

Japan is Master of Disaster Recovery

'Japan is Probably Most Prepared for What Happened'

Credit Eligible



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In the wake of Japan's devastating
earthquake and subsequent tsunami,
business continuity plans are being
tested, and organizations must prepare
for aftershocks of all kinds.

This is the advice from **Alan Berman**, executive director of DRI International.



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"The next 20 days are key," Berman says, pointing out that Japan saw a magnitude-6.6 aftershock immediately following its historic 8.9 earthquake. Then came the ongoing crisis of **radiation leakage** from the damaged Fukushima nuclear plan.

"Japan, of all countries in the world, is probably most prepared for what happened," Berman says. The next step is to shift critical infrastructure operations away from areas that might be impacted. "You're seeing the shifting of operations from one place to another - the switching of phone networks from one area to another."

In an exclusive interview conducted soon after the initial quake, Berman discusses:

Unique concerns for financial institutions, government agencies and healthcare organizations;

Lessons other countries can learn from Japan's preparation and response;

The **fraud** risks in the wake of the disaster.

Berman, the Executive Director of DRI International, is a CBCP, a member of the ASIS BS25999 technical committee, a member of the Committee of Experts for ANSI-ANAB, a former member of the NY City Partnership for Security and Risk Management and the co-chair for the Alfred P. Sloan

Foundation committee to create the new standard for the US Private Sector Preparedness Act (PL 110-53). Over a career that has spanned 25 years, he has served as a President and CIO for a major financial institution, National Practice Leader for Operational Resiliency for PricewaterhouseCoopers and Global Business Continuity practice leader for Marsh.

**TOM FIELD:** So, in the wake of the tragedy, Al, what are the biggest concerns for organizations that are in Japan now?

**ALAN BERMAN:** I think if you look from the experience we had in Kobe, it's not so much the implications of obviously a tsunami and an earthquake. [They] have devastating consequences, but what we found out last time was Mt. Fuji erupted 20 days after it.

Japan, of all countries in the world, is probably most prepared for what happened. They've been prepared from a construction point of view, even to the point where they have elevated platforms that are structures so people can escape even if they are closer to the shoreline. So, what we are seeing now ... is probably the shifting of operations from one place to another for financial institutions. The switching of phone networks from one place to another. So that people that are in the non-affected areas will be prepared for what comes up on Monday.

#### **Concerns for Critical Industries**

**FIELD:** Al, I wanted to ask you about some of the unique concerns specifically for financial institutions. What are those?

**BERMAN:** Central Bank of Japan is having oversight to make sure that everything is accounted for and that people are in fact using the business continuity plans. So I think for financial institutions, [the events] probably have the least effect believe or not. We are simply in an electronic organization. What you saw in Kobe was that it much more affected Japanese manufacturing.

**FIELD:** Now the other organizations I'd be concerned about are government agencies. Do they have unique concerns at times such as these?

**BERMAN:** DCAO and CMPO work with the Japanese government in emergency response and disaster management, and probably there is no more experienced group in the world, having gone through exactly this a number of times and having learned lessons. So I think what you probably saw ... mostly from the emergency response, evacuation was critical to this process and seems to have gone reasonably well. I don't know what we're

going to see over the next 20 days, but I think that is everybody's concern. You know, we've seen what the initial wave is, but again we're looking 20 days out. We hit the big one, the 8.9 and then we hit the 6.6, and nobody knows if in fact those are connected, because it looks like it took place over two different plates, and we're not sure if there is a connection to the plates. I'm sure somebody by now knows that. I was on a plane, so mine is more supposition then fact, but I think what they are all sitting here saying is, 'How do we shift operations? How do we start to remove people, because they could be gone for a long time?'

**FIELD:** Now, the last area I wanted to ask you about is healthcare organizations. Are there unique business continuity and disaster recovery concerns for those, because again they're a critical part of the infrastructure?

**BERMAN:** Yes, again their experience will help them enormously. Super infrastructure, lots of work on triage, how we are going to do that, the routing of people to hospitals, the ability to evacuate seriously wounded comes all in conjunction with the emergency response plan, one that has been well tested and well documented, and unfortunately well-exercised.

# **Outside of Japan**

**FIELD:** Now, how about non-Japanese regions that are affected by the disaster? We've seen some of that today, but what are some of their unique considerations?

**BERMAN:** Well, obviously we've seen tsunami as it heads for the west coast, but ... I still think that the implications of this for Japan will be felt further from the point. For example, if you take Kobe, the collateral damage done a hundred miles away was the cutting of gas lines and power lines ... So I think you're going to see a lot of collateral damage take place because part of the infrastructure gets destroyed and it depends on what the gas and electric networks are and how they get affected.

## Fraud

**FIELD:** Al, one of the things we have seen in the wake of disasters in the past has been an upsurge in fraud. What are some of the fraud risks that organizations need to consider in a time of disaster?

**BERMAN:** Well, it's obvious that there are a lot of emergency relief funds that will flow into the area, and as we've seen historically there is lots of room for people to misdirect those funds. The Japanese tend to be a lot stronger; a lot more controlled then some of the other countries we've seen. I think that we're going to see is, again a very experienced country, people who are technically savvy, an incredible infrastructure, maybe

second to none at this point, but dealing with earthquakes and tsunamis. I'm less concerned about that. I think you'll see that maybe in a traditional insurance fraud, but not at the same scale that you've seen even in this country, I mean following the flooding in New Orleans. You know we saw a tremendous amount of fraud ,and I worked with state insurance commissioners on working with that, but I'm less concerned about that. I think, I'm more concerned about relief aid coming in and being misdirected.

### **Lessons to be Drawn**

**FIELD:** Al, as you say, Japan has got experience in these areas, but are there lessons that can be drawn from other large scale disasters we've seen recently?

BERMAN: Yes, I think the truth of the matter is making infrastructures more robust is the key to survival of this. The other thing is having places for people to go. We're sitting on coastlines when you see tsunamis, and again the Japanese -- I guess I'm repeating it a lot -- the Japanese are almost a perfect model for this. Even people who are in the countryside have platforms that they can go on, so they can be above the water. The water then flows underneath much of the infrastructure, and then as it drains they are able to come back down. So, I think it is all preparation and they've had good experience with this. You know. it's not going to be the same devastation we've seen in a lot of other parts of Asia, where they're not prepared. And there was advanced warning. We knew the earthquake took place, they knew what to expect. One-hundred foot waves are 100-foot waves; there is no getting around that. But again, this is a matter of the government of Japan stepping up after Kobe and saying, 'Yes, we really do have to be built in a more robust infrastructure.'

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