



**Asia-Pacific  
Economic Cooperation**

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**2011/EPWG/WKSP/003**

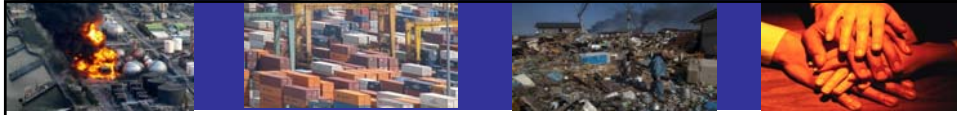
Intro 1

**Emerging needs for Business Continuity Planning -  
Increase Interdependencies of Our Networked  
Society and Needs for Interoperability**

Submitted by: Nagoya Institute of Technology



**Workshop on Private Sector Emergency  
Preparedness  
Sendai, Japan  
1-3 August 2011**



## Emerging needs for Business Continuity Planning

- Increase interdependencies of our networked society and needs for interoperability -

### APEC EPWG Workshop: Introduction 1

August 2<sup>nd</sup> , 2011 in Sendai

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Nagoya Institute of Technology (Nagoya, JAPAN)



## Agenda

Introduction: Increasing interdependencies and vulnerabilities of our networked society

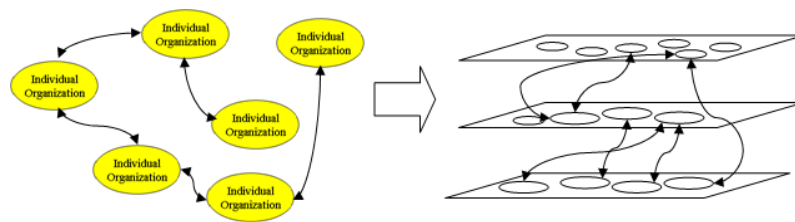
1. Emerging needs for BCP/BCM for societal security and interoperability among organizations
2. Quick review of lessons learnt from the Great East Japan earthquake
3. Next steps

### Introduction

Emerging needs for BCP/BCM for societal security and vulnerabilities of our networked society

### Increasing interdependencies of our society

Interdependencies in the "networked" society



Interdependencies among organizations

Interdependencies among societal layers

## Emerging Vulnerabilities in BC

Scope of business disruption has been expanding  
in the “networked” business processes

- Increased speed of “chain failure” spread
- Widened area of “chain failure” spread
- Increased possibility of impacts from other’s failure
- Increase difficulties in detection in advance



Increasing “unexpected” incidents  
and  
Expanding economic damages per incident

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## Volcanic eruption [April, 2010]

“the connected dots”



Nissan’s two main factories in Kyushu and Kanagawa stopped for few days because of the disruption of their supply chain.  
(April 21, Yomiuri News)

**Emerging geopolitical risks:**  
anti-gov. demos, labor strikes, limitation of rare-earth exportation

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1. Emerging needs for BCP/BCM for societal security and interoperability among organizations

## Stakeholders

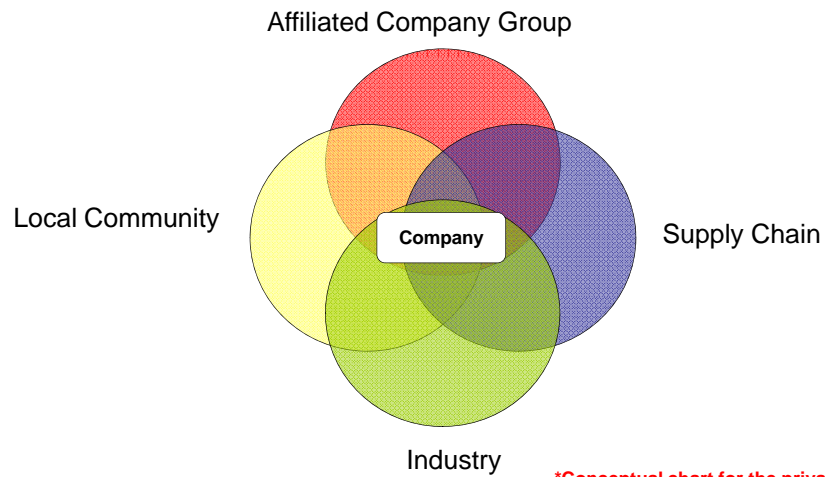
Many stakeholders have started concerning vulnerability in BC

Stakeholders	Relationship
Direct buyers	commercial contract
Direct suppliers	commercial contract
Indirect buyers/suppliers (Supply Chain)	goods & service supply
Corporate users/clients	commercial contract
Individual users/clients	contract
Investors	capital investment shareholding
Rating agencies	credit rating

Stakeholders	Relationship
Creditors(banks, trading companies)	credit agreement
Internal auditors	duty of auditing
External auditors	auditing contract
Employees and families	employment contract
Regulatory & Supervisory agencies	permission & authorization
Local governments	registrarship
Local communities	local resource sharing

## Shared BCM with Stakeholders

Stand-alone BCM is insufficient – scope should be expanded



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## Responses to the stakeholders' concerns

Limitation of SLA, 1<sup>st</sup>, 2<sup>nd</sup> party certifications

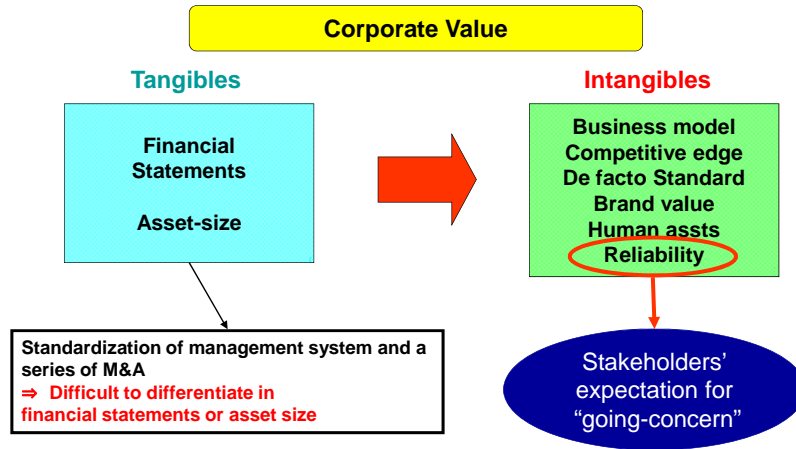
- SLA (Service Level Agreement)
- 1<sup>st</sup> party certification (by internal auditing )
- 2<sup>nd</sup> party certification (by bi-lateral auditing)
- 3<sup>rd</sup> party certification (with standards)

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## Source of Corporate Value

Transformation from tangibles to intangibles



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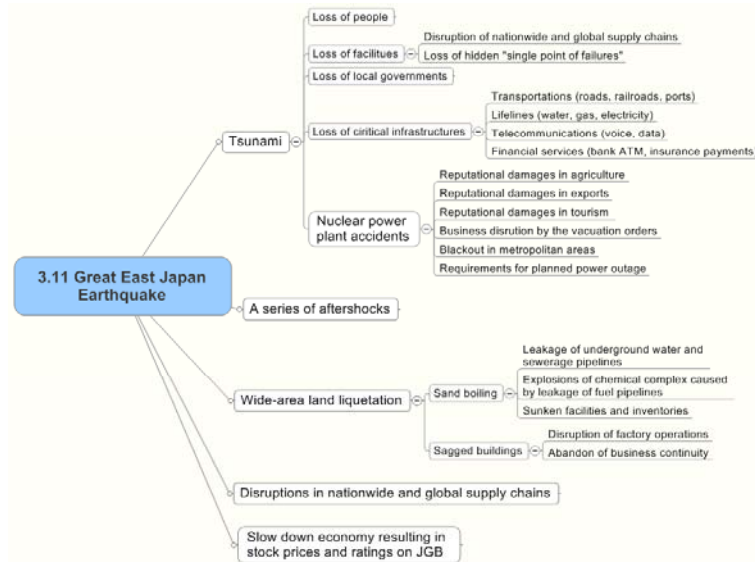
## 2. Quick review of lessons learnt from the Great East Japan earthquake

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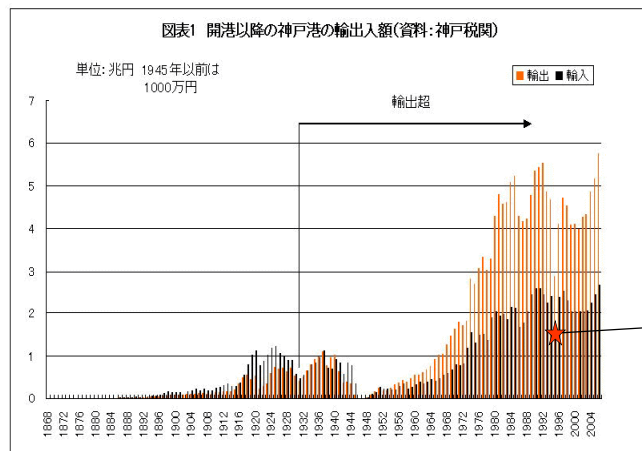
## The facts: a series of major disasters

The wider repercussions and more...



## Long-term economical impact of a large disaster

Impact of opportunity losses and its consequences



Shifted to;  
Osaka  
and  
Busan (Korea)

From the statistics of the Hyogo Economical Research Institute



## Review on preparedness (1)

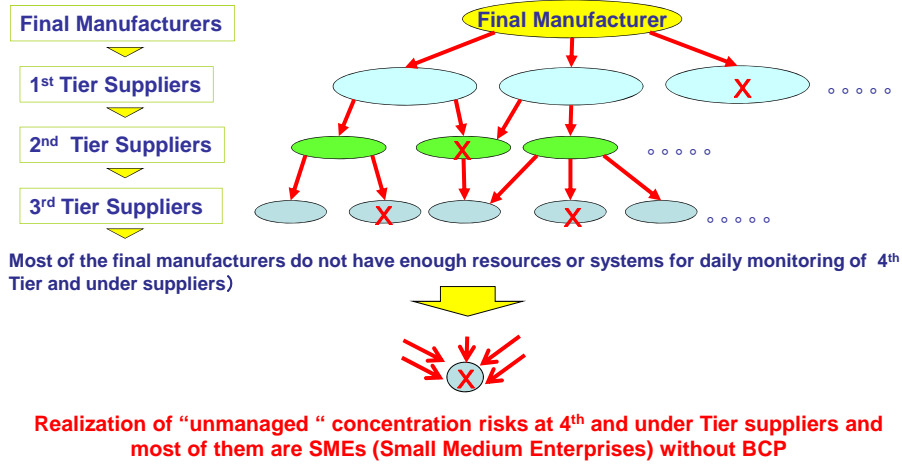
- Technologies
  - Technologies of software & hardware for the risk management performed well
  - Through the lessons from past great earthquakes, we learned how we should design and construct facilities, and what information is needed at emergency.
- BCP
  - It emerged that some companies that had introduced BCP could corresponded rightly.
  - The organizations with flexible BCP operations could response to the series of disasters

## Review on preparedness (2)

- Wide-spread disruption of major supply chains
  - Not only Japanese manufacturers but other non-Japanese ones had to stop or reduce production due to the disruption of supply chains.
  - Some companies with BCP covered just their own business, not the supply chains extensively. As a result, their operations got limited by the external factors with interdependencies of their operations.
  - At activities of recovery, governments had difficulties because many of them did not know the dynamics of the disrupted supply chains.
  - Information sharing and communications between public-sector and private-sector for decision-making were so limited.

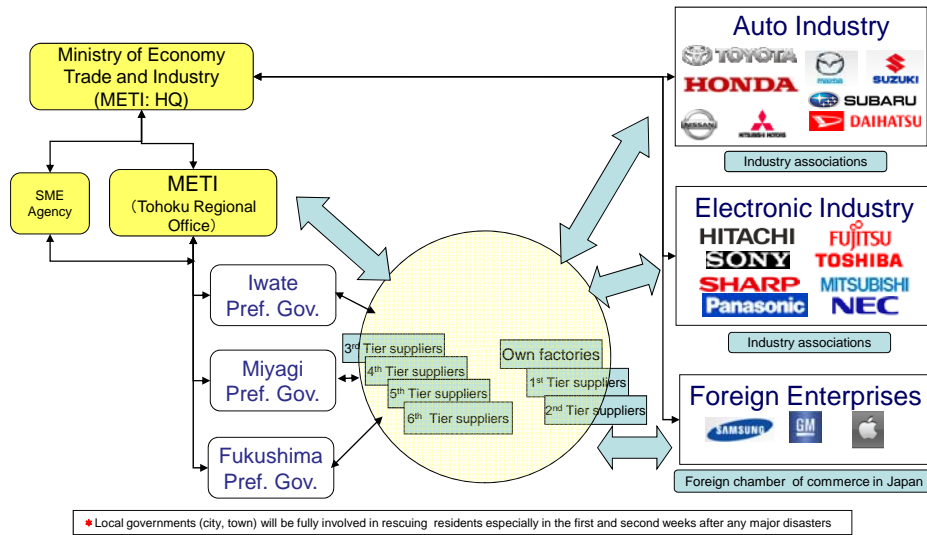
## CASE: Realized concentration risks

### Concentration risks that have not been managed in SC



## Project: Information sharing with PPP

Conceptual design of visualization and information sharing of major supply chains



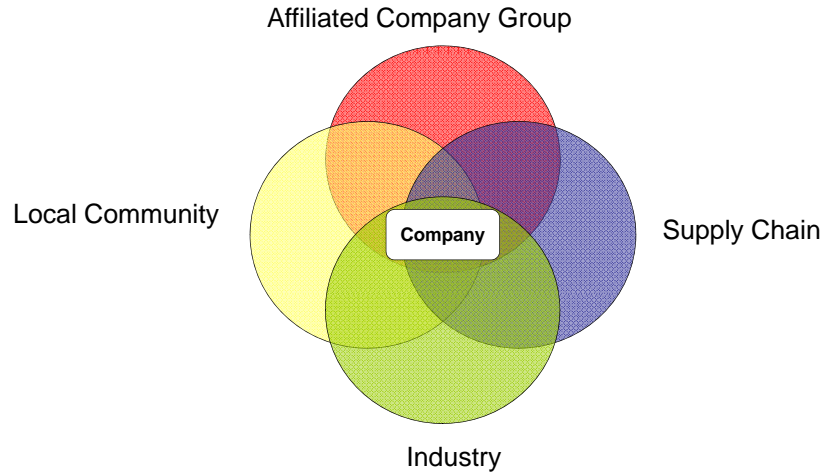
## Review on preparedness (3)

- Disaster scenarios
  - Some causes of dysfunctions of BCP seems that some companies could not respond to “domino-crisis with multiple-disasters in a short time period.
  - Some companies misunderstood the disaster assumptions or hazard maps from the governments and unintentionally set “unexpected” areas.
- People identifications
  - Some local government data was lost with system and building, it caused difficulties for the government to identify the people.
  - People kept moving into/out from the community (and the shelters)and the local governments had difficulties to chase their people.

### 3. Next steps

## Shared BCM with Stakeholders (Private Sector)

Stand-alone BCM is insufficient – scope should be expanded

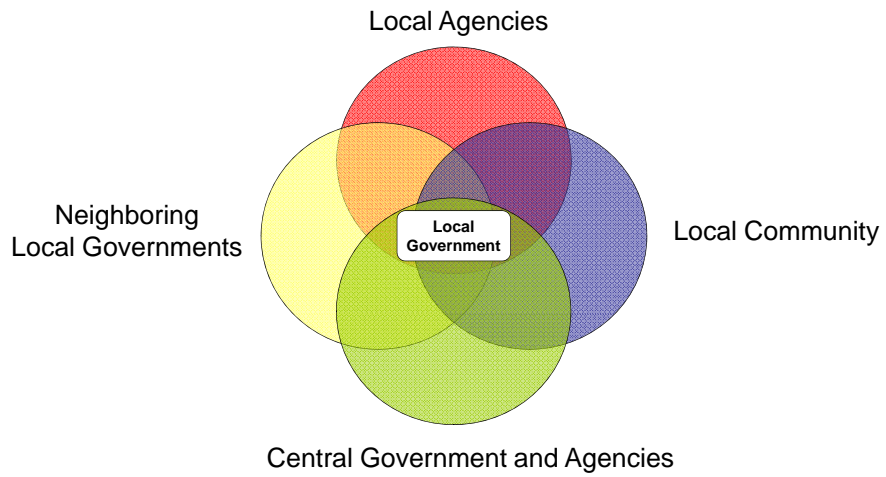


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## Shared BCM with Stakeholders (Public Sector)

Stand-alone BCM is insufficient – scope should be expanded

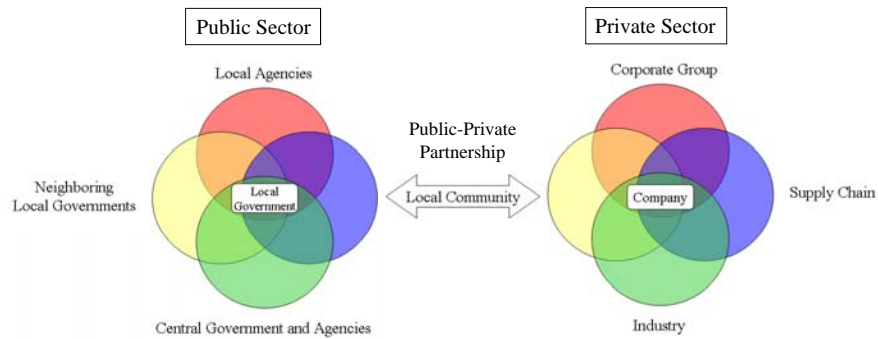


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## Shared BCM with Stakeholders (Public/Private Sector)

Emerging needs for PPP (Public-Private Partnership) for societal security



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## Next steps and challenges

- Define the scope of standardization in BC
- Define requirements for interoperability among organizations
- Coordinate existing and incoming guidelines and standards
- Increase feasibility of PPP (Public-Private Partnership) to enhance societal resilience
- Develop community BCM approach especially for SMEs

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