

BUSINESS CONTINUITY MANAGEMENT CURRENT TRENDS AND BEST PRACTICES



THE WORLD BANK

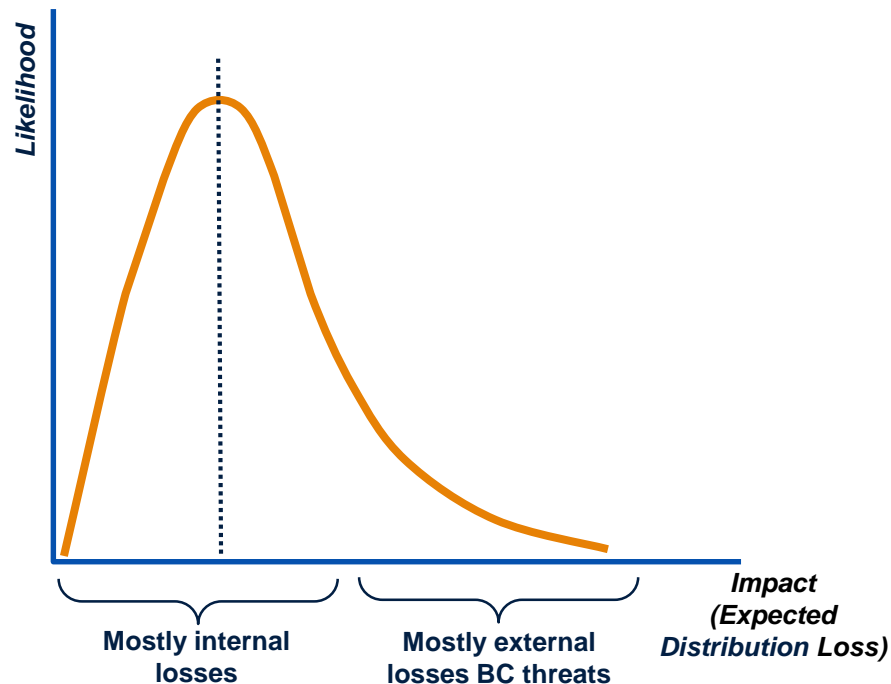
Treasury

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Operational Risk and Business Continuity

Business Continuity Management (BCM) addresses subset of OR risks outside organization's control



Integral part of the overall risk management program of *financial industry participants* and *financial authorities*

Risk and Impact

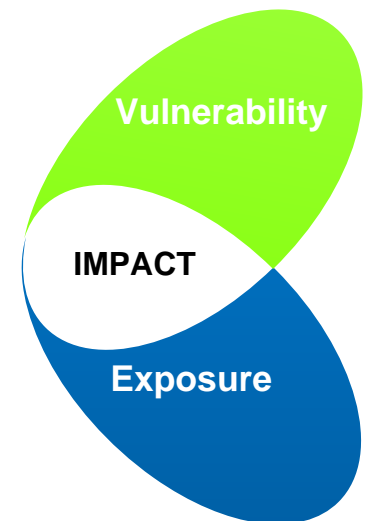
Threat: event that might have adverse effect on organization's business resources and supported business processes

Exposure: business processes/resources subject to the threat/outage

Vulnerability: some organizations absorb and recover more/less readily because of their resource capacity, planning and culture

Risk: probabilistic function (likelihood) of threat, exposure and vulnerability

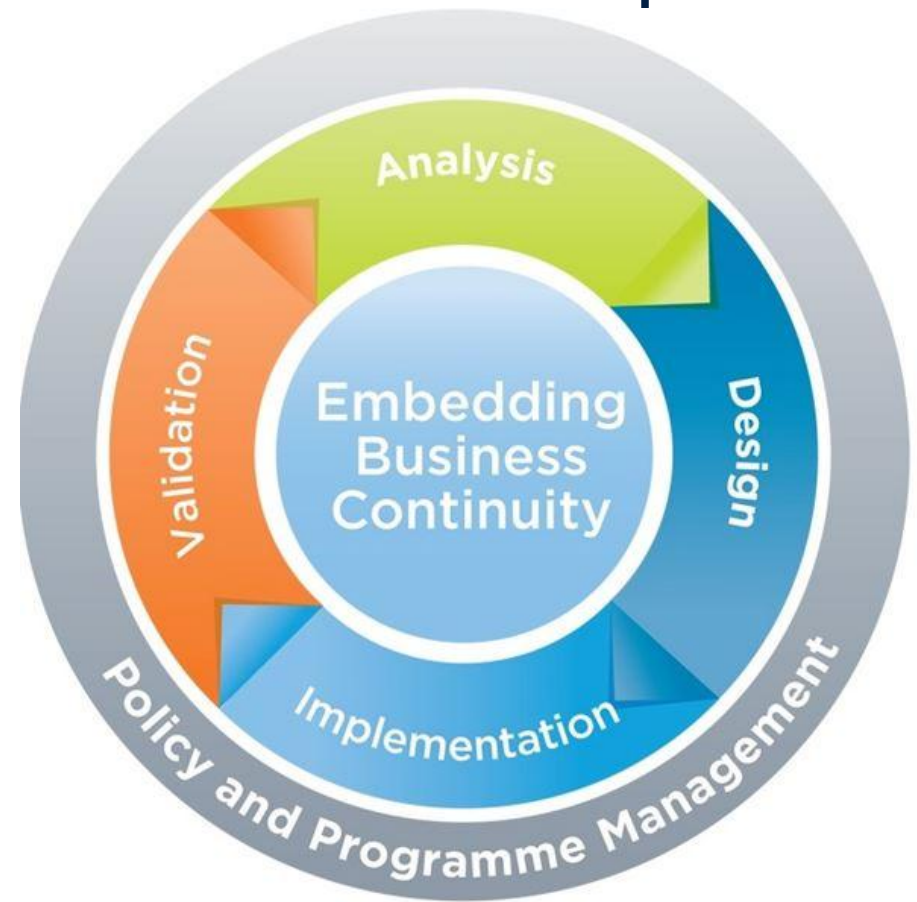
Impact: function of exposure and vulnerability



BCM Lifecycle

Framework to respond to and recover from business disruptions and safeguard organization's:

- Strategic objectives
- Assets and income
- Key stakeholders' interests



Source: BCI Good Practice Guidelines 2013

1. Policy and Program Management



Define BC organizational policy for BCM

Initially as “a project”

- BCM program manager, BC coordinators
- Roles, responsibilities and authority to act during emergencies
- Program adequately funded

Adhesion to BCM Standards in the long run

- Formalized method to align BCM work program to organization's resilience requirements

2. Analysis



Risk Assessment – Risk Registry

- Identify threats that can adversely affect business operations and resources
- Estimate likelihood of threats

Criticality Assessment – Inventory of Critical Processes

- Identify organization's critical processes, prioritized by level of impact

Business Impact Analysis – Inventory of Critical Resources

- Quantifies business impacts from disruptive events on the organization's processes and resources

Business Impact Analysis

For identified critical business functions and processes

Identify necessary resources to assure continuity of operations:

- **Staff**
- **Systems**
- **Facilities...**

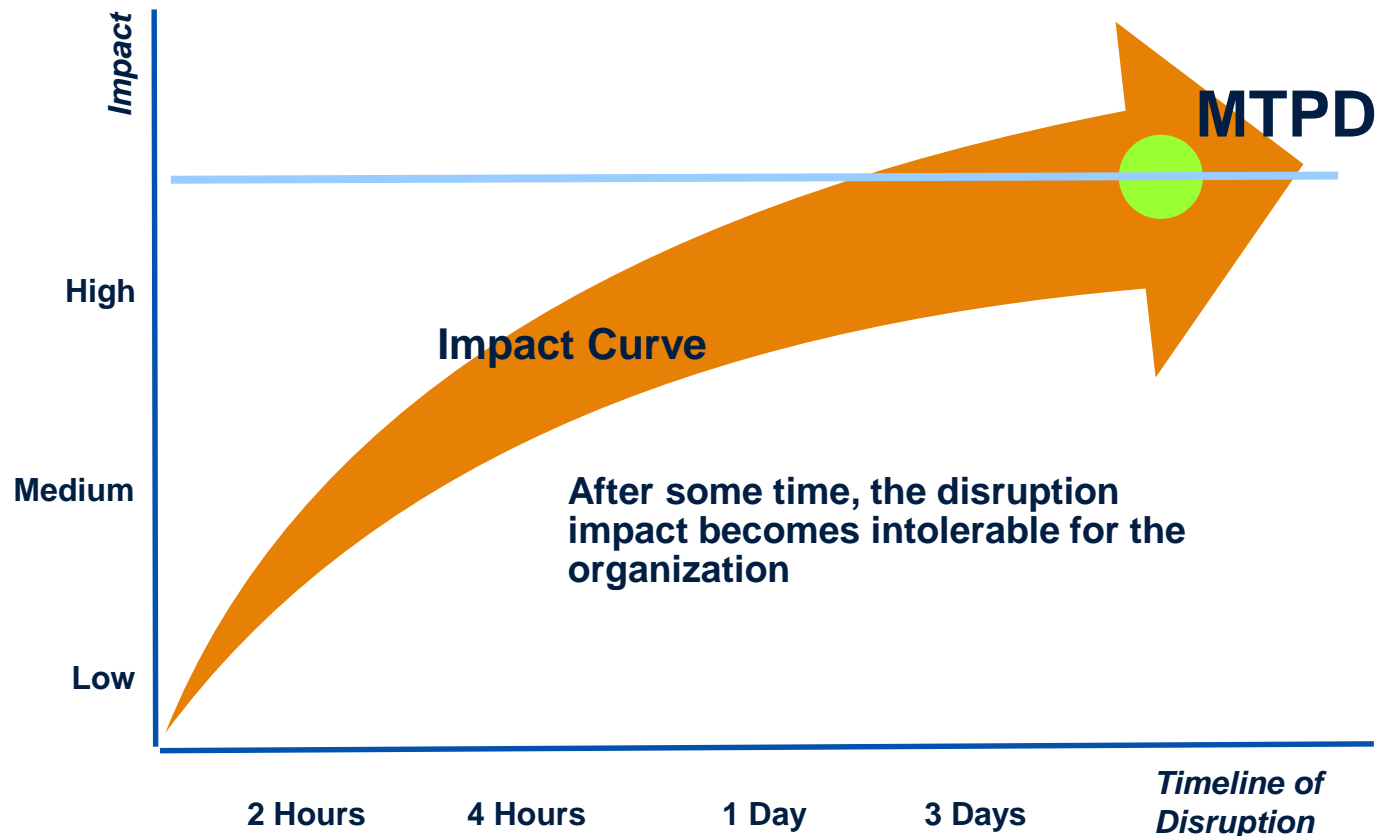
Quantify impact from disruption

Determine the vulnerability of the organization

Define BCM metrics (MTPDs, RTOs, RPOs,...)

Maximum Tolerable Period of Disruption

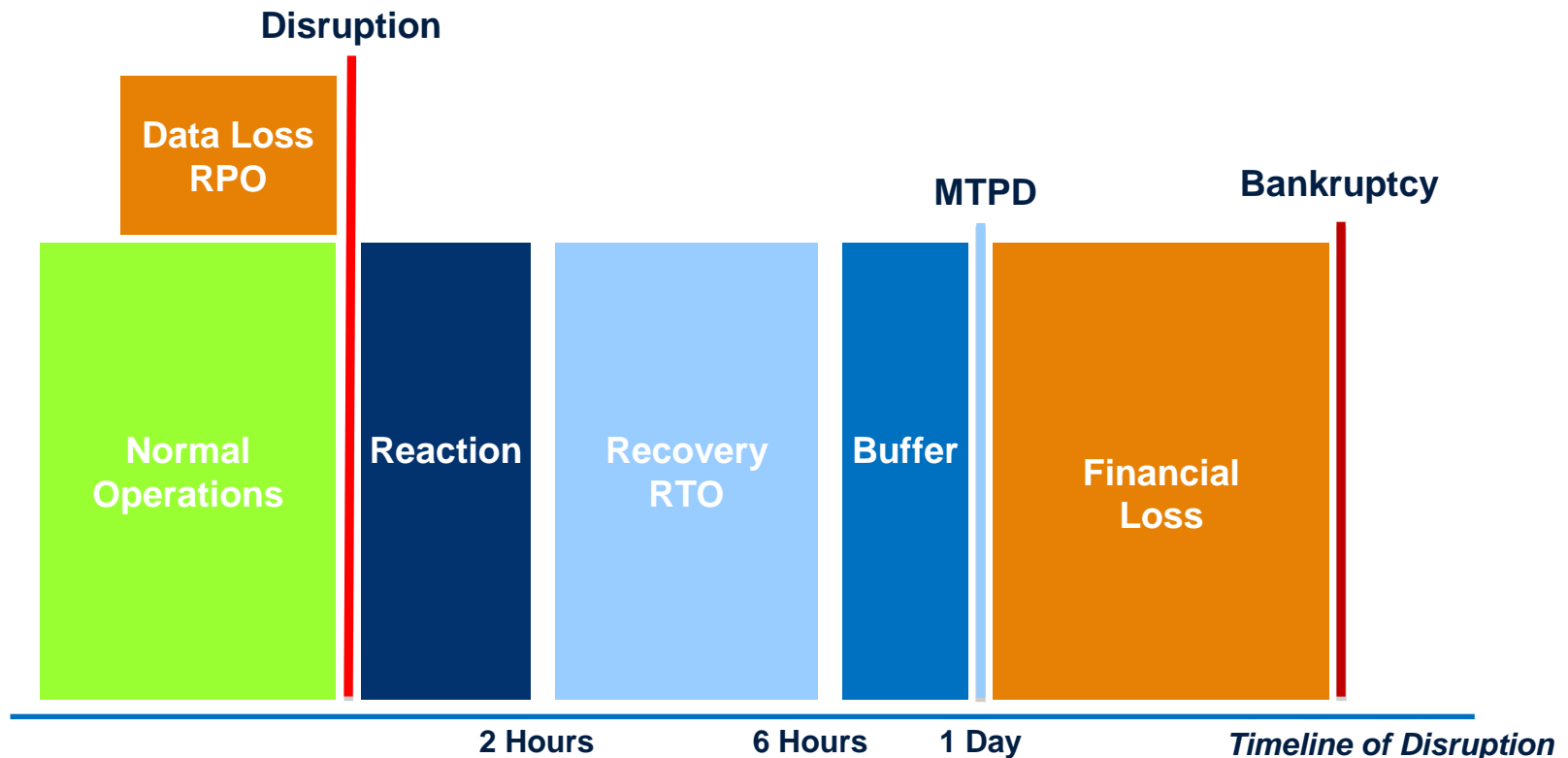
MTPD: The period of time after which the disruption of a business process would create an intolerable impact to the organization



Recovery Point Objective and Recovery Time Objective

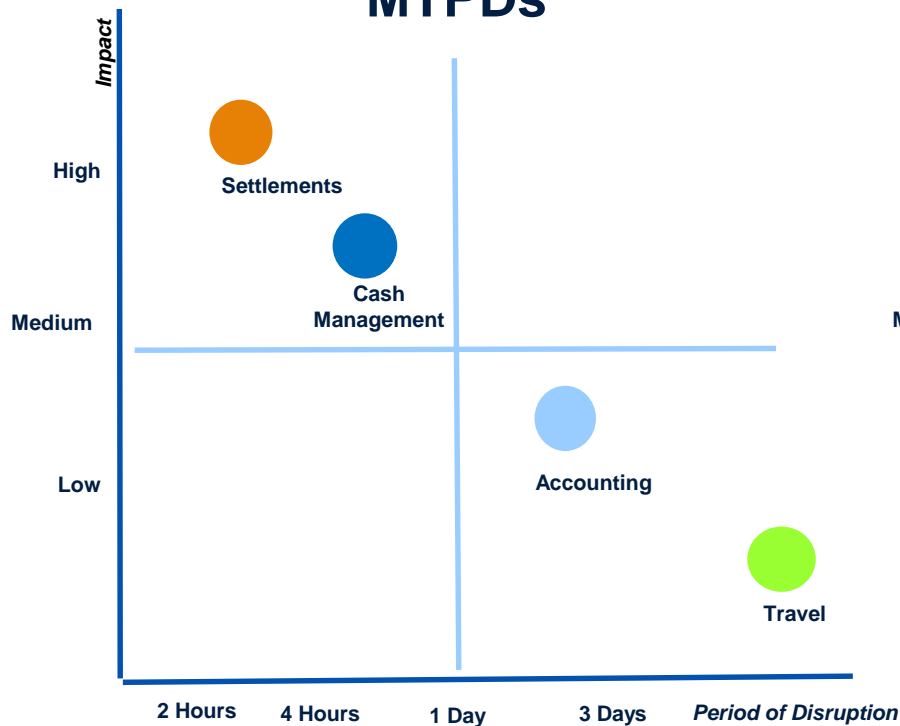
RPO: Maximum targeted period in which data might be lost from an IT service

RTO: Period of time within which activities/resources must be resumed recovered

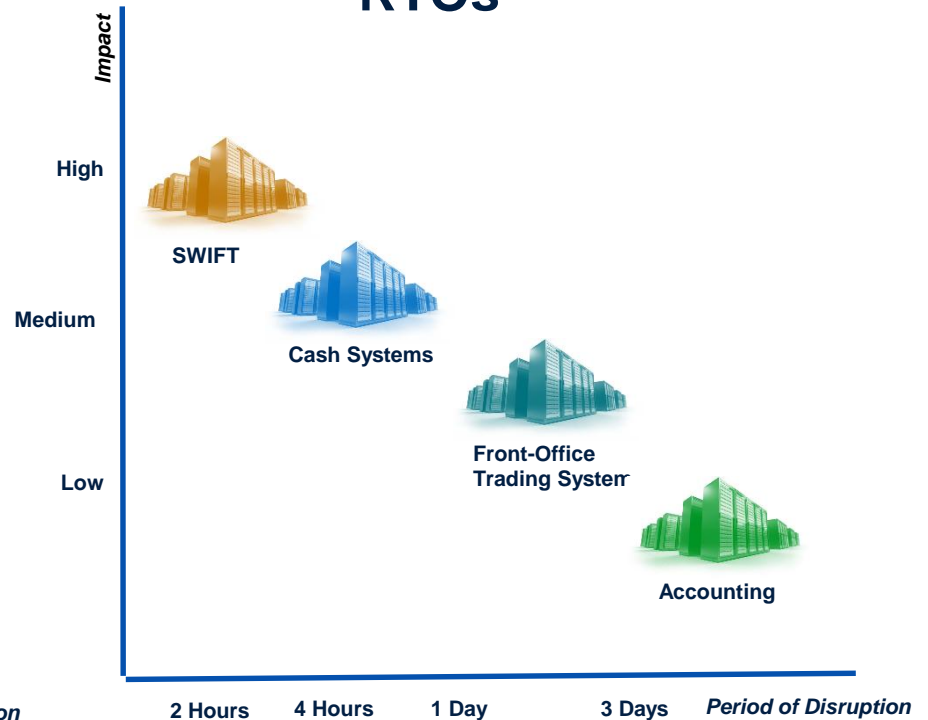


Time Critical Processes and Systems Identification

Identifying Critical Processes and their MTPDs



Identifying Critical Systems and their RTOs



3. Design

Identify the strategies which will allow the organization to recover in a time frame in line with defined MTPDs



Primary goal to maximize speed of recovery and minimize cost

Ensure separate or duplicate sets of critical resources:

- **Staff (training/work location)**
- **Copy of business records/data**
- **Vendors**
- **Production/alternate sites (facilities/IT systems)**

Planning for Impact

Strategies should focus on:

Impact of Disruption



IT Systems



Internet

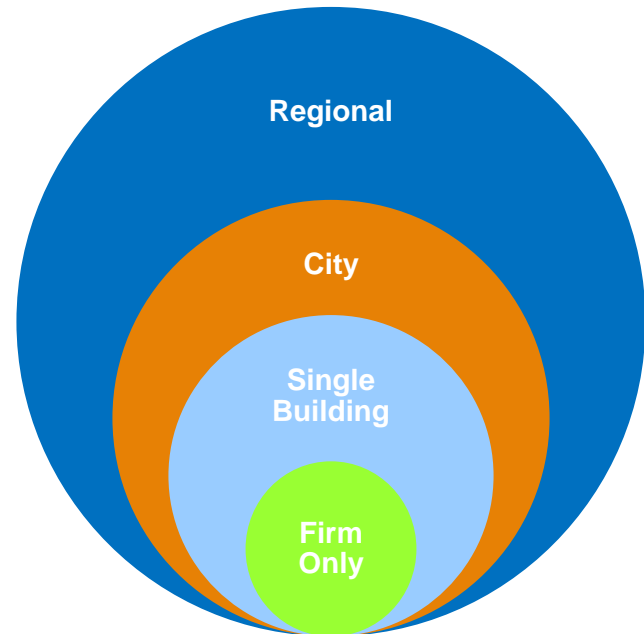


Facilities



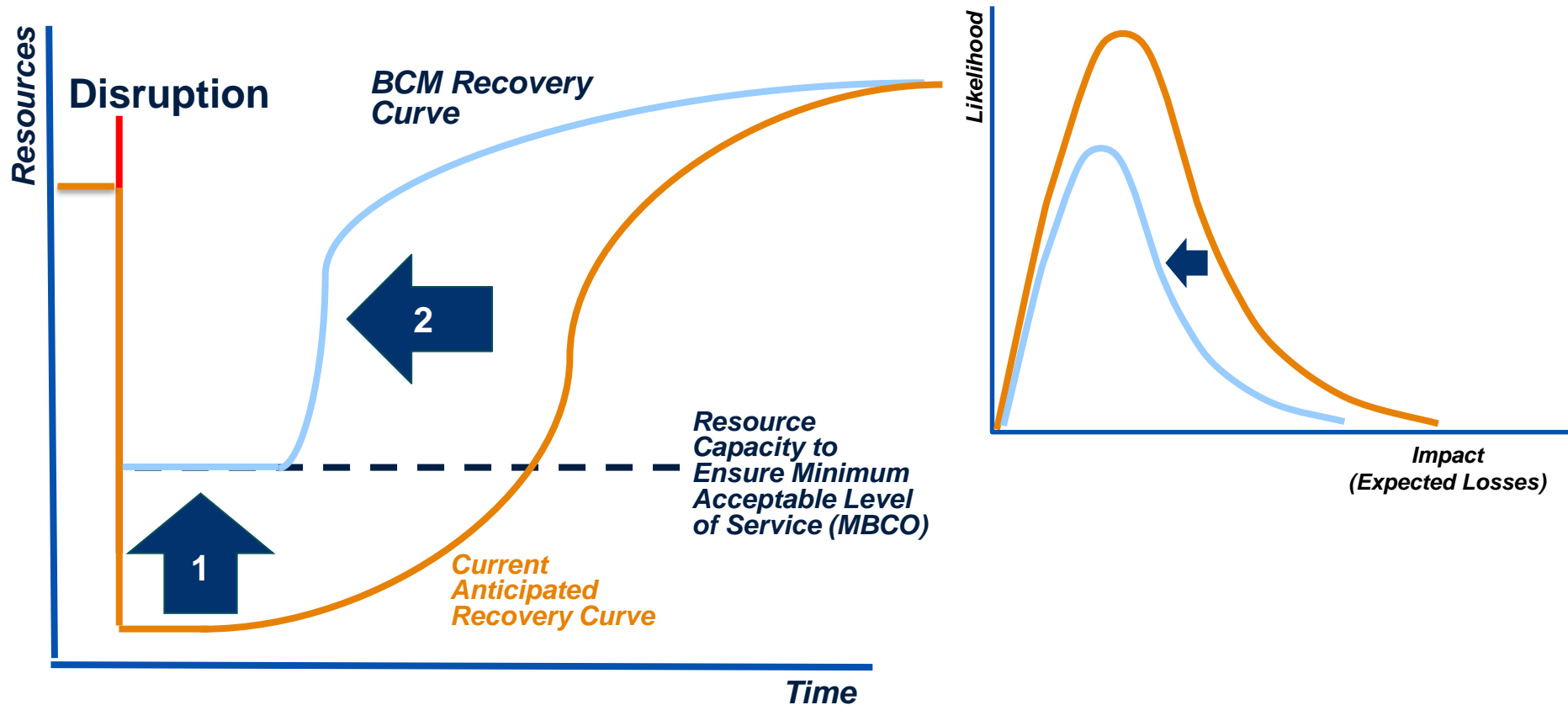
Staff

Magnitude of Disruption



Plan for worst case

Business Continuity Strategy



1. Ex-ante mitigation and risk reduction strategies to protect capacity response
2. Increase speed of recovery through pre-disaster planning and organizational management

4. Implementation

In large or complex organizations, strategic, tactical and operational plans are developed and maintained

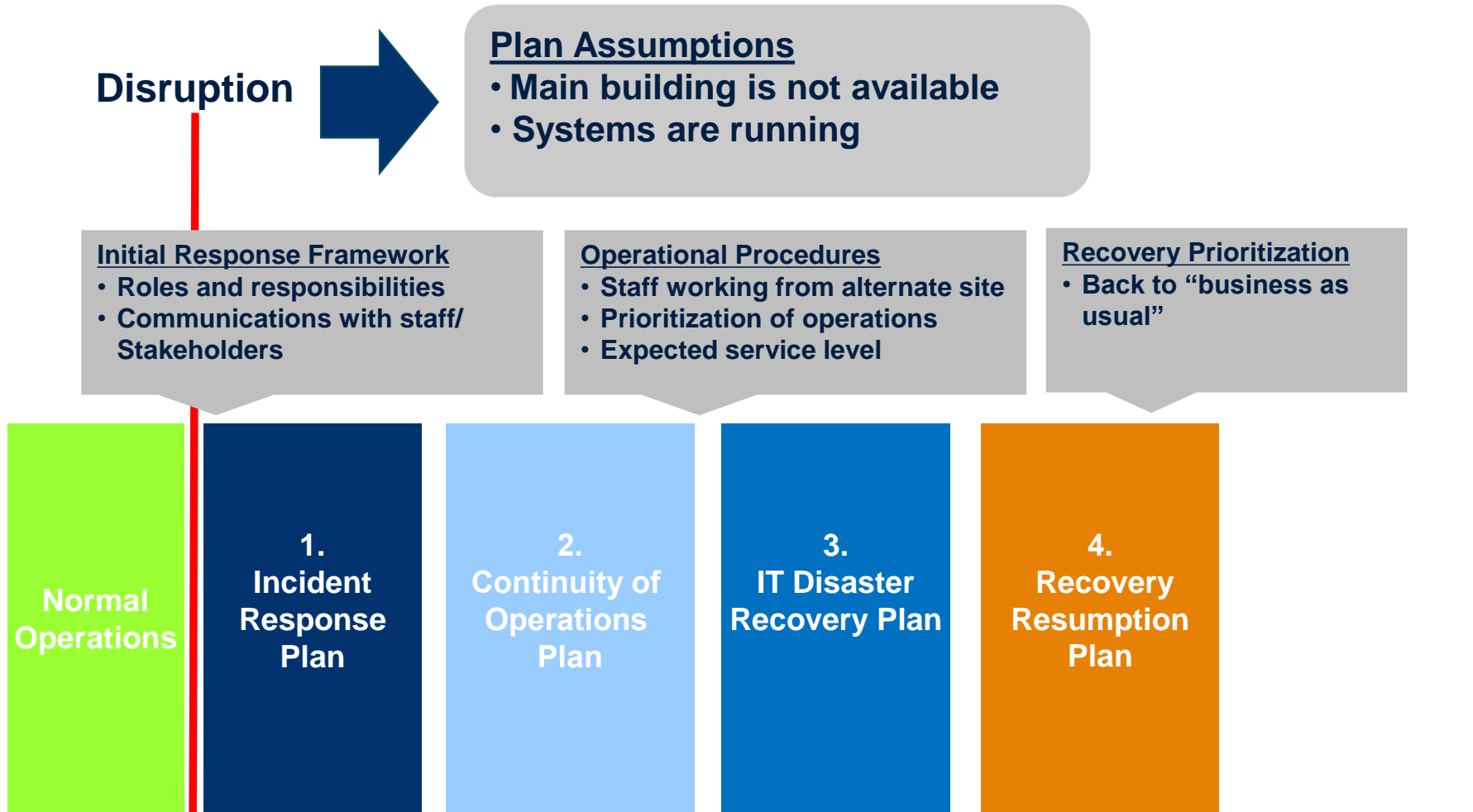
Plans should contain the following elements:

- **Assumptions**
- **Response team membership and responsibilities**
- **Communications procedures with stakeholders**
- **Continuity and Recovery actions**



BC Plan - High Level Example

Facility Loss – BC Plan



Timeline of Disruption

BC Plan – Recovery Procedures

In financial industry, vast majority of business processes depends on IT systems

Workaround procedures should be in place to recover operations in case of system unavailability

Planning complexity increases with the complexity of organization processes

Payment System is down	Counterpart A	Counterpart B	Counterpart C
Day of the Month	WP 1	WP 2	WP3
Time of the Day	WP 4	WP 5	WP 6
Currency	WP 7	WP 8	WP 9

WP = Workaround Procedures

5. Validation

BCM strategy and planning cannot be considered reliable until it has been exercised

As organization constantly changes, BC maintenance program will ensure organization's resilience remains constant or increase

Verify BCM program meets objectives defined in the BC policy



BC Exercise

Exercise program to periodically ensure:

- **Critical staff is trained**
- **Validate all plan information**

Identify issues and gaps that will need to be reviewed and remediated

Test plan designed to maximize business benefits while minimizing business disruptions

Maintenance and Review

Many issues and gaps recorded during exercises are results of changes in the organization (staff, systems,...)

Establish a process to constantly monitor and evaluate changes in the resources and their interdependencies

Review/challenge assumptions made in the BIA and recovery objectives

BCM program to be part of the scope of the organization's audit and governance policies

6. Embedding BCM

Senior Management to promote organizational culture to place high priority on BCM

Diffuse a risk culture within the organization with the appropriate accountability and ownership

Financial and human resources to implement BCM program

Training and awareness program on staff roles and responsibilities



BC Lifecycle and Resilience

BC program management long term goal objective is to improve organization's resilience through successive iterations of the BCM Lifecycle



References

- World Bank (2010), “Guidance for Operational Risk Management in Government Debt Management” by Tomas Magnusson, Abha Prasad and Ian Storkey
- Business Continuity Institute (2013), “Good Practice Guidelines 2013”
- The Economist (Nov. 8th 2012), “Business Continuity: Making it through the storm”

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