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Planning for the Worst



Ensuring Success

Although ensuring that your specific requirements are spelled out in the service provider's business-continuity and disaster-recovery plan is critical, it's not enough to ensure success, says Karen Avery, Northeast Practice Leader, Business Continuity Management, Marsh Inc., a risk-services firm, NY.



"These plans tend to address things like IT, facilities and equipment, but that's not enough. You've also got to address different types of risk — things like transition risk, value risk, complexity risk, innovation risk and geopolitical risk — and make sure these risks are aligned effectively from a business perspective with where your business is going," says Karen.



The best way to evaluate these types of risks is by using a comprehensive approach to risk evaluation that involves identifying the risk, measuring the risk and mitigating the risk. "Most business-continuity plans jump right into risk mitigation, bypassing the other steps," says Avery.



Another important step — and one that isn't included in the business-continuity plan at all — is ensuring that service providers can clearly demonstrate that they can carry out all the processes stipulated in the business-continuity plan. The only way to do that successfully, Keating says, is to physically inspect the service provider's operations, and have them show you how the plan would be put into effect.



Clearly, monitoring an overseas service provider's business-continuity plan takes time, dedication and diligence. Some companies, however, have found a way around the entire process — one that obviates to a great extent the need to influence the service provider's business-continuity plan.



That's the route Chris Consorte, President, Integrated Direct LLC and Integrated Interactive LLC, direct and interactive agencies based in New York, has taken. After dabbling in overseas outsourcing several times with mixed results, Consorte finally found a match in a New Delhi-based call center about two years ago, but chose to use the call center as one of the prongs of a two-pronged call-center operation. The company uses the call center in New Delhi to make the first customer contact, and then patches the call through to one of its outsourced domestic call centers, based in Portland, ME. "Because of the redundancy and quality control Consorte has built into the process, he isn't worried about business continuity or disaster recovery at all," he says.

"This way, we can pretty much use anybody for the first stage of the call, because the call is finished in the States, where we are less apt to have a problem," he explains. "And if the call center in New Delhi was unavailable for any reason, we could do everything from our U.S.-based call center."

To provide further checks and balances, all of the New Delhi service provider's transactions are backed up daily to U.S.-based servers, which control all data, he notes.

But what if, despite your best efforts, the service provider fails to execute on the disaster-recovery part of the plan during an actual disaster?

Although the damage has been done, customers do have some recourse if the contract has been written well and includes a governance process and dispute-resolution mechanism to address the breach. The best way to handle the issue, experts say, is to negotiate a separate cap for failure to perform disaster-recovery operations. In other words, money talks.

"But if the customer and service provider have taken the time to develop a strong day-to-day working relationship and an effective management structure, dealing with setbacks like these should be easier," says Semerdjian. "The customer's primary concern should be to get the service back, up and running as quickly as possible, and in order to do that, the parties need to be able to get on the phone and immediately start discussing ways to circumvent the issue. They can do that only if they have a good working relationship already in place," he says.

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Ensuring Continuity

Once you've negotiated a comprehensive business continuity and disaster recovery plans with your global service provider, you can breathe a sigh of relief. Right?

Wrong. As your business requirements change, either the laws governing your business change or new threats are introduced — it's up to you to ensure that your service provider's business-continuity plan reflects those changes. Any failing in doing so can leave your business more exposed than ever. For instance, it's time to update the plan when a new type of disaster is identified, such as mudslides in India.

"Maybe the existing plans contemplated earthquakes and Tsunamis and blackouts, but haven't focused on the impact of a new type of disaster," says Hirshman. Another trigger for updating a business-continuity plan is when a business

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