

# The connecting force

Issue 2 | Global  
July 2022

Risk intelligence platforms enabling decisions

## Bridge silos

Improve transparency

Support decision-making

*Build your integrated risk intelligence platform*

## What does an integrated platform do?

The risk intelligence platform works as an overarching foundation for integrated risk management.

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## Building the platform

A leadership team might consider broad initial steps in developing an integrated risk intelligence platform.

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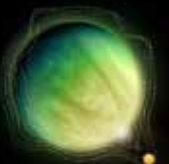
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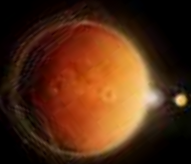
# Our Integrated Risk Management series

Connecting the various parts of your business while keeping abreast of the impacts that social and political developments, weather or natural events and cyber attacks can bring isn't easy. This series of reports on integrated risk management, highlights how centralizing decisions and bringing disciplines together can make for improved decision-making and lead to a more effective approach.

Over the course of eight reports, we look at different themes and approaches to managing and governing your risk.



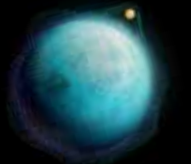
**01: One small step**  
Improving your approach to risk governance often entails reviewing, refreshing, and revising risk-related practices.



**02: The connecting force**  
Building your integrated risk platform can help bridge silos, improve transparency and enable smarter decision-making.



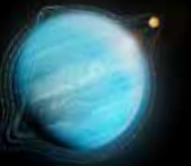
**03: Seeking new horizons**  
Navigating the constellation of markets, events and opportunities to preserve value and sustain growth.



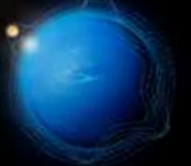
**04: Preparing for a sustainable future**  
Harnessing the Power of risk management to propel your ESG strategy and objectives.



**05: Mission unity**  
Building cohesive risk management to realize your purpose and achieve your planet, people and growth goals.



**06: The biggest milestone**  
Transforming your capabilities and culture with confidence through uncharted space.



**07: Greater intelligence**  
Developing an early warning radar to get ahead of emerging risks and opportunities.



**08: Orbital forces**  
Integrating risk and assurance forces across the enterprise to build a cohesive system to manage risk well.



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Driven by forces such as globalization, digitalization, social media, and dependence on information technology, risks and risk events are more interrelated than ever.

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# Build your integrated risk intelligence platform

Bridge silos  
Improve transparency  
Support decision-making

Driven by forces such as globalization, digitalization, social media, and dependence on information technology, risks and risk events are more interrelated than ever.

Yet many organizations still employ siloed approaches to risk management which can hamper the organization's responsiveness and resilience as well as risk-based decision-making.

Senior executives realize this, and many have therefore developed integrated risk management frameworks. However, such a framework must be supported by an integrated risk intelligence platform.

An integrated platform bridges siloes and provides an enterprise wide view of risks.

An integrated platform bridges siloes and provides an enterprise-wide view of risks. It enables people at all levels to fulfill their risk-related responsibilities. To address the complex risks of an interrelated economy, the traditional siloed approach of risk management does not provide a sufficient foundation for management decisions. A central risk hub that considers data from internal and external sources is required to enable the connection of dots in the risk universe and the generation of risk intelligence and insights for management decisions.

Of course, the goals and needs of various organizations will differ. Some will need to establish or upgrade essential capabilities of their risk management platforms, such as those for monitoring risks and coordinating responses. Others with relatively mature platforms can focus on integrating existing capabilities.

Integrated risk management rests on a foundation of sound risk governance as detailed in our previous publication in this series<sup>1</sup>. This article presents the case for developing an integrated risk intelligence platform or enhancing an existing one, and provides initial steps to consider.

<sup>1</sup> Improve your grip: Boost performance | Be responsible | Build trust, 2021  
Deloitte Global Risk Advisory



# What does an integrated platform do?

An integrated risk intelligence platform is not an enterprise resource planning (ERP) or governance, risk and compliance (GRC) system.

It is the totality of the risk management processes, tools, technologies, methodologies, and reporting mechanisms, and it enables people to put those elements into action more rapidly, effectively, and economically. This capability does not exist in most organizations, even in those with established ERP and GRC systems.

Those systems generally allow risk information and processes to remain in silos and fail to bring all of the needed elements—the information and the people, processes, and technology—together to generate an enterprise-wide view of risk and to support risk-based decision-making.

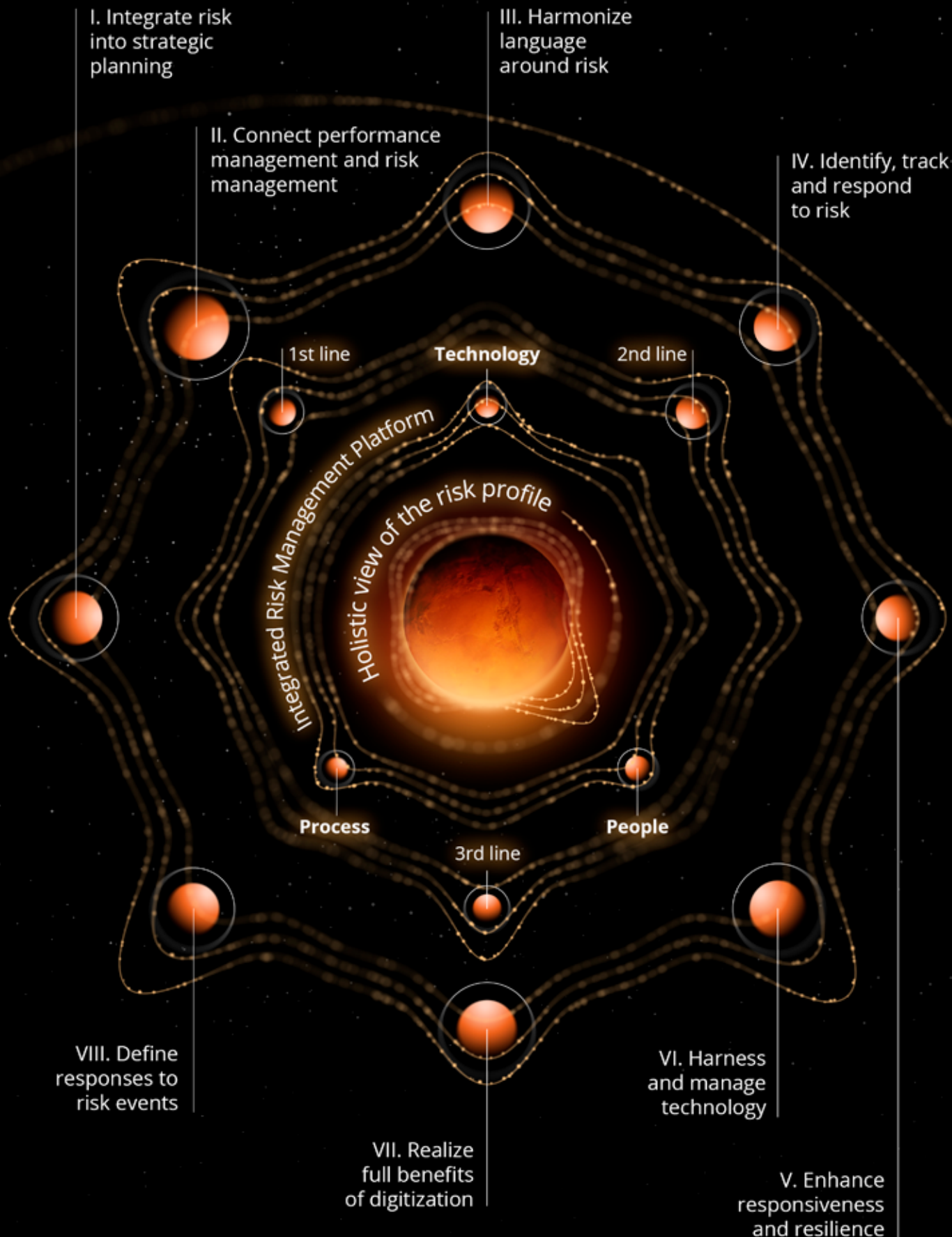
An integrated risk intelligence platform facilitates input, analysis, and output of risk information from a range of sources. Those sources include internal ones, such as the ERP and risk assessments, as well as external sources such as newsfeeds and social media. An integrated platform aggregates and analyzes risk data across the organization, extended enterprise, and larger environment, and delivers risk information to relevant parties. The platform provides the business and functions with insights, flags, and potential responses regarding risks.

An integrated platform links the business strategy with the risk strategy and improves performance in that it operationalizes the three lines model of risk management by:

- Providing the **first line**, which owns and manages risk, with relevant, timely, actionable information and insights.
- Enabling the **second line**, which supports the first line, to provide better support and proactive guidance to the business.
- Positioning the **third line**, internal audit, to more effectively allocate assurance resources and move toward automated assurance.

By integrating risk management with planning, forecasting, performance measurement, and other systems, the platform illuminates relationships between risk management and performance management. It enables management to identify risks to drivers of value, even at the level of the profit and loss statement, and to optimize risk positions. This in turn drives performance and profitability through informed risk taking and proactively limiting losses across risk categories.

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# Aligning people, processes, and technology

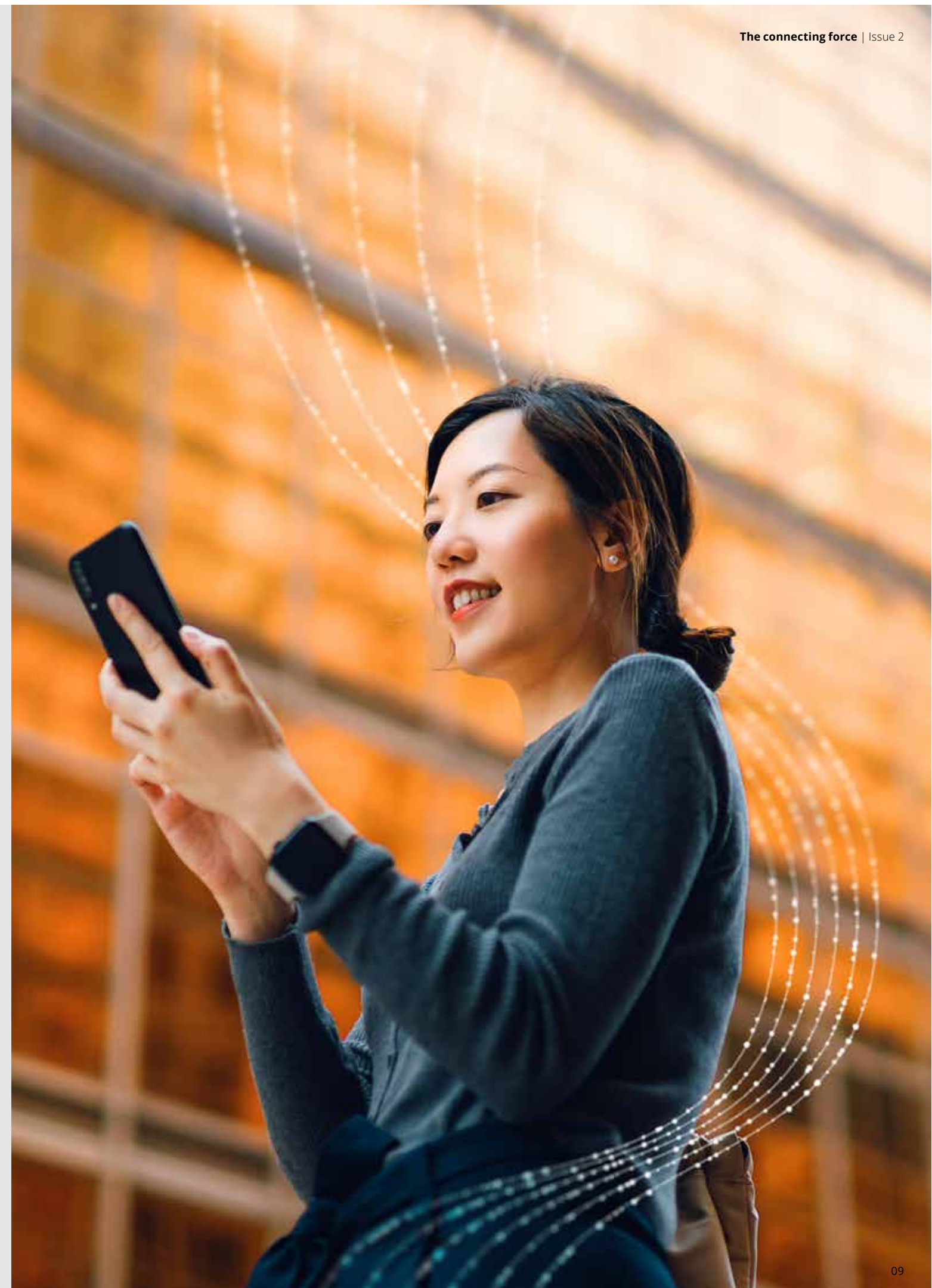
An integrated risk intelligence platform aligns people, processes, and technology to support risk-based decision-making in the following ways:

- **From the people perspective,** this means leveraging business, functional, and risk managers' expertise in the design of the platform and, when useful, incorporating human analysts into the platform itself. In addition, the platform establishes a feedback loop in which people in the three lines model assess outcomes of decisions and responses and use lessons learned to modify the platform.
- **From the process perspective,** this entails establishing data flows parallel to the processes that address risks in keeping with the organization's desired risk profile, risk appetite, and risk tolerances. The platform supports the processes that assist management in achieving strategic goals while enabling them to better fulfill their risk governance and risk management responsibilities.
- **From the technology perspective,** systems of data capture, analysis, and distribution deliver the right information to the right people at the right time. For example, data visualization technologies enable dashboards that can signal emerging risks, likely outcomes, and potential responses under various scenarios. Today's technologies can also lower the barriers posed by legacy systems while preserving the organization's investment in those systems.

In aligning people, processes, and technology within one platform, the organization can position decision makers to take specific steps to mitigate a risk or escalate notification. For example, voice-to-text and text-to-voice technologies can facilitate interfaces that inform decision makers of changing conditions and potential steps to consider.

In developing the platform, leaders have the opportunity to synchronize risk management information-related processes and activities across the organization. They can bridge silos, rationalize controls, close gaps, minimize redundancies, and reduce costs—while taking advantage of other opportunities to improve performance.

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# A platform for improving performance

Developing an integrated risk intelligence platform presents business, financial, operational, and risk managers with valuable opportunities to:

A solid platform will integrate key risk indicators and key performance indicators within a larger strategic framework to foster clear decision-making in a volatile, uncertain, complex and ambiguous world.

- Incorporate volatility into strategic planning:** Senior leaders must consider risks to the strategy, risks of the strategy, and risks posed by incorrect assumptions underlying the strategy. The right risk platform can enable management to more explicitly consider these factors and thus integrate risk more fully into strategic planning—and into real-time course corrections. With this capability, management can more quickly adjust risk appetite, tolerances, and positions to achieve greater agility and enhanced resilience when faced with volatility.
- Connect performance management and risk management:** In many organizations, performance management is not connected to risk management. People's business or functional performance is often evaluated without consideration of their performance of risk-related responsibilities. At times, people in the first line—the business—believe that risk is being managed in the second line by a "risk management" function. An integrated platform rests on the premise that performance management and risk management are aligned.
- Identify, track, and respond to risk:** First-line personnel need timely information on evolving risk positions, emerging threats, and useful mitigation steps. Senior managers need up-to-date intelligence on a broad range of risks and potential responses and likely outcomes. An integrated platform can provide the scanning, analytical, and reporting capabilities required to meet these needs.
- Harmonize language around risk:** Lack of a shared language of risk and common risk measures can undermine evaluations of risks and impacts. A common taxonomy of risk facilitates those evaluations as well as communication about risk, and it can help to improve controls. Harmonizing language and measures fosters a consistent approach to risk and contributes to a truly integrated platform.
- Enhance responsiveness and resilience:** No organization is immune to value-destroying events. When such an event occurs, stakeholders scrutinize the leadership's response and the organization's resilience—its ability to rapidly return to fully operational capabilities. An integrated platform can help management to anticipate impacts, gauge knock-on effects, and craft clear communications to all stakeholders, while accelerating responses and reinforcing resilience.
- Harness—and manage—technology:** Technology powers the platform. However, many companies have legacy systems that would be expensive to replace. Automated tools can facilitate data aggregation and management and bridge silos while leaving legacy systems largely intact. Also, technology itself presents risks beyond cyber risks, such as competitors using new technologies to disrupt business models and leaders facing the need to place "technology bets" in an uncertain environment. An integrated platform can help management to address such risks.

- Realize full benefits of digitalization:** The data gathering, analysis, and distribution capabilities of an integrated platform enables the organization to make digitalization of risk management a reality. For example, it can enable real-time risk monitoring, predictive analytics, and application of artificial intelligence (AI) to scanning and analysis of unstructured data from diverse sources. AI can be used to analyze trends and patterns to identify and track emerging risks and opportunities in a range of situations, from forecasting equipment failures to monitoring organizational culture.
- Define responses to risk events:** An integrated risk management platform should incorporate the results of scenario planning, war gaming, and response exercises. Root cause analysis and other process improvement methodologies can improve responses and resilience as well as day-to-day practices. Risk escalation guidelines and response playbooks for people at all levels—and for extended enterprise partners—can further enhance resilience. Each of these can be improved through an integrated risk management platform.

Many benefits of an integrated platform result from its serving as a central repository of not only risk data, but also of risk-related policies and procedures. A solid platform will integrate key risk indicators (KRIs) and key performance indicators (KPIs) within a larger strategic framework to foster clear decision-making in a VUCA (volatility, uncertainty, complexity, and ambiguity) world. In addition, as the risk landscape evolves, management can more accurately gauge the organization's evolving risk profile, then adjust that profile in the context of risk appetite.

Thus, the platform provides a view of risk—and of exposures and tolerances within lines of business and the supply chain—that enables management to navigate the risk landscape with a more robust set of options and higher levels of confidence.



# Building the platform

A leadership team might consider the following initial steps in developing an integrated risk intelligence platform:

- **Understand stakeholders' needs and expectations:**

Different stakeholders will have different needs for risk information and various ways of using it. Some will need more detailed data than others. Some will need more real-time data than others. Some will need mostly quantitative data while others will benefit from qualitative data. So, aim to understand user expectations from the start. Surveys and interviews can be useful here, as can developing risk personas for a range of users. These personas can be used to characterize the decisions these parties make, the objectives they pursue, and the frequency, exposures, counterparties, and other factors involved in decisions, which can then be considered in platform design.

- **Create an inventory of risk data:**

Integrating risk data calls for identifying all sources of data relevant to the strategic, operational, financial, health and safety, regulatory, legal, cyber, ESG, reputational, and other risks the organization faces. During the inventory, the organization may need to expand its definition of risk data to include new, and perhaps external, sources. Management should understand the media in which data reside, and the means by which it is developed, maintained, transmitted, and secured. This inventory should also assess the reliability, quality, and integrity of the data as well as data governance.

- **Define use cases for the risk platform:**

While it would be impossible to envision every future use of the platform, it would be valuable to define multiple use cases. Typical cases might include monitoring specific types of risk, such as third-party risk, risk reporting to the C-suite and board, and automating assurance. Use cases for the platform might include accelerated identification of impacts of risk events and steps toward speedy recovery. These use cases can form the basis of pilot projects to demonstrate proof of concept and build consensus around funding, next steps, and roles and responsibilities.

- **Create a blueprint:**

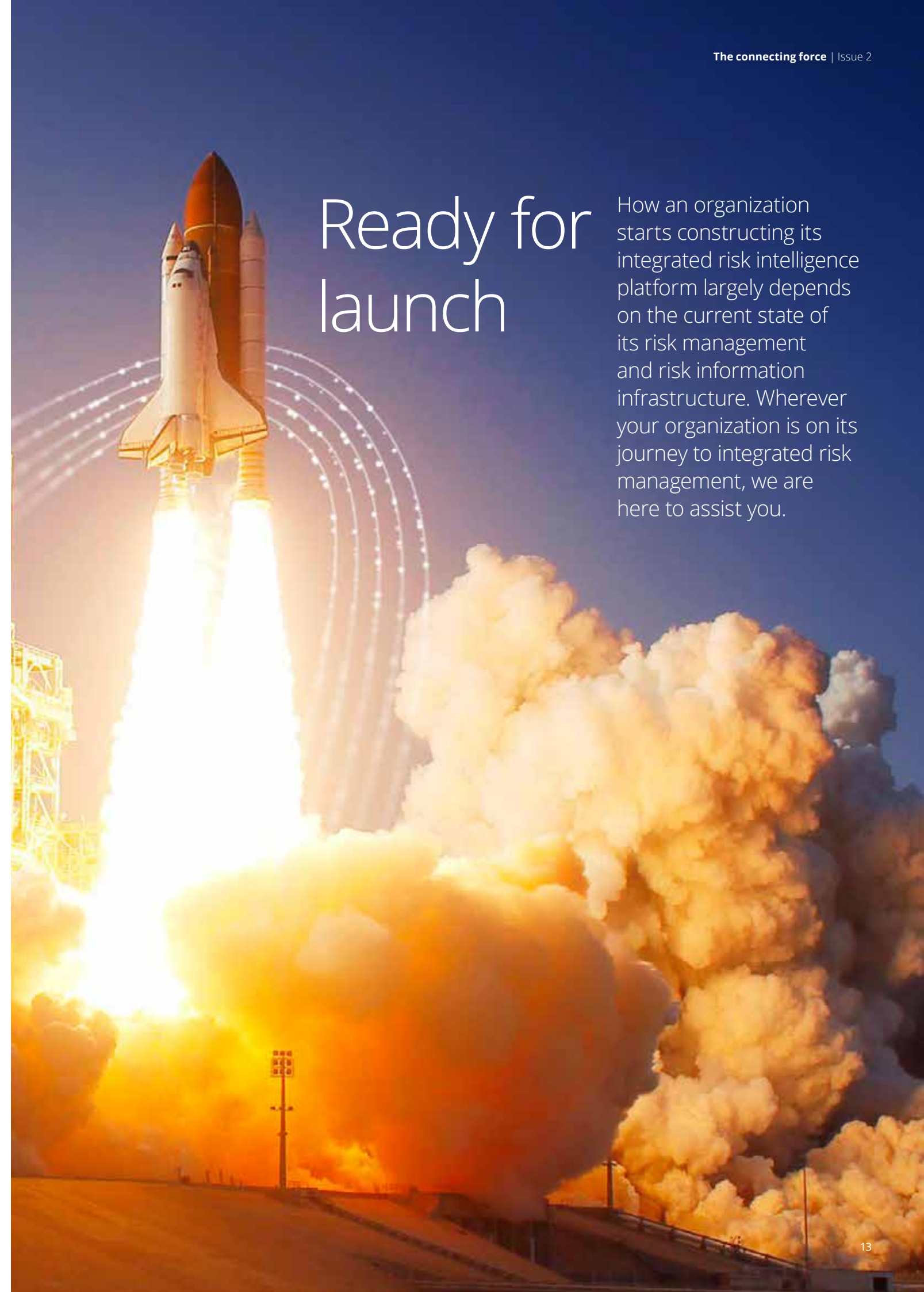
The people, processes, and technology that will comprise the platform should be mapped into a "blueprint" showing the role these resources will play and how they will fit together. People include those who manage risk and provide support and assurance. Processes may include those for controls monitoring, limit setting, and mitigation procedures, as well as incident response playbooks. Technology includes systems, applications, and interfaces for operationalizing the platform. Understanding how these components should work together sets the stage for more detailed plans.

- **Commit to building a risk-informed culture:**

Ultimately, the success of this initiative depends on the people using the information, assessing the risks, and executing the responses. Therefore, senior leaders need to maintain a culture in which people at all levels see the importance of risk management. People need to know what to do with risk intelligence, not in a check-the-box manner, but in a way that supports them in performing their jobs and making decisions. This may entail formal change management, along with initial orientation, periodic training, and ongoing communication.

## Ready for launch

How an organization starts constructing its integrated risk intelligence platform largely depends on the current state of its risk management and risk information infrastructure. Wherever your organization is on its journey to integrated risk management, we are here to assist you.





# Connect with us

Discuss the report and learn more about our approach.



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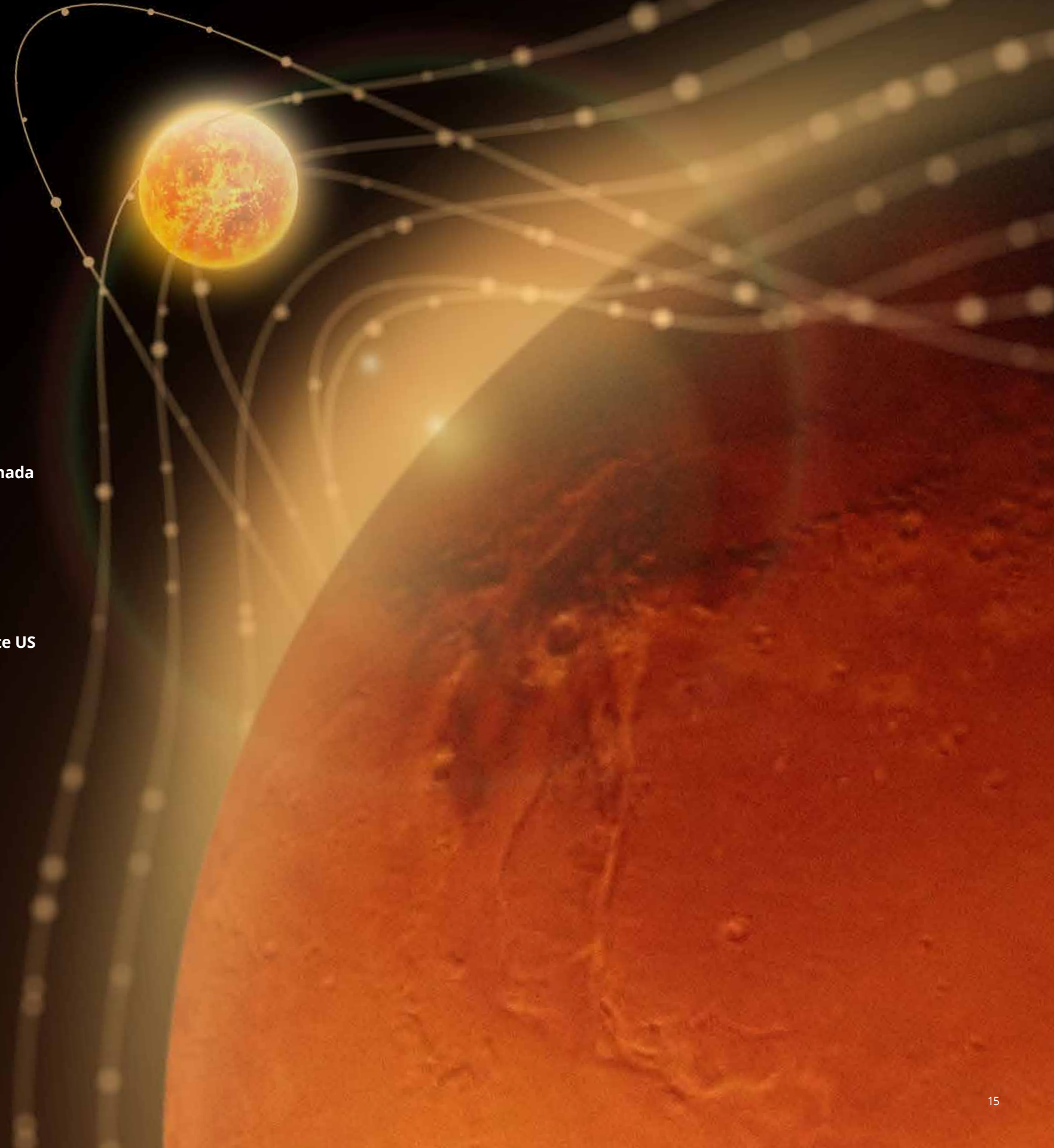
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