



COOP Systems

White Paper

Large Scale BC Software Deployment

Failures and Solutions

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Introduction

COOP Systems has learned that the implementation of large scale Business Continuity (BC) software projects is fundamentally different. This paper explores why these programs often fall short of their objectives. We start by making observations about actual project problems the authors have witnessed. After reviewing senior management needs, three basic principles are defined to ensure effective deployment and project success.

- Design should allow for central views and controls, while allowing decentralized planning, localization and integration of live sources of data.
- Deployment methods should avoid dangerous “Big Bang” project risks, instead planning for incremental production use as needed across the organization.
- For multi-nationals, service from vendors should be 24X7 globally, with software support for any language, currency, time zone and date convention.

We believe that large scale, even global deployments of BC software can be managed with much less risk and deliver more capabilities by insisting on these three basic principles.

Observations of Failures

It is common for large scale BC software efforts to fall short of their objectives. Examples follow that the authors have witnessed with actual deployments:

- Two major Continental Europe international banks are still not in production more than two years after making major buys of two different software packages.
- A major international U.S. bank created its own custom BC system at great expense - the significant London operation buys something else.
- A global payments processor deploys a mainstream BC package in the U.S. - the London operation buys something else.
- A global U.S. financial services provider procures BC software for global deployment - its international unit never goes into production.
- A major continental Europe international bank creates a costly BC system - the London operation buys something else.
- A major global technology provider buys a system to support DR. It does not extend to BC users adequately.
- An Asia Pacific operation of a global financial services company needs software - the U.S. parent blocks the buy although no support is available from their solution.

Assuming organizations with a mature BC process want to manage their projects to completion and leverage the solution in all their major markets, this type of experience is unacceptable.

Enterprise Needs

There was a time when a departmental approach to BC planning might have made sense, especially when recovery planning was IT-centric and enterprise risk was not such a hot topic. Potential disasters at one point of the operations probably wouldn't affect operations in other parts of the world.

Times are changing: BC is rapidly becoming redefined as Operational Risk Mitigation, supervised by the new C-level Chief Risk Officer (CRO) in many large organizations. This position has the authority and recognition to manage all aspects of Governance, Risk and Compliance for the enterprise, as reflected in the following table.

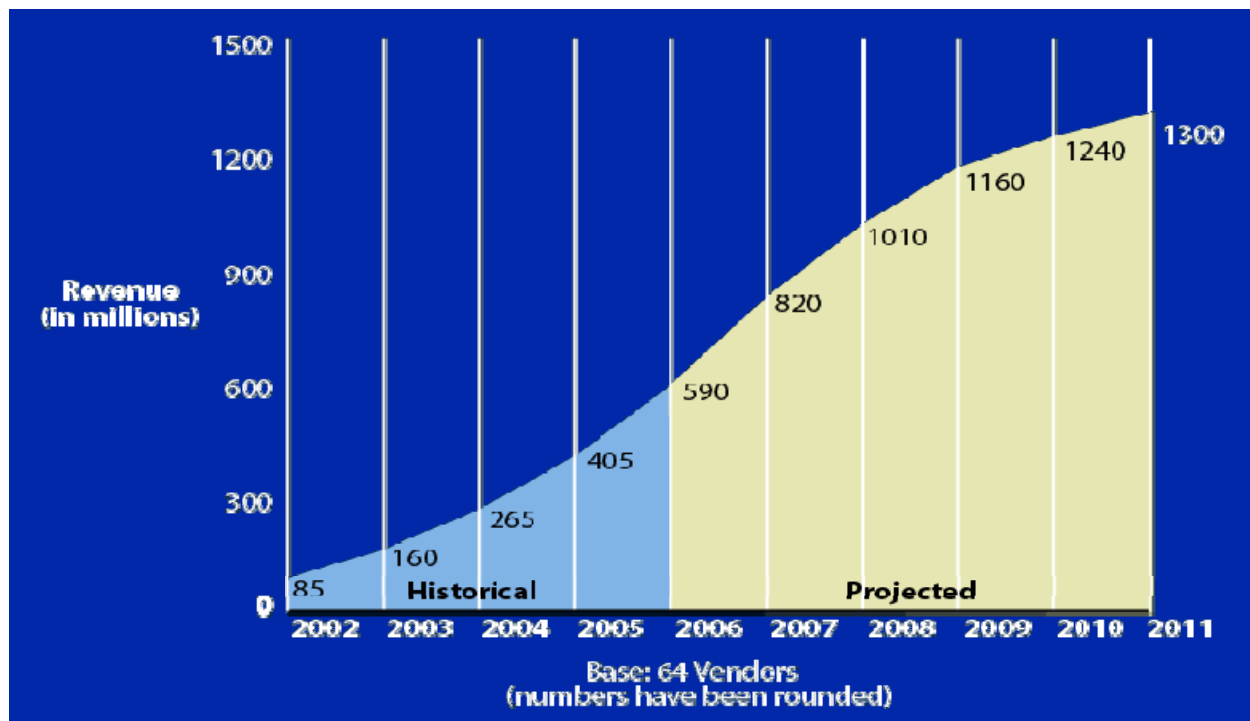
The reader can note in the Forrester Research chart below that the Operational Risk category covers the same basic topics as BC.

Governance, Risk and Compliance (GRC) Functional Segmentation Analysis¹

Risk Category	Explanation
Strategic	e.g., corporate communication, investor relations, governance, major initiatives, market dynamics, mergers & acquisitions, divestiture, planning & resource allocation, margin squeeze, brand erosion, reputation, new competitors, customer preference shifts
Operational	e.g., IT, people, processes, business relationships, physical assets, sales, marketing, supply chain, business interruption, health & safety, fraud
Financial	e.g., accounting, reporting, capital structure, credit, market, liquidity, tax, foreign exchange, interest, commodity price
Legal and regulatory	e.g., ethics/code of conduct, litigation management, discovery, regulatory compliance, social responsibility, liability

The trend toward CROs at the Fortune 1000 in the U.S. has been inexorable, in recognition that effective management of risk as an enterprise is a high-value process. This has also created a very large need for enabling software. The following Forrester chart demonstrates market size.

¹ [Forrester Research](#) "Why A GRC Software Platform" Michael Rasmussen, March 14, 2007

GRC Software Platforms — Software Revenue Market Size²

Further, Forrester Research released a study stating that by 2007, 75% of all large, critical infrastructure companies would have established a formal enterprise risk management office with a CRO in charge³.

In the long run, the CRO can not tolerate a piecemeal approach. His charter from the CEO is to understand, monitor and mitigate all areas of risk, including Operational factors. His growing budget allows him to invest in solutions and staff to accomplish his goals.

Software Design

Traditional Systems

Older enterprise software products centralize configuration settings in an effort to maintain consistency, continuity, and ease of use of the product. Unfortunately, this means an organization involved in a large deployment across multiple regions also needs to centralize decision-making. Required is the creation of additional overhead with an oversight committee or appointment of new employees to administer the system. Many companies with decentralized operations find that this does not work.

² [Forrester Research](#), "Overcoming Risk And Compliance Myopia," Michael Rasmussen, July 26, 2006

³ [Forrester Research](#) "Trends 2005: Risk and Compliance Management," Michael Rasmussen, October 25, 2004.

For example, a simple request like “add a new field to capture BlackBerry PIN numbers” has to go through the decision-making body. They need to determine the impact on area of organization not needing this field, as well as who should not see it if the person is part of executive management. Further, they would need to allocate the resources to adjust the system data or process model and related reports.

Next-Generation Systems

Software design can now allow for a combination of centralized and decentralized controls. This allows maximum flexibility while still enforcing organizational standards. Standardizing basic options at a corporate level is important. So too is the ability to support needed variations at the region or line-of-business level. Sub-administrators can manage changes only needed in by their users, while still allowing core data to be captured for roll up top-level reporting.

Ultimately, a good enterprise BC planning system allows subject matter experts of each part of the plan to have directly access and manage their distinct areas of responsibility. This allows for the best possible plans to be created and maintained by spreading ownership and accountability downward to the front-line employees. Business process owners complete BIA's and build teams with their employees, IT managers define hardware and application requirements and dependencies, and business continuity or risk management staff pull it all together into a top-level view.

Localization

Beyond the need to capture different data elements at different area of an organization, large enterprise software deployments face even greater hurdles. Language issues are the most prevalent. A complete software package will be able to display the interface in the local language needed, based on the region a user is accessing.

Localization issues are a difficult subject often overlooked by software vendors when deploying enterprise products. The need goes beyond the interface language or metadata. There is the need to deal directly with the way data is displayed by the system. Dates, currencies, time zones, page layouts, and punctuation are localization items that should be triggered automatically from system settings.

Integration

Every business has systems and databases specific to their own processes and needs. Some cross multiple regions or departments. Data from these systems can be fed into the top-level of a planning system to allow for automated updates to all plans. Automating maintenance is the single most significant cost savings for BC programs.

If the data is already collected, it can be reused as a read-only version within a planning system, maintaining the external system of record while leveraging the existing data. This could include systems of record like HR databases for employee and contractor

information, accounts payable databases for vendor information, accounts receivable records for customer lists, and real estate databases for location information.

COOP Systems supports decentralized design, full localization and quick and easy import/export of data using CSV-standard tools.

Deployment Strategy

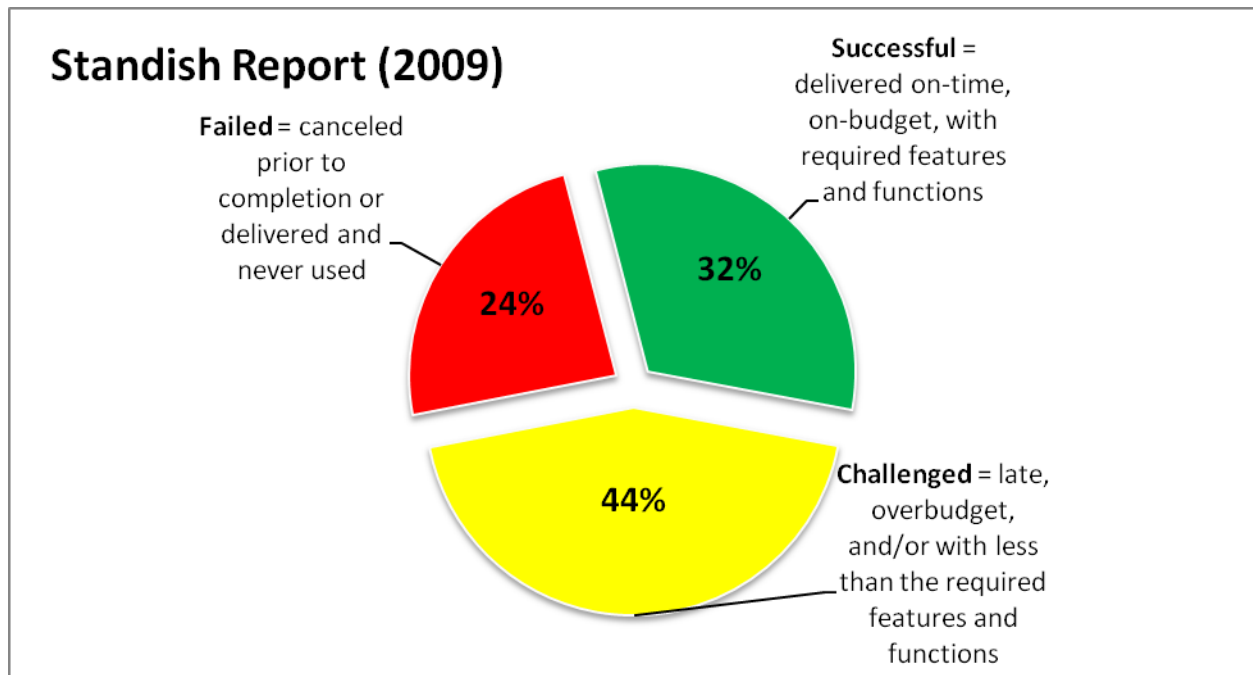
Old Problems

Traditionally, IT enterprise systems were deployed using a “Big Bang” methodology, evolving from the large mainframe and government system implementations of the 1970-80’s. This was a reasonable and successful approach when the pace of change was slow. However, many events now cause rapid change – geo-political, regulatory, and economical, amongst others – requiring quick adaptability to meet today’s needs.

Project failures are numerous. Reviewing the results is troubling:

- \$80 -145 billion per year spent on failed projects (The Standish Group).
- 25% - 40% of all project spending is wasted due to re-work (Carnegie Mellon).
- 50% are rolled back out of production (Gartner).
- 40% of problems are found by end users (Gartner).
- Poorly defined applications have led to persistent miscommunication between business and IT, contributing to a 66% project failure rate for these applications and costing U.S. businesses at least \$30 billion every year (Forrester Research).
- 60% - 80% of project failures can be attributed directly to poor requirements gathering, analysis, and management (Meta Group).
- Nearly two thirds of all IT projects fail or run into trouble.

The Standish Group International, Inc. is a well-known firm based in Boston that for years has tracked large scale IT project successes and failures. The following is a chart showing the results of their 2009 CHAOS Survey.



These problems are largely due to Big Bang project methodologies. Despite limited advantages, the challenges in today's environment with this approach are numerous and can quickly and dramatically affect project risk, including (from Koop, Rooimans and de Theye, 2003) the following:

- Limited to no time for additions or changes.
- Completeness and validity of converted data not completely proved.
- Complexities of tuning all activities to happen on one moment.
- Fall-back plans can become impossible once the Big Bang has taken place.
- Intense pressure to meet deadlines leads to substandard implementation, usually sacrificing testing.
- Adoption is vulnerable due to the limited possibilities to maneuver.
- Datasets and functionality must be precise.

In order to meet today's challenges, more adaptable, incremental, phased, and manageable deployment strategies are required.

New Solutions for BCM Projects

In part due to the pattern of repeated Big Bang project failures, new approaches and methodologies have evolved to solve today's IT enterprise system implementation challenges. Today's global system implementation requirements include:

- Earlier initial release of high priority functionality.
- Better measurement and visibility of progress and risk.
- Flexibility for mid-course corrections.
- Early key wins to keep project stakeholders on-board.
- Global design with flexibility for self-provisioning regional differences.

Specifically for a global Business Continuity Management system deployment, it is critical to be able to “modify on the fly” instead of being locked into a “one size fits all” approach. The implementation methodology should allow for the deployed system to incorporate lessons learned, feedback, and changing priorities immediately.

The alternative approach Agile Project Management (APM) has emerged. The result is a highly iterative and incremental process, where vendor staff and project stakeholders actively work together to understand the domain, identify what needs to be built, and prioritize functionality. Instead of attempting to implement all functionality at once in a Big Bang approach, deployments work better with an APM approach.

This essentially organizes a global enterprise implementation into a series of steps. As with the Big Bang, requirements, specifications, and initial design are still captured at the beginning of the project. At this point, APM diverges by implementing some key components in earlier timeframes. For example, depending on the nature of the enterprise, this can be in the form of a proof-of-concept pilot for one region (e.g., Americas, EMEA, or Asia Pacific), one business unit, or some other logical breakdown.

Adopting this approach with a manageable environment before a wider scale deployment can have the following benefits:

- Proving out the design assumptions and decisions early, including scalability, data sets, and standard templates.
- Providing faster continuous feedback to focus strategic and tactical directions.

With myCOOP software, other parts of the enterprise can start by using the resulting proven best practices and standard designs from the initial work, while still being able to add their own needed variables. These can include special data needs, reports, languages, time zones, date conventions, and currencies.

In today's environment with constrained resources, decreasing project risk for large, global, enterprise IT systems is paramount. The old "Big Bang" approach is no longer effective. Newer, proven, APM incremental methodologies are successful and giving stakeholders the results and necessary confidence and return on investment.

Support Requirements

Service Levels - - Three Aspects

There are three aspects of service levels that should be addressed systemically: severity with response times, resolution methods and up-time for vendor hosted systems.

1. Severity concerns whether the issue is impacting immediate business needs and is often represented by a chart like the following:

<i>Schedule of Response/Resolution Times Goals</i>		
<u>Technical Severity Level</u>	<u>Response</u>	<u>Resolution⁴</u>
Level 1: Customer unable to access BC plans, resulting in adverse impact on Customer's operations.	1 hour	4 hours
Level 2: Although Customer can access BC plans, some aspects of Customer operations are restricted.	4 hour	24 hours
Level 3: Customer can access BC plans with exception of specific functionality not critical to Customer's overall operations and workaround can be readily achieved.	48 hours	next release

2. There are three methods to resolve end-user issues.
 - Routine issues should be handled by a client Administrator who relies on easy-to-use software, an Administrator manual, FAQ lists, on-line HELP, or posting a ticket to an on-line CRM system as described below. Of course complete training programs and documentation are needed. The software should also support simple, rapid changes to screens/reports by client users as needed.
 - Non-routine issues should be quickly and easily escalated to the vendor support desk for resolution based on severity levels, with 24x7 service available by phone for emergencies.

⁴ As resolution is tied to infrastructure, guarantees by the vendor would only be valid if they host the application.

- Enhancements requests to improve system use should flow from several sources. The vendor support desk should log these types of issues during a client discussion. Regular client advisory meetings should be held to review releases and help prioritize development. User conferences are also helpful to more in-depth dialog between clients and the vendor.
3. For vendor hosted solutions, system availability should be guaranteed. Given the ability to implement redundant software/hardware components, power, and telecommunications, availability guarantees in the 99.99% range should be available. That is less than one hour of scheduled downtime over one year.

Vendor Owned Offices

For large organizations with major operations in multiple countries, a vendor with their own geographical support facilities should be expected. This is needed for non-routine issues that can not be easily resolved with training, documentation and client resources. It is reasonable to expect a vendor to have offices in the Americas, Asia and EMEA.

An added benefit of regional vendor offices is back-up for strategic partners and local distributors, as described below.

COOP Systems has support offices in London, Bangalore and Sydney.

Strategic Partners

BC software vendor typically are not large companies. Some large customers may insist on a high level of staffing, geographical support, financial capability, account relationship management, and infrastructure needs. Strategic partnering can bridge that gap.

For example, suppose that contracting would be facilitated by buying from a large integrator, leveraging an existing account relationship. If a BC software vendor had an established reseller relationship with an integrator that the customer used, the project risk could be less.

Another example would be a strategic partner with consulting resources spread across multiple geographic locations. Costs could be reduced by the use of local resources, different languages would be less of an issue, and post-implementation support may also be simplified and more readily available when needed.

COOP Systems enjoys a global partnership with IBM.

Local Distributors

Depending on the project scope, and if an integrator reseller partner is not available, there may still be a need for local support in foreign countries. Languages are part of the issue, as key activities (e.g., BIAs, project consulting, etc.) connected to end-user participation may need to be conducted in other languages. Local BC standards and compliance activities also frequently vary country-by-country.

COOP Systems has expert local distributors in Japan, Thailand and France, with additional countries scheduled for 2010.

Automated CRM

For routine posting of issues and view of outstanding tickets, a CRM system available directly to clients can be very helpful. Enhanced capabilities should include the following tools and procedures:

- Self-service ticketing - users can submit a detailed ticket directly with receipt acknowledged.
- FAQs - enabling users to find answers to common issues, categorized so customers can browse solutions by category.
- Centralized tracking - handling of tickets faster by integrating case information with existing knowledge bases.
- Streamlining - automatic ticket escalation and workflow tasks supporting support processes.
- Notification - of updates or additions to comments on tickets.

Direct access to a self-service portal with a knowledge base can provide instant answers. Posting of a ticket with a web link can accelerate resolution of an issue. Overall, these capabilities provide a good solution to non-emergency client issues.

Summary

The problems of large BC projects can be addressed with the right set design principles, deployment strategy, and product support.

Design should allow for decentralized planning while maintaining central views and controls, as well as managing localization and live data integration. Deployment should avoid big-bang delivery. Support should be available 24X7 globally, in any language, currency, time zone and date convention.

Again, we believe that large scale BC software projects can be managed with much less risk and more capabilities by insisting on these three basic principles.