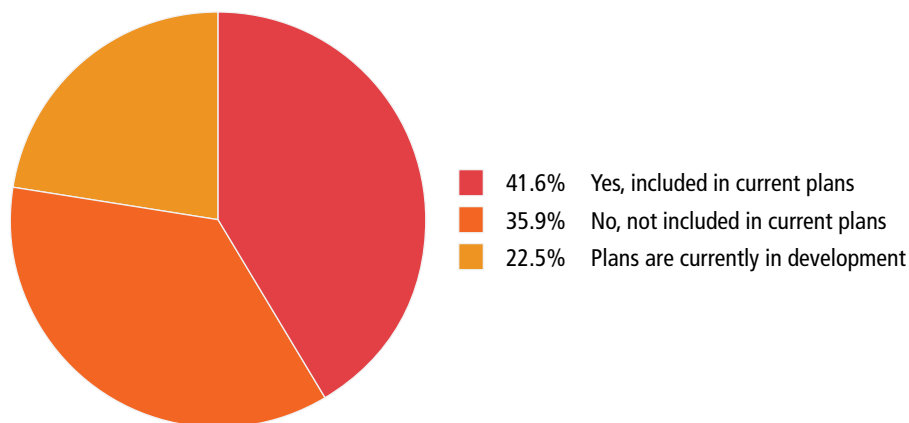


Figure 26: Organizations addressing cyber terrorism in BCM programs and related plans.

Study results indicate that organizations with a steering committee are more likely to address cybersecurity related incidents within their BCM program and related plans.

Steering Committee

- Yes, included in current plans (46%)
- No, not included in current plans (31%)
- Plans are currently in development (23%)

No Steering Committee

- Yes, included in current plans (32%)
- No, not included in current plans (46%)
- Plans are currently in development (22%)

4. Closing Thoughts

As organizations continue to develop and/or refine new business models, and their use of enabling technologies such as cloud, social media, data and analytics increases, the need to effectively manage the evolving threats and risks to their resiliency continues to be a focus of senior management and the board.

In this year's survey, there was a significant increase in the number of organizations that experienced an incident or interruption in the past year that caused them to activate one or more business continuity plans, particularly around IT or Cyber Security, Social Media and Data Privacy. These results demonstrate how organizations are continually required to remain vigilant in the development, maintenance and monitoring for their business continuity programs as new business strategies and emerging threats change the game for business continuity professionals.

Our respondents told us that the establishment of a Senior Management Advisory or Steering Committee and focused resources from the organization's Program Management Office and other business groups were seen as critical considerations in driving program capabilities and effectiveness. While the BCM program governance, frameworks and some of the players and risks, have changed, it continues to be clear that some of the basic tenets of business continuity culture and organization remain key components to a successful and sustainable program.

— Tony Buffomante, KPMG

It is essential that the BC program has proper support from the top of the organization. Without this it has little possibility to gather the interest it needs from middle management and operational business units. How this support manifests itself can vary but having it formally recognized in an Advisory Board or Steering Committee structure is the most practical approach. The results of the survey are unambiguous; those organizations that have such a group are more effective than those who do not. It is probably not just the existence of the group that is important, but also the messages it sends to the wider organization. With the general acceptance that BCM has to take a wider view and move to a more pro-active resiliency approach, it is no surprise that those with a Steering Committee are more likely to integrate their BCM Program with suppliers, service providers and public authorities . . . The belief that corporate BCM programs can operate in isolation of the requirements of other actors does need to be challenged.”

— Lyndon Bird,
Technical Director,
The BCI

“ It is often spoken about the importance and value of having a senior executive on board to champion business continuity within an organization and this is absolutely true. However, it is only part of the story and the findings from this survey underline the importance of establishing a group of senior individuals in an organization with key ingredients to effectively drive the BCM program by representing the needs of their respective areas of the business. Some of those key ingredients, from my experience, are that the people have to have relevant knowledge and experience of their area of the business combined with the skills to collaborate. This of course has to be included with the appropriate authority to make decisions on behalf of the business. A trend throughout the survey findings is that in all cases, a better result for a company’s BCM program is achieved by having a Senior Management Advisory or Steering Committee in place.

— Steve Mellish,
Chairman,
The Business Continuity
Institute
(BCI)

5. Requests For Benchmarking Reports & Key Contact

A number of custom reports are available and can be accessed on the Continuity Insights website www.ContinuityInsights.com. Those custom reports are:

- Annual revenue
- Entity type (public companies, private companies, government agencies or authorities, and not-for-profits)
- Governance (Entities with an Advisory Steering Committee, Entities with no Advisory Steering Committee)
- Industries (Computers/IT hardware, software and services; Financial services; Government; Healthcare; Manufacturing; Professional services and Utilities)
- Number of employees

If you would like to request a custom report that has not already been developed and available on the website , please provide the following information to Robert Nakao at robert.nakao@advantagemedia.com

Your name, organization, e-mail address, and the type of custom report(s) you would like to receive.

You will be provided the custom report(s) generally within five (5) business days of the receipt of your request.