

RSA® ARCHER® MATURITY MODEL: RISK INTELLIGENCE INDEX

Briefing

OVERVIEW

Today’s business environment is fraught with risk. Economic, technology and market conditions affect organizations on a daily basis. The constantly “changing risk landscape” is a discussion point in headlines, industry forums, media outlets and board rooms. The RSA Archer Risk Intelligence Index is a simple measurement of the six major dimensions of risk management that organizations must address in order to turn risk into a competitive advantage to fuel the enterprise.

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WHY RISK INTELLIGENCE?

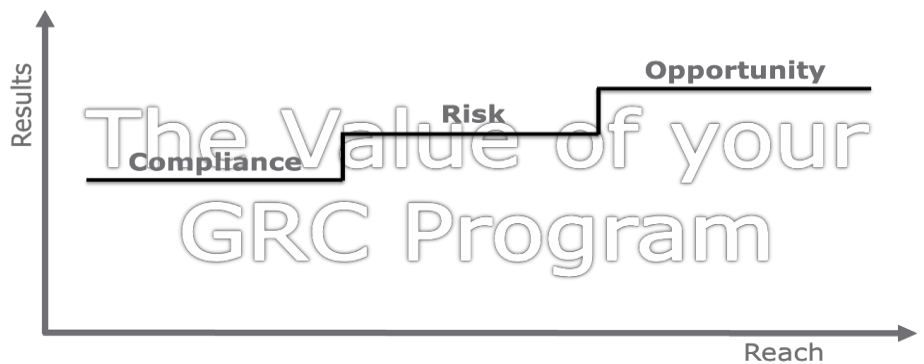
Today's business environment is fraught with risk. Economic, technology and market conditions affect organizations on a daily basis. The constantly "changing risk landscape" is a discussion point in headlines, industry forums, media outlets and board rooms. We are moving to a world where risk management will become the primary source of competitive advantage. Rather than avoiding risk, organizations need the ability to embrace risk with confidence.

Risk management will become the core capability which separates winners from losers. Organizations that understand and manage risk effectively will prosper, while those that can't will fail. Success starts with the ability to manage operational risk in a manner that frees up resources to focus on the company's long term, strategic objectives. Risk Intelligence gives companies the confidence to harness risk to explore new opportunities.

Executives need relevant, up-to-date information to make the right decisions and pursue the right opportunities. RSA Archer's Risk Intelligence approach represents a balanced approach to manage the major risks facing organizations today and provide the insight to make the right business decisions, address risk and explore new opportunities with predictability. RSA Archer can be the backbone of your operational risk and compliance management program. By sharing data, leveraging processes and breaking down organizational barriers, RSA Archer builds efficiencies across the organization to effectively transform compliance, manage risk and exploit opportunity.

Whether they like it or not, all Risk and Compliance functions are expected to add value to the organization. These days, you can't invest in anything that doesn't bring value to the company. Risk and Compliance functions are no different. The Risk Intelligence Index uses two simple measurements to articulate the value of the GRC program to the organization. The first is Results; GRC programs are expected to drive a constant increase of effectiveness in managing risk and compliance. There also has to be a continued expansion of Reach. As the risk and compliance function matures, ideally it protects more and more of the organization. These two factors, as they increase, are key measurements of the risk and compliance function and how it brings Value to the organization.

RSA Archer GRC Maturity Models focus on key capabilities enabled by the RSA Archer solution. As a technology enabler, RSA Archer provides the critical infrastructure to leverage processes, share data and establish common taxonomies and methodologies.



Organizations are looking to improve their results and expand their reach to increase value. They do it by moving up the "stairs." The first step is meeting the company's Compliance obligations. Most organizations have achieved a certain level of results and are expanding their compliance reach. The second step in moving up the stairs is managing Risk. Ultimately, the goal is to reach the point where the organization can use Compliance and Risk as a competitive advantage – truly bringing value to the organization by helping to drive Opportunity.

RISK CHALLENGES

Factors such as compliance velocity and complexity, organizational size, structure and geographic footprint, business models and technology usage and strategy play large roles in the risk profile of an organization. When an organization looks at its broad strategy around risk management, these elements will drive the level of maturity necessary for effective reduction of risk.

- Compliance Environment
- Geographic Distribution
- Complexity of Business
- Size of Organization
- Significant Events
- Technology Profile

These dynamics are addressed within the Risk Intelligence Index by identifying an overall level of Risk Challenge. The Risk Challenge level indicates whether the organization faces Minimal, Moderate, Significant or Serious obstacles or barriers in implementing an enterprise class risk management program.

RISK PRACTICES

The Risk Intelligence Index is based on two sets of measurements: Foundations and the Six Dimensions of Risk Intelligence.

Foundations

Foundations are critical elements necessary for the overall success of the Maturity Journey. Without these foundations in place, the organization will face difficulties throughout the journey either through the lack of focus, commitment, resources or strategy.

Six Dimensions of Risk Intelligence

The RSA Archer Risk Intelligence Index focuses on the six major risk areas that organizations must address when building Risk Intelligence:

- Operational Risk
- Regulatory and Corporate Compliance
- IT Security Risk
- Third Party Governance
- Business Resiliency
- Audit Management

Each dimension is measured based on two factors of the existing processes and capabilities within the organization. Risk practices are measured for Effectiveness and Organizational Reach.

THE RSA ARCHER RISK INTELLIGENCE INDEX

Risk Challenge Level

Based on the level of Risk Challenges, the organization is rated on a four level scale indicating the overall nature of the barriers facing the risk and compliance strategy. The four levels are:

Minimal – Companies with "Minimal" risk challenges have limited obstacles in managing risk due to a smaller size, scope and complexity. These types of companies should focus on practices that are cost effective and understanding of the limited resources while maintaining a proactive risk management program.

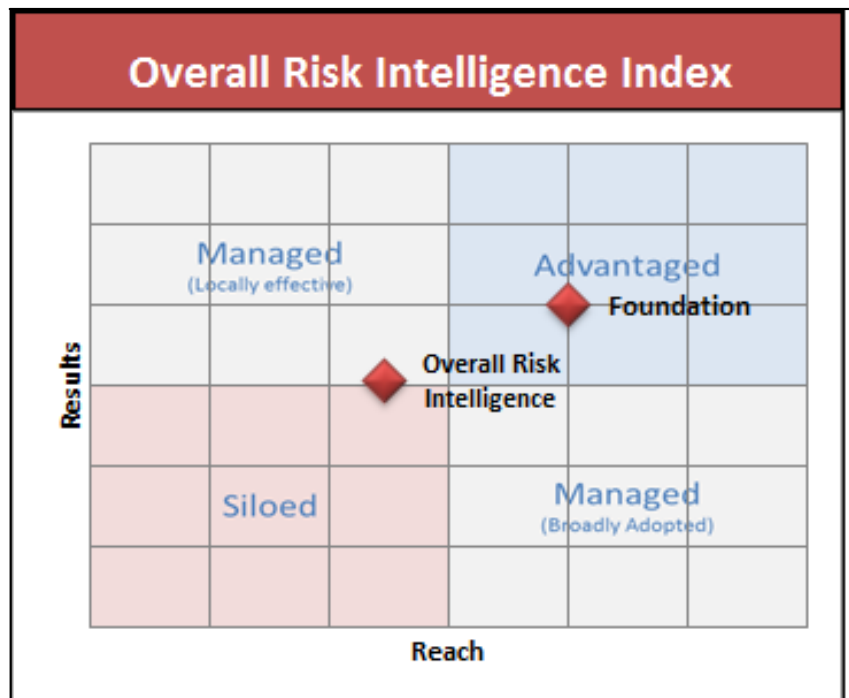
Moderate – Companies with "Moderate" risk challenges face some obstacles in managing risk. These companies should focus on effective practices that reduce risk while balancing effort with return on investment.

Significant -- Companies with "Significant" risk challenges face obstacles in managing risk due to complexities of the business. These companies should focus efforts on broad program elements that are effective and efficient maintaining a solid level of flexibility to adjust controls based on changing risks.

Serious – Companies with "Serious" risk challenges face the most obstacles in managing risk due to the size, scope and complexity of the organization. Companies with these challenges must look to build extensible risk management programs that take into account the complicated and volatile risk landscape.

Overall Risk Intelligence Index

The RSA Archer Risk Intelligence Index is a measurement of the current risk management practices. The Index is segmented into four quadrants based on Results and Reach.



The Results axis is based on the Effectiveness of current processes. Organizations with practices that are Defined, Measurable or Optimized will score higher on the Results axis. These values of process effectiveness indicate a higher level of maturity - processes are documented, consistent and repeatable.

The Reach axis is based on the Organizational Reach of existing processes. Organizations with processes that are Persistent or Pervasive will score higher on the Reach axis. This indicates that processes have been implemented across organizational boundaries. While processes may not be identical within operating units, risk management is collectively more mature when adoption rates are higher.

The Quadrants

Siloed -- This quadrant indicates the organization is in the initial stage of managing risk. Practices are not yet effective and not adopted across organizational boundaries. Companies in the Siloed stage should look to improve the effectiveness of processes through documentation and automation. As processes become more effective locally, the practices can be extended to more parts of the organization reducing overall risk.

Managed (Locally Effective) – This quadrant indicates processes have achieved a strong level of effectiveness but are not adopted across the organization. Companies in this quadrant should look to promote these effective processes and foster a culture of adoption to reduce risks across operational boundaries.

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Managed (Broadly Adopted) – This quadrant indicates processes have crossed operational boundaries but are not yet as effective as necessary to reduce risk. Companies in this quadrant should look at ways of improving the execution of risk management processes through automation or stronger governance.

Advantaged – This quadrant indicates the highest level of maturity. Processes are effective and adopted across the organization. Companies in this quadrant should look to sustain their practices and look for efficiencies to lower costs while maintaining a strong risk management posture.

The Overall Risk Intelligence Index is plotted based on the Effectiveness and Organizational Reach of the current practices based on the Six Dimensions of Risk Intelligence. In addition, the Risk Intelligence Index report also plots the individual Dimensions on this same quadrant system and provides more details around current capabilities.

The Foundation score is plotted based on the rating of the Foundation questions that indicate the organization's general level of awareness, culture, management commitment and resource capacity for a sustainable risk management program.

Interpreting the Output

The Overall Risk Intelligence Index is a quick, easy method to measure an organization's overall maturity level. Individual scores for the Six Dimensions highlight gaps in current aspects of risk management practices. Dimensions low on Results and Reach (in the Siloed quadrant) indicate opportunities to raise overall risk intelligence through targeted improvements. Dimensions in the "Managed (Broadly Adopted)" quadrant can be improved by RSA Archer through more effective processes and better execution. Dimensions in the "Managed (Locally Effective)" quadrant can be driven across the organization by RSA Archer enforcing common taxonomies and processes and sharing data.

The Foundation score is also an indicator to the level of success and sustainability of the overall program. If the Foundation score is higher on the scale than the Overall Risk Intelligence Index (or individual Dimensions). It indicates an openness and interest in raising the overall Risk Intelligence of the organization. Efforts will see better commitment from Management in improving risk practices. If the Foundation score is lower on the scale than the Overall Risk Intelligence Index, the organization will face barriers in sustaining the current program as executive commitment, priority and resources are limited.

CONCLUSION

The RSA Archer Risk Intelligence Index is a measurement of the overall maturity of the risk management practices within an organization. The assessment takes into consideration the organizational and environmental challenges of the organization to produce a Risk Challenge indicator. The Foundation of the organization's commitment to managing risk is assessed. Existing processes are assessed to measure the effectiveness and organizational reach of practices in six major dimensions of risk management. The results are indicators plotted into four major quadrants - Siloed, Managed (Locally Effective), Managed (Broadly Adopted) and Advantaged – giving insight into the areas of strengths and weakness within the existing risk strategy.

ABOUT THE RSA ARCHER MATURITY MODEL SERIES

RSA Archer's vision is to help organizations transform compliance, manage risk and exploit opportunity with Risk Intelligence made possible via an integrated, coordinated GRC program. The RSA Archer Maturity Model series of white papers outlines multiple segments of risk management that organizations must address to transform their GRC programs.

ABOUT RSA

RSA's Intelligence Driven Security solutions help organizations reduce the risks of operating in a digital world. Through visibility, analysis, and action, RSA solutions give customers the ability to detect, investigate and respond to advanced threats; confirm and manage identities; and ultimately, prevent IP theft, fraud and cybercrime. For more information on RSA, please visit www.rsa.com.

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