

# Digital innovation is powering an evolution in risk management

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IRM's Innovation Special Interest Group has been exploring how advances in technology is changing what being a risk manager means

**C**loud computing, computer-based complexity analysis and artificial intelligence are only some of innovations becoming commonplace in many organisations. The availability of and expectation to use these tools not only requires a step-change in the skill sets required of our risk management teams but also provides an opportunity to evolve how we work.

So, what might some of these changes look like?

## Getting the computers to do the grunt work

Very few people like maintaining risk registers. The exciting part of a risk database is the analysis of the content within it. Advances in risk management software allow us to automatically interact with individuals across our

organisations to collect and communicate risk information. They also enable us to more easily store the data in many-to-many datasets. This means

**“ We are dealing with far larger datasets than ever before ”**

that risk registers enable more advanced analysis without having to spend our lives cleaning and managing data.

We are also dealing with far larger datasets than ever before. Satellites can measure our carbon emissions, procurement datasets provide a network of

trade across the world and the ever-encompassing internet of things amasses huge datasets on our every movement. “Spiders” comb through our datasets, identifying trends and anomalies that our human brains might otherwise miss.

While these techniques will not give us all the answers, they will help the human risk manager to look at the datasets from different perspectives. It is likely to force us to ask “what if?” in areas where we potentially naively think we are resilient.

This means that the risk manager must become more computer savvy and actively seek an understanding of the possibilities that computing power can offer. We don’t need to become expert data scientists, but we need to have a few of these wonderful specialists in our teams.

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## Embracing our own humanity

Empowering our decision-makers to acknowledge and then deal with risks is the core of what a risk manager should be spending their working life doing. If computers can take on the data-crunching work, this frees us up to be more human and become the conscience for our organisation.

To do this, we need to have empathy for those who we work with, see the world through their eyes and understand what they need to make their decisions. We should be able to provide our decision-makers with the knowledge and degree of uncertainty that they need to be aware of in order to balance their opportunities and threats at any particular moment in time.

This means that risk managers need to build trust

with our decision-makers by being charismatic and reliable – despite the uncertainties inherent in our datasets and our knowledge of risks.

## Revelling in science fiction

Our requirements as risk managers should also drive innovations in technology. We identify opportunities and threats to be managed on a daily basis. These can be converted into profitable businesses, as has been proven by many of the fintech companies that have emerged in recent years. For some, a perfect world would be one in which we would be able to predict the future. Just because it isn't possible now should not mean that is not a goal we should constantly aim for.

This means that as risk managers we should be prepared to challenge the norm and tell the

world of technological innovation what our pain points are and what we would be willing to pay for.

If you would like to join the discussion on how technological innovation is revolutionising risk management, IRM's Innovation SIG will be running an open online discussion forum on September 29, 2021. Led by a number of inspirational speakers, the purpose of the forum will be to acknowledge opportunities and threats posed to risk management by digital innovation, and what that means for all of us. It would be great to see you there. ☺



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