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Be a risk intelligent organization

Business Continuity Management

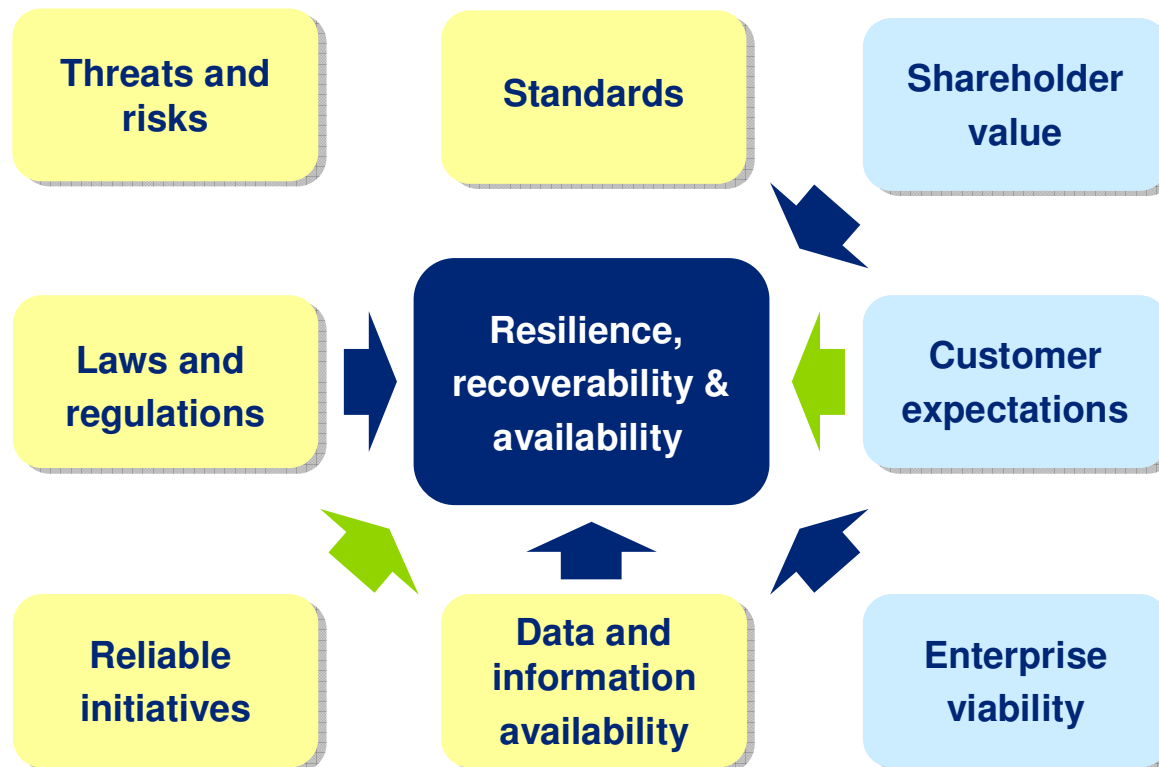
Mike Abbott, Partner, Deloitte

Wednesday November 25th, 2009



Drivers for business continuity management

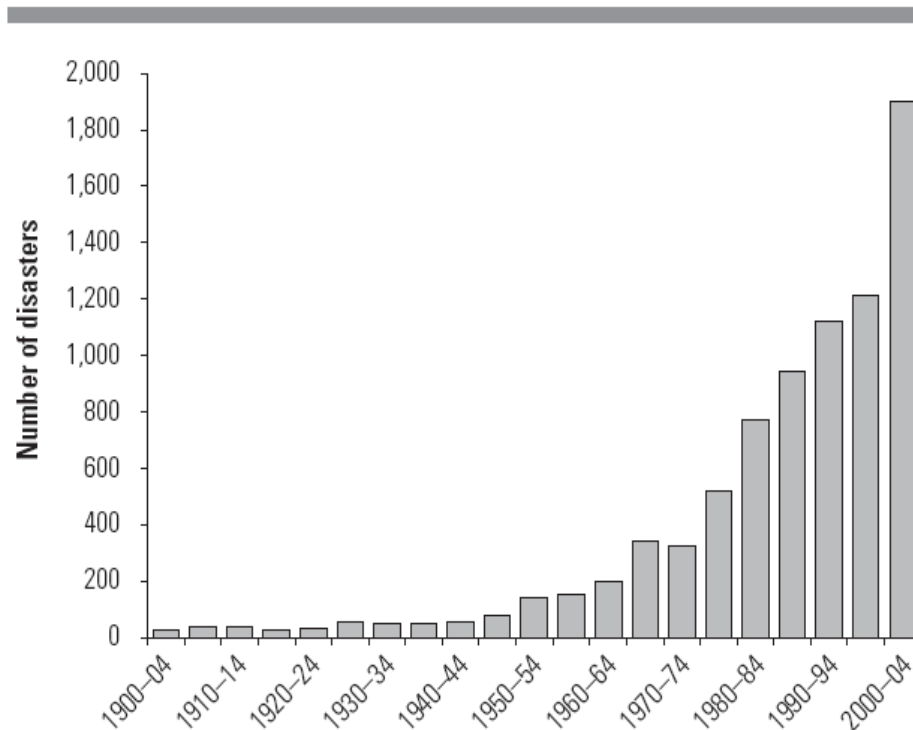
Business continuity management (BCM) is not about - or at least not only about - disasters but rather the strategic requirement for continuity. While the number of natural and man-made disasters increases the regulations, expectations, and demands are driving entities to prepare for disruptions from every source.



Disasters are the “new normal”

In the aggregate, the reported number of natural disasters worldwide has been rapidly increasing, from fewer than 100 in 1975 to more than 400 in 2005. A glance at the 100-year record highlights the dramatic nature of the recent upsurge.

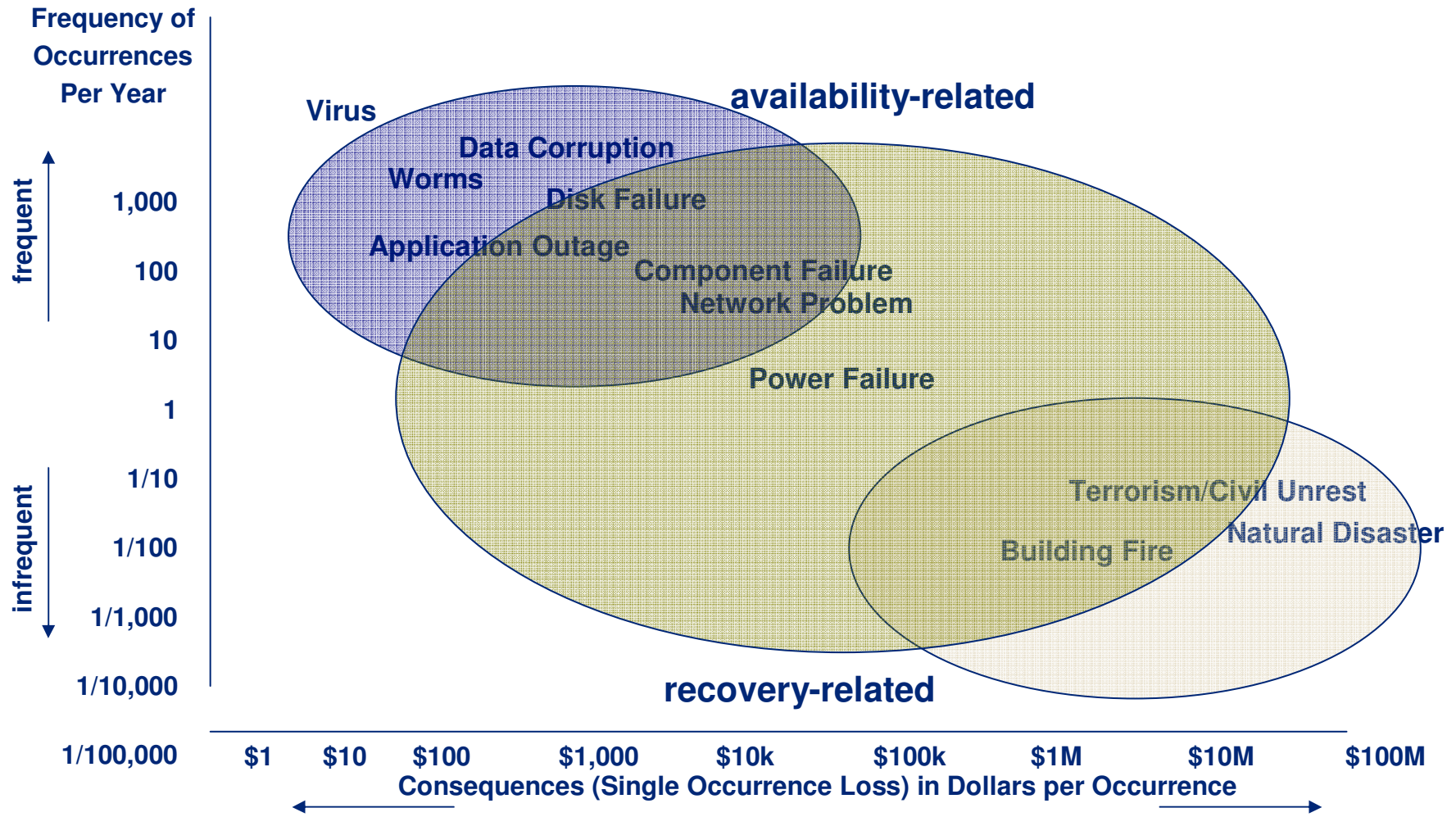
Source: World Bank, *Development Actions and the Rising Incidence of Disasters*, 2007



Source: EM-DAT: The OFDA/CRED International Disaster Database, <www.em-dat.net> Université Catholique de Louvain, Brussels, Belgium.

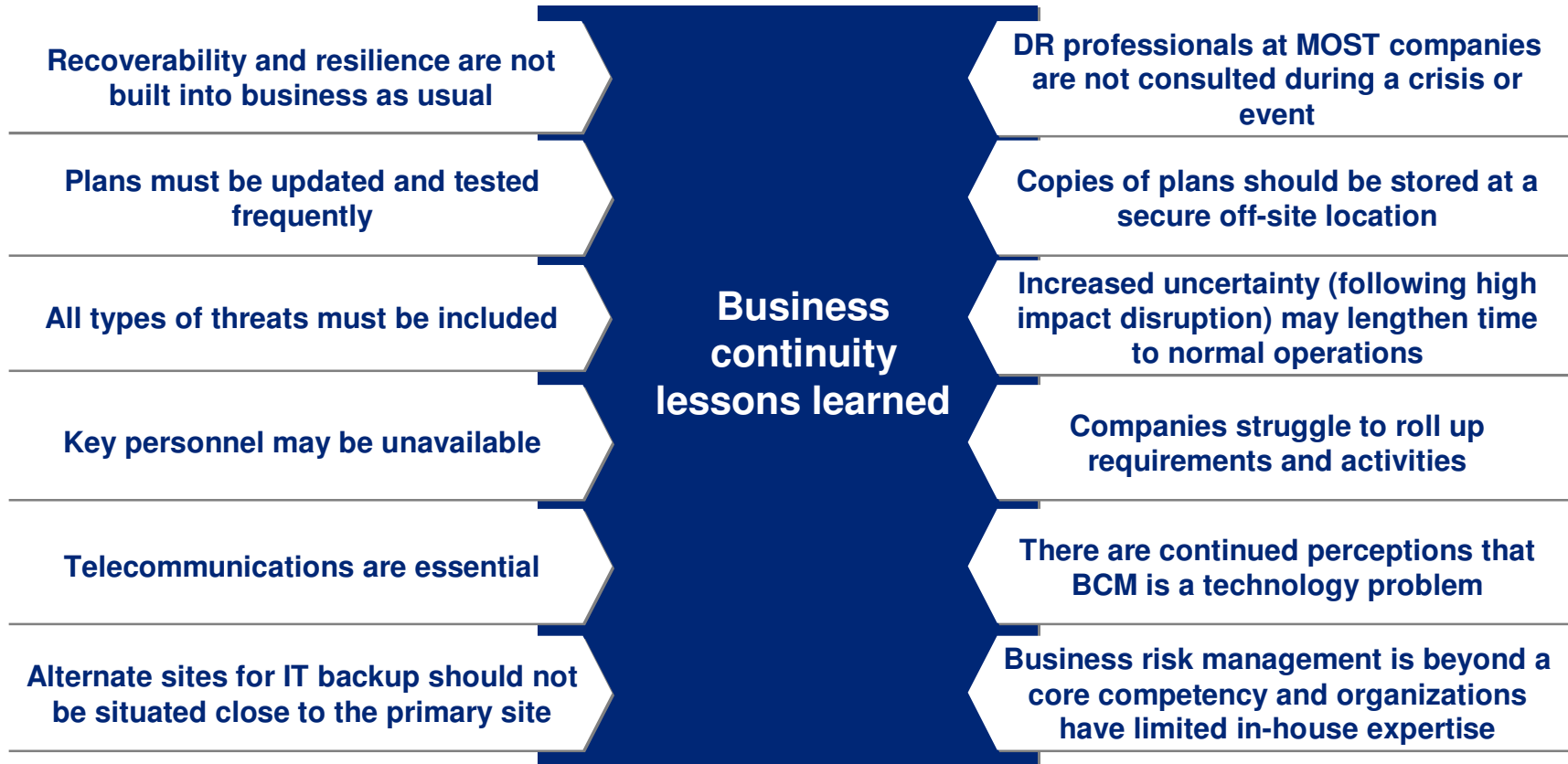
What are the threats?

“Resilience” goes above and beyond the traditional segmentation between availability-related events (viruses, hardware failure) and recovery related events (fire, bomb, tornado) to consider resilience in a broader spectrum.



Issues with business continuity today

The past has demonstrated that although high impact, low probability events could occur, recovery is possible. Businesses with good continuity planning are the most likely to survive.



Common Questions – Business Continuity and Disaster Recovery

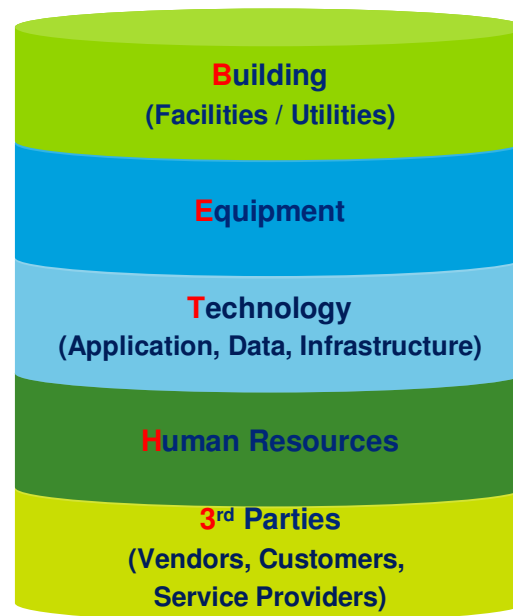
1. What should my plan(s) look like?
2. If I have a plan, how will I know it is sufficient?
3. Is the backup of data a sufficient plan?
4. Does my plan need to consider all possible scenarios?
5. Does a plan ensure I will be protected from disasters and other incidents?
6. Does the plan prepare for a sustained period of disruption beyond immediate response activities?
7. Has the level of preparedness at key suppliers, vendors, and service providers been verified?
8. What has been communicated to the board, major customers, and other key stakeholders about the level of preparedness?
9. Have plans been adequately tested?

BETH3 – Our BCM Strategy Development Model

The H1N1 flu is a reminder that organizations need to think about their preparedness and resilience against a variety of threats and resulting impacts.

BETH3™ is a practical model for determining an appropriate set of circumstances for which business continuity management strategies should be developed for a particular organization.

The model eliminates the single worst-case scenario approach to plan development, yet avoids an enormous number of event specific plans by focusing the five key asset classes organization must protect and recover.



Pandemic



Why are we here today?

- If you have a plan:
 - Review your pandemic response plans to:
 - Identify existing and projected critical skills shortages
 - Initiate necessary cross-training, testing or certification of personnel
 - Ensure that cross-trained personnel have the appropriate system/applications access rights
 - Determine which business operations are sustainable, and at what level, and the likely downtime for normal business operations during periods with absenteeism rates of 40% or higher
 - Immediately initiate rigorous, ongoing and well-documented testing to isolate and remediate identified problem areas.
 - Implement a communications program that ensures that all personnel are aware of the enterprise's pandemic response plans, as well as measures they can take to limit the spread of disease — including practices as simple yet effective as regular hand washing

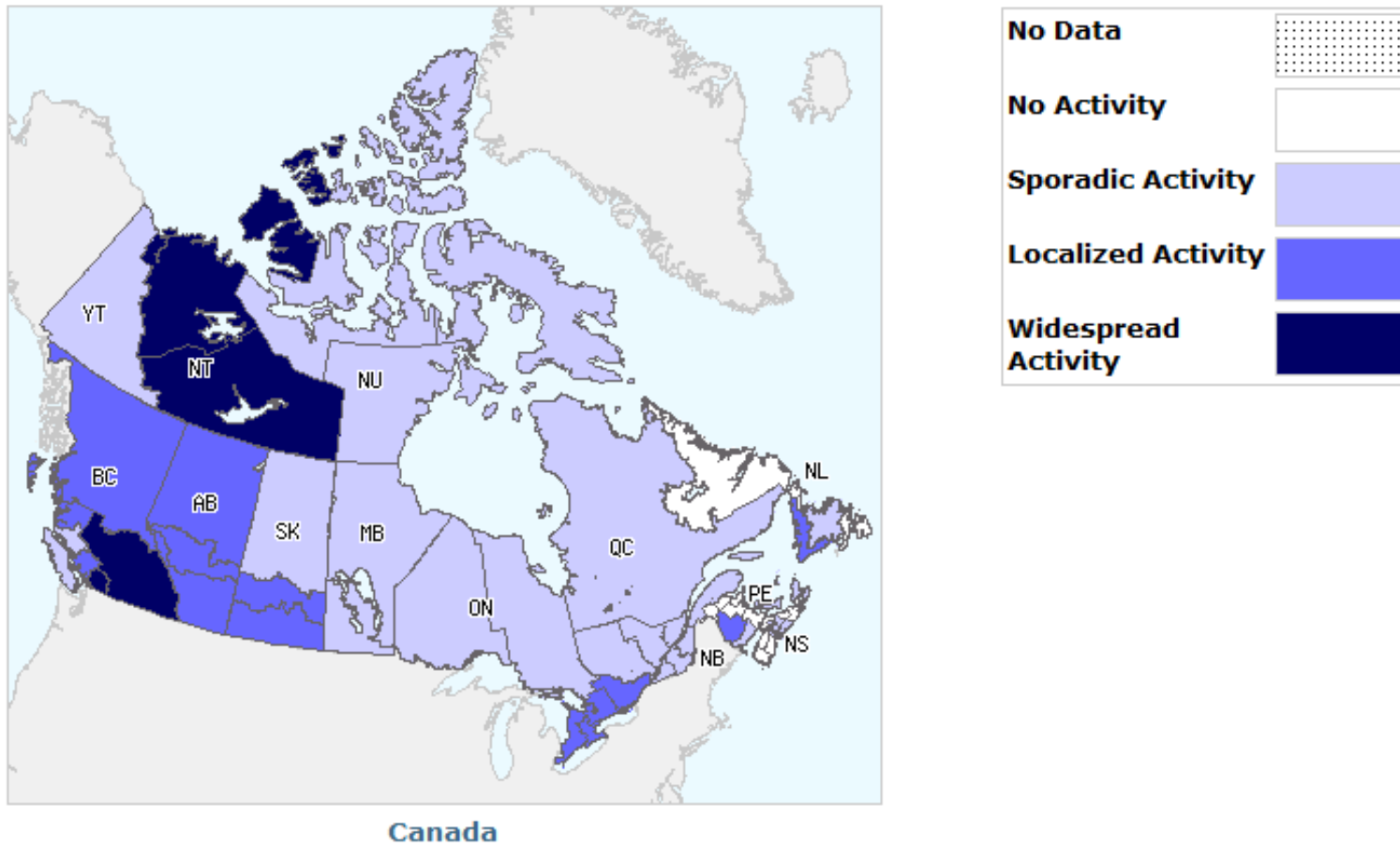
Why are we here today? (cont'd)

- If you do not have a plan:
 - Gain understanding of what to include in a plan
 - Develop a structure around your plan
 - Create a list of To-Do's
 - Evolve your thinking for a communications plan
 - Understand the interdependency of your business with that of your customers and suppliers
 - Get started now!

Week 41 – October 2009

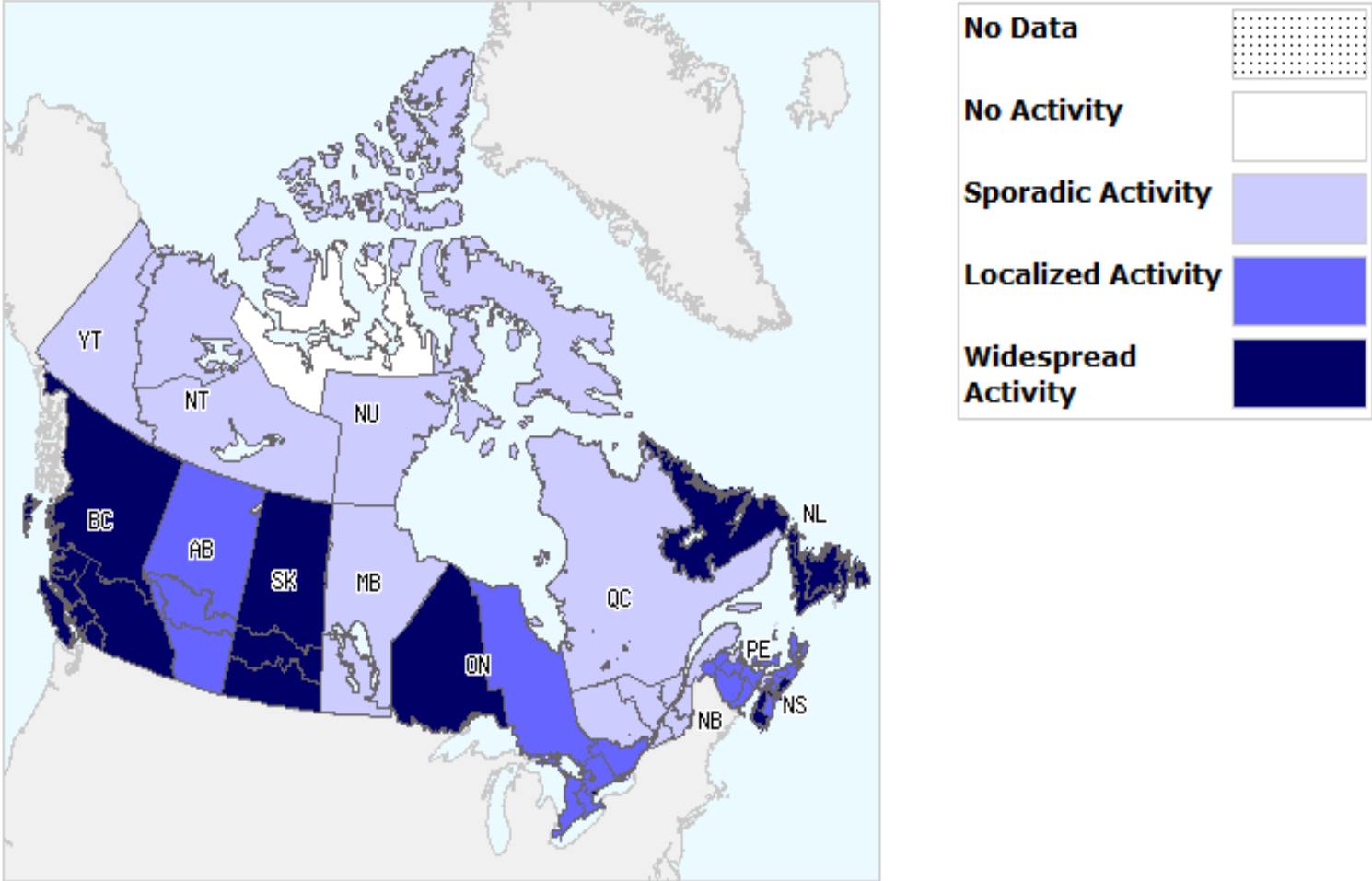
<http://www.phac-aspc.gc.ca/fluwatch/index-eng.php>

Influenza Activity Level by Provincial and Territorial
Influenza Surveillance Regions
Canada, October 11 to 17, 2009 (Week 41)



Week 45 – November 2009

Map of overall Influenza activity level by provinces and territories, Week 45, Canada



One example: Potential impact on transit and transportation

- Absence of drivers/pilots, maintenance crews, leadership
- Mechanics unavailable to affect repairs
- More planes/trucks than pilots/drivers
- Fuel deliveries reduced in frequency or erratic
- Contractors normally relied upon also impacted



Goals of a Pandemic Influenza Response Plan

- Limit illness and death
- Maintain a viable and productive work force
- Preserve continuity of government and business
- Minimize social disruption
- Minimize economic loss

Ten key pandemic readiness components

- Our broad preparation strategy leverages ten key components which are critical to sustaining operations during a pandemic event

Key components	
Leadership/decision making	Implement a Pandemic Planning and Coordination Unit (PPCU) as part of the existing Business Continuity Planning (BCP) function
Education	Increase awareness and knowledge about influenza prevention and treatment through clear, consistent, medically appropriate information
Public/private partnerships	Develop and maintain valuable partnerships with trading partners and critical stakeholders such as unions and public health agencies
Communication	Communicate the response plan and approach to employees and families, customers, suppliers, and partners
Teleworking	Identify organizational and technical infrastructure requirements to minimize the potential disruption resulting from a pandemic
Risk and legal	Identify likely threats in order to decrease the risk of threat occurrence and contain damage Develop risk mitigation policies and procedures
HR policies and procedures	Identify core staff and functions and establish policies and procedures during the pandemic
Trading partners	Review demand, distribution, and production plans and link strategies with key trading partners to maintain critical business processes
Employee wellness	Review contracts with health plans and provider networks to determine coverage and provision of services such as vaccinations and access to medical facilities
Key business processes	Develop policies and processes to maintain operational effectiveness during a pandemic

What are the questions I should think about?

1. Does pandemic planning and broader business continuity planning feel **too complex and overwhelming** to tackle and the company is immobilized by indecision?
2. If a pandemic plan has been developed, has it been adequately tested and can it be activated **swiftly** enough?
3. Does the plan prepare for a sustained period of disruption beyond immediate response activities?
4. Does the plan consider varying regulatory frameworks, cultural practices, and risk levels **around the world**?
5. Has the level of preparedness at key **suppliers, vendors, and service providers** been verified?
6. What has been **communicated** to the board, major customers, and other key stakeholders about the level of preparedness?
7. Are pandemic planning efforts integrated with an **overall business continuity management program** within a **holistic enterprise risk management framework**?
8. Are there **ways I can leverage the investment in Pandemic Readiness strategies** such as enhanced remote access capabilities, including better information security, to provide cost savings in future, normal operating capacities?

What are the questions I should think about? (cont'd)

9. Do we have a well-considered **Pandemic Contingency Plan**?
10. Have plans been adequately **tested**?
11. Are we prepared for a **sustained** period of disruption? Weeks? Months?
12. Do our **Board, customers, and key stakeholders** understand our plan?
13. Can our plan communicate successfully in this **Age of Information**?
14. Will our plan **save lives** and help us **survive economically**?

For more information

If you would like more information about pandemic planning, business continuity management, or how Deloitte can help your organization, please contact one of the following professionals:

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