Continuity Forum

Business Continuity Institute

Australasian Chapter

Australia-New Zealand Business Continuity Benchmarking Survey 2009

Benchmark Indicators on Business Continuity

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Survey Authors

The individual responses submitted to the Australia-New Zealand Business Continuity Benchmarking Survey 2009 were reviewed, filtered and summarised by the Continuity Forum.

The analysis of the summarised results was drafted by Tim Janes, President of the Business Continuity Institute Australasian Chapter, with review and additional commentary provided by the Leadership Committee of the Business Continuity Institute Australasian Chapter.

The contributions of all participants in the development, analysis and production of the Australia-New Zealand Business Continuity Benchmarking Survey 2009 are gratefully acknowledged.

Executive Summary

"*History is written by the victors*." Taking liberties with this apocryphal quote from Winston Churchill, we could also say that "*Business continuity trends are decided by those who fill in surveys*".

As in past years, the survey was conducted on-line by organisations whose staff responded to the invitation to participate sent by the Business Continuity Institute and Continuity Forum. This approach will inevitably generate a bias towards those organisations whose representatives are motivated to invest their time into completing the survey and have the knowledge to provide answers. That is not to say that the results of the 2009 Business Continuity Benchmarking Survey are not valid or remarkable in their own right. It is just worth remembering as you read the survey that the information set out in this document represents a particular sample of business continuity professionals.

We can imagine that there is a potentially much larger but unknown and unconnected community of business continuity practitioners in our region. Perhaps the results of this survey will be of some help to the members of that undiscovered population.

The 2009 Business Continuity Benchmarking Survey was the biggest and most detailed survey in this continuing series that has been running since 2005. The 112 respondents represent a 75% increase on the number of respondents from the 2007 Survey.

The results we obtained in the 2009 survey provide a fascinating snapshot of the current status of business continuity management in Australia and New Zealand. Some of the results are unequivocal in the message they convey. Other answers are more open to interpretation, painting an indefinite image rather than a precise photograph. This report provides the interpretation of the results of the survey by members of the Business Continuity Institute and Continuity Forum. You may not agree with all of the conclusions made, but that is to be expected. We hope the survey results and the analysis in this report stimulates discussion about the practice of business continuity today, and promotes a dialogue as to where it might be heading.

Key Findings

In several areas there is a strong indication that organisations have adopted the principles of good practice business continuity management. An average of 75% of organisations responding to the survey demonstrated this encouraging pattern in several key areas:

- The use of defined business continuity policies to defined objectives and approaches
- The use of consistent information categories in the Business Impact Analysis
- The consistent content of Business Continuity Plans
- The wide adoption of testing and exercising to validate the effectiveness of business continuity strategies, plans and capabilities.

Other positive trends demonstrate that two thirds of the surveyed organisations have at least one person working full time in a business continuity role. Over 65% of organisations confirmed that the Board, CEO, or equivalent Organisation Leader have overall ownership of business continuity management.

The survey also produced some surprises. The low adoption of business continuity software systems by organisations was one such outcome. It appears the "might of Microsoft" is quite a challenge to

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overcome. It may also be an indicator of the restriction on business continuity budgets that can not accommodate the purchase and ongoing maintenance of software tools. The survey confirmed that a large proportion of organisations do not identify their business continuity expenditure as a separate item.

The survey participants revealed that they have a very low time tolerance for disruption. Over 80% confirmed their shortest tolerable period of disruption was 24 hours or less, with 30% indicating the period was 1 hour or less. Yet 80% of the survey participants make use of an internal continuity strategy solution (e.g. alternative locations within the organisation) compared to 32% that have a commercial solution (hot or cold recovery sites) as part of their continuity strategy. The survey results also confirmed that using an effective business continuity capability to obtain savings on insurance premiums remains a largely elusive goal.

The survey was not exclusively positive, and highlighted several areas where organisations can make further improvements towards good practice business continuity management principles. Many organisations are unable to identify and track their expenditure on business continuity activities, which must make it harder to demonstrate the benefits and return on investment that these efforts are providing. Nearly two thirds of organisations rely on contractual conditions and agreements to ensure that key business partners and outsourced service suppliers have adequate business continuity capabilities in place, without conducting a more active review or assessment.

The provision of business continuity training is also an area where improvements are needed. The survey results revealed that nearly half of staff with business continuity responsibilities have no formal, industry-relevant training or qualifications. Furthermore, 40% of responding organisations provide no business continuity awareness training to their staff.

The survey ended on a positive note by affirming that the attitude or approach to business continuity for 60% of Australian and New Zealand organisation's had been unchanged as a result of the global financial crisis. Kevin Rudd and John Key would be proud!

Conclusions

The 2009 Business Continuity Benchmarking Survey received an enthusiastic response from Australian and New Zealand organisations and produced an intriguing set of data. The survey generated more contributions from a wider range of industries than ever before.

The survey results confirmed that business continuity management is no longer the exclusive domain of large organisations, with 25% of respondents coming from organisation with less than 100 staff.

The analysis of the results shows many positive signs of increasing awareness and acceptance of many of the good practice business continuity principles promoted by the Business Continuity Institute and Continuity Forum. The use of recognised business continuity management standards and guidelines from the region and overseas appears to be well established.

Naturally, there is room for improvement in some areas. Like many organisation activities, business continuity management could be better resourced and receive more management attention. The application of good practice principles is inconsistent. There is evidence of wide variations in the thoroughness and frequency of business continuity activities, such as risk reviews, plan updates and testing.

We can take much comfort from the results of this survey, but perhaps not enough to be fully comfortable with the status of business continuity management in Australia and New Zealand.

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Introduction

It has been two years since the last Business Continuity Benchmarking Survey for Australia and New Zealand. Over those 24 months, business continuity professionals have experienced all manner of events; major bushfires, storms, floods, Swine Flu and a global economic crisis. At the same time the practice and principles of Business Continuity Management have continued to evolve and absorb new ideas, standards, technologies and challenging economic circumstances. We think that the results of the 2009 Survey reflect these changing times.

This is the first time the 2009 Business Continuity Benchmarking Survey has been conducted in collaboration with the Australasian Chapter of the Business Continuity Institute (BCI). This had the great benefit of broadening the survey's reach so we could invite participation from the widest group of business continuity professionals in Australia and New Zealand. The survey was not limited to members of the Continuity Forum or BCI. It was open to all organisations with an interest in Business Continuity, covering government departments, commercial businesses and not-for-profit organisations. This makes the survey one of the largest, if not the largest specialist business continuity survey conducted in Australia and New Zealand.

The Business Continuity Benchmarking Survey was conducted in Australia and New Zealand between April and June 2009. The survey contained 30 questions about the respondent's organisation and how it approached Business Continuity Management.

The survey questions were built around the six stages in the BCI Good Practice guidelines (that are consistent with British Standard 25999).

1. Business Continuity Management Policy & Program Management	2. Understanding the Organisation
3. Determining Business Continuity Management Strategy	4. Developing & Implementing Business Continuity Management Response
5. Exercising, Maintaining & Reviewing Business Continuity Management arrangements	6. Embedding Business Continuity Management in the Organisation's Culture

The results of the survey in this report are presented in sections corresponding to the six stages shown above. Each section provides a summary analysing the overall findings and conclusions from the survey results.

We are grateful to all the business continuity professionals who took the time to answer the survey. The interesting and valuable results it has produced would not have been possible without their contribution.

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Survey Demographics

This section provides useful background information about the organisations in the sample population. Understanding the audience is important when trying to interpret the answers that come later in the survey.

There were 112 respondents to the 2009 Business Continuity Benchmarking Survey. We had more individual respondents in total, but several were duplicates or incomplete and were filtered out. Despite this, the 112 respondents represent a 75% increase on the number of respondents from the 2007 Survey.

70% of the survey respondents operate primarily in Australia, while 15% are based in New Zealand and another 15% based overseas. This may reflect a concentration of business continuity practitioners in Australia, or it may simply be a result of the relative population sizes of the two countries.

As in previous years, the majority of respondents to the survey are employed within the Government or Finance industry. Together, these two sectors make up 50% of the total survey population. However, it is interesting to note that this figure was 70% in the 2007 survey. Does this indicate a reduction in the number of business continuity professionals working in Finance and Government? More likely, it shows a growing population in the other industry sectors, such as Business Services and IT, diminishing the relative size of the Government or Finance groups.

Section 1. Business Continuity Management Policy and Program Management

This section focused on how organisations set up and maintain their business continuity activities. Over 70% of the respondent organisations have defined their objectives for business continuity management through a separate Business Continuity Management policy. One third of respondents are in line with good practice guidelines by reviewing their Business Continuity policies and program and receiving approval from management every year. This demonstrates a high level of awareness to the importance of business continuity within these organisations. Approximately 15% of the respondent organisations do not have a defined Business Continuity Management policy, or have one that is included as part of another risk or IT policy document.

The survey also asked why the organisation had a Business Continuity Plan. Management, Board and regulatory requirements top the list, but it is interesting to see that nearly a third of respondents confirmed that the BCP is there to help protect the organisation's reputation. Equally positive, is the 16% of respondents who created the BCP as a staff initiative, perhaps a case of individuals showing the way for the organisation to follow.

In terms of overall ownership of Business Continuity Management the results confirmed that over half of respondents place responsibility for Business Continuity Management with the Leader of their organisation; the CEO/MD/Department Head. This is a positive sign that suggests that business continuity management is increasingly recognised as a senior management responsibility.

The CEO/MD/Department Head may have overall ownership of Business Continuity Management, but the survey also confirmed that the majority of organisations placed responsibility for Business Continuity Management implementation and co-ordination with the risk management function. Nearly 60% of organisations place Business Continuity Management in the risk management area. The other functional areas given stewardship of Business Continuity Management ranged from the Information Technology department to Internal Audit.

When asked how many staff are involved full-time with Business Continuity in the organisation, 55% have one or less full time staff working on business continuity. 20% of responding organisations have 5 or more. Effectively, 65% of responding organisations have at least one full time person working in Business Continuity Management. However, we should remember that this may reflect an inherent bias in the survey population as stated in the Executive Summary.

The survey asked participants to consider the benchmark against which they developed or measured their Business Continuity Management program and activities. The most popular models were the two Business Continuity Management Handbooks HB221:2003 and HB292:2006 produced by Standards Australia. The nearly 40% of organisations that favoured these two documents suggest a preference for local over international guidelines. It could also reflect the high proportion of Government Sector responses to the survey where these documents are often favoured.

Of course, some organisations do not get a choice, demonstrated by the nearly 20% of organisations that followed the Prudential Standard 232/222 from the Financial Services regulator, the Australian Prudential Regulation Authority (APRA). It matches well with the 22% of Financial Services organisation that completed the survey. The Business Continuity Institute's own Good Practice Guidelines came in second with a respectable 20% of respondents using this guideline as their benchmark.

Section 2. Understanding the Organisation

The next section addressed the manner in which organisations assessed and evaluated their risks and activities, identified their operating priorities and requirements, and asked what was included or excluded in the scope of the assessment.

The survey confirmed that over 40% of organisations complete and sign off a Business Impact Analysis (BIA) on an annual basis. This is in line with the Business Continuity Institute's Good Practice Guidelines, and most other recognised business continuity standards or guidelines. A further 30% of organisations are partially compliant with this good practice, but 27% are not.

Some of the respondents indicated that their assessment work had just been initiated, so they get the benefit of the doubt, and a few other stated that their assessment results are reviewed (but not signed off) by a Risk Management Committee, the Board or Business Continuity consultants.

When asked what information was collected in the BIA, those organisations that have BIAs displayed a surprising level of conformity in the data captured. All of the data categories listed by the survey were included by at least 67% of respondents. The items listed in the survey were drawn from the Business Continuity Institute's Good Practice Guidelines, again indicating a high level of acceptance of good practice business continuity principles.

The most commonly collected item in the BIA was the Maximum Tolerable Period of Disruption (MTPoD), which is also referred to as Maximum Acceptable Outage, or MAO, for each process / function. When asked what the shortest maximum tolerable period of disruption was, the respondents provided a surprising answer. A full 83% confirmed their shortest tolerable period of disruption was 24 hours or less, with 30% indicating the period was 1 hour or less. This would suggest that organisations have a very low time tolerance for disruption. Achieving an effective business continuity response in this timeframe is not a straightforward goal, and usually requires substantial planning, money and effort to achieve.

When organisations were asked about how they considered the continuity of key business partners and outsourced service suppliers, the results suggested a general reliance on contractual conditions and agreements. More active assessments of business partner capabilities, such as Partner reviews or joint testing were less common. 20% of respondents confirmed that this was not an aspect they considered in the business continuity assessments.

Projects are another important aspect of many organisation's operations, often forming a key part of their future direction and growth. When asked, just under half of the survey participants stated that they considered the business continuity requirements of some, but not all, projects. . Only 3% indicated that all projects lasting more than 12 months would be routinely covered by the business continuity program. 15% confirmed that projects, no matter how long lasting or significant to the organisation, were not included for business continuity purposes.

Section 3. Determining Business Continuity Management Strategy

This short survey section asked respondents to summarise their overall Business Continuity strategy.

Respondents could choose more than one category in their answer, as many organisations use a combination of approaches to achieve their business continuity strategy. Surprisingly 80% of organisations indicated they used an Internal Solution (e.g. alternative locations within the organisation) while only 32% made use of Commercial recovery solutions (hot or cold sites). These numbers appears to be inconsistent with the 83% of organisations that confirmed their shortest tolerable period of disruption was 24 hours or less in the previous section. Experience suggests that commercial recovery solutions are the most common way to achieve a rapid business continuity timeframe, but perhaps not the cheapest. This survey result tells a different story, implying that many organisations can, or attempt to, achieve very short business continuity response timeframes using their own in-house resources.

Of course, it can be tempting to read too much into a simple set of statistics. The same result can be interpreted a number of ways. Perhaps the costs associated with commercial recovery solutions may preclude many organisations from using their services, but the same organisations still identify ambitiously short recovery timeframes in their assessments. Perhaps for some organisations, the indication of a very short recovery timeframe is more of an optimistic target for organisations than an achievable reality. This potential disparity is one of the many reasons for business continuity exercises, which the survey investigates in Section 5.

Section 4. Developing and Implementing Business Continuity Management Response

Survey participants were asked about their current Business Continuity status. One third confirmed their plans were complete and tested for all departments / functions. A further 40% indicated their plans were a work in progress, with plans complete for some departments / functions but others remaining to be completed or tested. Just under 25% had less than half of their plans completed or tested. Potentially, some of these organisations had only just started to develop their plans, but it's fair to imagine that some other organisations in this group were struggling to complete their plans.

However, the fact that two thirds of organisations have not completed their Business Continuity Plans is a concern. It could be due to any number of factors, but several of the results in this survey give an indication of many of the challenges involved in creating and maintaining effective Business Continuity Plans. Some of the additional feedback provided by survey participants indicated that improvements and refinements to documents and procedures were needed to help keep plans up to date.

The survey then probed the content of the Business Continuity Plans. As with the BIA question, there was a high level of conformity in the information items included in most organisations BCPs. Every item listed achieved a 67% or higher response. The items listed for inclusion in the BCP were drawn from the BCI's Good Practice Guidelines, indicating once more that the survey participants had a high level of acceptance of these good practices.

The survey results indicate that producing and maintain a BCP is difficult. Several software companies have produced IT systems and tools to improve the process. The survey asked the participants if they use a software system or tool to produce and maintain their BCPs. Surprisingly only 10% of respondents indicated they did. Two thirds of respondents relied on Microsoft Office (Word and Excel) to produce and maintain their BIAs and BCPs. This may reflect the ubiquity and familiarity of the Microsoft Office suite, but they are not specifically designed as BCM tools, and as any user of Microsoft Office would know, they are not perfect. There are other contributory factors to the low penetration of BCM systems and tools. Budgets are one, as are the customisation and support requirements of a specialist software application.

The budget issue was raised in the next question. Respondents were asked how much their organisation spent on Business Continuity (non IT, whole of business costs) on an annual basis. 45% of respondents could not provide an answer, as the information was not identified by the organisation. The other results were evenly spread in a range from $10,000 to a generous $1 million. The fact that nearly half of organisations can not identify how much they are spending on business continuity indicates that it may not be the management priority that we would hope.

The next survey question focused on how business continuity costs are allocated. It's fair to assume the answers came from the 55% of respondents who could identify their business continuity budget. They responses indicate a 40:60 split between user-pays allocation and a centralised approach to cost allocation based on various criteria.

Section 5. Exercising, Maintaining & Reviewing Business Continuity Management arrangements

The Business Continuity Institute's Good Practice Guidelines state that "a Business Continuity Management (BCM) capability cannot be considered reliable until it has been exercised." The survey asked participants what type of business continuity tests / exercises they conducted. The most common response was a scenario based exercise, followed by desk top reviews. Only 7.4% confirmed they did not, or had not got round to, testing their business continuity plan. This indicates a high level of acceptance of the importance of testing the business continuity plan and exercising continuity procedures.

The frequency of BCP tests was considered next. Over 55% of respondents confirmed that they tested their BCP at least once every 12 months. The Business Continuity Institute's Good Practice Guidelines recommend, and many regulators require, that business continuity capabilities are tested annually. However, the BCI also recognises that "the frequency of a BCM Exercise Program is dependent upon the nature, scale and complexity of the organisation." The fact that some organisations do not test the BCP every year, is less of a worry as long as there is a set frequency for testing that is appropriate to that organisation. It is the 20% of organisations that confirmed they had no set frequency for BCP testing, that are of greater concern.

The BCP once complete, and the whole business continuity program requires monitoring and management to ensure it continues to support the organisation. When asked how their organisations measured their business continuity capabilities and performance, respondents confirmed that Self Assessment and internal risk management reporting were the most common approaches.

Making savings on-insurance premiums is often proposed as a benefit of having an effective business continuity capability in place. Unfortunately, only 27% of survey organisation verified that they had gained any savings or benefits from having a BCP when negotiating Business Interruption or other insurance. Equal proportions of respondents felt that they had gained no such benefit from having a BCP or did not know.

The measurement and reporting to management of business continuity capabilities and performance typically occurs on a quarterly and annual cycle. Just under a sixth of respondents revealed that they never reported to management on the status of their business continuity capabilities and performance.

Section 6. Embedding Business Continuity Management in the Organisation's Culture

The successful establishment of Business Continuity Management (BCM) within the organisation's culture is dependent upon its integration with the organisation's strategic, and day-to-day, management and alignment with its business priorities. So says the Business Continuity Institute's Good Practice Guidelines.

The Business Continuity Benchmarking Survey 2009 attempted to expose the extent to which business continuity had penetrated the culture of Australian and New Zealand organisations. As a largely "soft" or intangible measure, the survey made use of several proxies as indicators of an organisation's cultural attitudes to business continuity management.

The survey asked about the number of staff with business continuity responsibilities who had formal credentials relevant to their job. 54% of respondents confirmed they had at least one qualification from the BCI, RMIA or DRI, which is a positive outcome. Regrettably, 46% had no such qualification. One wonders if organisations would be comfortable if an equal portion of their accountants, lawyers, IT staff or auditors had no qualifications relevant to their daily role.

The next cultural indicator to be probed was the extent to which organisations provide business continuity awareness training provided to other staff. 60% of the surveyed organisations do this, either for all staff, new staff on arrival, or to other staff with defined business continuity roles, such as business continuity team members. On the other hand, nearly 40% do not, which suggested their cultural exposure to business continuity is limited.

Another way to assess the cultural awareness of business continuity is to consider organisation experience of actual business disruption events. The majority of organisations we surveyed had experienced some form of business disruption in the previous 24 months. The most frequent were due to the failure of IT systems, utilities and building systems. This survey answer clearly showed that it is the failure of the routine, man-made support systems that are the most common causes of business interruptions, not the unusual but dramatic events, such as terrorism, that grab the headlines.

Not only are organisations being disrupted by unplanned events, but they are costing them money. However, it is apparently not very much money. When asked how much business disruption events were estimated to have cost the organisation in the past 2 years, nearly half of organisations indicated that it was less than $50,000. Less that 25% experienced a disruptive incident that cost more than half a million dollars.

The survey ended on a topical note. The participants were asked if their organisation's attitude or approach to business continuity had changed as a result of the global financial crisis. Over 60% stated that it had not, which is consistent with the fact that Australia was able to ostensibly avoid a recession. Of course the affects of the global financial crisis were not uniformly distributed, and a few organisations did experience decreases in business continuity awareness, budget, resources and time. However, even more organisations found that the global financial crisis resulted in an increase in the level of business continuity awareness and resources. It appears that some organisations followed the wise maxim, to never let a good crisis go to waste.