

WHITE PAPER

**GLOBAL INFRASTRUCTURE RISK MANAGEMENT:
PLANNING & RECOVERING IN UNCERTAIN TIMES**

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“Business processes need to be documented and understood; categorized with regard to importance and time to recover; assessed with regard to various information sources required; and, critical staffing needs to be identified. If this exists in your organization today, you are half way towards a successful recovery capability.”

- Jerry Becker

Introduction

This is the first in a series of “white papers” dedicated to the topic of Global Infrastructure Risk Management (GIRM). The key theme for this paper revolves around the thought process required to ensure business continuation during any form of disruption in the everyday operation of ones business, as well as the ability to account for personnel, assets and intangible information/knowledge.

Having worked in the financial services sector for many years, I became very sensitized to their unmitigated focus on risk management as it related to business investments, etc. This is probably why the topic of Infrastructure Risk Management was embraced in the financial organizations that I was proud to be a part of. Still, it never ceases to amaze me how many organizations would neglect their infrastructure risk, while pouring gads of money into everyday risk management programs associated with their every day business dealings. Like most things in life, there is no “silver bullet” when it comes to ensuring the successful continuation of a business once a significant disruption has occurred; rather, it requires a reasonable level of forethought, planning and, most importantly, testing, to reasonably ensure a high probability of success.

Business continuation seems to be one of those topic areas in a business that doesn't yield everyday profits or results. It's one of those tasks/activities that many businesses tend to ignore in the hopes that it will never be needed.

- How often does a catastrophic event occur that will inhibit an organization from continuing their operation?
- What's the probability that it will occur in the exact building, geography or locale of your specific business operation?
- Why can't you just recover and construct the operation if something happens to occur?

These and several other areas of thought and planning will be addressed and discussed, and hopefully some businesses will heed (or have heeded) the need for such a program as an obligation to their investors, shareholders and, more importantly, their employees.

“It Won't Happen To Us”

How often has an event occurred which has caused one to say or think, “that couldn't happen to us?” What is the probability that some extremist organization would completely annihilate one of the modern day wonders of the world, the World Trade Center? It really isn't about the severity of an event, rather the elimination of the thought that a business is invincible.

No business is exempt from disruptions that could challenge its very existence without the proper thought and planning about what to do when such an event occurs. It's common to have some sense of invincibility, but it can be very dangerous and quite risky to believe that these types of disruptions will never happen to your business.

In 1993, nearly 103 businesses went out of business when the first bombing occurred at the World Trade Center. Albeit, many of these were single or relatively few employee businesses, but that doesn't change the fact that some forethought could have helped some of those businesses to survive. But this causes us to dwell on the really major disasters, which can be rationalized away as "long shots" or "probably won't ever happen again" or "we'll move our operation to a remote location" or...

There are infinite possibilities of events that can/will occur that will prevent a business from continuing its operations unimpeded. Has anyone looked around recently at their current offices with the "rats nest" of cables, wires, etc? One has to wonder if there are any fire hazards going undetected...no, that can't be happening. We'll visit a real case study of an organization's ability to recover from a major water main break which literally would have put them out of business had they not done the forethought and planning for such disruptions.

Current events have most people on edge with potential biological warfare concerns, but let's look at this in a broader sense. Whether it be malicious or inadvertent, how probable is it that many of our office environments today (with piped in air) could be susceptible to some form of air contamination exposure like gas leaks, smoke conditions, biological attacks, etc. Some of these types of disruptions could render a facility unusable for an indeterminate period of time.

Not only do we have exposures with all of these manmade types of disaster conditions, but what about those natural forms of disaster: earthquakes, floods, heat waves, etc. If you're starting to think I'm a little paranoid, I suggest you think again. It was the late 1980's when I had technology infrastructure responsibilities for a major financial institution and we were experiencing a rather warm summer (warm is an understatement!). This particular day, temperatures reached over 100 degrees Fahrenheit, and NYC was struggling with severe power shortages. Not to worry on our part though, we had generator backups in our building for supposedly all the critical functional areas, as well as all of the technology equipment (or so we thought?!). It was that peak period of the day when the heat was at its worst when the first Con Ed substation caught fire and intermittent power outages were underway. As a quick tutorial on how generator power works (at least the ones I have worked with), there are nearly a room full of car type batteries which can carry the power load for a period of 20-30 minutes while the generators synchronize to pick up the power load - this should be quite seamless. Guess what happens when the transfer from the batteries to the generators is not as seamless as one believes? Also, guess what happens when you realize that the generators only support a small fraction of the operation from a power perspective and certain critical business functions have no power? This can create a little difficulty when you are trying to clear certain trades or meet Federal Reserve clearing deadlines - it can also be quite costly from a loss and penalty perspective.

