

MARSH



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25 March 2010

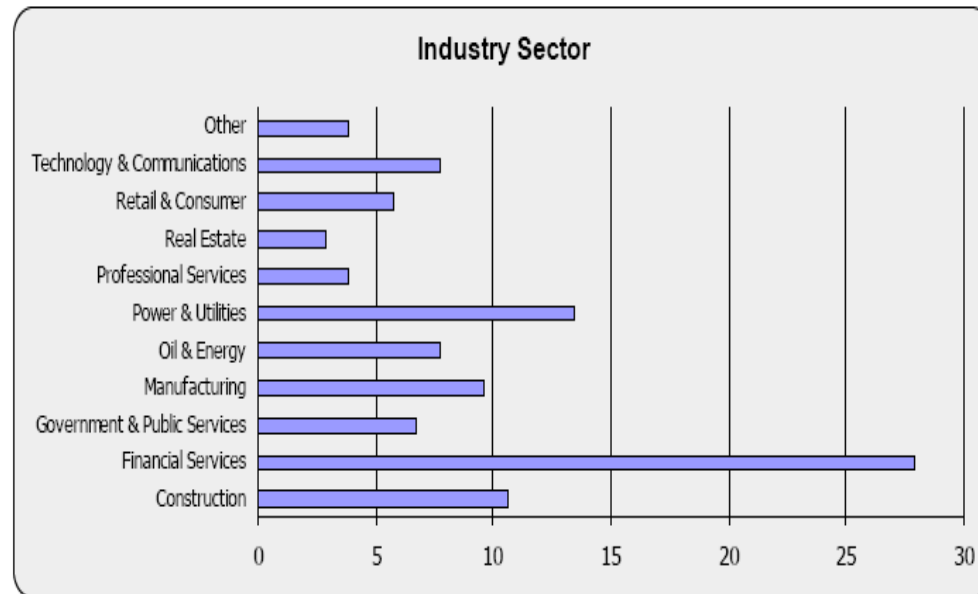
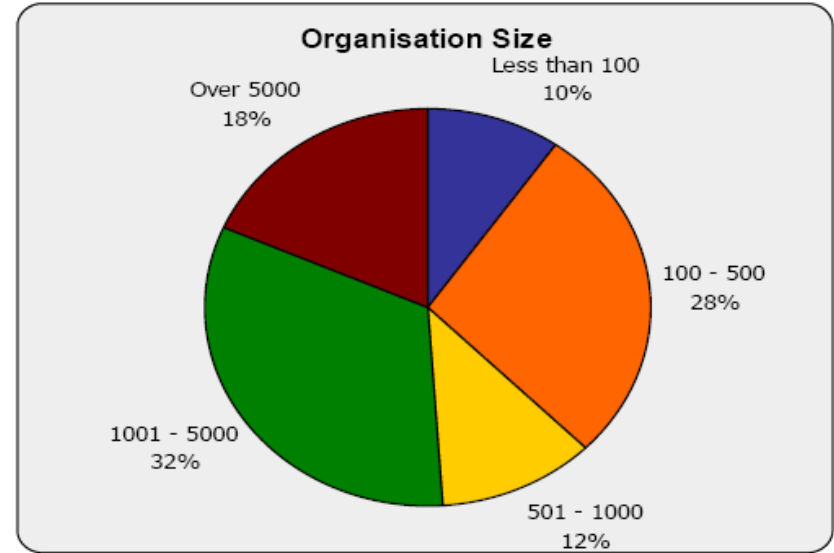
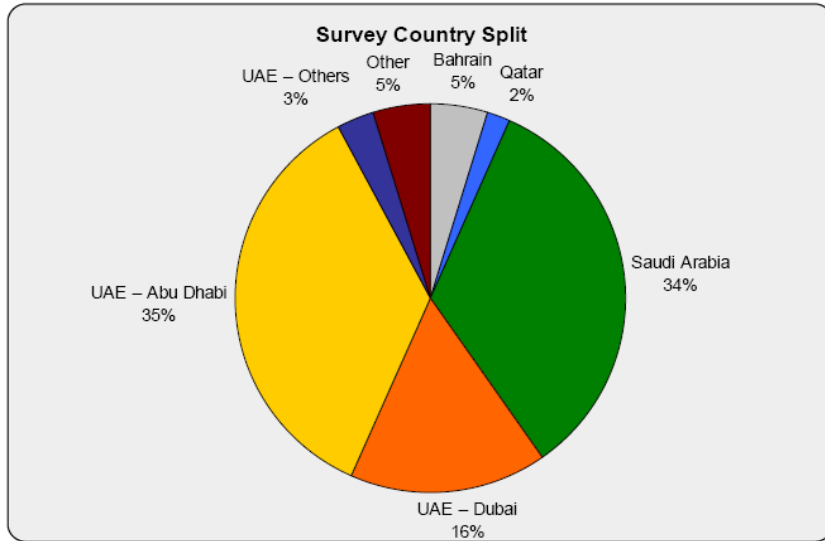
Marsh BCM Survey Results Gulf Region 2009



Content

- **Major topics covered in the survey are:**
 - Methodology and Respondent details
 - BCM Maturity
 - BCM Infrastructure
 - Supply Chain Risks
 - Incidents and Losses
 - BCM Drivers
 - Barriers to BCM
 - Benefits of BCM and BCM Plan Purpose
 - BS25999 Collaboration
 - BCM as a Strategic Influence

Methodology and Respondent Details

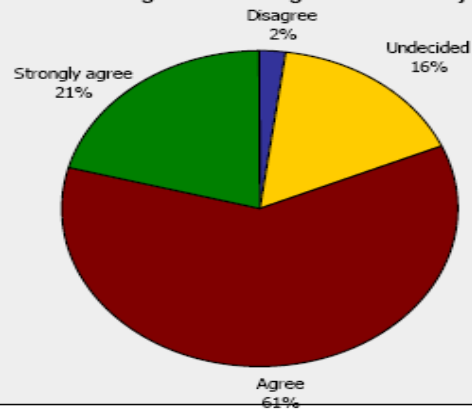


- 54% from UAE, 34% from KSA
- 50% with over 1,000 employees
- 28% from financial sector, followed by P&U, Construction and Manufacturing

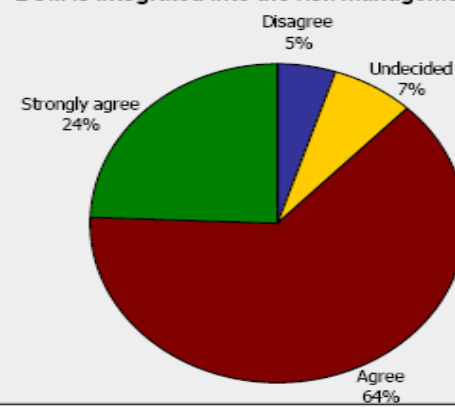
BCM Maturity

- 4 questions to measure maturity
- Similar responses for the first 3 questions: over 80% of respondents either agree or strongly agree.
- As a contrast, for the 4th question, only 57% of respondents agree or strongly agree
- This shows that companies still have long way to go to embed BCM policy into their culture.

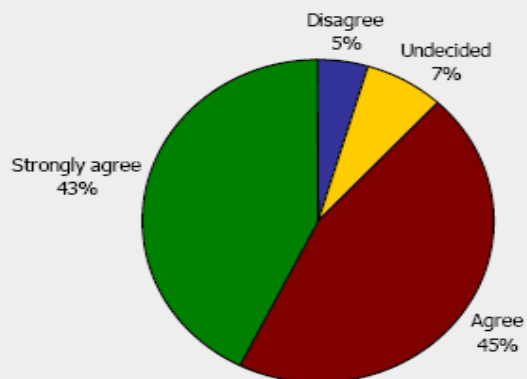
BCM is aligned to strategic business objectives



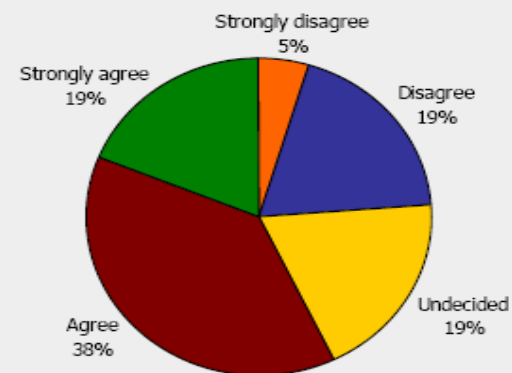
BCM is integrated into the risk management programme



Top management understands BCM and provides full support

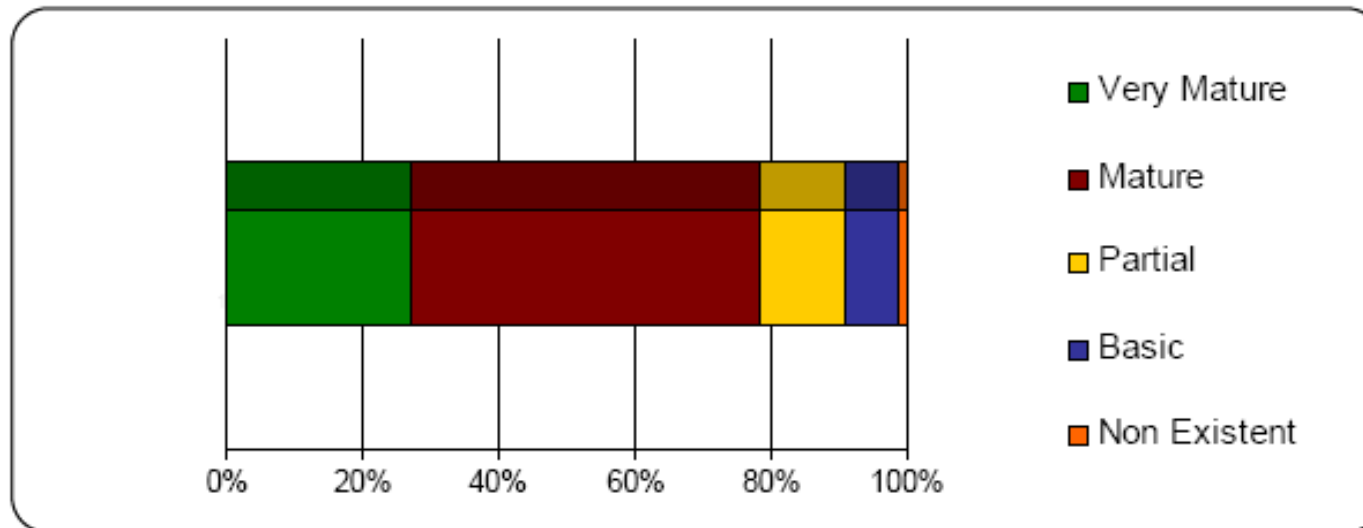


BCM policy communicated to all persons working for or on behalf of our organization

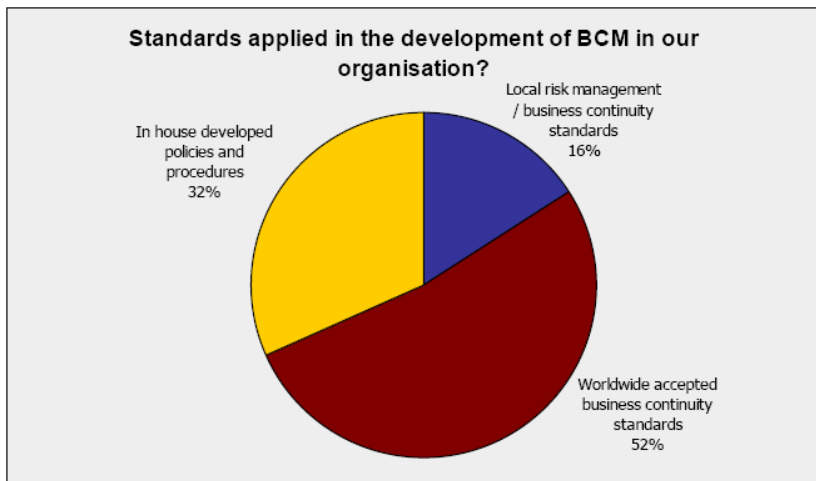
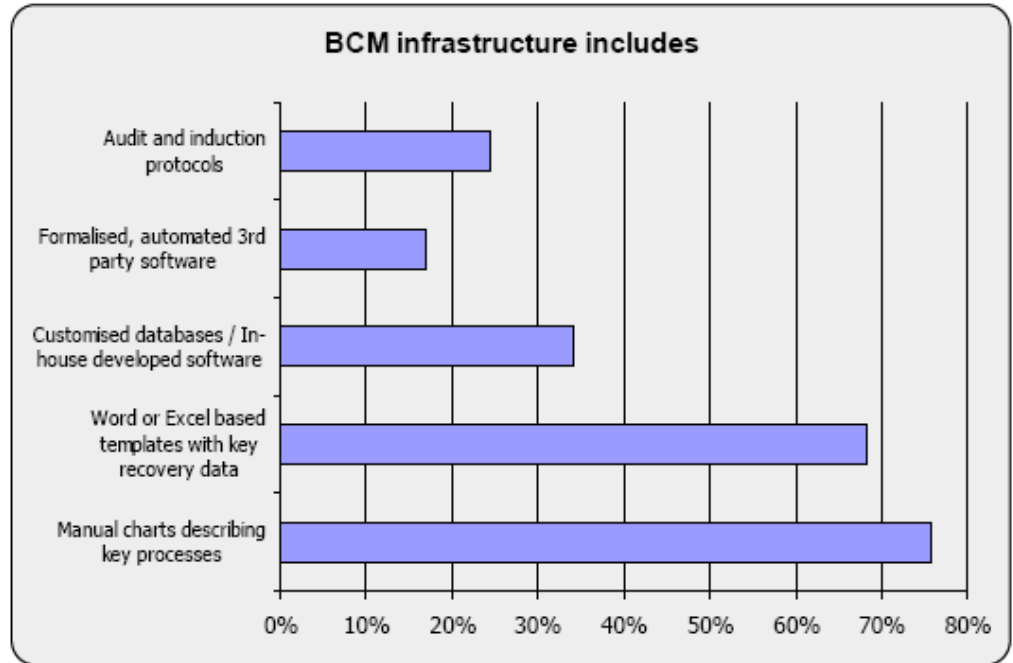
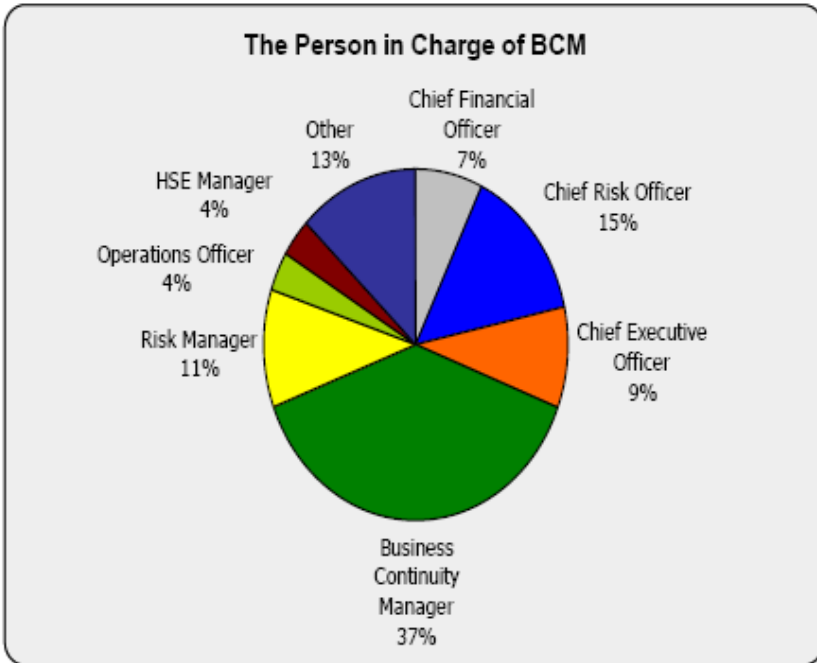


BCM Maturity

- Overall, this shows that 78% of respondents believe their organisation to be towards the later stages of the maturity model.
- However, our experience of rating organisations would suggest that the 78% of respondents who believe their organisation to be mature or very mature (4-5) are being optimistic.
- This is supported by further evidence within the survey, such as that only 54% of respondents use BCM as a strategic tool.



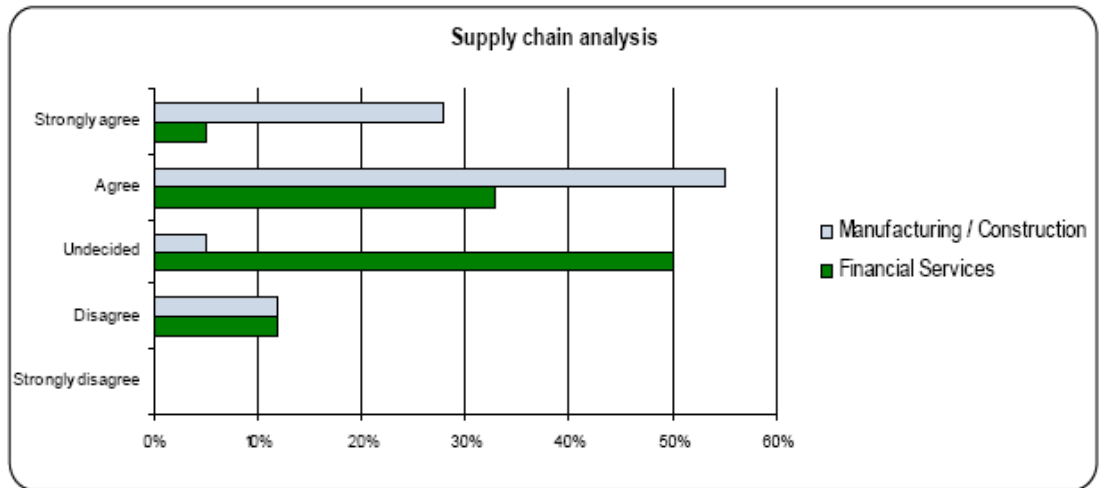
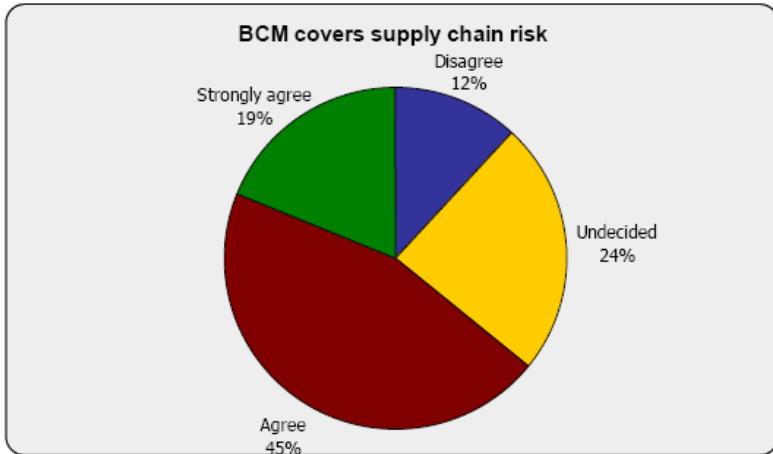
BCM Infrastructure



- 37% dedicated BCM manager, 31% C-level, 32% middle management
- 83% using manual methods, however 50% over 1,000 employees
- This is inline with largest barriers to BCM being "Lack of time" and "lack of resource"
- 52% are following worldwide standards
- This corresponds with 42% intending to align with BS25999 over the next 2 years.

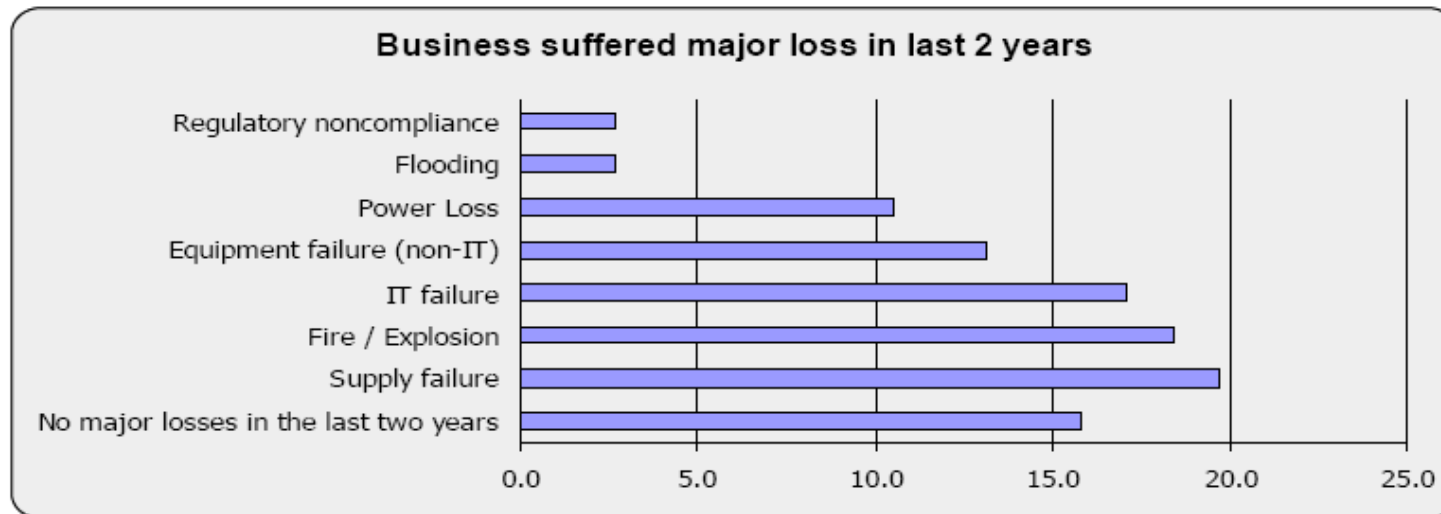
Supply Chain Risks

- 64% agree supply chain risks are covered by their BCM.
- Perceived to be an issue mainly for non-financial sector companies.
- In Financial Services, only the cutting edge of firms realise how important and vulnerable their supply chain can be.

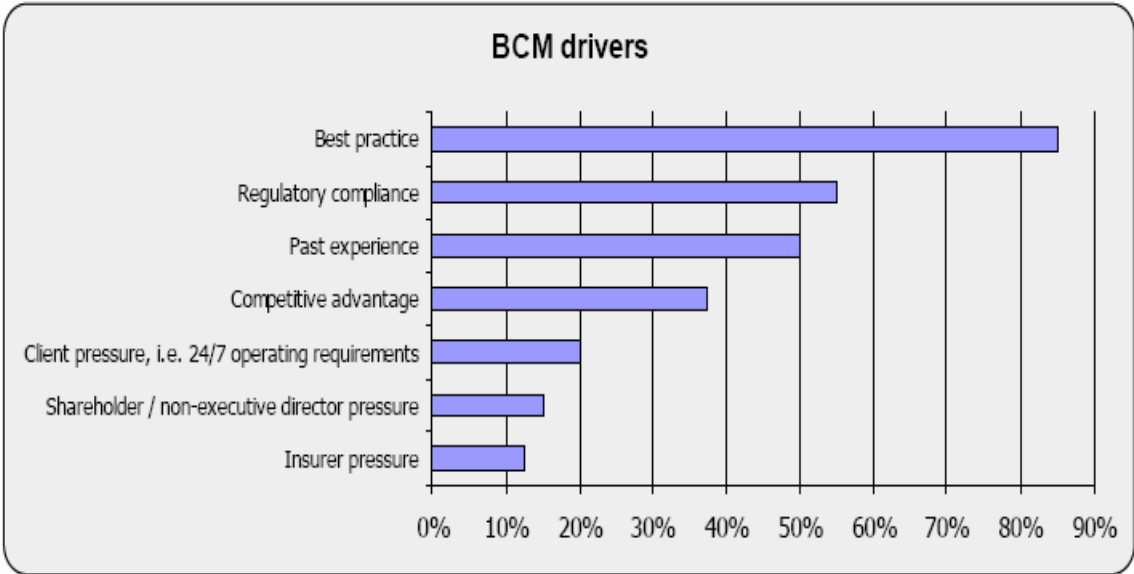


Incidents and Losses

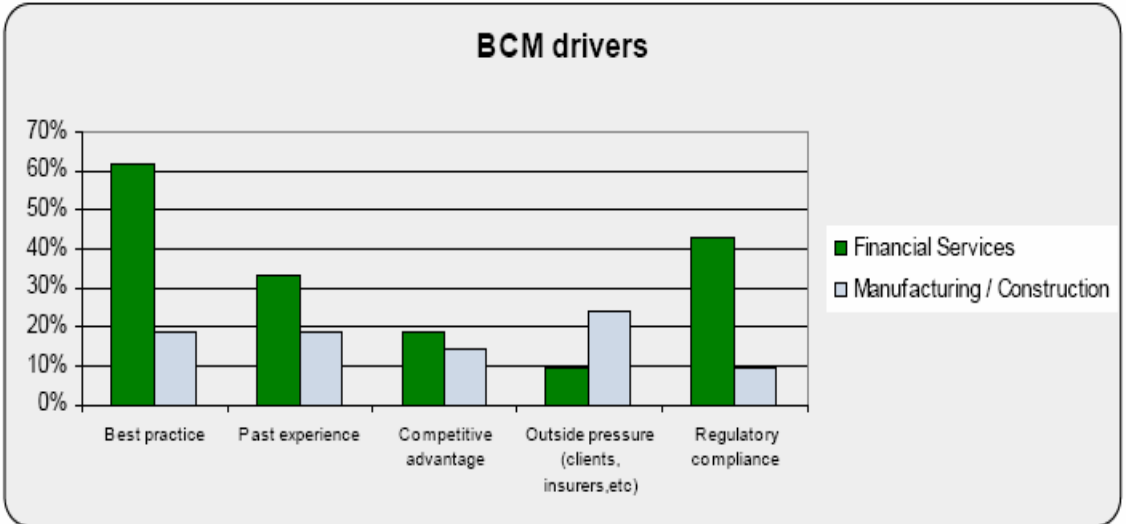
- 20% Supply failures, 18% fire/explosion and 17% IT failure.
- Much higher percentage of physical losses (62%), as opposed to the non-physical ones. This could be representative of
 - an overall higher frequency of these types of losses; or
 - that risk and BCM teams are more focused on physical losses; or
 - simply that it is easier to quantify a major physical loss.
- 84% of all respondents have had at least one incident in the past 2 years. **However**, elsewhere in this survey only 50% of respondents cited “Past Experience” as a major driver for BCM.



BCM Drivers

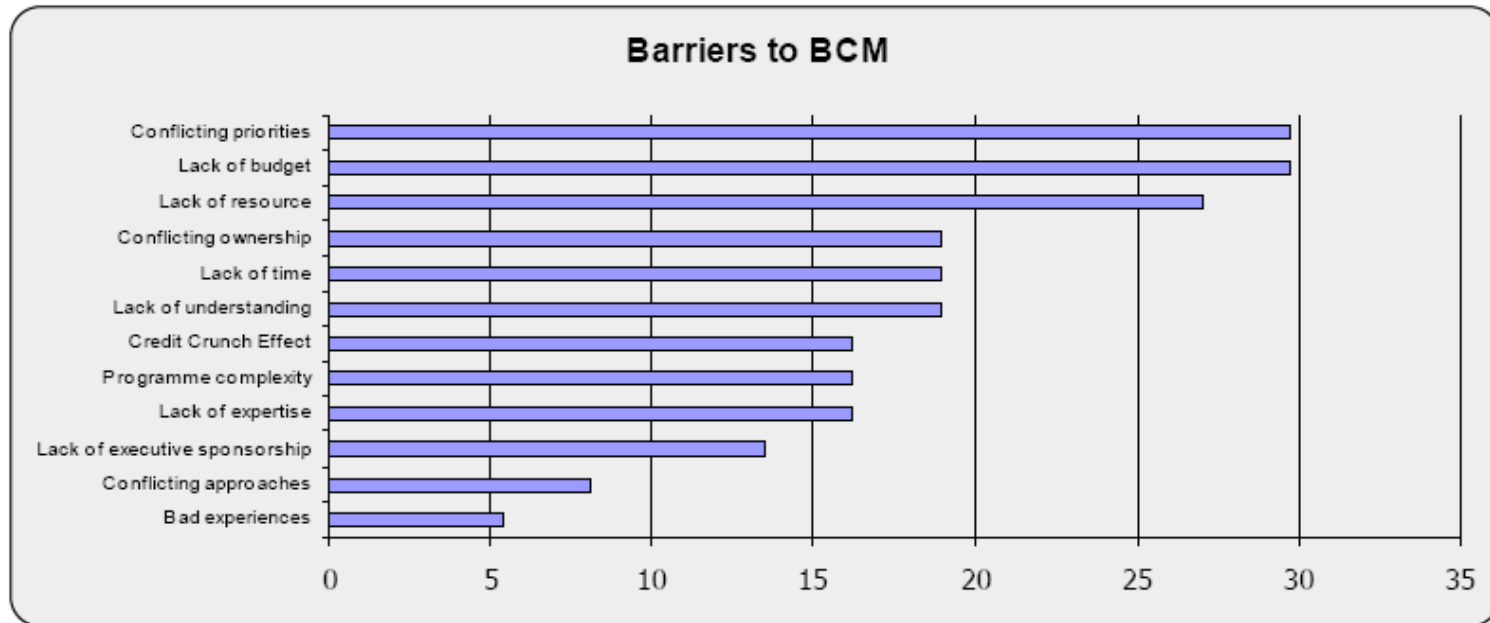


- Best practice is by far the highest with 85% of respondents. The other main drivers are regulatory compliance (55%) and past experience (50%).
- The smallest drivers are insurer pressure (12%), shareholder pressure (15%) and client pressure (20%).
- Different drivers for financial and non-financial sector companies.



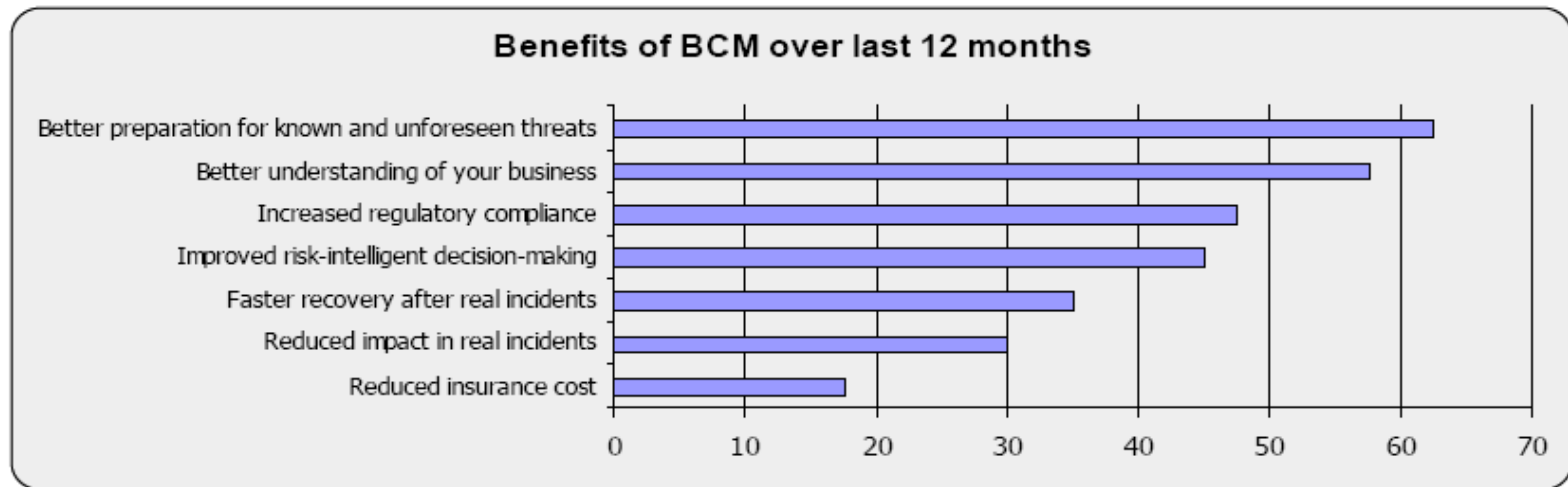
Barriers to BCM

- The main barriers to BCM are seen as conflicting priorities (30%), a lack of budget (30%) and a lack of resource (27%).
- Lack of executive sponsorship is seen as one of the smallest barriers; **however**, in reality all major barriers are somehow linked to the lack of executive sponsorship.



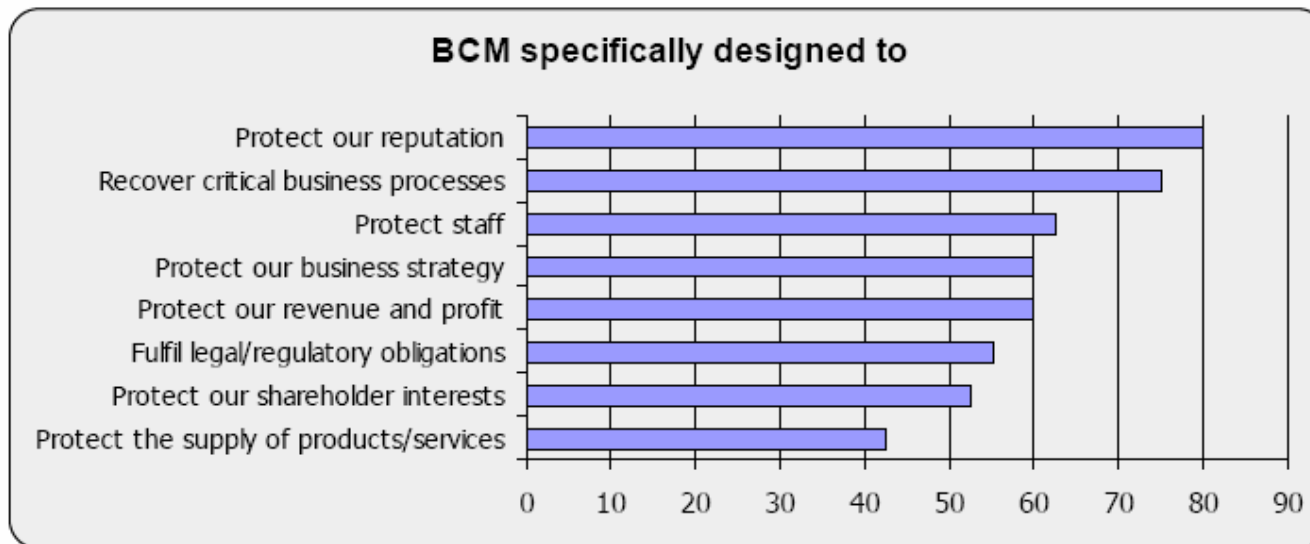
Benefits of BCM

- The main benefit of having a BCM plan is to ensure that your company is prepared should an incident occur.
- Good to see that 58% of respondents found that they had a better understanding of their business.
- BCM has many other peripheral benefits. Although seen intangible and often hard to quantify, but they do help to justify the cost of a BCM Programme



Benefits of BCM

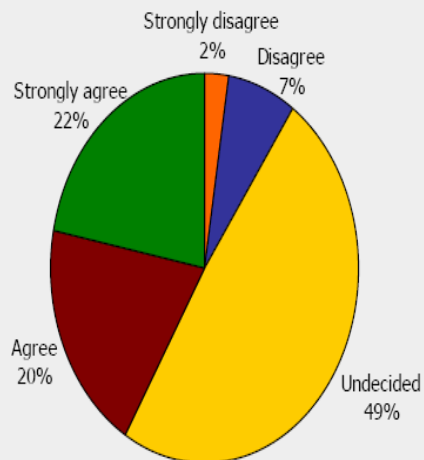
- The fact that protecting reputation and staff come above protecting profits is a good sign.
- This shows that their reputation and staff are more important than a short-term loss of money for the firms.



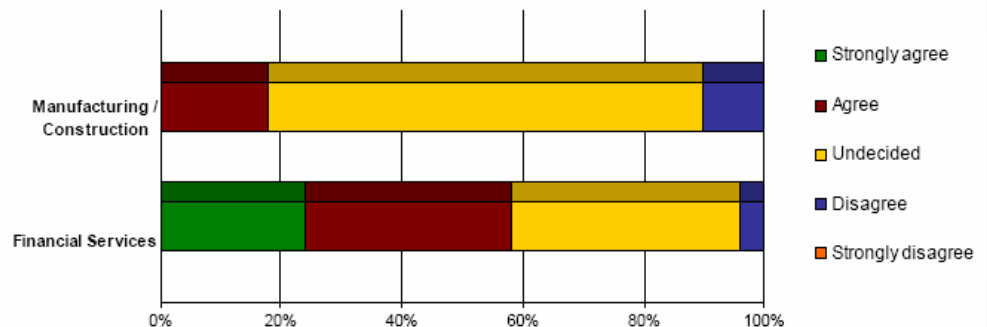
BS25999 Collaboration

- BS 25999 is a British Standard that regulates BCM programme implementation and management that launched in 2007. Although it is a British Standard, it has relevance outside of the UK.
- 42% said they intended to align their organisation with BS 25999 in the next 2 years.
- Regulatory concerns are likely to be a large driver for BS 25999 alignment. 58% of Financial Services are set to comply (24% strongly).
- The size of a company also seems to be important when considering BS 25999 alignment. In firms over 5,000 people, there is a 45% of alignment, as opposed to a 24% chance in firms under 100.

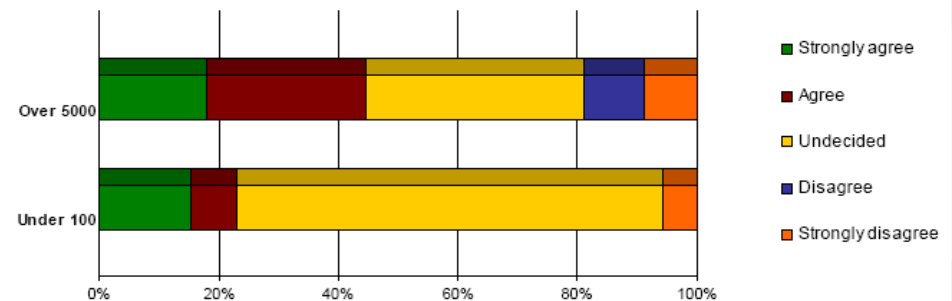
Our organisation intends to align its BCM with BS 25999 within 2 years



BS25999 firm sector compliance

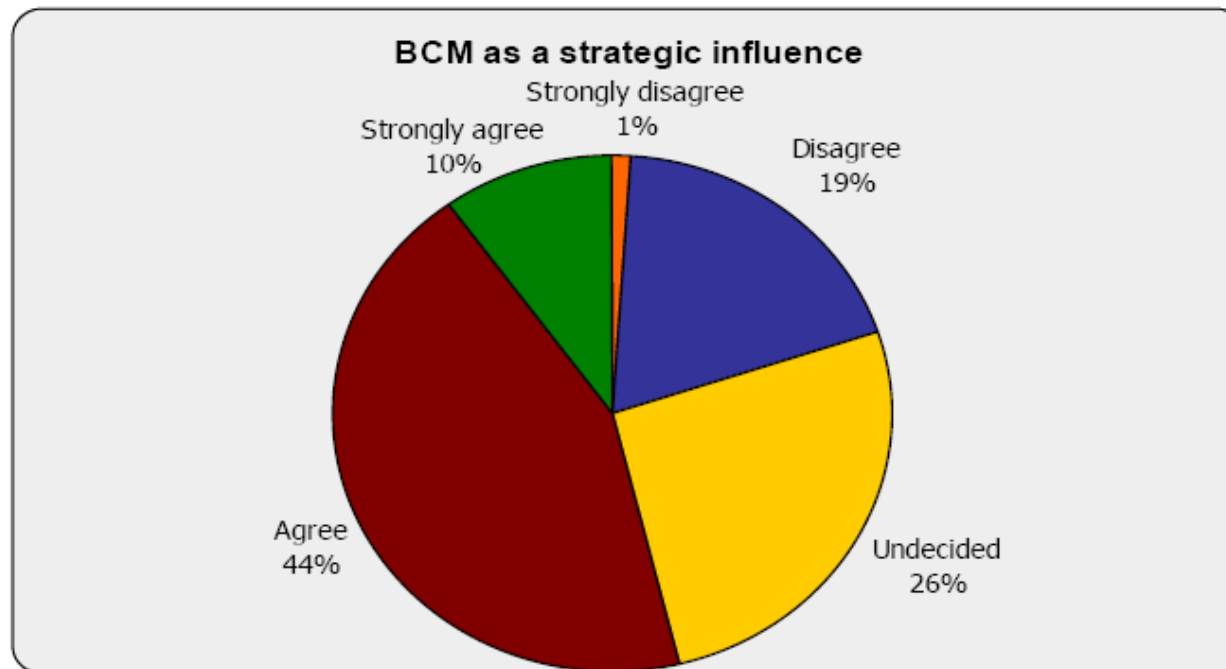


BS25999 firm size compliance

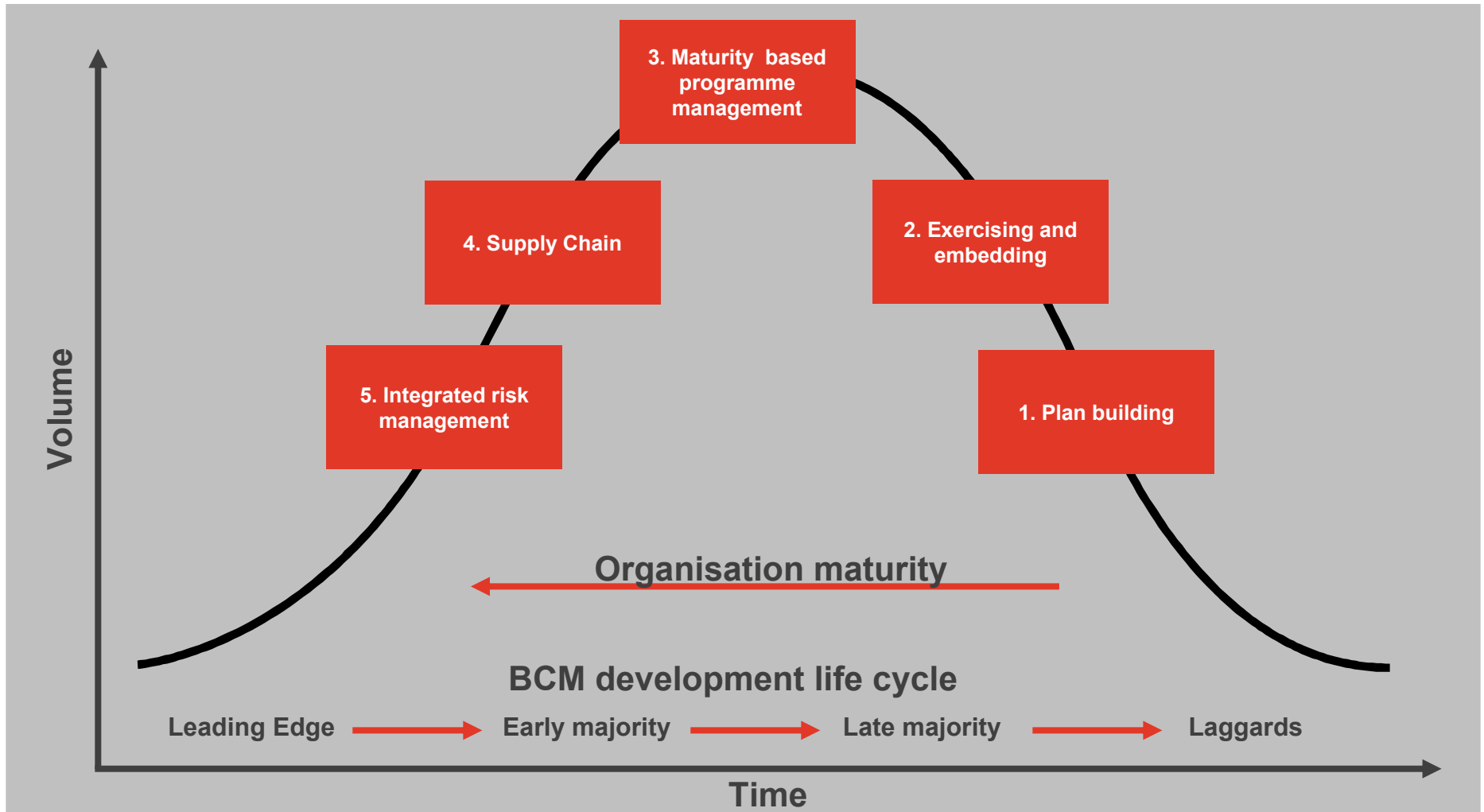


BCM as a Strategic Influence

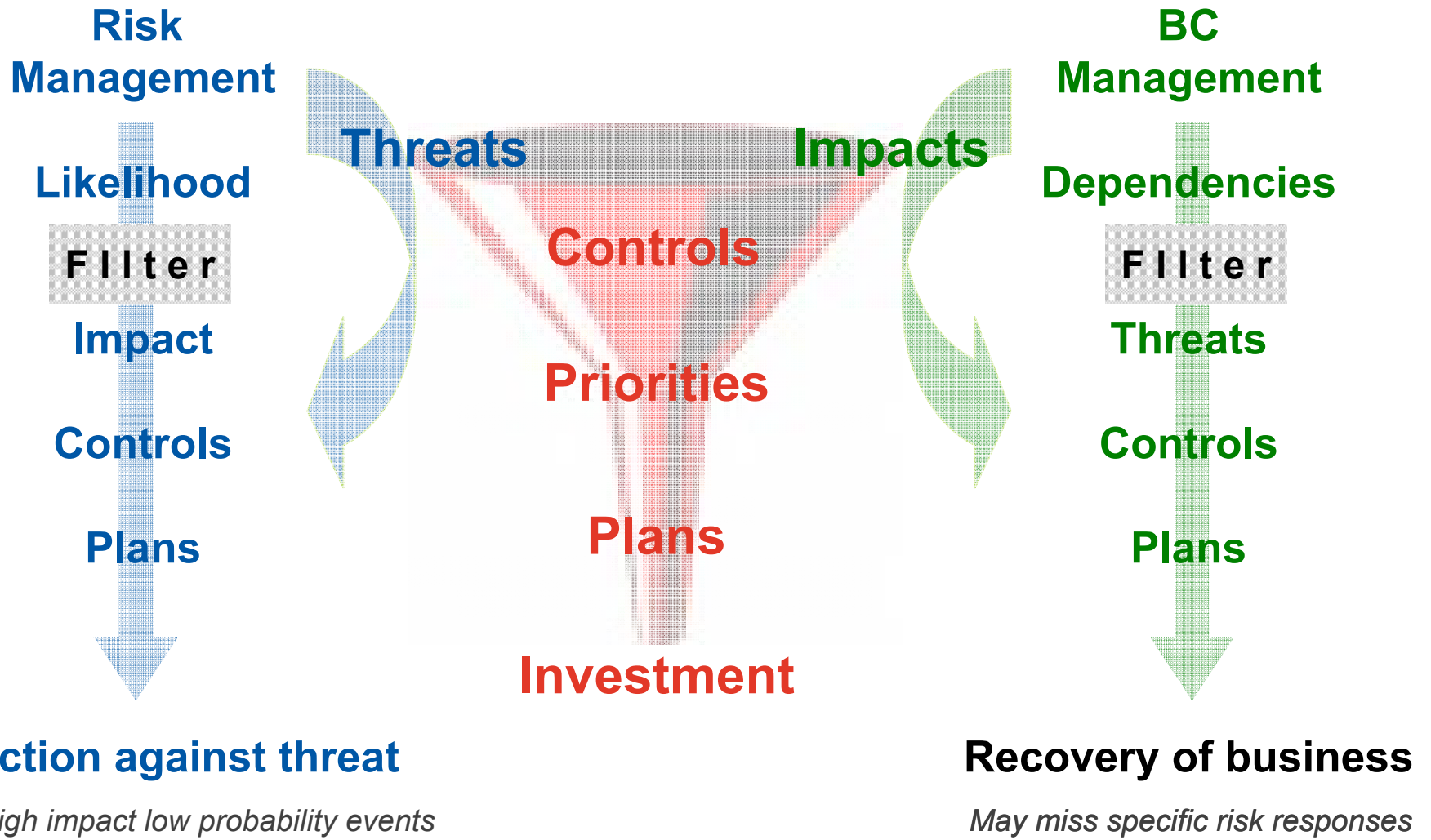
- culmination of all the previous responses.
- Results show a shift towards a strategy driven BCM focus, with 54% saying they use BCM as a strategic influence.
- The survey doesn't reveal in what way BCM is a strategic influence. Extreme examples such as clients where BCM considerations influence the location of new sites and the nature of business carried out on those sites. Some businesses are now starting to take account of resilience as one of the factors in measuring value in making investment decisions.



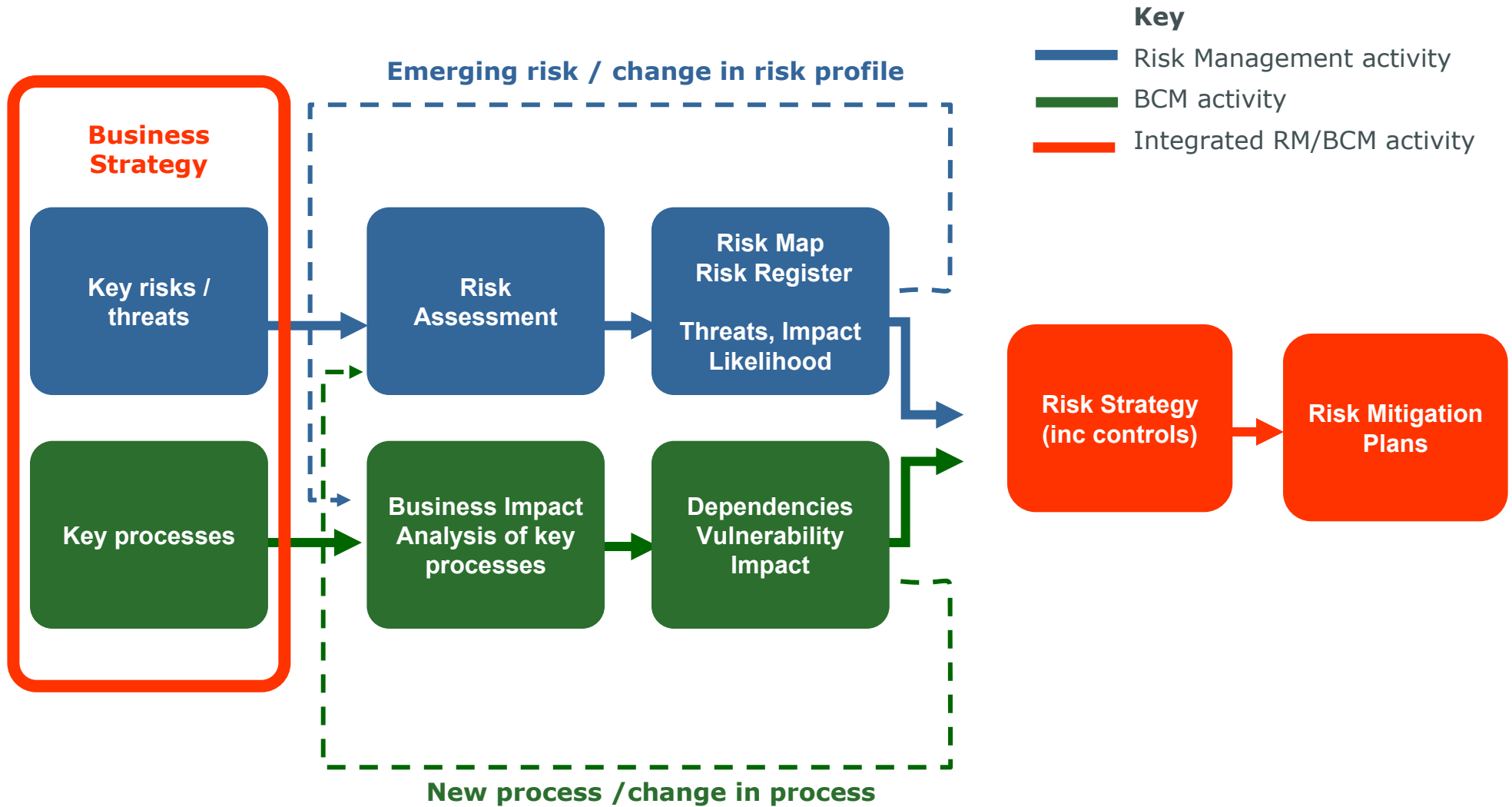
Business Continuity Management (BCM) activity mapped to product life cycle



The commonality between BCM and Risk Management



An integrated approach to Risk Management and BCM



Choice of treatments – BCM and Operational Risk Management

Risk issue	Risk Mitigation		Risk Transfer
<ul style="list-style-type: none"> Natural Disaster 	<ul style="list-style-type: none"> Business Continuity Management 		<ul style="list-style-type: none"> Property All Risks / Business Interruption
<ul style="list-style-type: none"> Terrorism 	<ul style="list-style-type: none"> Security Risk Management 	<ul style="list-style-type: none"> Business Continuity Management 	<ul style="list-style-type: none"> Terrorism, Kidnap and Ransom
<ul style="list-style-type: none"> Fraud and Corruption 	<ul style="list-style-type: none"> Background Screening 	<ul style="list-style-type: none"> Business Intelligence and Investigation 	<ul style="list-style-type: none"> Fidelity Guarantee, Trade Credit
<ul style="list-style-type: none"> Ethical Risk 	<ul style="list-style-type: none"> Social Accountability 	<ul style="list-style-type: none"> Health and Safety 	<ul style="list-style-type: none"> Environmental & Employers' Liability
<ul style="list-style-type: none"> Infrastructure Risk 	<ul style="list-style-type: none"> IT Security 	<ul style="list-style-type: none"> Business Continuity Management 	<ul style="list-style-type: none"> Business Interruption
<ul style="list-style-type: none"> Quality and Counterfeiting 	<ul style="list-style-type: none"> Business Intelligence and Investigation 	<ul style="list-style-type: none"> Product Risk / Recall 	<ul style="list-style-type: none"> Legal Expense
<ul style="list-style-type: none"> Pandemics 	<ul style="list-style-type: none"> Business Continuity Management 		<ul style="list-style-type: none"> (Business Interruption)
<ul style="list-style-type: none"> Regulatory Risk 	<ul style="list-style-type: none"> Regulatory Research 	<ul style="list-style-type: none"> Business Intelligence and Investigation 	<ul style="list-style-type: none"> Political Risk
Risk Avoidance		Crisis Communications	

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