

Risk Sensing

The (evolving) state of the art



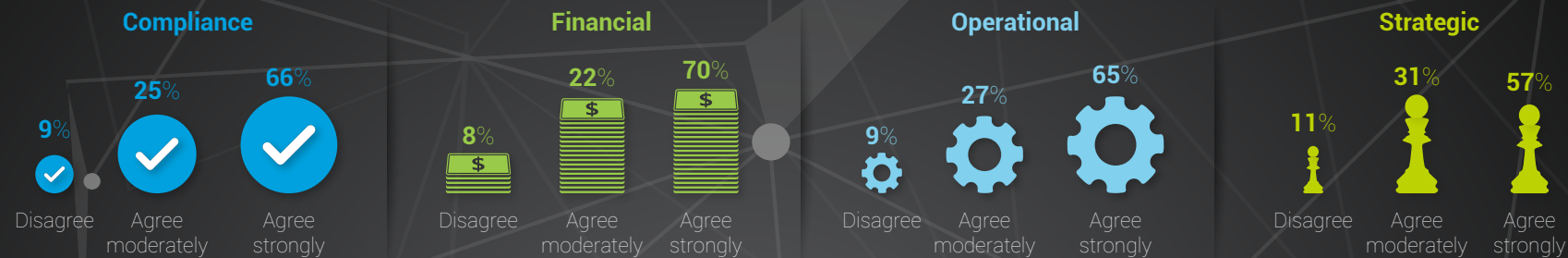
...will all continue to disrupt ways of doing business, as well as entire industries. In response, organizations have been developing risk sensing capabilities that employ advanced analytics to identify, analyze, and monitor emerging risks to the organization's business model, viability, and ability to create value.

<http://www.deloitte.com/risksensing>

Business executives around the world say they have risk sensing capabilities...but do they go far enough?

Strategic risk may be undermanaged

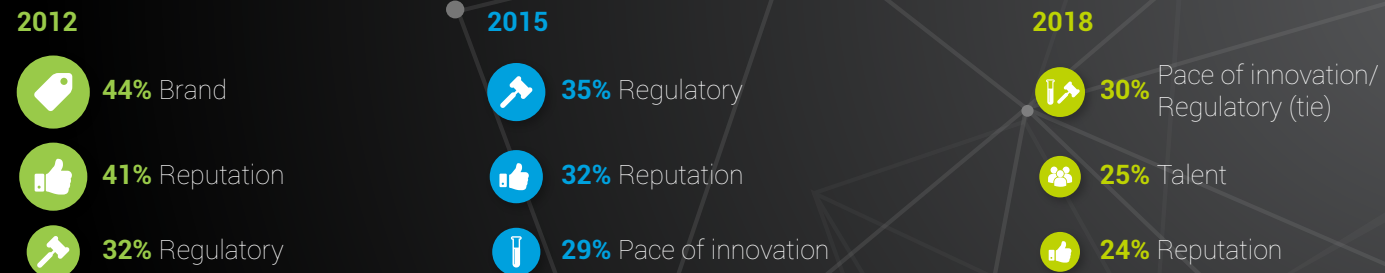
We asked **155 senior executives** around the world whether they had established dedicated programs to detect and monitor these types of risks:*



Most had. But **strategic risk** was where the fewest executives said that they "agree strongly" that they had established a program to detect emerging risks.

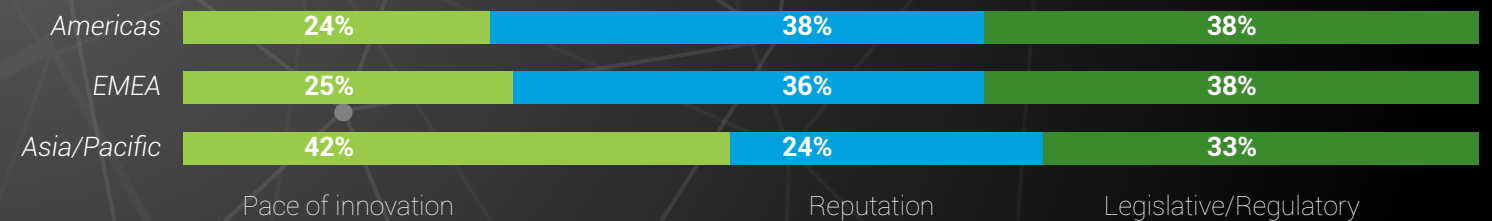
Strategic risks: Which risk areas had/have/will have the most impact on your business strategy? **

Three years ago, the pace of innovation came in at **12th place** among 14 risks to the business. Now it is **No 3**, and expected to tie for the top spot by 2018.



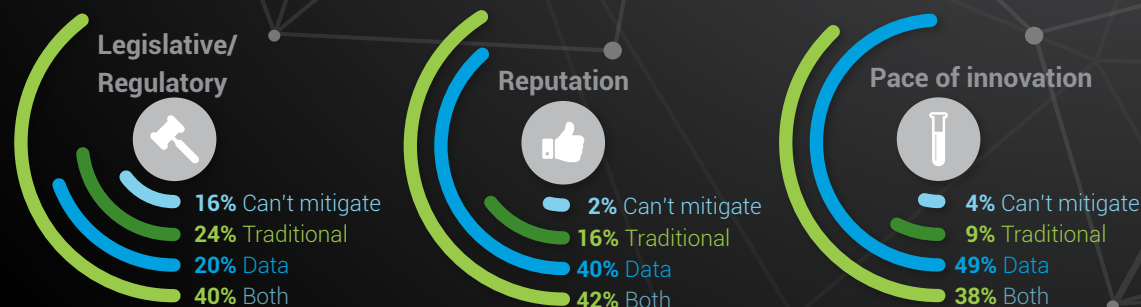
Risk perceptions vary

Asia/Pacific focuses on pace of innovation; EMEA and Americas on regulation, reputation.



How to mitigate these risks: better use of data, traditional techniques, both, or neither?

Most executives think both the traditional and the new are needed. The exception: pace of innovation risk, where most say risk sensing is the key way to mitigate the risk of being left behind.



Getting started

Developing, launching, and maintaining a risk sensing program requires dedicated resources—both internal and external. Here are four steps to consider when implementing a true risk scanning, sensing, and tracking program:

- 1 Identify the strategic risks to be monitored, and the scope of the effort
- 2 Define the elements required to enable strategic risk monitoring—applications, human resources, workflows, stakeholders
- 3 Configure the platform to enable scanning, analyzing, and tracking of strategic risks
- 4 Continue monitoring the data sources and generating ongoing insights

This report is from a survey of more than 150 executives from major companies around the world to understand how businesses are leveraging risk sensing tools.

* Percentages may not add up to 100% due to rounding.

** Respondents could choose more than one answer, the top three to five are shown above.

© 2015. For information, contact Deloitte Touche Tohmatsu Limited.