DATAMINR PULSE

COVID-19 and Business Resilience in 2022

Two years after most countries went into their first lockdown, the COVID-19 virus—particularly the Omicron variant—is still wreaking havoc around the world. More than 400 million people have been affected and over six million have died as of March 2022.

The good news is that several advanced economies and middle-income countries have reached substantial vaccination rates. International trade has picked up, and many developing countries are benefiting from high commodity prices.

However, while global economic growth was estimated to rebound by 5.5 percent in 2021, it's expected to drop to 4.1 percent in 2022 and 3.2 percent in 2023, according to the World Bank's latest report. The decline reflects continued COVID-19 outbreaks and lingering supply chain bottlenecks.

For a handful of industries, COVID-19 resulted in an unexpected spike in demand, forcing organizations to work quickly to build new models to forecast and deliver against future demand and business needs. For those tasked with ensuring organizations' business continuity and resilience, the pandemic has been a particularly massive risk that continues to be challenging to predict or plan for—even two-plus years in.

Here, we'll explore steps you can take to improve business continuity in today's environment, and better prepare for risks on the horizon.

Download the latest version of this ebook: Global Risks and Business Resilience in 2023.

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Build Risk Resilience

Risk-resilient organizations are those that understand the macro factors they operate in, and build plans that allow them to adapt to changing circumstances, survive sudden shocks and regain a desired equilibrium. Given that the volatility of the business economy will continue in 2022, companies should ensure every facet of their enterprise is built for resilience.

In its 2022 edition of The Global Risks Report, the World Economic Forum (WEF) identifies five key ways to improve organizational resilience. These lessons were derived from the past two pandemic-filled years and act as a guide for leaders to manage the current and future crises.

1. **Ground analyses in delivery requirements.** Understand the types of failure, damage and attrition that can compromise core business goals. Then assess your current practices, tools, capabilities and levers to avoid or minimize undesirable outcomes.
2. **Appreciate vulnerabilities within the broader ecosystem.** Examine your organization's resilience to shortfalls, outages and delays of the third-party assets and services on which it depends, as well as the tolerance of those who depend on them.
3. **Embrace a diversity of resilience strategies.** Different types of crises require different response plans, structural measures and resilience strategies—including employee resilience.
4. **Connect resilience efforts with other goals.** For example, shortening supply chains can advance net zero strategies and reduce exposure to adverse geoeconomic developments. Efforts to foster strong community relations can also help recovery initiatives in the event of a disaster.
5. **Consider resilience to be a journey, not a destination.** Organizations with leading resilience programs learn from stress-testing exercises and actual crises. They're also aware of their shortcomings and are flexible to adjust strategies, or adapt new ones, to better achieve critical goals.

Organizations must also develop flexible and efficient resiliency models to sustain and streamline operations during crises. These models must be flexible enough to withstand unforeseen disruptions and events as they arise and unfold.

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Five practices to strengthen business resilience, according to the World Economic Forum:

1. Ground analyses in delivery requirements
2. Appreciate vulnerabilities within the broader ecosystem
3. Embrace a diversity of resilience strategies
4. Connect resilience efforts with other goals
5. Consider resilience to be a journey, not a destination

As business leaders look ahead, they can lead the charge in helping to improve business resilience, ensuring their organization can thrive amid disruption and uncertainty. To do so, they should consider adopting the following four crisis leadership behaviors:

1. Understand the risk landscape
2. Adapt playbooks in real time
3. Embrace organizational change
4. Develop skills under stress

Identify Threat Vectors

In the 2022 Horizon Scan Report, published by the Business Continuity Institute, 424 business continuity and resilience professionals from 65 countries were asked to rank the potential risks they could face in the coming year by their likelihood and relative impact to their organizations. Non-occupational diseases (e.g. pandemic), cyber attacks and data breaches, travel restrictions and extreme weather events ranked among the top of the list of 24 major types of risks.

It's important to understand that the risk landscape is ever-evolving and expansive. Cyber crimes have surged sharply in the past few years. Extreme weather events are happening at a higher frequency than before. Supply chain bottlenecks due to the pandemic have eased but are far from being over. As such, organizations need to constantly assess and determine their threat vectors to best prepare for unforeseen risks.

It's also crucial to zoom out and view risk management holistically: Does your organization have the resources to weather multiple quarters of losses caused by these types of threats? Do you have the right security teams and frameworks to protect a dispersed workforce, which is a result of the move to remote and hybrid work models? Can your organization shift its distribution model or identify alternate suppliers in case of disruption?

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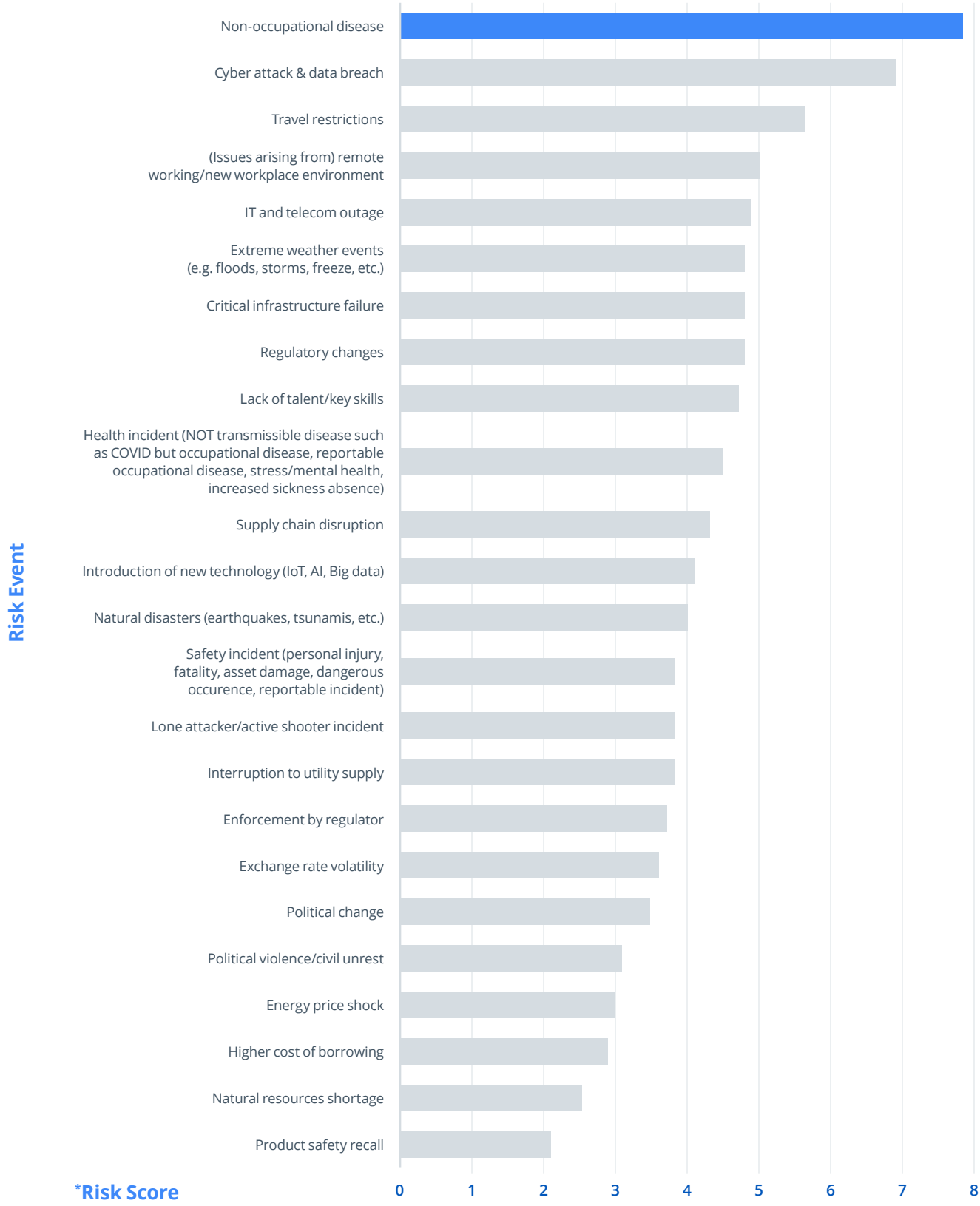
Risk and Threat Assessment: 2022 Outlook



The risk score is calculated by multiplying the likelihood and impact numbers. Numbers have been rounded to the nearest tenth in the report, so may differ slightly from the calculated figures.

Source: Business Continuity Institute 2022 Horizon Scan Report
** Risk Score calculated by the Business Continuity Institute*

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Manage Crises

All organizations should understand that crises are inevitable. If they haven't already faced a major crisis, it's a matter of when—not if. A well-managed crisis response will lean on the structural work completed earlier, scenario planning and clearly defined roles and responsibilities to contain the impact of the risk event and maintain business continuity.

It's not enough to plan for only one or two years ahead. Organizations must closely study the risks they will likely face, as well as examine how they can strengthen and maintain business resilience and agility with a five to 10-year plan.

- Start by identifying previous risk events to understand how and why they happened, and whether your organization is still susceptible to them.
- If the risk is preventable, invest in proactive measures to minimize the risk now. This can include improving cybersecurity or ensuring disaster backup and recovery during a network outage.
- Build scenario plans for the most common risks you face. Run regular crisis simulations and table top exercises, with an eye toward testing your ability to manage multiple risk scenarios at once. For example, simulate an IT outage during an extreme weather event.
- Ensure your planning considers worst-case scenarios. Failure to do so can lead to scenario plans with hidden gaps.

A Real-world Cautionary Tale

Prior to the 1993 World Trade Center attack, Morgan Stanley head of security Rick Rescorla repeatedly warned of potential terrorist attacks and requested additional security—and had identified a significant vulnerability in the building's garage, where the attack took place. Although his warnings were not heeded, his continued surprise evacuation drills and scenario planning are credited with saving the lives of more than 2,600 Morgan Stanley employees during the September 11, 2001 World Trade Center attack.

During a crisis, your organization's response is only as good as the information it uses to make decisions.

Outdated or inaccurate information can hinder your ability to act—and even widen the impact of a crisis. Organizations that want to reduce the impact of a crisis need fast, accurate and relevant data.

For example, organizations that rely on Dataminr's real-time alerting platform, Dataminr Pulse, receive the earliest possible indications of emerging risks and high-impact events, giving them more time to assess and direct the right resources quickly and efficiently.

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This real-time information allows organizations to accelerate their crisis response and provides rich visual data that helps them to more easily determine where the risks are—at the global, regional and regional and hyperlocal level—as they unfold.

Take for instance the real-time alerts and visual data on COVID-19 that Dataminr Pulse provides to customers. With them, businesses were able to identify clusters of COVID-19 cases in their operating markets—which could be a leading indicator of virus outbreak hotspots—days prior to the official case count. As a result, companies were able to take fast and proactive measures to protect their employees in the impacted areas.

Improve Risk Management to Prepare for Future Crises

In the aftermath of a crisis, it is imperative for companies to have an understanding of their exposure, vulnerabilities and potential losses to inform resilience strategies and prepare for future crises and disruptions. Consider the potential money lost, brand and reputational damage, as well as effects on employee morale, third-party partners and suppliers.

- Identify where and when your plans worked and failed, or at least merit improvement. For example, how long did it take for your team to issue its first public statement about the crisis, relative to public awareness of the original incident that triggered the crisis? Could that time frame have been accelerated?
- Determine what information was missing, as well as the data points you were aware of, but didn't act on early enough.
- Document your learnings so that your crisis team can improve future responses.

It's difficult to predict when an incident will next occur, and what the type, scale and scope will be. When and after an event happens, Dataminr Pulse's intuitive collaboration workflow capabilities allow you to conduct post-incident evaluations, analyze the dos and don'ts and then tweak the response playbooks accordingly to continually optimize the workflow for future events.

For example, organizations can use these collaboration tools, in conjunction with Pulse's real-time alerts, to manage the cyber and physical risks associated with the COVID-19-induced shift to remote or hybrid work models.

Those who are responsible for managing these risks can greatly benefit from response playbooks and real-time information, as protecting today's dispersed workforce requires business leaders to stay up to date on security vulnerabilities as well as ever-changing regulations and pandemic mandates.

In an ideal world, we'd never encounter unexpected crises. In reality, crises occur with a higher frequency than people care to admit. Planning for them as best as possible and implementing real-time alerting solutions ensure your organization can effectively respond to disruptions, mitigate their impact and quickly recover.

Learn More

Find out how and why organizations like yours rely on Dataminr Pulse to maintain business continuity and strengthen their resilience.

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