Creating a Risk Intelligent Organization

Date: 3 October 2019

Venue: Sarova White Sand Hotel Mombasa

TIME: 11am to 1pm

Uphold public interest

Hello world!

Your Facilitator

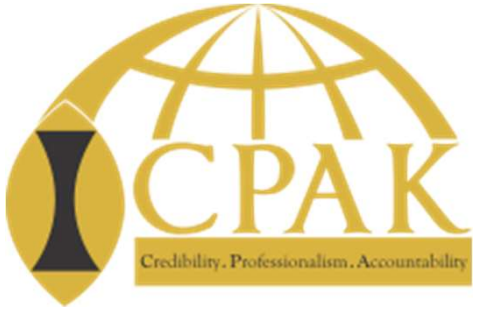
My Name is Barnabas Chirombo

Head: Galvanize Africa

Learning Objectives

1. Business Disruption
2. Principled Performance
3. Technologies for Risk Intelligent Organization
4. Integrated Data Driven GRC

Velocity of Disruption



Velocity of Disruption is Increasing….Yet Risk Is Still Managed in Outdated Ways

12%
Of S&P 500 remain since 1955

75%
will churn by 2027 of S&P

90% - 1%
Global data created < 2 years

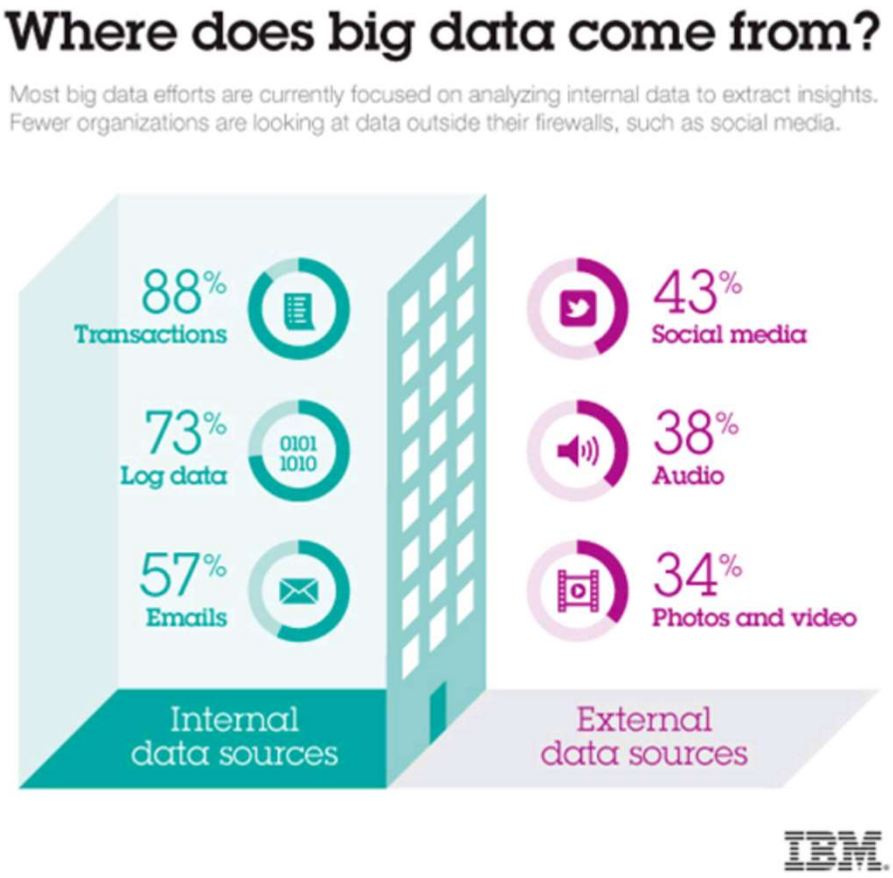
Velocity of Disruption

IBM: 108 years
Disney: 96 years
Microsoft: 44 years
Apple: 43 years
Amazon: 25 years
Netflix: 22 years
Google: 21 years
Alibaba: 20 years

Tesla: 16 years
Facebook: 15 years
Twitter: 13 years
Airbnb: 11 years
Uber: 10 years
Snapchat: 8 years

Digitalization

DIGITALIZATION
DRIVING
DISRUPTION



IoT

CPAK
Credibility. Professionalism. Accountability

INTERNET of THINGS + the MOBILE FUTURE

328 MILLION THINGS CONNECT TO THE INTERNET EACH MONTH

By **2022** A HOME WILL CONTAIN **500** SMART DEVICES

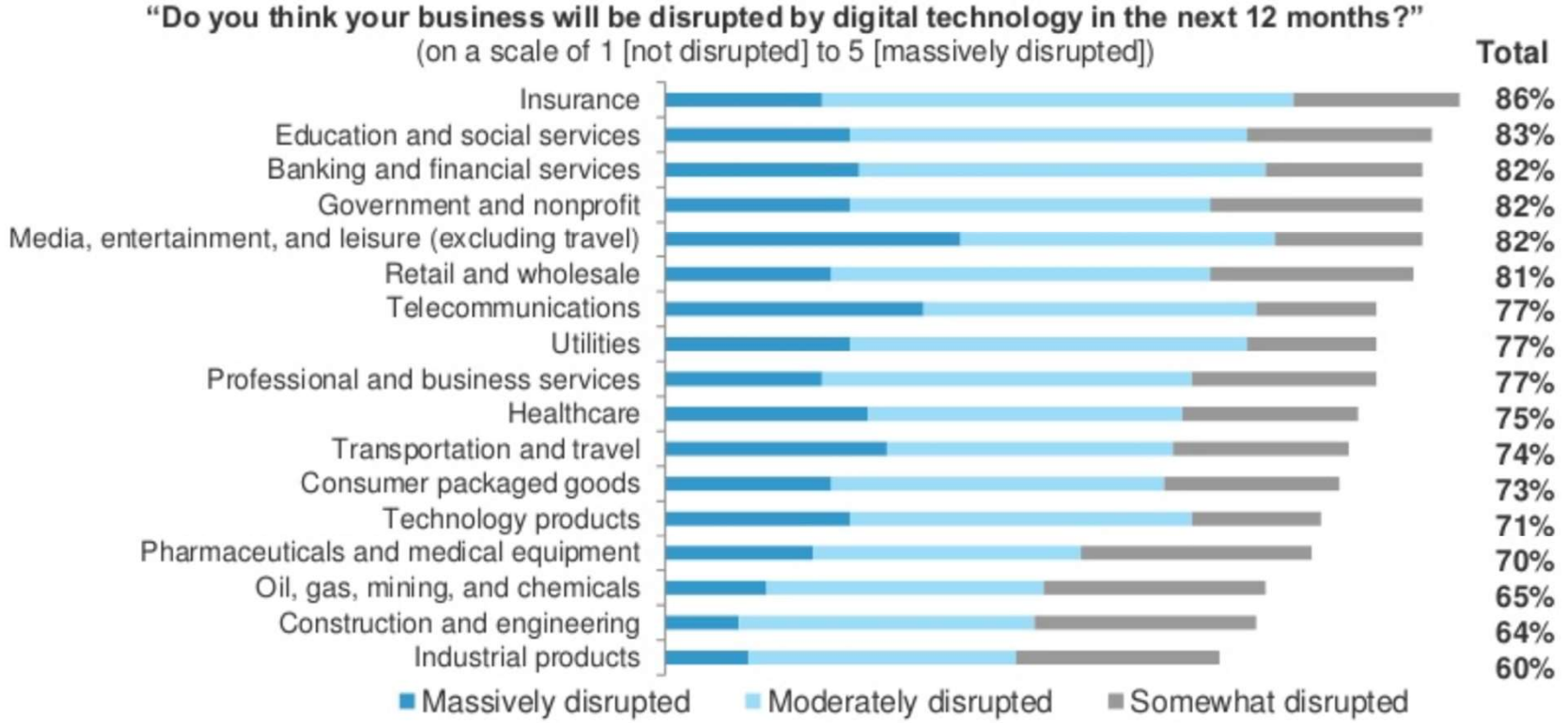
Vehicles of the future

Vehicles of the future

Impact of Digitalization and automation... Lollll

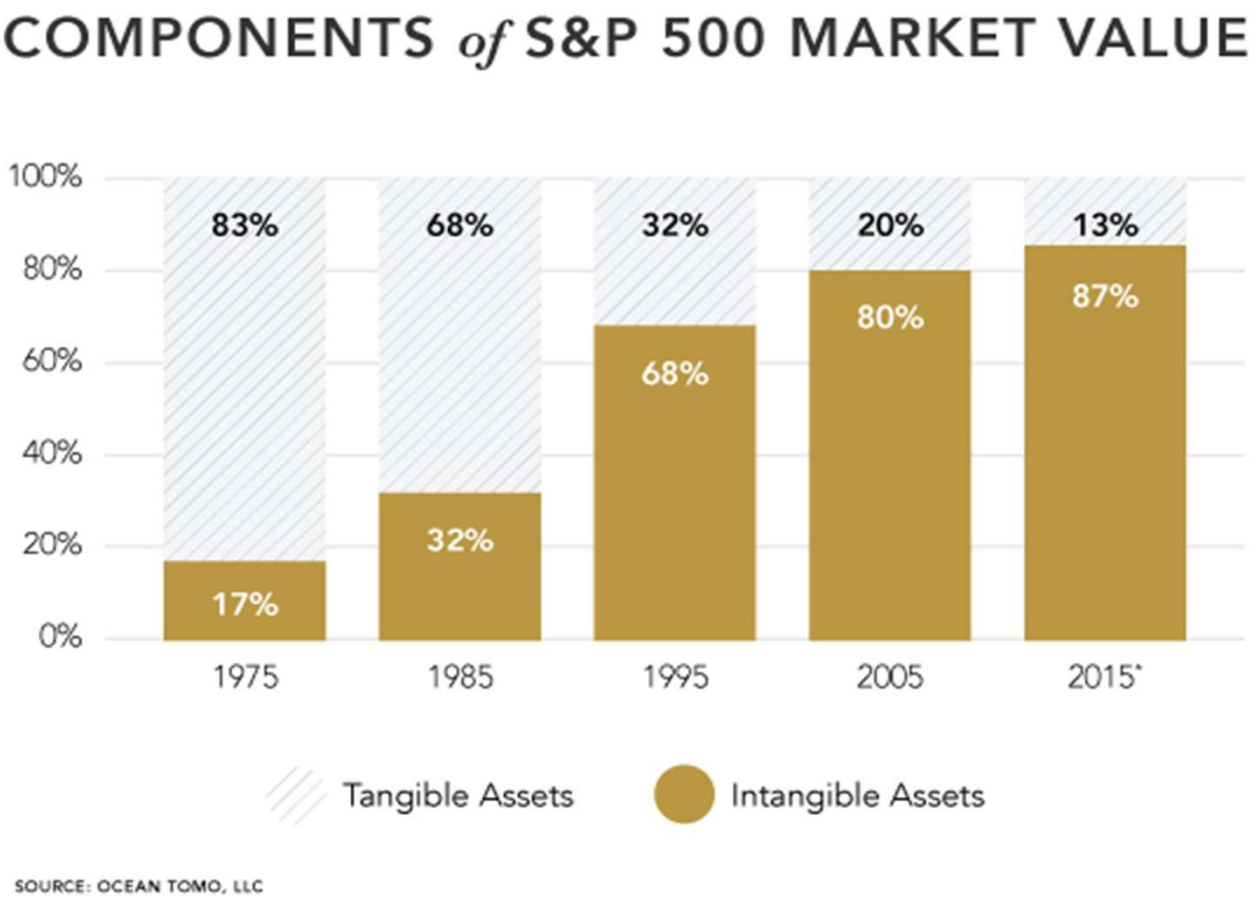
Disruption

No industry will escape digital disruption

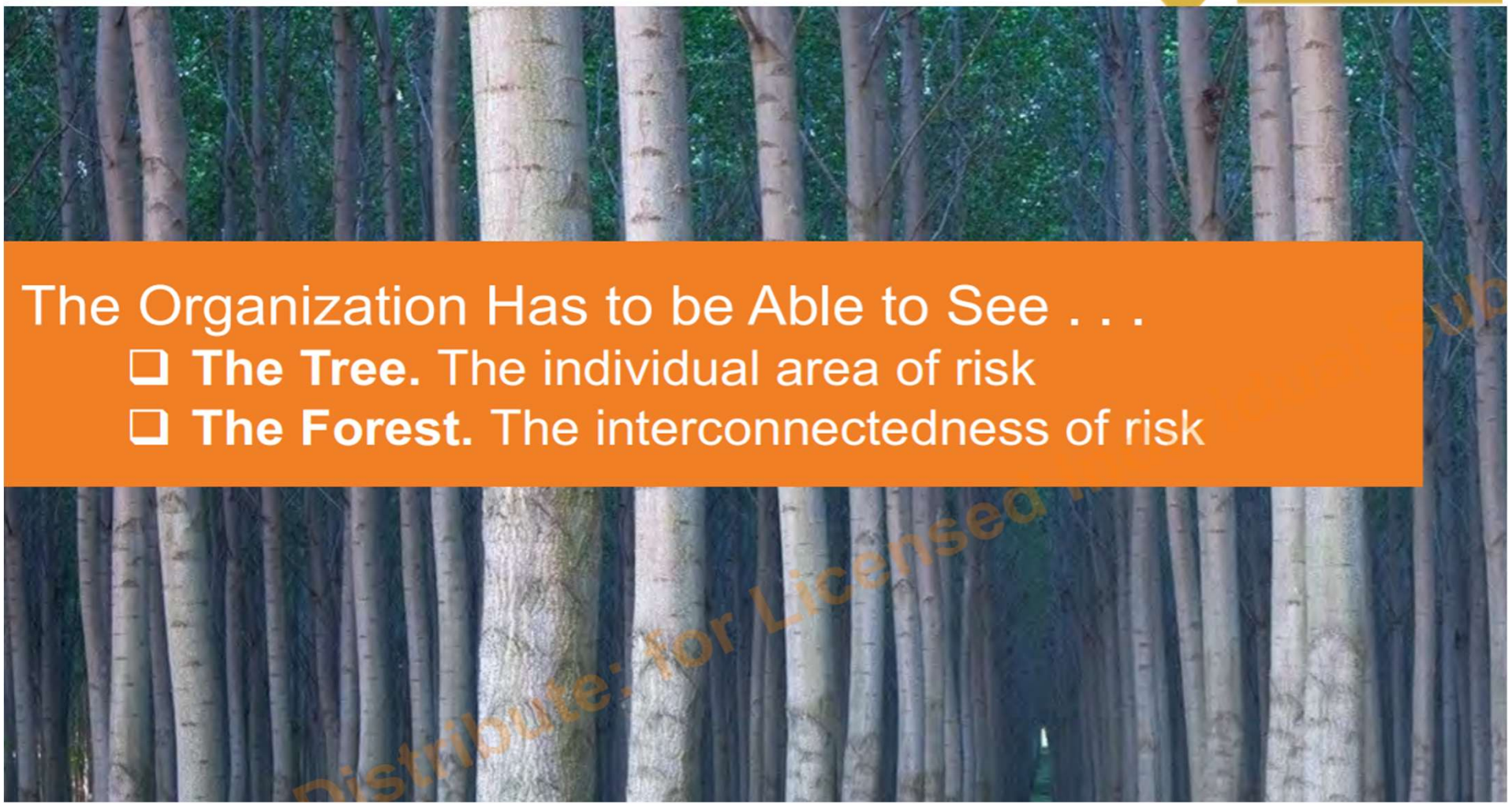


Source: Forrester/Russell Reynolds 2014 Digital Business Online Survey

The balance sheet ratios have permanently shifted



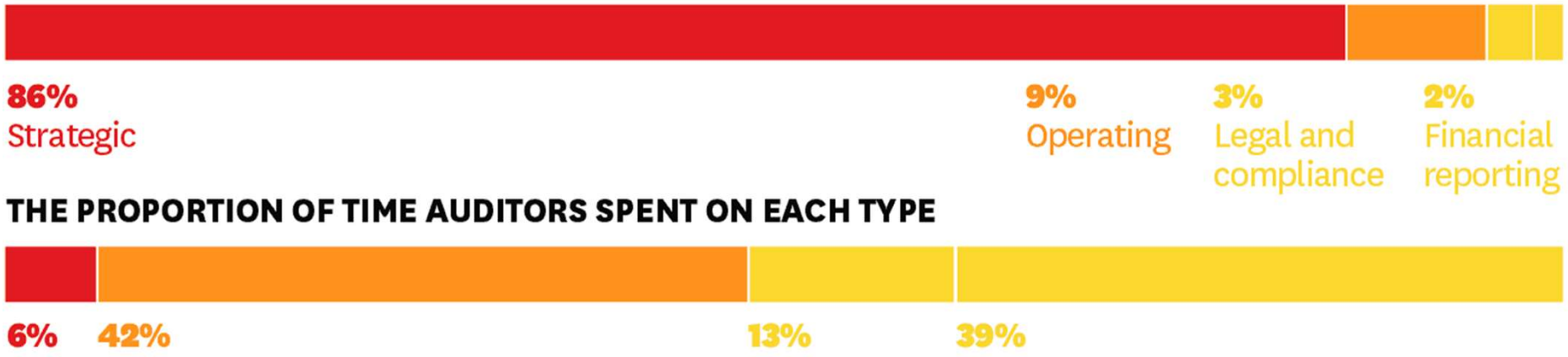
Interconnectedness of risks



Where is the risk?

Looking for Risk in All the Wrong Places

Risk management has historically focused more than half its time on legal, compliance, and financial-reporting functions. That's starting to change as companies realize that most big hits to shareholder value come from strategic and operating risks.



SOURCE CEB
FROM "HOW TO LIVE WITH RISKS," JULY–AUGUST 2015

GRC Defined

The Official Definition of GRC . . .

> GRC is the integrated collection of capabilities that enable an organization to:
>
> **G)** reliably achieve objectives
>
> **R)** while addressing uncertainty and
>
> **C)** acting with integrity.

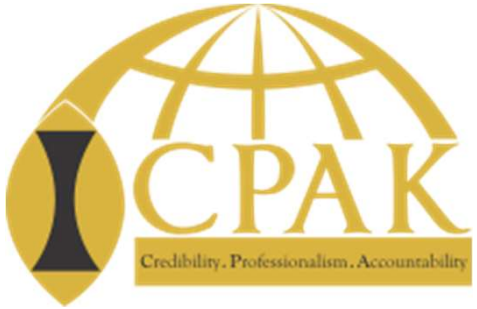
SOURCE: OCEG GRC Capability Model

Data Driven GRC

- ***"Data Driven GRC"*** *represents a consolidation of methodologies, both functional and technological, that dramatically enhance the opportunity to address emerging risk landscapes and, in turn, maximizing the reliability of organizational performance.*

- ***"Data-Driven GRC"*** *is a methodology for leveraging technological tools to evaluate and monitor strategic risk at an executive or board level, in real time, by analysing transactional level business data.*

Data Driven GRC

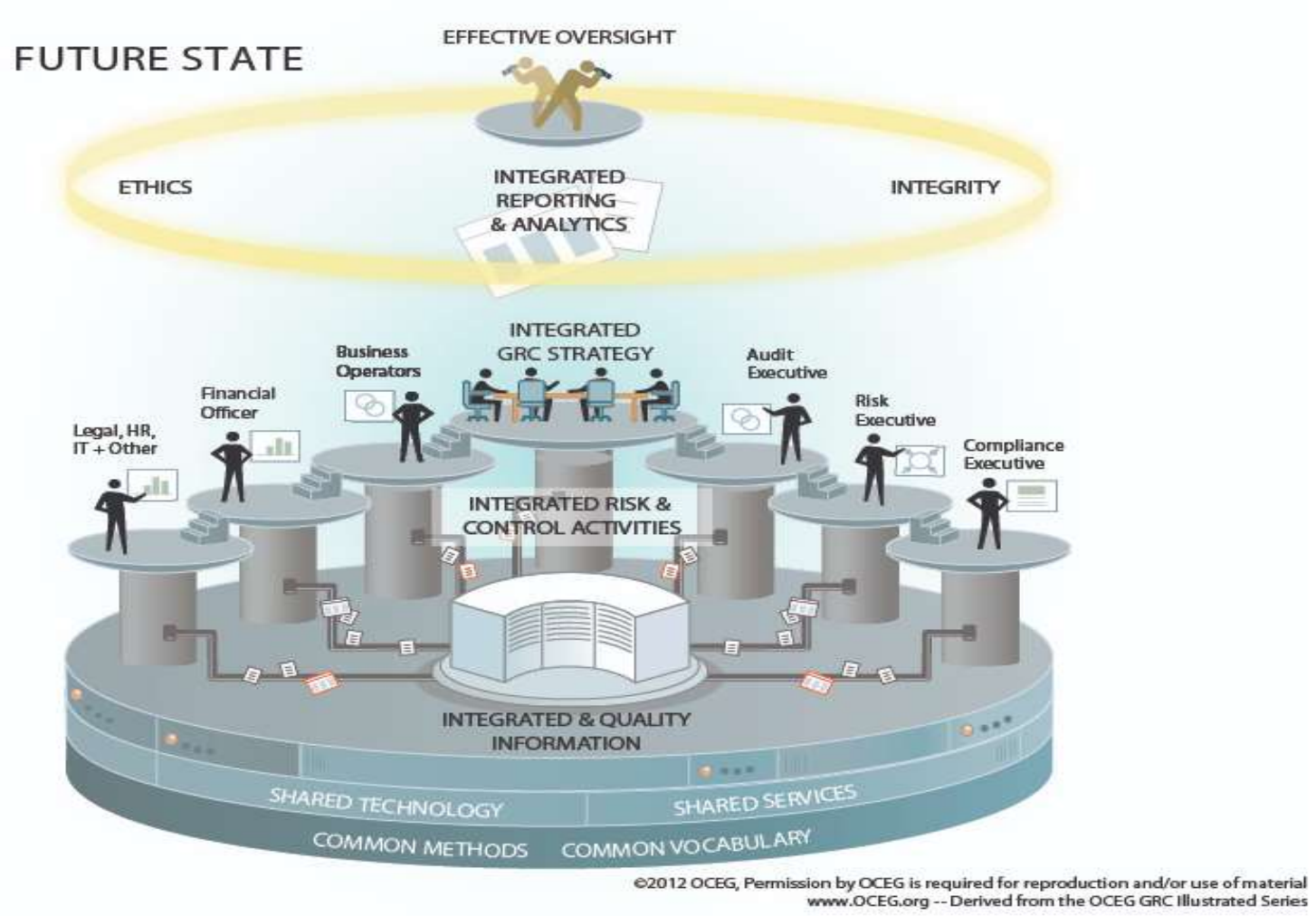


GRC is the capability, or integrated collection of capabilities, that enables an organization

1. *to reliably achieve objectives,*
2. *address uncertainty, and*
3. *act with integrity;*

including the governance, assurance and management of performance, risk, and compliance.(www.grcglossary.org)

Federated GRC



Use the acronym “GRACE-IT”

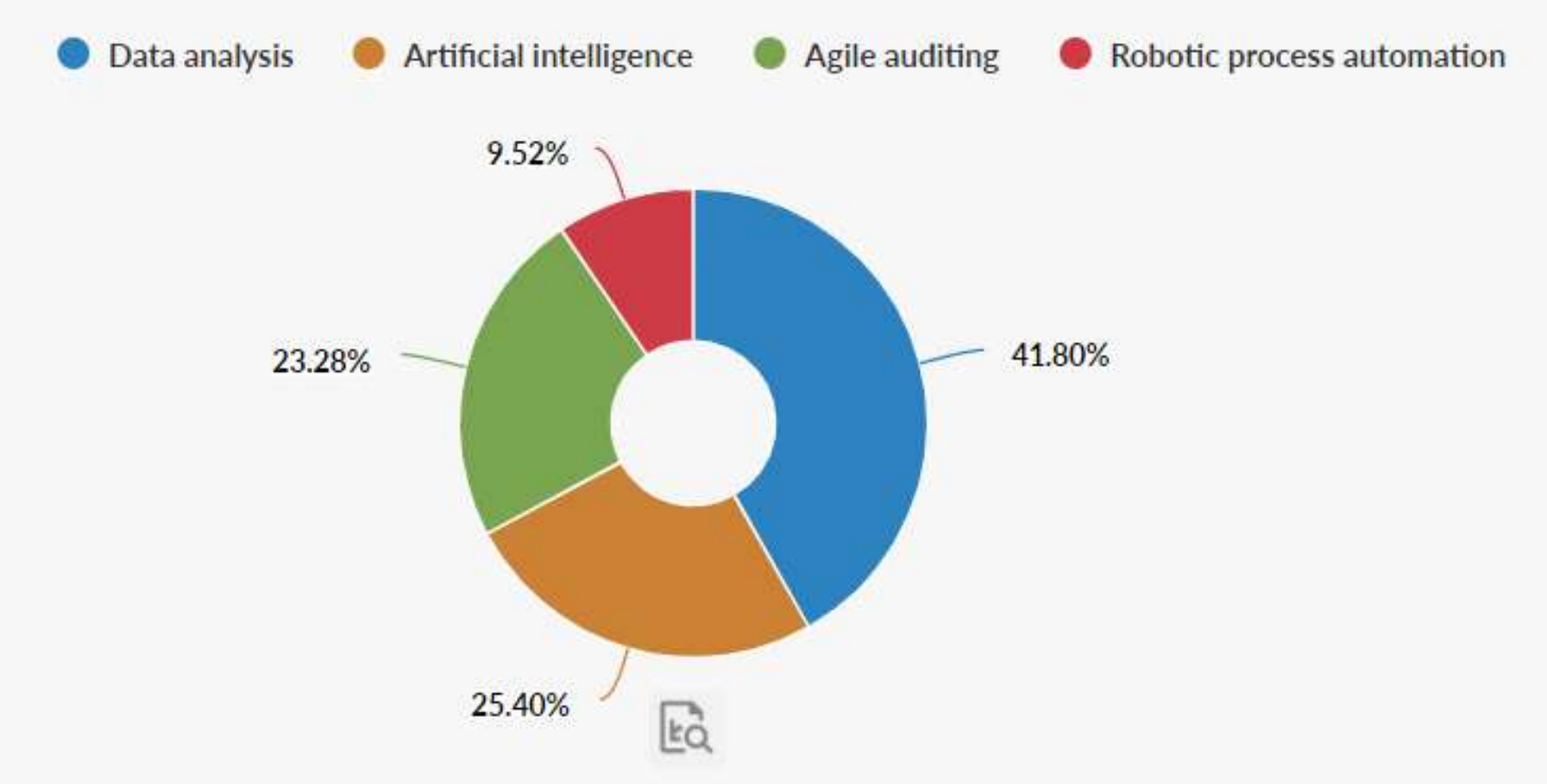
Roles that must work together to achieve

Principled Performance

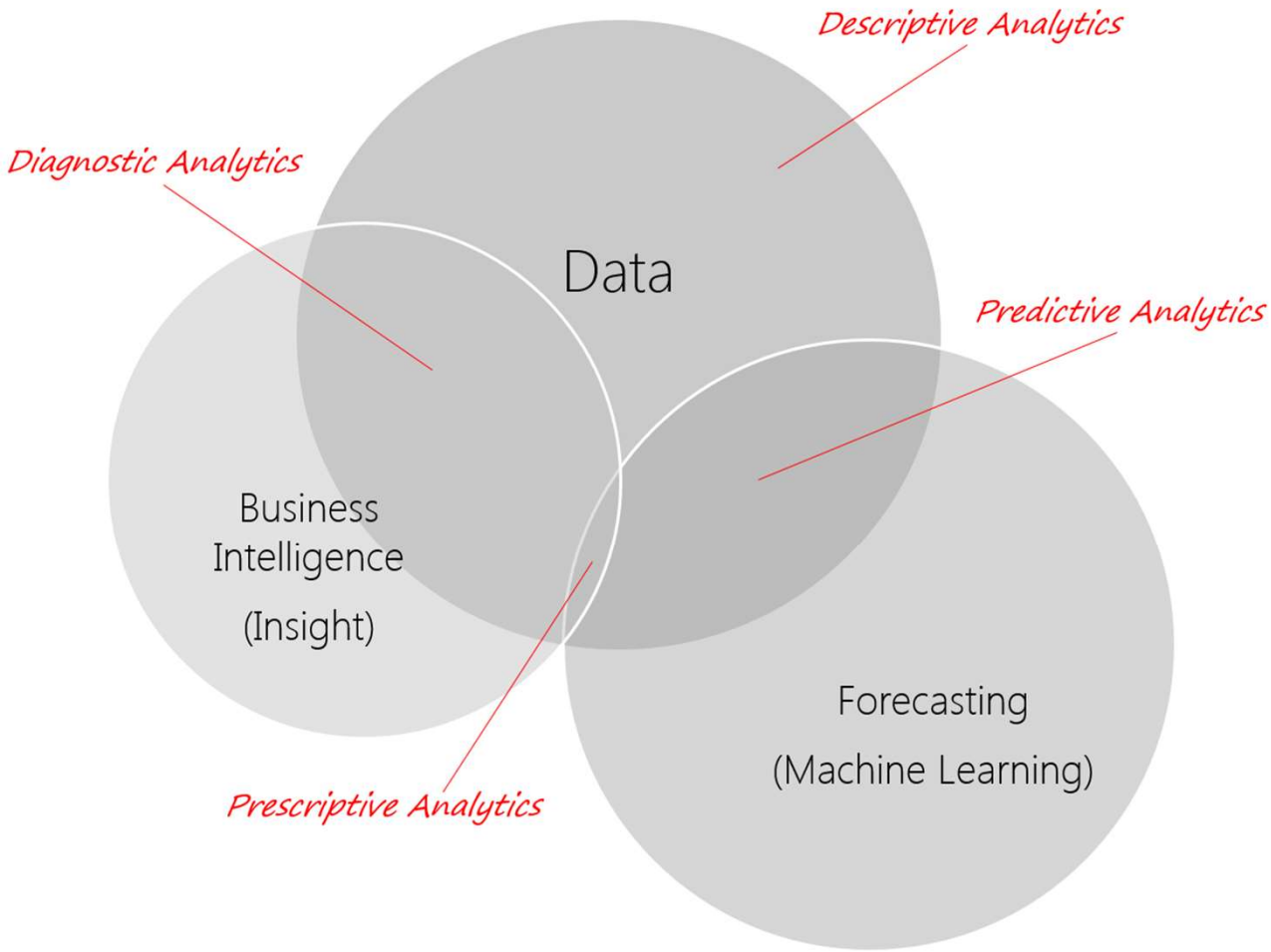
Accomplishing this requires ability to…

- Reliably identify front line controls relevant to key strategic risks
- Test controls using empirical evidence (i.e., data) within the organization (reducing or eliminating unsound validation mechanisms like inquiries, sampling, etc.)
- Schedule and automate such tests to occur on an regular basis for ongoing evaluation of the related control
- Link real-time results of testing directly to corporate risks, driving real-time organizational risk assessment

Skills of the future



Data Analysis

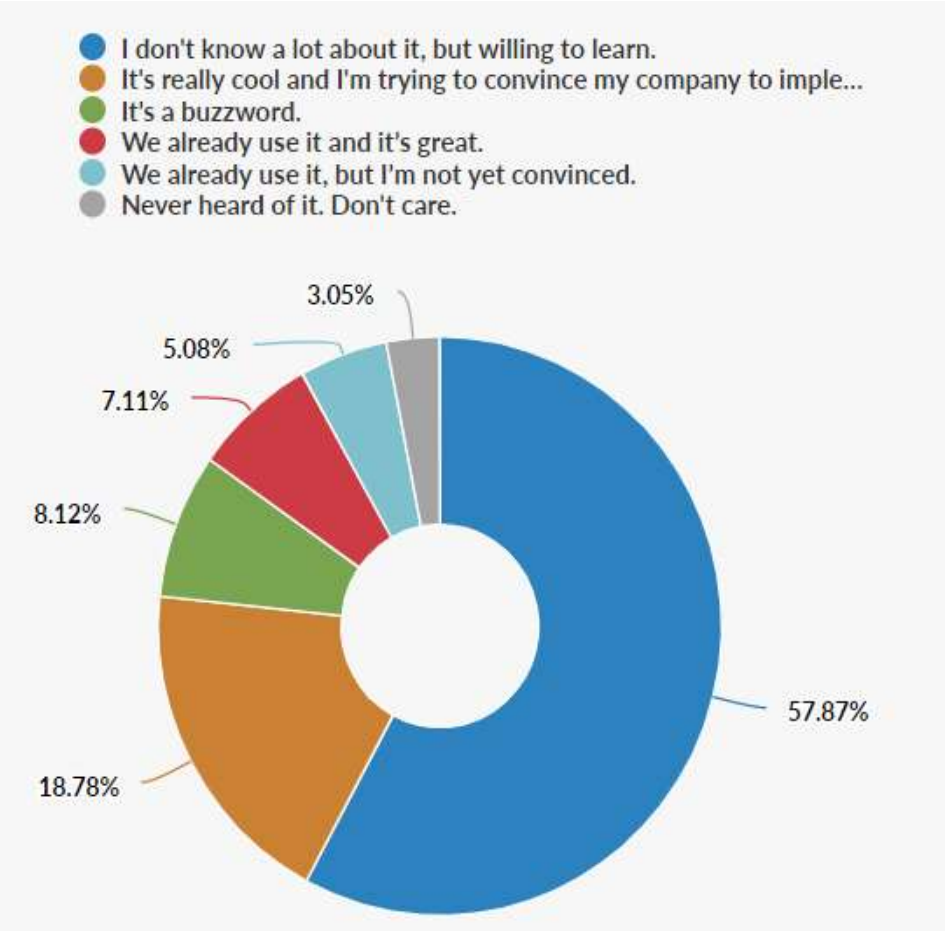


Artificial Intelligence

AI deals with the following issues

- ✓ Reasoning and Problem Solving
- ✓ Knowledge representation
- ✓ Planning
- ✓ Learning

Robotic process automation (or RPA) is an emerging form of business process automation technology based on the notion of metaphorical software robots or artificial intelligence (AI) workers



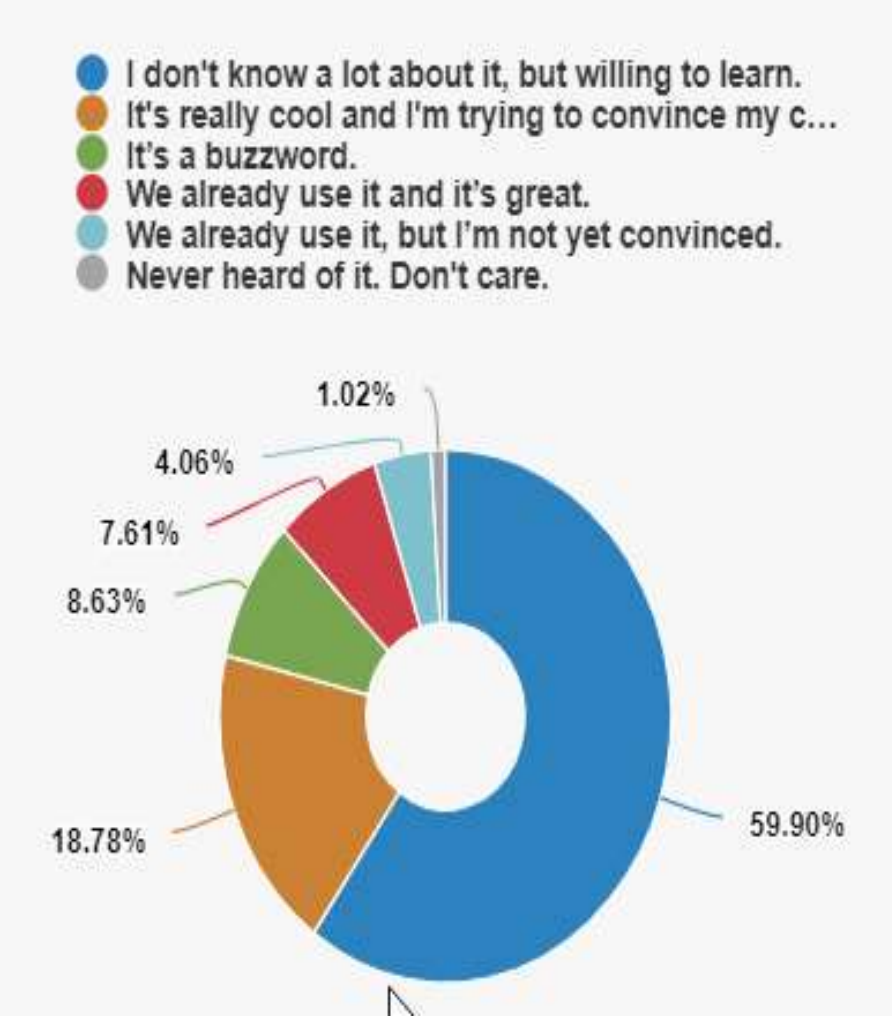
Machine Learning (ML)

"Hey Siri, what is Machine Learning?"

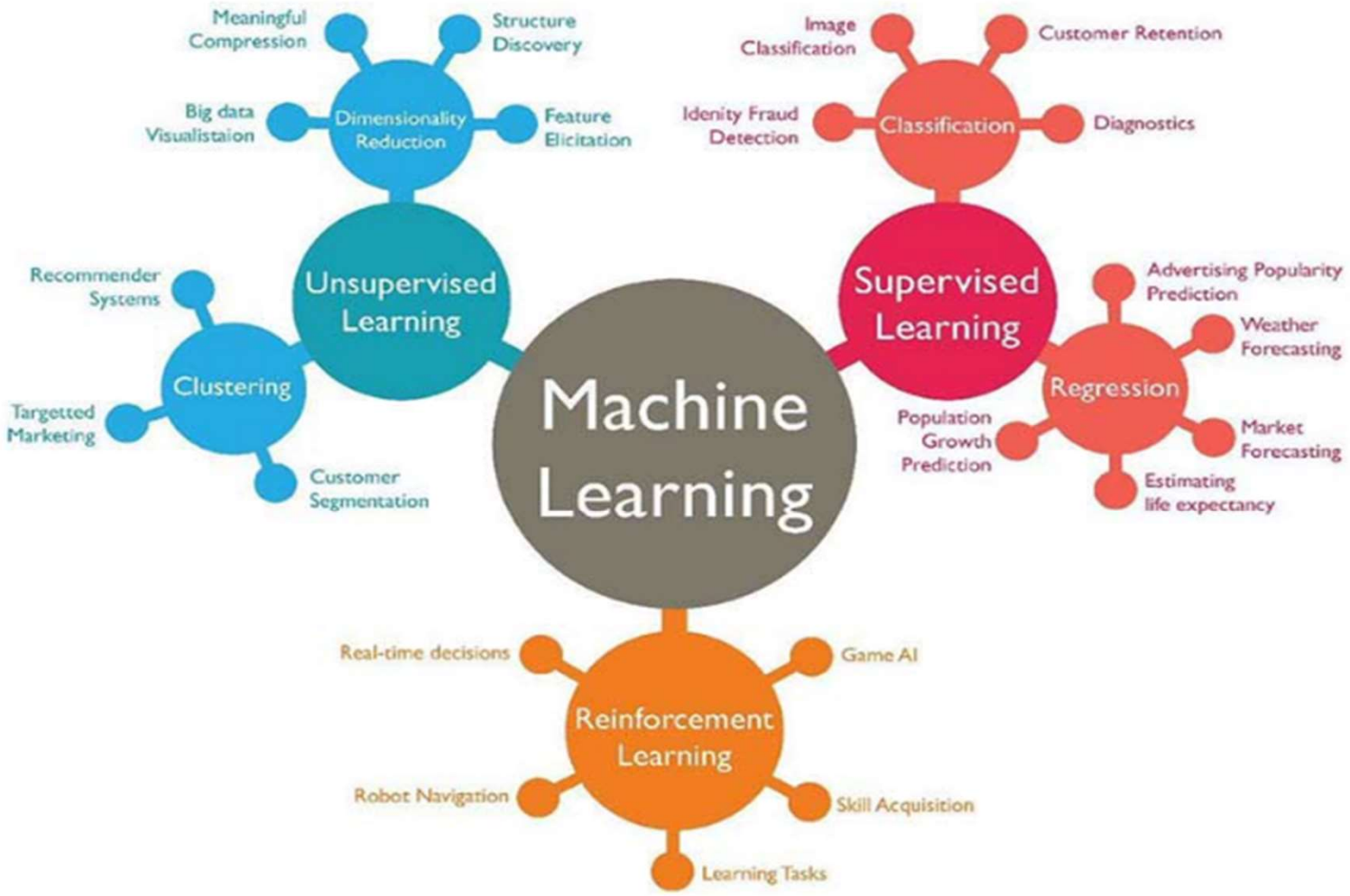
Machine Learning *is concerned with giving machines the ability to learn by training algorithms on a huge amount of data. It makes use of algorithms and statistical models to perform a task without needing explicit instructions.*

There are three types of learning here:

- ✓ Supervised and semi-supervised learning
- ✓ Unsupervised learning
- ✓ Reinforcement learning



Machine Learning



Multiple data sources

Robotic Process Automation (RPA)

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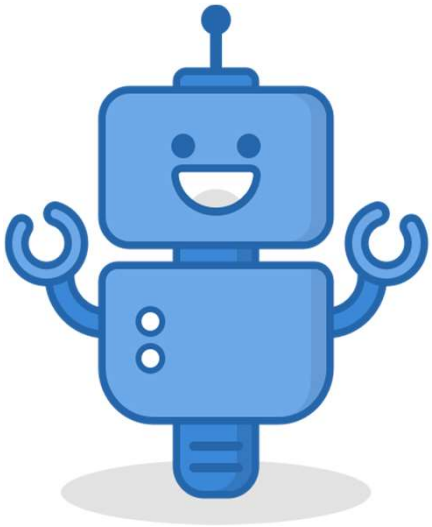
RPA



Robots that automate. Robots that monitor. Robots that analyze. Robots that learn.

Data-Driven GRC – Improve Processes and Manage Risks

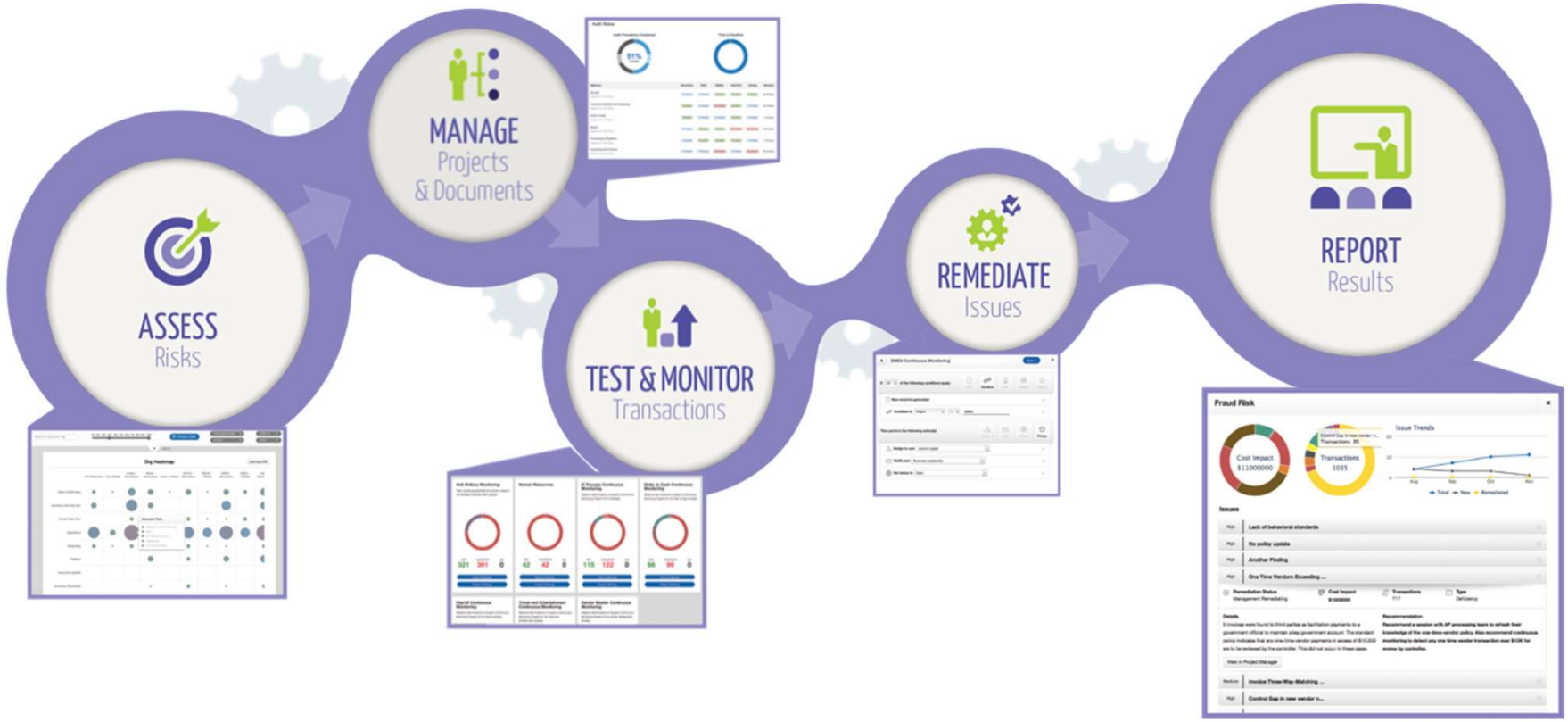
Technology To Improve Processes Like:

- Audit Management
- Compliance Assessment
- Internal Control Monitoring
- Risk Assessment
- Data Analysis
- Enterprise Risk Management
- IT Risk Management

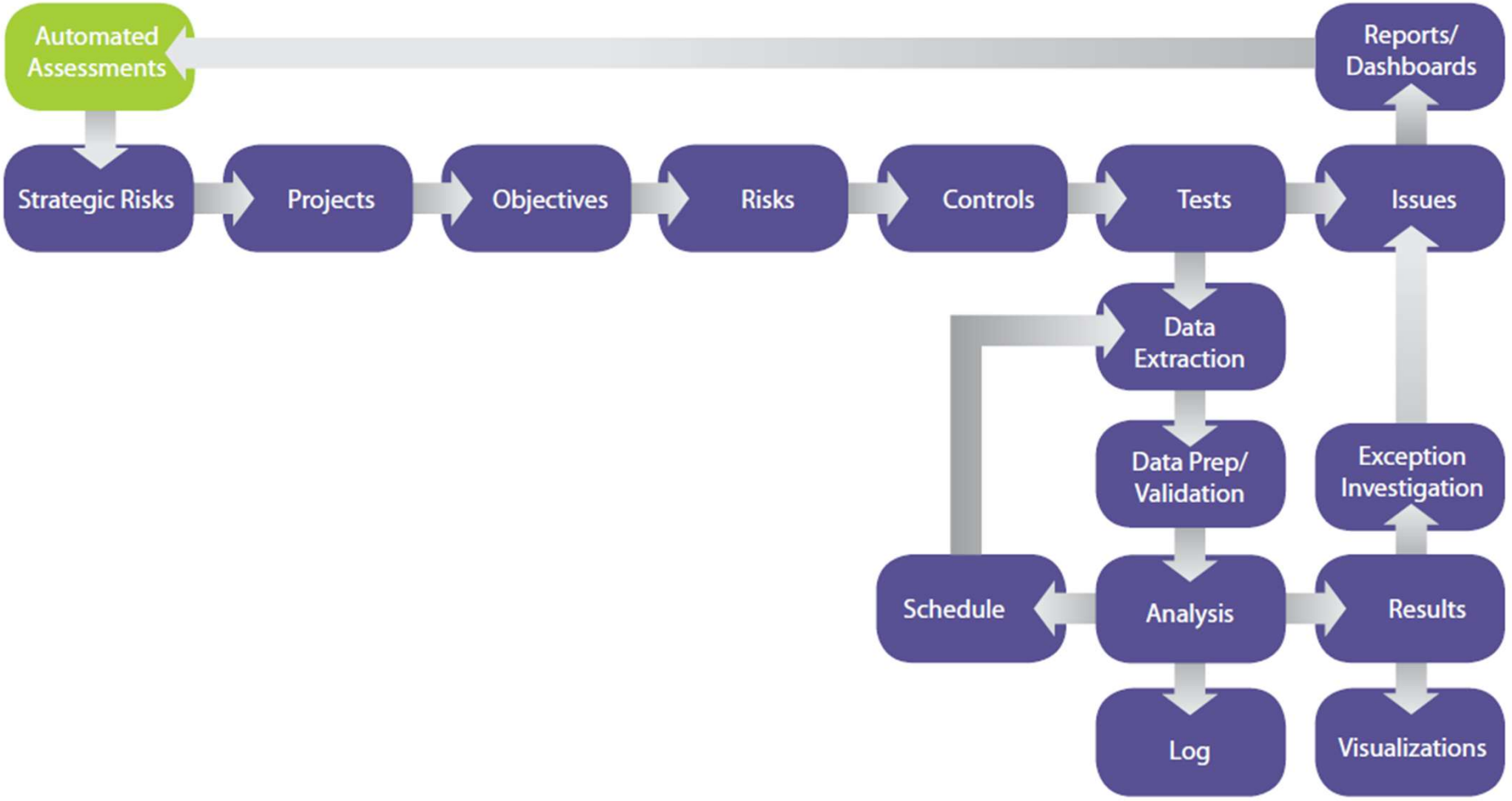
In Order to Better Manage Business Risks Like:

- Financial Reporting Misstatement
- Fraud, Waste, and Abuse
- Bribery and Corruption
- Sarbanes Oxley Compliance
- IT Access & Segregation of Duties
- Third-Party/Vendor Risk
- Regulatory Compliance
- Data Privacy & Security
- Contract Compliance
- Revenue Assurance & Loss Prevention
- Inventory Control
- Money Laundering
- Tax Compliance
- Internal Policy Compliance
- Market & Competition Risk
- And many others…

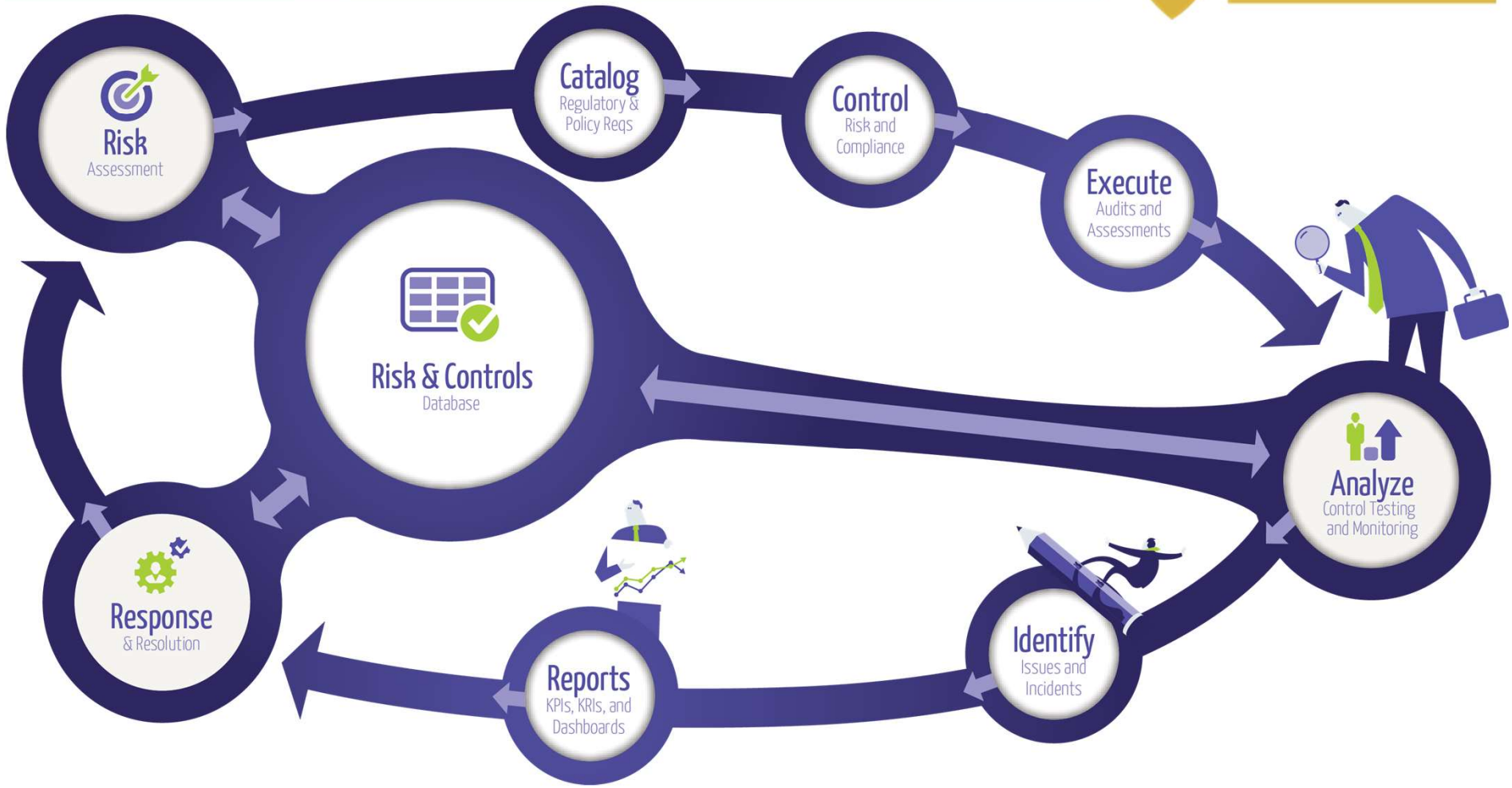
Current Approach to ERM



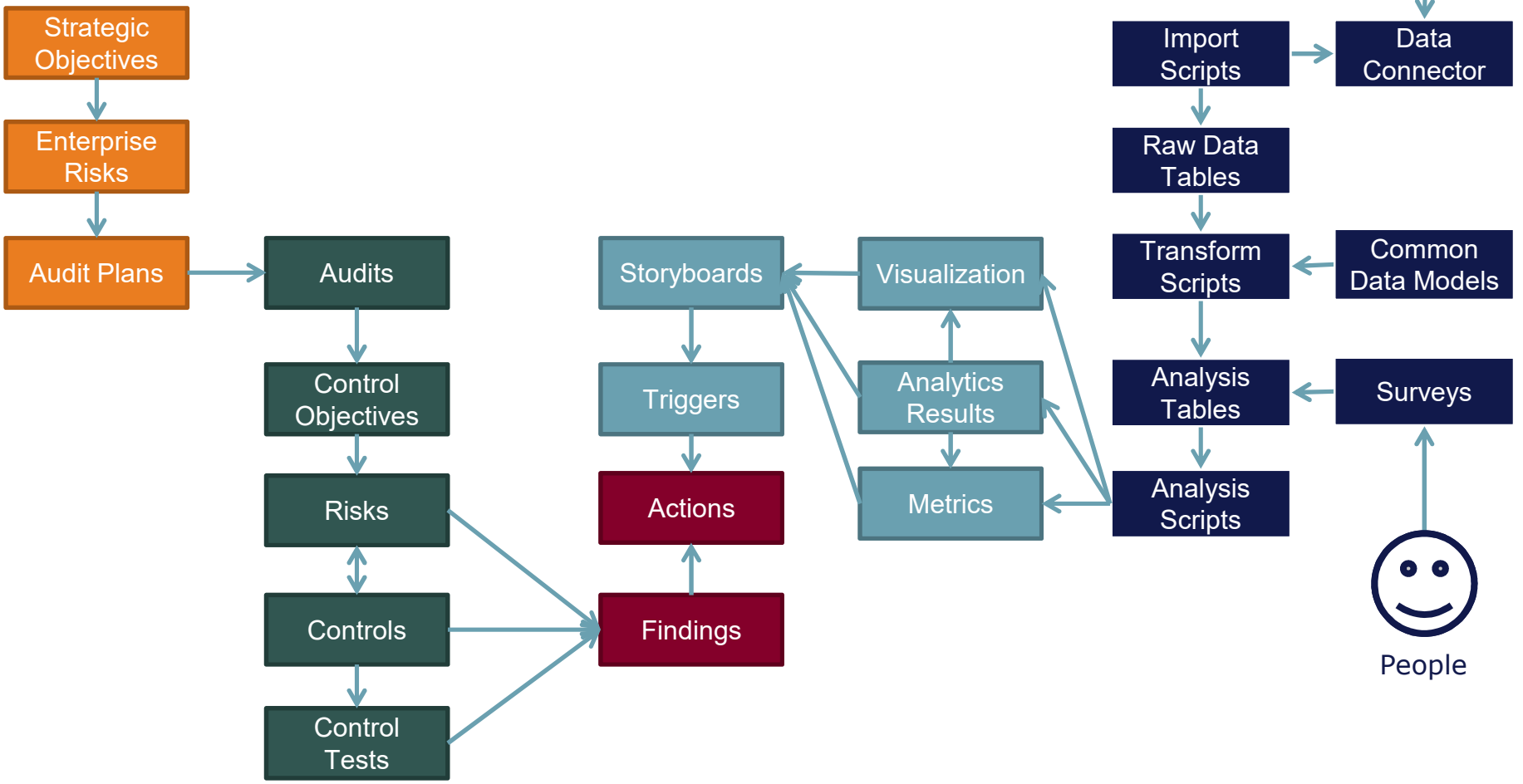
End-to-end DD GRC



Integrated End to End GRC

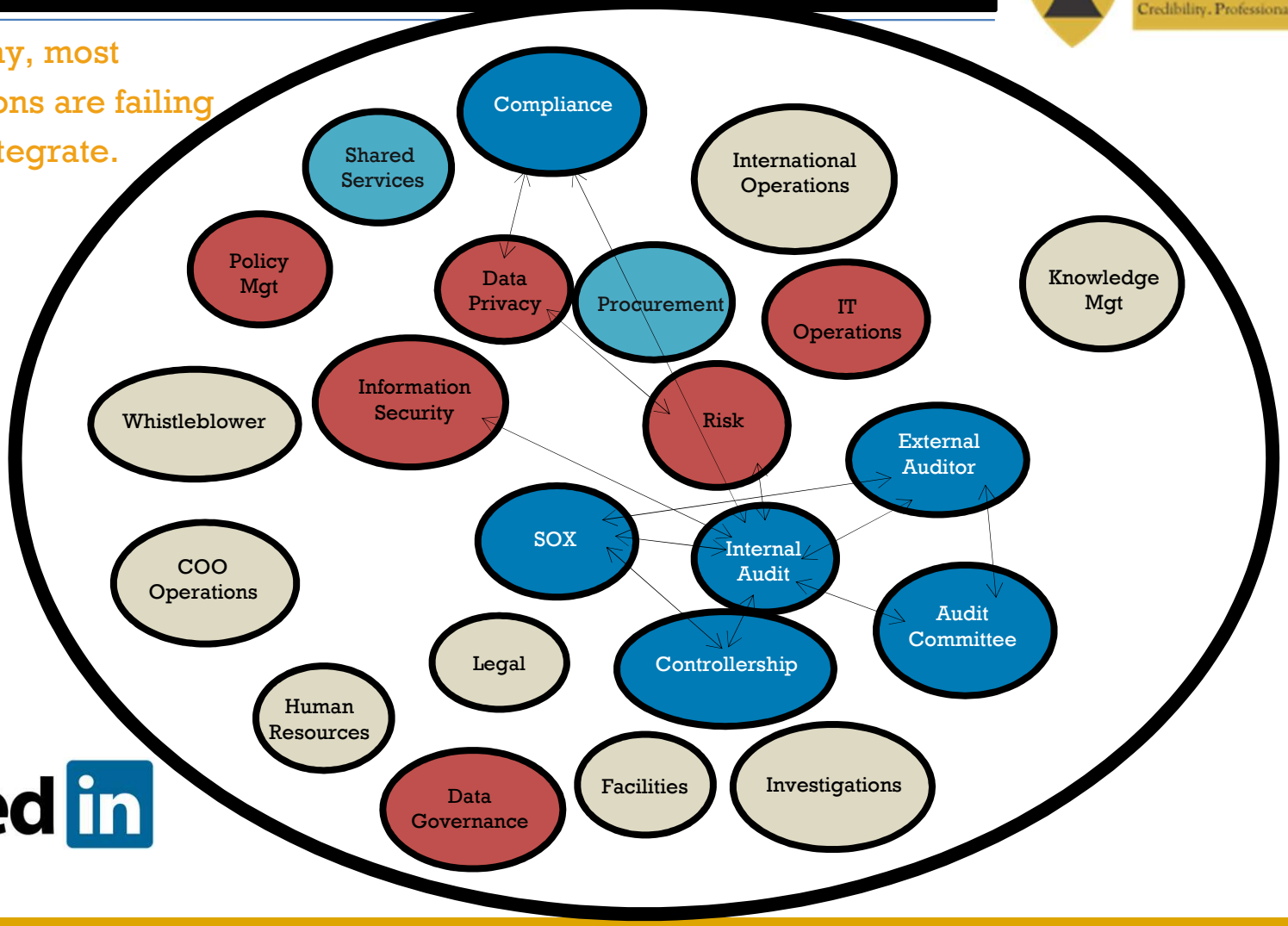


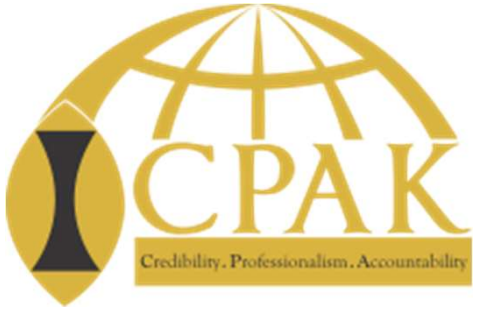
Integrated DD GRC



Integration/Convergence

Today, most organizations are failing to integrate.





Thank You