



THE LIGHTWEIGHT SOLUTION TO HEAVY RISK

EXAMINING THE NEED FOR A NOTIFICATION SERVICE INTEGRATED WITH BOTH INCIDENT MANAGEMENT AND BUSINESS CONTINUITY SOFTWARE

MIDTOWN, New York City - When a steam pipe burst at East 41st and Lexington during the afternoon rush hour on July 18, 2007, a rust-colored geyser of near-boiling water erupted nearly 100 feet into the air, causing cars to flip and commuters to flee for their lives. The blast of steam and the resulting shower of debris continued for two hours, raising fears of asbestos contamination in the neighborhood, and forcing authorities to cut off access to the affected streets. One death and over 30 injuries were reported on the day of the accident, but the effects of the crisis continued even after the streets were cleared. It was estimated that the financial losses in the frozen zone surrounding Grand Central Station reached upwards of \$30MM, and impacted over 100 businesses in the area. In the aftermath of unexpected incidents such as this one, a business can suffer tremendous losses very quickly, especially if it's not prepared. And, as we will see in this paper, even proper planning is not sufficient without the ability to implement and carry out a business continuity plan both quickly and easily.

The high cost of failure to plan, notify, and react quickly

In March of 2000, a lightning strike caused a minor fire at a Phillips microchip plant in New Mexico, destroying millions of chips due to smoke and water damage. The fire lasted only 10 minutes, but its effects were disastrous.

One of Phillips' two primary customers, Nokia, was prepared. Through the use of pre-established plans and impeccable internal coordination, Nokia's executives responded immediately. Moving quickly to tap all of the supply that it could from alternative manufacturers, the company minimized the impact of the fire on its business, and was even able to re-engineer some of its phones to incorporate chips from new suppliers.

Its other primary customer, Ericsson, was not prepared. Having relied on a single source for its chip supply, as well as early assurances from Phillips that the fire was only minor, the company was slow to react. By the time the smoke had cleared, Ericsson reported that the impact of the fire and component shortages had caused a second quarter operating loss of \$200MM in its mobile phone division. As such, annual earnings would decrease by between \$333MM and \$445MM. Six months later, Ericsson reported divisional annual losses of \$1.68B and a 3% loss of market share. Nokia, by contrast, recorded a 42% rise in profits in the third quarter of 2000, and its annual report did not even mention the fire. Ericsson's losses have become legendary, and its *failure to implement a supply chain business continuity plan* has become an example of what not to do for other businesses.

More strikingly, recent examples have shown us that even when organizations do have business continuity plans, it is often the communications portion of such plans that fall through. In January of 2008, the Arizona American Water Co. in Scottsdale, Arizona came under fire from residents for failing to properly alert the community of a harmful tap water contamination. Its notification system was painfully outdated and, in this event, only managed to reach about 65% of its intended targets. As a result of the incident and the company's poor response, it suffered from damaging public press and a decline in customer confidence.

Similarly, in November 2009, the City of Portland, Oregon was criticized heavily for its failure to properly notify residents of an E. coli contamination in the public water supply. Although the city issued a press release to the proper news outlets when it discovered the contamination, the message did not reach many locals until the following day.



Like the Arizona American Water Co., the City of Portland had emergency plans in place. And yet *they were not plans that made quick and efficient communication a priority*, leaving the health of many unsuspecting residents at risk.

In the above cases, we have seen how a lack of preparation for emergency situations can lead to both heavy financial losses and threats to human health. And yet businesses without proper crisis response mechanisms are also susceptible to reputational losses, which often have more lasting effects. For example, after a power failure temporarily shut down their system in November of 2009, all Halifax and Bank of Scotland (HBOS) branches were unable to provide cash machine, over the counter, and online services to their customers for over six hours. The bank came under heavy scrutiny from both the media and its customers for its incredibly slow recovery time, raising questions about its business continuity planning and harming its reputation as a dependable establishment. Although bank officials claim to have planned for such a crisis, *these plans proved to be insufficient when the bank attempted to carry them out in real time.*

The Need for Business Continuity Planning

From the above examples, we can learn two important lessons. First, a comprehensive and well-articulated business continuity plan is a necessity for any organization. Secondly, this plan must be able to function in a time-critical situation, allowing a crisis management team to respond and communicate quickly and reliably, both internally and with its audience or customer base.

Business continuity planning, a discipline within enterprise risk management, provides a specific plan for reacting to predictable situations that might threaten both the security and resources of an organization. These situations might be caused by power outages, explosions, market-based and economic pressures, food and water contaminations, or terrorist attacks. Today's global networks increase the risk of disruption in any organization's business environment, and organizations must prepare by having a proper continuity plan in place. Even natural disasters, such as fires, floods, and hurricanes, have a magnified effect in a tighter, global market.

A proper business continuity plan prepares an organization to continue operations and key functions in a timely manner and to minimize the impact of crises, both high and low profile. As such, an easily understood set of personalized tasks and responsibilities for key responders is critical, as is an effective strategy to communicate with employees and other stakeholders. These tasks will be executed most effectively when good training and planning is supplemented with simple and streamlined tools and resources.

By thinking ahead, evaluating risk, and preparing strategies for emergencies, organizations can significantly enhance their chances of responding successfully whenever a time-sensitive situation arises. And yet, this sort of intellectual planning does not provide a viable platform through which an organization can manage an incident, communicating and prioritizing in real time.

For as we have seen all too often, emergency and business continuity planning means nothing without the tools to communicate during a critical incident. Quick and efficient communication is crucial to implementing a business continuity plan, and having a software platform and a common interface through which to manage incidents and to send alerts in real time allows crisis responders to streamline their energies in a quick and efficient manner. And yet, the question remains, what can organizations use to carry out their business continuity plans in time-sensitive situations?

The Lightweight Solution to Heavy Risk

In order to properly execute a business continuity plan, organizations must look to a single-source platform that integrates notification software with a framework for an incident management service (IMS) and proactive business continuity planning (BCP). An integrated solution combining BCP and IMS software with a notification system allows users to set up contexts and frameworks for the use of alerts in responding to different categories of incidents. These proactive measures can be taken before an emergency, allowing organizations to respond quickly when time matters the most.



In a consolidated, single-vendor solution, emergency notification acts as a foundation for the IMS and BCP software. At the core of their emergency response, managers must have the ability to communicate with each other, send alerts, and receive responses in real time. The IMS component of such a consolidated platform provides the capability not just to send an alert but to create a context within which the alert is sent. While sending an alert on its own is merely a task, a real time IMS console allows a user to annotate and manage multiple alerts at once, adding the dimension of time to the notification system. Such a software platform can be accessed by multiple team members at once, permitting them to coordinate and plan from diverse geographic locations in real time.

However, an IMS service alone is not enough. When organizations respond to incidents, they are reactive, following the incident as it develops. In the business continuity planning process, a platform offering a simple, lightweight combination of alerts, IMS, and a BCP services allows crisis managers to be proactive so that they remain in control of an incident. The BCP interface allows users to preemptively establish frameworks for communication, while also cataloging the myriad other tasks and matters associated with responding to any particular event. As the wrapping around the software package, the BCP platform provides a framework for creating and organizing automated plans that can be executed in real time through an IMS interface, using reliable and efficient emergency notification services.

The structure of a
lightweight business
continuity tool



The Real-World Test Case

In order to fully understand the application of this platform, let us consider the hypothetical case of ABC Company, located in downtown New York. As a part of its business continuity plan, the company has a strategy for responding to a building fire or similar local disturbance. Using an integrated BCP, IMS, and alerting software tool, ABC is able to pre-program its response, creating plan X, an automated checklist of alerts (Y) and tasks (Z) that can be followed in real time. When the fourth floor of the building catches on fire, the crisis manager at ABC is able to activate plan X, which immediately begins the process of sending a first round of pre-programmed Y alerts and reminding him to undertake Z tasks. The time at which the second round of alerts is sent is contingent on responses to the first round, and the manager is able to comment on and adapt the plan within the user interface as it progresses. The crisis manager is able to access all of these tools through one point of entry, whether he's at his computer or out using his mobile device.



Remaining Proactive in the Face of Emergencies

Such a lightweight combination of emergency management software is the most efficient way to prepare an organization for emergencies. A combined package of notification, IMS, and BCP services offers both speed and ease of use, permitting organizations to automate their continuity plans during the most time-sensitive situations. By allowing the user to be proactive, a combined package saves time during emergencies and maintains a centralized management system with prepared solutions that follows an event in real time.

In order to maximize the value of such software, a streamlined solution offered by one vendor in a cost-effective manner is the best option. By using one provider, organizations can reduce costs and minimize the stress of managing multiple vendor relationships. Historically, organizations have turned to several software providers to support their business continuity, incident management, and emergency notification platforms. Complicated interfaces and the inefficiency of multiple entry points add to the stress of disaster planning, and many BCP or IMS tools are left unused. A simple to use interface allowing to-dos, strategies, and alerts to be organized and integrated ahead of time can allow organizations to remain both proactive and efficient in the management of a real crisis.

When faced with an emergency, organizations often falter. In the cases of Ericsson, the Arizona American Water Co., the City of Portland, and HBOS, both improper planning and the inability to implement plans led to severe financial losses, delays in reaction time, and reputational blunders that are often irreparable. With a software tool that builds business continuity planning on top of a strong communications platform, organizations can prepare themselves for the unexpected. A proactive approach, coupled with the ability to react to and monitor an incident *in real time* can allow organizations to follow Nokia's example by reacting strongly, quickly, and efficiently in the face of emergencies and by reaping financial and reputational benefits as a result.