

Overseas Market Trends in Business Continuity (BC)

UENO Masayuki

Abstract

In examining how the Japanese market might address Business Continuity (BC) in the future it is essential to fully understand the situation in the overseas markets as these tend to be more advanced with regard to BC realization. This paper introduces the approaches to BC adopted by the user companies in the U.S., business trends among vendors, the related special qualifications and the trend by the ISO toward the adoption of international standardization.

Keywords

Business Continuity (BC), Disaster Recovery (DR), Business Continuity Plan (BCP), Business Impact Analysis (BIA), Continuity Of Operations (COOP)

1. Introduction

The ideas and methodologies of Business Continuity (BC) and Disaster Recovery (DR) were originally developed in the U.S. and Europe, and many companies, governments and municipalities have already started to introduce these ideas. Also, many BC/DR related businesses have already been conducted. This paper describes an actual business transition from DR to BC, user companies' approaches and their case studies, and the international standardization trends.

2. The Dawn of DR Business

The financial industry relies heavily on information technology (IT) systems, so that it is very important to prepare disaster countermeasures to support these IT systems. However, it has been difficult to own backup systems by themselves due to the cost.

Approximately 30 years ago, the U.S. company, SunGard installed mainframes in its data center and started "Hotsite", a service to share the mainframes among several companies for potential disasters. At normal times, a company subscribing "Hotsite" service backups its data and keeps it at a remote location. At time of disaster, it brings the backup data to the data center and boots the system. On a normal day many companies visit SunGard's data center with their backup data tapes to test if the system can be resumed successfully at time of disaster. This service provides a cost advantage by sharing mainframes and many companies have begun to use the service. Thus, sim-

ilar services have also been launched by other vendors, and it has resulted in a growth in the market for these services. SunGard, which is a pioneer company in this market serves over 10,000 clients worldwide and has succeeded in recovering from over 1,500 disaster interruptions.

3. Transition to BC Business

Around 1990, recognition was spreading that BC could not be realized unless it was able to recover from the disaster interruption not only in terms of its information systems but also of its business environments. Then, a methodology called BIA, Business Impact Analysis, was developed to define the time frame and priorities required to resume business after a disaster, which resulted in the establishment of another methodology called Business Continuity Plan (BCP) which also includes business operation restoration. It also generated a service designed to provide a backup office with desks, chairs, telephones and personal computers.

Almost 90% of the companies in the U.S. have already established BCP or are on the way to its establishment, a situation that is indicative of the wide-spread adoption of BCP in the U.S. market (researched by Merrill Lynch Bank in Jan. 2005).

Unstable electric power supply conditions, hurricane disasters, terrorism threats, these are the main reasons why BCP has been widely adopted in the U.S. However, governmental guidance and industrial regulations, such as "Continuity Of Operations (COOP)" for the US federal government, "Gramm-Leach-Bliley Act (GLB)" for the financial industries and

“Health Insurance Portability And Accountability Act (HIP-PA)” for the health care industries, are providing major influences that are tending to accelerate market acceptance.

Also in the U.S., in order to foster the training of BC specialists, an institution called the Disaster Recovery International Institute (DRII) is operating a qualification system for BC education. One of its most popular qualifications is Certified Business Continuity Professional (CBCP), which is mainly acquired by DR coordinators, who promote and operate DR in their companies, as well as by consultants of vender companies. Over 3,000 individuals have acquired CBCP or similar qualifications.

4. Recovery Case Study of a Hurricane Disaster

Due to cost considerations and predetermined recovery time objectives most companies in the U.S. carry out recovery processes by using magnetic tapes. Below is a case study of a financial service company with headquarters in Florida that conducted its systems and business recovery procedures from a remote office after it was hit by Hurricane Frances in 2004 (Fig.).

This company had contracted with SunGard to share backup systems and to be provided with an alternative office environment with business facilities.

The company anticipated a disaster event by a hurricane expected to strike around September 4, declaring the possibility

of a disaster to SunGard on September 2 and its Information System Dept. staff began to move to the SunGard data center in Atlanta. The hurricane did actually hit Florida on September 4 and the data center in the headquarters of the financial service company experienced an electricity power outage. On September 5, its CIO, driving through the night, brought the backup tapes to the SunGard data center.

On September 6, reading of the backup tapes was begun in Atlanta. First, the most important system was booted and then the other systems, all of which were successively operated by the end of the day.

On September 7, the operations staff of the Business Department started to move to Atlanta and began to carry out the company’s main business operations from the alternative of- fice over the period September 7 to 8.

By September 8, the facilities at the headquarters building had recovered and the process of bringing all the systems back from Atlanta to Florida was started. The systems had been re- covered in Florida by September 10, and all of the staff from the Information Systems and Business Depts. flew back from Atlanta to Florida. On September 11, business had completely recovered at the Florida headquarters. Two weeks later Hurri- cane Jeanne occurred. However, they managed to complete all of the recovery processes, which were accomplished success- fully by retracing their experiences with Hurricane Frances.

This case study shows that it is important to plan (Business Continuity Plan), test and train staff in advance, in order to rapidly achieve a smooth switchover and to maintain continu- ity of the information systems and business operations. Many U.S. companies also are conducting tests.

5. Standardization Trend/ISO

In the U.K., which is the country taking the lead in the stan- dardization of BCP, an open specification called PAS56 has been established, which is scheduled to become effective by the end of 2006 as a U.K. standardization numbered BS25999. Also, discussions regarding BCP have been in progress at the ISO security working group since January, 2004 and the first meeting of International Workshop Agreement (IWA) for emergency preparedness and operational continuity was held in Italy in April, 2006. Five countries: the U.S., Australia, Is- rael, Japan and the U.K. have submitted their proposals. How- ever, they have not yet reached an agreement and are continu- ing their deliberations aiming at achieving consensus regarding definitions of the TC233 Social Security issues. TC233 is scheduled to be issued as an ISO standard as early as 2008.

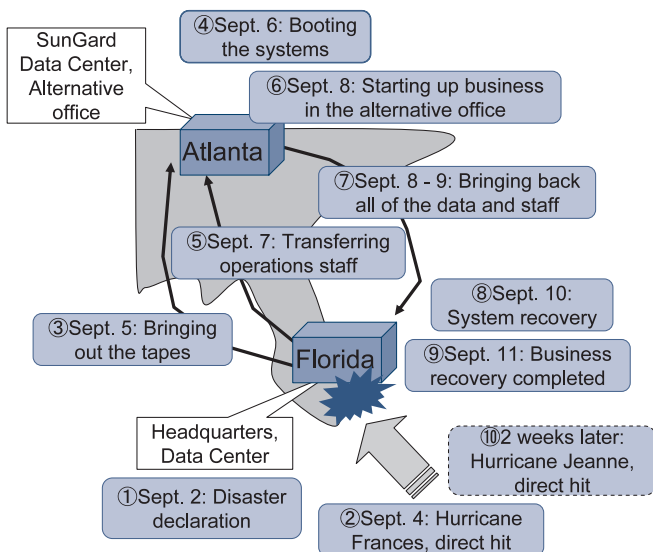


Fig. BC case study of countermeasures for the effects of hurricanes.

Overseas Market Trends in Business Continuity (BC)

Once it is issued as an ISO standard, it is expected to be of significant influence; its adoption could be an essential condition to participation in a global supply chain, a criterion to rank a company and it might become a contractual stipulation to describe it in CSR documents and financial statements.

6. Conclusion

Japan has achieved advanced status in disaster prevention procedures; however, it has been rather slow in implementing BC. NEC intends to study and to fully comprehend the trends and lessons learned by overseas countries regarding this issue and to reflect them in Japanese society by providing services and solutions that are of practical use to Japanese companies. NEC will actively participate in introducing BC to raise the level of Japanese company's business continuity.

*The company and product names published in this paper are their trademarks or registered trademarks.

References

- 1) Blog "To become a company equipped for crisis - the road to Business Continuity (BC)"
<http://www.blwisdom.com/blog/ueno/>
- 2) SunGard: SunGard Availability Services
<http://www.availability.sungard.com/>

Author's Profile

UENO Masayuki
Senior Manager, Business Strategy,
Marketing Division,
NEC Corporation