KPMG

cutting through complexity

Benchmarking Business Continuity Management

Vancouver

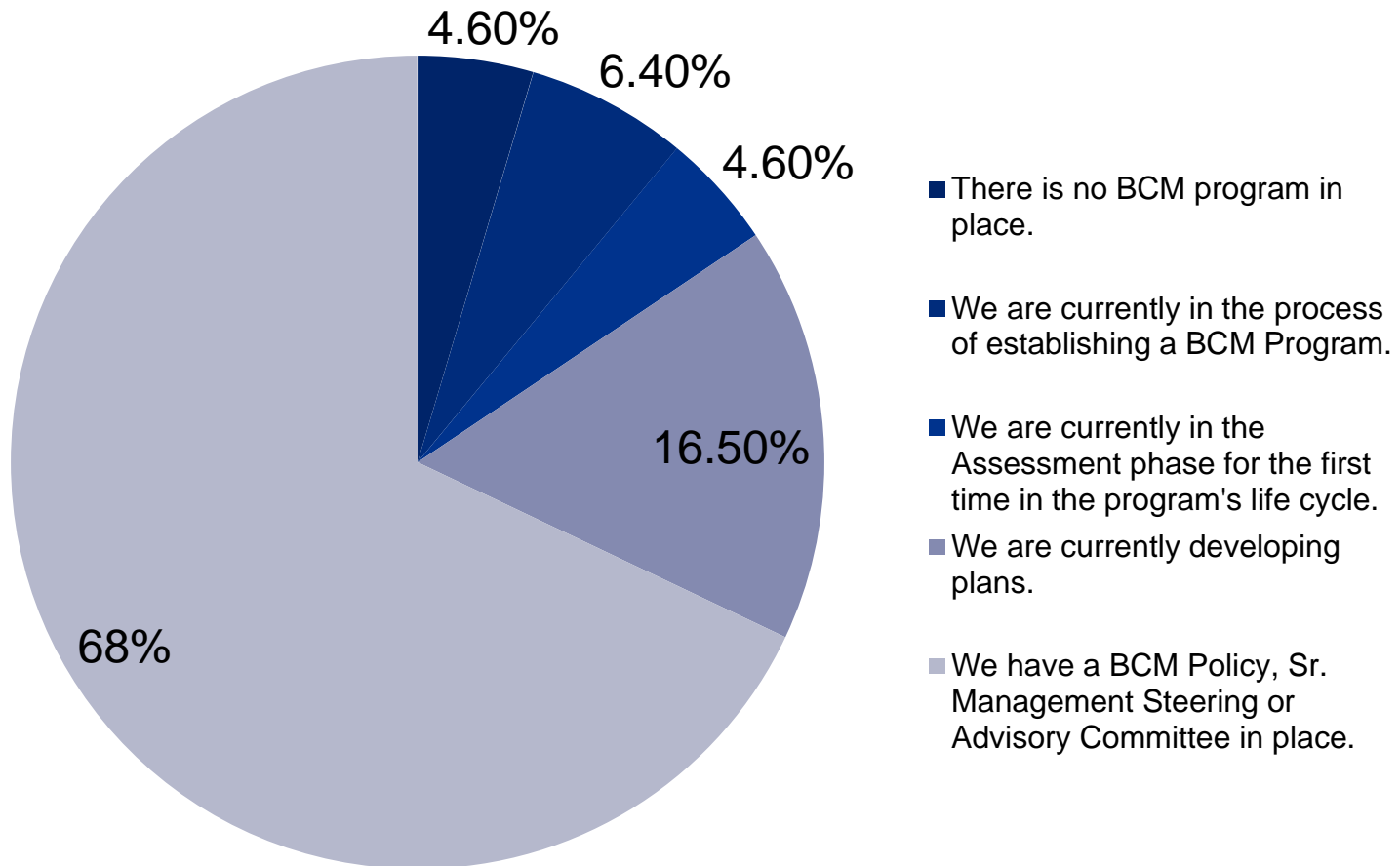November 18, 2014

Agenda

1. **Introduction**

2. **Global BCM program benchmarking study survey results**

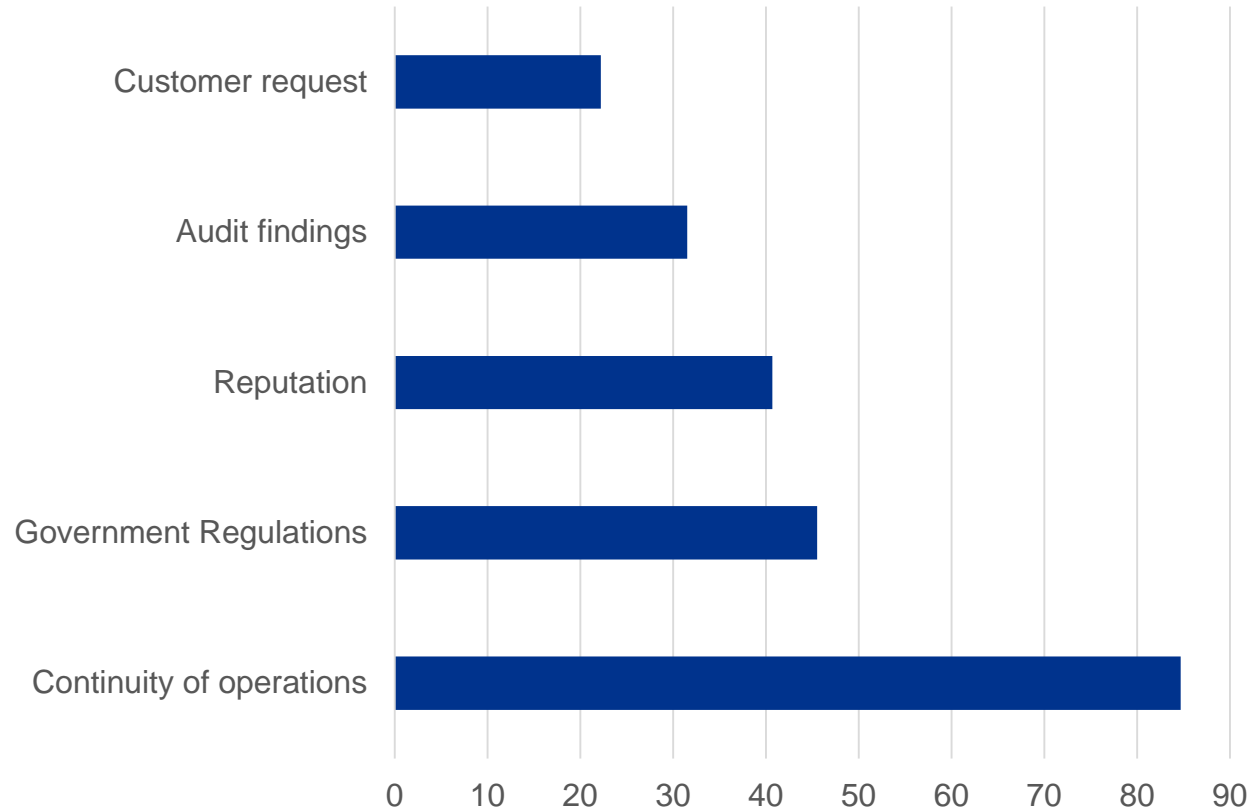3. **Next steps**

4. **Questions**

Survey methodology and respondent profile

- **Online survey conducted between January and February 2014**

- **Explored changes in the following:**
  - Global risk landscape
  - Regulatory requirements and supply chain interdependencies
  - Compares the programs of organizations with a steering committee in place against those without a steering committee in place

- **Respondents included 434 executives in public and private companies, government agencies and authorities, educational institutions, and not-for-profit entities**
  - 72.3 percent of respondents were from North America
  - 70.4 percent of companies have global or national multi-site operations
  - 24.1 percent were from the Financial Services Industry

- **Similar surveys were conducted in 2008 and 2012 which allows for some comparison over time**
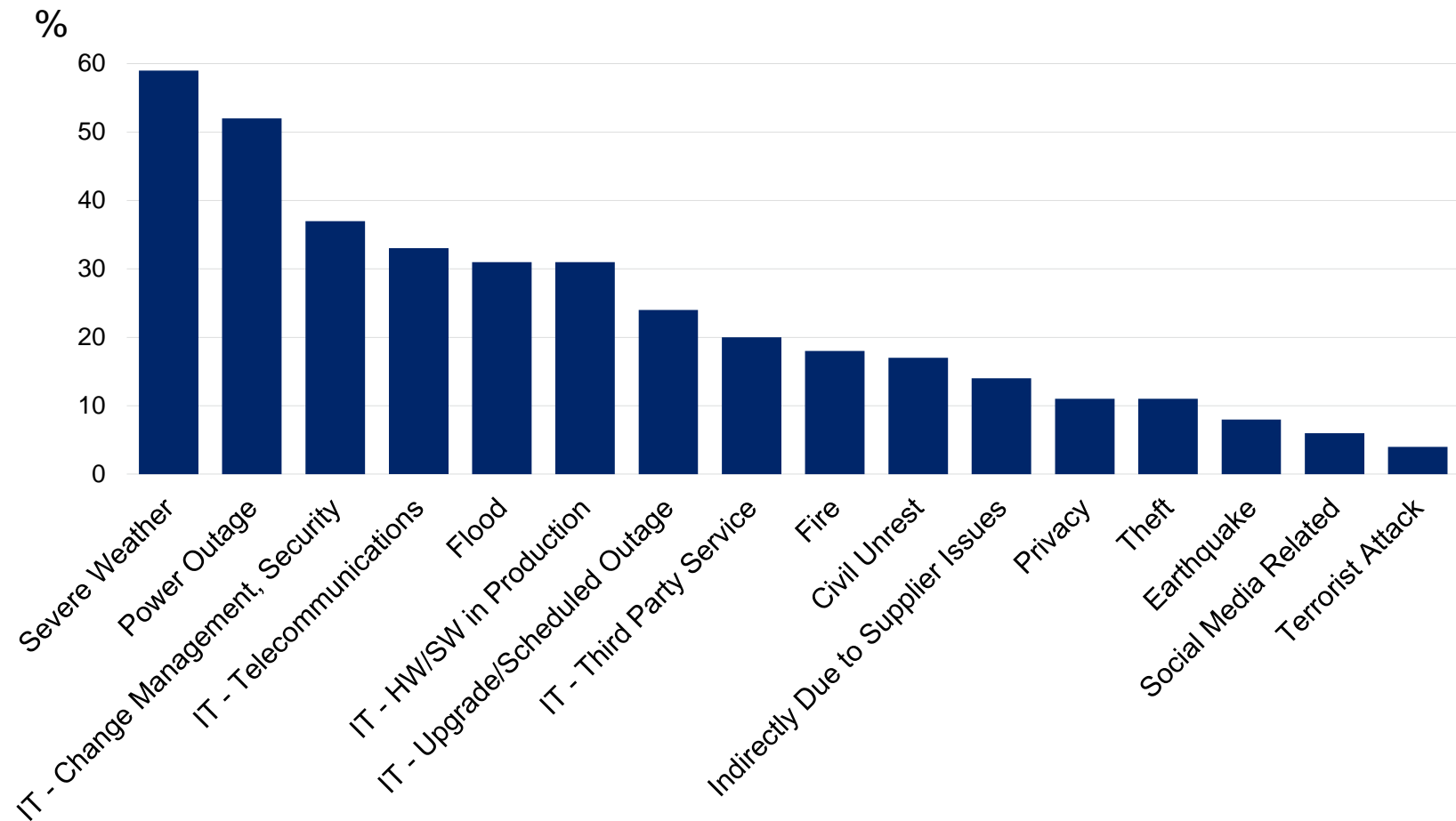
Current Program Governance Status

- 4.60% — There is no BCM program in place.
- 6.40% — We are currently in the process of establishing a BCM Program.
- 4.60% — We are currently in the Assessment phase for the first time in the program's life cycle.
- 16.50% — We are currently developing plans.
- 68% — We have a BCM Policy, Sr. Management Steering or Advisory Committee in place.

Reasons for program establishment

Reasons for BCM Plan Activation:
Potential Operational Risks & Impact of Adverse Events

%

| Category	%
Severe Weather	59
Power Outage	52
IT - Change Management, Security	37
IT - Telecommunications	33
Flood	31
IT - HW/SW in Production	31
IT - Upgrade/Scheduled Outage	24
IT - Third Party Service	20
Fire	18
Civil Unrest	17
Indirectly Due to Supplier Issues	14
Privacy	11
Theft	11
Earthquake	8
Social Media Related	6
Terrorist Attack	4

Have you considered these in your risk assessment?

BCM Program Performance Measurement

Chart legend:
- **No Steering Committee** (light purple/grey bars)
- **Steering Committee** (dark blue bars)

Category	No Steering Committee	Steering Committee
Business Continuity Plan exercise	44	72
Audit findings	39	55
N/A We do not measure BCM	30	10
Metrics program	28	44
Technology recovery test results	25	51
Business Continuity performance reviews	20	37
Benchmarking	16	33
Review program capabilities vs. standards	14	26
Maturity modeling	12	30
Service level monitoring	8	14
Cost/Benefit	5	8
Other	1	2

X-axis: % (0, 20, 40, 60, 80)

Presence of the steering committee has a large impact on measurement, most notably on testing and exercising

Meeting Recovery Time Objectives: Steering committee vs. No steering committee

Do not know
- No Steering Committee: 24
- Steering Committee: 16

Not at all
- No Steering Committee: 5
- Steering Committee: 4

Somewhat
- No Steering Committee: 16
- Steering Committee: 10

Mostly
- No Steering Committee: 34
- Steering Committee: 33

Completely
- No Steering Committee: 21
- Steering Committee: 38

Legend:
- No Steering Committee
- Steering Committee
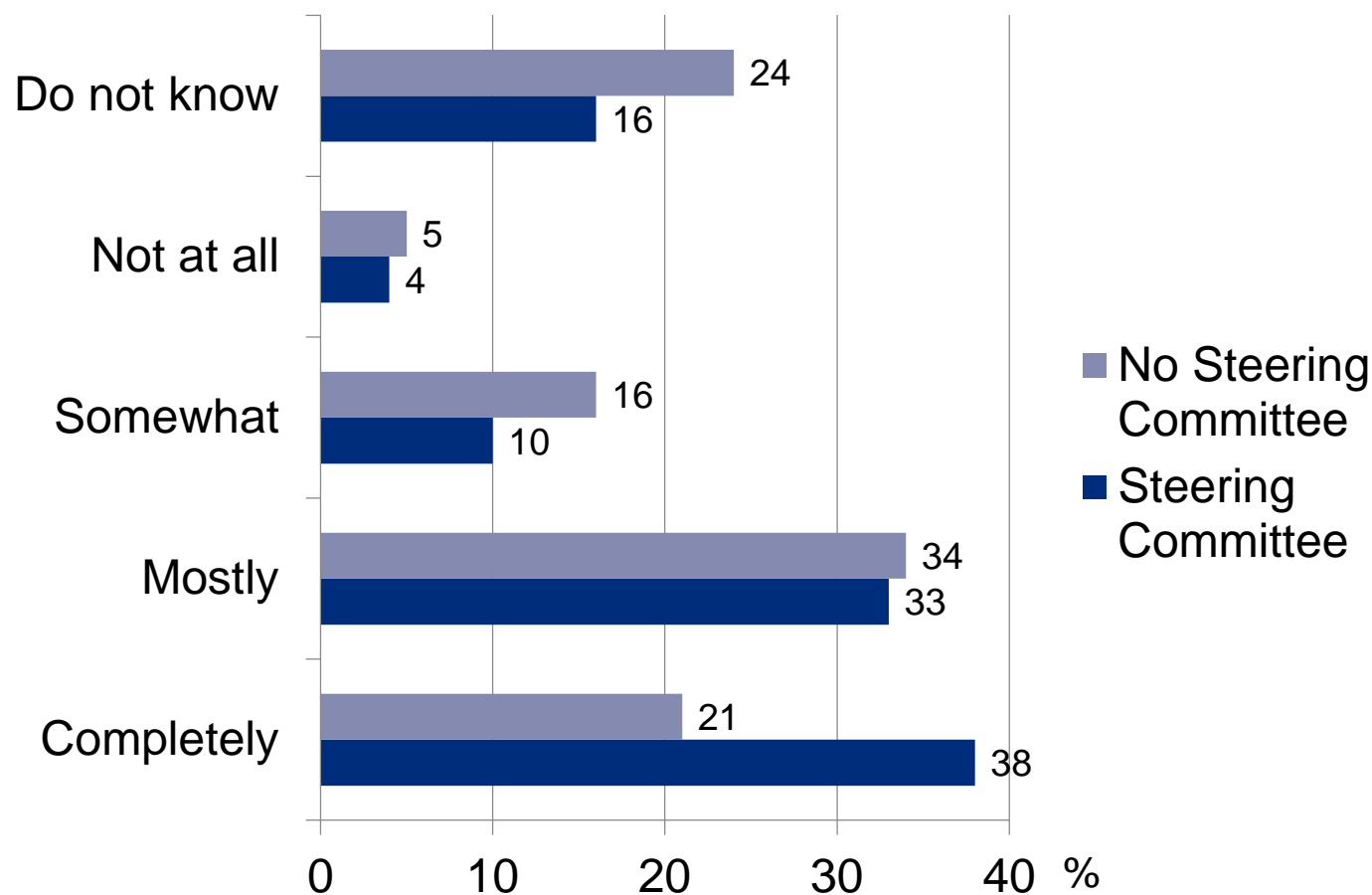
The result varied significantly when Steering committee is in place compared to when a steering committee is not in place

Leveraging Standards to Support BCM program

Chart: Standards used to support BCM program, comparing 2011/2012 and 2013/2014 survey results (percentages)

- **ISO 22301** — No data from 2011 / 2012 survey; 2013/2014: 42.0%
- **NFPA 1600** — 2011/2012: 45.6; 2013/2014: 23.5%
- **ITIL** — 2011/2012: 10.2; 2013/2014: 20.8%
- **ISO 27001** — 2011/2012: 11.9; 2013/2014: 19.4%
- **Other** — 2013/2014: 18.3%
- **NIST SP 800** — 2011/2012: 10.6; 2013/2014: 10.2%

Legend: 2011 / 2012; 2013 / 2014
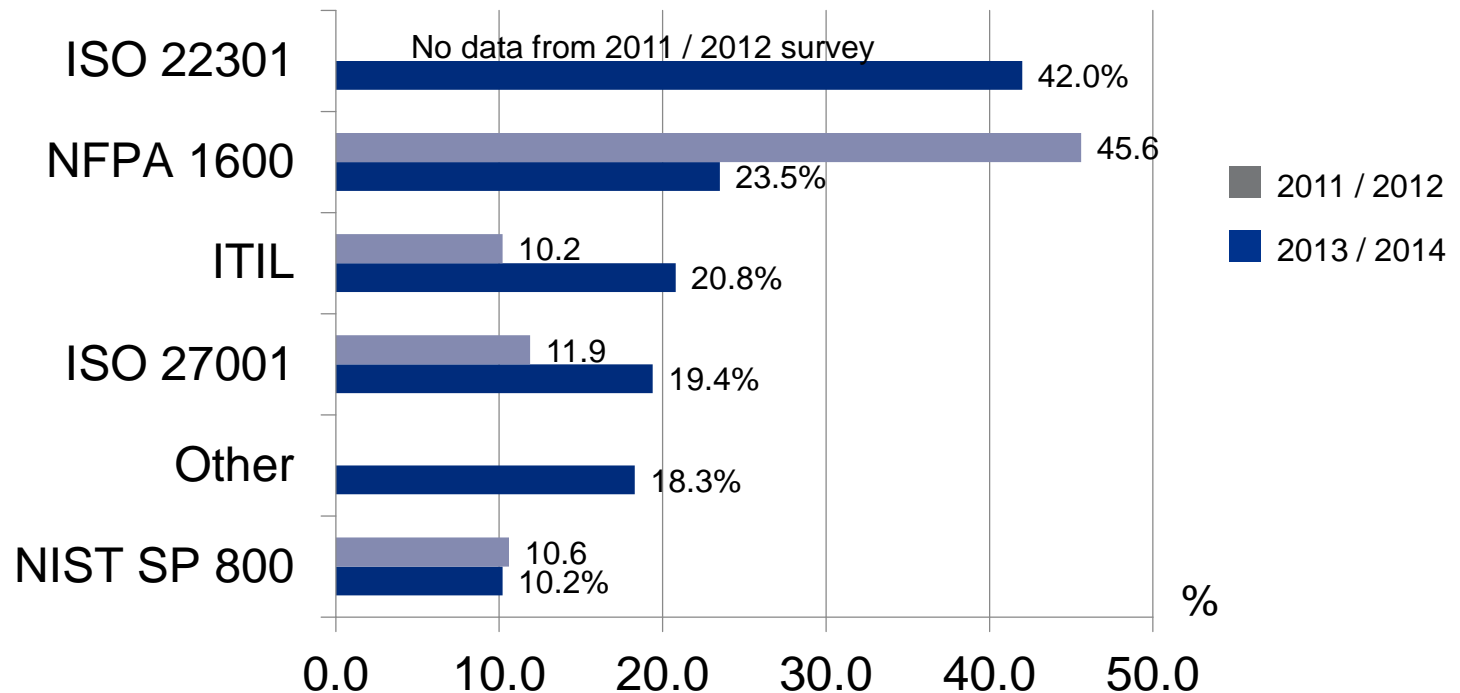
"There was a significant increase in the number of organizations using ISO standards and ITIL, and a significant decrease in those using the NFPA 1600 standard for their Business Continuity Program"

BCM Program Integration

High Level of BCM Integration with:	2011-12	2013-14
Corporate Strategic Planning Program	34%	31%
Enterprise Risk Management Program	52%	55%
Strategic Sourcing/Procurement Program	32%	33%
Crisis Management Program	68%	73%

Integration with third parties
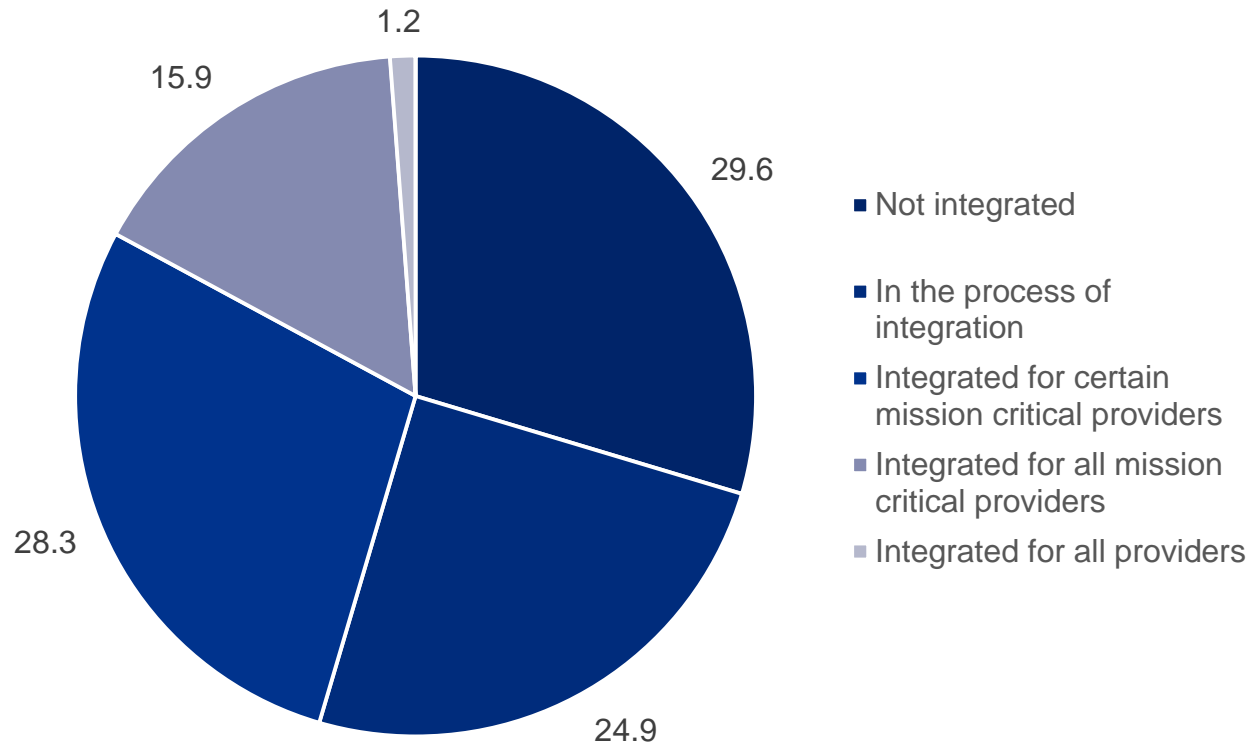
BCM Software Packages
Implemented or Plan to Implement within the next Year

Chart: BCM Software Packages Implemented or Plan to Implement within the next Year (%)

Software	2012	2014
Emergency Notification software	46.7	55.3
MS office tools	45.5	54.4
BCM software	46	52
Business Impact Analysis software	22.8	24.9
Enterprise GRC software	11.5	17
Change Management software	12.13	16.7
Risk Assessment software	13.4	15.2
Other	14.1	11.2
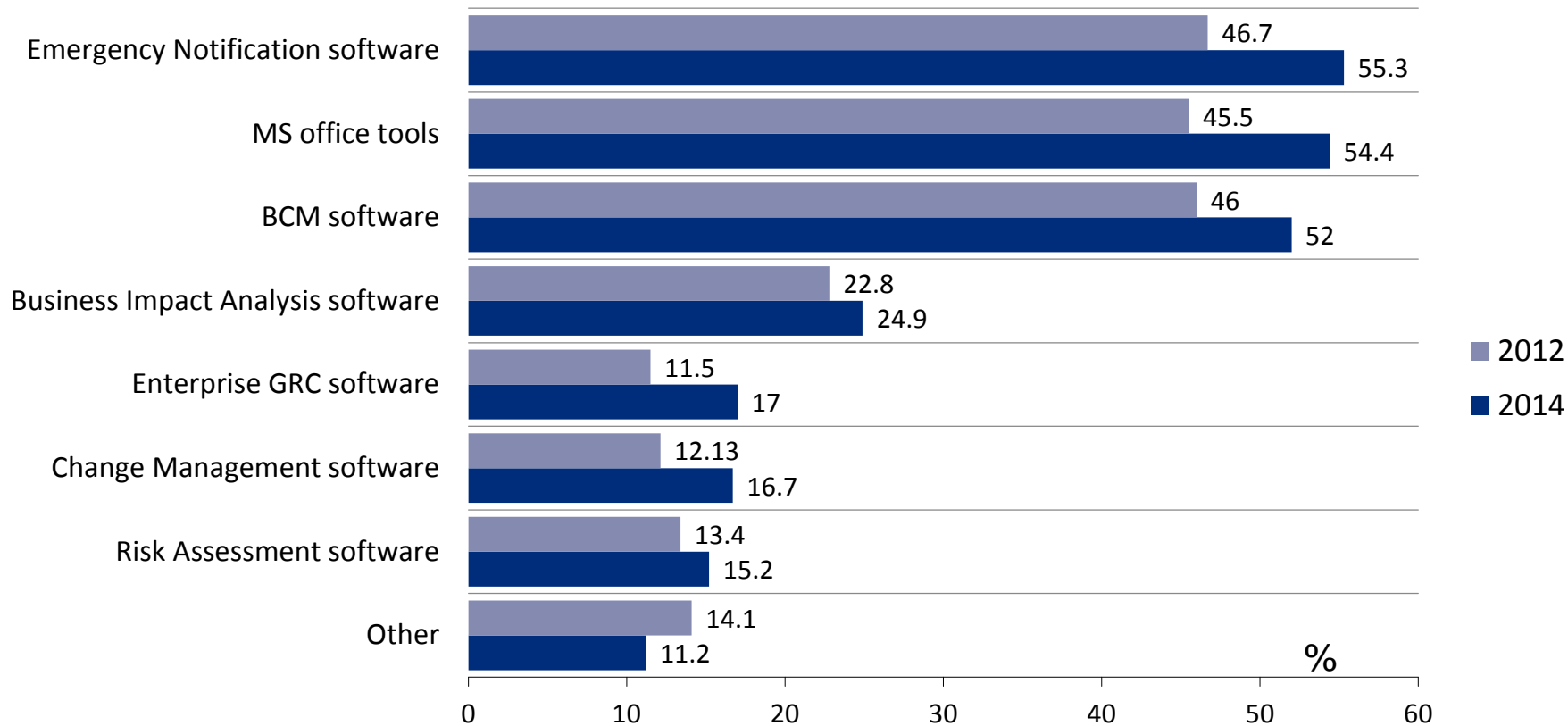
Maturity of solutions increased significantly in recent years

Business Impact Analysis Frequency: Steering Committee in place vs. without Steering Committee

Chart: Business Impact Analysis Frequency comparing "Steering Committee" and "Without Steering committee"

Category	Steering Committee	Without Steering committee
Other	10.3	7.3
Do not know	4	8.3
Never	1.8	16.7
Every three years	7.2	7.3
Every two years	13.5	11.5
Annually	45.7	29.2
Semi-annually	2.2	2.1
In response to business changes	15.2	17.7

Leading practice is to update at least once a year and more if there are significant changes

Social Media in Current BCPs, Crisis Management and/or IT Disaster Recovery Plans

Horizontal bar chart showing:
- No: 49.2%
- Crisis/Emergency Management Plans: 32.8%
- Business Continuity Plans: 13.8%
- Plans are in development: 11.4%
- IT Disaster Recovery Plans: 9%
- Not sure: 6.6%

(x-axis: 0 to 50, labeled %)
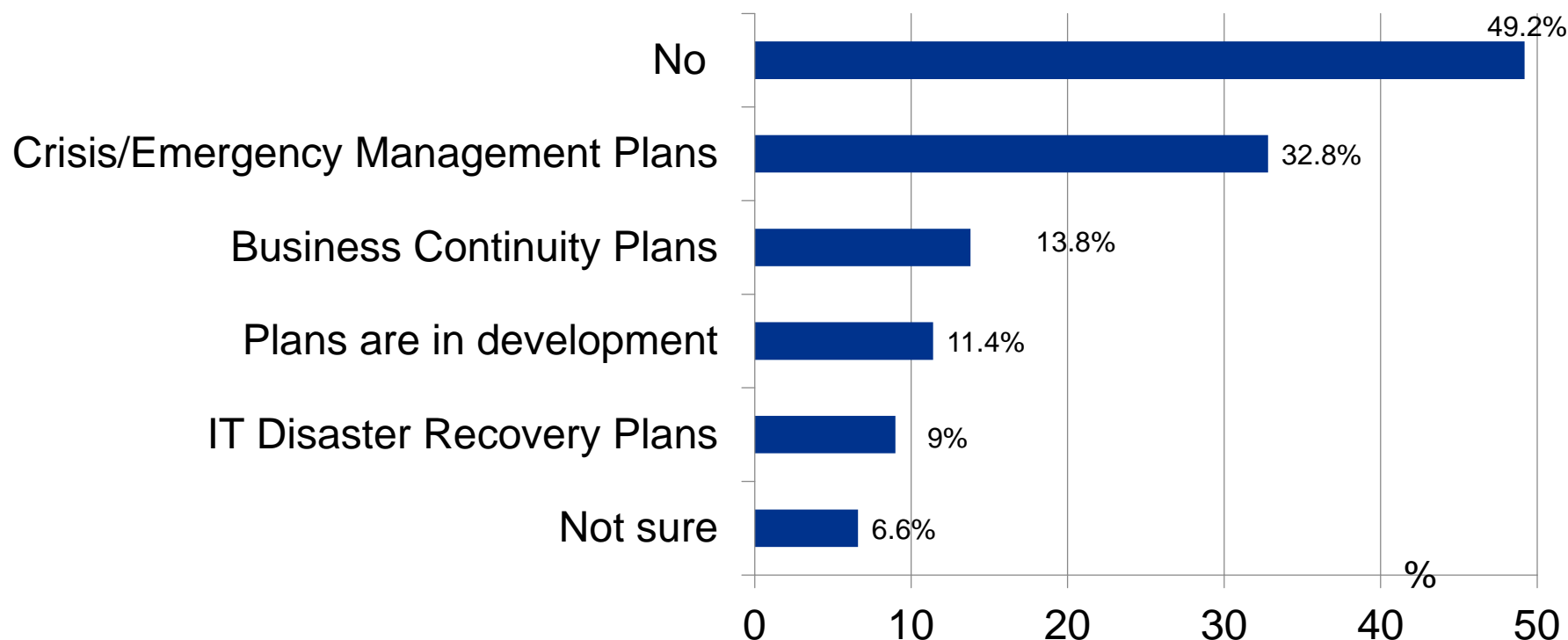
While the majority (49%) of organization were not utilizing social media in any of their plans, 33% reported using it for Crisis/Emergency Management plans. In the 2011-2012 study, 57% reported that they were not utilizing social media in any of their plans.

Cyber Security Integration

36% of organizations reported that they do not address cyber terrorism in their BCM Program and related plans.
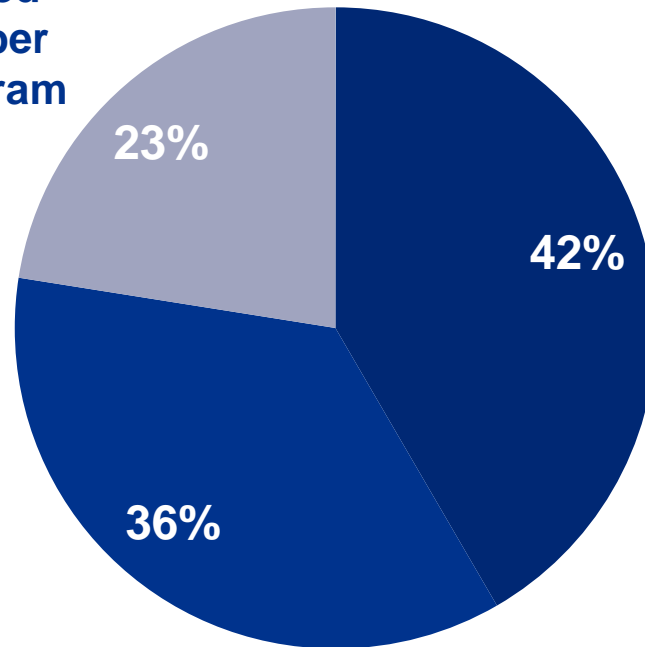
- ■ Yes, include in current plans
- ■ No, not included in current plans
- ■ Plans are currently in development

"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, BCM, CVS Caremark

"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

Survey Summary

- **Survey provides some great data for you to be able to benchmark your organization**

- **Despite the slow development of BCM as a practice, there's still some way to go**

- **Business interruption is becoming more frequent**

- **Engagement of a steering committee has a significant impact positive impact on many areas of a BCM program**

- **Integration with other areas of the business could yield incremental value**

- **Use of social media has exploded – and needs to be managed**

- **Increased focus on reputation – see bullet above!**

Next Steps

Consider the following:

How effective is your BCM program steering committee?

How high is BCM on your organization's list of priorities?

How well do your exercises evaluate your people, infrastructure, plans?

- What other options should you consider to deliver results?

Is your executive trained to defend your reputation in front of the media?

- Review your communication plans, media training and key messages.

- Practice, practice, practice.

Are you ready to leverage social media in the event of a business disruption?

- Which social media and how?

How is your organization preparing to respond to cyber threats?

Thank you for your attendance today.

Link to Survey:
http://www.continuityinsights.com/articles/2014/04/2013/
2014-continuity-insights-kpmg-llp-global-business-
continuity-management-program-benchmarking-study
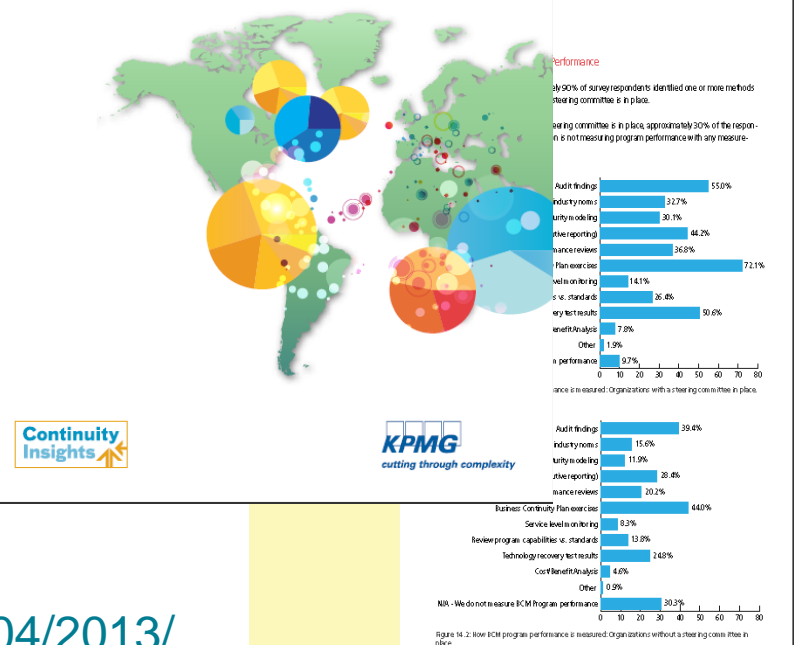
Questions?

Thank you

Our Team

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