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## BIA or BAVA

### “STRAIGHT TALK

with BAM CEO, Kevin Burton.”

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#### Value Vs. Impact

#### What are the risks that people think they are avoiding by measuring impacts?

“There are three different types of risk. There is risk that you can know based on scientific facts, and those are called probable risks. There are risks that are unknown, and those are called possible risks. And in both the probable risk and the possible risk categories, we might use the word ‘threat’ to understand what those risks are.

An example of a probable risk might be how many companies have building or warehouse fires in a year. And for a long time, insurance companies could measure that and write a policy against the probability of a warehouse fire.

The second kind of risk is a new kind of risk that we are just really beginning to understand since September 11th, and this is the asymmetrical threat. It is the type of threat as presented through terrorism; it is the type of threat that is now being presented through things like wildfires, earthquakes, the catastrophic event. It’s the things that we never thought were probable, and once they happen, we realize were possible. And these new kinds of threats are essentially uninsurable. What we are seeing now with the large reinsurance companies like Munich RE, Swiss RE, Marsh Insurance Group, and others, is that they are not writing Business Continuity and Disaster Recovery insurance policies or even replacement cost policies for possible events that are more likely today that they were in the previous century.

The third type of risk is a risk that we would associate with gambling. It is the choice between: do I implement a virtualized data center, or do I keep using antiquated allocated systems? Do I implement a virtual workforce that is coming in through zigzags and is distributed so that I do not have a single point of failure on my call center, or do I stay in a localized single point of failure data center in an multi-office complex where, if a pandemic breaks out, everybody will get sick?

So, if you understand that the first two types of risk — probable risk and possible risk — are not even insurable anymore, and the third type of risk, the risk of taking — making a choice that might benefit your organization versus a choice that might hurt your organization — are currently all outside of the

realm of the insurance model, the question really should be: Why are we still using insurance language in Business Continuity and Disaster Recovery when the insurance companies themselves are not looking at those kinds of probabilities anymore, and certainly are not writing policies against them?

We are using the outdated language of insurance and threats to position a very expensive, very important role that all corporate entities have to take in the modern world, and that is the role of being the shepherd of good business practices, sound IT decisions, and creating responsible workplaces and environments for our employees. If we started out by talking about impacts from a BIA perspective, we are taking a threat and vulnerability approach. I would leave those threats and vulnerabilities where they belong, in the risk assessment. And once we move to what is at risk, we should start talking about the value we deliver as an organization.

Using this subtle shift, you can reposition your whole Business Continuity and Disaster Recovery initiative in a new light that will deliver instant value to your organization and probably change your role in the organization from being the ‘I don’t want to talk to him’ guy, to being the person who has the insight, the value, and the knowledge that the company needs to move forward on important initiatives, and continue to protect the valuable goods and services that your company creates.”

The concept of using a business impact analysis (BIA) as a tool has been around for at least 30 years, and started with SunGard back in the late 1970’s. Why does that not work now?

“Well, I think that for decades Business Continuity and Disaster Recovery has been viewed as an insurance policy that prepares us for unknown risk. However, the business leaders that I meet with are really addressing the realities of the values that can be delivered through BC/DR programs with an intent towards improving business operational resiliency.”

That’s interesting, but isn’t it essentially an insurance policy that we’re making with our risk plans?

“If you mean that creating Business Continuity and Disaster Recovery Plans only prepares you for the worst, I have to say that for some companies that is true. The standard is that Business Continuity and Disaster Recovery programs should prepare you for things that will hopefully never happen to your company, and I have to say that, having run this business for over a decade, the consultants have long recognized that the standard is not good enough.

In today's world, you have to deliver return on your investment immediately, and given the expense of implementing a robust IT disaster recovery program or a robust business continuity program into the enterprise, you would think that people would put a greater emphasis on immediate value, not a longterm insurance policy.

Let me give you an example: If you go to a doctor and say, 'Doctor, I'm a racer. Someday I am going to be in a car accident.' A good doctor will say, 'Listen, let's do some things that will improve your health today and make you feel better when you're on the road.' A bad doctor or an insurance salesman would say, 'Well, let's just buy a life insurance policy so that if you do get in a car accident, you'll be able to cover your cost.'

It's the future return of an insurance policy versus an immediate benefit from the doctor. And look, if I went to my doctor and said, 'Hey, I've got these concerns about my health,' and he didn't prescribe some actionable steps that I could take today to make me safer, healthier, and more effective, I would be really worried about what kind of doctor I was working with.

And I think that's the problem: Business Continuity and Disaster Recovery practitioners using the 25-year-old standard of impacts, do not really talk about value at all. It's really a mistake to start off on the foot of 'Hi, I'm here to sell you an insurance policy,' when you could be, given the widespread nature of a strong business continuity or IT disaster recovery program, starting off with saying, 'Hi, I'm here to offer real value to your organization, corporation or not for profit,' or wherever it is that you are practicing the skillful art of Disaster Recovery and Business Continuity."

**What I hear you saying is that possible impacts actually equate to losses, whereas you are suggesting we measure for value. Is that correct?**

"That's absolutely right. Listen, even the best, most mature Business Continuity and Disaster Recovery practitioners will ultimately ask the question during the BIA process: 'What is this thing worth?' And while we use the moniker of 'BIA' to mean 'business impact analysis,' we all know that anybody who has been doing this for a long time understands that it is really about the value of each business process and each application in the organization. And if you think about that kind of insight, it becomes very powerful.

Let me give you an example: if you had an insurance person come in to your house and write a home owner's insurance policy, they will be talking about the impact cost of loss. However, if you had an auctioneer coming to your house and do an Antiques Road Show analysis of the value of the things that you had in your house, you might treat those things differently. And I think

that people who are practicing Business Continuity and Disaster Recovery skillfully would be well served to start talking about the values of the business processes and applications that support their companies today. That insight alone will help you in the care and feeding of those things on an immediate go-forward basis as opposed to paying off sometime 10, 20, 30, or 40 years from now."

It's a different view, and I think one of the problems faced by so many of the companies that are looking at Business Continuity and Disaster Recovery today: They don't understand that there is a real immediate value to be had. How do you know if your company is being responsible when it comes to Disaster Recovery and Business Continuity? How do you know that the investment that you're making, and the money that you are spending in having a Business Continuity and Disaster Recovery Program, is ever really returning on that investment? The answer to that is: you don't, because from the onset, the old method of doing Business Continuity and Disaster Recovery is only positioned for possible pay off in terms of impacts. You're going to lose money if you don't do these things.

The reality is that, to start off on the right foot you should be saying, 'Here are the risks,' and also "here are the values that are at stake." Now, you can call that impact, but in reality it's value that can be maximized and delivered against today. BAM has found, though doing numerous business and application value assessments, that immediate insight is a powerful tool for the IT department with regard to Help Desk, the application developers and the prioritizing projects, and the business itself. And it helps in understanding where to put a stronger emphasis on customer service, or marketing campaigns, or branding, or leveraging new branches, or trading new sales opportunities. Really, Business Continuity and Disaster Recovery are the only kinds of practice areas that go across the business, besides the ivory towers of the CEO, where all is seen. A BIA, or more specifically a process and application value assessment, will really give you insight into the whole picture of what you do as an organization, and how you deliver value to your customers and your business partners everyday. And that is something that you can realize now as opposed to when disaster strikes."

**Is a BAVA really as helpful as it sounds?**

"Absolutely. We have seen customers use our business and application value assessments in multiple ways. They have been leveraged into configuration of their databases. They have been leveraged into prioritizing Help Desk tickets, and, frankly, they do leverage into a complete revisiting of corporate vision statements and mission statements to assure that the business processes support the true values of the organization."

A lot of BC/DR people talk about how they have a hard time getting corporate or C-level buy in, but when you present it this way, it really surprises me. How could someone not buy in to wanting to see where the value is?

“Well, I have two things to say about that. It has long been the view of the Business Continuity and Disaster Recovery industry that executives do not understand what we do, and in some ways that is true. So, the prescription for that has always been to get executive buy-in before you start a Business Continuity and Disaster Recovery program. But there has never really been a straight answer in terms of ‘how do I get that done?’ ‘How do I get executive buyin?’

And again, I go back to my insurance analogy. If you’re selling insurance, you’re probably not everyone’s favorite person in the organization. If all you have to offer your organization is a Chicken Little view of the world that says, “The sky is falling, the sky is falling, the sky is falling,” your value to the organization is marginal. If you go and watch CNN every night and come back to the office everyday and argue with your boss, or your boss’s boss, or the CEO, or whomever you report to, about how horrible the world is, you are really just a nuisance.

And if your demand of them is they have to buy into the fact that the world is falling apart, you become the pain-in-the-butt. And nobody wants to be that ineffective on a personal level, or in terms of your role in the organization. So, what we have to do is shift the way Business Continuity and Disaster Recovery is delivered at the second step of the process.

First, you have to understand the risk, and then you have to understand the value, and the value is in the business and application value analysis. It is not in the Business Impact Analysis. A business impact analysis talks about what might happen. A business value assessment talks about what is happening and how you can improve on that today to make your company a better place to work, a safer place for your employees, and a more effective and scalable IT organization that can grow with the company’s needs now, and in the future.”

Wow, that doesn’t sound like a loss center to me.

“No, it isn’t. It’s a value center, and when you shift the Business Continuity and Disaster Recovery role into being a value center, full of insight, full of immediate improvements and efficiency, full of crossorganizational value in terms of understanding how business processes are interrelated and interdependent on one another, and that those business processes are also related business applications, that now have tiers or priorities around their

value — not impacts of their loss but around their value — you become the go-to guy on multiple levels.

I just want to paint this picture so that the audience will clearly understand that. Most Business Continuity and Disaster Recovery practitioners today are the people that the IT application developers and the business want to stay away from. It’s more bad news, more money, and it makes my new project more expensive and more time-consuming to implement because of all the policies and rules, and the way that it subverts and submerges my new products or my new projects into this area of potential impact.

Now, what if you reposition the way that you are delivering business continuity to the organization that you serve, and you became the go-to guy, so that people come to you with new projects, new products, new data center locations, new retail sites, new bank branch operation centers, new call center locations, and they say to you, “How do I show the value of this in the context of the overall organization?” It’s profound, how valuable you as a BC/DR practitioner can become just by making the simple shift away from the impacts and focusing on the values that you are trying to protect and maintain.”

So the risks that we’re looking at in the industry are not even things that the insurance companies are going to insure, and yet, we are using terminology that is from their industry?

“That’s correct. And I would take it even a step further. You know, there are three different roles most people play within a given job or career. There is me as a person, there is me as an employee, and there is me as part of the corporate organization for which I work. And sometimes when I go to work, I think that the most important thing is the bottom line. You know, my boss tells me, ‘We have to make more money,’ or ‘we have to be more focused on the profits,’ or, ‘we have to be focused on the bottom line.’ And sometimes, as an employee, I feel like I am just working for a system or an organization that is at odds with my values and goals as an individual, because the bottom line is more important than things like quality or service or the ability to keep customers’ satisfaction high, right?

And then, as a person, I go home from work and I think, ‘you know, I work for a company that doesn’t put a high value on me as a person,’ or sometimes maybe I might think that ‘they don’t even put a high value on our customers, the people that we serve.’ And the reality is that 21st century businesses are becoming three things:

1. They're becoming more transparent. That means that, for regulatory reasons and just to ensure they are being a good global citizen, they have to be able to keep books and records of the business processes and applications that they use to deliver goods and services to their customers. So, transparency is definitely a driver for the business and application value assessment. If you understand the chains of events that deliver value, whether be it to your customers or shareholders, you are doing the most important thing in 21st century business, and that is becoming transparent. To highlight this point, I want to say that a good example of a company that was not transparent is Enron.
2. The next requirement for 21st century businesses is to be socially responsible. And that, first, responsibility comes when facing your employees. Being socially responsible to your employees goes beyond just making sure that you have a drug-free workplace, or that you have a human resources policy that is nondiscriminatory. It means creating a safe workplace, and that is a big component of BAM's BC/DR Methodology and Advisory Services.
3. Finally, there is this idea of being a responsible global citizen. And I think, instead of reacting to change and reacting to the potential for earthquakes, pandemics, wildfires, and all the things that make us scared in our personal lives, the true role of an expert Business Continuity and Disaster Recovery practitioner is to offer hope. And if you're talking about impacts and threats versus opportunities and values, you're not offering hope, you're offering fear. Listen, the world today cannot react from a fearful standpoint. If you want to spring forth from adversity and beat the snot out of your competition when disaster actually does strike, you want to build a company that is resilient today based on what it values, not fearful today based on what might happen tomorrow.

Secondly, it is important to know that most of us live in a blissful ignorance of partial knowledge, which is to say that if we knew everything about the inner workings of our applications and business processes, we probably would be terrified, or in a continual state of anxiety. People who are out pushing for business impact analyses and threat assessments are really pushing the leadership in their organizations toward outrage and anxiety about Business Continuity and Disaster Recovery.

Listen, allowing this phase to stay invisible is implicating Business Continuity and Disaster Recovery practitioners themselves in the sense that they are allowing for continually uninformed decision making about how the business runs itself and what the business values. So the question is, how do you drag your head out of the sand and start to take a look at the big picture, the real numbers, and dive deeper into the values that Business Continuity and Disaster Recovery deliver?

The answer to that is to stop talking like an insurance broker and start talking like a change agent. And to become a change agent, you cannot use the language of the 20th century, which is the good old BIA, anymore. Stop measuring the impacts, start measuring the values, and reposition your BC/DR initiative in a way that could change not only your future, but the way that your business is run today."

### Why should BC/DR Practitioners change their view from BIA to BAVA?

"The bottom line is that in the 21st century, the kinds of threats and impacts that a traditional business impact analysis collects are not insurable, and therefore the language of insurance, i.e. impacts and threats, is no longer applicable.

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