

Analytical Enterprise Risk Assessment

Topics



Presenters:

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Muhammad Bilal Butt



Risk assessment
leading practices



Risk assessment leading practices

Why should we consider risk assessments?

- Risks today are **multi-dimensional**. Risk functions will need to shift their focus to **embracing risk opportunities with risk mitigation**
- Striking this balance requires **embedding risk management into strategic decision-making** and developing **digital capabilities** to harness risk intelligence across the enterprise

Upside, outside, and downside risk

UPSIDE RISKS	OUTSIDE RISKS	DOWNSIDE RISKS
<ul style="list-style-type: none"> What has the health been lately? High capacity ability to absorb shocks to revenue and share to investors Historical performance to give investor confidence Company market Industry resources and the ability to acquire assets and talent 	<ul style="list-style-type: none"> What has the market seen lately? External events, regulatory changes, and competition Ability of existing and new products Quality of operations, processes Company and competitor capabilities 	<ul style="list-style-type: none"> What has the market seen lately? High capacity ability to absorb shocks to revenue and share to investors Historical performance to give investor confidence Company market Industry resources and the ability to acquire assets and talent

What does the outcome look like?

The goal is to capture not only the significant risk exposures, but also the perceived level of management and control activity. These parameters, when combined, allow the organizations management to determine an appropriate response for significant risks, guide ongoing oversight and monitoring.

Test

- High risk exposures with strong controls and management efforts from the local level to provide assurance that controls are adequate and efficient.

Improve

- High risk exposures with low levels of control form priorities for improvement opportunities.

Optimize

- Low risk exposures with a moderate level of control may be considered acceptable or may be a focus to optimize the processes and controls for greater efficiency.

Monitor

- Low risk exposures accompanied by a lower level of control are often considered emerging and may remain a focus for ongoing analysis and monitoring efforts.

Risk Action Matrix

High Risk	Test	Improve
Low Risk	Optimize	Monitor

Notes: High Risk in the top-left quadrant, Low Risk in the bottom-right quadrant.

How to conduct a risk assessment?

- OBJECTIVE SETTING**
Incorporate inputs from business or strategy to develop strategic focused objectives/outcomes
- IDENTIFY RISKS**
Scan the enterprise environment and identify internal and external threats/opportunities using AI technology
- ASSESS RISKS**
Key stakeholders discuss root causes, mitigations, and consequences in digitally enabled platforms. Assess risks using pre-determined rating scales
- ISSUE REPORT**
Finalize risk discussions and plot risks on an action-oriented risk matrix. Assign risk owners for active risk mitigations

Technology & Enablers

Qualtrics EY Survey tool to build and roll out questionnaires	Curated Questionnaires Curated questionnaires for enterprise-wide risks	Real Time Collaborator Collaboration tool to conduct discussions and workshops synchronously	Growing Beyond EY tools to capture external industry specific emerging & geopolitical risk	Sector Analytics Suite Risk Radar tracking top business risks discussed in the industry
Data extraction utilities Smart exporter for SAP systems and HESX extraction for Oracle	Data visualization To develop visualizations and dashboards using Tableau, Power BI, or other viz tools	SQL Server To support data preparations and manipulation	EY BETA Business Relationship & Economic Threat Analytics to provide an external view into organization's third-party risks	IBM Watson & MG AI AI resources to help identify new risks facing your organization

Why should we consider risk assessments?

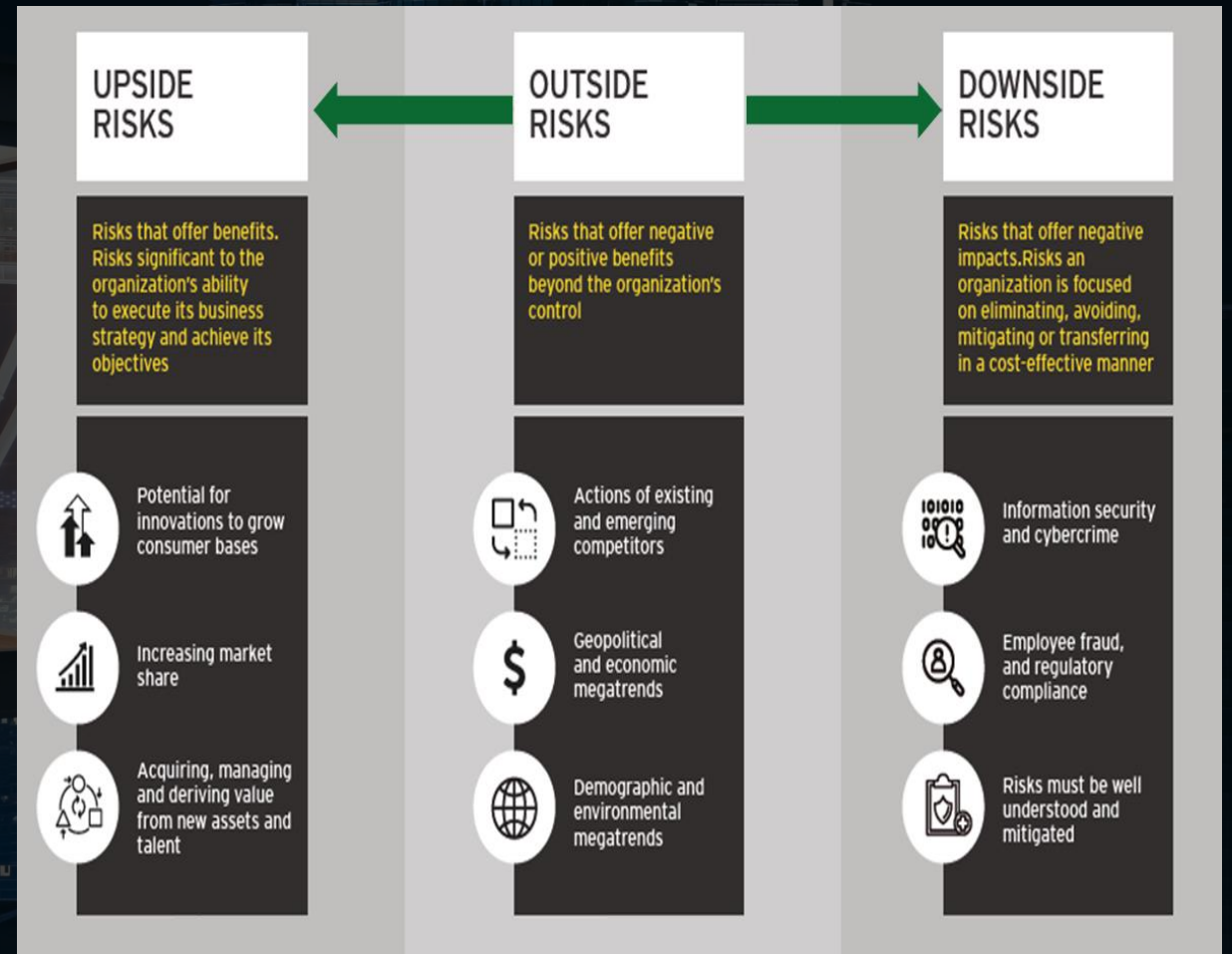
1

Risks today are **multi-dimensional**. Risk functions will need to shift their focus to **embracing** risk **opportunities** with risk **mitigation**

2

Striking this **balance** requires **embedding** risk management into **strategic decision-making** and developing **digital capabilities** to harness risk intelligence across the enterprise

Upside, outside, and downside risk



Polling question

What is downside risk?

- A. Risk that offers negative and positive benefits beyond the organization's control
- B. Risk that offers negative impacts. Risk an organization is focused on eliminating, avoiding, mitigating, or transferring in a cost-effective manner
- C. Risk that offers benefits
- D. All the above

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Technology & Enablers

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EY Survey tool to build and roll out questionnaires



Curated Questionnaires

Curated questionnaire for enterprise-wide risks



Real Time Collaborator

Collaboration tool to conduct discussions and workshops synchronously



Growing Beyond Borders

EY tool to capture external industry specific emerging & geopolitical risk



Sector Analytics Suite

Risk Radar tracking top business risks disclosed in the industry

Data extraction utilities

Smart exporter for SAP systems and HELIX extraction for Oracle

Data visualization

To develop visualisations and dashboards using Tableau, Power BI, or other viz tools



SQL Server

To support data preparations and manipulation



EY BRETA

Business Relationship & Economic Threat Analytics to provide an external view into organization's third-party risks



IBM Watson & MS AI

AI resources to help identify new risks facing your organization

What does the outcome look like?

The **goal** is to capture not only the significant **risk exposures**, but also the **perceived level of management** and **control activity**. These parameters, when combined, allow the organizations management to determine an **appropriate response** for significant risks, guide **ongoing oversight and monitoring**.

Test



High risk exposures with strong controls and management efforts form the focus for audit to provide assurance that controls are adequate and efficient.

Improve



High risk exposures with low levels of control form priorities for improvement opportunities.

Optimize



Low risk exposures with a moderate level of control may be consciously accepted or may be a focus to optimize the processes and controls for greater efficiency.

Monitor

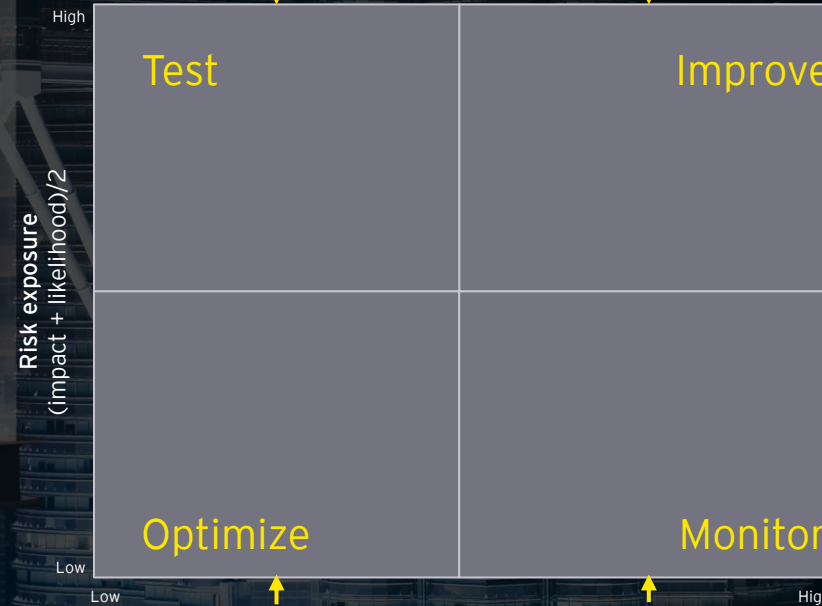


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Risk Action Matrix

Risks in this quadrant inform the basis of the audit plan

Risks in this quadrant should be the focus of executive management and board reporting



Risks in this quadrant are potentially "over-managed"; evaluate and reallocate resources, if necessary

Management preparedness opportunities

Risks in this quadrant include emerging risks, requiring ongoing monitoring

Polling question

How many quadrants are in the risk action matrix?

- A. 3
- B. 2
- C. 4
- D. All the above

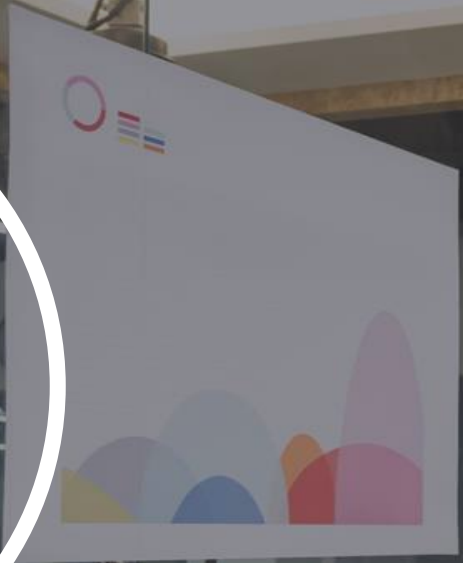
Polling question

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Risk Identification



IBM Watson's (AI) capabilities to identify risks & threats

Cloud agnostic platform to provide greater insights into emerging risks. It leverages AI & ML to provide disruptive level of insights in a fraction of the time it would take to do manually.

Illustrative screenshots of platform

EY

How do you identify risks?

Step 1: OBJECTIVE SETTING
Incorporate inputs from business or strategy to develop strategic focused objectives/outcomes

Step 2: IDENTIFY RISKS
Scan the external environment and identify internal and external threats/opportunities using AI technology

Step 3: ASSESS RISKS
Key stakeholders discuss root causes, mitigations, and consequences in a digital-enabled platform. Assess risks using pre-determined rating scales

Step 4: ISSUE REPORT
Finalize risk discussions and plot risks on an action-oriented risk matrix. Assign risk owners for active risk mitigations

Technology & Enablers

- Quadrify:** EY Survey tool to build and roll out questionnaires
- Curated Questionnaires:** Curated questionnaire for enterprise wide risks
- Real Time Collaborative:** Collaboration tool to conduct discussions and workshops synchronously
- Growing Beyond Borders:** EY tool to capture external industry specific emerging & geopolitical risk
- Sector Analytics Suite:** Risk Radar tracking top business risks discussed in the industry
- Data extraction utilities:** Smart exporter for SAP systems and MELIX extraction for Oracle
- Data visualization:** To develop visualisations and dashboards using Tableau, Power BI, or other VC tools
- SQL Server:** To support data preparation and manipulation
- EY BERT:** Business Relationship & Economic Threat Analysts to provide an external view 360 organization's threat by risks
- IBM Watson & MC AI:** AI resources to help identify new risks facing your organization

EY

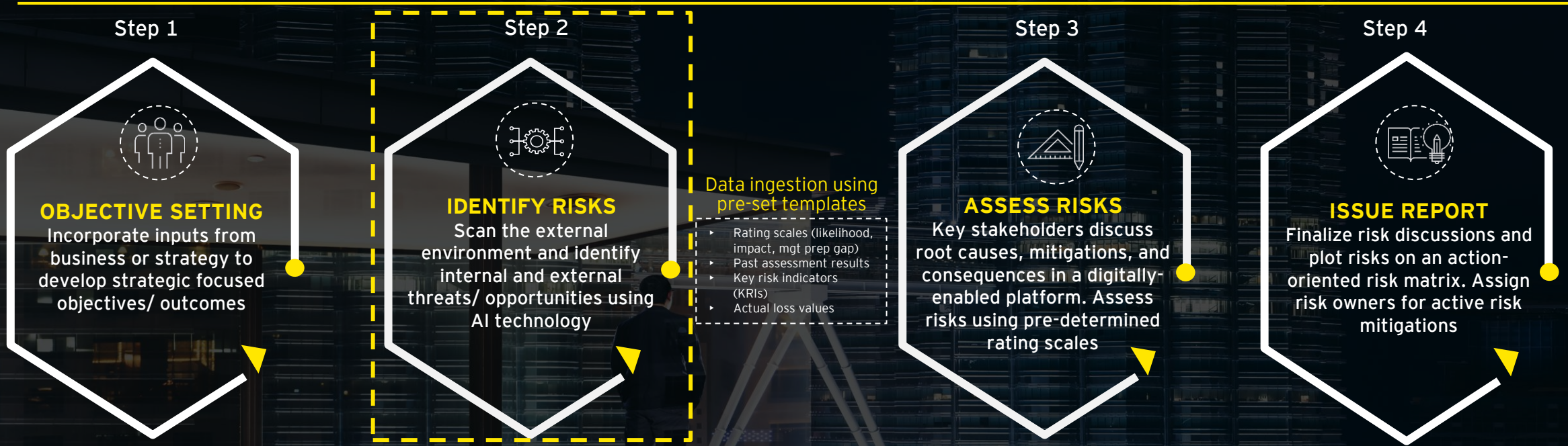
Illustrative screenshots

Risk Research

Cause & Effect

EY

How do you identify risks?



Technology & Enablers

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Curated questionnaire for enterprise-wide risks



Real Time Collaborator

Collaboration tool to conduct discussions and workshops synchronously



Growing Beyond Borders

EY tool to capture external industry specific emerging & geopolitical risk



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Risk Radar tracking top business risks disclosed in the industry

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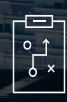
Data visualization

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EY BRETA

Business Relationship & Economic Threat Analytics to provide an external view into organization's third-party risks

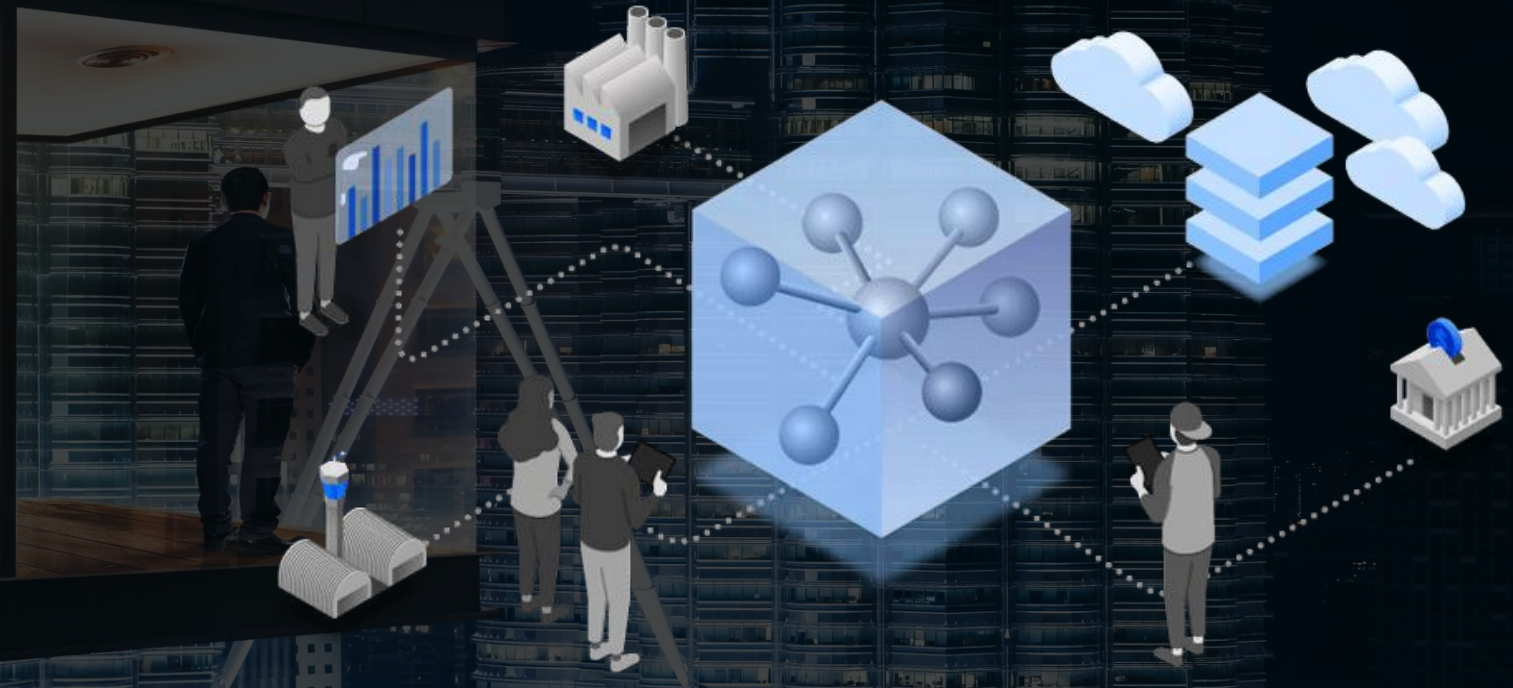


IBM Watson & MS AI

AI resources to help identify new risks facing your organization

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Illustrative screenshots of platform

Illustrative screenshots

Risk Research

Cause & Effect

Search Results: Does climate change cause more hurricanes

Top entities

risk.names

risk.category

Entity Type

Organization
 Date
 Number
 Risk names
 Jobfile

Show all

"In addition to its relationships with HTL, Alderson, and Dierker, the Company also has relationships with many other distributors and parts suppliers and the loss of a distributorship and service rights, or a disruption of the supply of parts from any of these other distributors or part suppliers could also have a negative impact on the Company's ability to service its customers. Physical impacts of climate change could have a material adverse effect on the Company's costs and operations. There has been public discussion that climate change may be associated with rising sea levels as well as extreme weather conditions such as more intense hurricanes, thunderstorms, tornadoes, drought, and snow or ice storms. Extreme weather

View language in document

KIMBY CORP - WATER TRANSPORTATION (ARND) - 104-Filed as of 20220222

Collection: 104 Risk Factors Full

"Moreover, Entergy can not predict the ultimate impact of achieving this objective, or the various implementation aspects, on its system reliability, or

Facet analysis

Relevancy

50

Target facets

Classification

Sentiment of Document

Company Name

Date Filed

Date of Change

City

CR

Part of Speech

Phrase Constituent

accession_number

confirmed_period_of_report

confirmed_submission_type

file_number

file_type_and

form_type

irs_number

public_document_count

sec_act

sec_filc_number

standard_industrial_classification

standard_industrial_classification_number

Show details

Show snippet

Append mode

risk.names

Name	Count	Relevancy
macroeconomic factors	1201	2.14
capital management	382	3.31
real estate	326	2.31
data and processing integrity	280	2.34
reliability	197	2.31
		2.35
		2.34
		2.34

Risk Universe

Regulatory and Legal Risk

Governance Risk

Operational Resilience Risk

Conduct Risk

Market Risk

Liquidity and Funding Risk

Capital Risk

Credit Risk

Risk Universe

Operational Risk

Insurance Underwriting Risk

Model Risk

Change Risk

Strategic, Political, Reputational and ESG Risk

Causes & Effects

Connected Risk	Cause	Effect	Connected Risk	Confidence	Evidence
Climate Risk of Losses and or Reputational Damage	Physical weather events	Operational Risk	Reputation Risk	100%	In addition, the use of models in connection with risk management and numerous other critical activities presents risks that such models may be ineffective, either because of poor design or ineffective testing, oversight or flawed inputs, as well as unreported changes to such models resulting in unapproved or malicious changes to the model or its inputs.
Climate Risk of Losses and or Reputational Damage	Physical weather events	Adverse events	Operational Risk	100%	
Insurance Underwriting Risk	Unreported levels of theft of physical assets	Physical weather events	Climate Risk of Losses and or Reputational Damage	97.3%	AND SUBSEQUENTLY In addition, the use of models in connection with risk management and numerous other critical activities presents risks that such models may be ineffective, either because of poor design or ineffective testing, oversight or flawed inputs, as well as unreported changes to such models resulting in unapproved or malicious changes to the model or its inputs.
Climate Risk of Losses and or Reputational Damage	Physical weather events	Competitive disruption of business model	Strategic Risk - Business model risk	97.1%	
Insurance Underwriting Risk	Unreported levels of theft of physical assets	Ineffective management of climate risk	Climate Risk of Losses and or Reputational Damage	97%	
Climate Risk of Losses and or Reputational Damage	Physical weather events	Data loss	Information Security	96.8%	AND SUBSEQUENTLY In addition, the use of models in connection with risk management and numerous other

Polling question

In what ways can AI contribute to the risk assessment process?

- A. AI can provide valuable assistance in the risk assessment process by aiding in the identification of risks, threats, and vulnerabilities.
- B. Technology cannot be used during the risk assessment process
- C. AI can manage your risks for you
- D. All the above

Polling question

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Collaboration Tool



Collaboration Tool



Real-Time Collaborator (RTC)

EY Real-Time Collaborator (RTC) is a technology platform that provides **real-time collaboration capability** for our clients in live (in-person or virtual) workshops.

The RTC platform is comprised of a set of flexible, customizable activities used to build and deliver structured, collaborative, live sessions that drive stakeholder alignment and buy-in, regardless of the process or its complexity.

Attempts to collaborate can be messy, inefficient, and ultimately unsuccessful. **Transform your collaboration.** EY RTC increases stakeholder's trust, promotes buy-in, achieves focused objectives in a fraction of the time, and drives alignment and buy-in from the group.

Real-Time Collaborator (RTC)

- Structured Collaboration** - ability to combine a series of collaborative activity types into a cohesive, structured process, enabling outcomes-based session design.
- Anonymous Contributions** - anonymity removes fear, leading to a significant increase in participation; people share their open and honest feedback.
- Involve More Stakeholders** - virtual collaboration increases the scope and quality of data, driving deeper understanding and more informed decision making.
- Drives Alignment and Buy-in** - participants own the process and outcomes, which allows for the highest possible commitment to execution.
- Collaborating vs. Surveying** - the RTC platform enables participants to **work together** and share ideas in real-time to achieve group consensus.
- Accelerates Speed to Outcome** - what traditionally takes days or weeks can be accomplished in a few hours.

How do you hold risk-driven discussions and reach a consensus?



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[Click to watch the overview video](#)



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Polling question

What rating scales are used for assessing risks?

- A. Impact, likelihood, and management preparedness gap
- B. Impact and likelihood
- C. Impact and management preparedness gap
- D. All the above

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Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

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