



India BCM survey
report 2009
*Are we really
resilient?*

Contents

1	Foreword
2	Executive summary
4	Survey observations
9	Conclusion
10	Annexure I
11	Annexure II

Foreword

India has been experiencing various natural as well as manmade disasters over the years. Recently we witnessed the Bihar floods as well as the Mumbai 26/11 attacks.

The unfortunate events of 26/11 served as a wake-up call to the Indian business community. It highlighted the need to develop appropriate Business Continuity strategies. Further, regulatory authorities like Reserve Bank of India ('RBI') and international public risk management frameworks like Basel II require implementation of appropriate Business Continuity Management ('BCM') frameworks to build resilience, especially in the financial sector.

Business houses believe that they are resilient but no formal attempt has been made to understand the thinking of business leaders on the subject of Business Continuity and Resilience. In light of this Enterprise Risk Services ('ERS') division of Deloitte in association with The Business Continuity Institute, UK ('The BCI') decided to conduct a survey "India BCM Survey 2009" (the 'Survey') to understand the state of BCM in India with a view to help foster its rapid development.

The methodology followed when conducting this Survey is described in **Annexure I**. We have included BCM Good Practices in **Annexure II**. The Survey should be read in conjunction with the disclaimer on the last page of this report.

This report presents the results of the Survey along with inferences and select good practices. The Survey results overall indicate that while business houses have taken appropriate steps in the right direction towards ensuring business continuity, there is limited involvement of

dedicated resources for BCM in terms of both personnel as well as budgetary allocation.

This raises a question worth pondering; Are we really prepared and resilient?

We should keep in mind that Resilient Businesses will enable us to build a Resilient India!

Nitin Khanapurkar

Senior Director
Deloitte Touche Tohmatsu India Private Limited
India Office Representative - The BCI

Lyndon Bird

Technical and International Director - The BCI



Executive summary

The aim of the Survey was to ascertain the level of awareness, management involvement and key drivers of BCM in India. Most respondents of the survey were either senior management directly involved in BCM or CXOs.

The Survey had 15 simple questions categorized as follows:

- General
- Budget
- People
- Awareness and training
- Testing, update and maintenance

The Survey received an enthusiastic response from several leading organisations across various industry sectors.

Key highlights and comparisons between the various sectors are as depicted in Table 1 below:

Figure 1: Respondents - Classification by industry

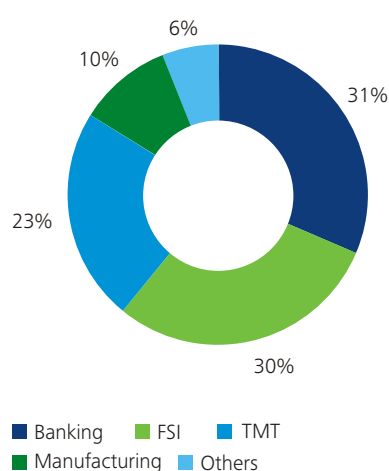


Table 1: Key highlights and comparisons

	Banking	FSI*	TMT [#]	Manufacturing	Others**
Comprehensiveness of BCM	54%	85%	86%	78%	50%
Key drivers	Regulatory	Corporate governance/business strategy		Corporate governance	
Inadequate budget	46%	41%	23%	22%	50%
Average fulltime BCM employees	0 – 3 employees				
Third party/vendor BCM evaluation	32%	44%	29%	33%	17%
Senior management involvement	Medium	High	High	Medium	Low
BCM ownership	IT	IT/Others		Administration/No one	

*FSI - Financial Services and Insurance

#TMT - Technology, Media and Telecommunications

**Others includes Educational institutions, Work Place Recovery providers, Export Credit Insurance, Clinical Research, Non Government Organisations and Chartered Accountant firms

The Survey provided some interesting insights into the state of BCM in India.

As illustrated in Table 1, the key drivers for the BCM program in the Banking sector were regulatory requirements and those for FSI, TMT, Manufacturing and the Others sectors were corporate governance or business strategy.

A majority of sectors indicated that they had a comprehensive BCM program in place. However, further analysis of responses indicated that there were certain anomalies in the BCM program implemented by various organisations. There was inadequate allocation of resources in terms of both budget and personnel for the BCM program. While a comprehensive BCM program must encompass third party/vendor assessment, a majority of respondents indicated that these key constituents were not included. Further, the BCM program seemed to be IT centric rather than having a holistic perspective of the organisations, taking into account People, Process and Infrastructure.

Again, while a majority of respondents indicated that there was Senior Management involvement in BCM, the BCM program was largely owned by IT, Administration, other departments rather than Senior Management.

However, there were some positive aspects highlighted by the Survey. The respondents represented organisations across sectors and consisted of large, small and medium enterprises indicating growing awareness of BCM.

The Survey also underlined the fact that BCM was increasingly becoming part of corporate governance or business strategy. This promising development augurs well for the Indian industry.



Survey observations

The Survey aims to help organisations assess the state of BCM in India. The Survey attempts to answer the basic but important question: What is the level of business continuity preparedness across various industry sectors?

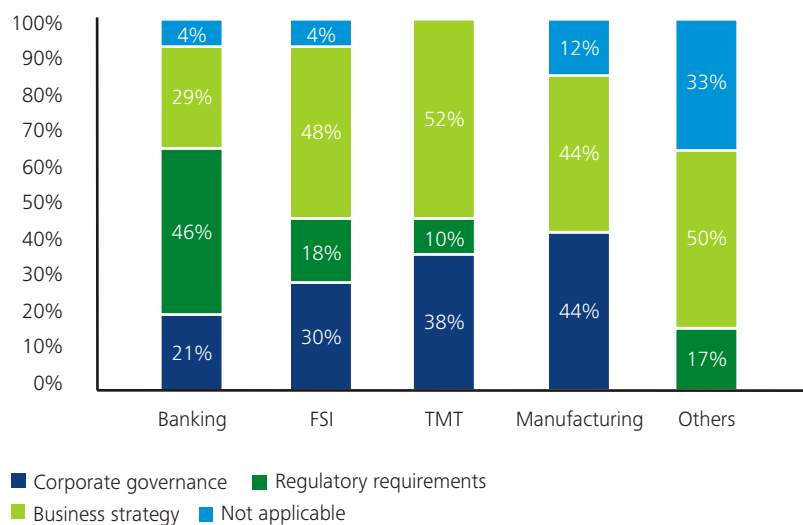
Key findings from this Survey are presented in this section.

Key drivers for BCM

While regulatory requirements were the key drivers for initiating a BCM program in the Banking sector, corporate governance or business strategy drove management's decision to expand investment in BCM in the FSI, TMT, Manufacturing and the Others sectors.

In the Banking sector, almost half of the banks indicated that the key drivers for initiating a BCM program were regulatory requirements. Most respondents from FSI, TMT and Manufacturing sectors indicated either corporate governance or business strategy to be the key BCM program drivers

Figure 2: Key drivers for initiating BCM program



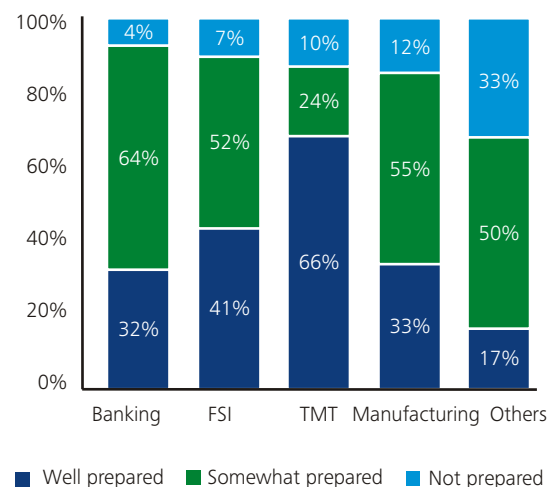
Preparedness of organisations

A comparison of the Survey results with respect to BCM preparedness of Banking, FSI, TMT, Manufacturing and the Others sectors indicated that organisations in TMT sector fared better than their counterparts in the other sectors.

Organisations in the TMT sector displayed high levels of confidence in their ability to continue business operations in case of a disaster.

However, in general there is a lot of scope for improving the level of BCM preparedness of businesses since almost half of the Survey respondents indicated that they were "somewhat prepared".

Figure 3: Organisation's BCM preparedness



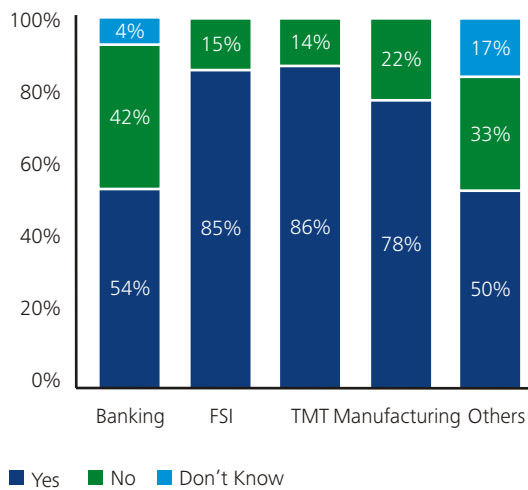
Though the Banking sector was mandated by regulatory authorities to have BCM in place, only a third of the banks reported to being "well prepared".

Comprehensive BCM program

A majority of the organisations reported having a comprehensive BCM program in place.

However, while a majority of organisations claim to have a comprehensive BCM program in place, they also indicate that they are only “somewhat prepared” leading us to question the real BCM preparedness of organisations.

Figure 4: Comprehensive BCM program



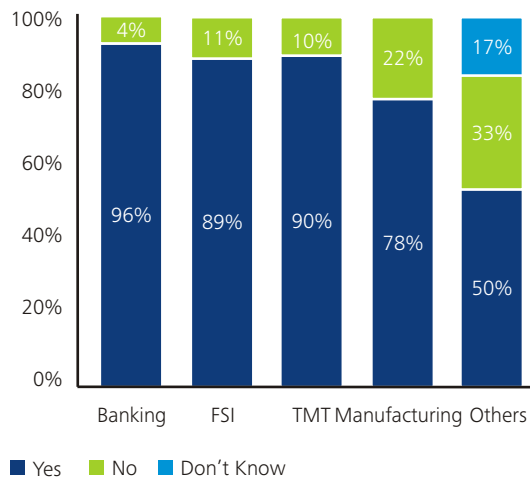
IT Disaster Recovery Plan

Most organisations had a strong focus on IT Disaster Recovery Plan ('IT DRP').

With the exception of the Banking sector, there seems to be a misconception that having IT DRP in place equates to having a comprehensive BCM program.

This probably gives rise to the million dollar question: Is BCM perceived to be IT DRP? This could be the reason that organisations having a robust IT DRP seem to believe that they have a comprehensive BCM program.

Figure 5: IT Disaster recovery

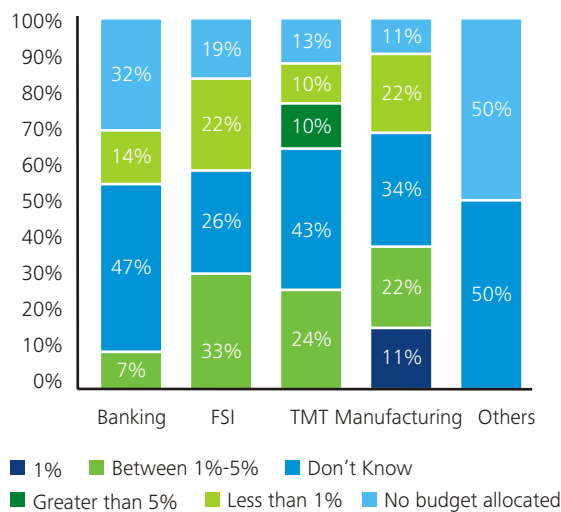


BCM budget allocation

Analysis of BCM budget allocation in relation to annual turnover revealed that a large percentage of the respondents were unaware of the budget allocated to BCM program. Almost a quarter of them reported to having no budget allocated for BCM activities in their organisations.

Further, this compels us to ponder over the paradox of how organisations can claim to have a comprehensive BCM program while either having no budget or being unaware of the BCM budget allocation.

Figure 6: BCM Budget allocation in relation to Turnover

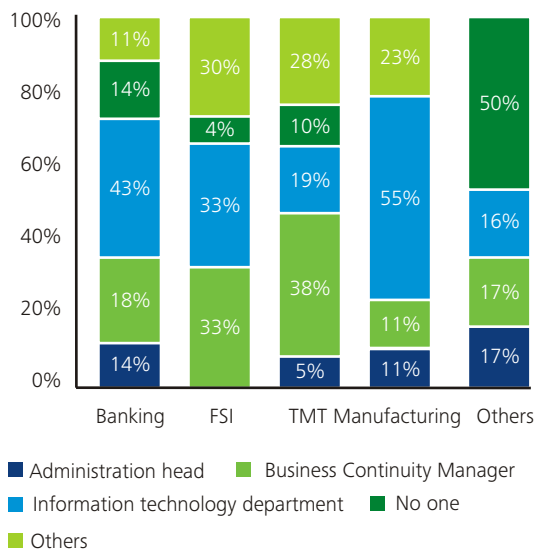


BCM ownership and staffing levels

Ownership for BCM program was not clearly established. BCM program was largely owned by IT, Administration, other departments and at times there was a lack of ownership.

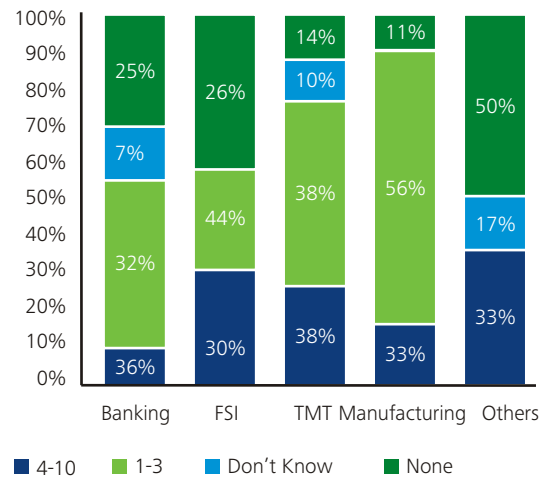
Almost 75% of the Survey respondents across all sectors reported that appropriate ownership for BCM program within their organisations was not established.

Figure 7: BCM ownership



Almost two-thirds of the organisations did not have adequate fulltime employees allocated for BCM specific activities.

Figure 8: BCM staffing levels



A BCM program without clearly established ownership coupled with lack of adequate dedicated staff may give a false sense of security but in reality may be ineffective when disaster strikes.

Awareness and training

Awareness and training programs for BCM are critical for embedding it into the culture of the organisation. Analysis of the Survey results indicated that there was a lack of formal BCM awareness and training programs in organisations across the country with the exception of the TMT and FSI sectors which had a strong focus in this area.

Figure 9: Formal mechanism for spreading BCM awareness

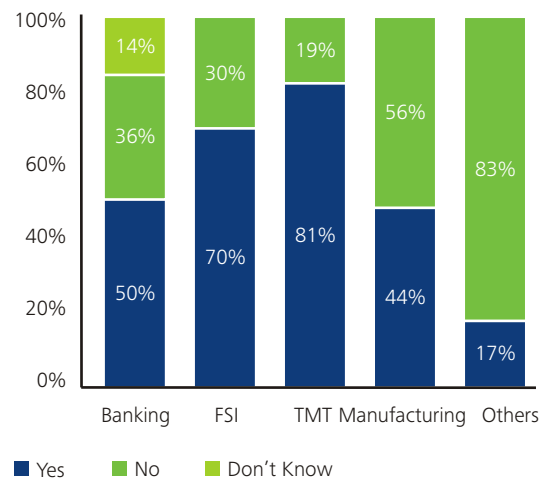
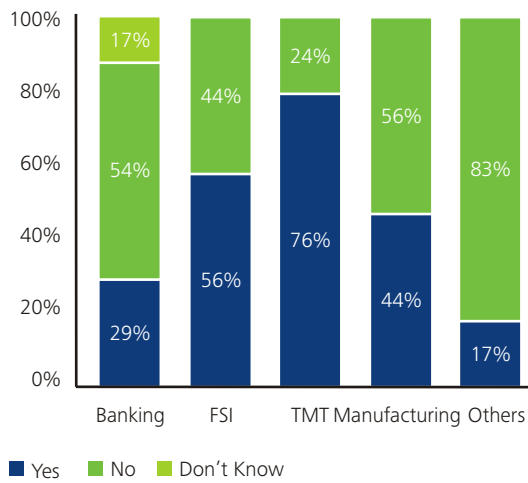


Figure 10: BCM specific trainings



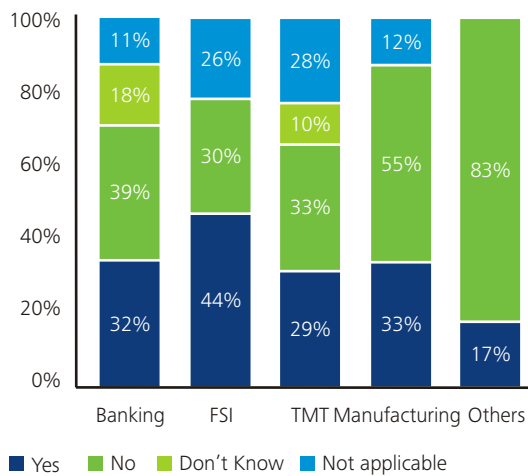
There is overall need to have specific BCM training programs which are offered by regulators or reputed institutes operating in this field.

Third party/vendor BCM evaluation

Despite increased outsourcing of activities in organisations especially banks, a very low percentage of organisations evaluated BCM arrangements at third party/vendor locations.

On an average just over a third of the organisations evaluated BCM arrangements at outsourced service provider locations thereby excluding a key constituent required for business delivery.

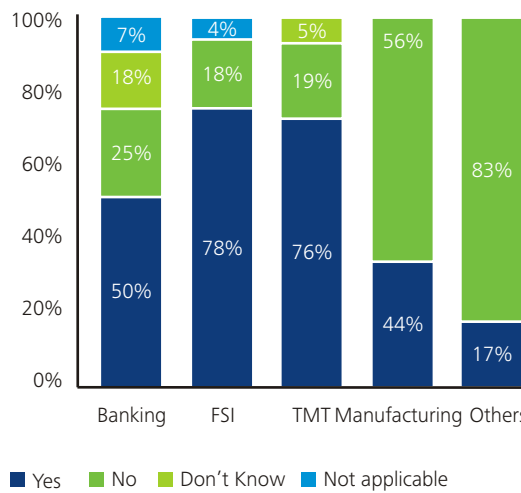
Figure 11: Third party/vendor BCM evaluation



Testing, update and maintenance

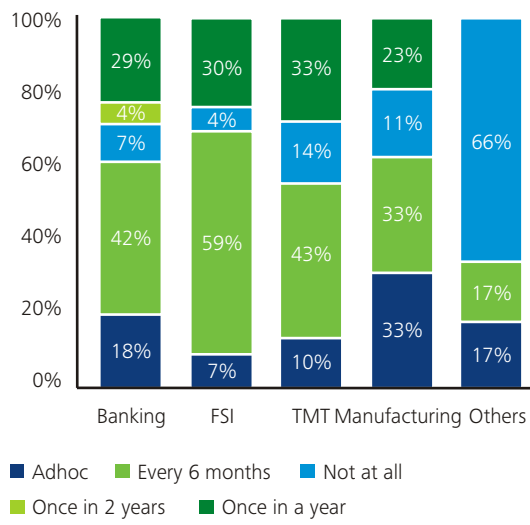
A large number of organisations in the Banking, Manufacturing and the Others sectors did not have a comprehensive update and maintenance plan for BCM. The FSI and TMT sectors demonstrated greater focus in this area.

Figure 12: Update and maintenance of Business Continuity Plan



However, many organisations, with the exception of those in the Manufacturing and Others sectors, tested Business Continuity Plan at least annually which was an encouraging trend.

Figure 13: Frequency of Business Continuity Plan testing

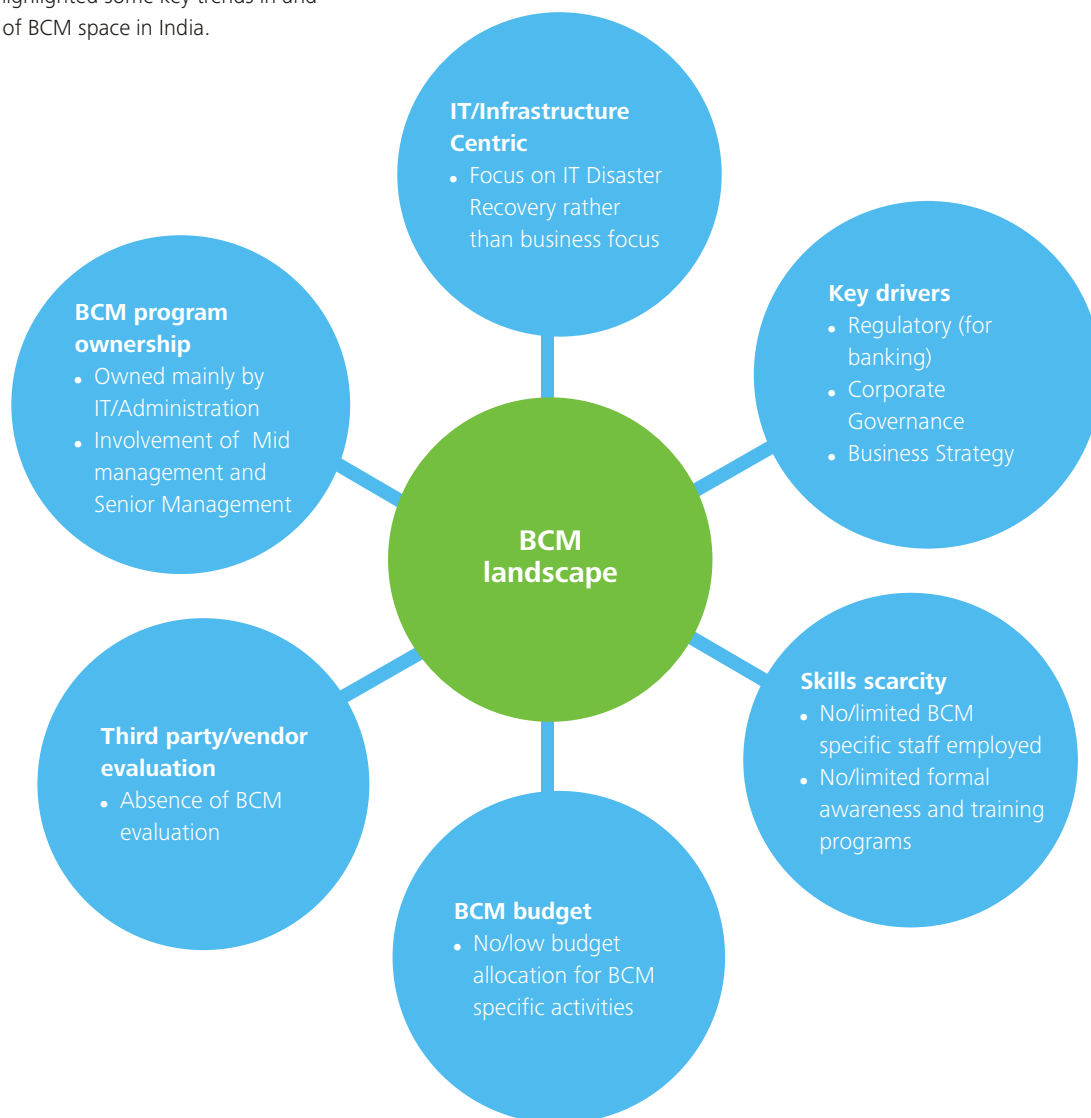


A Business Continuity Plan is as effective as the last test/drill conducted. Testing of the Business Continuity Plan is crucial for an effective BCM program.



Conclusion

The Survey highlighted some key trends in and peculiarities of BCM space in India.



While there is growing awareness of BCM in India, it's growth is inhibited due to the lack of understanding of what a comprehensive BCM program really entails. While there is intent by Senior Management to embrace BCM as part of business strategy, adequate resources are not earmarked for this purpose. This may lead to

the BCM program being more IT centric than business focused.

There is a clear need to increase awareness and branding in BCM. We must remember that "A journey of a thousand miles begins with a single step" and we probably are already a few miles on the road!

Annexure I

Survey Methodology

The India BCM Survey 2009 was conducted using the methodology depicted below:



The Survey was conducted in 4 steps:

Preparing the questionnaire

Deloitte in association with The BCI developed the questionnaire by considering topics that were considered both relevant and timely. There were 15 simple questions designed to reflect key aspects of BCM - Budget, People, Awareness and Training, Testing, Update and Maintenance of BCM program.

Data gathering

Once finalized, the questionnaire was posted to Deloitte DEX, a survey website secured with SSL encryption. Participation was sought through targeted e-mail invitations.

Data analysis

Our teams used research tools to cross-tabulate and analyze Survey results.

Survey results

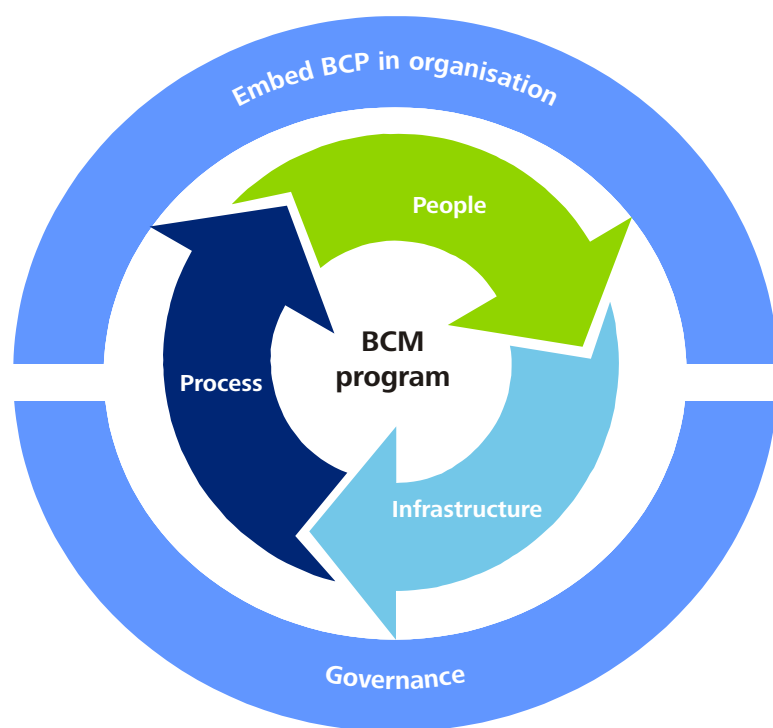
We interpreted the data to the best of our ability/knowledge. The results have been reported in aggregate data sets, are generalized and no individually identifiable information is presented in this document.

The entire purpose of this Survey and presentation of findings was to understand the state of BCM in India with a view to help foster its rapid development.

Annexure II

BCM good practices

When implementing a BCM program in your organisation it is important to consider aspects of People, Process and Infrastructure. However, adequate emphasis should also be given to embed BCM within the culture of the organisation and establish a BCM Governance Framework as illustrated below.



It is important to remember 7 steps for implementing an effective BCM program:

- **BCM is a 'process' not a 'project'**
BCM does not stop at insurance, or documentation of a plan on paper. Ongoing updates and pre-defined business continuity teams are some of the elements of a successful BCM program
- **Holistic approach**
BCM evolves beyond the Information Technology realm and should cover People, Processes and Infrastructure
- **Focus**
The plan should focus on critical business processes and their dependencies
- **BCM governance**
Commitment, control and guidance from management, clearly documented roles and responsibilities and formal governance process ensures that the Business Continuity Plan is updated regularly
- **Resilience**
The recovery procedure should not compromise on the control environment at the Recovery Location
- **Involvement of business partners**
All critical business partners should be considered at the time of plan preparation including testing
- **Media management**
It is important to maintain the corporate image during a disaster. A media management strategy enables the organisation respond to media coverage proactively/systematically

For more information on BCM kindly refer to:

BCM India - Towards a Resilient India

<http://www.bcm-india.org>

The BCI Good Practices Guidelines

<http://thebci.org/gpg.htm>

Notes

In this document Deloitte refers to Deloitte Touche Tohmatsu India Private Limited (DTTIPL), a company established under the Indian Companies Act 1956, as amended.

DTTIPL is a member of Deloitte Touche Tohmatsu, a Swiss Verein, whose member firms are legally separate and independent entity. Please see www.deloitte.com/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu and its member firms.

This material prepared by DTTIPL is intended to provide general information on a particular subject or subjects and are not an exhaustive treatment of such subject(s). Further, the views and opinions expressed herein are the subjective views and opinions of DTTIPL based on such parameters and analyses which in its opinion are relevant to the subject.

Accordingly, the information in this materials is not intended to constitute accounting, tax, legal, investment, consulting, or other professional advice or services. The information is not intended to be relied upon as the sole basis for any decision which may affect you or your business. Before making any decision or taking any action that might affect your personal finances or business, you should consult a qualified professional adviser. None of Deloitte Touche Tohmatsu, its member firms, or its and their respective affiliates shall be responsible for any loss whatsoever sustained by any person who relies on this material.

©2009 Deloitte Touche Tohmatsu India Private Limited

Member of Deloitte Touche Tohmatsu