



Connect with AUREON. **Connect with SOLUTIONS.**

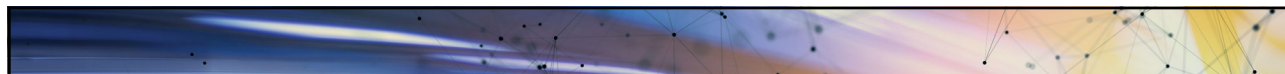
A Clearer Vision of Process Risk Using Your BIA

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DRJ SPRING 2020
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Overview

- What is process risk and why it matters
- Process disruptors
- The lens of risk
- The BIA
- Risk indicators from BIA data
- Setting risk values for the data
- Pulling it all together
- Incorporating process risk into ERM



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Process Risk and Why it's Important

- Process disruptions create a chain of events
- It may stop business
- It may slow it down
- Affects clients, partners and employees
- Direct impact on revenue
- Too many disruptions erode client confidence
- In short, *processes make up the business!*



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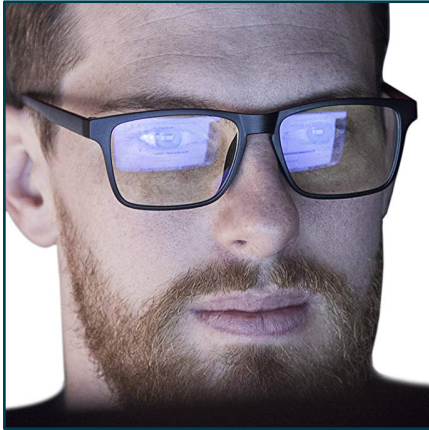
Process Disruptors

- People
- Supply chain or vendors
- Upstream processes
- Unavailability of:
 - Data
 - Applications or systems
 - Networks
- Equipment failures
- Lack of resources
- Disasters



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The View Through the Lens of Risk



- The disruptors are similar to pieces of the BIA data
- Every requirement has the potential to be a disruptor
- Requirements can help identify risk levels
- The goal is to compare the risks equally



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BIA Data View

- RTO, RPO, RTC
- Dependencies
 - Data or records
 - Applications
 - Systems
 - Networks
 - Equipment
 - Vendors
 - Upstream processes
- Downstream reliance
- Regulatory, Legal, SLAs
- Workarounds
- Net income or revenue
- Patterns of process complexity
- Impacts



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Impacts if RTO Not Met



- Customer
- Partners
- Business operations
- Regulatory
- Reputation
- Financial
 - Lost revenue
 - Deferred revenue
 - Additional expense
 - Penalties



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Risk Indicators From the BIA

- How soon it's needed - RTO
- Complexity of the process – how many dependencies?
 - Applications
 - Systems
 - Networks
 - Vendors
 - Other processes
- Impact value and score
- Ease of process replication
 - Workarounds
 - Alternate processes
- Availability of resources
 - Alternate suppliers or vendors
 - Duplicate records
 - Skilled personnel



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Deeper Dive on the Risks

- Vendor risk scores
- Application/system security risk
- Network risk score
 - Redundancy
 - Multi-carrier routes
- Upstream process risk score
- Key person dependency
- Outages and the root cause



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Setting Risk Values



- RTO Score
- Counts of requirements
- Other items' risk scores
- Level of financial risk
 - SLA penalty value
- Untested process recovery
- Downstream dependents
- Key person dependency
- Impact score



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Setting Risk Values for the Data

▼ Impacts if RTO not met

Customer Impact?	<input checked="" type="checkbox"/>
Third Party Vendor or Partner Impact?	<input checked="" type="checkbox"/>
Business Unit Operations Impact?	<input checked="" type="checkbox"/>
Legal, Statutory, Regulatory Impact?	<input type="checkbox"/>
Reputational Impact	Catastrophic
Financial Impact	Catastrophic

Financial Impact	Catastrophic
Lost Revenue	--None--
Deferred Revenue	No Impact
Additional Expenses	Undetermined
Risk Comments	Minimal
	Material
	Significant
	Catastrophic



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Missed RTO Impact Scoring

▼ Impacts if RTO not met

Customer Impact?	<input checked="" type="checkbox"/>
Third Party Vendor or Partner Impact?	<input checked="" type="checkbox"/>
Business Unit Operations Impact?	<input checked="" type="checkbox"/>
Legal, Statutory, Regulatory Impact?	<input type="checkbox"/>
Reputational Impact	Catastrophic
Financial Impact	Catastrophic

Customer Impact Score	50
Vendor Impact Score	20
Operational Impact Score	25
Legal Impact Score	0
Reputation Impact Score	30
Financial Impact Score	30



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Scoring Dependencies

Process Risk

	RTO Score ?	30
Key Person Dependency Score		0
Alt Process Workaround Score		20
Missed RTO Impact Score		155
Process Dependency Risk Score ?		105

Total # Critical Process Periods ?	0
Total # Process Dependencies ?	0
Total # Application Dependencies ?	11
Total # Vendor Dependencies ?	10



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Final Scoring



Process Risk Score ?	310
Overall Process Exposure	527
Overall Process Risk Rating ?	Very High



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Compare Risk Factors



- Equal measurements
- Process-to-process analysis
 - High risk processes may be the primary focus
 - Categories most prone to exposure
 - Reduce the overall risk
- Reports in spreadsheets
- Graph the data



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Identify Internal Process Disruptors

Process: Process Name	Customer Impact Score	Operational Impact Score	Legal Impact Score	Reputation Impact Score	Financial Impact Score	Alt. Process Workaround Score	Process Dependency Risk Score	Overall Process Risk Score	Process Exposure Rating	Overall Process Risk
Accounting	50	25	0	25	0	0	20	150	250	Medium
Call Answering	50	25	25	20	20	20	25	283	327	High
Help Desk	50	25	0	25	0	20	40	190	195	Medium
IT Services	50	25	25	30	0	40	75	295	317	High
Mail Services	50	25	25	25	20	20	25	238	323	High
Office Services	0	25	0	10	10	40	35	160	172	Medium
Payroll	0	25	25	10	10	20	50	140	155	Medium
Project Management	0	25	0	10	10	20	25	110	149	Medium
Procurement	0	0	0	0	10	40	0	50	50	Low
Security and Safety	50	25	25	30	30	40	30	255	338	High



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Pulling it All Together

- Benefits
 - Comparable data
 - Where the highest concentration of high-risk processes are
 - Where to focus mitigation efforts
 - Contributes to financial exposures – funding!
 - Process risk assessments lead to process improvements
- Distribution
 - Who needs to see the data?
 - What form will that report come in?
 - How often are you updating the process risk profile?
 - How will you age the data to show improvement?



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Integration into ERM

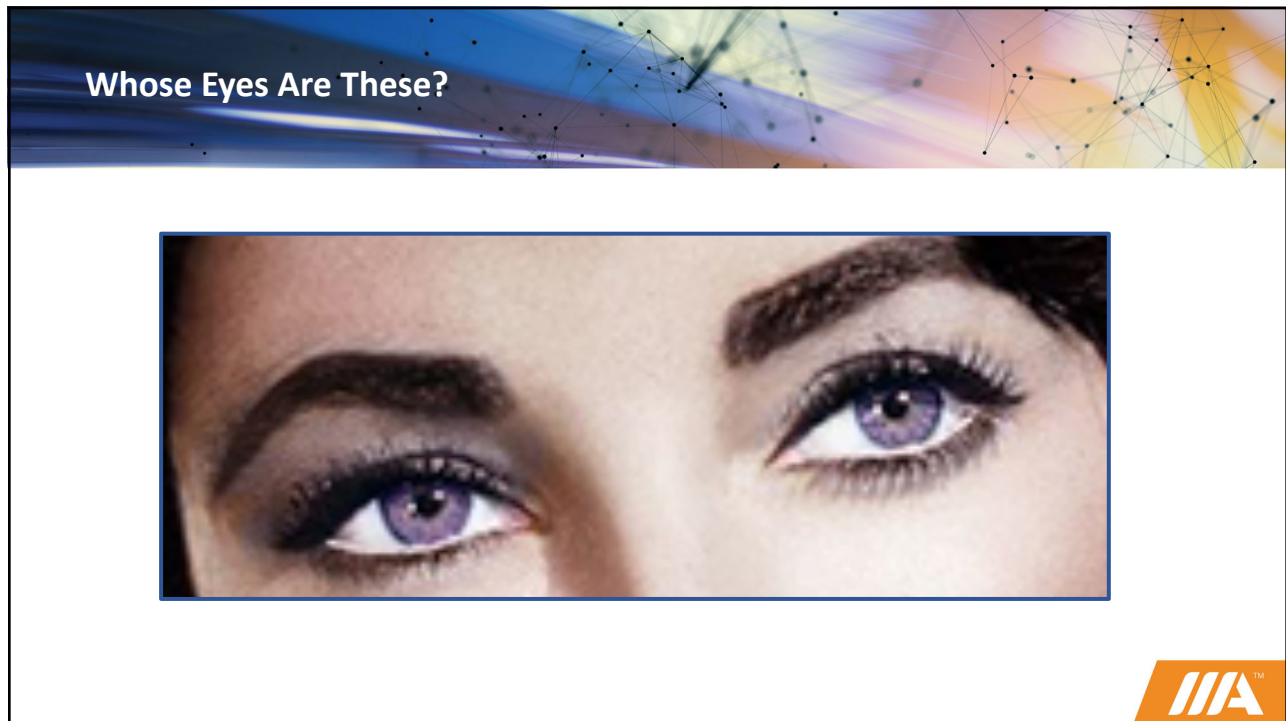
- Take advantage of the relational data
 - Process to vendor
 - Process to applications, systems, networks
 - Process to locations
 - Process to revenue or income exposure
- Track the progress in reducing the risk scores
- Integrate it into your risk reporting structure
- Make the data visual and readily available



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