Managing Enterprise Risk with Archer Insight

Risk plays a factor in every business decision. Whether it’s a new product launch, an acquisition, an entrance into a new market, or dealing with a new regulation or security threat, decision-makers must weigh the pros and cons, the risks and rewards, and the impact on the organization’s strategic business goals before making a decision to act. While decisions regarding potential risks can significantly impact the organization’s ability to succeed, many of these major decisions are too often based on sketchy data, personal experience, hunches, and sometimes outright guesses as to the outcome.

Given the uncertainty in the market today, the assessment of the risk is not taken lightly or viewed as insignificant. Rather, many business leaders and decision-makers lack the proper tools and capabilities to assess, quantify, and monitor business risk accurately. Without a solid understanding of which risks are most important to the business, decision-makers cannot identify the best course of action, prioritize issues, or steer the business in the right direction through informed decisions.

Risk management teams are continually challenged in managing scattered lists of risks and internal controls documented in different ways in various areas of the organization. These teams can be fighting uphill with inconsistent risk assessment methodologies, varied rating scales and manual processes leading to limited visibility or accountability in addressing risks. In addition, traditional methods of risk measurement, such as risk heat maps, have fundamental flaws or limit the organization’s ability to truly understand their exposure or opportunity. Too many organizations are simply “reporting” on risks - ‘we have X reds and Y yellows’. This doesn’t actually tell the business where to invest to mitigate or risk, or where the business could take on risk to exploit an opportunity.

When the risk analysis process misrepresents the potential exposure, risk can be underestimated – leading to disruptions and losses – or overestimated – leading to excessive investment and wasted efforts. Ultimately, this is a dangerous position given the uncertainty of today’s highly competitive market.

Merge Method with Math

Establishing a central repository for risk- and control-related data is the first step in ensuring you have an accurate and comprehensive view of risk that can be readily conveyed to your executive team and board. This effort establishes a common taxonomy to document and assign accountability for risk. The second step is to enable a thorough and in-depth analysis of risk through risk quantification. While qualitative assessments and heat maps may start the conversation, the end goal is to provide business insights to drive decisions.
Risk quantification is NOT about just using math or creating complex statistical models for risk management. The objective of quantifying risk is to make better business decisions. Risk quantification creates a more accurate picture of risk, informing the business and meeting the main goal of risk management - mitigating risk and address constraints that hinder business goals that grow corporate and shareholder value.

The Archer Insight advantage

Archer Insight is a suite of enterprise-wide risk quantification capabilities for business leaders designed to increase visibility of risk, improve resilience, and manage potential obstacles to strategic goals. This innovative solution provides business leaders with more precision in an aggregated view of risks that allows them to ensure compliance and better protect your business from disruption. Using Archer Insight, organizations can conduct risk quantification analysis, monitor and report on their risk management programs, and provide business leaders and decision-makers with quantitative, transparent, and actionable information needed to make strategic business decisions.

Establish an enterprise view of risk

Enterprise risk management requires collaboration between senior management, business functions and risk specialists. Most organizations have some concept of a corporate risk register but may struggle with achieving a consistent process to ensure proper accountability and definition of risk management requirements. Archer can enable your teams to work together to establish the common language around risk and ensure roles are clearly defined. Business management can work with risk teams to design effective controls and control owners can clearly understand the requirements to mitigate or reduce risk.

Systematically analyze risk

Within the modern enterprise, there are several layers of complexity that can affect risk. The wide variety of potential risk drivers, controls and consequences can create an intricate web of relationships. Archer Insight contains multiple methods to analyze these relationships and utilize statistical and mathematical principles to bring the risk narrative to life. From Bowtie analysis to Monte Carlo simulations to risk aggregation analysis, risk analysts have a variety of tools at their fingertips to utilize risk data in new and innovative ways. The good news is Archer Insight makes this process easy with the mathematics and models integrated into the process.

Create decision ready business insights

Enterprise risk management has been part of organizations for years in some manner and in some cases, organizations have created substantial approaches. However, most of those programs are built on qualitative approaches. While those methods may start the conversation, a purely qualitative approach falls short on the tough questions being asked around the board room table. Risk quantification allows risk teams to utilize the data and experience they already have in new and exciting ways. Risk can be analyzed, aggregated and visualized in ways that speak to the business. Risk teams can go from simply ‘reporting risk’ to actually ‘communicating risk’ through the power of quantification.
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Archer Insight enables you to move into semi- or full quantification with more precise estimates of probability, frequency, and consequence beyond qualitative measures of likelihood and impact. It provides a complete set of tools and features for understanding and managing all types of risk in one platform: operational, project, cyber-security, health and safety, investment, strategic and reputational risk.

Archer Insight:

- Allows your business to focus on the risks that are truly important and to assign responsibility of specific risk management activities to individuals.
- Provides defensible and actionable risk intelligence to risk managers and business decision makers based on financial consequences.
- Breaks down silos between entities and disparate risk evaluation tools so that risk can be managed in a holistic, efficient and collaborative manner.

Delivering modern, intuitive, and best-in-class enterprise risk quantification tools and capabilities, Archer Insight is designed to provide business leaders and risk professionals a complete aggregated view of risks to help ensure compliance, protect the business from disruption and address risks related to new opportunities. It enables you to break down silos between internal business functions and disparate risk evaluation tools to manage in a holistic, efficient, and collaborative manner.
In addition, Archer provides a set of capabilities necessary to support an enterprise risk management program including:

**Archer Top-Down Risk Assessment** provides the foundation to record and track risks across your enterprise and establish accountability for risks. Risk owners can document risk and control procedures and associate risks and controls. Risks can be assessed on an inherent and residual basis. While qualitative assessments are supported, Archer Insight provides a wide range of analytical tools for quantitative assessments.

**Archer Issues Management** allows you to capture and consolidate findings from your analysis. These Findings can be work flowed to ensure proper follow up, remediation or management reviews. Dashboards and reports enable visibility into critical issues that need to be addressed by business operations and risk and control owners.