How does BS25999 support regulations and legislation?

Presentation to BSI Conference
Kensington Marriott Hotel
London
5th December 2006

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Issues to be covered

- Background and context.
- Setting the scene - risk is crucial to business.
- IoD survey: ICT & Business Continuity.
- Directors' Dilemmas.
- Continuity planning is not optional:
  - duties under legislation; and
  - duties on listed companies.
- Final thoughts.

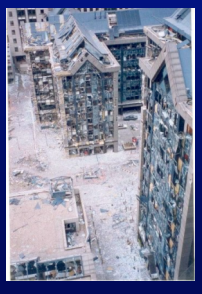
Background and context

At 19:02 on the evening of Friday 9th February 1996, a bomb weighing some 4000 Kilos, planted by the Provisional IRA, exploded at South Quay in London's Docklands close to the HQ of the UK Radiocommunications Agency (RA). It marked the end of a terrorist 'ceasefire'.

The RA was:

- A UK 'Next Steps' Agency created in 1990.
- Responsible for most aspects of UK civil spectrum negotiation, management and enforcement. Plus all international spectrum negotiation.
- In 1996 had 540 staff and a turnover of £40M.
- Net Running Cost regime with UK/DTI and Treasury.
- Ultimately absorbed into Ofcom following the Communications Act 2003…

The extent of damage to the RA HQ Building - South Quay 3



RA coped because we had a very good senior team and because we had spent time on business continuity planning….

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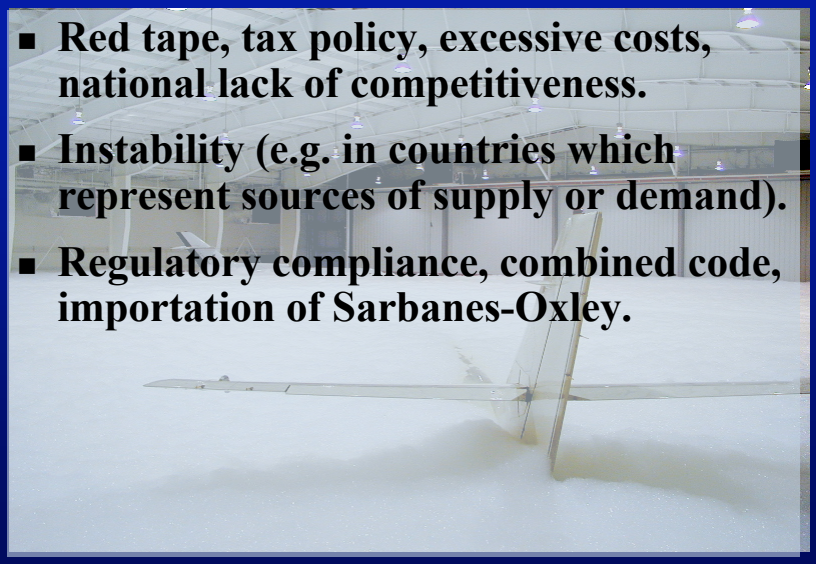
Setting the scene - risk is crucial to business

Risk is an essential element of business. The crux of business success is how that risk is identified, managed and controlled…

Segmenting "risk": PEST - Political

- Red tape, tax policy, excessive costs, national lack of competitiveness.
- Instability (e.g. in countries which represent sources of supply or demand).
- Regulatory compliance, combined code, importation of Sarbanes-Oxley.



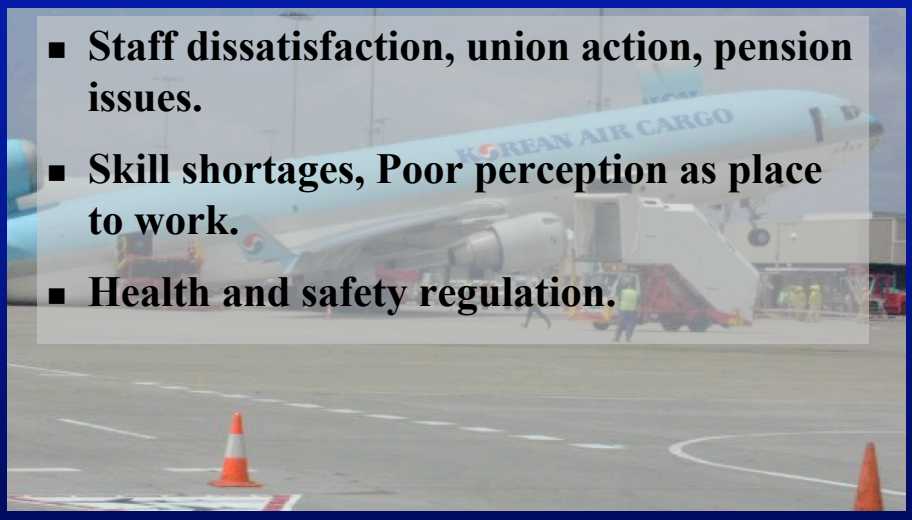
Have we thought through our priorities and potential actions if threat becomes reality?

Segmenting "risk": PEST - Economic

- Fluctuations in demand (both up and down!);
- Exchange rate instability.
- Aggressive action by competitors (loss of margin).
- Failure to meet customer expectations.

Have we plans in place to handle a sudden shift in exchange rates (1£ = 2$)?

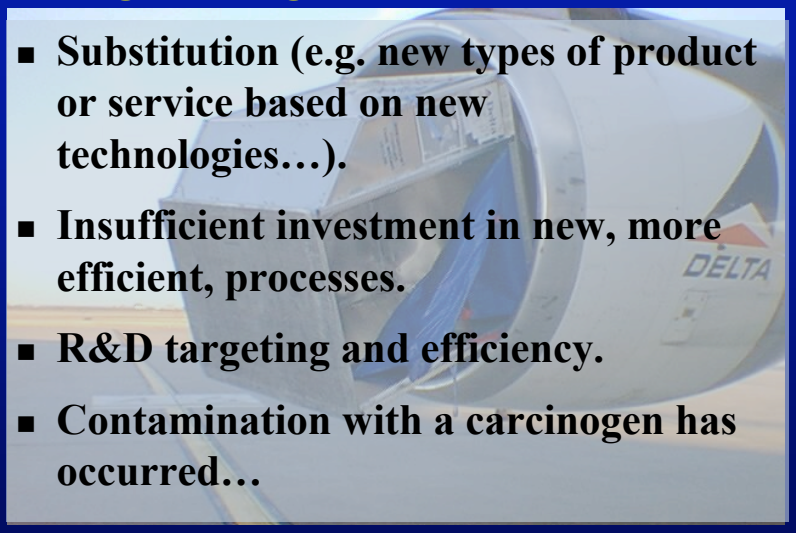
Segmenting "risk": PEST - Social



- Staff dissatisfaction, union action, pension issues.
- Skill shortages, Poor perception as place to work.
- Health and safety regulation.

Have we plans in place to manage the consequences of 'industrial action'?

Segmenting "risk": PEST - Technical



- Substitution (e.g. new types of product or service based on new technologies…).
- Insufficient investment in new, more efficient, processes.
- R&D targeting and efficiency.
- Contamination with a carcinogen has occurred…

Have we plans in place to manage the consequences of a major health scare related to one of our products or services?

Segmenting risk: beyond PEST…

Operational

Poor design or product development.

Sales channel failure.

Supply chain vulnerability.

Running out of cash.

Reliability of key processes and information.

Fraud.

Holistic security.

Environmental

EU Directives.

Pollution controls.

Pollution arbitrage.

Emissions trading.

Corporate social responsibility.

Energy efficiency.

……

We could add still more segments: regulatory, …

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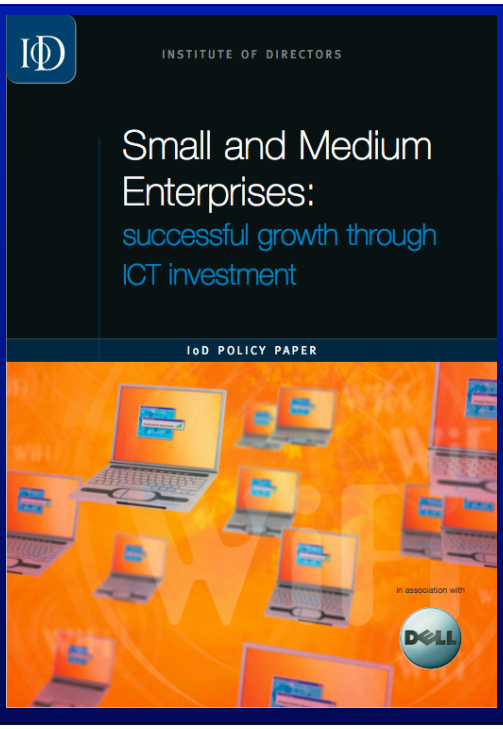
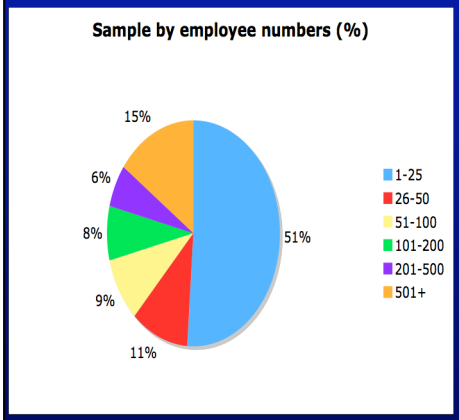
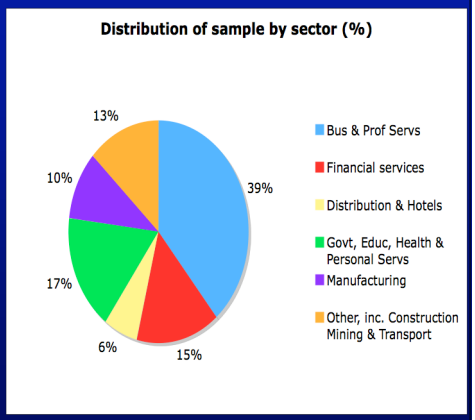
Results from our recent survey…



Results drawn from detailed telephone interviews with a balanced sample of 500 IoD members





Source: IoD Dell Report: Small & Medium Enterprises: successful growth through ICT investment Sept 06

Results from IoD Dell study
SMEs: successful growth through ICT investment

- **Technology is still seen as key to realising ambitions for business growth. 87% of respondents wanted to grow their businesses. Of these, 85% saw ICT investment as key to facilitating that growth…**
- **The critical importance of ICT is now better understood. In 2006, more SMEs were more inclined to admit concerns about ICT than in 2004. In 2006 the lead concerns were Business Continuity (71%) and Data Security (68%).**
- **28% of respondents admitted to having no ICT business continuity or disaster recovery plans in place. This was predominately amongst the smallest companies, 1-25 employees (43%), in the Midlands (34%) and in the 'Distribution & Hotels' sector (42%).**

Source: IoD Dell Report: Small & Medium Enterprises: successful growth through ICT investment Sept 06

IoD Members are more worried across a broad range of ICT issues…

ISSUE	2006 RESULT	2004 RESULT
Business continuity	71%	54%
Data security	68%	64%
Spam	57%	47%
Data storage	48%	27%
Maintenance and support	43%	41%
Keeping up with technology	36%	21%
IT training	30%	13%
Mobile/flexible working	30%	N/A
Set up online presence	29%	12%

Source: IoD Dell Report: Small & Medium Enterprises: successful growth through ICT investment Sept 06

Results from IoD Dell study
SMEs: successful growth through ICT investment

- 92% of respondents agreed that they had business critical data stored in their ICT systems…
- For those with business critical data stored, 11% admitted to backing up less than once per week (if at all!). Focused in the smallest companies 1-25 employees (21%) and 'Distribution and Hotels' sector (29%).
- For all that back up at least once per week, 51% keep their backups on-site (18% off-site and 31% both off-site & on-site). Worst sector for keeping backups just on-site was 'Government, Education, Health and Personal Services' - 72%.

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Directors' Dilemmas

Daring but careful

The board must be simultaneously entrepreneurial and drive the business forward while keeping it under prudent control.

Combine intimate knowledge with a hands-off approach

The board is required to be sufficiently knowledgeable about the workings of a company, to be answerable for its actions, yet able to stand back from the day-to-day management of the company and retain an objective, long-term view.

Act local, think global

The board must be knowledgeable about "local" issues and yet be aware of potential or actual non-local, increasingly international, competitive and other influences.

Source: IoD "Standards for the Board" 2001

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Directors' "Combined Code" duties…

Risk: … directors should satisfy themselves that the financial information is accurate and that financial controls and systems of risk management are robust and defensible.

Source: Combined Code 2003

Financial Services Authority: Handbook "Principles"

Principle 2: "Skill, care and diligence":

A firm must conduct its business with due skill, care and diligence.

Principle 3: "Management and control":

A *firm* must take reasonable care to organise and control its affairs responsibly and effectively, with adequate risk management systems.

Source: FSA Handbook online 2nd December 2006

Civil Contingencies Act 2004

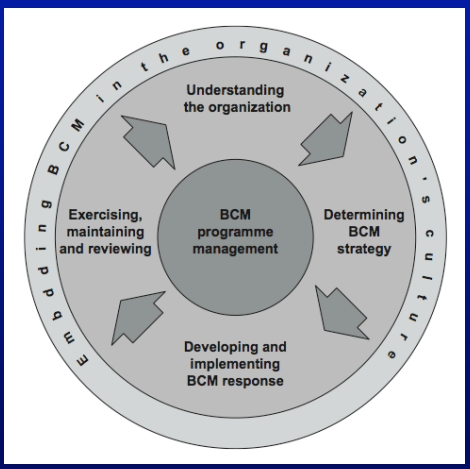
The Civil Contingencies Act (2004) establishes a legislative framework for emergency planning arrangements at the local level. The Act requires Category 2 responders, many of whom are private sector bodies (e.g. utilities, transport companies), to co-operate and share information with Category 1 responders (e.g. emergency services and local authorities) to inform multi-agency planning frameworks…

Source: Civil Contingencies Secretariat: http://www.ukresilience.info/index.shtm

BS25999 represents a major step forward…

BS25999 provides the necessary context within which business continuity management can be appropriately implemented, including:

- prioritisation of activities;
- evaluating a range of strategies;
- developing the correct responses;
- testing and exercising; and
- embedding BCM into the organisation's culture and values at all levels….



Source: BSI BS25999

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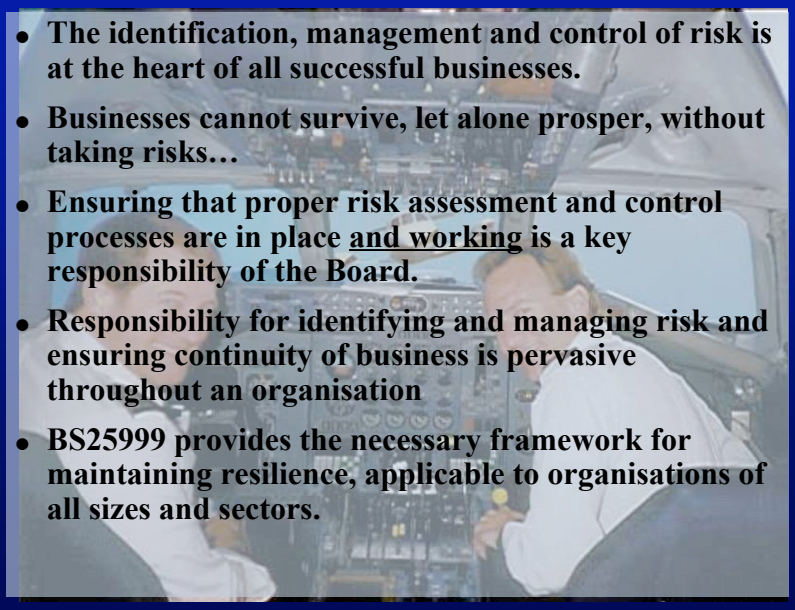
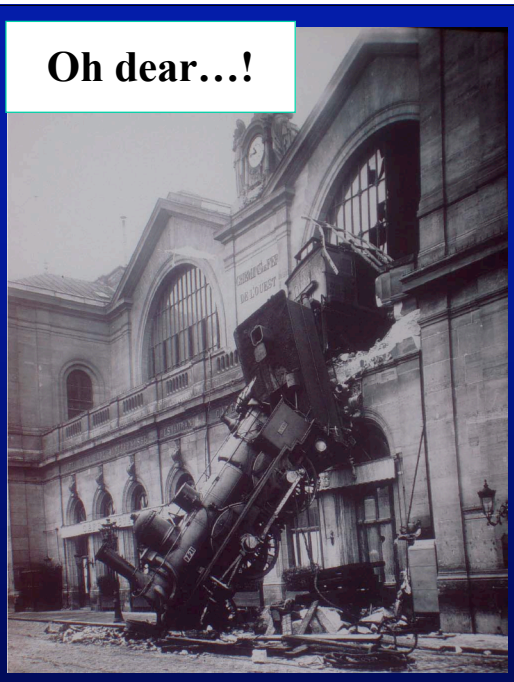
Some final thoughts….



- The identification, management and control of risk is at the heart of all successful businesses.
- Businesses cannot survive, let alone prosper, without taking risks…
- Ensuring that proper risk assessment and control processes are in place and working is a key responsibility of the Board.
- Responsibility for identifying and managing risk and ensuring continuity of business is pervasive throughout an organisation
- BS25999 provides the necessary framework for maintaining resilience, applicable to organisations of all sizes and sectors.

But remember, managing business continuity is a continual battle. Don't ever sit back and believe that you have won!

Oh dear…!



Presentation can be

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