

SAP Solution Brief | PUBLIC
SAP GRC Solutions | SAP Risk Management

Risk Management that Makes Sense and adds Value

THE BEST RUN





Raising the standard for measuring success

The success of an organization is no longer measured simply in short-term profitability. Stakeholders now want to know that businesses in which they are involved are making responsible decisions, are healthy in every aspect, and that they are resilient and compliant.

Raising the standard for measuring success

Today, stakeholders want to see evidence, on demand and in real time, that an organization which they are backing is managing their financial, social, and environmental activities efficiently, profitably, and responsibly.

They want to see clear corporate accountability in governance, risk, and compliance.

Risk management measures that are taken to meet this demand can often be frustrating for senior managers who feel distracted from doing their day-to-day work. Often the plans and their execution are ineffective and unstructured.

Any risk management measures must focus on the specific value drivers unique to the business and these can be difficult for you to identify. Managers must look beyond financial line items to the activities and processes that are integral to the organization's business model. For example, for an airline the customer experience may be a crucial value driver. For a utility company, reliability is key. For oil and gas, it's proved reserves or refinery capacity.



Effective risk management starts with your value drivers

The SAP® Risk Management application can help you to integrate and coordinate risk management activities, gain a deeper understanding of risk, and plan timely, reliable responses. You'll have reliable, accurate information so that you can make better decisions about risks and opportunities and ultimately improve and sustain your profitability. You'll be able to see and assess current and future risks, link them to business value drivers, and preserve and build on that value.

From now on your organization can easily integrate and coordinate risk management activities, from corporate and executive levels to audit committees and operating managers. You'll gain new and reliable insights into how value is created, and destroyed, by understanding and linking risk drivers, key risk indicators, and related impacts. The instant access to information from key risk indicators and integration with SAP S/4 HANA® means you can act quickly and decisively on emerging risks and opportunities.

Effective risk management starts with your value drivers

- Encourage continuous improvement and risk accountability
- Focus your business on what it does best
- See opportunities as they arise
- Key features at a glance

The three value questions



What drives the value of the business?

This where risk management starts

How is that value created or eroded?

Risk management will provide insights here

What are the emerging risks and opportunities?

Risk management must look at the horizon as well as the past



Encourage continuous improvement and risk accountability

SAP Risk Management gives you a framework for risk management throughout your enterprise. You can use it to identify specific events and circumstances that pose risks and opportunities, assess their likelihood and potential impact, develop counter-strategies, and monitor the progress of your initiatives.

As you encourage continuous improvement and risk accountability you'll also ensure your risk management disciplines are applied to appropriate decision-making processes throughout the business. It also assists

collaboration and coordination among your various departments, branches, and offices.

Now you can focus your risk management efforts on the activities and processes that are most important to your business. You can track the progress of an initiative and measure its maturity and gain a deeper understanding of what drives risk levels, how risks affect value, and how your organization should respond to risks. It also lets you make predictions about the potential impact of unplanned events and to see them more clearly and faster than before.

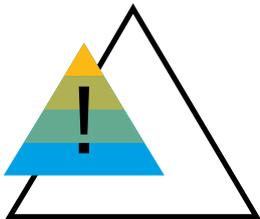
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Key features at a glance



SAP Risk Management gives you a framework for risk management throughout your enterprise, helping all areas to control risk and identify opportunity.



Focus your business on what it does best

SAP Risk Management lets you focus your risk management efforts on the fundamental processes and activities that are most important to your business by aligning value drivers, critical activities, and high-impact risks. It also fees you up to concentrate on your core business activities.

You can prioritize risks according to their impact on your defined drivers and build risk catalogs for all risk categories, related drivers, key risk indicators (KRIs), and industry-specific content.

You can create reliable insights into value creation and losses, see what factors drive risk levels,

judge how risks impact business value, and consider how you are responding to them. Residual risk reflects the effectiveness of controls and policies implemented. Visualization shows risk event causes and effects and gives a horizontal view of the anatomy of risk: where it is coming from, what is driving it, and where it is going in a 360-degree risk management and comprehensive risk insight.

Reporting and analytics provide visibility into risk events and current risk profiles. KRI alerts prompt management action and deliver risk information to right people at the right time.

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Key features at a glance



See opportunities as they arise

SAP Risk Management helps you to protect and build business value. It will also help you to increase the gains you make by identifying and capitalizing on promising opportunities and enable compliance with effective risk oversight and disclosure.

You can use the application to make your organization better prepared for emerging risks and opportunities and to minimize the potential impact of catastrophic losses. It will also help you

to recover more quickly from unplanned events and be ready to overtake the competition by exploiting emerging opportunities more quickly.

With all the information SAP Risk Management provides, you can implement proactive, collaborative processes to balance opportunities with financial, legal, and operational risks at all levels of the enterprise. It can also identify and so help you to exploit opportunities in international trade preference agreements.

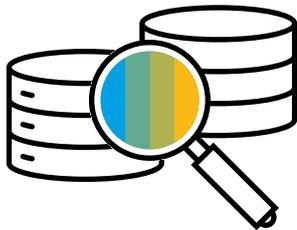
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Key features at a glance



Leverage your resources and organizational expertise to ensure that risks across the enterprise are well understood and managed.



Key features at a glance

Plan

- Align risk management with strategies and opportunities
- **Model and align risks to organization structure**
- Create/leverage risk and activity catalogs
- Document risk appetite

Identify

- Use surveys and charting capabilities
- Aggregate by organization category
- **Identify drivers and impacts** using the risk bow-tie builder
- Prioritize via an individualized heat map

Analyze

- **Model scenarios** such as “Monte Carlo”
- **Determine inherent, residual, and planned residual risk levels**
- **Examine “what-if” scenarios**
- Identify qualitative and quantitative factors including velocity

Respond

- Document responses
- Assign accountability
- Launch a workflow-driven response with remediation tracking
- Integrate with SAP Process Control and SAP Audit Management

Monitor and Report

- Analytics and reports, including heat maps
- Notifications to risk owners via automated alerts and key risk indicators
- Monitoring of response effectiveness
- Assessment of impact on business objectives

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Key features at a glance



The business benefits are clear to see

Greater insight, efficiency, and flexibility

SAP Risk Management is part of SAP solutions for governance, risk, and compliance (SAP solutions for GRC). These solutions provide a preventive, real-time approach to these issues, providing complete insight into risk and compliance initiatives, enabling resources to be used more effectively, and helping a faster response to changing business conditions.

Deeper insight

A common approach to risk and compliance provides deeper insights. By continuously monitoring your initiatives, you can better understand business conditions and manage risks to improve decisions.

Greater efficiency

It supports the documentation and implementation of automated controls for any framework, reducing cost and allowing effective use of resources by automating risk and compliance activities.

Improved flexibility

Working together, SAP solutions for GRC give you a continuous approach throughout your organization. Performance indicators across fragmented control environments are aggregated to deliver a common, system-wide view and unify management of strategic, financial, operational, and compliance-related risks.

The business benefits are clear to see



Summary

SAP Risk Management can help you integrate and coordinate risk management, gain a deeper understanding of risk, and plan timely, reliable responses. It provides accurate information to help you make better decisions and ultimately improve profitability. You can also see and assess current and future risks, link them to business value drivers, and preserve and build value.

Objectives

- To establish a formal enterprise risk management framework across the business
- To adopt predictive indicators and continuous monitoring to identify and manage risks
- To foster collaboration between departments and offices
- To standardize risk management practices and tools across the business and the 3 Lines of Defense

Solution

- State-of-the-art business risk application
- Preserves and adds value
- Manages critical business value drivers
- Sets new standards for long-term success
- Encourages continuous improvement and risk accountability
- Provides a framework for risk management through the enterprise
- Is the cornerstone of integrated 3 Lines of Defense

Benefits

- Reduces unplanned losses
- Drives down cost and increases effectiveness of mitigation
- Rapid response to new opportunities
- Greater insight, efficiency, and flexibility
- Deeper insight
- Greater efficiency
- Improves flexibility

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