Importance of Robust Contingency Plan for IT Companies

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ABSTRACT
In this paper the city of Chennai is witnessing the evolution of the IT and the BPO sector bringing more growth to the economic sector of the city. Chennai is the second largest base for IT companies in the country. The major factors contributing to the presence of large IT parks in the city are low cost, business connectivity, exclusive infrastructure and techno skills.

Keywords--- IT, BPO, HR

I. INTRODUCTION
Chennai, the capital city of Tamil Nadu is the biggest industrial and commercial center in South India. The city of Chennai is witnessing the evolution of the IT and the BPO sector bringing more growth to the economic sector of the city. Chennai is the second largest base for IT companies in the country. The major factors contributing to the presence of large IT parks in the city are low cost, business connectivity, exclusive infrastructure and techno skills. Chennai is known as the “Detroit of India” due to the large presence of automobile industry.

This case refers to the calamity in Chennai in Nov 2015, due to heavy rains and lack of water management system. Though operations of leading IT companies were not impacted but people had torrid time commuting and loss of peaceful routines. Chennai Flood Disaster has led to $60 million in loss to IT companies, more than 90% of the companies were not prepared to tackle this situation and were forced to close the business without any alternate plan. Moreover this has made Chennai lose its image of a major IT hub for IT companies, so analysis of existing contingency plans and the improvements needs to be analyzed thoroughly. Business continuity has always been the prime objective of all the customers of IT companies. This case focuses on the strategies used to tackle this calamity and follies prominent from the disaster.

II. OVERVIEW
Business Continuity Plan (BCP) has become an integral part of running any organization. Natural calamities or disasters are events which can affect an organization at any time, and it is the duty of the employers not to overlook the aspects which can be taken care of in order to prevent the impact of such disasters on the organization.

Having a business continuity plan in place has many added benefits in the organization. All the resources from data, hardware, software, and infrastructure will be better protected and the most important resource of any organization –its employees will be more safeguarded during such adverse scenarios.

The case study briefs about the details of the Business Continuity Plan of various IT organizations in Chennai. The data is collected from various news articles that were published in media during the Chennai floods in December, 2015.

Many IT companies had BCP in place to tackle the situation. Business Continuity Planning is done to manage the negative impacts of a natural calamity that affects the business and clients of the organization. Some employers mentioned unprecedented floods in Chennai has taken BCP and disaster recovery to next level. The employers must be vigilant and must understand the necessity of having a BCP plan to meet the needs during critical time.

Of the 3 million people working in the IT sector, more than 15 per cent are working based out of Chennai making it one of the largest IT hub in the country. HR focused on employee safety first, moving them to safer place and provide them with medical necessities. Further the focus shifted to move the business requisites to other places, sharing of deliverables across locations, work from home options were some of the measures taken to deal with the disaster. Companies came up with strategies like
encouraging the key employees to stay back in the organization with full facilities for them and their families, as some of the offices were elevated at heights, so was safe to sustain in floods. Most of the organizations maintained power backup and server backup options intact. HR also ensured that employees were motivated to normalcy levels. Employers made a point to treat employees as family, that avoids and emotional toll. Activities like providing benefits like guest house accommodation, payroll advance, cleaning service and employee counselling to help them deal with the floods and its after-effects received immense gratitude and appreciation from clients as well as employees.

As per the reports from Wipro the impact of the floods would have a major hit on the December quarter revenues and would affect the operating margins. The major reason for the revenues to get affected was due to the deployment of the BCP.

TCS has one of its largest delivery centers in Chennai where it has more than 65,000 employees and accounts to 20% of the total workforce. Tata Consultancy Services has said that the floods in Chennai have impacted its third quarter results despite taking several steps to mitigate the fallout from the worst rainfall the city has seen in more than a decade. TCS had created an operation control center to ensure infrastructure support for key teams supporting customers wherever needed. The company said that other than business critical activities, the normal operations in Chennai have been suspended for a week.

Cognizant offices were closed, but their BCP was activated and there was no disruption in 24 * 7 activities. While, Infosys also remained closed for 2 days, BCP was activated and operations were managed from other locations. HCL focused primarily on employee safety and security and BCP ensured monitoring on-ground situation. IT companies, as part of their business continuity plan, shifted some of their employees who handle critical projects to other locations. Thus, employers while designing the BCP should be aware that clients are watchful on every aspect of tackling the crisis. That builds the confidence to invest and be assured on performance irrespective of any disaster, we are observed as a nation as a whole.

III. STATUS REPORT

Approach of the organizations in the IT sector to the employees during the crisis:

The IT organizations had reported that most of the work was not affected as they had implemented many other measures which helped interacting with their customers from their other locations outside Chennai.

Cognizant, the biggest employers in the IT sector in the state employing more than 60,000 employees shut all its 11 workplaces in the town. "In view of the state of affairs as a consequence of incessant rains in Chennai and the meteorological department's forecast of heavy rains, Cognizant places of work in Chennai remained closed. However, there is no disruption to paintings on essential tasks and 24x7 operations aid," was informed by a representative of Cognizant to one of the queries posted in the internet.

The measures taken up by Cognizant to help the employees and the city during the crisis are:

(i) Cognizant was the first private enterprise within the nation to dedicate a sum of $40 million (around Rs260 crore) for the relaxation operations.

(ii) This fund was to help residents, employees and enterprise companions in Chennai with alleviation and rehabilitation. The business enterprise stated it will take a multi-pronged method to assist alleviation and longer-term rehabilitation measures within the metropolis.

(iii) Out of $40 million, up to $10 million (Rs65 crore) was to help the citizens of Chennai through direct presents to the Tamil Nadu chief Minister’s Public remedy Fund, direct offers to NGOs, and different charitable and comfort corporations offering healthcare, housing and different help.

(iv) The closing $30 million (around Rs195 crore) was planned to be used to assist the immediate and longer-term healing wishes of its personnel and enterprise partners through direct offers and loans, devoted healthcare groups to provide medical care, session and sickness prevention to personnel and enterprise companions.

N Chandrasekaran, Managing Director and CEO of TCS, said following the devastating flooding in Chennai, had promised Rs1100 crore interest free cash advances as relief for TCS employees in Chennai. The money was to be disbursed towards loans to employees, grant sand for other purposes.

To help them recover, rebuild and reboot their lives quickly, TCS had decided to offer various relief measures to all TCS’ers:

(i) TCS made available up to Rs1100 crore for interest free cash advances in the range of Rs1 lakh and up to a maximum of equivalent to three months Gross Salary. Advances were disbursed from December 14, 2015 to those who had applied.

(ii) The company has 13 centers in and around Chennai and over 60,000 employees in those centers. Recovery of the advances will start after April 1, 2016 for 12 months and a special Chennai page is being set up on Ultimatrix to facilitate this payment process.
(iii) In addition, TCS has set aside Rs50 crore for direct grants to deserving recipients including employees who have suffered extensive damage to their homes.

(iv) ex-gratia grant of one month's salary up to a maximum of Rs15000 for TCS support and service staff who were impacted.

(v) Reimbursement of medical or hospitalization expenses (over and above TCS medical insurance claims) for those employees and their families who had been impacted directly by the floods.

(vi) Free Medical camps including help for counselling was held till December 31, 2015.

(vii) For immediate relief and rehabilitation in the community, the company TCS had formed a core team, which has been working on relief measures for the citizens in Chennai that included providing food relief to people in distress, installation of multiple RO Plants to provide fresh potable water in hamlets and communities in need of water, medical camps and assistance including distribution of first aid kits in these areas.

Infosys declared the day the disaster struck the city and the next day as holiday.

CISCO had asked all the employees to work from home.

In addition, automobile agencies Hyundai, Ford and Renault had temporarily suspended operations in all their plants in Chennai with the city being inundated by the heaviest rainfall in over a century.

All the three auto companies said they were monitoring the situation closely and resumption of operations at their plants would be subject to improvement of weather conditions.

IV. CASE ANALYSIS

Every organization has its business continuity plan (BCP); companies which don’t have BCP have suffered a lot during these calamities. Chennai, being the second largest IT corridor in the country has faced tremendous business losses during the floods even when there was contingency plan in place for most of the IT companies. These plans turned out to be workarounds, as the intensity of disaster continued for 4 to 5 business days. Some companies made a good move in shifting their critical employees to other nearer offshore business units in places like Bengaluru, Cochin, Mumbai and Pune for their critical projects.

Many organizations believe that they can survive any disaster if they put in place a robust physical infrastructure and technical expertise. But floods in Chennai confirmed that technology companies need to do more to escape the ill-effects of natural disasters. Their business continuity plan (BCP) may not be complete if they just make sure that their data centers will never shut down and that their data centers are distributed across the world. Putting in place enough human resources is also just as important as them.

The Human Resource department has a major role to play in such kind of situations. After the occurrence of a huge calamity in the city, there would be chaos, people would have lost the basic necessities in life like proper shelter, food etc., people would take a lot of time to come back to their normal lifestyle.

Some of the learnings from this incidence were:

(i) If you are an HR and hold a decision making role in the organization
   a. Prepare an annotated plan of how you would approach advising the Corporate Heads.
   b. Starting from the business continuity plan of an office, outline and explain the rationale behind the steps you will take in preparing the advice, the form you will be choosing to deliver
   c. Briefly summarize the key points you have decided to make the report

(ii) Ensure there is a list of emergency contacts of the employees. Things do change with people during the course of their employment and it is wise to revisit the list every month; have a system in place to ensure this data is updated all the time. This may seem like a routine task that does not add any value, but it is definitely worth the effort.

(iii) When connecting with relatives of employees during a crisis, use their mother tongue as much as possible. When people are in a crisis, they want to be in their comfort zone, which often includes their mother tongue.

(iv) Social media has helped in a major way to track a majority of the employees in various organizations. The company’s closed group page on Facebook is a great platform to share live updates and feeds with their people.

(v) Keeping sufficient liquid cash was an important lesson learnt from this disaster. As the ATMs could be drained out, we should make sure that employees have sufficient cash to buy necessary items. Benefit of availing payroll advances should be made available to the employees.

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<th>Description</th>
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<tr>
<td>Medium Scale companies</td>
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<tr>
<td>large companies (Cognizant, etc.)</td>
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Appendices

Appendix: Data Structure

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Size of the organisation was based the revenue generate by the organisation. Around 2000 employees of each of these companies have already left to work out of Bangalore. HR departments of IT companies are trying to contact each and every employee in Chennai to check their status.

As per the reports, the projected impact on the revenues as the sales dip in the third quarter for TCS.

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