Business Continuity and Bird ’Flu

Robert Marks
SM 1

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A central component of the firm’s risk management.
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Usually, to mitigate the impact of sudden failure of critical infrastructure

➢ To maintain critical operations, and
➢ To recover critical operations.
A Framework for BCP:
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- Capital Markets: equity or debt.
Three Vulnerabilities ...

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Disruption of means to conduct business (e.g. IT), as well as supplies and demand.

An Avian ’Flu Pandemic (AFP) affects not only the externals, but also the internals — geographical spread is no insurance against an AFP.
Look Within, Not Outside

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2. Better to look within the firm/organisation and ask: what do we do, and what do we want to keep doing?  
   How?
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5. Group and rank these actions, and decide which to undertake now.
Perceived Threats to Business and Society

1. Computer-based risks: 6.0
2. Foreign trade: 5.3
3. Corporate governance: 5.2
4. Operational/facility: 5.2
5. Liability risk: 5.1
6. Regulatory regimes: 5.0
7. Consumerism: 5.0
8. Natural disasters: 4.7
9. Accounting rules: 4.6
10. Terror – CBD: 4.4

Source: Swiss Re Corporate Risk Survey 2005: “How concerned are you about various risks affecting your company?” (0–10)
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So far we have 2. and 3. We await H2H.

Each pandemic is unique, but we only have historical data to go on.
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- The SARS outbreak in 2003 estimated to have cost about 0.6% (USD$18 bn) of affected countries’ GDPs (Bloom et al. 2005).
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∴ We should plan for the possibility of an Avian ’Flu Pandemic (AFP).
Uncertainties..

There is considerable *epidemiological uncertainty* about how many people will be infected and the severity of the disease, and *economic uncertainty* about how an outbreak will affect economic activity.
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Affected by:
- public health measures, private hygiene,
- the responses of businesses,
- the responses of people, and the extent to which people panic.
Profits for Disaster?

These industries will sell more:

- Medical masks, wipes, and hand-washing liquids.
- Long-lived foods, for storing.
- Off-grid energy supplies.
- Ionisation to destroy air-borne pathogens.
- Biotech: fast detection; vaccine prototyping and manufacture.
- Undertakers etc.
- Health providers.
**Investment Advice?**

These industries will suffer:


- *Mass entertainment* (cinemas, theatres, concerts, museum, galleries, sports) hit.

- *Retailing, leisure, casinos, racing, theme parks* hit.

- *Life and re-insurance* companies hit.

- *Property and housing and mortgage providers’* values fall.

- *Poultry industries* hit, with its suppliers.
Opportunities?

Other Beneficiaries:

➤ Telecoms, telecommuting industries.
➤ Broadband suppliers.
➤ Their equipment suppliers.
➤ Pharmas such as Biota/GSK and Gilead/Roche (the antivirals Relenza and Tamiflu, respectively).
Two References.
