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# Management Summary

Even before September 11<sup>th</sup>, 2001 every company has had to face, on a daily basis, the risks of small and large disasters that could severely impact its business. Risks originating within the organisation such as fraud, fire, water damage or system failure can strike alone or in combination affecting numerous areas including personnel, infrastructure and processes. Risks can of course also originate externally, for example via computer viruses or terrorist attacks. According to an article on Operational Risk Management in *ebanker* April 2002 (a supplement to the German newspaper *Handelsblatt*), only one hour of system failure in securities trading has the potential to create costs of up to EUR 8 Mio.

This confirms the existing view of the world's top institutions and corporations that disaster recovery, business continuity planning and operational risk management require senior management attention. In addition to Acrys Consult advisory services and products addressing the challenges of Operational Risks, we also offer extensive and proven experience in Business Continuity Planning.

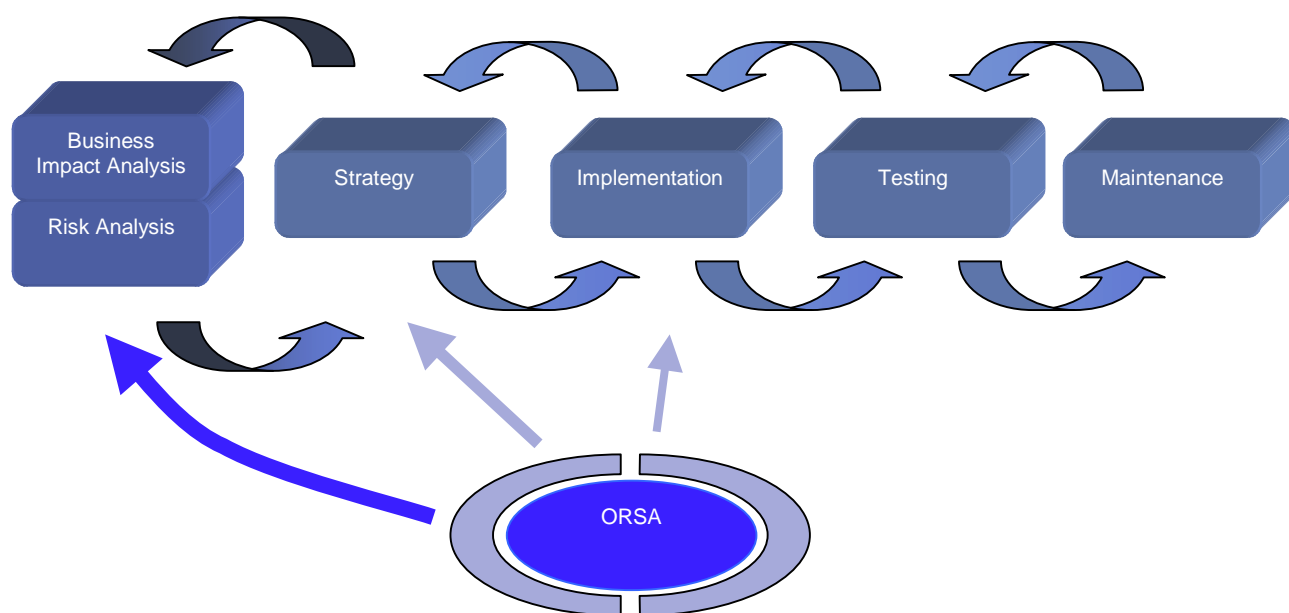


Figure 1: Business Continuity Planning Process

Figure 1 illustrates how we support the Business Continuity Planning Process, including advisory using Acrys Consult's unique analysis tool ORSA.

# Business Continuity Planning Process

A complete and integrated Business Continuity Planning (BCP) encompasses several phases:

- Business Impact Analysis (BIA)
- Risk Analysis and Assessment
- Risk Avoidance and Business Survival Strategy
- BCP Development and Implementation
- Training and Testing
- Maintenance

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## Business Impact Analysis

A thorough Business Impact Analysis (BIA) is the overall base for a company's BCP and risk avoidance strategy. In this phase the following issues must be addressed:

- Which are the core business areas to be protected (ABC-analysis)?
- Which categories including resources, infrastructure and processes are critical for these business areas?
- Which internal and external disasters and contingencies can affect these critical categories?
- Which types of risk exist?

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## Risk Analysis and Assessment

Based on results of the BIA, the various types of risks have to be analysed and assessed. This phase embraces the following questions:

- Which specific risks exist in each of the identified areas?
- What are the weaknesses in infrastructure, processes etc.?
- How crucial are these risks and weaknesses (evaluation)?
- What are the key factors to reduce and avoid the possibility of business interruption?

Periodic assessment of all risks and weaknesses is highly recommended.

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## Risk Avoidance and Business Survival Strategy

Budgets are by far better spent on risk reduction and avoidance than on recovery from a disaster. Thus, the BCP-strategy focuses on weakness reduction and risk avoidance before a disaster can strike. - For the risks

that remain, a business survival strategy must be developed. This 2-phase process offers the highest probability of protection from possible business interruption.

Following types of questions are relevant:

- What are the measures to reduce and avoid the identified risks and weaknesses?
- Which risks and weaknesses cannot be covered by such measures?
- What must be done if certain or all business processes are interrupted?
- Within which time frames should and can the interrupted processes be recovered?
- What are the priorities of recovery amongst the business users or units?

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## **BCP Development and Implementation**

In this phase guidelines and detailed recovery plans are developed. This framework covers issues such as:

- What type of disaster(s) invoke the recovery plan(s)?
- Which decision committees must take over responsibility?
- Who is to be informed under which scenario?
- What are the contact details of the people to be involved?
- Where to go, what to do?

In order to assure the proposed measures are executed properly, the framework and guidelines developed must be implemented throughout the organization.

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## **Training and Testing**

The occurrence of a disaster is of course the least desirable means of testing the effectiveness and efficiency of the recovery strategy and the BCP. Everyone involved in a BCP must be trained in advance and kept up-to-date with periodic trainings. Each single measure must be tested more than once. Training and testing guarantee the success of the BCP and encourage an appropriate awareness for disaster recovery.

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## **Maintenance**

'Change' is the only constant factor in business. Consequently, changes in business areas, organisational structures, staff, infrastructure and processes of the organisation must be considered. Once implemented, the recovery strategy and BCP require regular amendment in accordance with these changes. It is also highly recommended that the identified risks and weaknesses be periodically and critically reviewed for accuracy and relevance.

## Our Services

Acrys Consult offers the following services, based on our tool ORSA for Business Continuity Planning (see Figure 1), our preparation checklist and interview guideline:

- Full-blown Business Impact Analysis
- Risk Analysis and Assessment
- Risk Avoidance and Recovery Strategy, including recommendation of risk reduction measures
- Implementation of risk reduction measures

Acrys' tool ORSA was originally developed to assess IT-focussed risks. Expanded to other BCP relevant categories, ORSA now includes coverage of the following risk categories:

Active components
Cabling
Controlling
Data backup and recovery
Data protection
Disaster recovery planning
Documentation
End-user Acceptance
External interfaces
IT-Infrastructure premises
Management
Operations
Peripheral devices and equipment
Security concepts
Server systems
Staff, Know-How
Strategy
Support
Workstations

Overall, ORSA supports the risk analysis and assessment beginning with nearly 300 questions addressing the above risk categories. Based on this direct input, the range of potential risks and system weaknesses are identified and analysed. Finally, considering also infrastructure and options available to the client, a set of tailored reports are derived and risk reduction and avoidance measures are recommended. - For more information, please request also our separate ORSA documentation.

## References

During the period 1996-2000, Acrys Consult Management members were responsible for a major Business Recovery Project within the Investment Banking units of one of the largest German banks. The total budget for this task was EUR 10 Mio. The successful undertaking entailed development and implementation of tailored recommendations using the full range of BCP options within a complex organisational environment.

Acrys' expertise includes consultants' hands-on experience in data storage and disaster recovery strategies directly gained via in-house assignments within major companies.

# Contact

Management

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