DRI's 4th Annual Predictions Report

Resilience predictions for the profession by the profession

Predictions can give context to what we do. Continuity and resilience are not abstract concepts – they need a practical set of standards and tools to be valuable.

One way of promoting our relevance to the wider business community is to look at what might happen and evaluate how well we can deal with it to minimize impact. Most professionals will have developed tests and exercises based on scenarios – these give realism, focus, and interest to our resilience programs. Predictions are really an extension of that – a look at the wider world and how such trends and possible events might threaten our ability to respond.

Of course, predictions are also interesting in their own right, and many aren't correct, since no-one can predict totally random events. Sometimes, we miss a major change. Sometimes we correctly assess the direction of a trend but expect it to occur more quickly than it does. When making a prediction, we assume a combination of current trends, assess how technology might suddenly shift capabilities, and then add some expert guesswork. At DRI International, we keep our guesswork portion within the bounds of what is known to be possible, although not necessarily probable – "known unknowns" rather than "unknown unknowns".

10 predictions for 2019

1. Cyber Threats

It seems inevitable that at some point an attack on critical national infrastructure will take place, although the perpetrators could come from a wider group of countries than normally assumed. One known threat comes from Ukraine where an active group has been assessed by intelligence agencies to pose a clear and present danger to critical infrastructure in Central and Eastern Europe. This serves as a reminder that sophisticated threat actors continue to develop and deploy malware against notable targets such as critical infrastructure.

Prediction

A large-scale state sponsored cyber-attack on the Critical National Infrastructure of a G8 country, initially attributed to Russia or China.

2. Supply Chain

The causes of supply chain disruption are the same as any other disruption – accidental error, natural disasters, technology failure, or directly targeted action. For a major incident to occur, it is likely that either data breach or denial of access will be part of the attack, although it may also involve coordinated physical attacks on warehousing, production, or distribution processes. This highlights the importance of employing an in-depth cyber defense strategy coordinated with physical security considerations.

Prediction

A coordinated cyber and physical disruption to the supply of telecom components made in Asia causes chaos in the global cell phone market.

3. Terrorism

The Syrian War, in its current form, is virtually over as Syrian President Bashar al-Assad with Russian support has destroyed most of the rebel opposition. However, many rebel fighters are still at large, and the Kurdish independence question gets no closer to a solution. The humanitarian crisis in Yemen is seen as a failure of the Western powers to become involved. The Taliban are again strong in Afghanistan and Pakistan. There seems to be no reason why frustrations with the West (particularly U.S., UK and France) will not lead to resumed terrorism.

Prediction

Terrorism will make a significent return to western targets with the remnants of ISIS and a revitalised Taliban competing for control. At least one coordinated attack on a large U.S. city and several lone wolf attacks in others can be expected.

4. Pollution & Sustainability

A global awareness of pollution seems to have risen considerably in 2018 and looks set to rise even more. One of the issues that has triggered much anger has been the television exposures relating to plastic pollution in oceans and rivers. The public has also become more aware of the extent to which developing countries are building coal-fire power generation facilties and the resulting rise in carbon emissions. However, much debate and condemnation is unlikely to result in improvement.

Prediction

Plastic waste in the oceans and air polution stoke public anger about sustainability issues. There will be international pressure on India and China to reduce coal-fired power station building programs. Much talk and little action.

5. Business Change

In line with policy announcements from many European governments, most vehicle manufacturers are considering phasing out diesel and petrol (gasoline). Electric technology still has many challenges, but smaller manufacturers might see that is their opportunity to get ahead of the competition and create a dominant niche for themselves.

Prediction

Leading European car manufacturer stops development of gasoline and diesel cars to concentrate on electric vehicles.

6. Flooding and Extreme Weather

With increased attention to climate change and sustainability issues and particularly heavy flooding in 2018, it is inevitable that many assume a direct connection between climate change and the apparent increase in flooding incidents. A related issue is to consider the changing balance of where populations live. As most countries move from a rural economy to an urban one, more and more of the population lives in larger cities. When a hurricane or similar event hits a major city, the consequences are severe. Tokyo experienced many typhoons in 2018, and authorities have struggled to cope.

Prediction

Major flooding on U.S. East Coast leads to severe Boston-Washington Corridor business disruption.

7. Financial Crisis

The major economic concern is the U.S. "trade war" with China and, to a lesser extent, with the EU. Should this escalate and continue for an extended period, a global economic downturn is likely. Countries will retaliate, leading to more protectionism and less free trade. It will not stop globalization, but it will hinder it in the short term. Predicted interest rate hikes in the U.S., EU, and UK also may affect investment flows and reduce investment in emerging economies. China will inevitably take up any opportunities this might create, but its own growth rate looks set to fall.

Prediction

A U.S. financial downturn triggered by selling of over-valued tech stocks – combined with reduced growth in China and Brexit generated chaos in Europe – leads to a global financial crisis.

8. Middle East

Although the war in Syria is virtually over, lasting peace is unlikely, as the various winning factions dispute how to govern in future. Saudi Arabia is looking more vulnerable to external pressure given its ambitious 2030 agenda. Its role in the Yemen war has not been popular in the Arab world and caused more than normal levels of dissatisfaction domestically. Iran, despite U.S. sanctions being re-introduced, sees an opportunity to take regional leadership. As always, Turkey is a key player in the region.

Prediction

In the Middle East, regional conflict will continue with no lasting solution to the Yemen civil war and power struggles over the future political and economic managementof post-war Syria. Turkey will become the major player as relations with Saudi deteriorate and Kurdish pressure for independence increases.

9. Latin America

The election of Jair Bolsonaro in Brazil is likely to create a period of uncertainty and chaos across the country which might spread to Argentina and other Latin American states. There is no likely respite from the humanitarian and economic disaster in Venezuela. Small countries such as Guatemala and Honduras have endemic poverty driving much of their population to try for legal or illegal entry into the United States.

Prediction

Political upheaval in Brazil, economic problems in Argentina, and a migration crisis in Venezuela leave severe unrest and economic problems across Latin America.

10. Far East

The South China Sea dispute will escalate with China taking more and more control. The area is strategically important for control of shipping lanes as well as the rights to fishing areas and the exploration and potential exploitation of oil and gas reserves.

Prediction

China expands its domination of the South China Sea amid protests from the Philippines, Indonesia, Malaysia, and Vietnam. Heated debates at the United Nations, but no action taken against China.

Each year sees certain threats and challenges gain global traction, media coverage, and public interest. Although political upheavals, natural disasters, terrorism, corporate failures, and IT interruptions happen every year, there is typically an overriding predominance of one type of issue. In 2016, it was political shocks and the escalation in world tension. In 2017, it was the vast number of individual and relatively small-scale terrorist attacks by random jihad-inspired activists often using vehicles as a weapon. It is likely that 2018 will be remembered for the unprecedented level of natural disasters worldwide.

Our predictions are based on the research and opinions of a range of highly-experienced professionals who make up the DRI International Future Vision Committee. The knowledge of the committee is supplemented with an extensive review of expert opinion from a variety of published sources.

How good were our predictions for 2018?

You be the judge. Here are our predictions for 2018 compared with what actually happened during the year.

1. Information Security/Cyber

Prediction — Medical facilities will become targets for cyber-attacks as more and more medical devices become IoT enabled. Some large hospitals will experience significant disruptions and the functioning of critical medical equipment will be compromised by weak security.

Actual — Medical facilities remain an attractive and vulnerable sector for cyber-attack and we have several examples of organizations that suffered in 2018. These include: Texas UMC Health Systems (18000 patients records breached), PHI (8400 breached), Alice Hospice, Sunspire Health and UPMC Cole.

There have been fewer media headlines about data breach in 2018 than in 2017, but those at British Airways and Facebook certainly got attention. However, most commentators do believe that data breaches have increased by more than 30 percent, even if they have been less-widely reported. In the U.S., there were major issues for the City of Atlanta and with a major water and sewage authority. In Europe, it is claimed that there has been a significent increase in incidents, although most firms are reluctant to divulge details. A serious attack took place on the UK based TSB Bank which ultimately lead to the departure of its CEO and other senior exceutives.

2. Stricter Data Protection and Privacy Regulations

Prediction — Some major global technology companies will fail to comply with the demands of GDPR and will be prosecuted, thus facing heavy financial penalties and extremely negative media coverage.

Actual —It was probably too soon for this prediction as GDPR only came into force in May, and the regulators are being flexible in the early implementation period. British Airways is under investigation following its serious data breaches during the period since GDPR and might be heavily fined. UK-based Tesco Bank has been fined £16.4m by the domestic Financial Conduct Authority for failings surrounding a cyber-attack on its customers in November 2016. Under GDPR, this could have been considerably higher.

The legislation is being closely watched elsewhere. Recently, Australia expressed interest in adopting GDPR-like regulations, and Canada is also likely to do so given its EU trade deal. In the U.S., the State of California has introduced similar regulation to GDPR and will have strict requirements for IoT in 2020.

3. Technology Failure

Prediction — A leading international company will suffer an extended and very costly business disruption due to a basic IT failure. The cause will be human error, inadequate training, or lack of management risk awareness.

Actual — Visa Europe failed for eight hours during a busy summer shopping period. The credit card is the largest payment method in Europe, accounting for 30 percent of all transactions in some countries. It is reputed to process 65,000 transactions per second.

Spanish-owned, UK-operated TSB Bank had a major technical problem with a change to its banking platform. It experienced both severe outage and a criminal cyber-attack. Financial and reputational damage was extensive, ultimately leading to the removal of the chief executive and other senior staff involved with the fiasco.

The Australian emergency service (000) was taken out for two hours due to a lightning strike incinerating equipment. The lightning activity and a subsequent fire severed internet fiber links.

4. Supply Chain Disruption

Prediction — A severe weather event will affect a key part of the electronics supply chain, most likely battery components common across all brands.

Actual — Although we have no recorded incidents of battery supply chain failure in 2018, one incident demonstrated the danger to company profits and reputation of poor supply chain management. Global fast food chain KFC had major issues when changing chicken suppliers – deliveries were interrupted, causing stock to run out. The company had to shut down most of its 600 UK outlets for six days. On the upside, KFC's crisis response was very effective, using the media to apologize, thank staff, and even promote the brand. While it worked for a fast food chain it would not for a business supplying essential products.

5. Flooding and Extreme Weather

Prediction — The 2018 hurricane season is likely to be at least as intense as that of 2017, with the Caribbean islands and southern U.S. states hard hit. Smaller islands will be totally dependent upon international support and the work of relief agencies.

Actual — Flooding was a main feature of the year. The hurricanes and tropical storms that hit the U.S. and Central America were less dramatic than in 2017, but they were more frequent and still very damaging. Among these were Alberto, Florence, Michael, and Willa. Florida and the Carolinas were particularly badly impacted. Asia Pacific experienced catastrophic levels of flooding in Japan, the Philippines, Fiji, Indonesia, and Hawaii. India had serious problems in mid-year. Early in the year, Central Europe suffered some of its worst floods for many years, and in late summer so did some parts of France and the UK. Dramatic pictures of a flooded St. Mark's Square in Venice added to the overall perception of the year.

By contrast, much of Australia is gripped by drought, with another El-Nino cycle (hot, dry conditions) expected for early 2019.

6. Terrorism

Prediction — Terrorist attacks will focus on markets, shopping centers, places of worship, schools, sporting events, hotels, concert venues, and airports. Transport systems will be targeted, with airports and train stations increasingly at risk.

Actual — Terrorist attacks against Western targets did not occur apart from one isolated vehicle attack in France. Globally there were only three attacks (at press time) in which more than 100 people died, and these were in Afghanistan, Pakistan, and Syria. The weapon used in all cases was the suicide bomb. Hundreds of smaller incidents did occur across Asia, Africa, and to a lesser extent Latin America. Most reported attacks were in Afghanistan, Pakistan, India, Nigeria, and Somalia – which mainly reflected tribal and local conflicts rather than global terrorism.

7. Social Media

Prediction — Social media platforms will be designated "publishers" in some countries, which will force them to exercise the same level of editorial control over their output as conventional media.

Actual — This issue has generated wide debate in most democratic countries, particularly with the claimed interference of social media giants in the political process. In particular, Facebook experienced continuing issues with security and unethical use of customer data. In September, over 50 million accounts were compromised, and the fallout of the Cambridge Analytica scandal which implicated Facebook in voter manipulation continues to trouble the company.

However, there has been limited regulatory or legislative action, and most large tech firms have tried to take internal steps to improve content control. The Financial Trade Commission (FTC) are active in this and working closely with European regulators. However, the concept of what is "fake news" has become the major issue, the term being used by almost anyone to describe anything wiith which they disagree. Although negative social media can damage businesses, the involvement of resilience professionals seems to be restricted to providing a process to help with crisis communication response.

8. Natural Disasters

Prediction — Expect to see more volcanic action than normal, following the eruption on Bali. Some predict that Europe will see some volcanic action around Naples. There appears to be a period of critical seismic activity in South America; therefore, expect more shocks across that region.

Actual — Natural disasters around the world have occurred at an unusually high rate in 2018. Each month, there have been notable disasters – earthquakes that demolish whole cities, wildfires that burn thousands of acres, as well as cyclones, tornadoes, typhoons, and hurricanes that cause intense flooding over massive areas.

Whether raging wildfire, violent rain, volcanic eruption, or powerful earthquake, the full impact of a natural disaster is enormous and almost immeasurable. High death tolls and destroyed communities also create political, social, and economic turmoil. They impact business communities, local and state authorities, federal government resources, in addition to the population.

Many experts predict that 2018 will be seen as a record year for natural disasters. Earthquakes were more prevalent than normal, but volcanic activity was not excessive. The worst eruptions were in Guatemala and Hawaii. Indonesia experienced frequent volcanic and seismic activity that looks to continue into 2017.

9. Financial Disruptions

Prediction — There will be no global financial crash in 2018, but there will be some retrenchment in Europe as Brexit comes closer and uncertainty about future investment increases. Asian economies will grow the fastest, followed by North America, and Australia. Africa, South America, and Europe will lag behind.

Actual — There was no financial crash or even a mild recession in 2018. The U.S. economy was heavily stimulated by business and personal tax cuts combined with low interest rates. This acted as a catalyst for growth in the rest of the global economy, although some market corrections have emerged later in the year. Europe performed better than expected, South America worse than expected. Many economists are, however, concerned about 2019 as growth slows and the impact of trade disputes are revealed. China is still growing at a respectable 6.5 percent per annum, down on the early years of its expansionist phase but well above western growth rates. The uncertainties of Brexit have not had any serious negative economic impact on either the EU or the UK, but this may change if the process becomes extended or no agreements can be reached.

10. Political Instability

Prediction — Saudi Arabia's crown prince, Mohammed bin Salman, will tighten his grip on power. The Saudi conflict with Iran will dominate its foreign policy and some form of unofficial, unconventional alliance with Israel might be possible given the common threat they perceive from Iran.

Actual — A year of uncertainty and continued conflict in some areas was partially balanced by a reduction in immediate tension across the Korean peninsula. However, many other old conflicts remain and show little sign of abating. There was an escalation of violence between Israeli forces and Palestinian protesters in the disputed territories with no sign of any peace proposal on the table. The U.S. increased its political support for Israel, withdrew its support for the Iran nuclear deal, and entered into contentious top-level dialogue with Russia and North Korea. The Khashoggi murder created pressure on Mohammed bin Salman, although he seems likely to remain in power. This episode, together with increasing condemnation of Saudi tactics in Yemen, is putting an unwelcome spotlight on the kingdom. However, while it continues to be supported by the U.S., UK, and France, it seems unlikely that significant changes will occur.

This Predictions Report is produced by the DRI International Future Vision Committee (FVC). It was prepared in conjunction with the Fourth Annual Global Risk and Resilience Trends Report, published in November 2018. To download these and other DRI resources, visit drii.org.

About DRI International

DRI International is the non-profit that helps organizations prepare for and recover from disasters. This is achieved through education, accreditation, and thought leadership in business continuity and related fields. Founded in 1988, DRI has more than 15,000 certified individuals in 100+ countries, and 94 percent of all Fortune 100 companies employ DRI Certified Professionals. In addition to certifying individuals, DRI assesses organizations to determine resilience and offers organizational accreditation.

As a recognized expert resource, DRI acts in an advisory capacity to organizations and government institutions worldwide, helping to develop professional standards and promote greater resilience. DRI is a member of the United Nations Office for Disaster Risk Reduction's (UNISDR) Private Sector Working Group ARISE Initiative and was on the business and industry delegation to the negotiations of the Sendai Framework for Disaster Risk Reduction. DRI is also an ANSI-accredited Standards Development Organization, a CQI and IRCA Approved Training Partner, and an International Organization Liaison Observer to ISO/TC 292 for standardization in the field of security to enhance the safety and resilience of society.

To further its outreach efforts, DRI introduced the 501(c)(3) non-profit Disaster Recovery International (DRI) Foundation. The Foundation's mission is to promote disaster risk reduction through partnership and education, as well as aid recovery efforts through fundraising and volunteerism. The Foundation is also committed to supporting veterans through the Veterans Outreach Program.

For more information, visit our website or contact a representative today.
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