

# How IBM is enhancing BCM to help address changing business realities

*A more business-centric approach to help reduce business continuity risk*



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### Executive summary

The world in which today's companies operate is more complex, interconnected and social than ever. These shifts in the business environment can also introduce new risks and often require implementing new business continuity approaches.

At IBM, the risks created by our aggressive business strategy have led to an evolutionary leap in our approach to business continuity management (BCM). This approach takes us beyond the traditional view of BCM as a function of IT and instead aligns BCM with senior executives' important business issues. It involves:

1. Evolving our approach so that BCM is more closely tied to our business strategy and integrated with the risk management process
2. Taking a more holistic perspective of our enterprise BCM, which cuts across business units and geographic locations
3. Identifying interdependencies among organizational and location boundaries
4. Prioritizing our focus to help validate and create end-to-end business continuity plans
5. Establishing a consistent worldwide approach and common language across the enterprise for business continuity planning

How effective is your BCM program? If your organization underwent changes to its business strategy or expanded geographically, would you be able to evaluate the potential effect on your risk profile and respond quickly with an updated, appropriate business continuity plan?

Meeting the needs of your business and supporting the bottom line has never been more important. This white paper details IBM's innovative approach to BCM and uses our own experiences as case studies to illustrate specific examples. The paper also provides guidance on how you can apply our approach to your organization and help make the case for proceeding to the next level in the evolution of your continuity management plan.

### IBM business continuity—a constant evolution

New challenges have required that we evolve our business continuity approach and shift our business continuity risk profile beyond a traditional view. Although IBM is a large company, organizations of all sizes—even much smaller companies—face similar challenges when they expand into new markets, become increasingly complex or integrate their operations.

As an innovation company, IBM pursues continuous transformation to maintain a competitive advantage, both in what we do and in how we do it. We successfully compete within a fast-moving and highly dynamic industry, often reinventing ourselves or leading into new areas to effect change. Our rigorous, holistic approach to BCM contributes to our success as well.



Figure 1. Expansion into growth markets and global integration are integral to IBM's business strategy and introduce new aspects to consider in our business continuity approach.

Today, natural and man-made disasters are not our only business continuity challenges. Our aggressive business strategy, which includes entry into growth markets, global integration and consolidation of operations, also introduces new risks that must be addressed by our business continuity plans. (See Figure 1.) In addition, reputational risk is a real concern. "The unfortunate reality ... is that corporate reputations are increasingly difficult to manage in the digital era, and can be easily sullied by any number of factors."<sup>1</sup>

*As an innovation company, IBM pursues continuous transformation to maintain a competitive advantage. This drives positive change but also introduces new business continuity risks.*

### **Expansion into growth markets—a flatter yet riskier planet**

The expansion into growth markets presents a tremendous opportunity for many organizations, but there are inherent business continuity risks as well. IBM operates in more than 170 countries. Driving expansion into growth markets has helped us to significantly increase revenue and market share. Although this is great news for IBM, our expansion has meant facing continuity and risk challenges directly. Growth markets are located in parts of the world that are inherently riskier, with disruptive events occurring more frequently in these areas.

### **Global integration and consolidation of operations**

IBM's focus is not just about operating in more parts of the world, but it is also about operating across the world in a more integrated fashion in order to improve efficiencies. Global integration of our major enterprise functions—from service delivery to marketing—has helped enable IBM to deliver enterprise productivity savings while enhancing quality. Consolidating operations was designed to reduce costs and drive operational and process efficiencies, but it also has increased interdependencies, making our business more vulnerable to risk.

### **Elevating risk awareness**

The combination of business continuity risks facing our organization—including those resulting from our aggressive business strategy, the growing frequency in natural and man-made disasters, and the increasing reputational risk resulting from being part of a more interconnected social world—has heightened executive focus on BCM. As a result, the response to business continuity risks has been elevated to the senior-executive and C-suite levels.

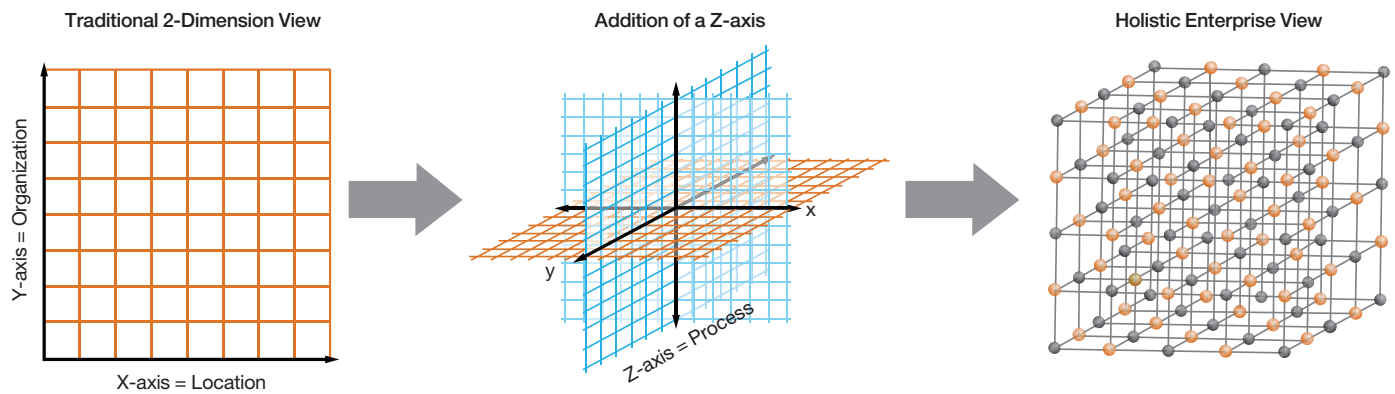
### **An evolutionary leap in BCM**

In difficult economic times, executives must implement a smarter approach to risk mitigation while acknowledging balanced risk acceptance. IBM's shifting strategic direction required that we adapt our existing BCM approach so that it could also meet the new challenges presented by our business strategy. We decided to take the following actions to further enhance our business continuity strategy:

**Advancing our approach to business continuity.** Adapting our BCM approach first required altering our thinking about business continuity. Traditionally, organizations have viewed business continuity as a function of IT. Having existed during the data center era, IBM had been no different in this regard. By applying a smarter and more holistic approach, we were able to tie BCM to our business strategy and evaluate business continuity risks in terms of their impact on our strategic business objectives. BCM became a high priority within IBM's enterprise risk management (ERM) program. Today, our business continuity posture is evaluated, reviewed and monitored as part of the ERM program, and therefore, it has senior executive and C-suite visibility and attention.

**Taking a more holistic approach to business continuity risk mitigation.** With our increased focus on globalization and emerging markets, it became important for IBM to look beyond organizational and location boundaries. We also needed to address the interdependencies among them that were critical to achieving our business strategy. This meant creating a coordinated planning and testing program that took these interdependencies into account, rather than managing business continuity by individual organization or location. Our goal was to eliminate the possibility of overlooking areas that might otherwise be missed in an approach with strong boundaries.

**Adding a process view.** To help identify the interdependencies among organizational and location boundaries, we complemented the traditional approach of viewing business continuity by organization (X axis) and by location (Y axis) with the addition of a horizontal end-to-end process view (Z axis) to create an enterprise view of the critical interdependencies across business units and locations. As a result, we were able to obtain a more robust, holistic picture of our business in order to examine our business continuity risk more rigorously. (See *Figure 2*.)



*Figure 2.* Beyond organization and location views, IBM added a process view to help see interdependencies more holistically.

This approach allowed us to examine our business continuity risk more rigorously and helped strengthen IBM's longstanding continuity, recovery and emergency management practices in several important ways:

- It allowed us to directly tie business continuity to our business strategy
- It gave us a pragmatic way to see the internal interdependencies among locations and business units
- It created a means for viewing business continuity in a more holistic fashion—a top-down view across virtually all lines of business—and established a “common language” around the globe through business continuity

*Applying a more instrumented and intelligent view of risk relationships can provide value to return-on-investment decisions.*

A key advantage of applying a process view to tie business continuity to our business strategy and to identify interdependencies was that it gave us a means of doing a top-down, corporate-wide business impact analysis across all lines of business. Particularly with a global company the size and complexity of IBM,

prioritization is necessary to begin the task of validating and creating end-to-end, business continuity plans within a manageable, appropriate scope. Additionally, applying a more instrumented and intelligent view of risk relationships can provide value to return-on-investment decisions. IBM plans to use the results of our more holistic approach to make smarter investment decisions by challenging IT assumptions and optimizing IT investments through the use of analytics.

**IBM case study: Enhancing our business impact analysis approach**

IBM conducted a business impact analysis of more than 400 corporate business processes to identify the top 5 to 10 percent most critical processes in terms of business continuity priority for driving the business strategy. (See Figure 3.) This allowed us to undertake a more robust end-to-end business continuity program that is designed to complement the existing organization and location plans already in place today. In addition, we can dedicate time and resources to those business areas that have the potential for the highest impact on our clients, on the organization and on our ability to help achieve our strategic business objectives. This, in turn, allows us to optimize our efforts and make pragmatic return-on-investment tradeoff decisions as we plan, test and implement risk mitigation actions.

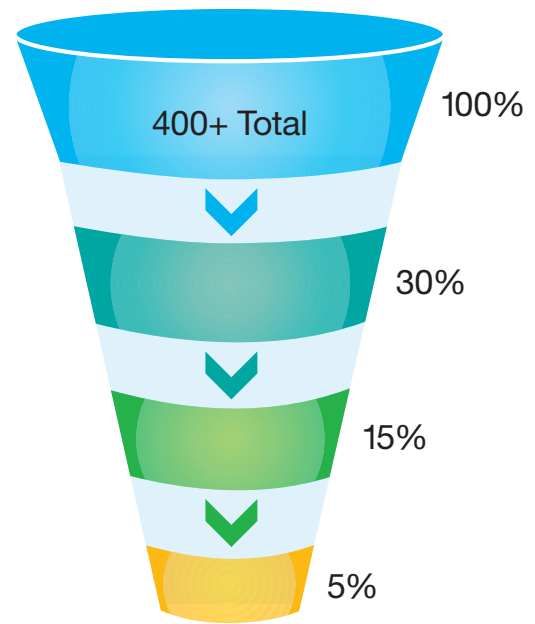


Figure 3. IBM prioritized its top business processes.

**Establishing a consistent worldwide approach.** In order to help enable more consistent planning and risk mitigation across the corporation, IBM established a set of standard, consistent scenarios to provide a common worldwide approach and terminology. Previously, individual business units had defined scenarios independently.

*To help address the widest gamut of possible disruptions, IBM emphasized planning for four impact scenarios: site, people, IT and widespread events.*

Although there was significant commonality among them, the business units lacked common scenarios and terminology. We needed a consolidated response to common impact scenarios in order to speed planning and risk mitigation selection. To help address the widest gamut of possible disruptions that might affect business units in locations around the world, IBM coached teams to emphasize planning for impacts rather than for specific events. We defined four impact scenarios covering site, people, IT and widespread events.

In addition, we updated our internal framework for BCM, which we defined through corporate policy, to establish guiding principles for the business continuity organization, including roles and responsibilities, maintenance and test guidelines, and education. This was done with utmost consideration of IBM's unique culture and the need to add value to the corporation while creating an integrated process helping protect property and employees, as well as the business and stakeholders.

### **Aligning a BCM program with your organization's business strategy**

A successful BCM program must be able to adapt to changes in the organization's strategic direction so that its business leaders can move forward with greater confidence. In addition, it must be robust, business driven and take a smarter approach to resiliency. Below are some suggestions for effectively aligning a BCM program with your organization's business strategy.

**Get participation from senior business managers.** Establish a more robust BCM framework that consists of centralized governance and key elements of risk mitigation, business integration, IT services and solid execution. The program must create value for the organization while accounting for the organization's unique culture and attributes. By taking a holistic and business-orientated approach, the conversation can move beyond a discussion about IT recovery—which is not of great interest to a board of directors—to a discussion about supporting C-level objectives. The support and sponsorship of senior managers is crucial, and understanding their perspective and insights is essential in order for a BCM program to succeed.

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### **IBM case study: Business continuity risk management**

IBM leverages an enterprise risk management approach for business continuity as part of our overall ERM program. IBM's risk management program identifies some of the most significant risks to enterprise value and maintains transparency to senior management and to our board of directors. The program takes advantage of the scale and scope of the enterprise to help manage risks more holistically, and applies business analytics that can gain greater visibility to risks and enhance decision making. Similar to the enterprise risk management framework, a very focused BCM framework has been put in place encompassing four key areas: leadership and governance, programs and practices, enablement, and effectiveness (metrics). (See *Figure 4*.)

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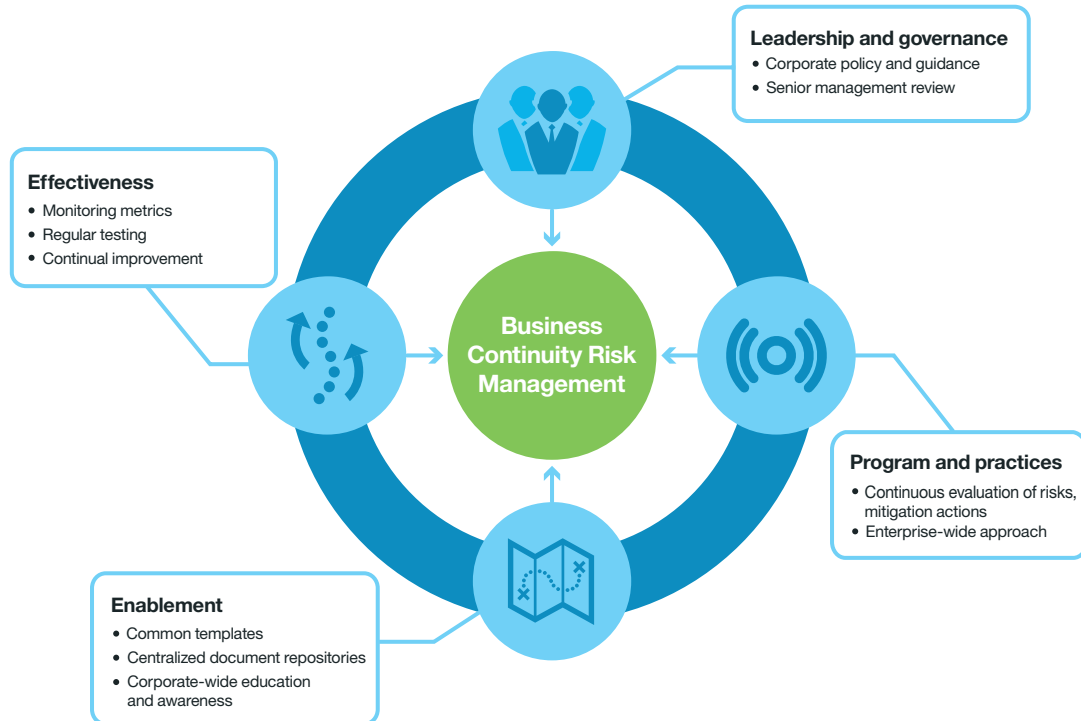


Figure 4. IBM developed a risk framework for business continuity.

**Elevate the BCM discussion to the strategic level.** Create value beyond simply protecting the status quo by establishing business continuity as a means to support growth and better convert business opportunity. By presenting an approach that more holistically manages the interdependent, complex risks facing your organization, you demonstrate that you have risks under control, making it possible for senior business managers to more confidently implement a plan for growth.

When you engage C-suite managers, senior executives and possibly even your board of directors, business continuity becomes part of your organization's enterprise risk management. Their engagement, however, is highly dependent on whether they understand the business value of BCM, so your discussion must focus on pragmatic investment tradeoffs rather than on IT or data investments.

**Establish a more business-centric approach.** A business-centric BCM approach can have lasting benefits for an organization's bottom line by tying business continuity to business goals. Using a top-down business impact analysis with participation from senior-level management helps identify and prioritize the most critical processes to create action where there may have been none previously. If implemented correctly, coupling a holistic approach with a prioritized, business-orientated focus can not only help manage business continuity risk from a business-centric perspective, but it can also create a mechanism for rising above conflicting agendas, power struggles and politics.

**Connect business resilience risk management directly to your business strategy.** A smarter BCM approach goes further by driving resilience first rather than simply settling for reactive recovery plans or underwriting risk. Champion prevention by seeking to protect value rather than just recreate it after it disappears. Resilience needs to be incorporated into the organization as part of the operational design or strategy. Determine how it will be integrated with both enterprise and IT risk management.

For example, if the organization has recently increased the number of its locations, your business continuity risks may have increased. Creating a BCM system that identifies, tracks and considers changing process interdependencies to exploit synergies can help prevent surprises.

### IBM case study: A smarter approach

To address the increasing pressure of managing costs while responding more quickly to client needs, IBM consolidated select aspects of key corporate services into several locations around the world. This global integration helped to increase efficiency and decrease costs. In order to further reduce business continuity response times, we standardized processes across all sites so that we could shift work from one incapacitated location to a fully operational site. This smarter solution helped create synergies among business goals, such as speed and cost, that were previously considered mutually exclusive.

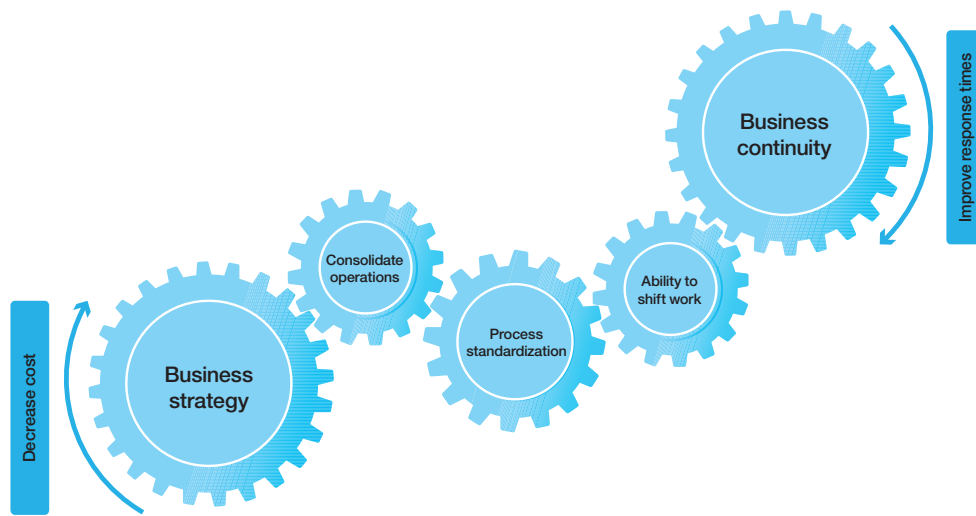


Figure 5. Synergies can exist among seemingly opposing business objectives.

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### **IBM case study: Supply chain management**

In addition to applying a well-defined supplier and supply chain risk management program, IBM works with our suppliers to help them assess their resiliency in order to maintain continuity of goods and/or services.

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### **Why IBM?**

In implementing our IBM BCM program enterprise-wide, we used the expertise of our own Business Continuity and Resiliency Services (BCRS) team. IBM BCRS assists enterprises in various industries around the world to anticipate and mitigate risk in order to help safeguard their organizations and thrive. The BCRS team applied a client-centric approach to our needs. They adapted their BCM methods to help keep our business requirements and priorities central to our success criteria and to help ensure that agreed-upon deliverables met defined milestones and that management received pragmatic progress reporting. IBM BCRS can also provide guidance and consulting services to help you set up and manage your program.

IBM BCRS has a broad portfolio of resiliency solutions for:

- Risk and business impact assessment
- Solution design, plan and implementation
- Infrastructure, managed and IBM® SmartCloud® resilience services

BCRS helps businesses identify and define the most critical risks and assess their potential business impact across reporting and business silos. In addition, IBM is uniquely qualified to design communication, training and continuity management programs that help administer and mitigate the effects of an event, should one occur.

BCRS is ready to help you:

- Develop key risk and performance indicators that offer a near-real-time view of the potential that IT services bring to accomplishing your strategic business initiatives
  - Design more robust and holistic resilience architectures for business and technology
  - Reduce financial and operational losses due to an organization's inability to provide continuous business operations during a crisis, stress or opportunity
  - Create feature-rich solutions using infrastructure, managed and SmartCloud services to help protect data and applications, and provide quicker access to virtual or dedicated servers to support reduced response time and capital expenditures
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### **IBM case study: Cloud resiliency**

Embracing technology change is necessary to move forward but at what cost? The push to adopt newer technological advancements, driven in part by the digital-native generations entering the workforce, is pressuring IT departments to move faster to newer technologies to realize perceived benefits. At the same time, IT is also expected to provide near-real-time recovery for more and more of their applications with reduced data loss. Recognizing this trend and needing to lower business interruptions, IBM sought out a more effective, cost-appropriate solution internally. Today, IBM uses BCRS' IBM SmartCloud to help ensure cloud resiliency for IBM and for our IBM SmartCloud Enterprise+ (SCE+) customers.

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## Conclusion

Today, IBM continues on its journey of creating a more pragmatic and appropriate business continuity response to mitigate operational risk. Our approach allows our company to make the changes it needs in order to be more competitive, while protecting its reputation and future. With a smarter, more agile BCM framework, we have become better able to position and articulate the value of our business continuity program to IBM's senior management in terms of its role in supporting our business strategy.

## For more information

To learn more about the IBM Business Continuity and Resiliency services, please contact your IBM representative or IBM Business Partner, or visit the following website:

[ibm.com/services/continuity](http://ibm.com/services/continuity)

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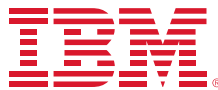
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<sup>1</sup>IBM, "Reputational risk and IT: How security and business continuity can shape the reputation and value of your company—Findings from the 2012 IBM Global Reputational Risk and IT Study," September 2012.



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