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TUESDAY, MARCH 15, 2005

Preparing for the Worst

Every SLA should include a disaster-recovery plan, addressing the infrastructure of the delivery facility, focussing on telecommunications, servers, nad critical applications

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The concept of business-continuity planning is often pitched by experts spoon-feeding you a large dollop of guilt, backwashed by war stories intended to upset your digestion. The working assumption is always that many global-delivery locations have an unstable infrastructure, dubious politicians, or sketchy legal systems.

While this sort of dogma quickly grows tiresome, even global-sourcing managers who bother to create business-continuity plans (BCPs) know that these are working documents. That means that the consultant fear factor isn't imaginary: If your BCP is sub par, your offshoring risk assessment is built upon some shaky assumptions, which generally won't put you in good standing with your CFO or CEO.

Unfortunately, it could hardly have escaped anyone's notice that the recent tsunami tragedy in South Asia revealed that the region isn't as well-prepared to face disaster as one might ideally prefer. This is a fine time to re-open the BCP discussion�everyone will understand, and the purse strings might even loosen up a bit when you mention the words "multishore" and "multisource."

Although it turned out to be largely unneeded, many outsourcers in Chennai, a large outsourcing outpost on the east coast of India, put their disaster-recovery plans and BCPs on alert when the tsunami hit the area in December. Because Chennai is several miles inland, however, most facilities were minimally impacted. What could have been a major disaster for hundreds of companies outsourcing critical business processes and technology development to facilities in Chennai turned out to be more of a personnel issue, as hundreds of workers failed to come to work because of missing relatives.

Business Continuity vs. Disaster Recovery

Although the terms often are used interchangeably, a BCP is not the same as a disaster-recovery plan. While a disaster recovery plan is mainly an IT function, documenting the actions that must be taken to restore computer processing, applications, telecommunications services and data after a disruption of service, a business continuity plan is more of a business function. Simply put, a BCP is an action plan that lays out processes and procedures to ensure that critical business functions will continue with minimal disruption should a disaster occur.

Every service-level agreement (SLA) should include (even in an appendix) a disaster-recovery plan, which addresses the infrastructure of the delivery facility, focusing on telecommunications, servers, and critical applications. Such plans generally ensure that each part of the infrastructure is backed up with enough redundancy to transition quickly if there is an outage. Sometimes the transition is a cutover to a secondary, service-delivery location.

An effective disaster-recovery plan involves everything from rerouting communication links to co-locating application servers. For effective data-communication redundancy, many companies install multiple points of presence and access points into several telecommunications carriers, explains **Greg Blount**, project director at **TPI**, a global-sourcing advisory group. The redundant data-communication plan, which courses through the entire network, is then linked to the customer's main site in the United States. Very large companies have an even higher level of redundancy that includes a satellite link.

Disaster-recovery plans are important for all types of outsourcing. In the case of IT outsourcing (ITO), which includes functions like application development and maintenance, systems integration, and call centers, a disaster-recovery plan ensures that work will continue with minimal disruption once redundant systems have been activated, either at the primary offshore location or at a satellite location.

Disaster-recovery plans also are important for business-process outsourcing (BPO)�the outsourcing of business functions like accounts payable and receivable, invoicing, human resources, and logistics�but for different reasons. In a BPO environment, loss of data can have a significant impact on many people�such as the loss of data regarding retirement-plan distributions�requiring significant redundancy to be built into the system.

A BCP, although similar, is more important for managing BPO. These processes, which tend to be more "customer-facing," often require more immediate availability of services than with classic ITOs, where much of the work operates in the background and delays may not be as obvious�or traumatic�to the outsourcing customer's employees or clients.

BPO arrangements typically require a BCP that can be activated relatively quickly, without much down time, even if the solution is just temporary, says **Cliff Justice**, multishore practice leader for **EquaTerra**, an outsourcing advisory firm. "If a chemical spill occurs in front of the building where your accounts-payable team goes to work every day in Manila and people can't get to work," explains Justice, "you'll have a lot of business issues unless they can recover and shift work to

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