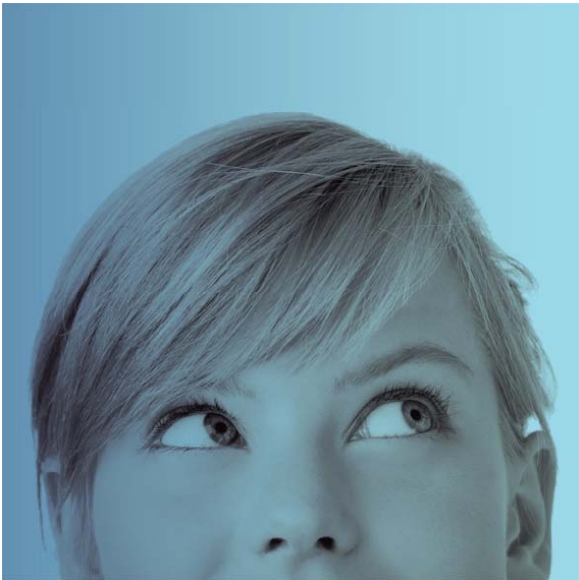


# MARSH



MARSH MERCER KROLL  
GUY CARPENTER OLIVER WYMAN



Business Continuity: What's your Upside?

## Business Continuity Survey: Facing an Uncertain Future

**Conducted by:**

## BCM Survey: Facing an Uncertain Future

- This study ran from February to March 2009
- The survey was **hosted on website**
- 109 delegates that work for UK based businesses took part in the study
- All responses are anonymous
- Copies of the study report will be made available for all participants of the survey

**Editor's Note: BCI members were invited to take part in this survey during Business Continuity Awareness Week**

## BCM Survey: Facing an Uncertain Future 2009

### Key Findings (1)

- Organisations appear to be more worried about the effects of terrorism on their overseas supply chain than about the effects of terrorism on their UK infrastructure
- On overwhelming majority of UK organisations feel that adverse weather represents a real threat to them
- Less than a third of the organisations polled have altered their levels of risk tolerance as a result of the current economic situation
- Most organisations have identified the threat of a major supplier going bankrupt
- Almost a quarter of organisations are not prepared to deal with data security breaches

## BCM Survey: Facing an Uncertain Future 2009

### Key Findings (2)

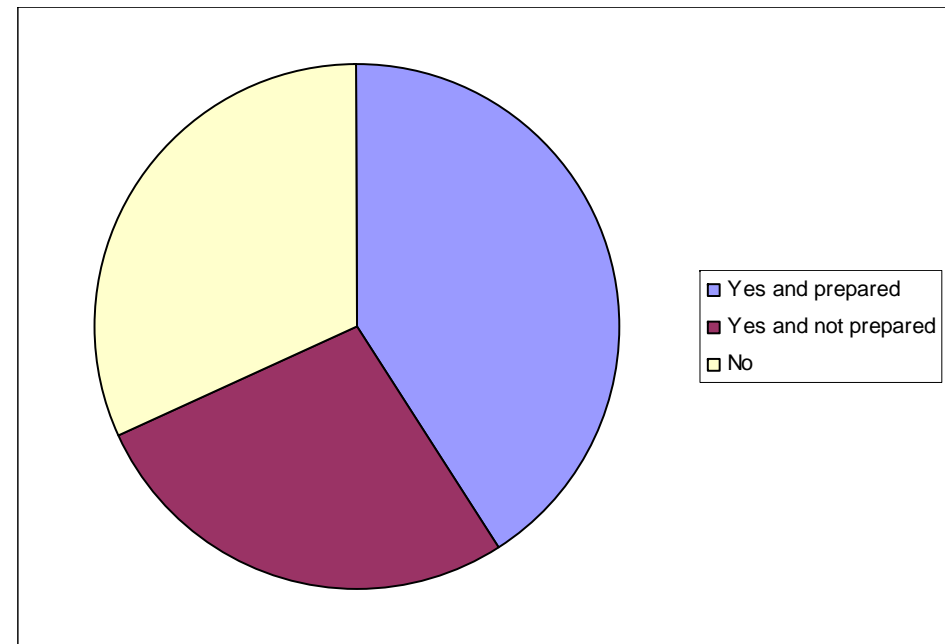
- At the time of the survey, nearly half of the responders did not think there would be a pandemic illness in the next ten years
- There is a gap between organisations' recognition of risk in their logistics systems and their ability to deal with a problem there
- Most organisations are concerned about the cost and availability of energy over the next five years
- Less than half of the organisations that think climate change is a risk have plans in place to deal with it
- Most organisations think that BS 25999 is a good thing
- Most public sector companies do not think there is a risk of redundancies in their organisations
- Most organisations are changing their recovery strategy to reflect advances in mobile workforce technology

## Issue: UK terrorism seen as a real business threat

**Question 1: My business sees the risk of a serious terrorist incident in the UK in the next 18 months as a real threat**

**Question 2: My business is prepared to deal with such an incident**

- 56% of businesses think that there will be a major terrorist incident on UK soil within the next 18 months and 67% of these are prepared for an incident. 56% seems to be a low number considering the amount of publicity that is in the media.
- Roughly three times as many risk or BC professionals as other roles (who were evenly divided on the issue) think there will be a major incident. This is probably due to risk and BC managers being closer to news and information about actual incidents.
- 66% of all businesses are prepared for an incident (whether or not they think it is likely).
- Public sector businesses appear to be more concerned than others. This is likely to be due to pressure and advice from central government.

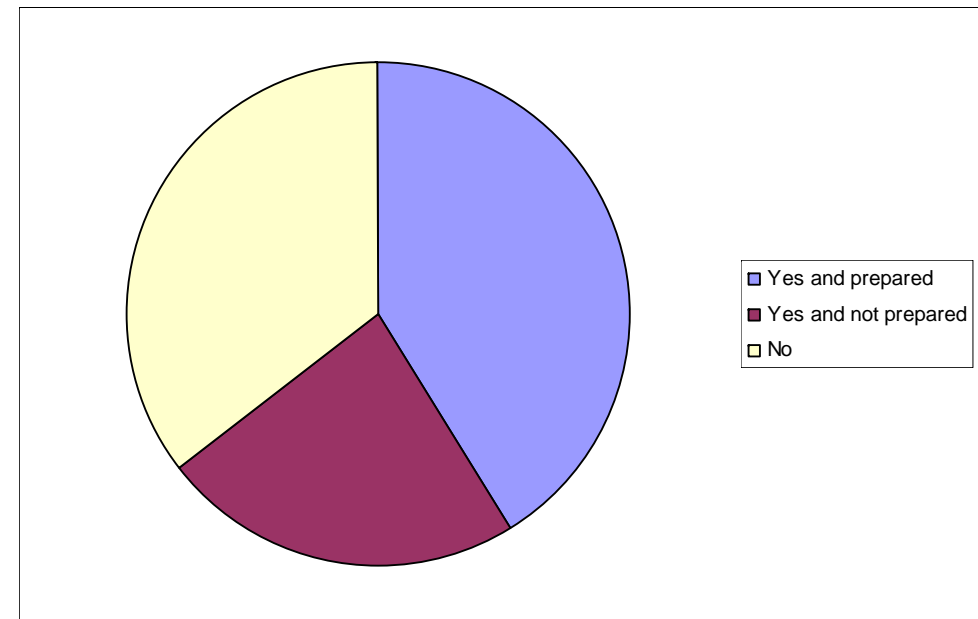


## Issue: Overseas terrorism may affect supply chain

**Question 3: Incidents of civil unrest and terrorism overseas appear to be rising and this may affect my supply chain**

**Question 4: My business is prepared to deal with such an incident**

- 65% of businesses are concerned that their supply chains may be affected by terrorism overseas. 63% of these business are prepared to deal with disruption to their supply chain infrastructure.
- It's interesting that more business appear to be worried about a terrorist incident affecting their overseas supply chain than worry about a terrorist incident affecting their UK operations.
- 56% of business are prepared for a disruption in their supply chain (whether or not they think it is likely following a terrorist incident).
- Industrial organisations are more concerned about supply chain issues than other, as they are more likely to have product-related supply chains.

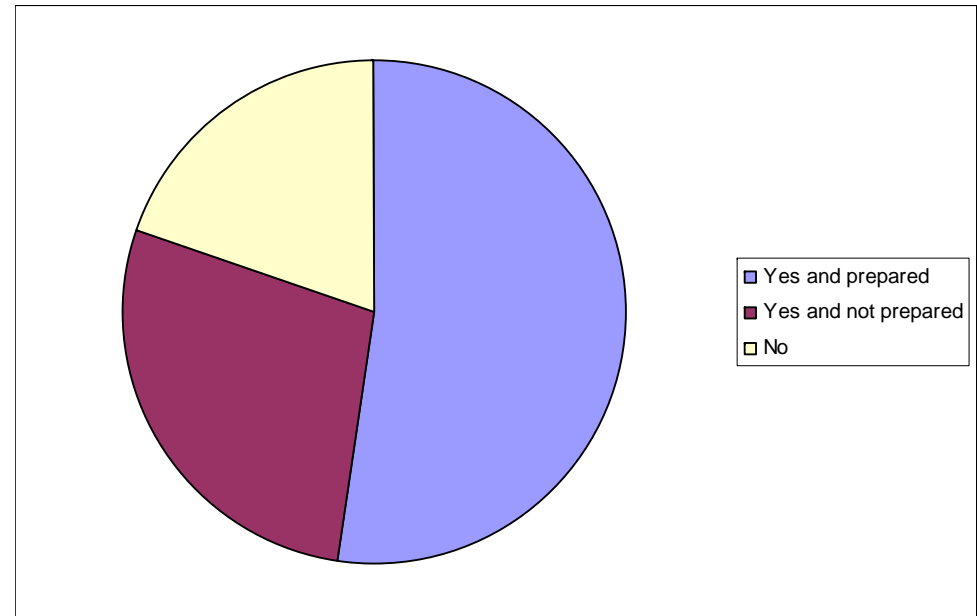


## Issue: Severe weather represents a threat to UK businesses

**Question 5: I believe that adverse weather is a bigger threat to UK business now that at any time in the last 20 years**

**Question 6: My business is prepared to deal with the effects of severe weather**

- 80% of businesses feel that UK weather is more of a threat to them now than in the last 20 years, yet only 65% of them have prepared to deal with the threat.
- The finance sector had the highest percentage of organisations that were prepared, and that felt this was a risk. This is likely to be due to the fact that the survey was carried out around the time of the severe snow that crippled London.
- IT staff seem much more aware of the risk than the average, this is probably due to the potential burden that home and remote working during bad weather can have on IT and voice systems.

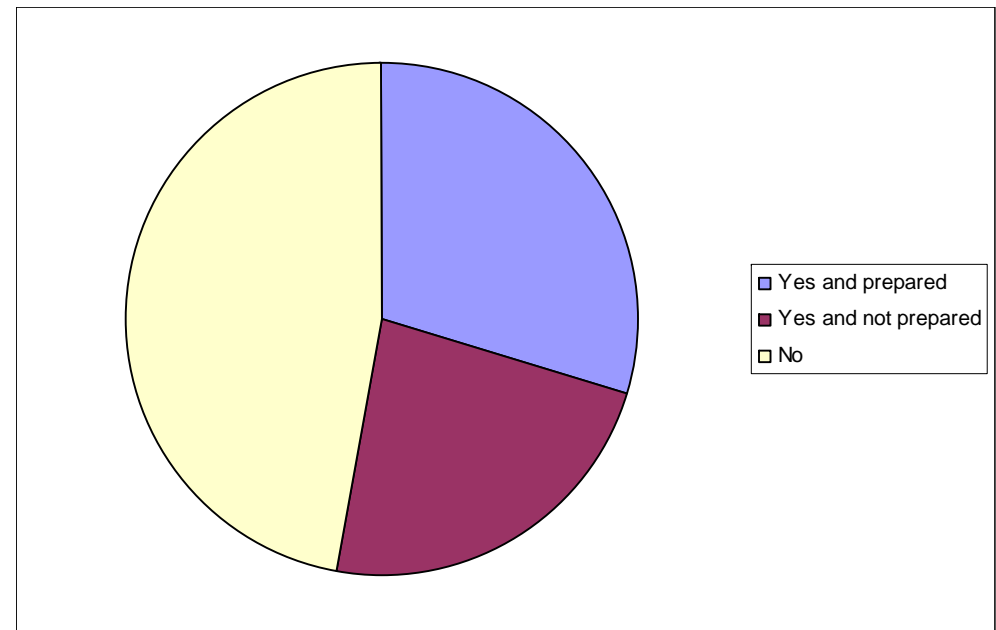


## Issue: Credit crunch affects risk tolerance

**Question 7: The credit crunch will affect the ability of my company to tolerate risk over the next 18 months**

**Question 8: My business is prepared to deal with the effects of the current credit situation**

- Only 52% of business felt that the credit crunch would affect their risk tolerance and only 57% of these were prepared. This indicates either complacency or the fact that the real effects of credit shortages are not yet fully felt by business.
- A higher 67% of business are prepared for credit-related issues (whether or not they think there is a problem), so perhaps the preparedness affects the perception of risk in the responders.
- Public sector organisations do not appear concerned about this risk.
- Responders closer to business issues are more worried about the issue, this is most likely due to complexity of credit risk and the isolation of non-business people from the issue.

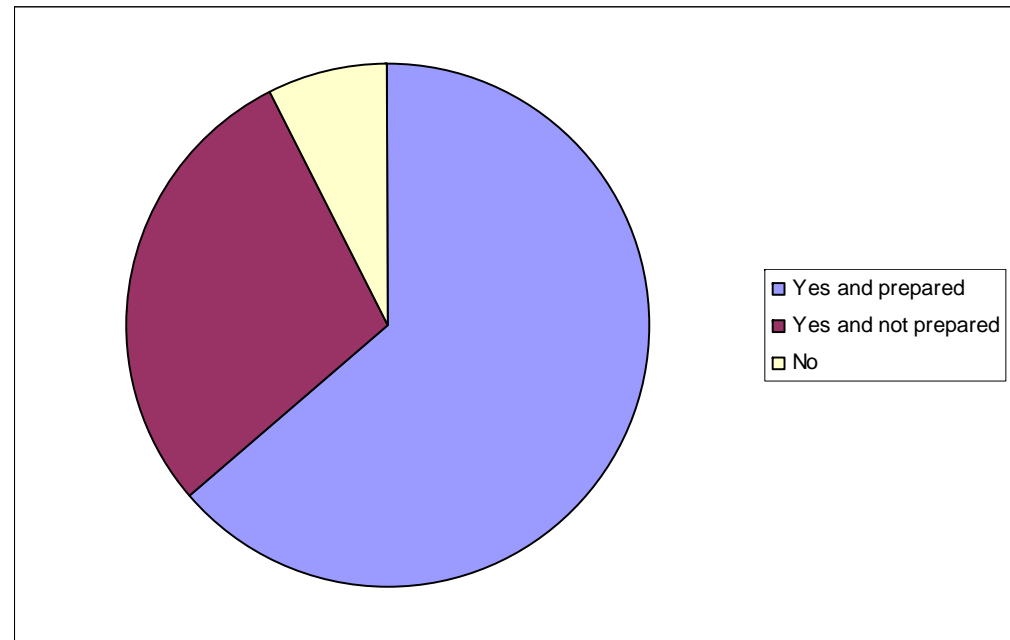


## Issue: Global economic situation leading to bankruptcies

**Question 9: As the global economic situation worsens, more large organisations seem to be under threat of bankruptcy**

**Question 10: My business understands its supply chain and how it might be affected by the insolvency of a company upon which it depends**

- 93% of businesses realize that there is a potential risk of a supplier going bust, and 69% of those businesses have prepared to deal with the effects of such a bankruptcy. As the global economic situation unfolds and more companies run into difficult, one would expect knowledge and awareness of this issue to become more common.

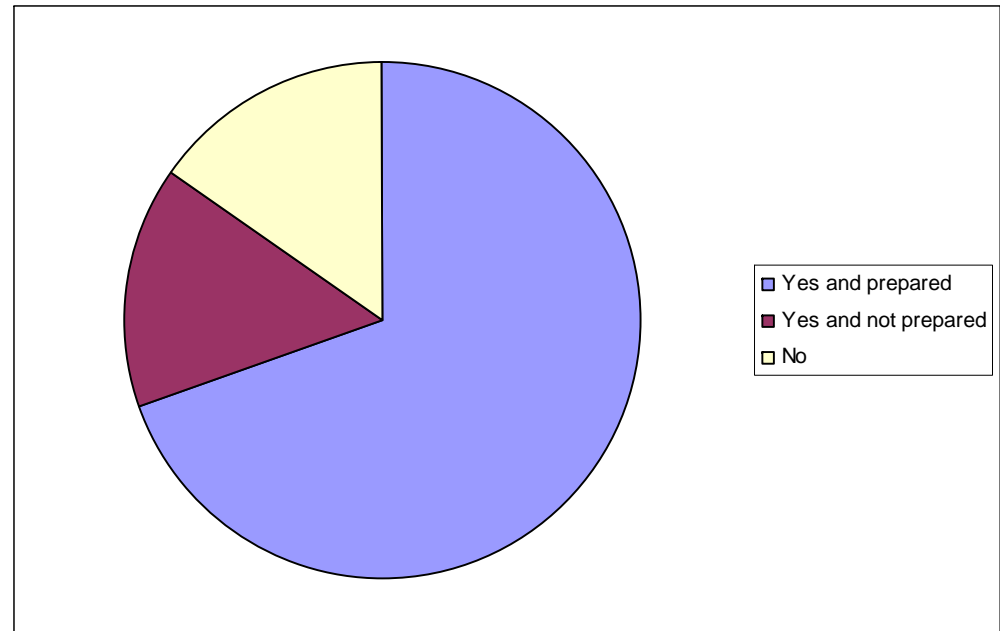


## Issue: Sensitive data leaking into the public domain

**Question 11: It will soon be a legal requirement to declare information security breaches**

**Question 12: We have taken steps to prevent data breaches and are prepared to deal with their effects**

- 83% of business are aware of the effects of information security breaches and 82% of these feel that they are adequately prepared.
- Infosec breaches are big news, people expect action and most organisations are well prepared.
- As one would expect, respondents involved in IT and information security appeared more aware of the risks.
- Financial organisations seem to be less well prepared than others. Public sector organisations were among the best prepared.

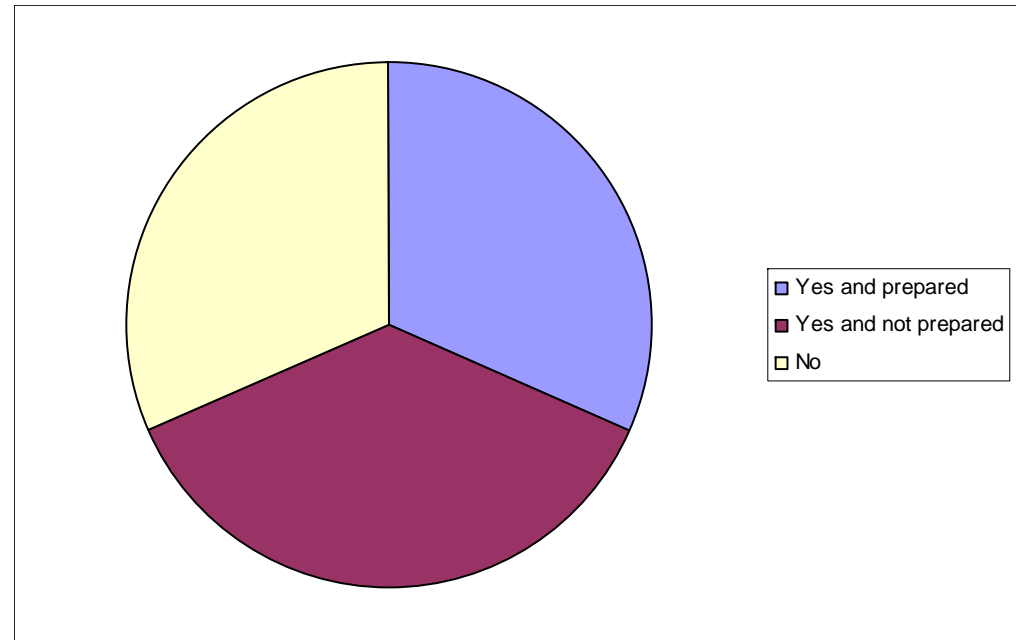


## Issue: Risk of outsourcing / off-shoring

**Question 13: The risks of outsourcing and or off-shoring are underestimated and in some cases can outweigh the benefits**

**Question 14: We conduct a comprehensive risk review before outsourcing / off-shoring and actively manage the risks**

- 70% of businesses felt that there are high levels of risk attached to outsourcing or off-shoring, but 50% of all respondents felt that the risk was not fully understood or actively managed in their organisation.
- 93% of public companies do not understand and / or manage the risks associated with outsourcing or off-shoring.

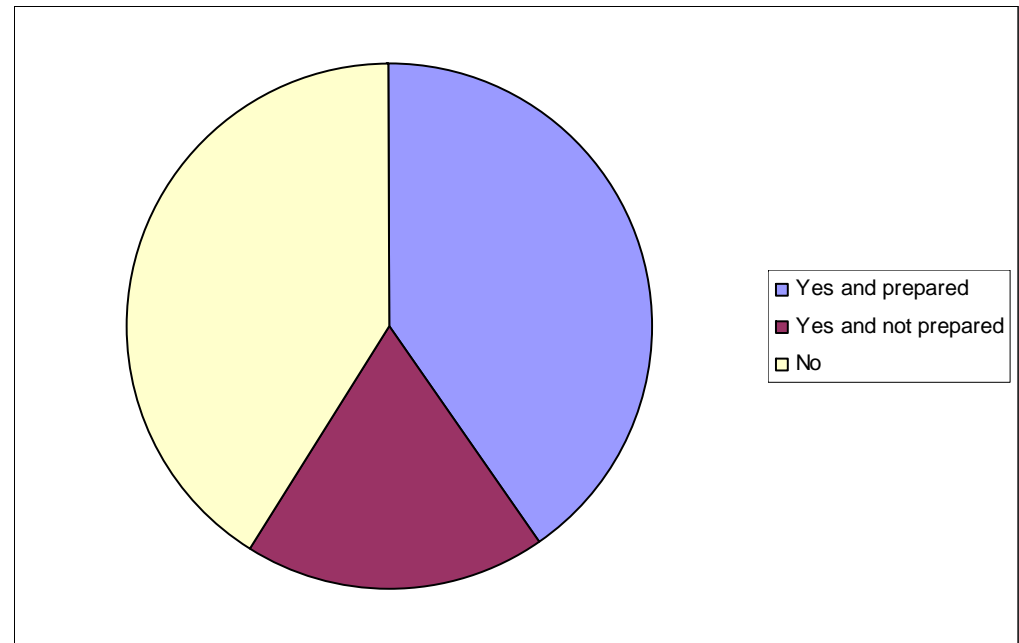


## Issue: Pandemic Illness

**Question 15: I expect a case of pandemic illness to have broken out in the UK in the next 10 years with significant consequences for my business**

**Question 16: My business has thought about pandemic issues and we feel that we are adequately prepared**

- Probably changed now due to the arrival of A/H1N1. At the time of the survey, 59% of business thought there would be a pandemic outbreak in the UK that would affect their businesses, and 69% of these were prepared to deal with it.
- Only financial companies were in majority thinking that there would not be a pandemic in the next ten years (59%).

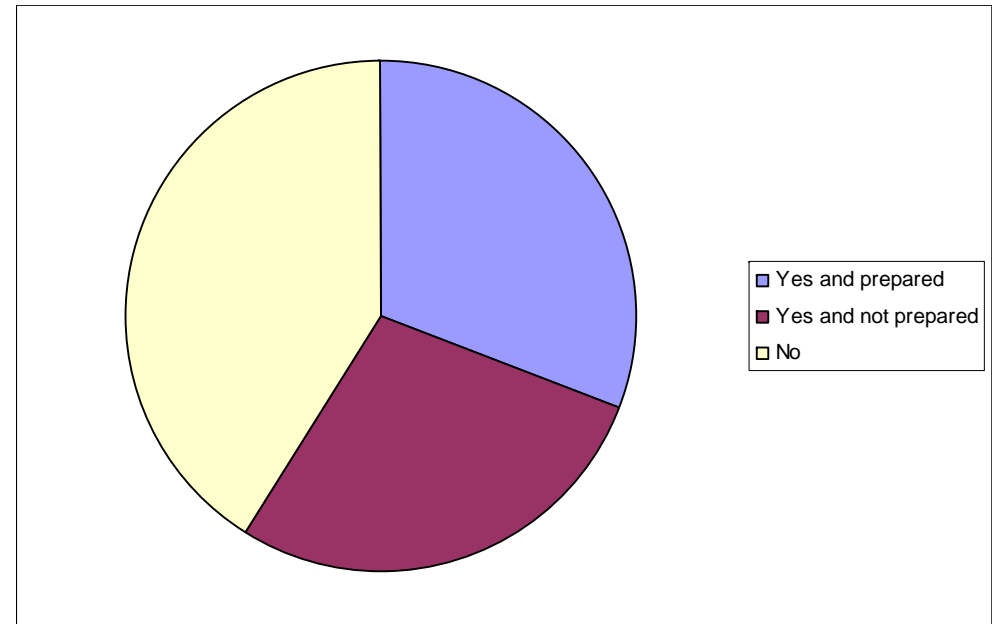


## Issue: Supplier failure

**Question 17: The under-performance or failure of a supplier now represents as big a risk to my business as our own failure**

**Question 18: We understand our supply chain to multiple levels of detail, and are prepared for failure of a part of it**

- 62% of businesses see this as a risk, but only 48% of these are prepared to deal with it. This indicates that more understanding of supply chain issues is required, and at more tiers of detail.
- As expected, industrial organisations appear more concerned about this issue than others.
- Higher levels of understanding of this type of risk appears in roles closer to business issues than risk issues. This may indicate that supply chain issues do not universally get flagged in organisations' normal risk analysis processes.

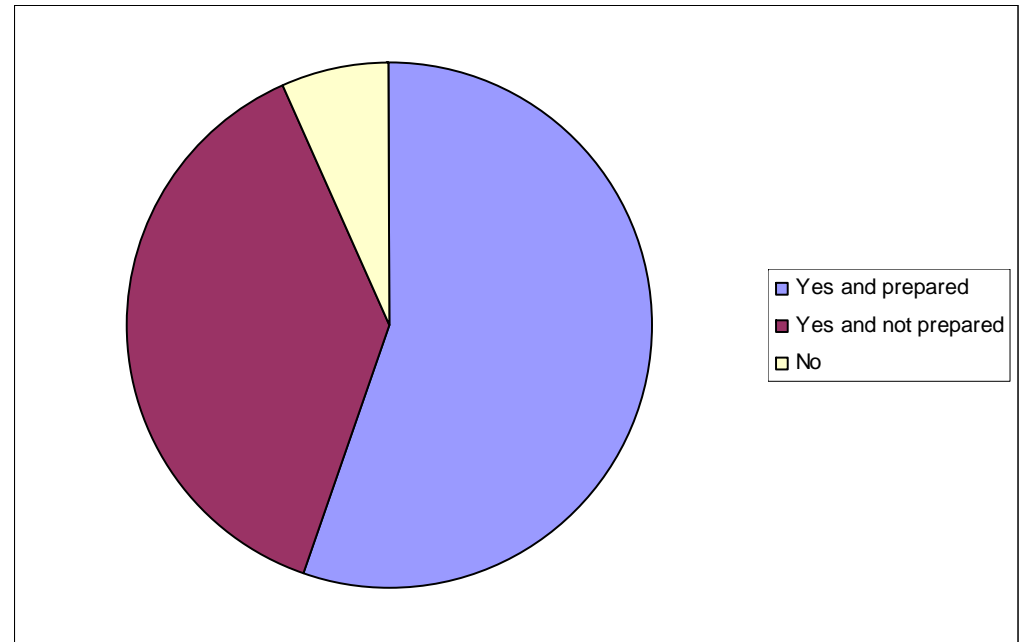


## Issue: Logistics and storage as part of a supply chain

**Question 19: We mustn't ignore the role of logistics and storage in the supply chain**

**Question 20: We have analysed the roles of logistics and storage in our business and have identified any areas of risk**

- 94% of organisations are aware of the importance that logistics and storage play in their supply chains. Only 58% of these have identified areas of risk. This indicates that generally awareness of this issue is very high, but action needs to be taken to address the risk.
- Industrial businesses appear to be better prepared than others, most likely due to the general awareness of supply chain issues in the production and manufacturing environments.

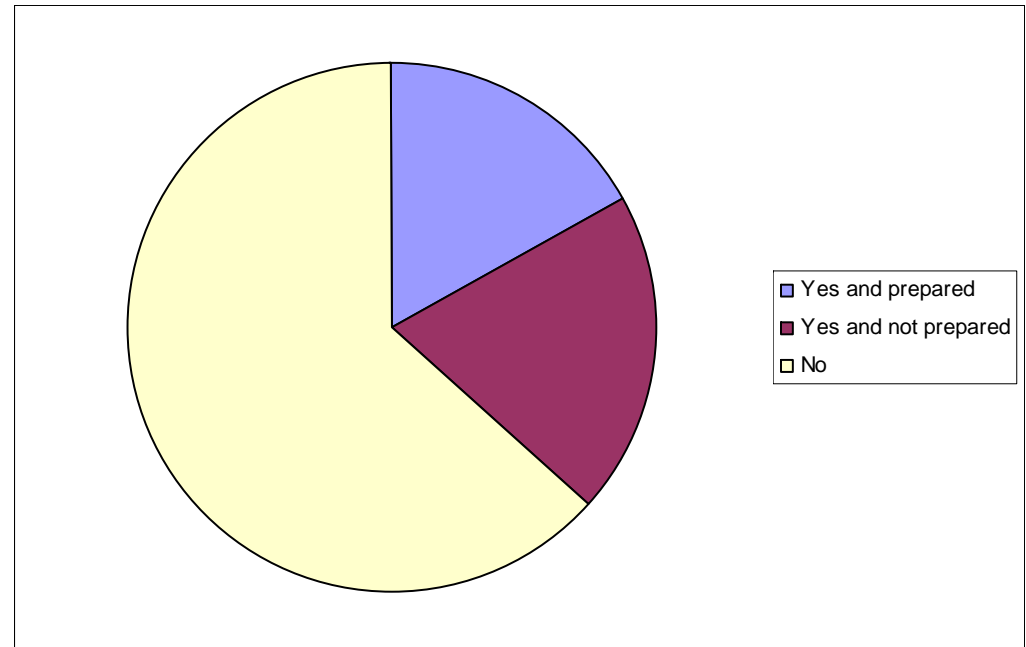


## Issue: Regulation and red tape

**Question 21: Regulation and red tape is threatening to undermine the performance of my company**

**Question 22: We have proactively addressed this issue and we are adequately prepared**

- Most businesses (63%) felt that regulation and red tape is not a problem for them.
- Only public sector organisations felt that this is a significant issue.

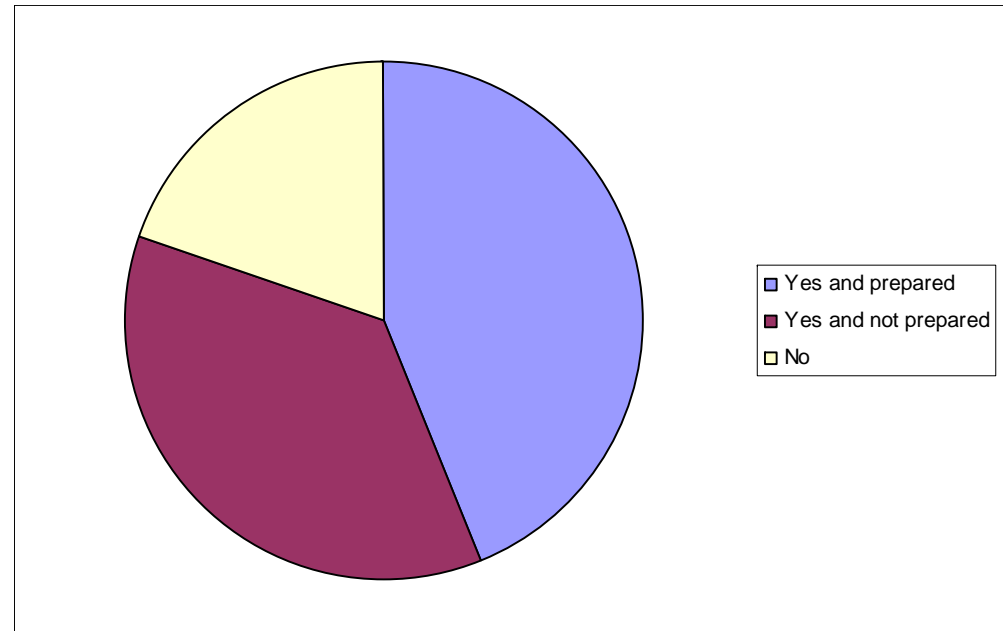


## Issue: Energy availability and cost

**Question 23: Energy availability and costs will affect my business over the next five years**

**Question 24: We have thought about this issue and have plans in place to deal with it**

- 80% of organisations see this as an issue, but only 55% of these organisations have a plan to deal with it.
- Industry appears to be the best prepared sector. Higher energy costs are likely to be felt more in production environments.

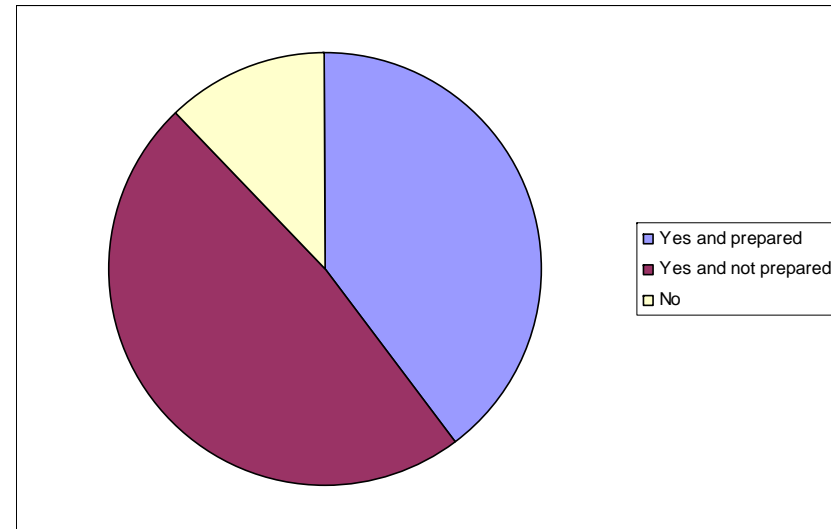


## Issue: Climate change

**Question 25: Climate change will still be a global threat in ten years' time**

**Question 26: We have considered the effects that climate change may have on our business and have plans in place to deal with them**

- Perhaps reflecting society in general, 88% of business are concerned with the issue of climate change but only 44% of those have plans in place to deal with its effects.
- 60% of public sector organisations have plans in place to deal with the effects of climate change, where only 35% of private sector organisations have plans.

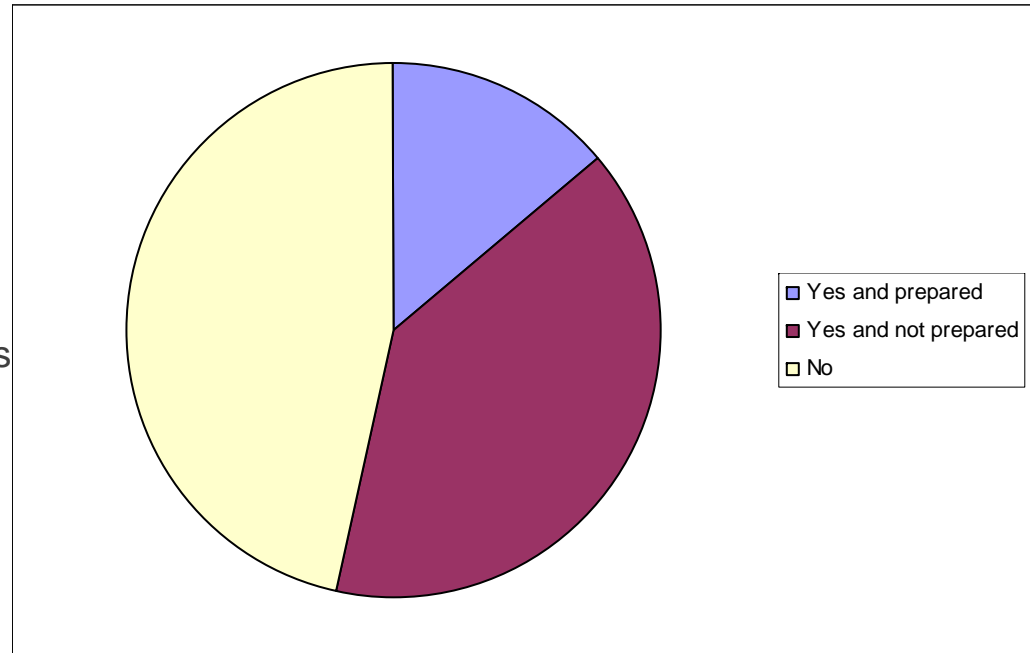


## Issue: Housing market effects on workforce

**Question 27: The effects of the economic downturn on the housing market could have an effect on my workforce**

**Question 28: We have considered the effects that this issue may have on our business and have plans in place to deal with them**

- 54% of organisations felt that this is a risk to their businesses. Only 26% of these businesses had planned for its effects.
- The most advanced state of planning appears to be in the finance sector.
- Responders in roles connected with IT, business continuity or risk appear more concerned with this issue than those in business areas.

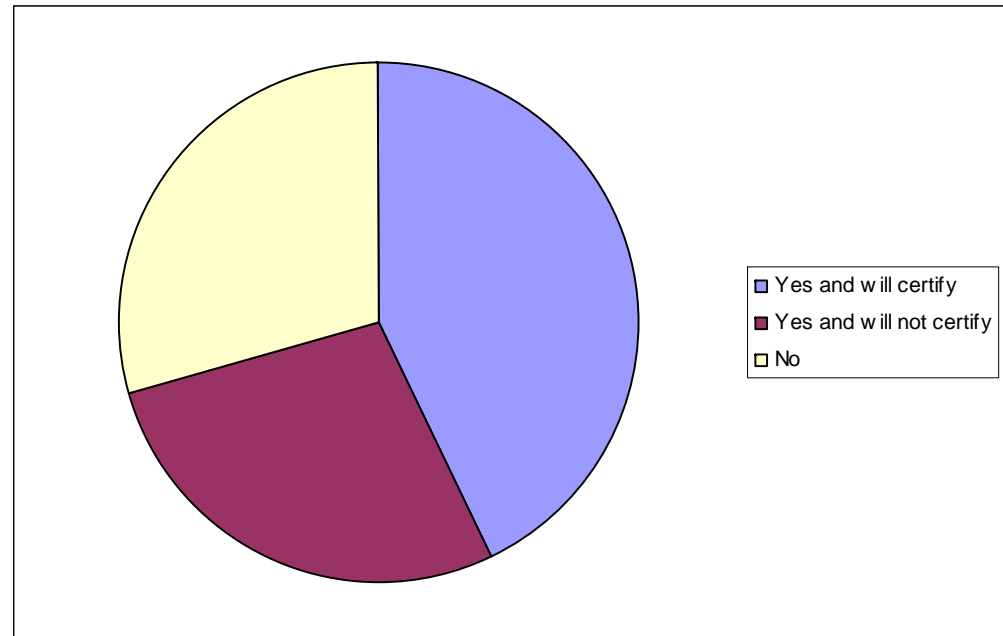


**Issue: BS 25999 British Standard for business continuity management**

**Question 29: Certification to BS 25999 will have a beneficial effect on my business**

**Question 30: We have considered this issue and are planning certification within the next two years**

- 70% of business believe that BS25999 certification will be beneficial to their businesses, and 60% of these business are planning to seek certification within two years.
- Of the people who thought that BS25999 was not beneficial, 71% have roles in risk or business continuity.
- There may be some misunderstanding about the difference between compliance and certification.

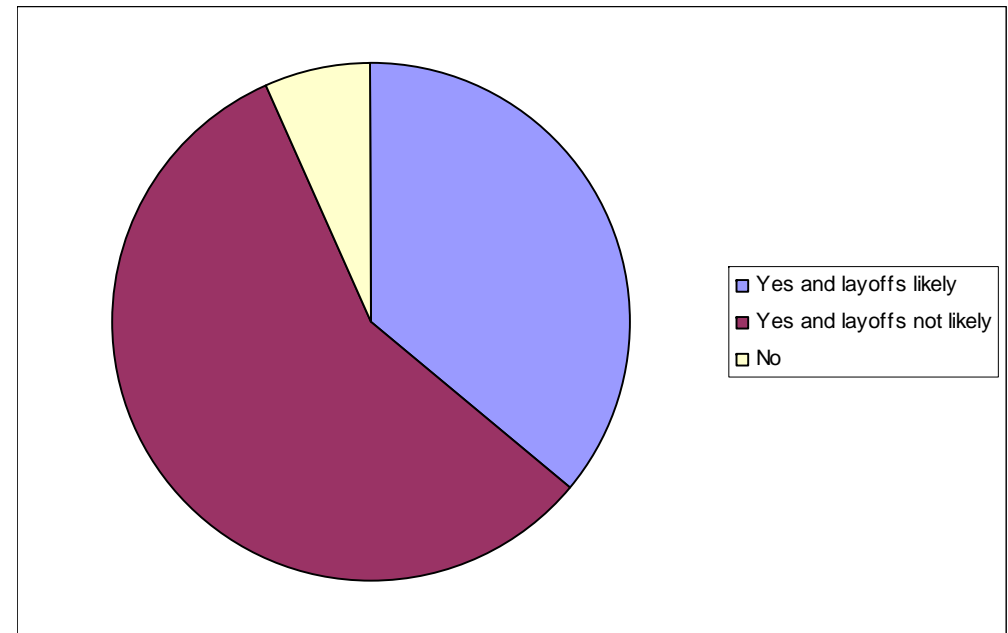


## Issue: Redundancies due to economic downturn

**Question 31: Companies are increasingly being forced to lay off staff as the effects of the global economic situation worsen**

**Question 32: My company expects to issue compulsory redundancy notices in the next 12 months**

- 93% of business expect that redundancies are inevitable as a result of the economic situation, and 38% of those companies think that layoffs are likely in their own organisations within 12 months.
- Only public sector companies responded with less than average likelihood of redundancies in their own organisations.

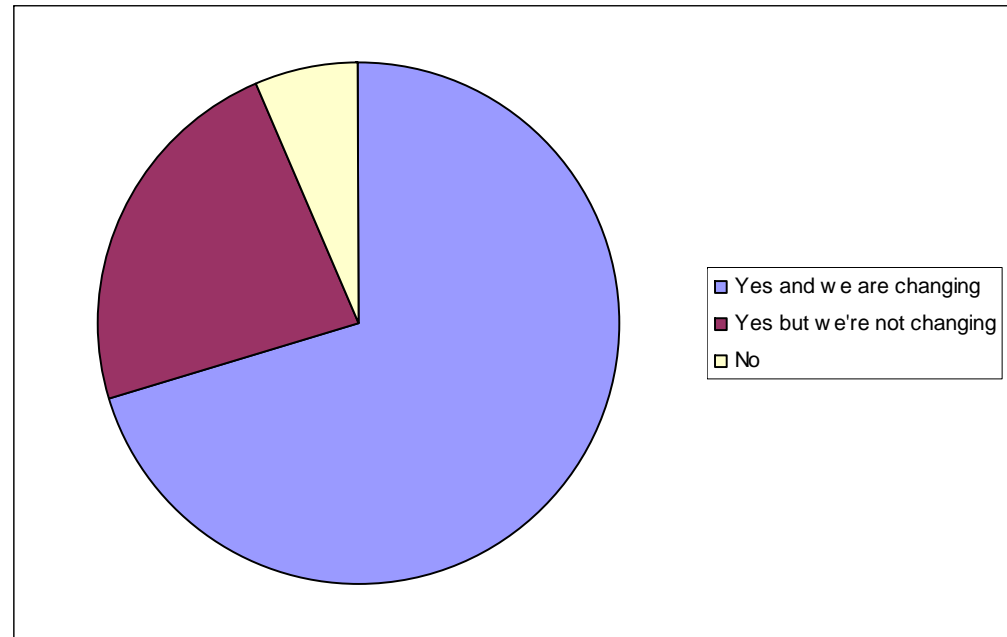


## Issue: Work force mobilisation during a recovery

**Question 33: Workforce mobility, enabled by technology, is changing the way that companies deploy staff during a recovery**

**Question 34: We expect to revise our recovery strategy in the next two years to reflect changes in workforce mobility**

- 94% of organisations see the benefits and effects of changes to workforce mobility when considering business recovery. 76% of those companies are revising their recovery strategy to reflect these changes.

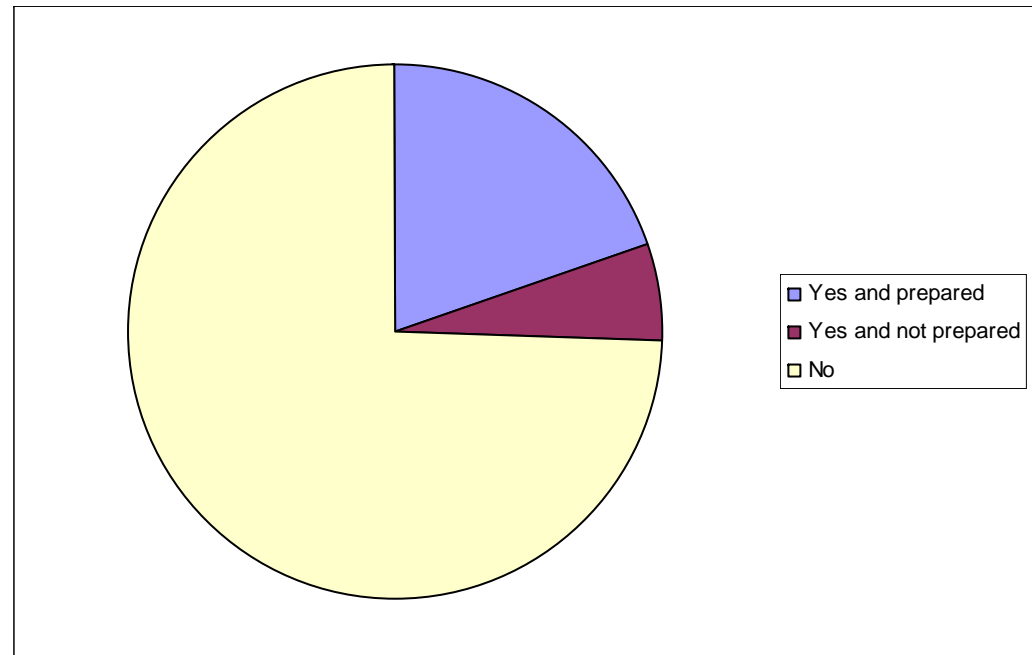


## Issue: Green issues affecting business

**Question 35: The increasing requirement to be green and eco-friendly is having a negative effect on my business**

**Question 36: We understand the issues and we are taking steps to comply with all regulations and pressure in this area**

- 74% of organisations did not see this as a problem.
- Industrial organisations had an higher than average positive response.



# MARSH



MARSH MERCER KROLL  
GUY CARPENTER OLIVER WYMAN

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