*Continuity Insights &*
*KPMG LLP Present The*

# 2011-2012

# Global Business Continuity Management (BCM) Program Benchmarking Study

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# 1 Executive Summary

## 1.1 Introduction

The complex environment in which businesses operate today creates the need for sophisticated business continuity management (BCM) programs that address a wide range of threats, including natural disasters, technology issues and man-made incidents. It is also important that these programs stay in sync with the strategic goals of the organization. The *2011-2012 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.

Data used in this report is based on anonymous survey responses from 685 executives in public and private companies, government agencies and authorities, educational institutions, and not-for-profit entities. Respondents come from over 40 countries with approximately one-third working for organizations with headquarters outside the United States.

The online survey, conducted by *Continuity Insights* between November 2011 and January 2012, explores changes to the global risk landscape, supply chain interdependencies, the emergence and increased usage of cloud computing, mobile applications, and social media.

Business continuity professionals should use this report to target underdeveloped capabilities within their own BCM programs. In addition to the report, readers can view the full collection of survey responses on the *Continuity Insights* Website (www.continuityinsights.com).

## 1.2 Key Findings

Some BCM programs show signs of strong integration with other business functions, and robust practices for developing and measuring program performance; however, many BCM programs lack in these areas and, in turn, are not currently positioned to achieve a high level of organizational preparedness.

Following is a selection of key findings in the areas of program integration, development and performance. Detailed results follow in the body of the report.

### 1.2.1 Program Integration

- 34% of respondents feel their BCM programs are well integrated with strategic planning capabilities.
- 32% of respondents indicate their BCM programs are well integrated with strategic sourcing and procurement capabilities.
- 52% of those surveyed feel their BCM programs are well integrated with their organization's enterprise risk management program.

*"I find it somewhat curious that the numbers and magnitudes of the disasters that occurred in 2011 did not seem to cause any kind of discernible 'ripple' in the responses."*
***– John Copenhaver, Senior Advisor, BCI***

*"The reasons for interruptions fit well with similar BCI surveys; severe weather, floods, power outages and IT-related issues always score highly and of course earthquakes have become a key issue of late with both Japan and Christchurch, NZ happening in 2010. We have also found increasing concern about cyber attacks (particularly in government and financial services)."*
*– Lyndon Bird, Technical Development Director and Board Member, BCI*

### 1.2.2 Program Development

- 84% of respondents ran a business continuity plan exercise within the past year.
- The most widely-used standards are NFPA 1600 (46%), BS25999-1 and BS25999-2 (26% and 27% respectively), and ISO/IEC 270001 (12%).
- 65% of organizations have a full-time BCM coordinator.
- Over 38% do not know the financial impact of a five-day disruption or outage.
- Over 57% do not utilize the cloud in their IT disaster recovery plans; nearly 40% do not know how much of the organization's application data is currently stored in the cloud.
- Training: Only 18% of organizations significantly increased their spending on BCM/disaster recovery/emergency management plan training in 2011.
- Over 43% of organizations use or plan to use social media as part of their BCM programs..

### 1.2.3 Program Performance

- Business continuity plan exercises are by far the most widely-used method to measure the performance of BCM programs (85%), followed by audit findings (62%) and BCM program reviews (60%).
- Less than 8% of respondents put their BCM program in the highest-tier category for maturity (Level 6 – Synergistic).
- Less than 31% of respondents felt that their recovery time objective was completely met during the most recent interruption.

# 2 Survey Results

## 2.1 Potential Operational Risks & Impact Of Adverse Events

One of the critical success factors for an organization is the ability to identify and successfully mitigate the risks associated with running its operations. These risks, which can be grouped into various categories under the heading "operational risks," refer to any type of risk that is neither financial nor market related. For example, operational risk might include risks associated with the organization's human resources, business processes, supply chain interdependencies, facilities, information technology and relationships with public authorities.

The leading causes of operational disruptions – those that cause the activation of business continuity, crisis management and/or disaster recovery plan(s) – among the organizations surveyed are severe weather (50%), power outages (47%), flood (31%) and various IT-related interruptions.

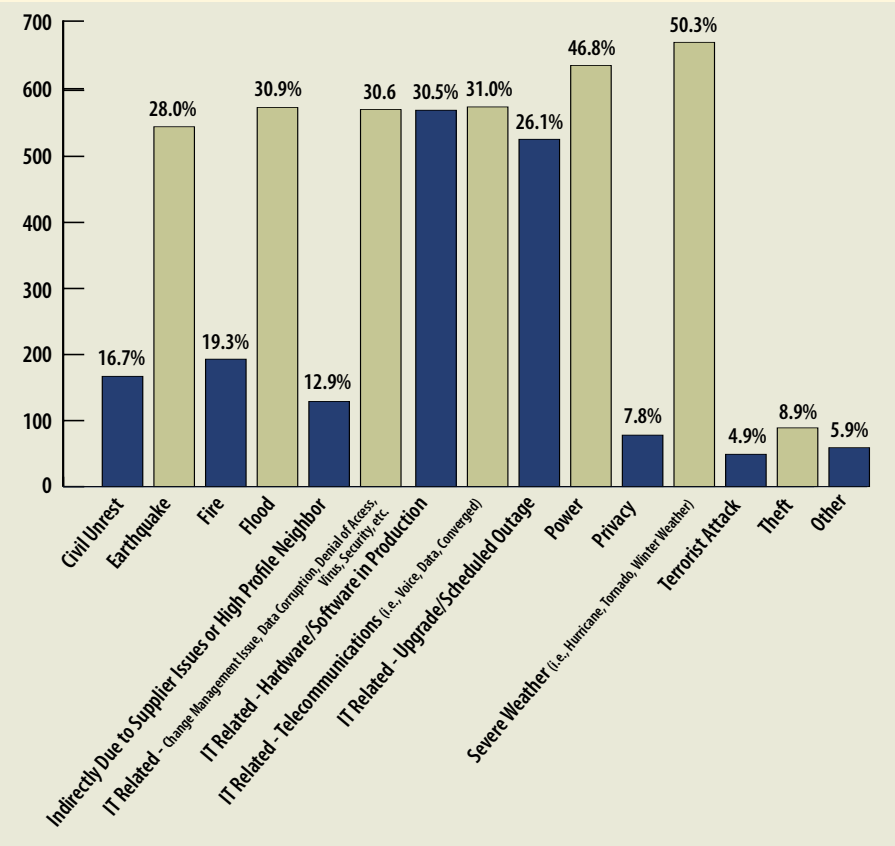


**Figure 1. Incident or interruption in the past 12 months that caused the activation of BCM plan(s).**

The cost of interruptions over the past twelve months is estimated to be over $50,000 for over a quarter (26%) of organizations, with nearly 5% estimating losses at over $1 million. Over 47% of respondents indicated they "do not know" the total cost of interruptions over the past twelve months.

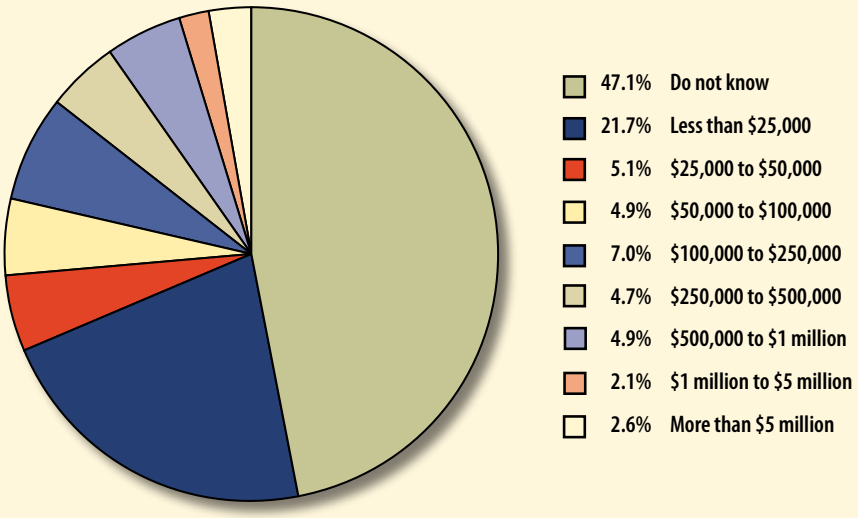


**Figure 2. Estimated cost of business disruptions over the past 12 months.**

*"The fact that 31% of respondents felt they had met their RTO during a disruption, when 85% are using exercises, indicates there is room to improve the quality of exercises."*

***– Ed Matley, Director, Advisory Services, KPMG LLP***

*"It is curious that based on the self-identified experience and program maturity of the respondents, more than 47% do not know the cost impact of disruptions within their organizations. This is a basic element of conducting a BIA [business impact analysis]. In addition, most if not all of the respondents noted that their organization experienced an interruption that caused BCM activation."*

***– Tim Mathews, Director, Enterprise Resiliency, Educational Testing Services***

*"It is interesting that a relatively large number of companies are privately held. Classical wisdom says that private companies pay less attention to BCM and risk management in general. But these results suggest that there may be an increasing focus on these practices by privately held companies. I hope this points to a positive trend."*

***– Doug Weldon, President, BCI – USA Chapter***

## 2.2 Entity Type, Program Drivers, Governance, Status & Investments

Public companies make up 40% of the organizations surveyed, followed by private companies (39%), government agencies or authorities (10%), not-for-profit organizations (9%) and educational institutions (2%).

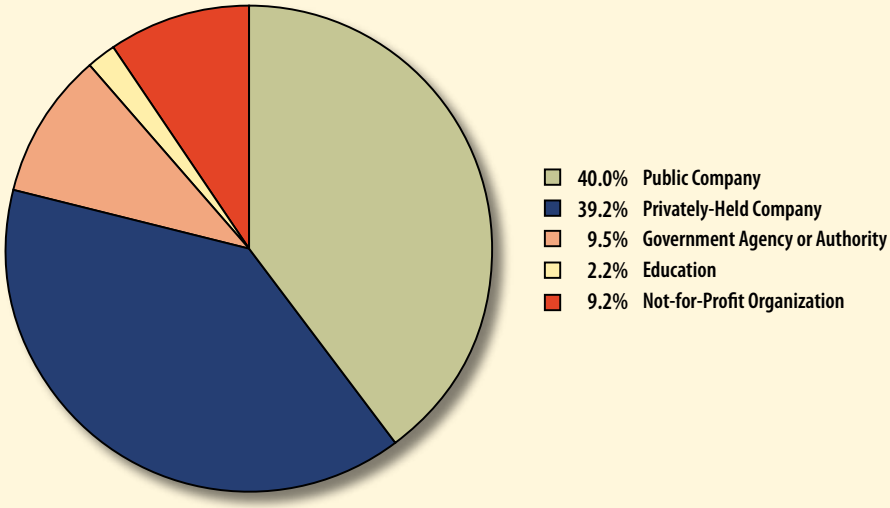


**Figure 3. Type of organization, entity or enterprise.**

On average, BCM programs have been in place for 7.7 years. Two-thirds (66%) of BCM programs have been in place for between one and ten years. Organizations with new BCM programs – those that are less than one year old – make up nearly 6% of the sample.

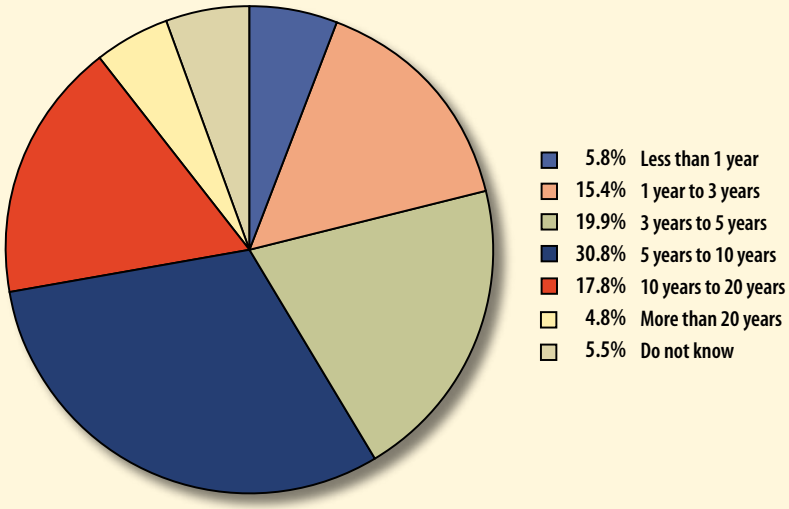


**Figure 4. Lifespan of BCM programs.**

A majority (60%) of organizations described their BCM program status as follows: "[We] 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 real events." Just over 9% of organizations are in the process of establishing a BCM program.

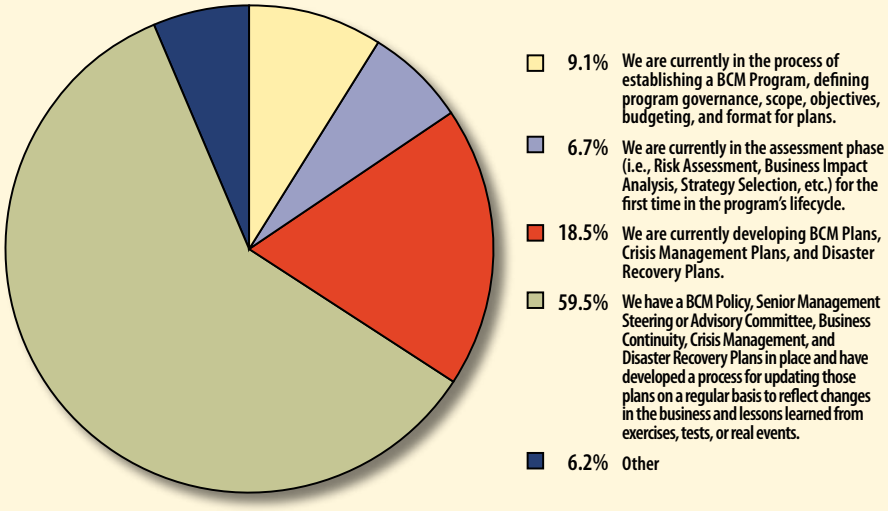


**Figure 5. BCM program status.**

The top two drivers for establishment of a BCM program are continuity of business operations (84%) and reputation (40%). Other drivers include government regulations/compliance (34%), the need to address audit findings (32%), customer requests or requirements (22%), legal requirements (18%) and the unique competitive advantage a BCM program provides (15%).

In the 2008 BCM program benchmarking study, also conducted by *Continuity Insights* and KPMG LLP, only 14% of respondents noted that reputation was one of the key reasons for establishing a program.

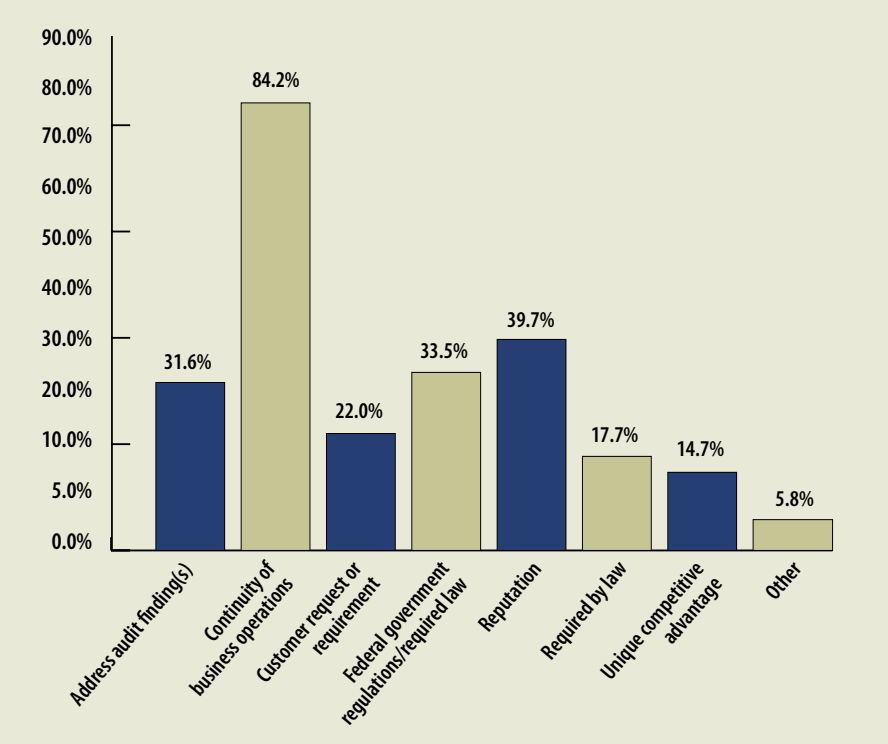


**Figure 6. Reasons for establishing BCM programs.**

*"It is interesting that reputation as a program driver has increased from 14% to 40% in the last four years. I believe this is the direct result of the pervasiveness of social media and its impact on public perception."*

***– Michael Arcuri, Director of Business Continuity, KPMG LLP***

*"Almost 85% of the respondents state that their business continuity program is primarily implemented for continuity of operations, which emphasizes the acknowledgement of corporate responsibility and ownership to institutionalize this continuity into business portfolios."*

***– Michele Guido, Business Assurance Principal, Southern Company***

*"The lack of common understanding about the role of BCM Manager/ Director/VP – or even the need for it – is disturbing. According to the results, the executive with the ultimate responsibility for BCM is most often the CEO. This reflects what we think should be the case, but I wonder if that is actually the view of the C-suite if asked the same question about BCM, without pre-defining the scale and scope for them."*
***– Lyndon Bird, Technical Development Director and Board Member, BCI***

*"It appears that the business continuity function is getting better defined, is reporting at a higher level and functional substantiation is based on value to the business. This is significant since trends will come and go, but if you show business value, management support will be there."*
***– Michael Janko, Manager, Global Business Continuity, Goodyear***

Almost two-thirds (65%) of respondents indicate their organization has established a senior management advisory or steering committee that provides input and assistance to the program leader. Another 10% have a committee under development.

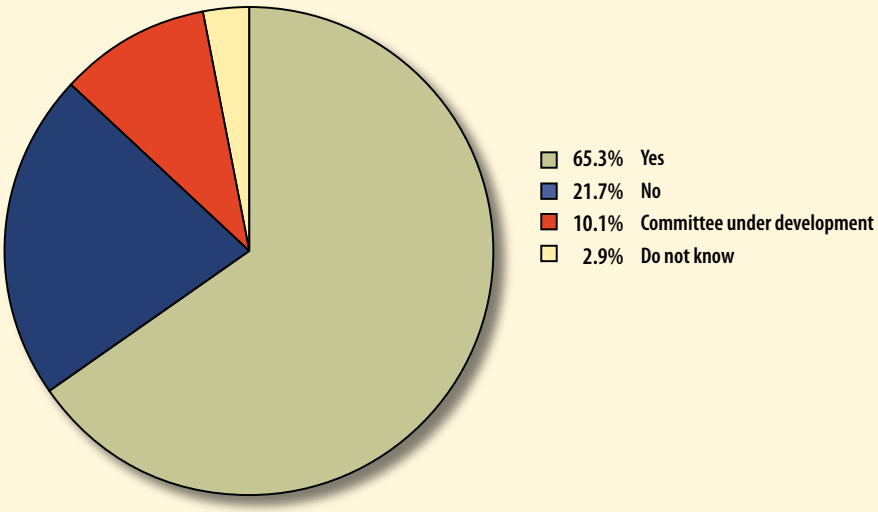


**Figure 7. Status of organizations' senior management advisory or steering committee.**

Additionally, two-thirds of organizations (65%) indicate they have a full-time program coordinator, with 22% having a part-time coordinator authorized to administer and keep the BCM program current.

In 17% of organizations, the C-Level executive that serves as the BCM program executive sponsor is either the Chief Executive Officer or President. Less than 2% of organizations have a Chief Continuity Officer (CCO) responsible for the BCM program.

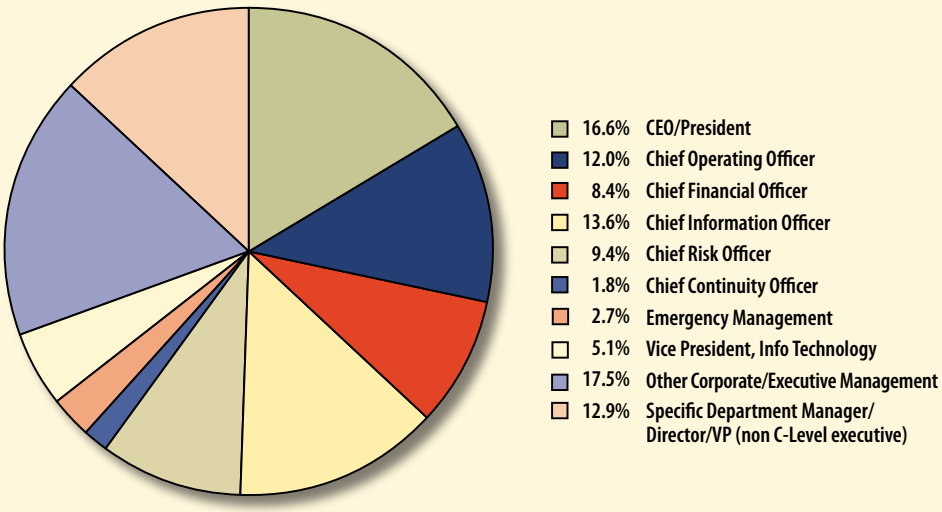


**Figure 8. Job title of the executive sponsor for organizations' BCM programs.**

Respondents were asked to provide the number of full time equivalent (FTE) employees dedicated to the BCM Program (including contractors) in the following categories:

- The BCM Program Management Office (PMO)
- Business continuity resources in business units and business functions
- Information technology disaster recovery resources

Within BCM PMOs, the average head count is 3.7. For the business continuity resources in business units and business functions, the average head count is 7.3. Personnel supporting information technology disaster recovery capabilities averages 6.0 FTE employees.

Responses to this question (and questions relating to BCM program budgets) vary depending on the entity type, number of employees, revenue and industry profile. While the aggregate mean number of FTE employees increases with company size, a majority of all but the very large companies have zero to two FTE employees.

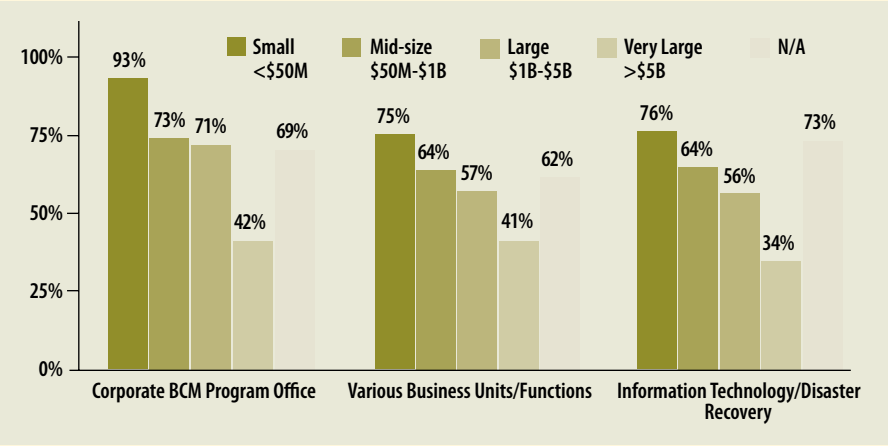


**Figure 9. Percentage of organizations with zero to two FTE employees dedicated to the BCM program by company size (annual revenue).**

## 2.3 Program Execution & Performance

Earlier results indicate continuity of business operations is the primary driver for the establishment of a BCM program in 84% of organizations, yet 37% do not conduct active measurement of BCM program performance. The leading method for measuring the performance of BCM programs is business continuity plan exercises (85%), followed by audit findings at 62%.

*"It is positive that two-thirds of BCM programs have full time coordinators with senior advisory committees in support, but less positive that the typical title of the coordinator is Director or Manager."*

***– Doug Weldon, President, BCI – USA Chapter***

*"By a large margin, the highest number of FTE employees in BCM is in the zero-to-two range. It's not very impressive, and probably not seen as a great career building opportunity by young, ambitious people who want to excel in core business. The value, importance and responsibility of BCM people are not being reflected in its status."*

***– Lyndon Bird, Technical Development Director and Board Member, BCI***

*"37% say they don't measure the performance of their program. Of those who do measure, only 13% measure performance using some kind of cost/benefit analysis. Most of the performance metrics are self-referencing and not related to the business. If we want to raise the profile of BCM and get executive-level buy-in, then we need to measure the value contribution of BCM programs not just program performance."*

***– Lee Glendon, Head of Research & Advocacy, BCI***

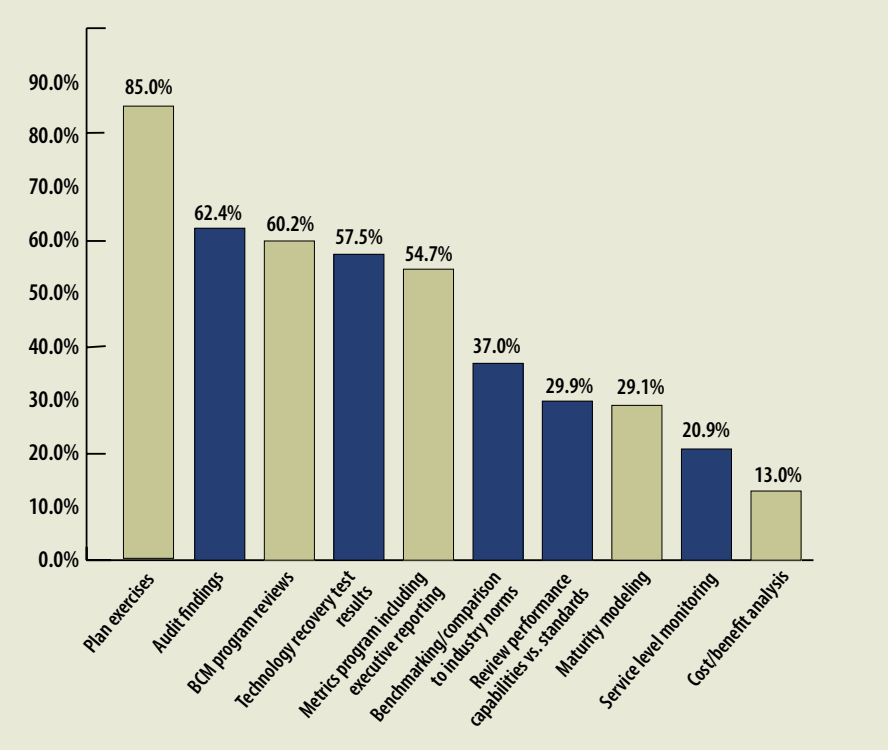


**Figure 10. Methods used by organizations to measure BCM program performance.**

Using the 2008 benchmarking study results, a significant increase in the instances of organizations reviewing their performance capabilities versus standards (30%) can be seen. In 2008, only 9% of the respondents indicated that they were undertaking this type of review.

## 2.4 Leveraging Standards To Support The Program

Standards are increasingly important tools for BCM program planning. The results show that NFPA 1600 is the most widely used standard, but this is certainly influenced by the fact that two-thirds of the respondents have global headquarters in the United States.

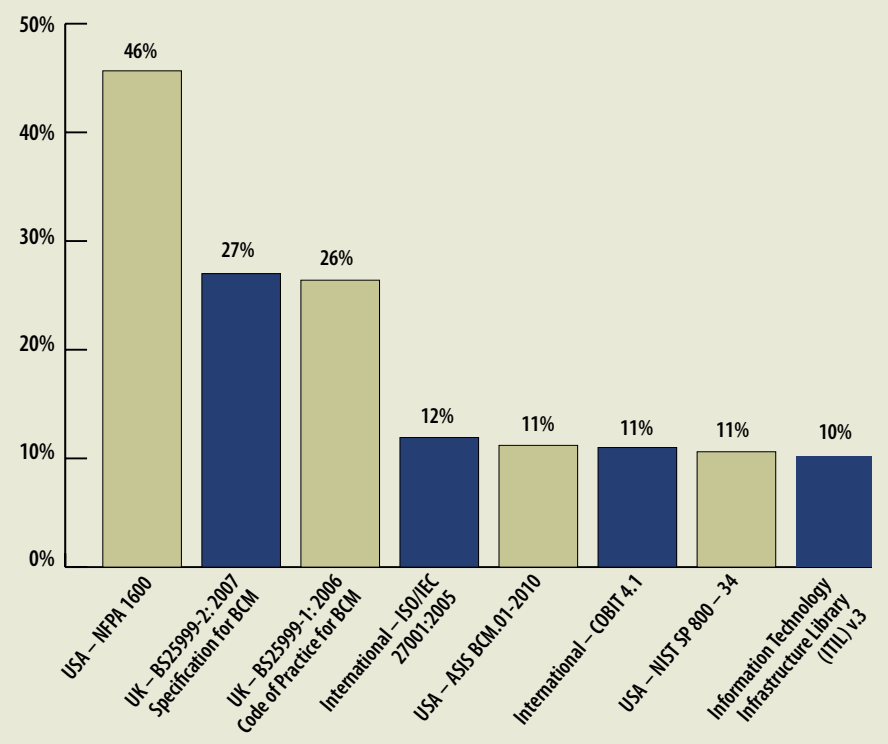


**Figure 11. Widely used business continuity-related standards.**

## 2.5 Integration With Other Disciplines

Using results from the 2008 benchmarking study as a point of reference, the integration of BCM programs with other disciplines shows little progress. The most widely-integrated discipline is crisis management, with 68% of respondents indicating it is "completely" or "well" integrated with their BCM programs.

| High level of BCM Integration with: | 2011-2012 | 2008 |
|---|---|---|
| Strategic Planning Capabilities | 34% | 36% |
| Strategic Sourcing And Procurement Capabilities | 32% | 27% |
| Enterprise Risk Management Program | 52% | 50% |
| Crisis Management Program | 68% | 67% |

**Figure 12. BCM program integration progress since 2008.**

*"These standards contain the vital components to help organizations develop and map their planning efforts in order to mature their BCM programs."*

***– Robbie Atabaigi, Director, Advisory Services, KPMG LLP***

*"Given such interdependent economies and supply chains, it is interesting that more than 20% are 'not at all' integrated with their strategic sourcing function. Also, knowing the strategic implications of recovery and response to an interruption, it is interesting that more than 23% are 'not at all' integrated with strategic planning."*

***– Tim Mathews, Director, Enterprise Resiliency, Educational Testing Service***

## 2.6 Integration With Third Parties

Less than one-third (32%) of organizations indicate a high-level of integration with third-party service providers (utilities, information technology service providers and/or business process service providers), down from 35% in 2008, while 37% are well integrated with public authorities (police, fire, and local emergency management services), up from 34% in 2008.

| High level of BCM Integration with: | 2011-2012 | 2008 |
|---|---|---|
| Third-party Service Providers | 32% | 35% |
| Public Authorities | 37% | 34% |

**Figure 13. BCM program integration progress since 2008.**

Two-thirds (66%) of respondents indicated their organizations require mission critical third-party service providers to provide evidence of a viable BCM program. Less than half (47%) of the organizations surveyed involve external companies or agencies in their BCM program exercises. Third-party service providers (33%) are involved more often than public sector agencies (18%) and supply chain partners (10%).

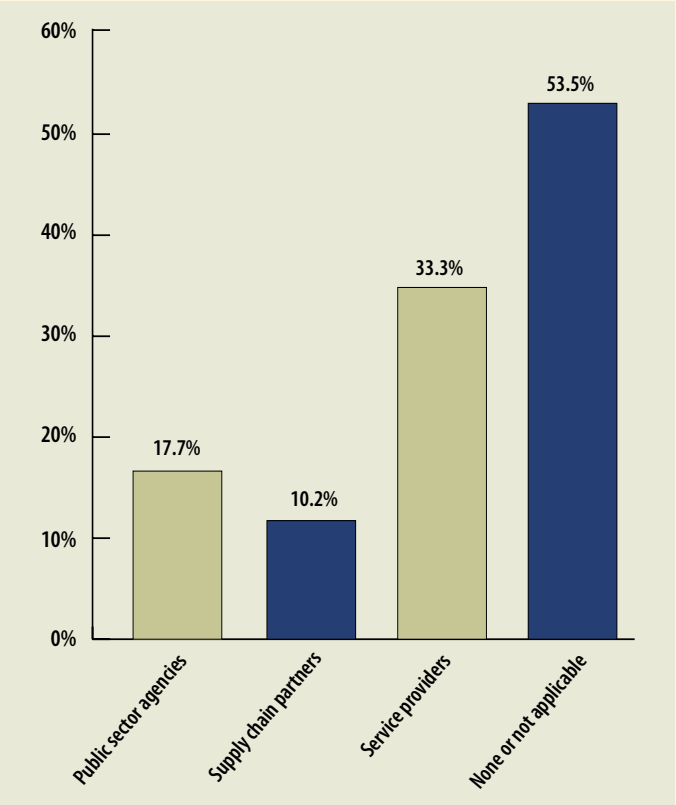


**Figure 14. Engagement of external companies or entities during BCM program exercises.**

## 2.7 Use Of Software

Organizations were asked to identify all BCM-related software packages currently in use or designated for implementation within the next year. Emergency notification software (47%) and BCM software (46%) are the most common.

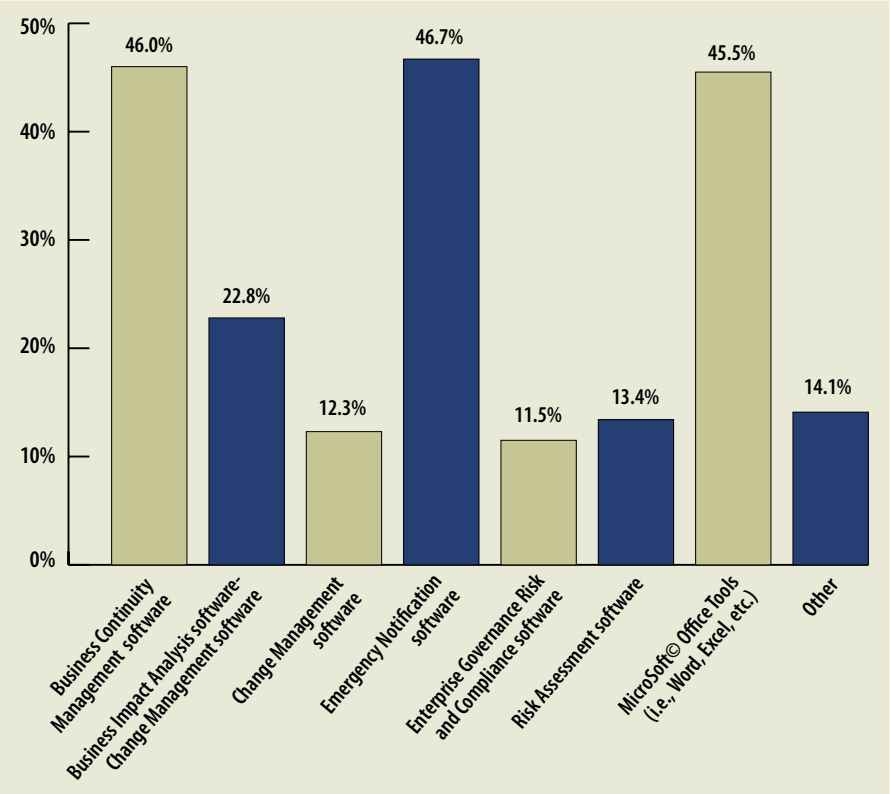


**Figure 15. Widely used BCM program-related software packages.**

## 2.8 IT Recovery Strategy & Disaster Recovery Capabilities

Respondents were asked a series of questions regarding their organization's IT disaster recovery strategy and recovery-related capabilities. IT recovery strategies are most commonly described as a combination of internal and external solutions (50%), an internal hardware and software solution (46%), and an external hardware and software solution (21%). For those organizations with plans to move capabilities to the cloud, private cloud solutions (11%) are favored over public cloud solutions (6%).

*"The cloud may be a high-availability strategy but concerns exist about recovery of cloud-based applications and data."*

*– Tim Mathews, Director, Enterprise Resiliency, Educational Testing Services*

*"All corporations, communities and individuals at some level use social media for communication, but do not yet include it in continuity plans. During a crisis, 'we' clamor for information. As an industry, we should begin best practice discussions to incorporate social media into BCM plans."*

***– Michele Guido, Business Assurance Principal, Southern Company***

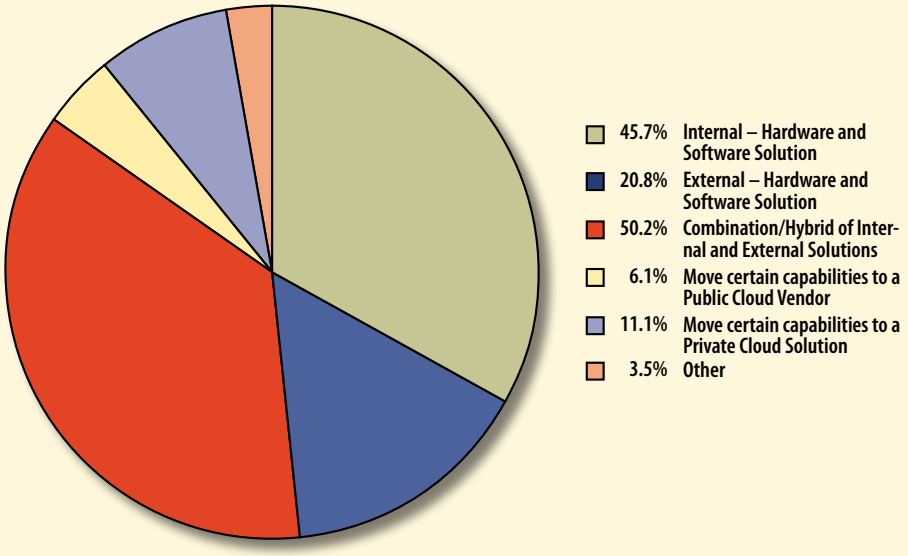


**Figure 16. Current IT disaster recovery strategies.**

Many organizations' IT recovery strategies are undergoing change, namely internal software and hardware solutions (43%), combination internal and external solutions (36%), and external hardware and software solutions (23%). On average, 3.8% of IT budgets go to disaster recovery capabilities.

In addition, 20% of respondents indicate their organization is undergoing changes to move certain capabilities to a private cloud solution and 8% of respondents are moving certain capabilities to a public cloud solution.

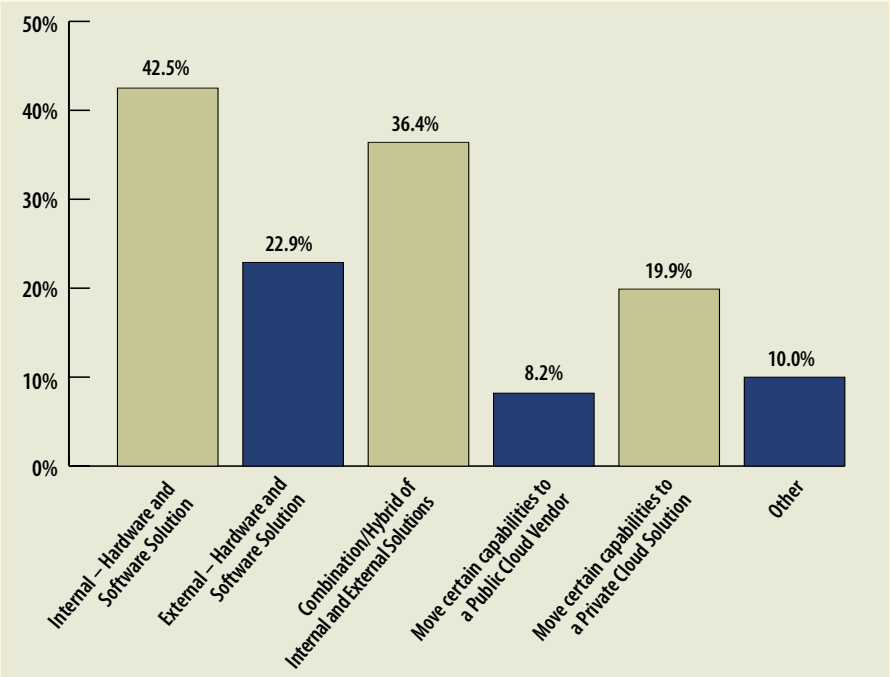


**Figure 17. Elements of organizations' IT disaster recovery strategies undergoing change.**

## 2.9 Cloud, Social Media & Mobility Applications

The use of cloud, mobile applications and social media, and their incorporation into documented IT disaster recovery plans, varies greatly from organization to organization. Over 41% of respondents incorporate mobile applications into IT disaster recovery plans whereas less than 18% incorporate social media into disaster recovery plans.

| Capability | Utilize and have an IT Disaster Recovery Plan | Utilize and do not have an IT Disaster Recovery Plan | Do Not Utilize |
|---|---|---|---|
| Cloud Applications | 28.2% | 14.4% | 57.4% |
| Mobile Applications | 41.6% | 23.6% | 34.8% |
| Social Media | 17.8% | 24.64% | 57.6% |

**Figure 18. Cloud, mobile applications and social media usage with IT disaster recovery plans.**

*"An organization's reputation can be ruined in minutes if not handled appropriately. That is why it is essential to have social media plans incorporated as part of an overall crisis management response."*

***– Scott Hall, Vice President, Global Disaster Recovery & Business Continuity, Equifax***

# 3 Future Outlook & Recommendations

There are many sources of operational disruptions, all of which can have devastating affects if not sufficiently planned for. The process of planning can begin only when these threats and their impacts have been thoroughly assessed.

Market trends such as cloud, mobility and social media are key drivers that business continuity professionals and executives responsible for governing BCM programs should consider as organizations adapt their programs and associated plans. However, priority should be given to the establishment of critical BCM program elements and activities, and the gathering of vital information and metrics, such as:

- A BCM program steering committee.
- The cost of outages (via business impact analysis).
- The storage location and volume of critical data and applications.
- BCM program maturity assessment and development.
- Engagement with critical third-party suppliers and public authorities.
- Appropriate BCM program leadership.

It is important to note that BCM program gaps cannot be addressed without considering the organization's broader strategic priorities, and organization-specific threats and obligations.

Moving forward, organizations are encouraged to review and assess their BCM program capabilities and gaps using the findings from this study. This holistic, data-driven approach will both improve organizational preparedness and further efforts to make BCM a strategic, boardroom-level agenda item.

*"Social media continues to evolve – with or without formal buy in."*

***– Michael Janko, Manager, Global Business Continuity, Goodyear***

*"Executive sponsorship, funding and other metrics are important considerations for all organizations. One way we can further develop BCM programs is to increase collaboration across all industries."*
***– Mike Jennings, Director, Disaster Readiness Program, Blue Cross Blue Shield of Massachusetts***

# 4 Conclusion

BCM has emerged as one of the key disciplines that organizations can use to manage operational risk. The discipline continues to evolve from one that is focused on responding to an event or incident to one that adapts to changing market trends and threats.

A holistic approach to planning and governing BCM programs must be combined with regular program reviews that allow the program – and hence the organization – to evolve in order to address the ever changing risk landscape with which we are faced.

# 5 Research Methodology

Respondents for the *2011-2012 Continuity Insights & KPMG LLP Global Business Continuity Management Program Benchmarking Study* were obtained from the *Continuity Insights* subscriber base by way of its publications, Web site, and email deployments, as well as from other professional organizations that supported the study. The 20-minute online survey comprised 52 questions and was fielded from November 2011 through January 2012. Data was collected from 958 respondents, of which 685 respondents completed the entire survey. An average of 785 responses was collected for each question. KPMG business continuity professionals developed the survey questionnaire.

Mint Jutras prepared the resulting tabulation and supplied analysis for select data points. For more information on the study methodology, please contact Mint Jutras at cindy@mintjutras.com.

## 5.1 Respondent Profiles

### 5.1.1 Type Of Entity Or Enterprise

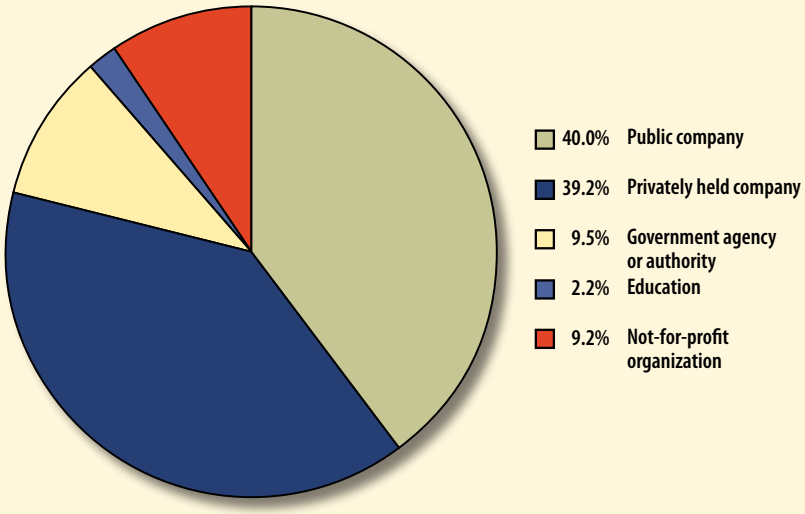


**Figure 19. Type of organization, entity or enterprise.**

## 5.1.2 Geographical Range Of Operations

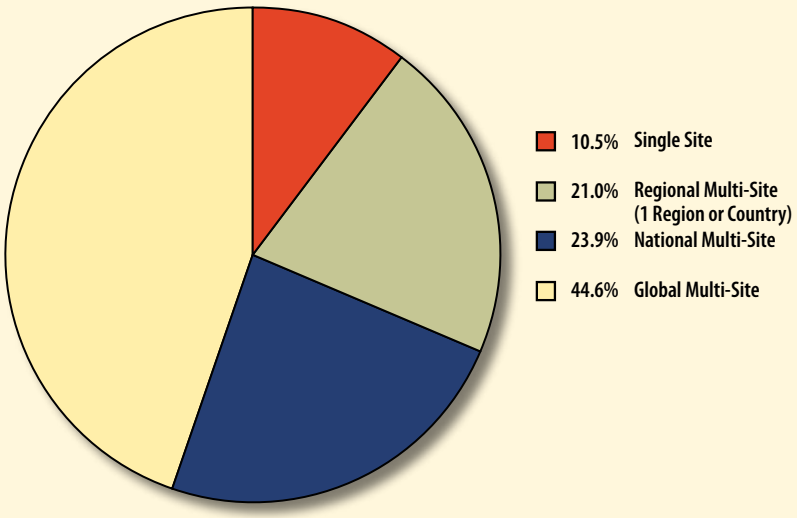


**Figure 20. Geographical range of operations.**

## 5.1.3 Country

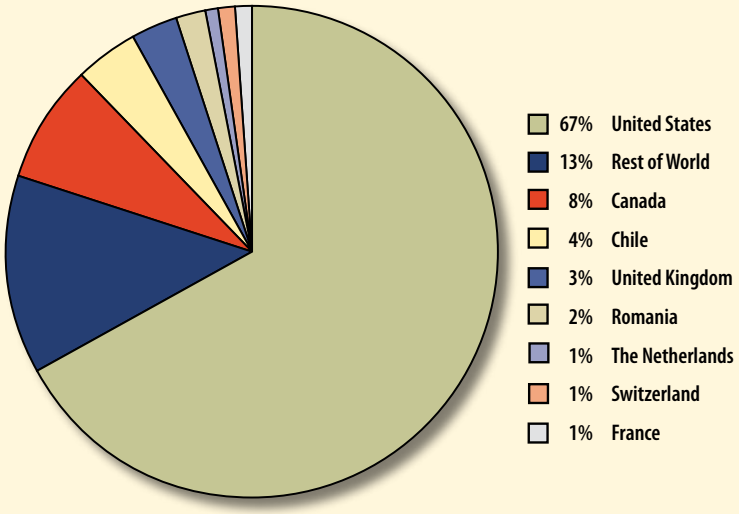


**Figure 21. Location of global headquarters.**

## 5.1.4 Industry

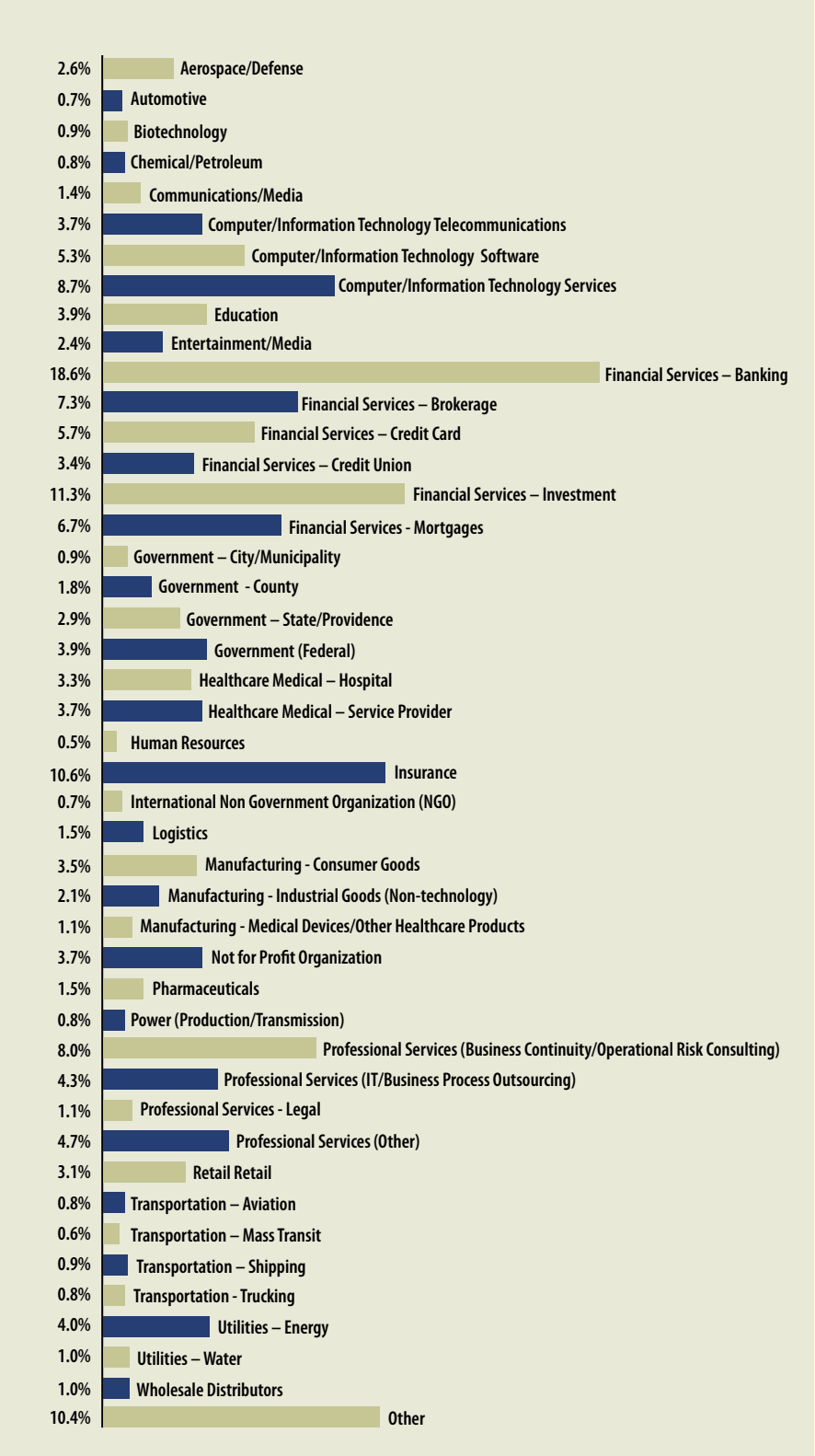


**Figure 22. Industries represented in the survey.**

### 5.1.5 Company Size

The revenue profile for the various respondents varies significantly.

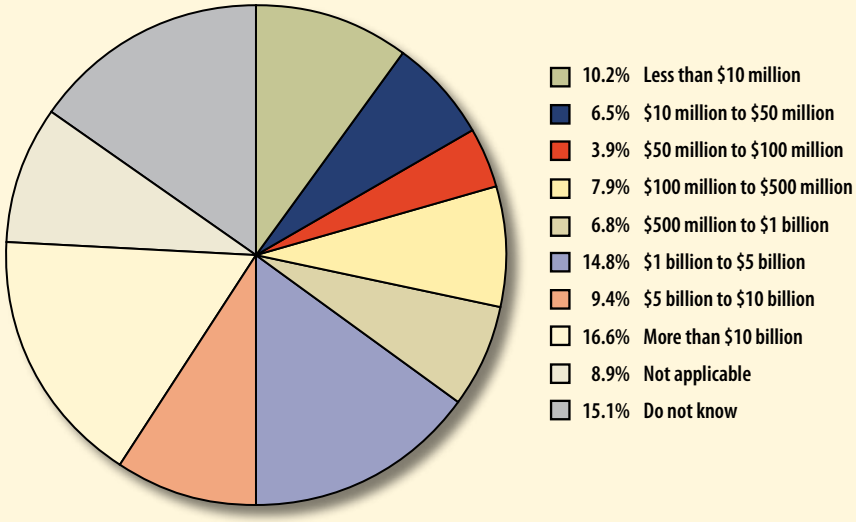


**Figure 23. Revenue profile.**

Over two-thirds (70%) of organizations have more than 1,000 employees.

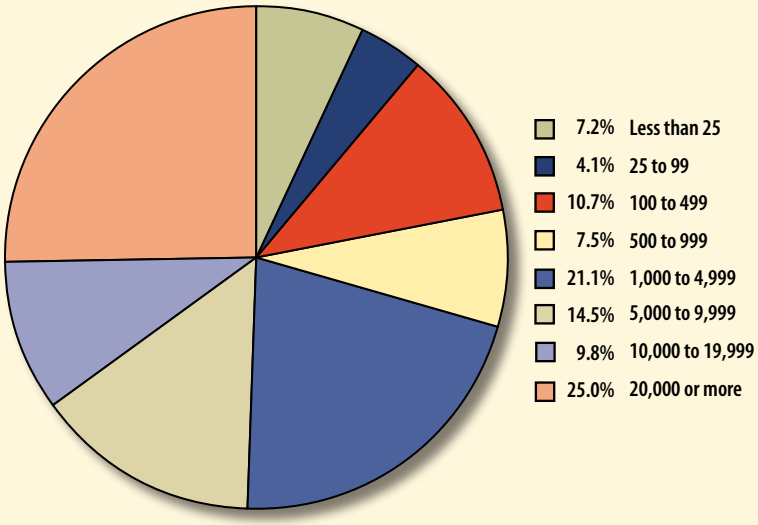


**Figure 24. Employee profile.**

*"I am rather surprised at the number of respondents that said they did not know what the company's revenues are: 15%! Revenues are a key component to an understanding of "impact" in a BIA and risk assessment. Perhaps this is an indication of the relatively large number of privately held companies reporting in the survey, but BCM people need to know revenues and other key financials whether the company is public or private!"*

***– Doug Weldon, President, BCI – USA Chapter.***

*"Organizations need to have the right business continuity leader who understands the company, the industry and the business continuity process components."*
*– Michael Janko, Manager, Global Business Continuity, Goodyear*

## 5.2 C-Level Executive With Ultimate Reporting Responsibility

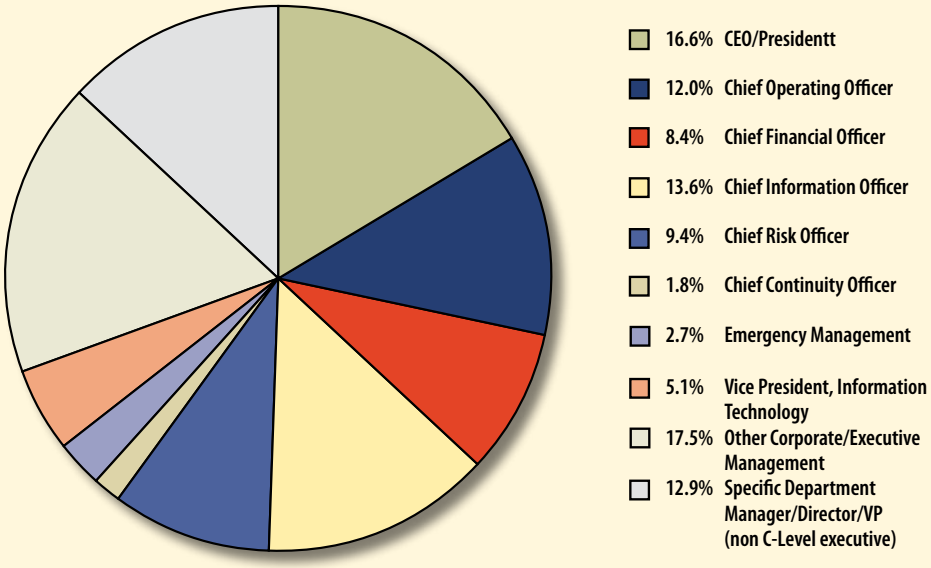


**Figure 25. Job title of the executive sponsor for organizations' BCM programs.**

## 5.3 BCM Program Leader

For those respondents that selected "other" for job title, the largest number of responses related to one or more contingency planning-related disciplines.

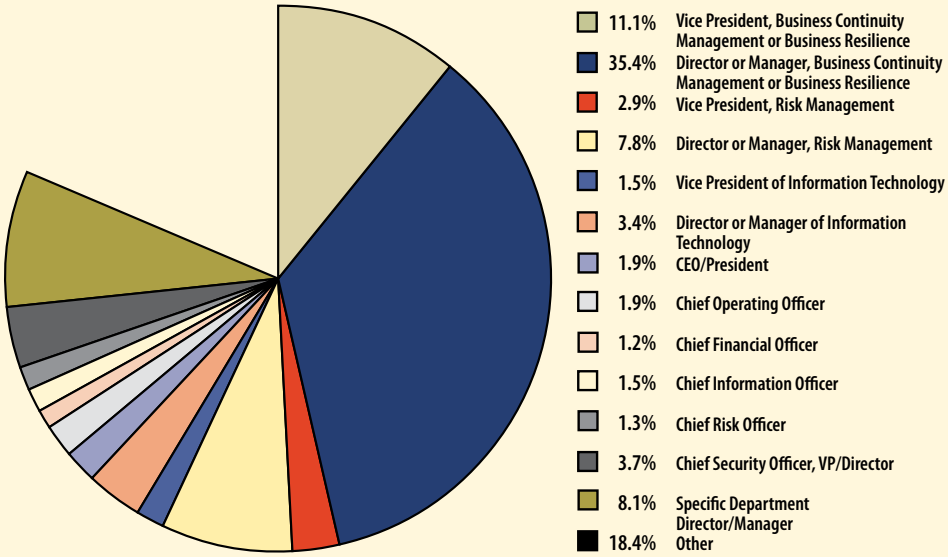


**Figure 26. Job title of BCM program sponsor.**

## 6 Requests For Benchmarking Reports & Key Contacts

If you would like to benchmark your organization by leveraging the *2011-2012 Continuity Insights and KPMG LLP Business Continuity Management (BCM) Program Benchmarking Study* or custom reports, please provide the following information to Bob Nakao at robert.nakao@advantagemedia.com or to Bruce Hager at bhager@kpmg.com:

- Your name
- Your organization
- Your title
- Your e-mail address
- The complete study and/or custom report(s) you would like to receive: industry, type of entity, region of HQ operation, number of employees or annual revenue

You will be provided with the custom report(s), if available, generally within a week of the receipt of your request.

Custom reports by type of entity include public companies, private companies, government agencies and authorities, and not for profits. Custom reports for industries include education, financial services, computers/information technology/telecommunications, government, healthcare, manufacturing, professional services, and utilities.

For more information about this survey, please contact:

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- Association of Contingency Planners (ACP)
- Association of Sacramento Area Planners (ASAP)
- BC Management
- BCI-USA
- Business and Industry Council for Emergency Planning and Preparedness (BICEPP)
- Business Continuity Institute (BCI)
- Business Continuity Planners Association (BCPA)
- Business Recovery Managers Association (BRMA)
- Business Resumption Planning Association (BRPA)
- Contingency Planners of Ohio (CPO)
- Contingency Planning Exchange (CPE)
- Continuity Central
- Contingency Planning Association of the Carolinas (CPAC)
- Disaster Recovery Journal (DRJ)
- Forbes Calamity Prevention (Singapore/Asia)
- Mid Atlantic Disaster Recovery Association (MADRA)
- New England Disaster Recovery Information Exchange (NEDRIX)
- Rothstein Business Survival
- Southeastern Business Recovery Exchange (SEBRE)
- Southeast Continuity Planners Association (SCPA)
- Survival Insights

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