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## Business continuity management

### Contingency Planning for ERP Cutover Implementation

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# Session Agenda

- BCM consideration in ERP implementation
- Contingency Planning Approach
- Outcome of Contingency Plan
  - *Business Process Workaround*
  - *Contingency Scenarios*

# Business Continuity Value Statement

Regardless of the strategic business initiatives behind an ERP implementation,

- better leveraging technology across the enterprise
- gaining operational efficiencies through standardizing business processes
- improving controls to support business risk management
- adapting the organizational DNA and culture

a robust Business Continuity Management (BCM) program is essential towards realizing these goals and living them beyond the life of the implementation.



Without availability and recoverability elements considered throughout the life of the ERP and beyond your organization may fall victim to many of the common pitfalls that are experienced during this evolution.

# Observations from ERP Implementation Experiences

1. **Application Consolidation:** ERP implementation regularly involves consolidation of legacy applications creating a greater potential Single Point of Failure within the technical environment, this is particularly evident in single-instance architectures.
2. **Business Process Automation & Reengineering:** ERP implementation impact the way an organization conducts their operations and make business processes more reliant on technology (in particular the ERP systems). ERP disruptions have a potential to impact a large universe of business processes (if not the entire operation) and manual work-around capabilities that companies have historically relied upon are less viable in an ERP world.

**“Putting All your Eggs in One Basket”**



# Observations from ERP Implementation Experiences

1. **Interface Complexity:** ERP implementation exacerbates the historical problem in identifying and rationalizing application interfaces and data resynchronization, this is particularly evident in recovery-related situations where ERP interfaces need to be reestablished in concert with legacy.
2. **Integrating Availability and Recovery:** Companies struggle with the concepts and costs of integrating availability and recovery requirements. Many times recovery needs are considered after system design decisions are made, often leading to design or compromise on the recovery solution.
3. **Hardware Reuse:** Companies often want to leverage test and development hardware for recovery, but underestimate the effort involved in repurposing these environments, including incompatibilities.
4. **Disaster vs. Operational Outages:** Processes and techniques for managing disaster events are frequently disconnected from defined incident and problem management processes. A large operational mishap (e.g. mass data corruption) may escalate beyond the control of incident management capabilities, however disaster management is unprepared to respond.
5. **Infrastructure Recovery Perspective:** Traditionally organizations have adopted an 'infrastructure-centric' model for addressing Disaster Recovery and are ill-prepared to respond to highly-integrated recovery solutions requiring tighter coordination with legacy applications and interface restoration.

**“The Pieces Are Hard to Put Together”**



# General Approach to Overcome ERP BCM Obstacles

## 1. BCM Governance and Organizational Models

- ✓ needs to define the availability and recovery of both the legacy and new ERP environment.
- ✓ building the foundational for the 'BCM Program' – the methods to be used, organizational structure, goals, governance and metrics.

## 2. Service Level Availability and Recovery Requirements

- ✓ analyze the business tolerance for potential loss of new ERP environment.

## 3. Business Process Restoration Approaches

- ✓ options for workflow transfer, remote access and offshore support.

## 4. Design Organizational Recovery Awareness and Education Program

- ✓ training and awareness is critical for this cultural adoption.

# Benefits of Proactively Addressing BCM During ERP Implementation

The inclusion of proactive Business Continuity Management methods can help support a number of business goals.

## Minimize Business Disruption



## Improve System Availability

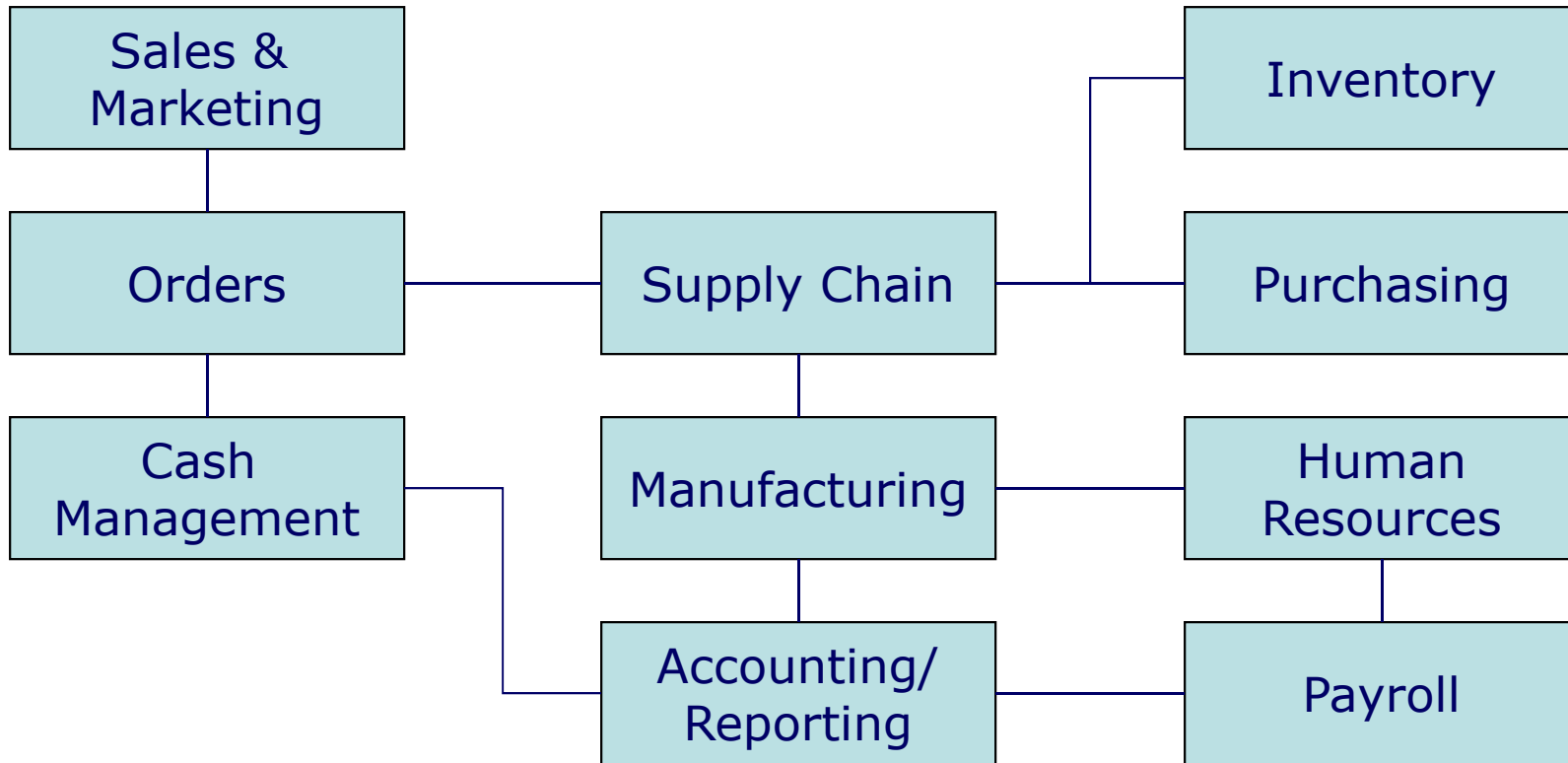


## Manage Business Risk



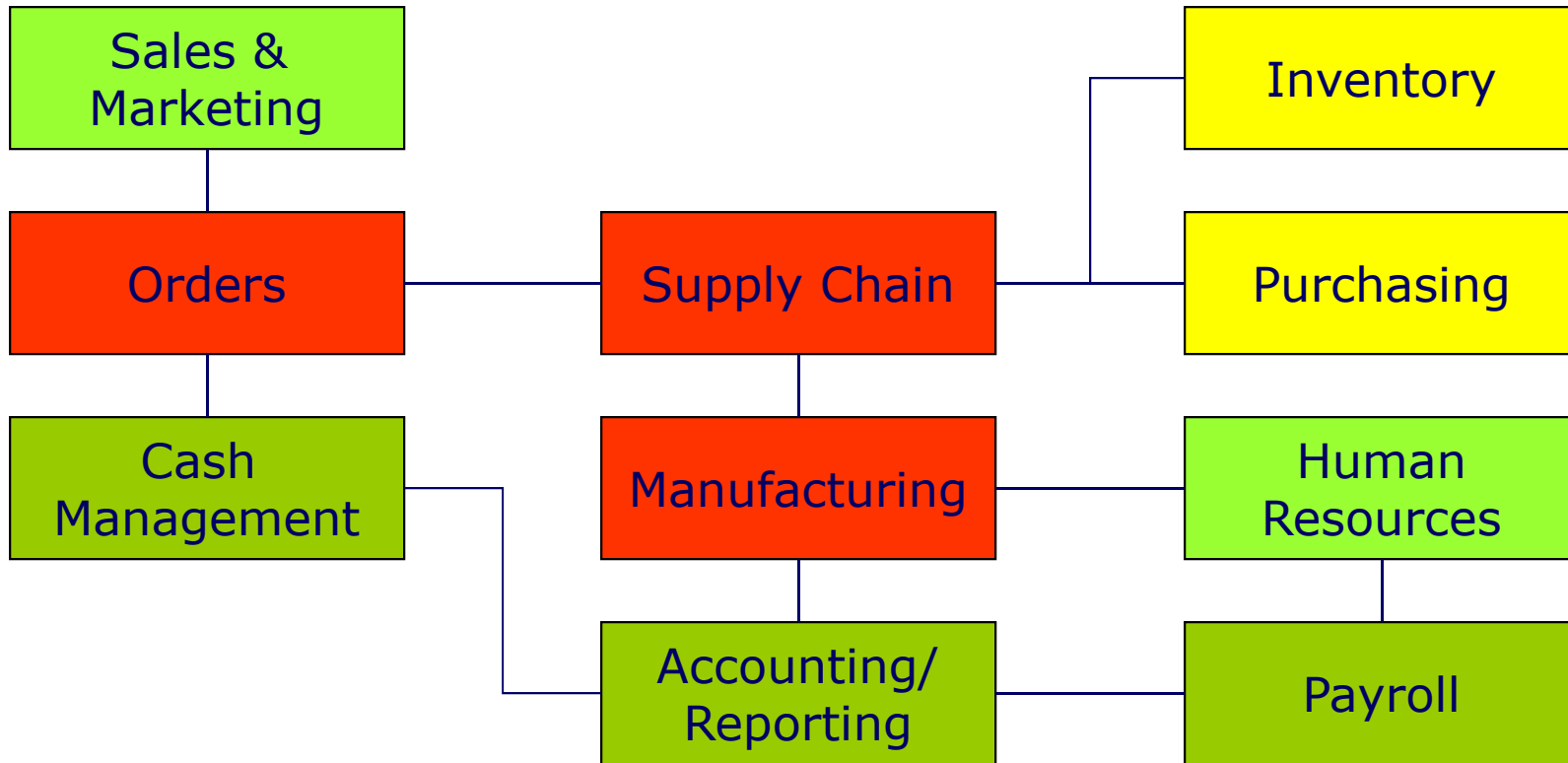
- Availability and recovery capabilities aligned with business needs
- Reduced planned and unplanned operational downtime as well as predictable recovery from large-scale “disaster” events
- Right-sized, cost effective availability and recovery architecture
- Business process resilience to manage workspace, personnel or technical outages
- Common and manageable architectures to simplify availability and recovery

# Recognizing the Business Exposure



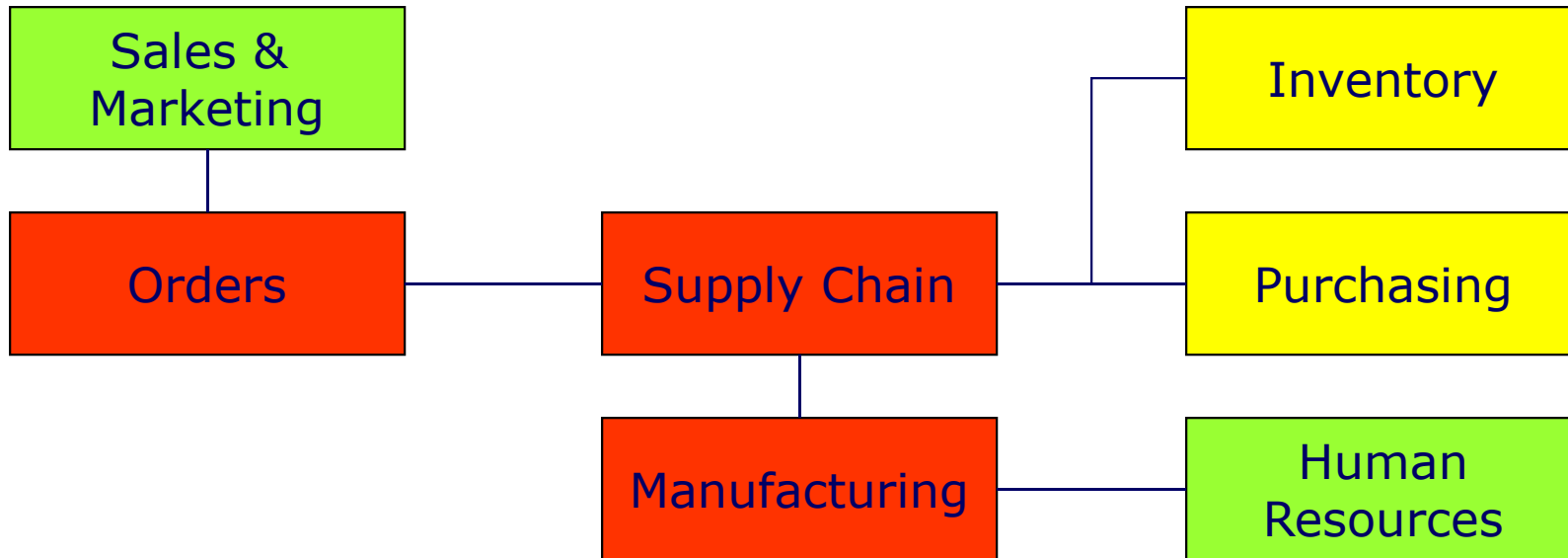
*A typical business contains a number of distinct but interacting processes...*

# Recognizing the Business Exposure



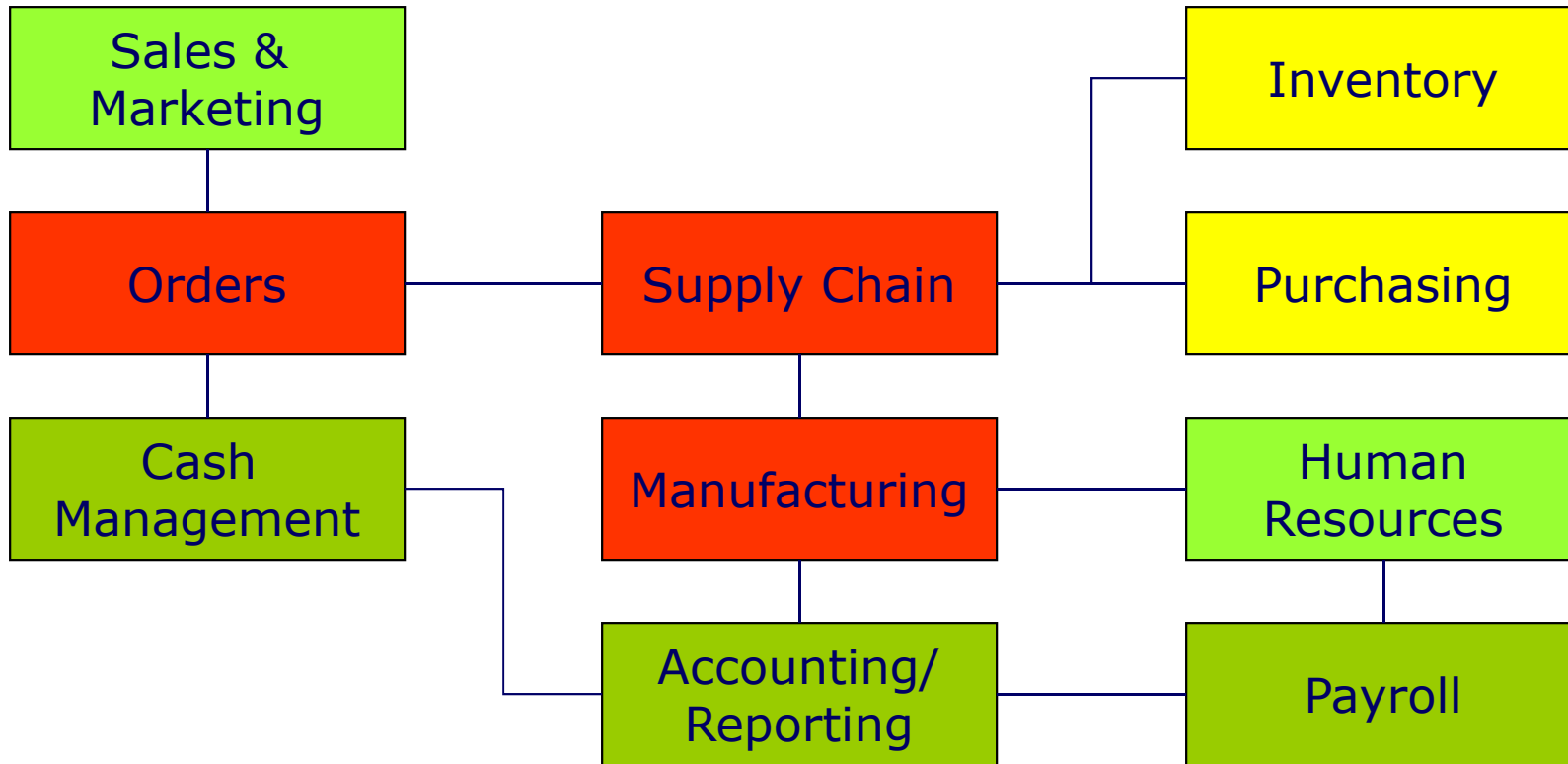
*...With varying tolerances for interruption (RTO).*

## Recognizing the Business Exposure



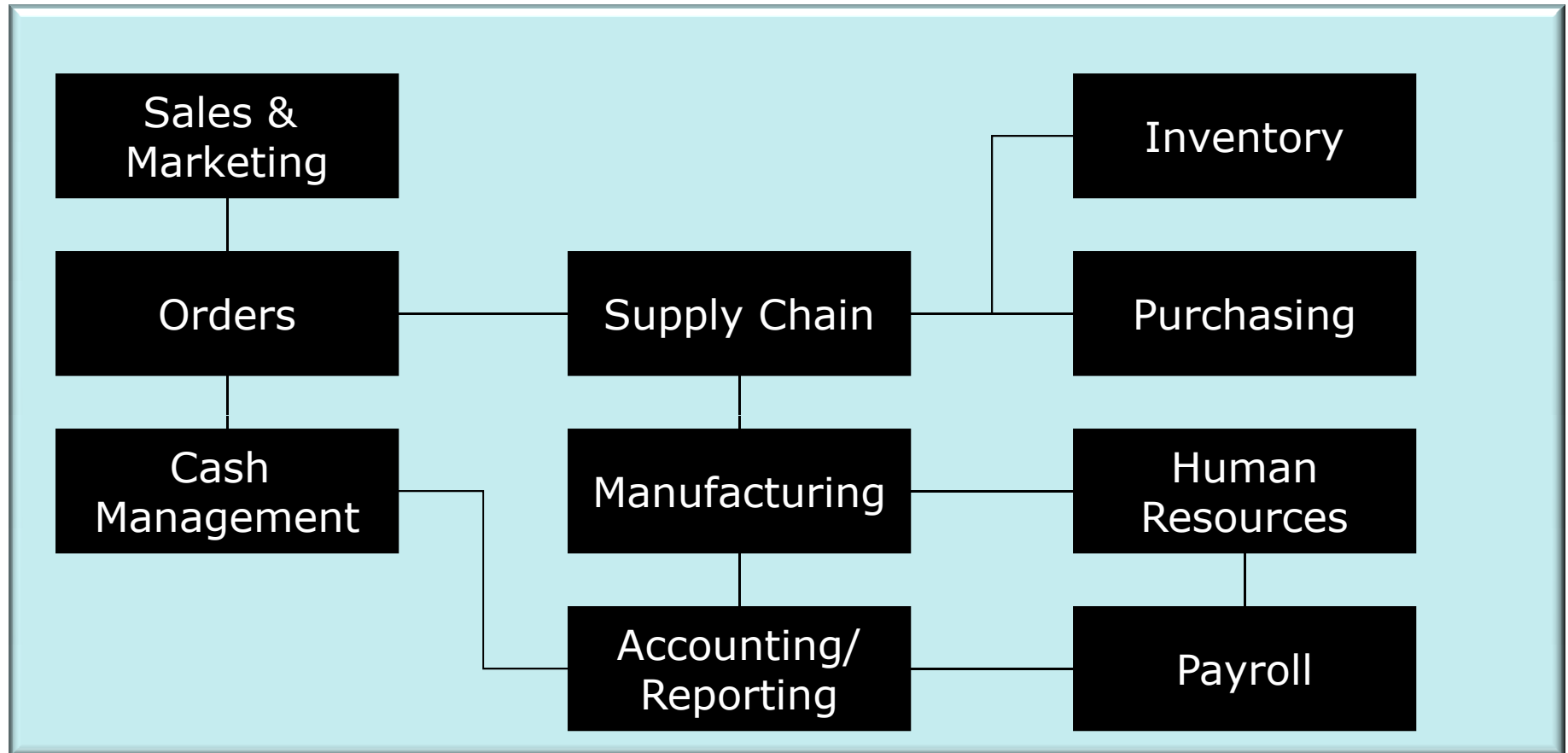
*When each process entailed a separate application set, they could be recovered over time.*

# Recognizing the Business Exposure



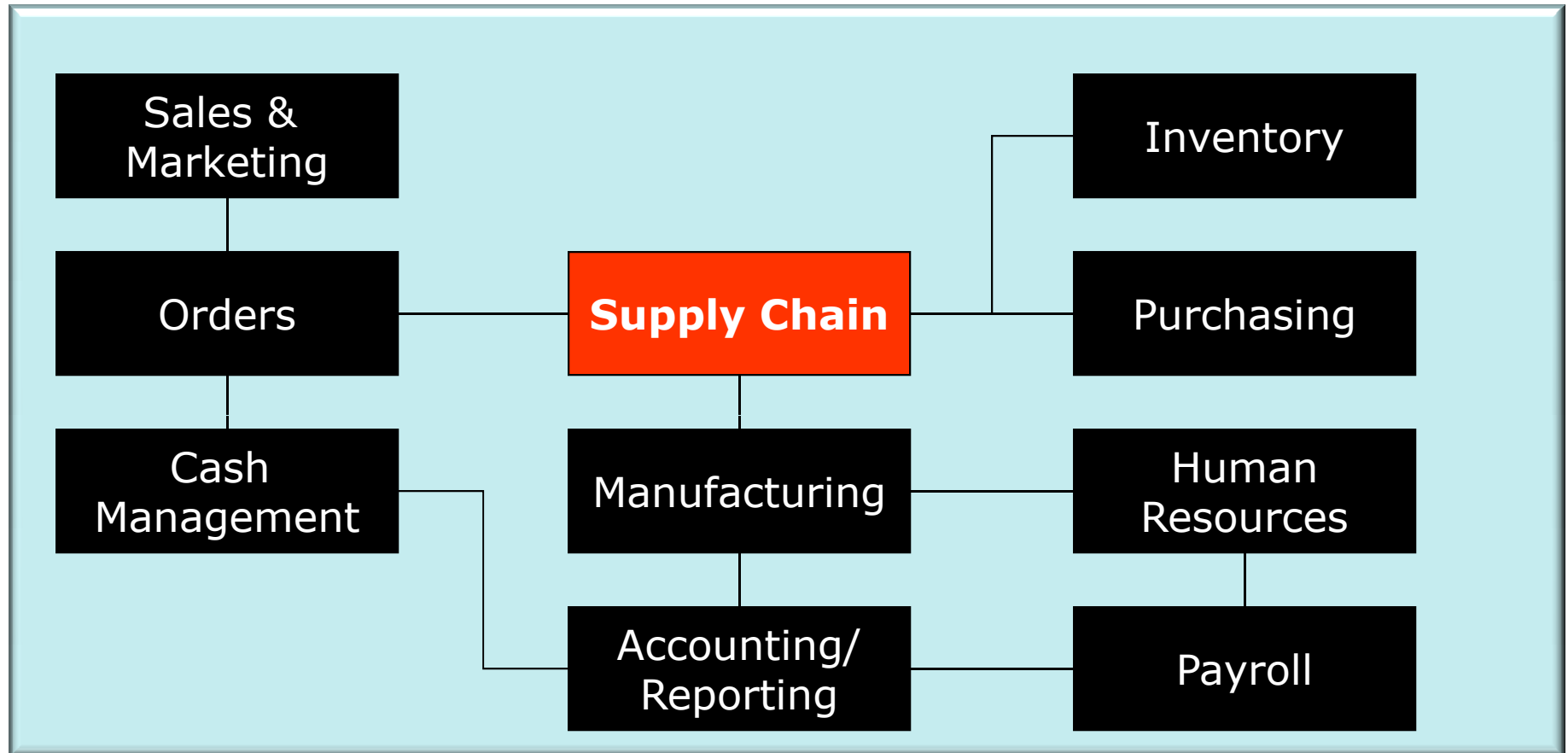
*When each process entailed a separate application set, they could be recovered over time.*

## Recognizing the Business Exposure



*But ERP systems have integrated all (or at least many) applications into one application...*

## Recognizing the Business Exposure



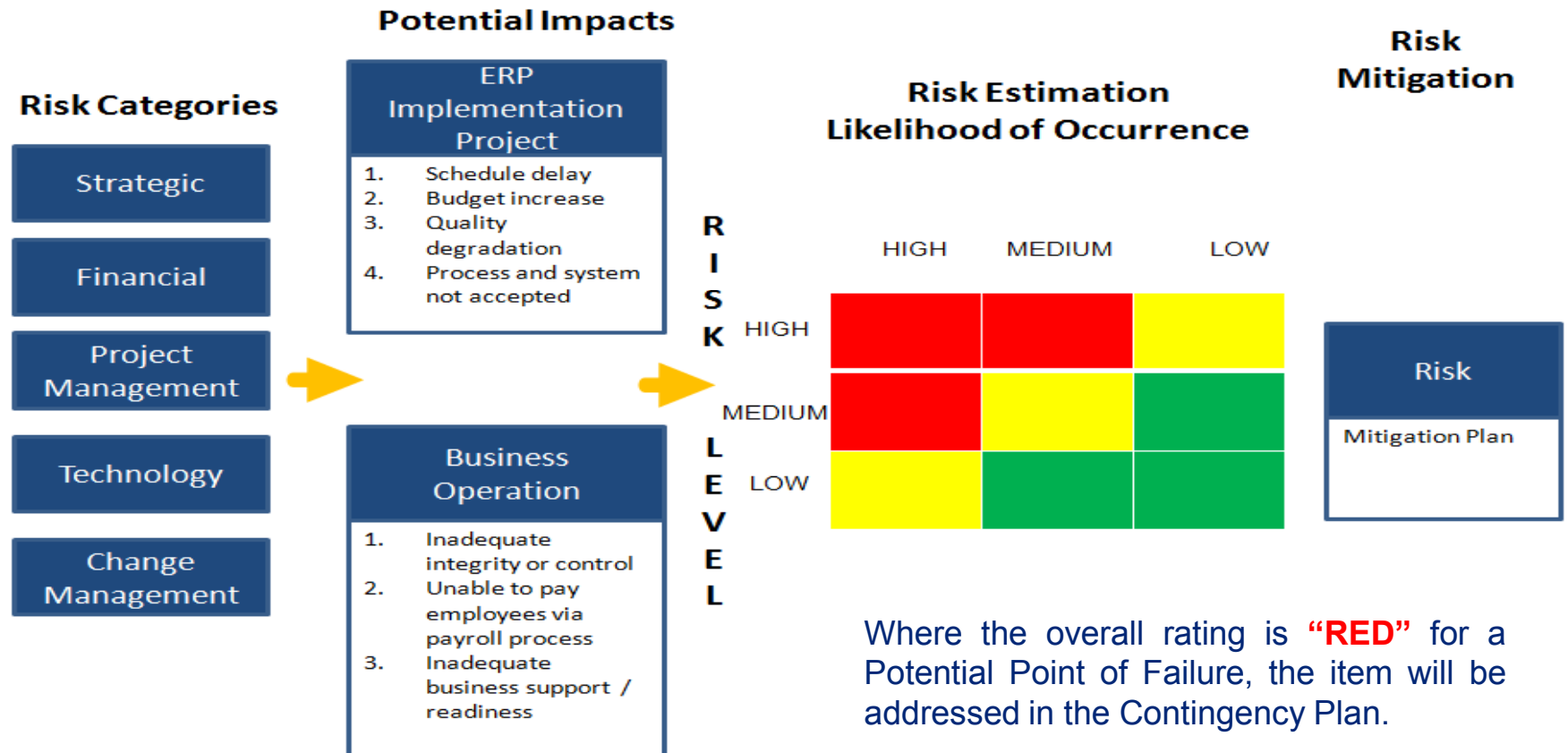
*...And therefore the most critical process dictates the recoverability requirement for all.*

# Contingency Planning Methodology



# Risk-based Approach

## System Design Components



## Business Services Criticality

# Cutover Approach and Contingency Plan Scope

The Cutover Plan is comprised of three major phases:

- Pre-Cutover Activities
- Cutover
- Post Cutover Stabilization and Production Support

The Go-Live Contingency Plan provides for the timely availability of critical business processes following a disruption during the cutover and post Implementation support periods of the ERP Implementation Project.

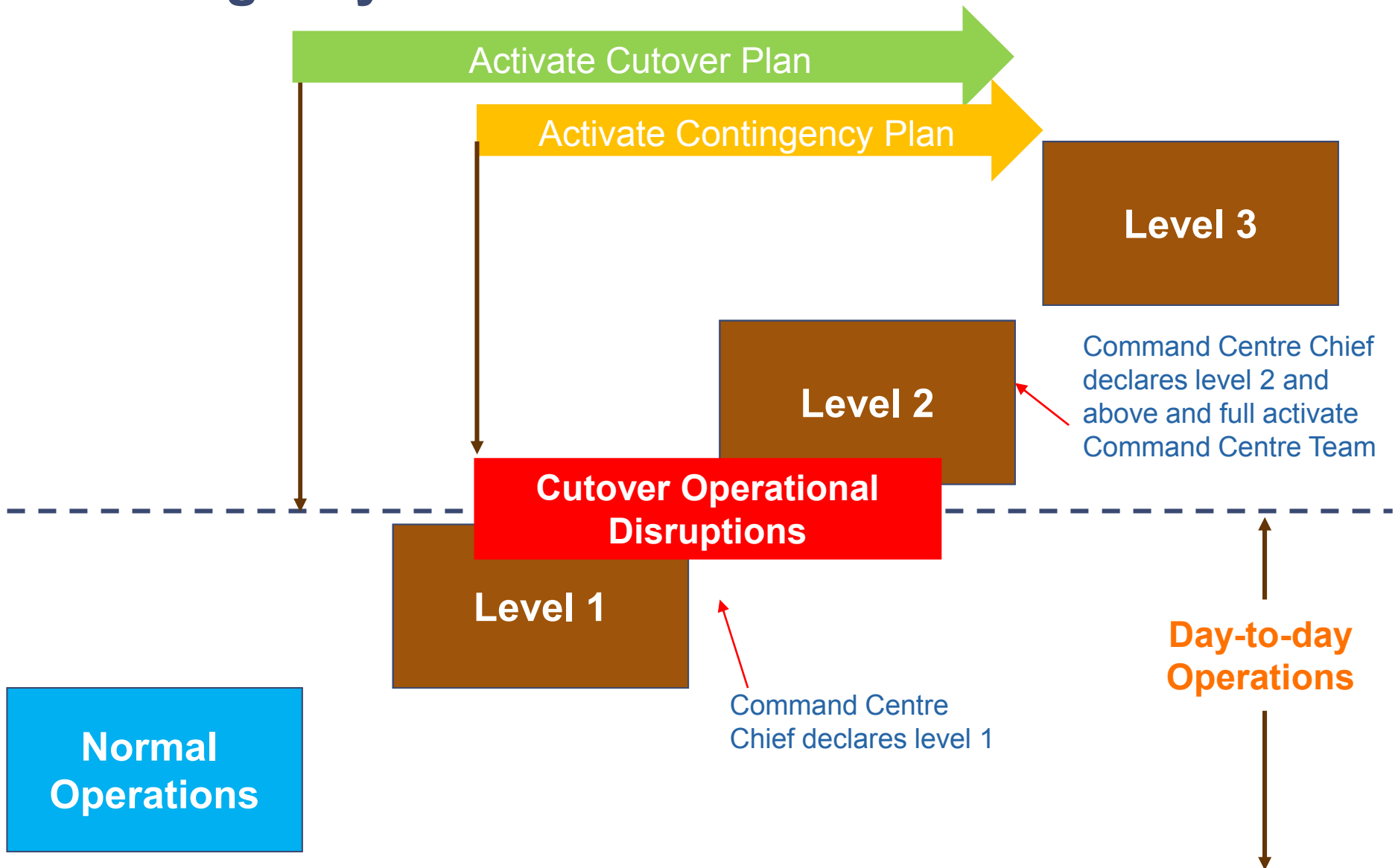
Contingency Planning may involve any of the following types of planning:

- Rollback planning
- Cutover planning
- Business continuity planning
- Disaster recovery planning

# Crisis Escalation Level and Criteria

<b>Levels</b>	<b>Scope</b>
<b>Level 3</b>	Emergent: 1. communication and contingency management support incident
<b>Level 2</b>	Major : 1. communication and monitoring incident
<b>Level 1</b>	Minor : 1. require no immediate support or activation of Contingency Plan 2. handled through non-emergency communication reporting.
<b>Normal Operations</b>	

# Contingency Escalation Flow



# Detailed Business Contingency Plan

## – Workaround Procedures

Business Module	Process ID	Process Name	Risk Rating		Overall Risk Rating	Key Steps (Work Around Procedures)	Leader	Key Resources	
			Risk Likelihood (H/M/L)	Essential Service (H/MV/L)				Name(s)	Task(s)
			H	H					
			H	H					
			H	H					

# Contingency Scenarios (examples)

#	Action	Lead	Reference documents
1	Delay Cutover – Revert to legacy system		
2	Delay Cutover – Extend black out period		
3	Post go-live stop – roll back to cutover		
4	Post go-live stop – suspend, stabilize and restart new system		
5	Post go-live stop due to configuration or data issues – revert to legacy		

# Key components to be considered

1. **Communication**
2. **Business Processes**
3. **Data Conversion**
4. **Interfaces**
5. **End Date User Access**
6. **Technology**

# Questions & answers



# Contact

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