SAP Solution Brief
SAP BusinessObjects GRC solutions

SAP BusinessObjects Risk Management

Enabling Operational Risk Management for Financial Institutions

Quick Facts

Summary

Supporting operational risk management for financial institutions, the SAP® BusinessObjects™ Risk Management application helps you measure and manage organizational, technology, HR, and process risks accurately and consistently, in keeping with Basel II and Basel III requirements. The solution helps you manage risk and compliance by automating and monitoring key risk indicators, compliance, and control effectiveness across heterogeneous systems, business processes, and IT infrastructures.

Business Challenges

- Control the cost of compliance, risk, internal controls, and audit activities
- Prevent risk and compliance violations
- Minimize the impact of adverse events
- Align governance, risk, and compliance (GRC) programs with strategic initiatives

Key Features

- **Business process and system monitoring** – Continuously track key risk indicators and control effectiveness measures
- **Loss event management** – Capture loss data with flexible workflows
- **Data management** – Support structures and changes such as different organizational hierarchies, mappings, and reassignments
- **Multiple compliance and risk programs** – Integrate scalable operational risk initiatives for greater efficiency and effectiveness
- **Risk-based scenario analysis** – Integrate risk management into the decision-making process across all business areas, objectives, and strategies

Business Benefits

- **Reduced cost and increased operational effectiveness** through automation and resource optimization
- **Reduced risk exposure** via continuous monitoring and analysis
- **Optimized performance** using comprehensive, real-time risk and compliance data
- **Sustained compliance** with Basel Accord and other operational risk requirements
- **Improved decision making** and better alignment of risk and strategy

For More Information

To learn more about the SAP BusinessObjects Risk Management application, call your SAP representative today or visit us on the Web at www.sap.com/grc.

Business decisions and market events can result in far-reaching consequences on business performance and sustainability. The SAP® BusinessObjects™ Risk Management application can help you develop an enterprise approach to governance, risk, and compliance (GRC) that includes operational risk and enable you to execute on this strategy in a way that maximizes business value.

More than ever, financial services institutions are investing in IT solutions to automate and optimize GRC activities – and for good reason. Fraught with change, unpredictability, and risk, today's business environment demands an effective operational risk management strategy. Additionally, regulatory requirements such as the Basel II Capital Accord (Basel II) and the planned Basel III Capital Accord (Basel III) require comprehensive measurement of both internal and external risks. Your organization must focus simultaneously on in-house process controls for fraud detection, employment practices, and workplace safety as well as understand the impact of external factors on the business – and have failovers in place in case of IT system failures.

In addition to obtaining reports from your various lines of business, you must create an enterprise view of risk that reflects and measures potential threats to your institution. With the entire organization exposed to operational risk, decisions and recommendations to management must satisfy both existing and upcoming regulations and standards as well as align with the enterprise strategy.

Traditional operational risk management methods, where bits of information are rolled up from various lines of business, are no longer sufficient to achieve these goals. To create real value through an operational risk management process, you must evaluate the exposure of the whole institution in-line with its business strategy. While meeting these business challenges, you must also understand potential exposures of your IT systems. Additionally, management and regulators expect your institution to integrate external risk factors into a holistic picture of the risks it faces.

OPTIMIZE PERFORMANCE USING INTEGRATED RISK MANAGEMENT

To fulfill your responsibilities, you need a highly flexible data integration solution that you can restructure as needed over time. In addition to addressing changing market and regulatory environments, this solution must assure data completeness, accuracy, and availability and provide high-volume processing functionality.

The SAP BusinessObjects Risk Management application provides this kind of support with integrated functionality, helping you to:

- **Measure, monitor, and control** through key risk indicators
- **Improve profitability** through more accurate and future-oriented risk measurement
- **Satisfy regulatory requirements** such as Basel II and Basel III
- **Integrate operational risk management processes** with existing operational systems such as HR, credit processing, transactional banking, and so on
- **Integrate operational risk management** into enterprise risk reporting alongside credit risk, market, and liquidity risk management
- **Support loss and capital reduction**
- **Increase rating agency confidence and profitability**
- **Optimize risk mitigation through integration** with the SAP BusinessObjects Access Control application and the SAP BusinessObjects Process Control application

The SAP BusinessObjects Risk Management application provides a preventive, synchronized approach to GRC. It allows you to automate and monitor key risk activities, reduce risk exposure and compliance violations, and use its operational risk scenario analysis and risk engine to cut costs, improve decision making, and heighten business performance.

DEVELOP AND EXECUTE A PROACTIVE RISK STRATEGY

As market competition heats up, proactive measurement and management of operational risk will turn into a strategic advantage, increasing your institution's economic value.

The SAP BusinessObjects Risk Management application supports important functionalities, including:

- **Static data management** – Managing multidimensional interlinked structures to support organizational-, process-, and product-dependent views over time
- **Loss event management** – Categorizing and distributing losses with capital allocation embedded in flexible workflows, and grouping losses and mitigating risks to protect against recurrence of loss
- **Key risk indicators** – Integrating with operative systems to automate the data collection and updating process for key risk indicators, and supporting calculation rules for highly flexible dynamic aggregation

- **Risk control self-assessment** – Creating surveys that include dynamic result aggregation, and using a state-of-the-art assessment workshop with a graphical user interface that provides complete access to the data repository
- **Scenario analysis and risk engine** – Enabling scenario analysis through risk analysis combined with scenario loss generation, and supporting approaches for Basel II (BIA, STA, AMA) and Basel III (for example, grouped loss, sound practices)
- **Quantitative requirements** – Working with partner OpVision (www.opvision.es), whose solution is SAP-certified as powered by the SAP NetWeaver® technology platform; obtaining high-quality calibration results based on various distributions and tests; and supporting the most prominent loss distribution approach with Monte Carlo simulation
- **Reporting** – Enabling system-specific and enterprise-wide reporting, which includes comprehensive analytical interactive reports and dashboards customizable for different management levels
- **Access control and process control** – Enabling deeper risk mitigation through integration with solutions for access control (access risk and segregation-of-duties management) and process control (internal control management)

GOVERNANCE, RISK, AND COMPLIANCE FOR THE WHOLE INSTITUTION

The SAP BusinessObjects Risk Management application reduces complexity in managing nonfinancial risks across the institution by providing crucial links to operational systems, as well as extended functionality using SAP BusinessObjects GRC solutions.

SAP's comprehensive approach to governance, risk, and compliance provides continuous control monitoring as well as operational compliance. SAP BusinessObjects GRC solutions help provide visibility into all your risk, compliance, and internal control activities and also help you manage more efficiently across the disciplines of risk management, compliance, internal control management, audit management, and policy management. Our solutions reduce the burden of GRC with automatic, continuous monitoring of business events in the organization that can impact both controls and risks. Such monitoring enables a comprehensive and timelier view of your compliance status and risk exposure.

We believe that successful operational risk management must combine automated GRC processes, continuous monitoring, and integration with other business systems in order to optimize many of the processes that are manual, time consuming, and costly. Without the right enterprise-level solution, companies may experience a high degree of duplication of effort and incomplete information as they try to manually integrate GRC information into their decision making. The lack of enterprise-wide, comprehensive visibility into risk and control information leads to situations where undue or even catastrophic risks go unidentified, with damaging effects on strategic business decisions. By reducing risk exposure with successful GRC solutions, companies can expect increased working capital as well as a higher success rate and increased rate of return in their business initiatives.

We believe that we are uniquely positioned to provide the needed capabilities for customers that want to monitor outcomes in SAP as well as non-SAP software systems. The solutions are deeply integrated across the SAP portfolio, providing value across key business and operational processes. And through technology partnerships, we enable our customers to extend the value of their GRC investments beyond their SAP business applications, expanding monitoring abilities deep into their IT infrastructures.

FIND OUT MORE

For more information about the SAP BusinessObjects Risk Management application and SAP BusinessObjects GRC solutions, visit our Web site at www.sap.com/grc.

With efficient and coordinated operational risk management across the organization, financial services institutions like yours can integrate vital risk information into short-term and long-term decision making.

www.sap.com/contactsap

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