



The Digitisation of Risk Management

HOW RISK SOFTWARE CAN HELP STAKEHOLDERS IN YOUR ORGANISATION

BUSINESS
LEADERS

RISK
MANAGERS

BOARD MEMBERS &
RISK COMMITTEES



Contents



Business Leaders

Learn how you can improve decision making by showing how your risks are currently managed.



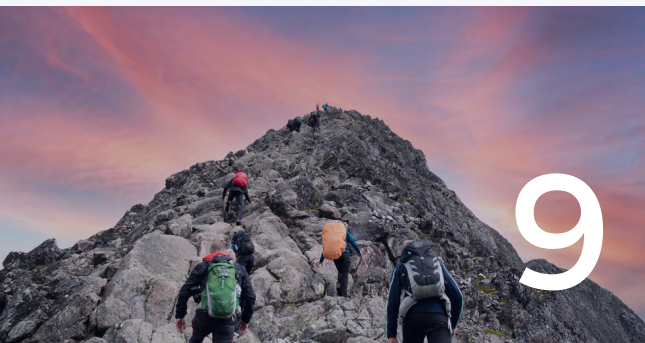
Risk Managers

Lift Risk Culture and promote risk as an enabler, not a hindrance.



Board Members & Risk Committees

Show a current picture and health of the organisation through real-time risk reporting.



How Protecht can help you digitise risk management

Learn how risk management can be integrated and linked to your organisation's processes and outcomes.



Transforming your risk management from spreadsheets, word documents and emails can lift the visibility of the risks across all levels of your organisation from risk owners to boards. Being able to clearly articulate the benefits to all stakeholders in your organisation is critical to getting any new risk digitisation project across the line.

Read on to understand how the 3 main user types in your organisation can benefit from risk management software.

Business Leaders

Business leaders are increasingly expected to be accountable and understand their department or business units' risk and control environment. Efficiently preparing a review with internal risk management teams or external regulators isn't possible when relying on manual processes with disparate sources of information.

Risk is managed in siloes rather than across the end-to-end value chain

Siloed risk management and unclear accountabilities for risks and controls at each point of the process, leads to a disconnected and unmanaged risk environment. This leaves business owners 'running blind' and reliant on existing communication channels to keep them informed.

Risk does not inform business strategy or decisions

Without an understanding of the risk landscape, it's common to have decisions being made without an appropriate assessment of risk vs reward. With this siloed thinking, decisions are made without appropriate consideration of the potential risks.

Risk is just red tape – there are too many policies and procedures to follow

Risk becomes too hard when the front line is burdened with excessive numbers of rules, policies and procedures. When you're spending more time on risk administration and filling out forms than risk management, a 'tick and flick' approach soon develops.

Preparing risk information is cumbersome, does not reflect my business and does not add value

Multiple sources, formats and opinions make it difficult to pull together meaningful information that reflects the business and the risk environment. More time is spent on collating and validating the data, than on analysis and insights. Therefore, we get caught up on the "what" and not the "why".

How can a risk management product help?

- Access relevant information at the touch of a button, understanding the current risk landscape to make decisions 'eyes wide open'.
- Link and visualise risks and controls for an entire value chain, with clear accountabilities and distributed ownership defined at each point.
- Automate workflows and notifications to provide real-time alerts to the people that need to know, ensuring timely escalation of failed controls, issues and incidents so action can be taken.
- Improve decision making by showing how your risks are currently being managed, and whether your change or decision is going to improve or degrade that environment.
- Design data entry (such as risk assessments and incidents forms) with end users in mind. Using forms that guide end users on steps and fields means a greater completion rate.





Risk Managers

Risk managers must juggle multiple requests for insights, be confident in their reporting, and keep on top of outstanding actions while challenging and supporting risk owners. Boards and risk committees are increasingly focused on their organisation's risks and ensuring actions and issues are addressed. Using manual process that rely on email, word documents and spreadsheets causes many pain points.

Reporting and aggregation is slow, inefficient and near impossible when handling so many different inputs

Analysing risk information should be one of the most insightful parts of a Risk Manager's role, however, we commonly see this being an area of great stress and tedium for all involved. Given the wide variation in data sources and formats, reporting teams spend most of their time on stitching, de-duplicating and translating data from each source to form the report.

There is no common risk practice and language used by each business unit

Use of terminology and application of frameworks is inconsistent across business units. To provide comparable and aggregated reporting up to Executive Management and the Board, Line 2 must spend time deciphering and translating diverse information and approaches.

Risk culture is poor – risk is seen as a hindrance, not an enabler

Risk is often seen as a hindrance rather than an enabler, and this is a common challenge that Risk Managers continue to face. Businesses often feel hamstrung by copious risk processes and administration, which seemingly add little value to the achievement of their objectives. Equally, Risk Managers often tire from defending the value of risk management when they themselves are caught up in its administration. This devalues risk management and reduces the effectiveness of the Risk teams.

Spreadsheets create their own risk – managing the integrity of the data is challenging

Like with any part of your business, using spreadsheets to manage important information can pose a risk to the organisation. Ensuring data quality is maintained can be incredibly challenging, particularly when the tools are used across different business units. Cell overwrites, formula changes, version control, lack of audit trails and the potential information flow between spreadsheets results in limited confidence over the data and no dedicated effort to control the data integrity.

How can a risk management product help?

- Dramatically improve your ability to report, spending more time on valuable analysis and commentary to drive meaningful engagements. With a single source of truth for risk information and well-designed dashboards, a push of a button is all it takes to produce a real-time report. Use built-in automation and workflow to allocate tasks to data owners, ensuring you have the up-to-date information you need without multiple follow-ups.
- Employ common taxonomies for risks, controls, causes and processes, ensuring consistent definitions, use and application across every business unit. Embed your risk practices into the system via automated workflows and mandatory fields to enforce a repeatable process that the business must follow.
- Maintain the integrity of the data and avoid unintentional amendments and deletions. Centralise your risk information in a well-controlled environment with restricted access and role-based permissions. Complete audit trails provide visibility over any modifications, acting as a back-up should you need to revert to the prior state. Higher risk sections, such as built-in calculations, can be restricted to a small subset of users.





Board Members and Risk Committees

Boards don't get the right information – it's either too much, too little or too late

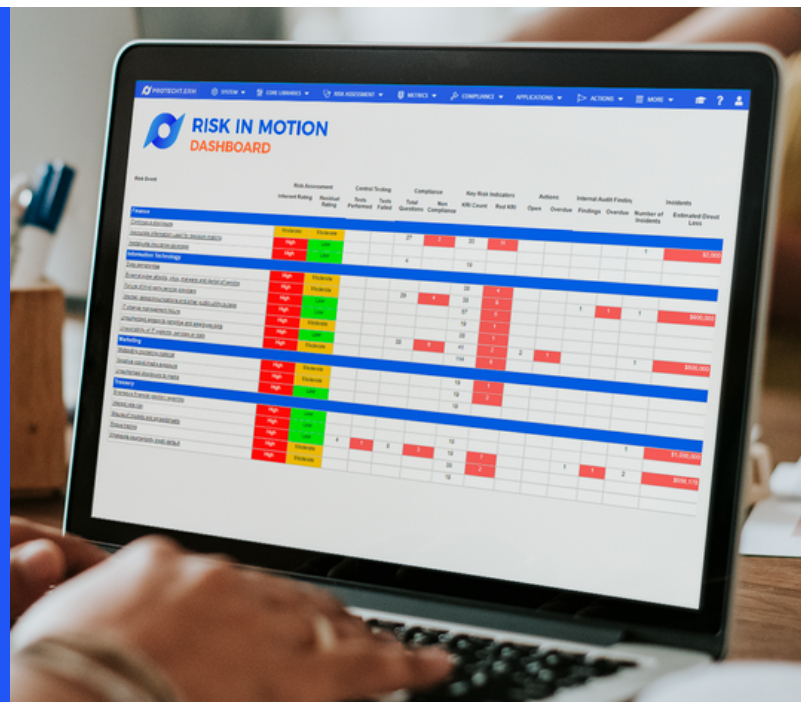
To meet the obligations of a Board, getting the right balance of information is critical. It's common to see risk reports that are unclear (using lots of risk jargon), too much information (can't see the wood for the trees), not enough information, or quite out of date (sometimes over two months old). This leaves Board members exposed, making it incredibly difficult to hold Management accountable for risks outside of appetite.

Risk is considered a separate topic in Board discussions, rather than integrated with performance

The reporting of company performance is an integrated and well-established process for most Boards. However, when it comes to risk reporting, it's typically discussed as a separate topic, usually well after performance has been discussed. This can result in disconnected discussions and 'not connecting the dots' between the impact of risk on performance and vice versa. Sadly, many risk discussions also end up being rushed – given they're last on the agenda.

How can a risk management product help?

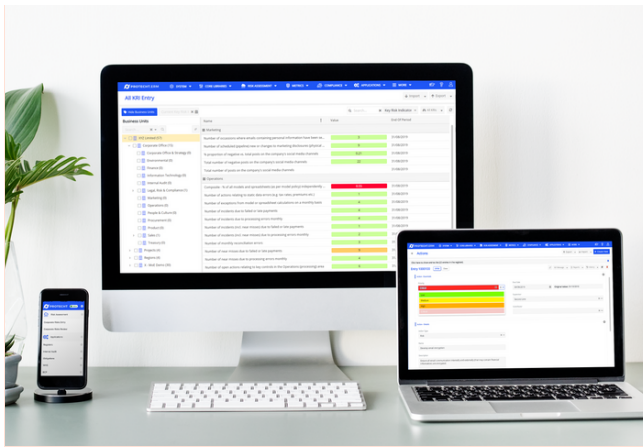
Risk management software enables real-time risk reporting, built to the specific requirements of the Board. Starting with the Risk Appetite, metrics can be developed and run at any time to show the current picture and health of the organisation. Thresholds and colours clearly indicate any items requiring urgent Board attention, leaving Management to continue running the business areas that are operating within appetite.



How Protecht can help you digitise risk management

Risk is the effect of uncertainty on objectives. Risk management is managing the effect of uncertainty on objectives. We at Protecht say 'risk management' and think 'objectives management'. Risk management should therefore not be separated from the business, but rather be fully integrated and linked to an organisation's processes and outcomes.

At Protecht, we offer a digital enterprise risk management ecosystem (Protecht.ERM) which we tailor to suit the needs of your organisation. With highly customisable functionality, some of the most powerful features and benefits include:



Managing all your risks in one platform, with an easy-to-use interface for your frontline users

1



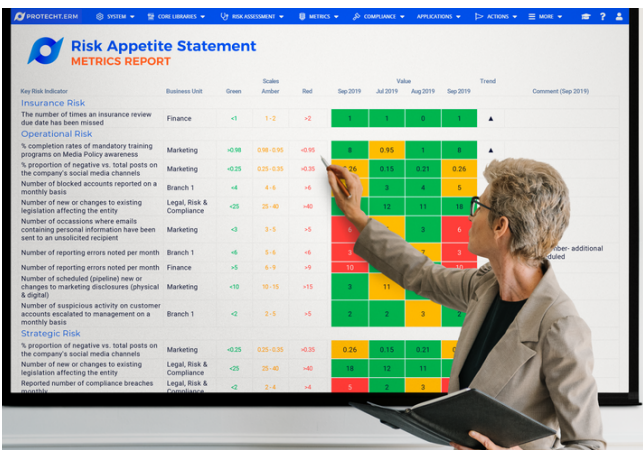
Seeing the complete picture of all your risk information through integrated and dynamic dashboards

2



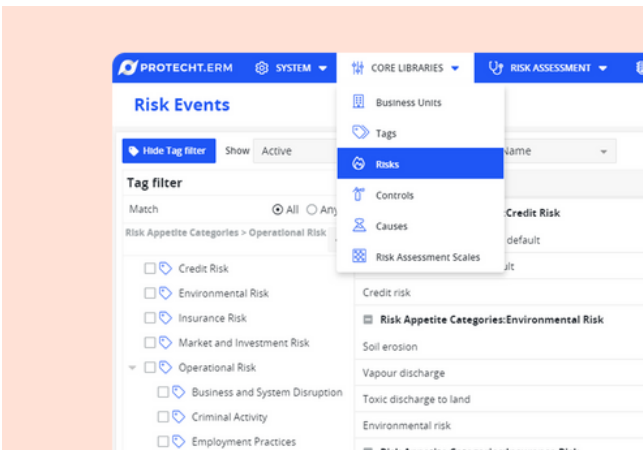
Spending more time on insights, not admin, with automated and real-time risk reporting

3



Communicating clearly to Boards, Executive Management and Risk Committees

4



Driving consistency across the organisation through tailored risk, control and cause libraries

5



Assessing your organisation's risk culture

6

Your stakeholders will thank you!

KEY BENEFITS WE SEE FROM DIGITISING YOUR RISK FRAMEWORK INCLUDE:

BUSINESS OWNERS (LINE 1)	RISK MANAGERS (LINE 2)	BOARD MEMBERS
<ul style="list-style-type: none">• See the linkage between risk and outcomes• Hold others to account via improved end-to-end transparency of risk• Make safer decisions that balance risk and reward• Spend less time on admin with a single source of truth	<ul style="list-style-type: none">• Spend less time on admin and chasing up metrics• Provide more value to the business: produce a clearer picture of risk, challenge risk owners and offer real insights• Engage better with business partners and drive business outcomes	<ul style="list-style-type: none">• Gain greater oversight of the organisation and confidence in Management• Meet Board obligations with evidence• Conduct richer discussions with the benefit of real-time information



How to get started

There are four simple steps to get started on your risk digitisation journey. We can support you in each step through our specialist consulting, training and system implementation teams, who work with you to understand your business and build a fit-for-purpose solution.

The Four Steps to Start your Risk Journey



TRACK YOUR PROGRESS

Ensure that every step of the way is monitored through integrated and insightful reporting to ensure the right progress is being made on your risk maturity journey.

About the Writer



DAVID TATTAM

Chief of Research, Knowledge and Consulting
Protecht

David is the founder and current Director Research and Training for the Protecht Group, an Australian firm specialising in risk management software, consulting, advisory and training to a wide range of clients both locally and overseas. David's passion is risk training, having developed numerous risk courses and trained many thousands over the past two decades. Protecht celebrated its 20th anniversary in 2019.

Prior to Protecht, David was the Chief Risk Officer and Head of Operations for the Australian operations of two global banks. He started his career as a Chartered Accountant and Auditor with Grant Thornton and PwC. He is also the author of "A Short Guide to Operational Risk".

David is an Associate of the Institute of Chartered Accountants in Australia and New Zealand and a Senior Fellow of the Financial Services Institute of Australia. David is passionate about risk and risk management and in reaping the value that risk and good risk management can create for any organisation willing to embrace it.

About Protecht

Redefining the way the world thinks about risk.

While others fear risk, we embrace it. For over 20 years, we have redefined the way people think about risk management with the most complete, cutting-edge and cost-effective solutions.

Protecht helps companies increase performance and achieve strategic objectives through better understanding, monitoring and management of risk. We provide the complete risk solution, comprised of world class enterprise risk management (Protecht.ERM), compliance, training and advisory services to large government organisations, key regulators and businesses of all sizes across the world.

Dynamically manage all your risks in a single platform: Risks, Compliance, Health and Safety, Internal Audit, Incidents, KRIs, BCP, and more.

We're with our clients for their full risk journey. Let's transform the way you understand and manage your risk to create exciting opportunities for growth.



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