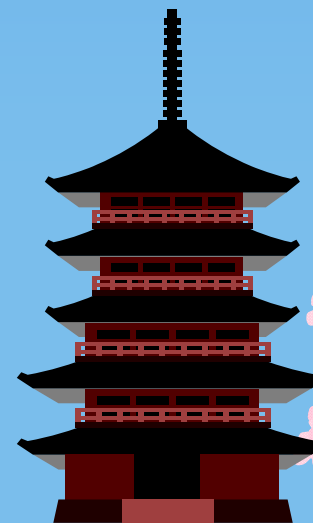




*Characteristics of Japan BCM as
practical differences from US*

2009/10/14
@ IDRiM 2009
in Kyoto



Yoshihisa Ueda
CMA Lab Japan Inc.
(Crisis Management Advisor)

Japan BCP practical differences

- 1. Japan Country Risk Assessment**
- 2. Japan Achieved Actions**
- 3. Japan BCM practical characteristics
Fundamentals**
- 4. Japan BCM practical characteristics
Management/Governance**
- 5. Japan BCM practical characteristics
BCM**

Appendix 1 : Japan Natural Disaster Damage

Appendix 2 : Japan Earthquake in 2008

Appendix 3 : Japan Earthquake 10 Years

Appendix 4 : Japan Historical Big Earthquake

Appendix 5 : BOJ (Bank of Japan) BCM Survey – BCP in place

Appendix 6 : BOJ BCM Survey – Feasibility

Appendix 7 : Tokyo Concentration Risk

Japan Country Risk Assessment

- **Natural Disaster** (refer Appendix 1)
 - Earthquakes (Appendix 3) 9 quakes every day (20% of worldwide over M 6)
 - Earthquake prone country; Building is quake-resistant, but losing utilities is a concern
 - Projected Tokyo metro earthquake (80% possibility within 30 years) estimates 11,000 fatalities and 210,000 injured, \$1 trillion financial loss
 - Typhoon/Rainstorm Used to be major threat
 - Volcano 108 active volcanoes (7% of worldwide)
 - Mt. Fuji's eruption is concern to Tokyo (volcanic ash damage to utilities, transportation, communication)
 - Pandemic Flu
 - Projected impact will be 25million to be infected
- **Terrorism**
 - Domestic terrorism Subway biochemical attack in 1997
 - Political risk N. Korea affairs
- **Tokyo Concentration Risk** (refer Appendix 7)
 - Major businesses (1700 head-office out of 4000 listed companies) locate in central Tokyo

Japan Achieved Actions and Challenges

Most developed in the world

- Well developed disaster prevention and recovery operations
 - regional damages from fires of wooden houses
 - geographical threats for earthquakes (refer Appendix 3)
 - flooding by typhoon intense raining (last week Typhoon #18)
- Well repeated fire drills
- Well repeated earthquake response and search/rescue drills
- Well developed quake-resistant technologies

Challenges toward the BCM

- Business Continuity is challenge to enhance and improve disaster prevention concept
- Excessive difference in BC readiness and preparedness between leading company and followers

Japan BCM practical characteristics (1)

Fundamentals	Japan	US/Global
Disaster prevention (#1)	Developed for natural disaster (experienced earthquake, typhoon storm)	Developed for any disaster (unpredictable disaster)
Risk appetite	Avoid or Escape	Take controlled Risks
Incident orientation (# 2-4)	Trigger event -> Disaster Prevention	Result event -> Business Continuity
Concentration risk (#7)	43% of listed companies in Tokyo Estimated economic loss \$1 trillion	Decentralized
Social infrastructure	Dependency on monopoly like company Prepared for predictable incidents	Diversified suppliers Some old equipments
Anti-quake technology	Quake-resistant bldg. for office and data center	Limited use

(#9) indicates # of Appendix for evidence data

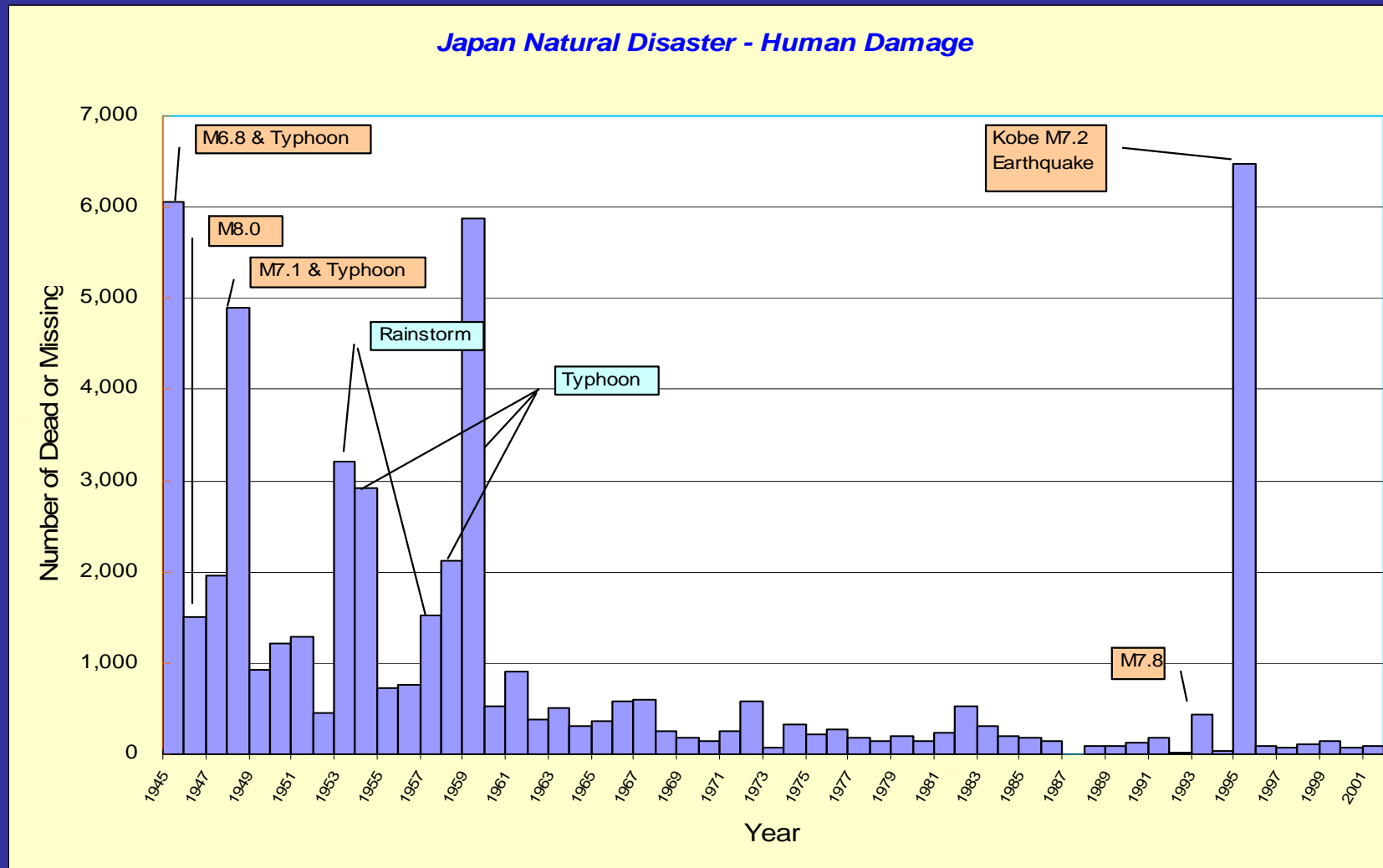
Japan BCM practical characteristics (2)

Management Governance	Japan	US/Global
Governance	Relegate to BCM office BC Plan belongs to BCM office	BCM office manages governance BC Plan belongs to business unit
Resource	Double hats with other jobs Job is not recognized yet	Professional or designated
Self-Assessment	Regular updating not practice yet	Monitoring scheme in place
Decision making	Desire official information	Own decision to meet requirements
Delegation	Limited delegation even at disaster or emergency	Necessary delegation to person in charge or override power
Crisis Management	Reactive Await official orders, to stall social criticism	Proactive Smooth action decision
Standardization	Japan standard not available BCAO's contribution Seek the ISO/global standard	Apply US/UK standard

Japan BCM practical characteristics (3)

BCM	Japan	US/Global
Emergency HQ	Centralized control and command center	De-centralized control and command post
Readiness (#6)	Created Plan has no feasibility	Feasibility confirmed by drill
Drill (#5,#6)	Scripted drill Pending Street-Wide drill JBA conducted WEB based drill	Realistic drill Completed St.-Wide drill
Inter-dependencies	Job belong to individual person, backup is not made	Long vacation makes workable regular backup system
Risk Communication	Safety-reporting implemented	Broadcasting only
System support for BCM	Paper based manual or plan	BCM system implemented
Industry leadership	Expanding Industry Association leadership	Strong Industry Association leadership

Appendix 1 : Japan Natural Disaster Damage



Appendix 2 : Japan Earthquake in 2008

JMA Scale	1	2	3	4	5-	5+	6-	6+	7	Unclear	Total
2008/Jan	59	30	6	1	1	0	0	0	0	0	97
2008/Feb	58	24	5	0	0	0	0	0	0	0	87
2008/Mar	59	24	11	2	0	0	0	0	0	0	96
2008/Apr	64	25	8	5	0	0	0	0	0	0	102
2008/May	89	41	17	3	1	0	0	0	0	0	151
2008/Jun	367	135	54	12	1	0	0	1	0	0	570
2008/Jul	116	36	11	2	2	0	1	0	0	0	168
2008/Aug	86	38	9	3	0	0	0	0	0	0	136
2008/Sep	77	40	13	0	1	0	0	0	0	0	131
2008/Oct	94	26	10	3	0	0	0	0	0	0	133
2008/Nov	68	29	4	2	0	0	0	0	0	0	103
2008/Dec	79	35	15	1	0	0	0	0	0	0	130
12 months Total	1216	483	163	34	6	0	1	1	0	0	1904
Monthly Average	101.3	40.25	13.58	2.83	0.5	0	0.08	0.08	0	0	158.67

JMA= Japan Meteorological Agency

JMA scale is seismic coefficient, different from Magnitude.

JMA scale is better indicator for BCP, instead of magnitude, to represent actual quake strength to be affected to damages.

5+ may cause visible damages and 6 over BCP invocation should be considered.

<http://www.jma.go.jp/jma/en/Activities/inttable.html>

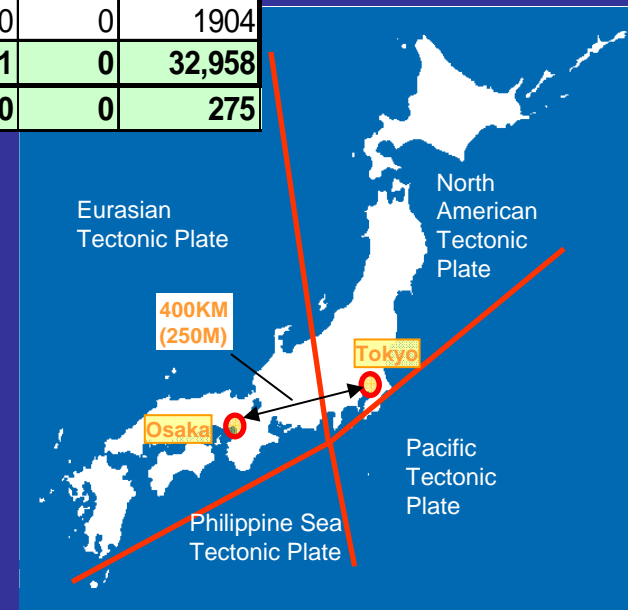
Tokyo : Number of earthquake per JMA scale												
JMA Scale	1	2	3	4	5-	5+	6-	6+	7	Unclear	Total	
2008/Jan	3	0	0	0	0	0	0	0	0	0	3	
2008/Feb	6	2	2	0	0	0	0	0	0	0	10	
2008/Mar	9	4	1	0	0	0	0	0	0	0	14	
2008/Apr	11	5	1	0	0	0	0	0	0	0	17	
2008/May	5	9	1	0	0	0	0	0	0	0	15	
2008/Jun	2	4	2	0	0	0	0	0	0	0	8	
2008/Jul	1	6	2	0	0	0	0	0	0	0	9	
2008/Aug	7	3	2	1	0	0	0	0	0	0	13	
2008/Sep	3	0	1	0	0	0	0	0	0	0	4	
2008/Oct	14	3	0	0	0	0	0	0	0	0	17	
2008/Nov	1	1	0	0	0	0	0	0	0	0	2	
2008/Dec	5	1	0	0	0	0	0	0	0	0	6	
12 months Total	67	38	12	1	0	0	0	0	0	0	118	
10 years ('99-'08)	11567	3431	941	260	19	8	6	0	0	0	16232	

Appendix 3 : Japan Earthquake 10 Years

JMA Scale	1	2	3	4	5-	5+	6-	6+	7	Unclear	Total
1999	641	278	81	20	3	0	0	0	0	0	1023
2000	12211	3975	1133	312	30	8	6	1	0	0	17676
2001	1014	352	110	28	5	3	1	0	0	0	1513
2002	821	309	95	24	4	0	0	0	0	0	1253
2003	1344	573	191	63	2	0	5	1	0	0	2179
2004	1316	619	217	77	12	11	2	2	1	0	2257
2005	1055	486	122	38	4	5	2	0	0	0	1712
2006	862	340	113	25	3	0	0	0	0	0	1343
2007	1351	520	170	48	4	2	1	2	0	0	2098
2008	1216	483	163	34	6	0	1	1	0	0	1904
10 Years Total	21,831	7,935	2,395	669	73	29	18	7	1	0	32,958
Monthly Average	182	66	20	6	1	0	0	0	0	0	275

9 quakes felt every day at somewhere in Japan.
You may have an experience while in Japan.

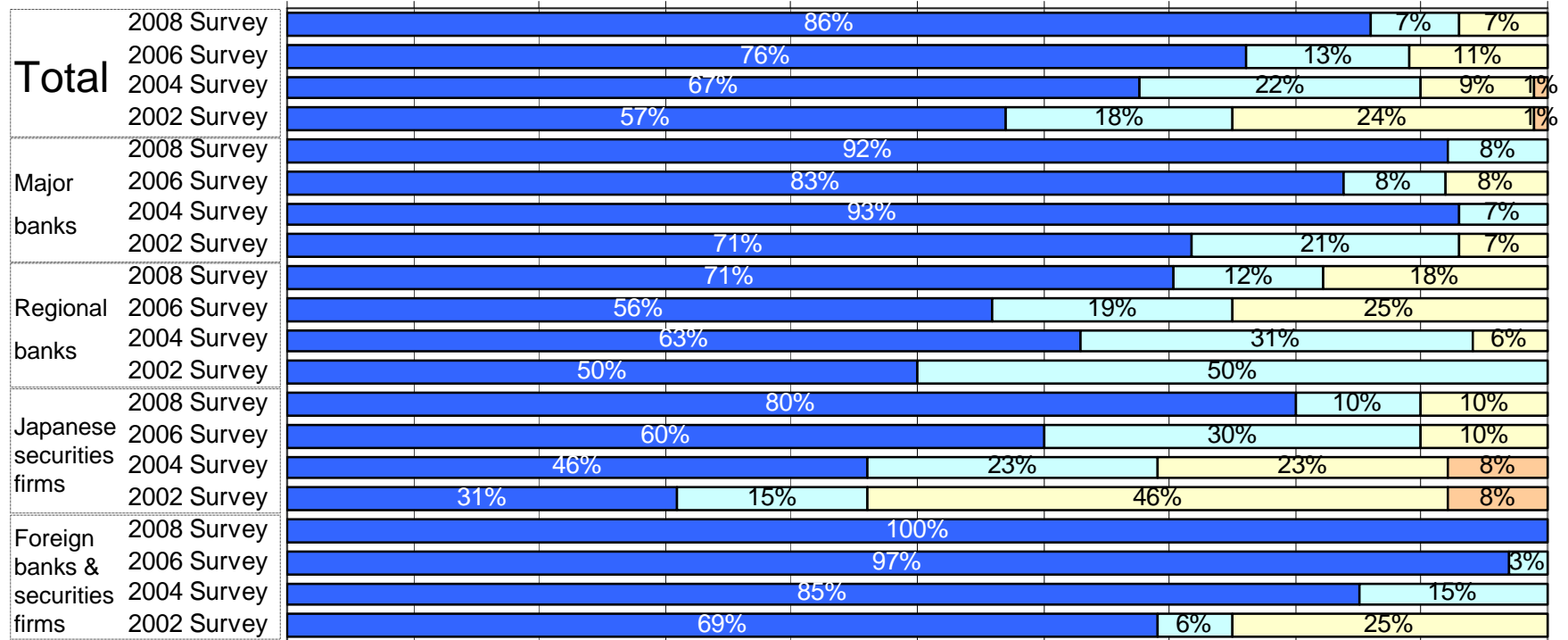
Japan locates at crossing point of 4 tectonic plates



Appendix 5 : BOJ BCM Survey – BCP in place

Institution-wide Development of BCM

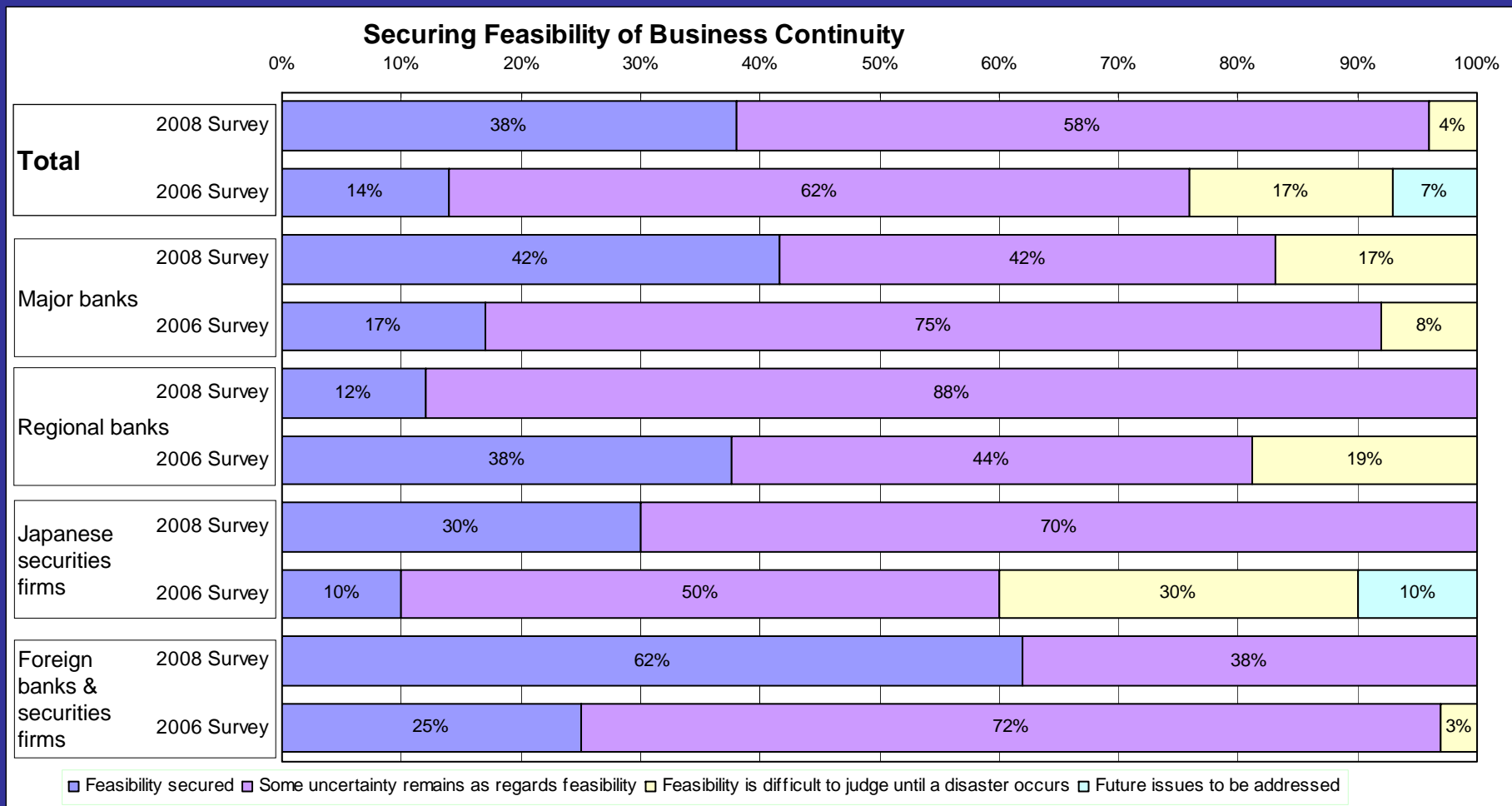
0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%



■ Have established BCM
■ Have established BCM, but revisions needed to adapt to resent changed in organization and/or busienss
■ Are currently developing BCM
■ Have not start to develop BCM

Source: BOJ Reports & Research Papers April 2009
 Questionnaire Survey on Business Continuity Management (November 2008)
<http://www.boj.or.jp/en/type/ronbun/ron/research07/ron0904a.htm>

Appendix 6 : BOJ BCM Survey - Feasibility



Source: BOJ Reports & Research Papers April 2009
 Questionnaire Survey on Business Continuity Management (November 2008)
<http://www.boj.or.jp/en/type/ronbun/ron/research07/ron0904a.htm>

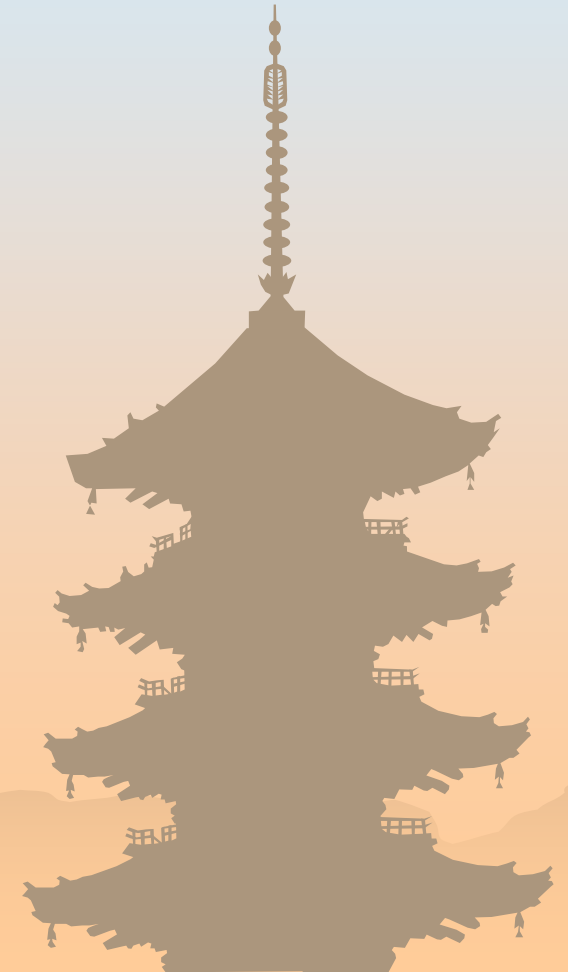
Appendix 7 : Tokyo Concentration Risk



Head-office in
Tokyo 23-Wards
1800 out of 4000
listed-company

Economic loss to
be ¥112Trillion
(\$1T) if historical
size (M7.9 at 1923)
of earthquake hits
Tokyo

*Thank you
Enjoy Kyoto,
the old capital city
of Japan*



Yoshihisa Ueda, CEO
CMA Lab Japan Inc.
03-3500-1051

Yoshihisa.Ueda@cmalab.jp

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