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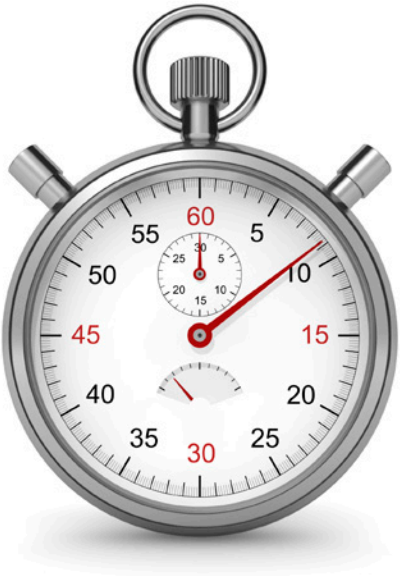
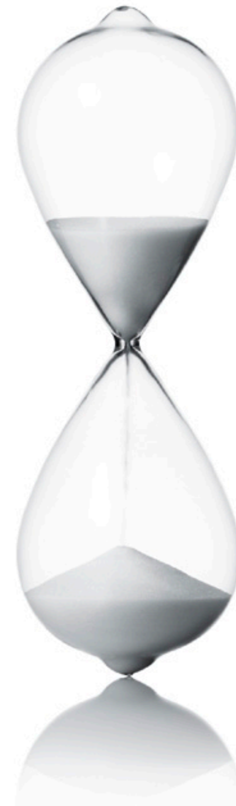
Risk analytics
The three-minute guide





Why it matters now

Fear is risk management without analytics

The concept of risk management isn't new. For years it has been a core responsibility of the C-suite. What is new, however, is the skyrocketing awareness of the importance of risk management. The regulatory and economic environments have become more challenging, and the news headlines are replete with examples of what happens to organizations when risks aren't adequately managed. As a result, risk sits at the top of the agenda for the executive team—again.

With global expansion, risk management can become even more daunting due to the sheer number of tasks, resources, deliverables, and stakeholders. Many risks are not readily visible, leading to risk management by instinct—which makes it difficult to develop effective risk strategies.

Consequently, leaders are being asked to back up their intuition with hard data, better understand key risk factors and their relative importance in real numbers, and identify future risks long before they become reality.

That's a tall order for organizations relying on the same old approaches to risk management. It's no wonder that so many are turning to risk analytics.

Why risk analytics

Becoming Risk Intelligent

Today, risk analytics techniques make it possible to measure, quantify, and even predict risk with more certainty than ever before. That's a big deal for organizations that have relied heavily on the opinions of leaders at the business unit level to monitor, assess, and report risk. Even for executives with sound intuition, it was virtually impossible to construct an enterprise-level view of risk spanning many different parts of the business.

This is where analytics excels. It helps establish a baseline for measuring risk across the organization by pulling together many strands of risk into one unified system and offering executives clarity in identifying, viewing, understanding, and managing risk.

Taking a unified approach to risk management is a key component of becoming what we call a Risk Intelligent Enterprise™—one in which boards and executives integrate risk considerations into strategic decision making, and where business units and functions incorporate risk intelligence into the many actions they take.

The potential benefits

Get the details

Risk analytics helps take the guesswork out of managing risk-related issues by using a range of techniques and technologies to extrapolate insights, calculate likely scenarios, and predict future events.

Understand the complexity

An organization's exposure to risk is influenced by increasing volumes of structured data—such as databases—and unstructured data—such as websites, social media, and blogs—that are available to an organization internally and externally. Risk analytics can be leveraged to integrate this data into a single, unified view, gather valuable information, and enable actionable insights.

Cross the divide

In their scramble to build effective risk strategies, teams often fail to consider the overall impact to the organization. Risk analytics pulls data across the organization into one central platform, helping create a truly enterprise-wide approach.

Lay the groundwork

Risk is such a wide-ranging issue, spilling across organizational barriers, that it can be hard to know exactly what to do with risk-related insights. Risk analytics is instrumental in this scenario, allowing organizations to develop foresight with respect to potential risks and zero in on "crunchy" questions that lay the groundwork for action.

What to do now

Focus on asking the right questions

Analytics can help you dig deeper into different types of risk-related information. But that alone doesn't make it a good idea. It's more important to focus on the handful of questions that can have a real impact on your approach to risk.

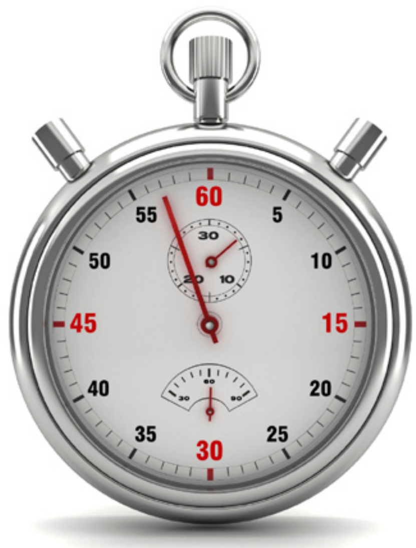
Examine interdependencies

Risk cuts across organizational boundaries. By that same token, analytics can also provide cross-enterprise insights, drawing from data throughout the business. That makes it a great match for an issue as far-ranging as risk.

Establish effective programs

Analytics enables decision makers to evaluate the risks—and rewards—associated with strategic and operational decisions. Providing insights into proposed actions to address and avoid risks can yield real and sustainable value, from protecting return on investment and avoiding costly project overruns to improving overall program performance.

Time's up



Many leaders want to take advantage of the benefits of risk analytics to proactively identify and understand sources of risk to limit risk exposure or to take certain risks to generate returns. However, they often don't know where to start.

While risk analytics may seem daunting, the truth is that some organizations are already well-prepared to put it into action. Many find that it works well to start with a limited project, expanding as they go. And that can take as little as a few weeks.

If you're frustrated that a massive amount of risk-related information is going unused, it's worth giving risk analytics another look.

To learn more about how to get your risk analytics initiative off to a smart start, please contact:

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