6.13 A Tiered Approach to BC Planning: Relationship of BC and Service Level Agreements

Increasingly, customers are demanding service level agreements (SLAs) for both internally and externally supplied services. SLAs define the minimum acceptable quality of service to the customer (i.e., the minimum requirement that meets the business needs).

The business needs to decide on requirements for availability, reliability, and response from its suppliers. To simplify availability specifications, applications or services can be grouped into tier ratings. Some examples follow – the exact definitions will depend on the individual organization.

**Tier 1** may have a 100% availability requirement – mission critical applications with high value. These justify investment in non-stop infrastructure – replication, resilience, 24/365 support. Recovery could be within 4 minutes.

**Tier 2** could be those applications needing, perhaps a 99.8% availability 24/365, with recovery in 90 minutes.

**Tier 3** could be applications requiring 99.5% availability between 07.00 to 20.00 hours with recovery within 6 working hours.

**Tier 4** could be applications needing 90% availability with a recovery requirement within three days.
More tiers may be added as necessary.

![Tiered Availability Diagram](image)

**Figure 6-4. Tiered Availability**

We recently combined ICT SLA definition with BC requirements for a major construction company in Australia. This approach:

- Aligns technology and other infrastructure strategy with business strategy.
- Aligns technology and other infrastructure with business requirements.
- Justifies infrastructure investment.
- Can also include suppliers, so aligning them with your RTO and RPO.
- Creates linkage between strategy, service levels, and BC.

**Resource Requirements:** Most people underestimate resource requirements for recovery. Often they assume that less capacity is required following a disaster than for normal production operations. In reality, greater capacity may be required – in terms of operational equipment, computing capacity, and telephony.

Greater capacity may be needed for several reasons. Typically, the cumulative workload is underestimated; in fact, many critical processes may have peaks that coincide. Typically, business recovery contracts do not take into account these coincident peaks, but assume an average workload (see Figure 6-5).
Another reason for lack of capacity is that the effect of backlog is underestimated. Jim Burtles, FBCI, was one of the early BC professionals to point out the “backlog trap.” Most enterprises run with a level of backlog. Once operational capacity stops or decreases, the backlog level rises. If the capacity available for recovery is only normal, or less than normal, it will be inadequate to handle the backlog, and an irretrievable backlog situation can arise. This build-up is shown at Figure 6-6 below.

![Figure 6-6. The Backlog Build-up](image-url)
The opposite trap is overestimating resource requirements following disaster. Many organizations will contract to commercial recovery sites or quick resupply services for quantities of equipment that those suppliers simply cannot commission in time. To create such requirements is a waste of subscription fees and excites unreasonable expectations for recovery timeframes that simply cannot be met. Consider the number of people and their skills available to commission equipment and to operate it at an alternate site. How practical is it, for instance, to set up 250 PCs within the first 8 hours following a disaster?

The Business Continuity Toolkit provides an example of a form for identifying resource requirements over time.

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### Real Life Issues

- An insurance company sold profit-making products and loss-making products. In the annual report, new IT applications were said to have substantially reduced losses. We asked which applications had priority, the applications supporting the loss-making products or the applications supporting the profit-making products. This surprised management, which had assumed the profitable applications had priority. After thinking about it, managers decided that, without the application supporting loss-making products, losses could get out of control; thus, the applications supporting the loss-making activities were assigned the higher priority.

- The maximum sustainable loss for a small member company within a large group was said to be $10 million. However, since the group saw the company as strategic, the group determined it could not allow the company to go bankrupt for such a relatively small amount. The actual sustainable loss was, therefore, significantly higher.

- A logistics company asked us to check the BIA on which its BCP was based. The BIA report said it was based on process flows produced by the quality department. When we drilled down to the process flow documentation, the first page had this disclaimer: "In developing these process flows, no account has been taken of dependencies." Therefore, the examination of risk in the company’s RA and BIA was too superficial: dependencies have to be considered.