Enhance business continuity management to address changing business realities
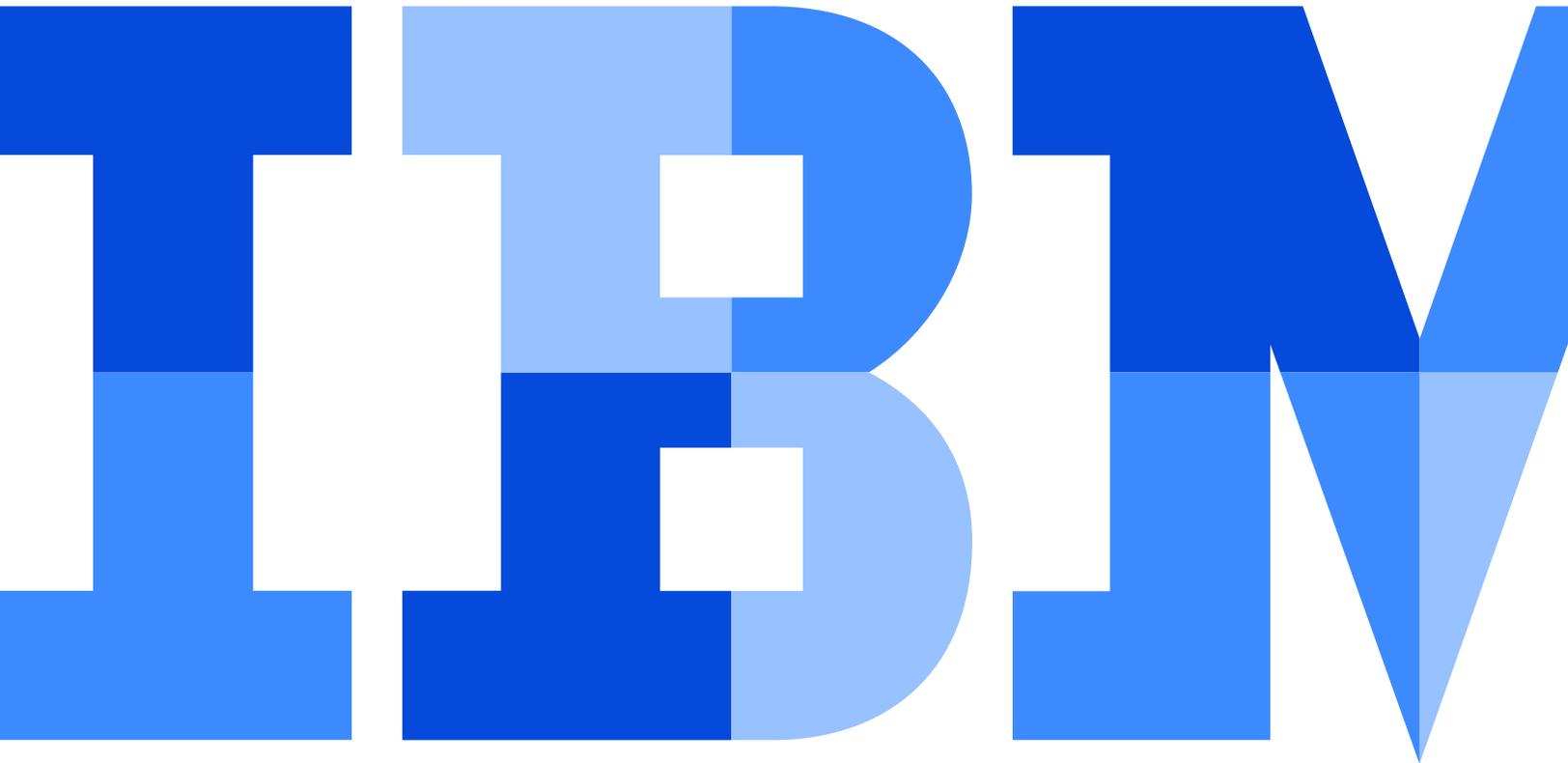
A business-centric approach to help reduce business continuity risk

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Executive summary

The world in which today's companies operate is more complex, interconnected and social than ever. These shifts in the business environment can also introduce new risks and often require implementing new business continuity approaches.

In IBM's own practices, the risks created by our aggressive business strategy have led to an evolutionary leap in the approach to business continuity management (BCM). This approach takes us beyond the traditional view of BCM as a function of IT and instead aligns BCM with senior executives' important business issues, which involves:

- Evolving our approach so that BCM is closely tied to our business strategy and integrated with the risk management process
- Taking a more holistic perspective of our enterprise BCM, which spans business units and geographic locations

- Identifying interdependencies among organizational and location boundaries
- Establishing a consistent worldwide approach and common language across the enterprise for business continuity planning
- Prioritizing our focus to help validate and create end-to-end business continuity plans
- Employing tactical flexibility to allow each business unit to prioritize the operations and systems most important to their discrete business and their unique client set

How effective is your BCM program? If your organization underwent changes to its business strategy or expanded geographically, would you be able to evaluate the potential effect on your risk profile? Could you respond quickly with an updated, appropriate business continuity plan?

Meeting the needs of your business and supporting the bottom line has never been more important. This white paper details IBM's innovative approach to BCM and uses our own experiences as case studies to illustrate specific examples. The paper also provides guidance on how you can apply this approach to your organization and help make the case for proceeding to the next level in the evolution of your continuity management plan.
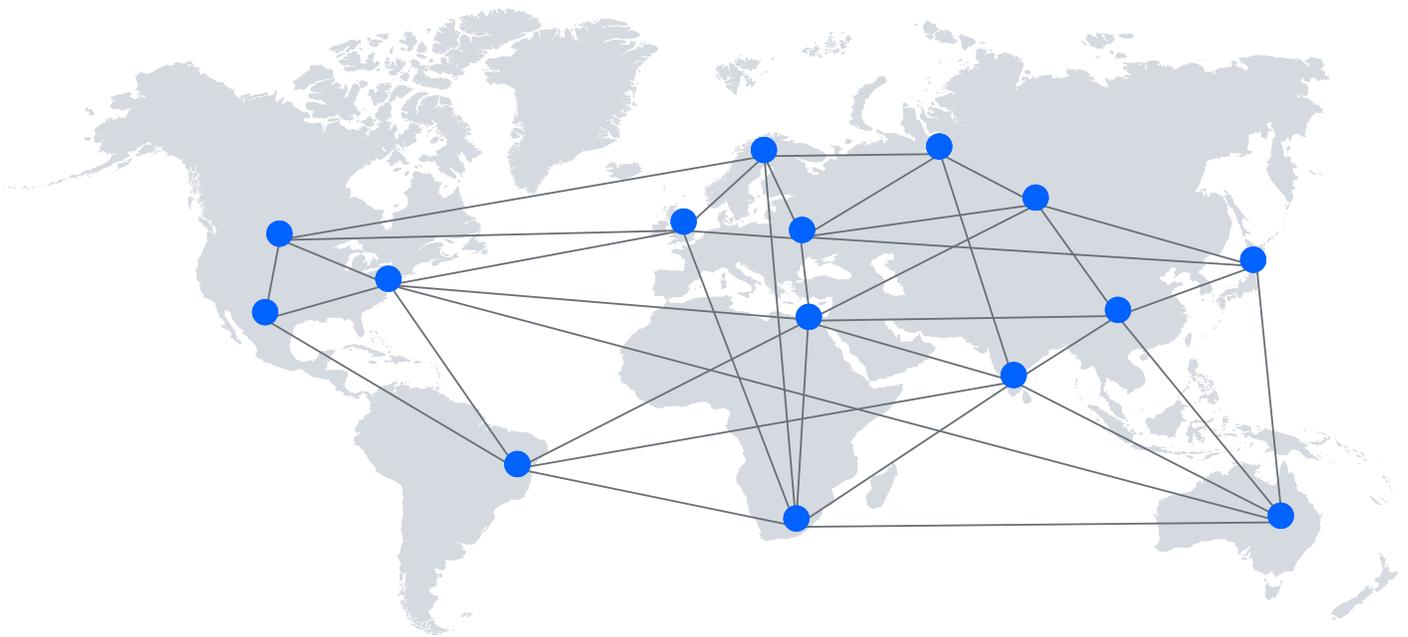
Figure 1. Expansion into growth markets and global integration are integral to IBM's business strategy and introduce new aspects to consider in our business continuity approach.

IBM business continuity — a constant evolution

New challenges have required that IBM evolve our business continuity approach and shift our business continuity risk profile beyond a traditional IT-centric view. Although IBM is a large company, organizations of all sizes — even much smaller firms — face similar challenges when they expand into new markets, become increasingly complex or integrate their operations.

As an innovation company, IBM pursues continuous transformation to maintain a competitive advantage, both in what we do and in how we do it. IBM successfully competes within a fast-moving and highly dynamic industry, often reinventing ourselves or leading into new areas to effect

change. Our rigorous, holistic approach to BCM evolves as IBM changes, and the success of our program is used as a differentiator with our clients.

Today, natural and man-made disasters are not our only business continuity challenges. Our aggressive business strategy, which includes entry into growth markets, global integration and consolidation of operations, also introduces new risks that must be addressed by our business continuity plans. (See Figure 1.) In addition, the insurance market warns that man-made risks, such as cyberattacks, have surpassed natural disasters as a predominant business risk.[1] And the costs associated with outages continue to climb. Looking specifically at the cost of a data breach, the 2019 Ponemon Report estimates the average cost of a single data breach at USD 3.62 million.[2]

Expansion into growth markets — a flatter yet riskier planet.
The expansion into growth markets presents a tremendous opportunity for many organizations, but there are inherent business continuity risks as well. IBM operates in more than 170 countries. Driving expansion into growth markets has helped us to significantly increase revenue and market share. Although this is great news for IBM, our expansion has meant chasing new types of threats to availability. Because growth markets are located in parts of the world that are inherently uncertain, these new markets come with new types of disruptive events that are less predictable and occur at an increased velocity.

Global integration and consolidation of operations.
IBM's focus is not just about operating in more parts of the world, but it is also about operating across the world in a more integrated fashion to improve efficiencies. Global integration of our major enterprise functions—from service delivery to marketing—has helped enable IBM to deliver enterprise productivity savings while enhancing quality.

Consolidating operations was designed to reduce costs and drive operational and process efficiencies, but it also has increased interdependencies, making our business more vulnerable to risk.

Elevate risk awareness.
Executive focus on BCM has heightened business continuity risks facing IBM. Such risks include those resulting from our aggressive business strategy, the growing frequency in natural and man-made disasters, and the increasing reputational risk resulting from being part of a more interconnected social world.

The topic of cyber risk becomes more pronounced in the daily news—including social media. This means that every employee must maintain a heightened level of awareness on how to protect against both traditional and new types of threats, which are dynamic and can come from many sources. Consequently, the overlap has grown between our BCM program and IBM Computer Security Incident and Response Team (CSIRT)—the organization responsible for receiving reports of security breaches, analyzing them and responding appropriately. As a result, the response to business continuity risks has been elevated to the senior executive and C-suite levels.

An evolutionary leap in BCM

In difficult economic times, executives must implement a smarter approach to risk mitigation while acknowledging balanced risk acceptance. IBM's shifting strategic direction required that we adapt our existing BCM approach so that it could also meet the new challenges presented by our business strategy. IBM decided to take the following actions to further enhance our business continuity strategy:

- **Advance our approach to business continuity**. Adapting our BCM approach first required altering our thinking about business continuity. Traditionally, organizations have viewed business continuity as a function of IT. Having existed during the data center era, IBM had been no different in this regard. By applying a smarter and more holistic approach, IBM was able to tie BCM to our business strategy and evaluate business continuity risks in terms of their impact on our strategic business objectives. BCM became a high priority within IBM's enterprise risk management (ERM) program. Today, our business continuity posture is evaluated, reviewed and monitored as part of the ERM program, and therefore, it has senior executive and C-suite visibility and attention.
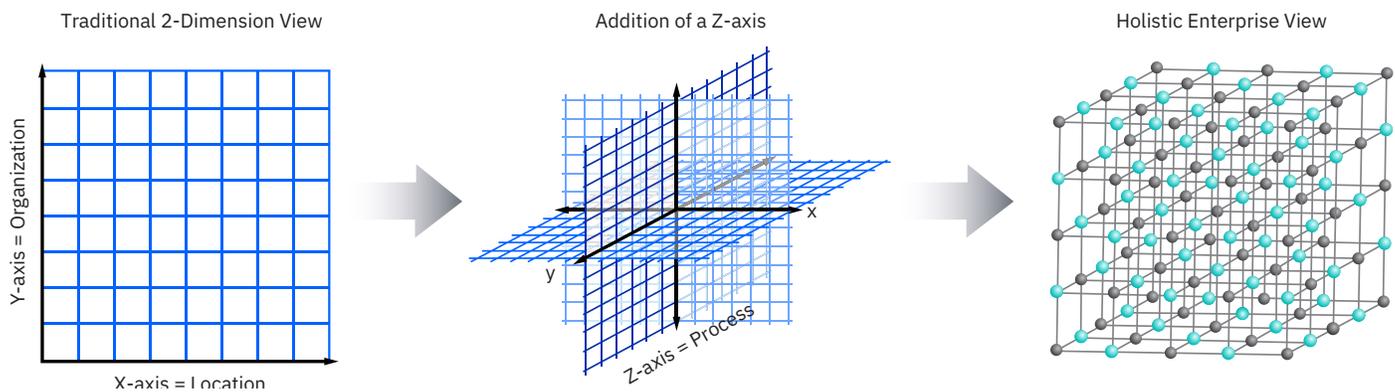
Traditional 2-Dimension View

Y-axis = Organization

X-axis = Location

Addition of a Z-axis

x

y

Z-axis = Process

Holistic Enterprise View

Figure 2. Beyond organization and location views, IBM added a process view to help see interdependencies more holistically.

- **Take a more holistic approach to business continuity risk mitigation**. With our increased focus on globalization and emerging markets, it became important for IBM to look beyond organizational and location boundaries. We also needed to address the interdependencies among them that were critical to achieving our business strategy. This meant creating a coordinated planning and testing program that took these interdependencies into account, rather than managing business continuity by individual organization or location. In addition, as IBM evolved to adopt a go-to market and business alignment strategy wrapped around Cognitive, Cloud, Analytics, Mobility, Security and Social, we undertook a complete reorganization of the company's risk management program. The foundation of our BCM program is flexible enough to react to this shift in our corporate priorities.

Using existing business continuity programs and experienced personnel, plus existing intellectual capital that could serve as templates for new operational divisions, we both reorganized and expanded our business continuity programs quickly to reflect the new business focus.

- **Add a process view**. To help identify the critical processes among organizational and location boundaries, IBM complemented the traditional approach of viewing business continuity by organization (Y axis) and by location (X axis). IBM added to the approach a horizontal end-to-end process view (Z axis) to create an enterprise view of the critical processes across business units and locations. As a result, we were able to obtain a more robust, holistic picture of our business in order to examine our business continuity risk more rigorously. (See Figure 2.)

This approach allowed us to strengthen IBM's long-standing continuity, recovery and emergency management practices in several important ways:

- It allowed us to directly tie business continuity to our business strategy
- It gave us a pragmatic way to see the internal critical processes across locations and business units
- It created a means for viewing business continuity in a more holistic fashion — a top-down view across virtually all lines of business — and established a "common language" around the globe through business continuity

Applying a more instrumented and intelligent view of risk relationships can provide value to return-on-investment decisions.

Applying a process view to tie business continuity to our business strategy and to identify critical processes gave IBM a means of doing a top-down, corporate-wide business impact analysis across all lines of business. Particularly with a global company the size and complexity of IBM, prioritization is necessary to begin the task of validating and creating end-to-end, business continuity plans within a manageable, appropriate scope. Additionally, applying a more instrumented and intelligent view of risk relationships can provide value to return-on-investment decisions. IBM uses the results of our holistic approach to make smarter investment decisions by challenging IT assumptions and optimizing IT investments.

- **Establish a consistent worldwide approach**. In order to help enable more consistent planning and risk mitigation across the corporation, IBM established a set of standard, consistent impact scenarios to provide a common worldwide approach and terminology. Previously, individual business units had defined disaster scenarios independently.
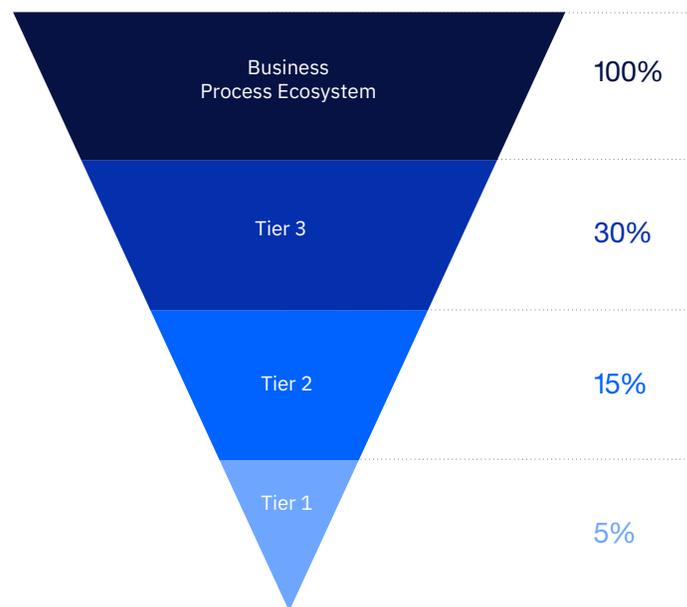

Business Process Ecosystem	100%
Tier 3	30%
Tier 2	15%
Tier 1	5%

Figure 3. IBM prioritized its top business processes.

IBM case study: Enhancing our business impact analysis approach

IBM regularly conducts a business impact analysis of our key programs within our "Business Process Ecosystem" to ultimately identify IBM's Tier 1, or the top 5% of our most critical and strategic business processes. This allows us to undertake a more robust end-to-end business continuity program that is designed to complement the existing organization and location plans already in place today. In addition, we can dedicate time and resources to those business areas that have the potential for the highest impact on our clients, on the organization and on our ability to help achieve our strategic business objectives. This, in turn, allows us to optimize our efforts and make better return-on-investment tradeoff decisions as we plan, test and implement risk mitigation actions. (See Figure 3.)

Although there was significant commonality among them, the business units lacked common scenarios and terminology. We needed a consolidated response to common impact scenarios in order to speed planning and risk mitigation selection. To help address the widest gamut of possible disruptions that might affect business units in locations around the world, IBM coached teams to emphasize planning for the impact an event may have on the business rather than for specific events themselves. Therefore, we defined four impact scenarios covering site, people, IT and widespread events.

To help address the widest gamut of possible disruptions, IBM emphasized planning for four impact scenarios: site, people, IT and widespread events.

In addition, IBM updated our internal framework for BCM, which we defined through corporate policy. This included establishing guiding principles for the business continuity organization— including roles and responsibilities, maintenance and test guidelines, and education. This update took into consideration IBM's unique culture and the need to add value to the corporation while creating an integrated process helping protect property and employees, as well as the business and stakeholders.

Align a BCM program with your organization's business strategy

A successful BCM program must be able to adapt to changes in the organization's strategic direction. By evolving, business leaders can move forward with confidence that resiliency remains in place even though the underlying organizational structure is changing. The following sections include some suggestions for effectively aligning a BCM program with your organization's business strategy.

Get participation from senior business managers. Establish a more robust BCM framework that consists of centralized governance and key elements of risk mitigation, business integration, IT services and solid execution. The program must create value for the organization while accounting for the organization's unique culture and attributes. By taking a holistic and business-orientated approach, the conversation can move beyond a discussion about IT recovery—which is not of great interest to a board of directors—to a discussion about upholding C-level objectives. The support and sponsorship of senior managers are crucial, and understanding their perspective and insights is essential in order for a BCM program to succeed.
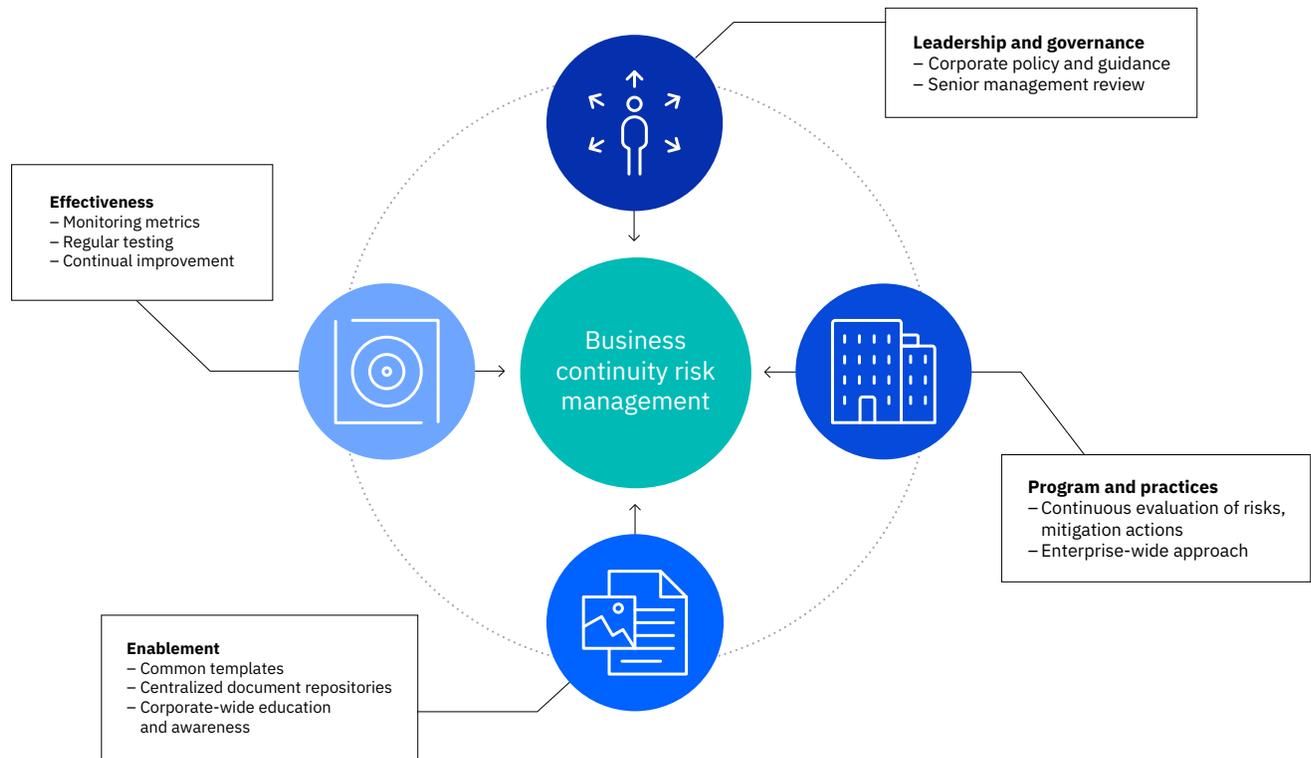
Leadership and governance
– Corporate policy and guidance
– Senior management review

Effectiveness
– Monitoring metrics
– Regular testing
– Continual improvement

Business continuity risk management

Program and practices
– Continuous evaluation of risks, mitigation actions
– Enterprise-wide approach

Enablement
– Common templates
– Centralized document repositories
– Corporate-wide education and awareness

Figure 4. IBM developed a risk framework for business continuity.

IBM case study: Business continuity management

IBM uses an ERM approach for business continuity as part of our overall ERM program. IBM's risk management program identifies some of the most significant risks to enterprise value and maintains transparency to senior management and to our board of directors. The program takes advantage of the scale and scope of the enterprise to help manage risks more holistically, and applies business analytics that can gain greater visibility to risks and enhance decision-making. Similar to the ERM framework, a very focused BCM framework has been put in place encompassing four key areas: leadership and governance, programs and practices, enablement, and effectiveness (metrics). (See Figure 4.)

Elevate the BCM discussion to the strategic level. Create value beyond simply protecting the status quo by establishing business continuity as a means to support growth and better convert business opportunity. By presenting an approach that more holistically manages the interdependent, complex risks facing your organization, you demonstrate that you have risks under control. This makes it possible for senior business managers to more confidently implement a plan for growth. When you engage C-suite managers, senior executives and possibly even your board of directors, business continuity becomes part of your organization's ERM. Their engagement, however, is highly dependent on whether they understand the business value of BCM, so your discussion must focus on pragmatic investment tradeoffs rather than on IT or data investments.

Establish a more business-centric approach.

A business-centric BCM approach can have lasting benefits for an organization's bottom line by tying business continuity to business goals. Using a top-down business impact analysis with participation from senior business managers helps identify and prioritize the most critical processes to create action where there may have been none previously. If implemented correctly, coupling a holistic approach with a prioritized, business-orientated focus not only has the potential to help manage business continuity risk from a business-centric perspective, but it can also create a mechanism for rising above conflicting agendas, power struggles and politics.

IBM case study: A smarter approach

To address the increasing pressure of managing costs while responding more quickly to client needs, IBM consolidated select aspects of key corporate services into several locations around the world. This global integration helped to increase efficiency and decrease costs. In order to further reduce business continuity response times, we standardized processes across all sites so that we could shift work from one incapacitated location to a fully operational site. This smarter solution helped create synergies among business goals, such as speed and cost, which were previously considered mutually exclusive. (See Figure 5.)
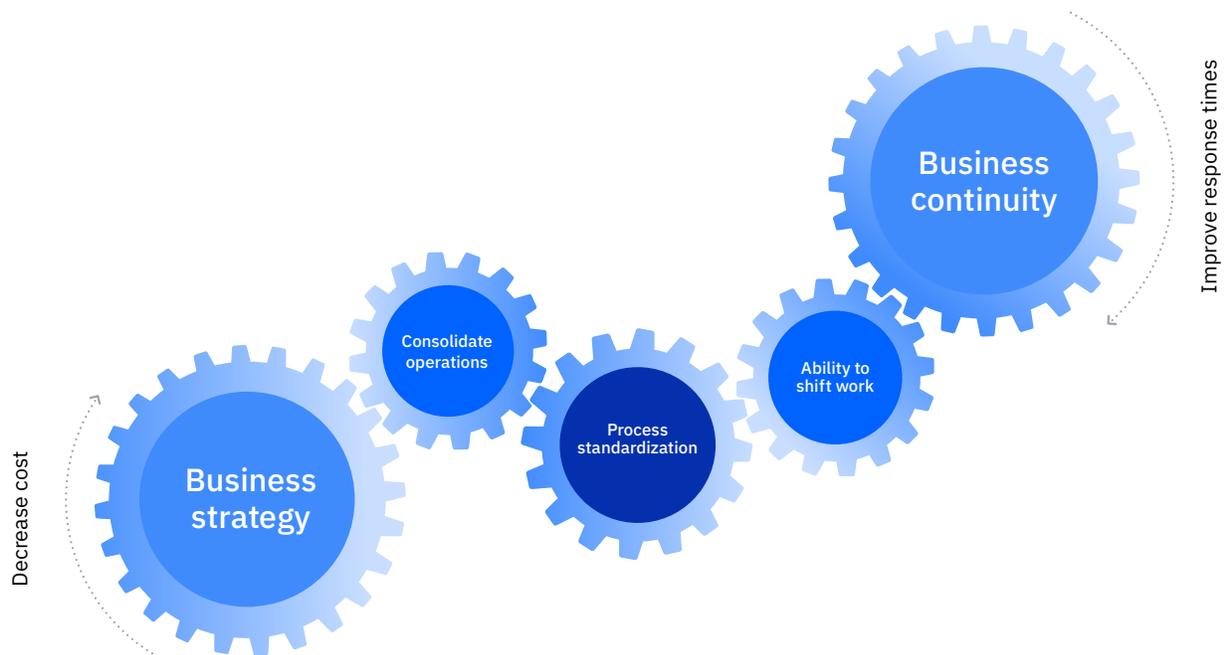

Figure 5. Synergies can exist among seemingly opposing business objectives.

Connect business resilience risk management directly to your business strategy. A smarter BCM approach goes further by driving resilience first rather than simply settling for reactive recovery plans or underwriting risk. Champion prevention by seeking to protect value rather than just recreate it after it disappears. Resilience needs to be incorporated into the organization as part of the operational design or strategy. Determine how it can be integrated with both enterprise and IT risk management. For example, if the organization has recently increased the number of its locations, your business continuity risks may have increased. Creating a BCM system that identifies, tracks and considers changing process interdependencies to exploit synergies can prevent surprises.

IBM case study: Cloud resiliency

Embracing technology change is necessary to move forward but at what cost? The push to adopt newer technological advancements, driven in part by the digital-native generations entering the workforce, is pressuring IT departments to move faster to newer technologies to realize perceived benefits. At the same time, IT is also expected to provide near-real-time recovery for more and more of their applications with reduced data loss. Recognizing this trend and needing to reduce business interruptions, IBM sought out a more effective, cost-appropriate solution internally. Today, IBM uses a combination of recovery technologies, including IBM Disaster Recovery as a Service and IBM Cloud Resiliency Orchestration, to help provide low cost and high-performance cloud resiliency for IBM.

Why IBM?

IBM® Resiliency Services team provided expertise in implementing the BCM program enterprise-wide. IBM Resiliency Services assists enterprises in various industries around the world to anticipate and manage risk in order to help safeguard their organizations and thrive. The Resiliency Services team took a client-centric approach to our needs. Through this implementation, we applied IBM's commercially available BCM methods to support IBM's business requirements and priorities. This support was central to our success criteria and to help ensure that agreed-upon deliverables met defined milestones. Moreover, we maintain a reporting cadence where IBM middle and senior management receive regular and consistent progress updates.

IBM Resiliency Services can also provide guidance and consulting services to help you set up and manage your program. IBM Resiliency Services offers end-to-end resiliency solutions, including:

- Resiliency consulting for traditional, hybrid and cloud resiliency
- Cloud resiliency orchestration
- Business continuity and IT recovery
- Disaster recovery as a service
- Backup as a service
- High availability services
- Site, facilities and data center services

Resiliency Services helps businesses identify and define some of the most critical risks and assess their potential business impact across reporting and business silos. In addition, IBM is uniquely qualified to design communication, training and continuity management programs that help administer and manage the effects of an event.

IBM is ready to help you:

- Develop key risk and performance indicators that offer a near-real-time view of the potential that IT services bring to accomplishing your strategic business initiatives
- Design more robust and holistic resilience architectures for business and technology
- Reduce financial and operational losses due to an organization's inability to provide continuous business operations during a crisis, stress or opportunity

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IBM case study: Supply chain management

In addition to applying a well-defined supplier and supply chain risk management program, IBM works with our suppliers to help them self-assess their resiliency in order to maintain continuity of goods and/or services.

Conclusion

Today, IBM continues its journey of creating and investing in a flexible yet rational business continuity approach to help manage operational risk. Our implemented methodology allows IBM to make strategic and tactical business changes it needs in order to be more competitive, while protecting its reputation and future. With a smarter, more agile BCM framework, we can continue to improve our resilient position. Furthermore, our program has created a strong foundation, allowing us to articulate the value of our business continuity program to IBM's senior management, key stakeholders and, most importantly, to our clients.

For more information

To learn more about IBM Resiliency Services, please contact your IBM representative or IBM Business Partner, or visit the following website: ibm.com/services/resiliency

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