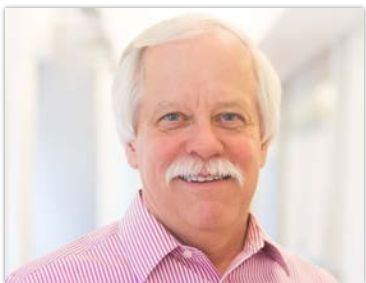


Evolve or Fade Away

The Future of Business Continuity Management



1



David A. Halford
 VP, Business Continuity Management
 Solutions
 (BC, ITDR, Crisis Management)
 Fusion Risk Management

- More than 20 years experience in the business continuity industry
- Drives product vision for business continuity management aspects of solutions
- Experience in mission critical customer support, outsourcing, IT enterprise risk management, and business continuity advisory services

"I thrive on interacting with individuals and businesses to understand how things work and using that information to solve problems. It's fun to me...and doing it with people and relationships make the the business continuity profession exciting and rewarding."



2

Objective

Evolve or Fade Away – what does that mean to your Business Continuity Management Program

Discuss components of this evolution and Identify ways to enhance and elevate the enterprise value or your program

Consider an approach and roadmap supporting next steps within your enterprise



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Risk & Resiliency

Evolution of BCM

Operational Resilience

Regulatory Guidance supporting change

Leverage Points to Consider

Next step ideas



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The Situation

Convergence of **Business Continuity** with **Risk Management** or **EH&S** Agendas

Inconsistent **Terminology** and **Reference Data** from common Sources

Same Problem, Different **Perspectives**

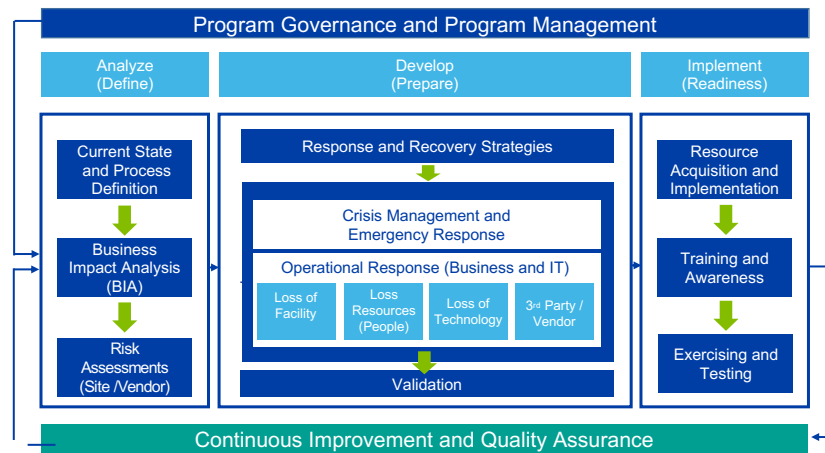
Increasing Focus on **Compliance** & **Resilience**

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BCM Program Framework

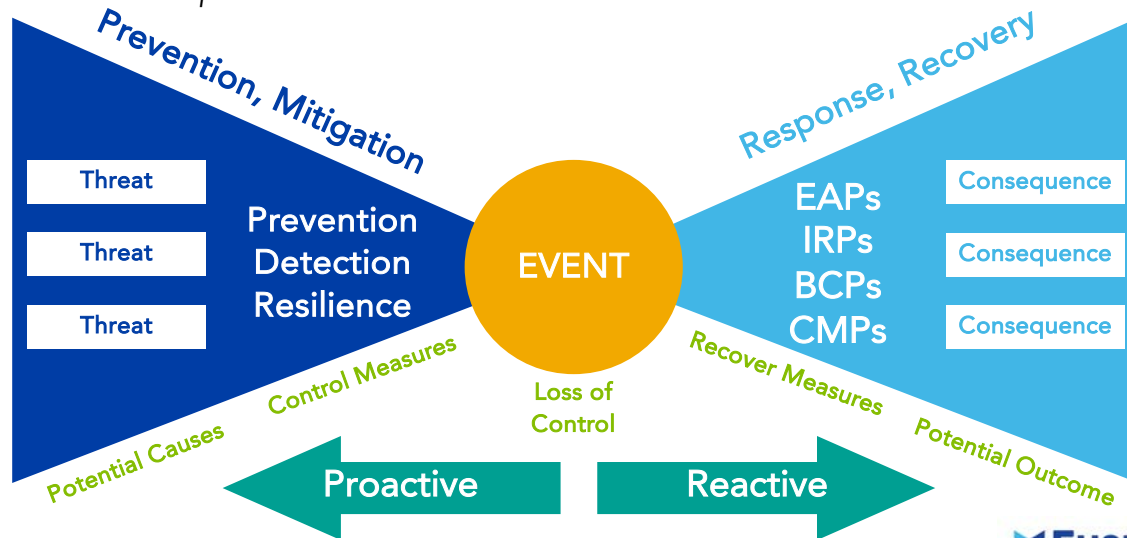
Tradition BCM Approach



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Risk & Resiliency Approach

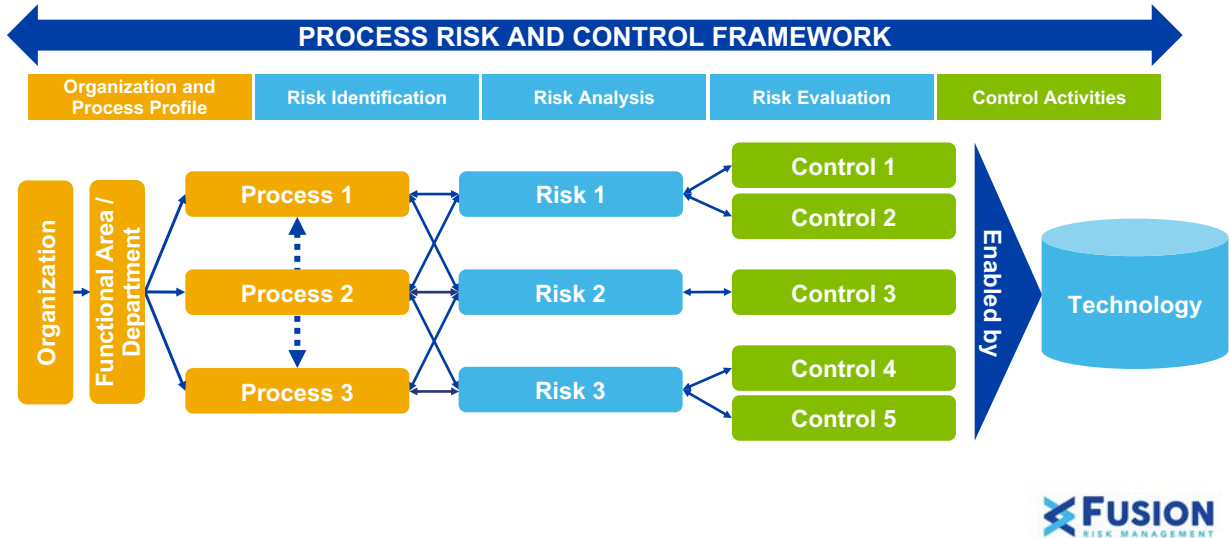
Bowtie Principle



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Risk & Resiliency Approach

Process-Risk-Control (PRC) Framework



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Example – (PRC) applied to Disaster Recovery

Process: Data Center Availability

Operational Risk

Data Center Outage

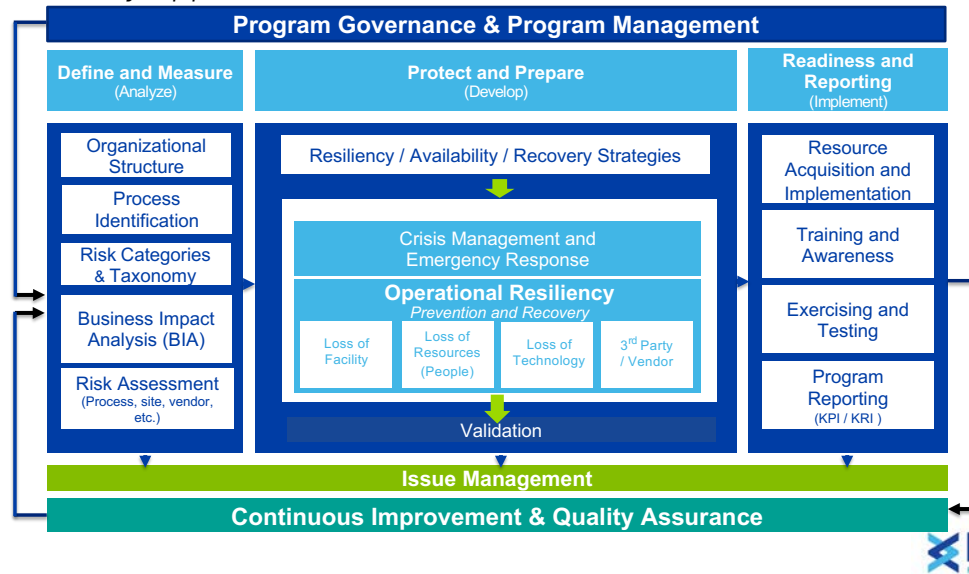
If Data Center X unavailable → severe disruption to business service(s) & process(es).



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BCM Program Framework

Risk & Resiliency Approach



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Operational Resilience is a Board-Level Concern

2

+90%

Ranking,
Board Priorities
Next 12 months

Global Risk Management Survey, EY

of leading banking
institutions are actively
implementing

Fusion OCEG 2020 Operational Resilience
Survey



74%

Risk & Continuity
View Leads Board
Agenda

Fusion OCEG 2020 Operational Resilience
Survey

60%

companies rate their
operational resilience
as 'developing' or
'below average'. ¹

KPMG Operational Resilience in Financial
Services, June 2019

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A Board Room Initiative – Say the Big Four

Accenture "The operational resilience of firms and FMIs (financial market infrastructures) is a priority for the supervisory authorities and is viewed as no less important than financial resilience."

E&Y "The Discussion Paper raises the bar in terms of the standards that firms, particularly systemically important organizations, will be expected to meet going forward, and positions it squarely as a Boardroom top priority, alongside financial resilience." Ali Kazmi, Partner, Ernst & Young LLP, EMEIA FS IT Risk & Resilience Lead

PWC Overview "Operational Resilience is a subject that has risen to increased prominence over recent years and this trajectory is unlikely to change in the foreseeable future".

KPMG - "The publication is a deliberately encouraging discussion but, make no mistake, it is a strong signal of intent from the regulators that firms need to take action. Operational resilience has rapidly moved up the regulatory agenda in the face of technology issues, supply chain and cyber concerns and the PRA and FCA are at the forefront of the global thinking on this. Andrew Husband, Partner and Head of Operational Resilience, KPMG UK

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How does the market define operational resilience?

" Operational resilience is a set of techniques that allow people, processes and informational systems to adapt to changing patterns. "

Gartner

" Business Continuity Management BCM is the process for management to oversee and implement resilience, continuity, and response capabilities to safeguard employees, customers, and products and services....Resilience incorporates proactive measures to mitigate disruptive events and evaluate an entity's recovery capabilities. "

FFIEC

" Operational resilience is the ability of organizations and their industry sectors as a whole to prevent, adapt, respond to, recover and learn from operational disruptions.

- It is the integration of operational risk and business continuity (this includes third party risk).
- Operational risk and business continuity should be integrated and symbiotic programs. Instead, they have often been disconnected and redundant. "

groc 2017

" Operational resilience refers to the ability of firms, FMIs (financial market infrastructures), and the sector as a whole to prevent, respond to, recover from and learn from operational disruptions. "

BANK OF ENGLAND

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Operational Resilience

Is defined as the ability of firms and their industry sector(s) as a whole to Prevent, Adapt & Respond, Recover, and Learn from operational disruptions:



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Operational Resilience Program

Apply Risk Management , Resiliency Mitigation Measures, & Business Continuity Management practices consistently across ALL aspects of a firms Business Operations

Success Attributes

Eliminate Program Silos

Engage / extend full organization as program participants - promoting an operational resiliency culture

Risk data used consistently to drive prioritization, mitigation efforts & investment across operations

Segment information (data analytics & visualization) to support industry regulatory & business requirements

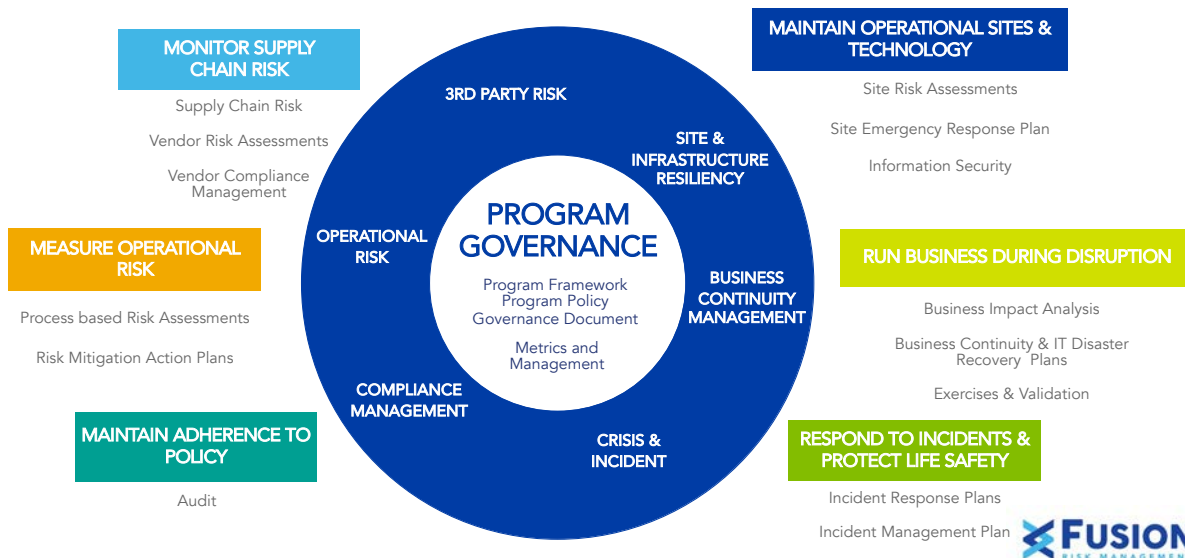
(i.e.) Financial Industry → Business Services

Manufacturing → Product(s)



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Components of Operational Resilience



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Define a Common Language for Risk and Resiliency

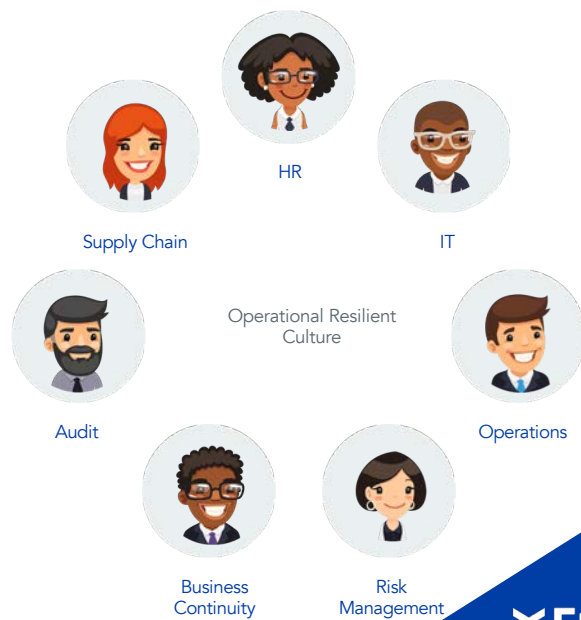
Single Extensible Platform | Unified Data Model | Complete Risk Continuum



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Make
operational
resilience a
collective
responsibility



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That breaks down silos and shields your institution.



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Leverage Points to Consider

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Leverage Points to Consider

Information Baseline is a strategic shared value

Risk supports business driven **prioritization**

Incorporates **mitigation** and **prevention** more broadly in your BCM Program

Opportunity to establish **consistency** with **measurement** and **terminology**

Increases opportunity for program **investment**



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Elevate Your Program – Focus Opportunities

Adopt a Business Service View

- Identify / Define the critical or important business services which have considerable systemic impact internally and externally
- Map Processes and all supporting infrastructure and system to the Business service

Control Framework and Alignment

- Rationalize Control Alignment and Activities
- Identify Controls

Risk Identification with Business Impact Assessment

- Incorporate Process based Risk Assessment with BIA refresh

Program Reporting with KPI / KRIs

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Control Framework

• Purpose

- Log and identify controls which tie directly to industry regulations, internal controls, and applicable risk statements

• Objective

- Clearly organize existing controls across an organization that directly map to relative risks in a way that leads to easy, attestation and evidence.
- Controls based on industry standards and/or regulations providing:
 - Guidance on “expected controls” in major functional areas and business units
 - Ability to self-assess current state readiness, gaps, and/or area needing attention

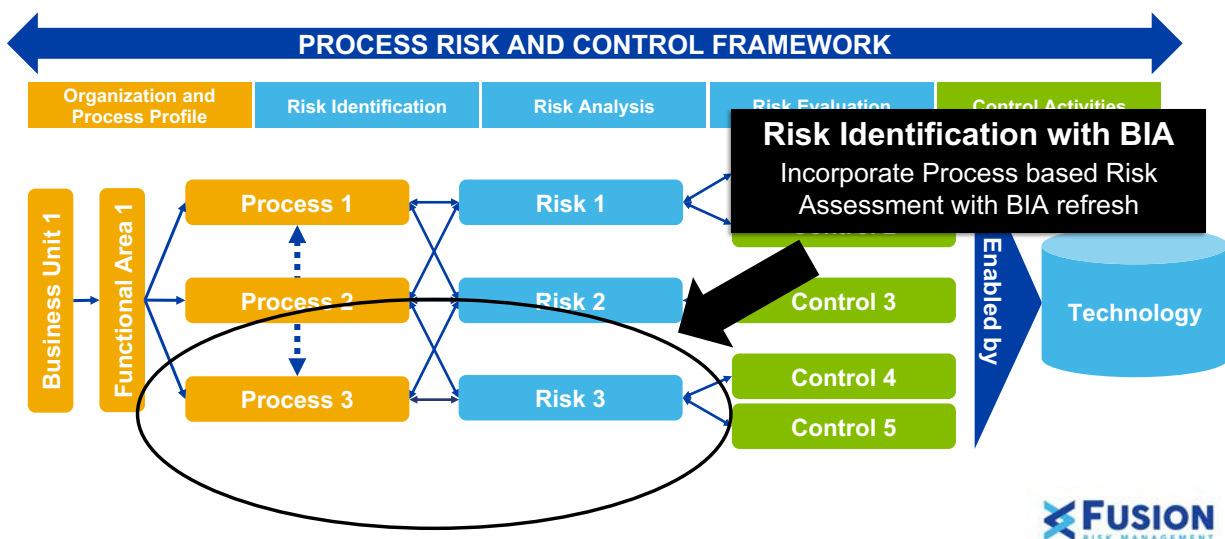
✖ Control Framework Examples

- ✖ COBIT
- ✖ PCI DSS v3.2
- ✖ HIPAA
- ✖ Trust Services Criteria (SOC 2 TSP)
- ✖ FFIEC – BCM (Finance/banking)
- ✖ ISO 22301 – BCM/BC Program
- ✖ ISO 22318 – BCM for Supply Chain
- ✖ ISO 31000 – Risk Management
- ✖ ISO 27001 – Info Security
- ✖ CMS – BC for Insurance providers (Medicare/Medicaid)
- ✖ NIST – BCM
- ✖ COSO



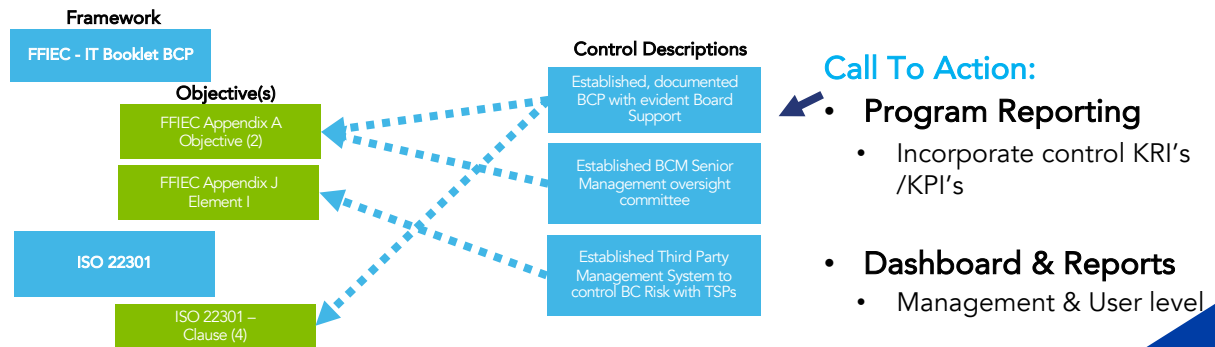
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Process Based Risk & Threat Assessment



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Key Indicators – Control Performance and Effectiveness



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Questions?

Contact

David Halford
Vice President, BCM Solutions
Fusion Risk Management, Inc.

dhalford@fusionrm.com



March 15-18, Orlando



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Thank You



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KRI / KPI examples



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Indicators – Example Program KPI's

	BCM Program	Business Recovery	Technology Recovery
Planning	<ul style="list-style-type: none"> Plan Approval(s) BIAs / AIA's on time Plan(s) on time Rules/Regulatory alignment 	<ul style="list-style-type: none"> Plan Approval(s) BIAs on time BCPs on time 	<ul style="list-style-type: none"> Plan Approval(s) IT RPs on time (all types) AIA's/TIA on time
Validation	<ul style="list-style-type: none"> Validation Exercise(s) Notification drills on time RTOs achieved AAR published on time Rules/Regulatory alignment 	<ul style="list-style-type: none"> Validation exercises RTOs achieved AAR published on time 	<ul style="list-style-type: none"> Validation exercise Apps participating in relocation exercises (of those in-scope) RTOs achieved AAR published on time



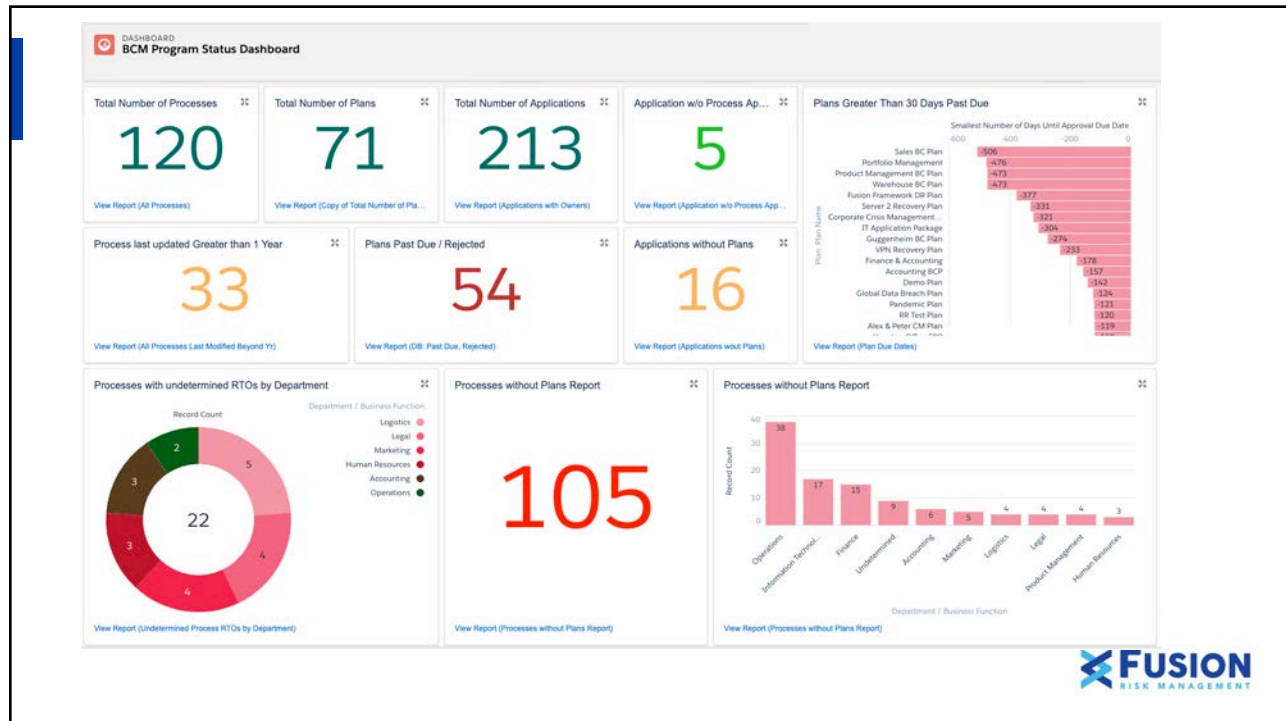
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Indicators – Example Program KRI's

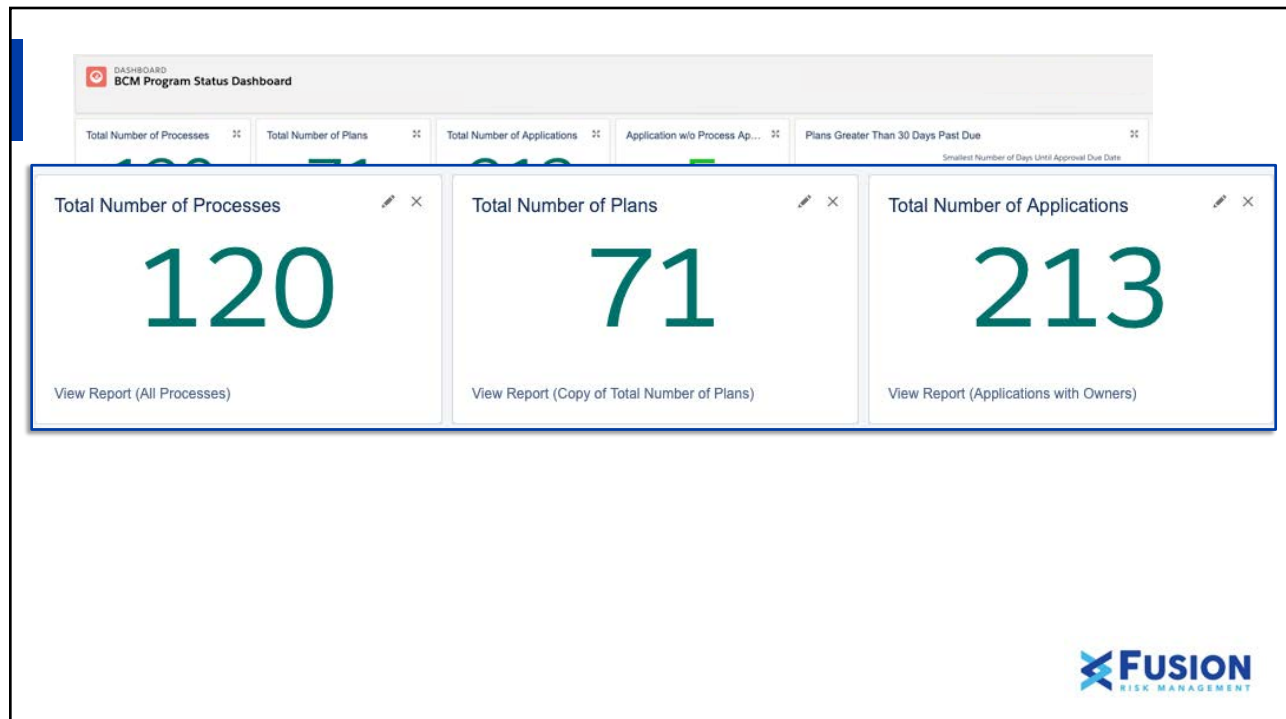
	BCM Program	Business Recovery	Technology Recovery
Planning	<ul style="list-style-type: none"> Policy / Guidance exceptions Rules/Regulatory alignment 	<ul style="list-style-type: none"> Plan Quality Process without Plans % of BC Plans without Exercise in xxx days % Office/sites without Notification exercise in last xxx days 	<ul style="list-style-type: none"> Plan Quality % Applications without Exercise in xxx Days Applications without Plans
Recoverability	<ul style="list-style-type: none"> Rules/Regulatory alignment % of Process / Business Functions without validation exercise Days since Functional Continuity Exercise Days since ENS exercise 	<ul style="list-style-type: none"> Relocation risks RTO risks Communication risks Risks without controls 	<ul style="list-style-type: none"> Relocation risks RTO risks RPO risks



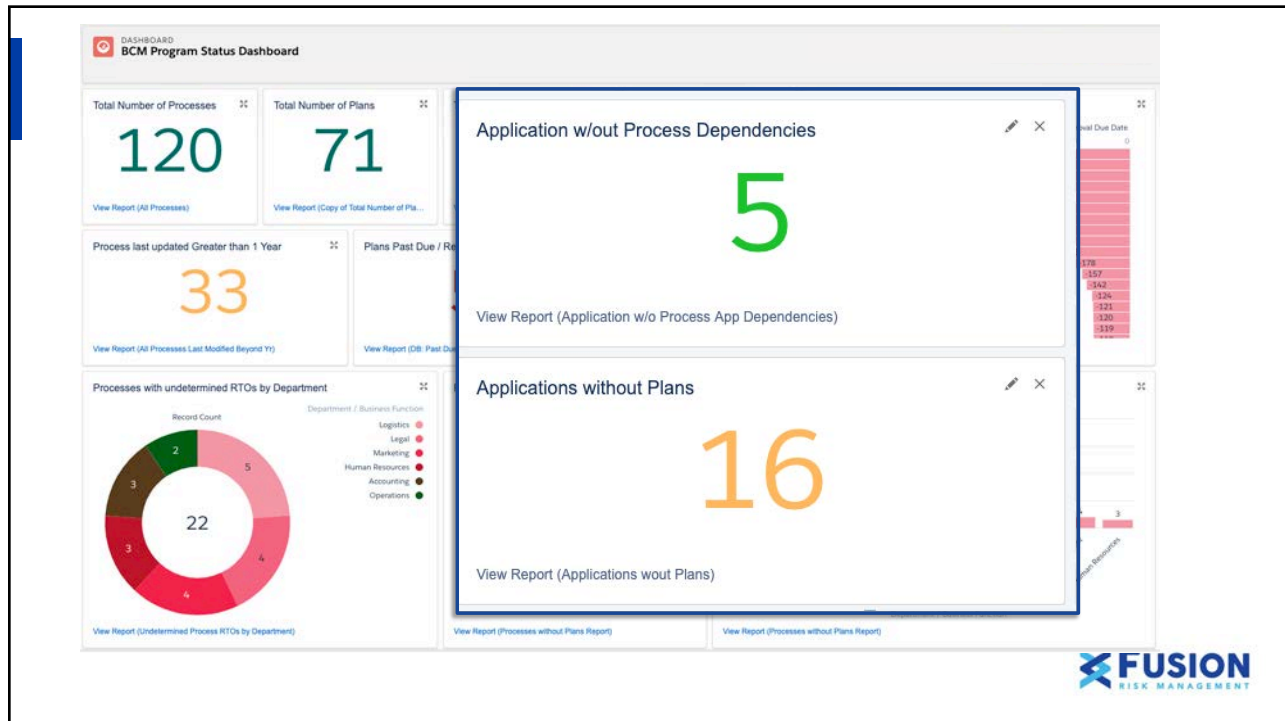
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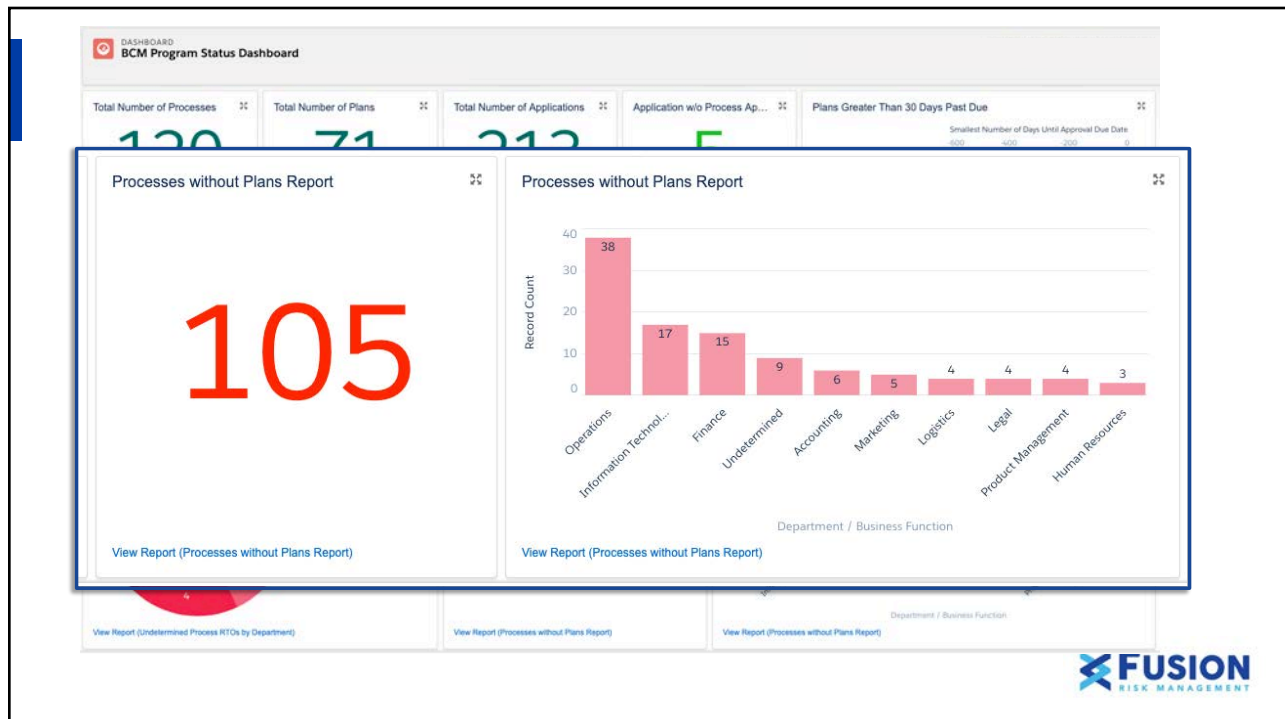
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