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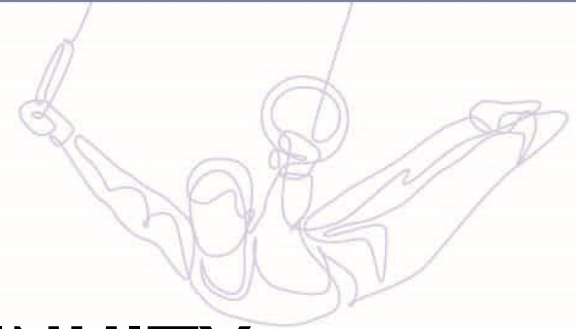
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TRAVELERS 



INTEGRATING BUSINESS CONTINUITY MANAGEMENT WITH RISK MANAGEMENT

Simon Middlemist, Business Resilience



AON

Empower Results®



Global Risk Survey

1 Economic slowdown/ slow recovery	2 Damage to reputation/brand	3 Accelerated rates of change in market factors	4 Business interruption	5 Increasing competition	6 Cyber attacks/ data breach	7 Commodity price risk
8 Cash flow/ liquidity risk	9 Failure to innovate/ meet customer needs	10 Regulatory/ legislative changes	11 Failure to attract or retain top talent	12 Distribution or supply chain failure	13 Capital availability/ credit risk	14 Disruptive technologies/ innovation
15 Political risk/ uncertainties	16 Exchange rate fluctuation	17 Concentration risk (product, people, geography)	18 Workforce shortage	19 Counter-party credit risk	20 Aging workforce and related health issues	21 Property damage
22 Environmental risk	23 Weather/ natural disasters	24 Third party liability (incl. E&O)	25 Technology failure/ system failure	26 Major project failure	27 Failure of disaster recovery plan/ business continuity plan	28 Injury to workers
29 Failure to implement or communicate strategy	30 Asset value volatility	31 Climate change	32 Absenteeism	33 Merger/ acquisition/ restructuring	34 Loss of intellectual property/data	35 Interest rate fluctuation
36 Geopolitical volatility*	37 Growing burden and consequences of governance/ compliance	38 Globalization/ emerging markets	39 Corporate social responsibility/ sustainability	40 Product recall	41 Impact of digital economy*	42 Impact of Brexit*
43 Lack of technology infrastructure to support business needs	44 Directors & Officers personal liability	45 Inadequate succession planning	46 Natural resource scarcity/availability of raw materials	47 Fraud	48 GDPR requirements*	49 Rising healthcare cost*
50 Unethical behaviour	51 Outsourcing	52 Theft	53 Resource allocation	54 Workforce generation gaps*	55 Terrorism/sabotage	56 Safety & Pharmacovigilance*
57 Share price volatility	58 Embezzlement	59 Impact of Artificial Intelligence (AI)*	60 Pandemic risk/ health crises	61 Harassment/ discrimination	62 Sovereign debt	63 Pension scheme funding
64 Gender pay gap*	65 Impact of Blockchain tech*	66 Kidnap & ransom	67 Extortion	68 Off Label Promotion*	69 Impact of cryptocurrencies*	

Insurable

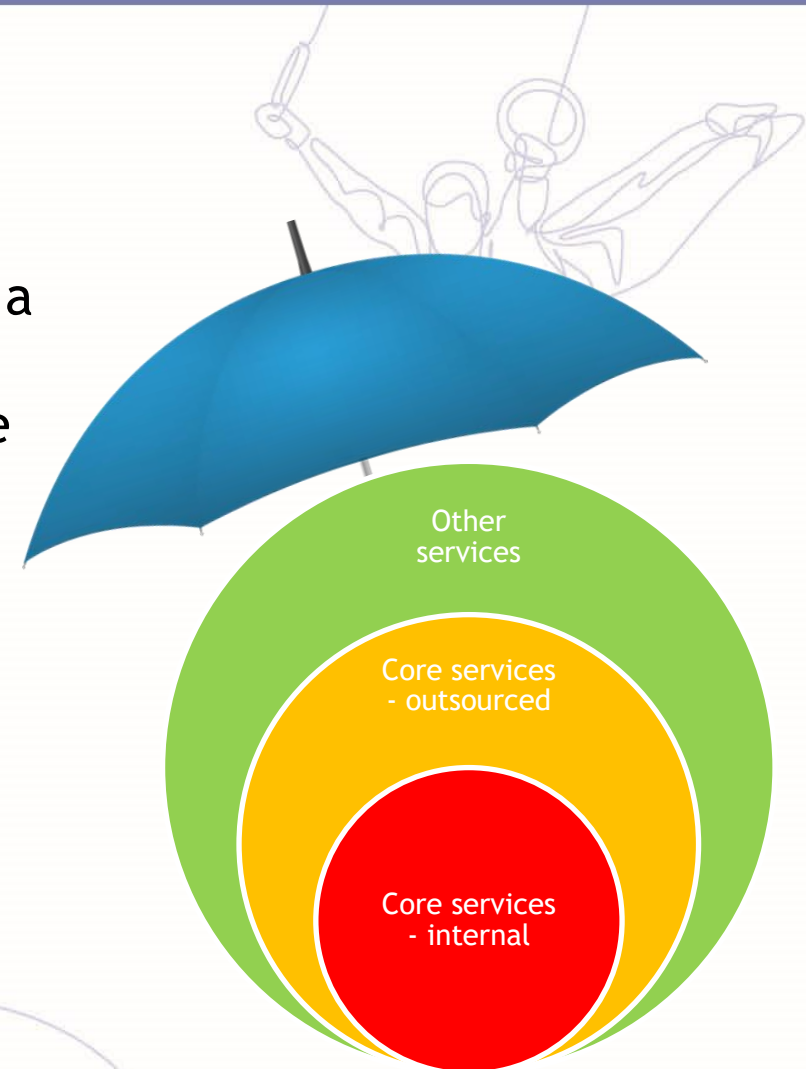
Partially insurable

Uninsurable

* Denotes new risks added to the Global Risk Management Survey for the first time

The issue

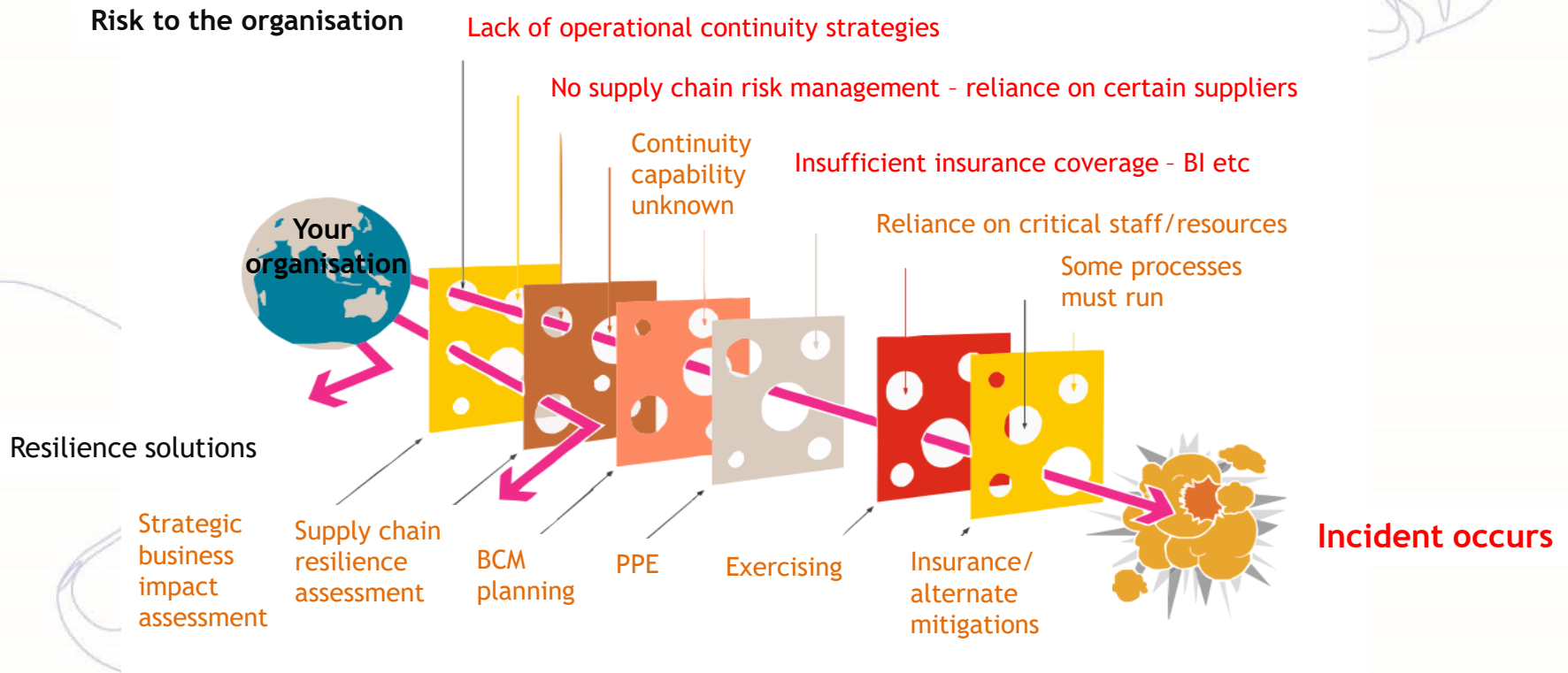
- Public sector organisations can have a wide remit of services
- Often we find different functions are siloed in their activities and in resilience considerations
- Increased numbers of services including critical services are outsourced
- Resilience capabilities of outsource partners/critical suppliers is not understood
- Impacts of failure of suppliers to the organisation across all areas is not understood.

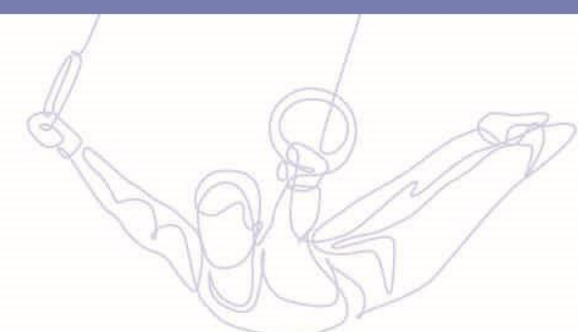






The objective





What is required?

Organisation - service priorities

Critical products & services (CP&S)



Total loss
Partial loss
Internal services and outsourced services

Continuity strategies

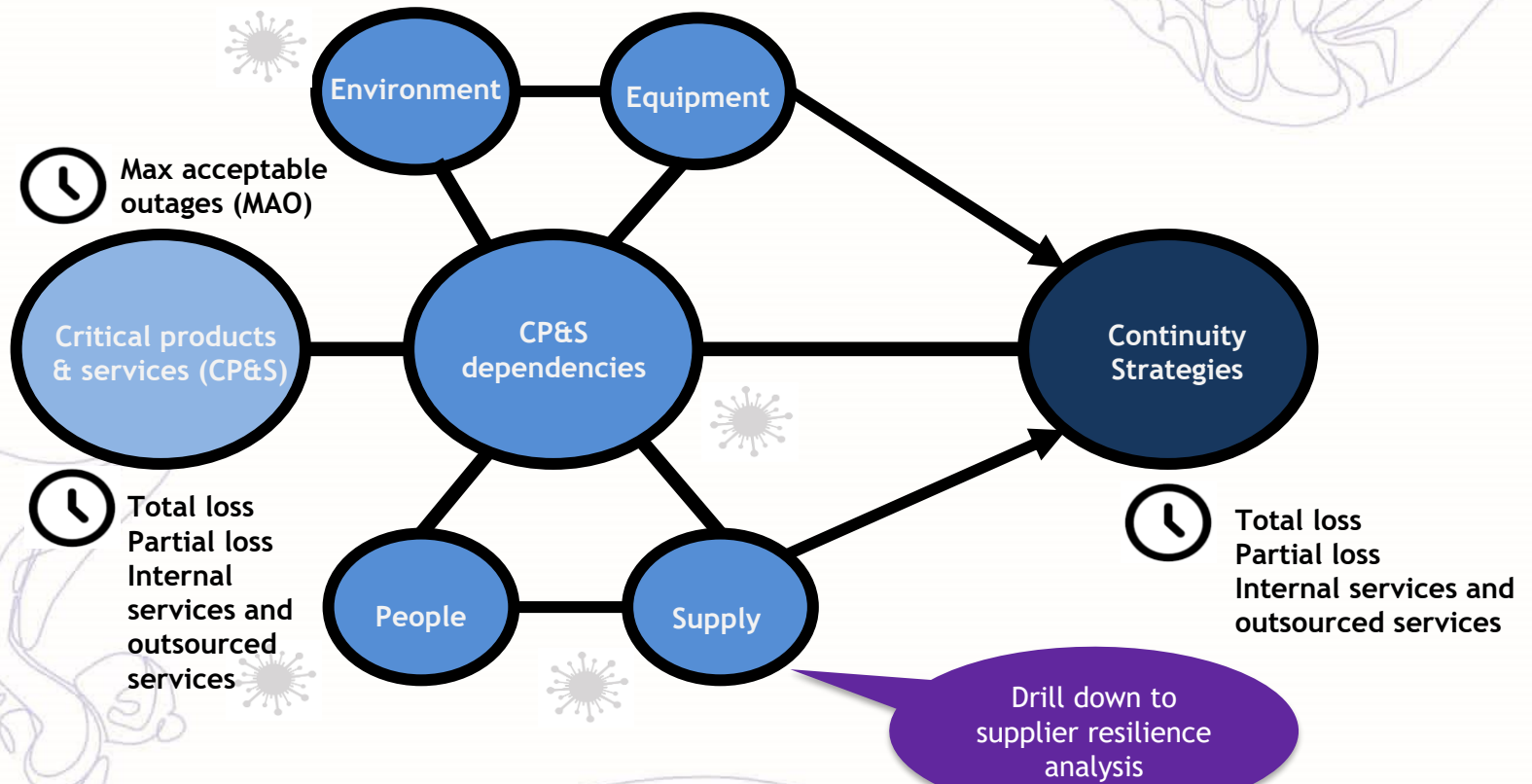


Total loss
Partial loss
Internal services and outsourced services

Major crisis event - typical arc



How? = SBIA





SBIA - considerations

Operations	Resources	Suppliers	Assets
<ul style="list-style-type: none"> ▪ Top critical products or services (CP&S) ▪ Prioritisation of CP&S ▪ Maximum acceptable outages (MAO) ▪ Selected continuity strategies ▪ Impacts of not delivering CP&S ▪ Risks to delivery of CP&S. 	<ul style="list-style-type: none"> ▪ BAU maximum and minimum resources against each CP&S ▪ Loss of 25% - 50% -100% of resources in the short, medium and long-term ▪ Selected continuity strategies. 	<ul style="list-style-type: none"> ▪ Supplier dependencies for top CP&S ▪ Maximum acceptable outages (MAO) ▪ Loss of 50% -100% of suppliers in the short, medium and long-term ▪ Selected continuity strategies. 	<ul style="list-style-type: none"> ▪ Minimum key systems, machinery and assets for each CP&S ▪ Key asset dependencies ▪ Single point of failure (SPF) for key assets ▪ Selected continuity strategies.
<div style="border: 2px solid black; background-color: #cccccc; padding: 10px; display: inline-block;"> <p>Scenarios and impacts</p> </div>			

Supplier resilience analysis

Understand what key services/supplies are provided?

What is the impact to your organisation of a failure of service provision?

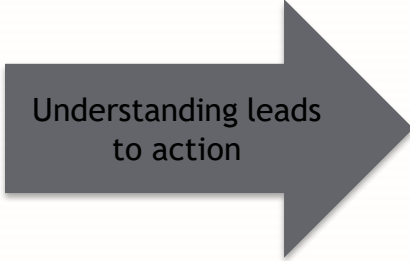
What is the impact to the end user of an interruption?

What is the MAO each service or supply?

What resilience capability do they have?

Is there a capability gap or supplier interruption risk?

Understanding leads to action



Supplier/outsource partner to make improvements to their continuity strategies

You make improvements/adjustments to your own continuity strategies

You consider other risk mitigations such as alternate suppliers/sourcing additional partners

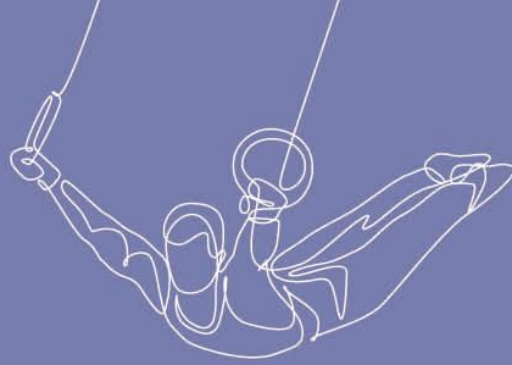




The goal

You need to take a pragmatic approach to analysis and understanding of the business content within which your organisation operates.

- **Optimising:** test and continually improve the effectiveness of supply chain risk management programmes, ensuring an efficient allocation of effort and capital.
- **Strategy:** Develop an appropriate mix of risk management options (insurance and non-insurance) for the range of risks in the supply chain.
- **Embedding:** Integrate risk considerations into supply chain-related business processes (e.g. procurement, logistics, quality)
- **Suppliers:** integrate risk considerations in the selection, management and continual engagement with suppliers.
- **Continuity:** test and develop processes to ensure an effective response and minimise business impact of supply chain disruptions.
- **Focus:** identify and prioritise risks in their supply chain. Quantify and understand the impact of potential supply chain disruptions.



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