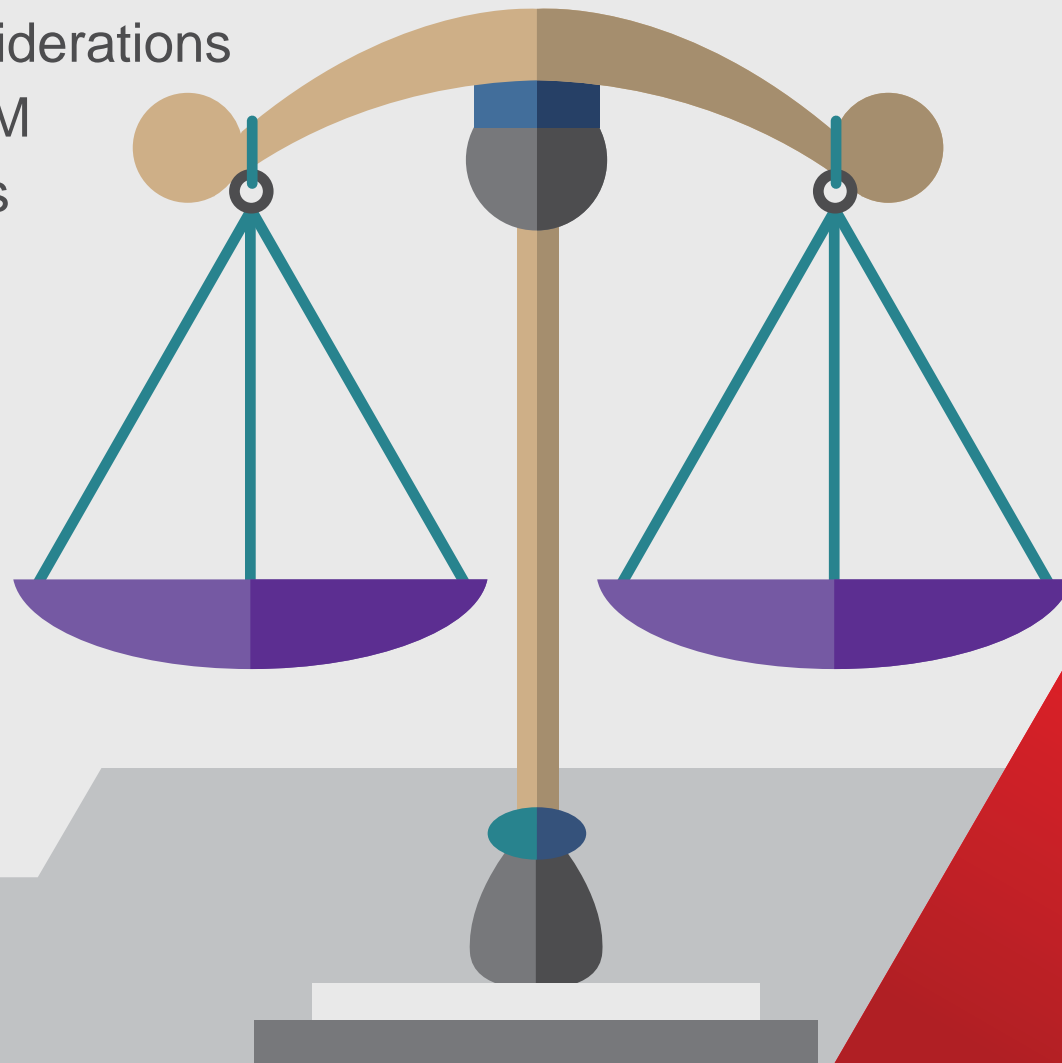


Calculating the True Costs of Business Continuity Management Plans

6 Deep-Dive Considerations
for Comparing BCM
Software Platforms



The Drawbacks of DIY BCM Approaches

When it comes to evolving the way they handle business continuity management (BCM), most organizations are decades behind the times. Many BCM leaders still use generic spreadsheet and word-processing templates to store information and manage their business continuity plan (BCP) processes and overall programs. Or they rely on server-based programs developed in-house that are inflexible, functionally limited, and discourage cross-functional participation.

Both of these DIY options fall below modern standards for business process-management and can put organizations at greater risk for lost revenue, regulatory violations, and damage to reputation.

Fortunately, businesses can tap into modern, cloud-based BCM software platforms to immediately automate many manual tasks in a BC program. These SaaS-based solutions don't require a lengthy implementation or in-house technical expertise. Moreover, they are intuitive, modular, and comprehensive, making it easy for organizations to rapidly improve plan effectiveness while upping efficiency — and in turn reduce costs.

This guide elaborates on functionality and features that the best modern platforms offer, and includes worksheets and other tools you can use for a side-by-side comparison of traditional BCM tools versus modern platforms.



DIY options fall below modern standards for business process-management and can put organizations at greater risk for lost revenue, regulatory violations, and damage to reputation.



1 Plan Development & Maintenance

The first step in any business continuity initiative is to develop a solid program underpinned by governance, policies, and a planning methodology that executive leadership buys into. Once that's established, it's time to develop and maintain your plan. In general, it costs more to do this using a DIY approach.

The considerations and worksheets found in this ebook provide a method to compare resources for both the DIY and modern platform options based on your development and maintenance requirements.

Total Cost of Ownership

When comparing DIY options to modern BCM platforms, total cost of ownership (TCO) revolves around two key BCM areas:

- **Creating a methodology:**
Defining a methodology is a critical and somewhat daunting task. When doing it yourself, you start with a blank slate, leading to an often drawn-out and painful development process. By contrast, modern BCM platforms come with baseline methodology templates and tools, which provide guidance and accelerate implementation.
- **Managing revisions:**
Your business-continuity plan needs to reflect any and all business changes. Homegrown applications can't automatically scale or keep up with rapid technological or business changes, even simple ones. In fact, you'll likely find yourself dealing with manual rework and a litany of repetitive tasks for every update.

Most organizations find that modern BCM platforms enable substantially lower TCO. Fill out the worksheet on the following page to determine the potential cost savings of using a BCM platform.



“Total cost of ownership is a comprehensive assessment of information technology (IT) or other costs across enterprise boundaries over time.”¹

¹ [Tech Republic, http://tek.io/1bLtyqw](http://tek.io/1bLtyqw)

BCM Platform Development Cost Worksheet

Developing the planning methodology from a blank slate can require up to 18 months from at least one full-time resource (BC Manager usually).

① No. of Professionals (BCM & Other)		_____
② No. of Months In Development	x	_____
③ = Time & Talent Resource Multiplier		_____
④ Monthly Salary		\$12,500
⑤ = Financial Resources (Hard Cost)		_____
⑥ Time/Talent Multiplier x Hard Cost	=	_____
⑦ Total In-House Resource Cost		_____
⑧ Total Resource Cost for developing an in-house BCM platform		_____



Modern BCM Platform Cost-Comparison Equation

Leading modern BCM platforms include a baseline-planning tool with preset fields and input prompts that streamlines and shortens development of a planning methodology.

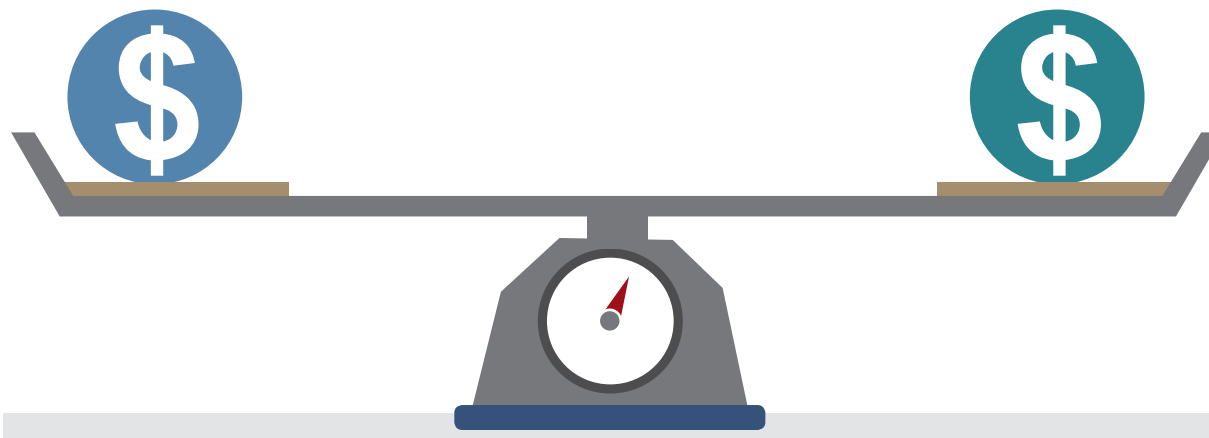
1 Person x 3 Months x \$12,500/month = \$37,500

Total Modern Platform Resource Cost: \$37,500

Total In-House Resource Cost *(Line 7 from page 4)* = _____

– Modern Platform Cost = **\$37,500**

Potential Savings = _____



2

Annual Plan Maintenance & Platform Enhancement

It's critical to maintain and improve your plan over time – but it's a manual and time-consuming task to update it using generic spreadsheet and word-processing tools. Even when using an application developed in house, it may be complex – and impossible – to ensure all updates accurately and efficiently propagate across all systems of record, a requirement for manageable annual planning. On the other hand, **modern BCM platforms substantially reduce the workload associated with annual plan maintenance.** They even provide automatic and ongoing enhancements that improve the user experience and platform performance. Here's how:

1. Calls upon relational databases: Modern BCM platforms automatically update plan changes throughout the BCM platform and in every connected system. In a DIY format, users need to manually change all impacted fields.

2. Provides alerts and guidance:

A modern solution alerts and guides participants outside the BCM function to quickly and easily provide updates when needed for a better quality and more current BC program.

3. Updates automatically:

Modern BCM platforms are often hosted in the cloud, where maintenance and updates occur automatically, offloading the user's IT organization.

4. Scales in a modular fashion: Businesses change much faster than in the past, yet DIY platforms often fall flat in enabling scalability and agility. On the other hand, modern alternatives offer modular building blocks that can be added as soon as an organization needs them.

Fill out the cost-comparison worksheet on the following page to see how these differences add up to significant savings for an organization using a modern BCM platform.



Modern BCM platforms offer modular building blocks that can be added as soon as an organization needs them.

BCM Platform Annual Maintenance & Enhancement Cost Worksheet

Behind-the-scenes functionality and expertise that are standard with a subscription to a modern BCM platform reduces the cost of annual plan maintenance, and improves user experience and performance without internal dedicated resources.



① No. of Professionals (BCM & Other)		_____
② No. of Active Months	x	_____
③ = Time & Talent Resource Multiplier		_____
④ Monthly Salary		\$12,500
⑤ = Financial Resources (Hard Cost)		_____
⑥ Time/Talent Multiplier x Hard Cost	=	_____
⑦ Total In-House Resource Cost		_____
⑧ Total Resource Cost for maintaining an in-house BCM platform		_____

Modern BCM Platform Cost

Leading modern BCM platforms are SaaS, and so maintenance and enhancements are paid for with the user fee. Here, we use \$40,000 as a widely representative example.

1 Annual User Fee = \$40,000	
Total Modern Platform Resource Cost: \$40,000	
Total In-House Resource Cost <i>(Line 7 from page 7)</i>	= _____
– Modern Platform Cost	= \$40,000
Potential Savings	_____



3 Training Administrators & Users

One of the biggest challenges BC administrators face is training end users in both the discipline of business continuity planning, as well as in use of the BCM software tool. Modern-platform templates help reduce costly training because training can be quickly customized and pushed out to trainees to be consumed at their convenience, at their location.



DIY Hard-Costs Equation: Training Plan Administrators

$$\text{No. of Days} \times \$750 = \text{Trainer Cost/Day} \times \text{Trainer Cost/Trainee} \times \text{No. of Trainees} = \text{Total Cost}$$

DIY Hard-Costs Equation: Training Plan Users

$$\text{No. of Days} \times \$750 = \text{Trainer Cost/Day} \times \text{Trainer Cost/Trainee} \times \text{No. of Trainees} = \text{Total Cost}$$

Modern Platform Hard-Costs Equation: Training Plan Administrators & Users

$$\text{No. of Days} \times \$0 = \text{Trainer Cost/Day} \times \text{Trainer Cost/Trainee} \times \text{No. of Trainees} = \text{Total Cost}$$

4

Risk Analysis & Information Gathering

Gathering information manually from various constituents and stakeholders using email, phone calls, or face-to-face interaction is time consuming and error prone. Of course, the organizational engagement and collaboration is critical to capturing and articulating risk. That said, **using an automated data-gathering tool can jump-start the process and reduce**

the time and effort by as much as 75% – all while ensuring comprehensiveness and standardization.

Here’s an example for gathering information from 10 sources. Adjust for your circumstances.

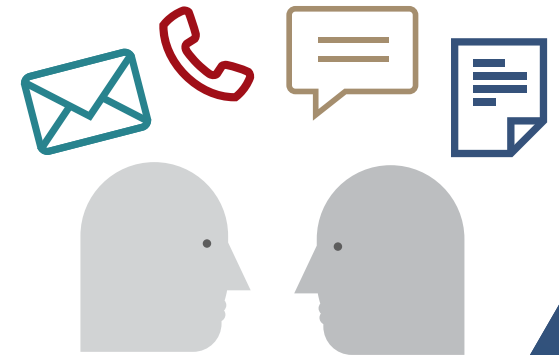
Using an automated data-gathering tool can jump-start the process and reduce the time and effort by as much as **75%**

DIY Hard-Costs Equation: Risk Analysis & Information Gathering

$$\begin{array}{ccccccc}
 10 & \times & 3 & \times & 2 & \times & \$750 & = & \underline{\hspace{2cm}} \\
 \text{Sources} & & \text{Contact or} & & \text{No. of} & & \text{Cost of One} & & \text{Total Cost} \\
 & & \text{Meetings/Day} & & \text{Times/Year} & & \text{Person/Day} & &
 \end{array}$$

Modern Platform Hard-Costs Equation: Risk Analysis & Information Gathering

$$\begin{array}{ccccc}
 \underline{\hspace{2cm}} & \times & .25 & = & \underline{\hspace{2cm}} \\
 \text{Total Cost} & & \text{Efficiency} & & \text{Automated Total Cost}
 \end{array}$$



5 Plan Capture & Change Management

In today's fast-paced world of cloud, virtualization, employee-sourced apps, and mobility, the IT environment is always changing, and BC programs need to change in lockstep. Manually updating plans using batch imports is a costly, error-prone process requiring specialized coding and data management skills.

By contrast, best-of-breed modern BCM platforms use state-of-the-art data integration middleware, making it possible to **automatically manage changes to plans across up to 80 databases.**



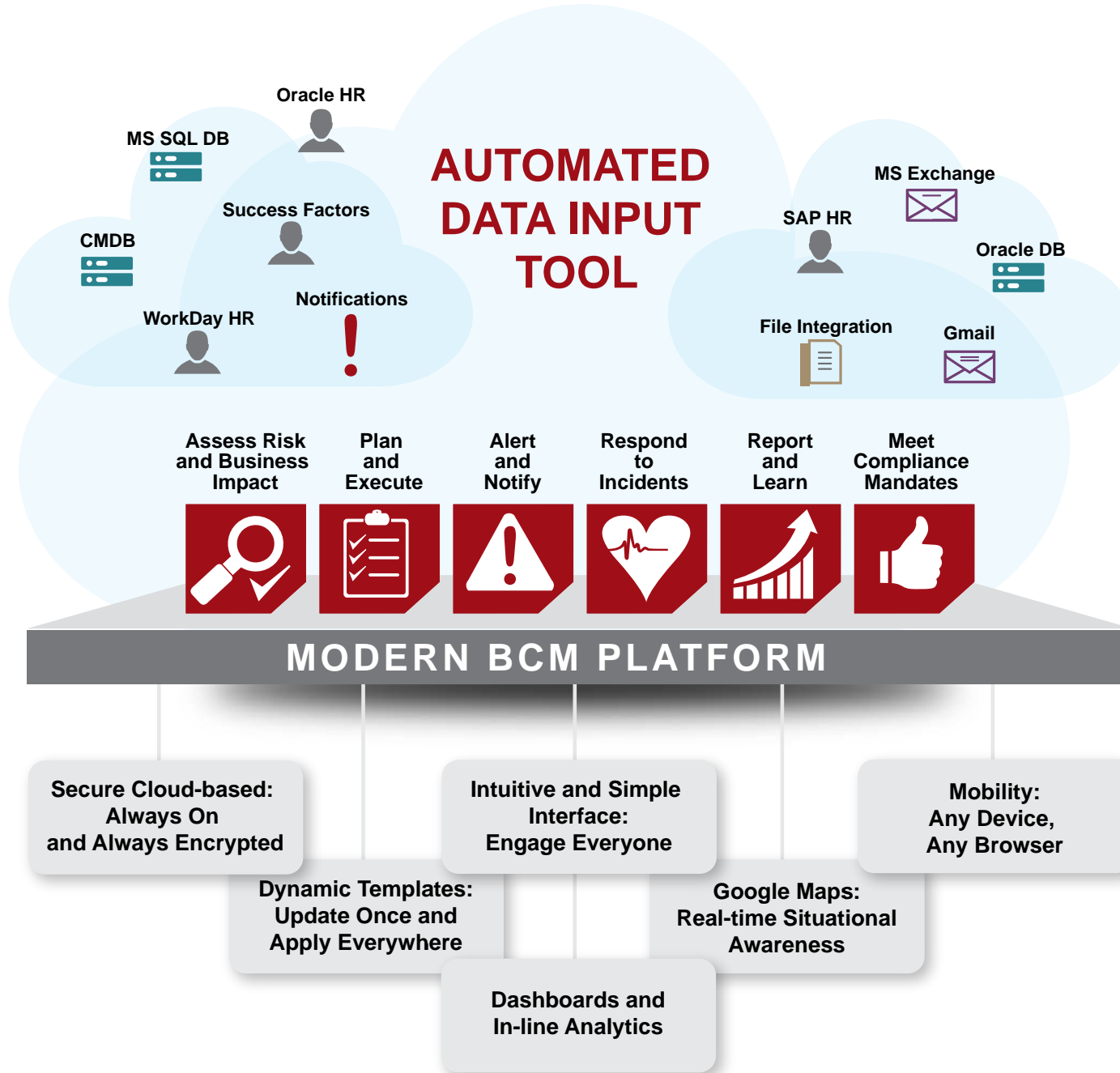
Hard-Cost Comparison: Data Input/Update

	<i>DIY</i>	<i>Modern BCM Platform</i>
No. Of Employees	10,000 +	10,000 +
No. Of Vendors	250 +	250 +
No. Of Pieces Of Equipment	15,000 +	15,000 +
No. Of Assets	10,000 =	10,000 =
Total Records To Import	35,250 ÷	35,250 ÷
No. Of Records/Hour	30 =	20,000 =
No. Of Hours To Enter Data	1,175 x	1.76 x
Cost Of Employee/Hour*	\$15 =	\$94 =
Cost to enter data	\$17,625	\$165

*DIY or manual data management; modern BCM platform=BCM professional

What Enables Automated Change Management?

An embedded cloud-based middleware app connects instantly to a comprehensive list of common enterprise databases (i.e., SAP, Gmail, Salesforce Chatter, etc.). As a result, updates are faster and data is always accurate.



6 Pulling Reports

It can be quite expensive to pull standard and custom reports when you rely on skilled staff. To make matters worse, this cost will increase as the amount of data created and used by enterprises explodes over the next decade.

Consider that it can take three to six months to train an employee to use enterprise business intelligence (BI) tools to generate reports. Add to that the time the employee must then dedicate to using the BI tool: Two months of

full-time work pulling reports for the organization costs roughly \$25,000 based on our sample FTE salary of \$12,500 per month.

Contrast this with the reporting tools embedded in a modern BCM platform. Without any specialized skills or significant training, **employees can search for and sort data, and create a report in minutes.** As a result, the costs above are completely eliminated.



DIY Hard-Costs Equation: Pulling Reports

$$2 \text{ months} \times 1 \text{ FTE} \times \$12,500 = \$25,000$$

Modern Platform Hard-Costs Equation: Pulling Reports

No cost. In-line reporting and ad-hoc querying functions are built in.

Auditing Cost Worksheet

<i>Internal Auditors</i>	<i>Example</i>	<i>Your Calculation</i>
No. Of FTEs On Auditing Team	4	
% Of Time Spent Reviewing Plans	x 10%	x 10%
Salary For One FTE	x \$150,000/Year	x
Time Saved W/ An Automated Tool	x 50% =	x 50% =
Total Potential Cost Savings	\$30,000	

<i>External Auditors</i>	<i>Example</i>	<i>Your Calculation</i>
No. Of Auditors	2	
Time For Review W/O An Automated Tool	x 20 days	x 20 days
Cost Of Time For An Outside Auditor	x \$1,400/Day =	x /Day =
Auditing Bill W/O An Automated Tool	\$56,000	
Time Saved W/ An Automated Tool	x 50% =	x 50% =
Time Cost Savings	\$28,000	
Travel Expenses (25% Of Bill B/F Savings)	+ \$14,000	+
Time Saved W/ An Automated Tool	x 50% =	x 50% =
Travel Cost Savings	\$7,000	
Total Potential Cost Savings	\$35,000	

<i>Employee Interaction</i>	<i>Example</i>	<i>Your Calculation</i>
Time Employees Spend W/ Auditors/Day	3 hours	
Cost Of Employee Time	x \$94 per hour	x per hour
No. Of Days W/O An Automated Tool	x 40 days	x 40 days
Time Saved W/ An Automated Tool	x 50% =	x 50% =
Total Potential Cost Savings	\$5,640	



Auditing: The Profit-Busting Pitfall of Paper

Many organizations require routine audits. How much does your organization spend preparing paper reports for auditors, and how much could it save through automation? Use this worksheet to find out.

Conclusion: Adding It All Up

We've just reviewed the six aspects of BCM plan development, deployment, maintenance, and effectiveness. Now let's take a big-picture look at the cost reduction that a modern BCM platform can deliver compared with a DIY solution.

<i>Estimated Cost</i>	<i>DIY</i>	<i>Modern Platform</i>
Plan Development & Maintenance	\$250,000*	\$37,500
Annual Maintenance & Enhancements	\$137,500	\$40,000
Training Administrators & Users	\$3,750/person	\$0
Risk Analysis & Information Gathering	\$45,000**	\$11,250
Plan Capture & Change Management	\$17,625	\$165
Pulling Reports	\$25,000	\$0
Total	\$482,625	\$88,915

*2 Persons x 10 Months x \$12,500/month

**10 assets

While these costs are estimates, it's apparent that a modern BCM platform requires **less than one-quarter** the hard costs of a DIY approach – and this is without considering potential cost ramifications from an ineffective BCP.

Now that innovation-driven automation has come to business-continuity management, isn't it time your organization consider the cost and efficiency benefits? If business continuity is the ultimate goal, doesn't it make sense to use the best tools available to avoid disruption? A modern BCM platform can fulfill both needs.



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