



# The future of technology risk management



# The future of technology risk management:

## Are you effectively managing your organisation's IT risk?

Organisations are being exposed to more IT related risks which are increasing rapidly due to evolving trends in technology. Companies need to make sure both 'information' and 'technology' risks are managed.

**Emerging technology, fast paced changing IT landscapes and cyber risk** has increased the focus on IT risk management. IT risks such as security, outsourcing and disaster recovery are now at the forefront of audit committees and executive boards.

C-suite executives are demanding that their information technology departments provide better insight on IT processes and controls, as well as greater anticipation and management of risks.



Technology has become a prominent source of risk

Although specific challenges vary across industries and organisations, KPMG has — in its research and engagements — most often found that **Information and Technology** poses specific risks to an entity's strategy, operations and internal control, in areas such as:

- Business units' reliance on old and new systems or programs that are inaccurately processing data, processing inaccurate data, or both
- Business units' integration and use of artificial intelligence and process automation
- Legacy system and mobile application interfacing
- Access management and user access
- Data accuracy and content
- Blockchain capabilities
- Inappropriate manual or automated intervention
- Data loss or destruction, both authorized and unauthorized
- Misappropriation of assets through inappropriate data changes
- Unauthorized changes master file data, system configuration or programs
- Failure to make necessary changes to systems or programs

69%

of CIOs have or expect to implement intelligent automation within IT and **60%** within customer support

49%

of CIOs are seeing an increase in IT investment.

33%

of organizations were victims of a major cyber attack in the last two years.

Source: CIO survey (KPMG International and Harvey Nash 2019).



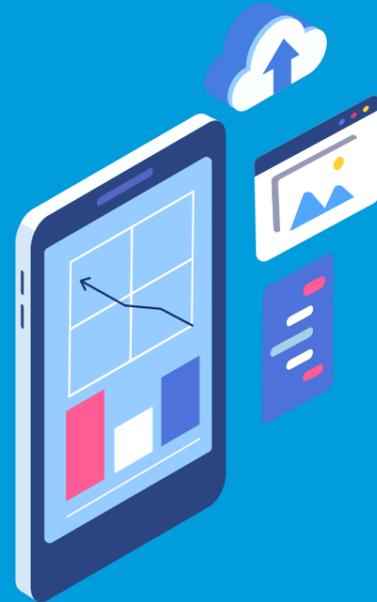
## 1. Is disruption the new norm for technology risk?

KPMG's 2018 technology risk management survey report on the Disruption is the New Norm found that the following are the biggest challenges to achieving a company's objectives:

**32%** Risk Management and Cyber Security

**29%** Regulatory Compliance

**29%** Privacy Governance



Also, it was noted that Artificial Intelligence, cognitive computing, Internet of Things (IoT) and robotics are the top four technologies that will drive business transformation in the next three years. Within organisations, this rapid evolution of technology is pushing the technology risk management function from server rooms to board rooms.

**The future technology risk professionals will have to decipher the risks of new emerging technology and develop an agile technology risk framework with enough flexibility to respond to new risks.**

Some companies are taking steps to follow through on this objective. For example, we see clients using data analytics, continuous auditing and monitoring to change the way that they manage technology risk. However, the majority of companies are demanding more understanding and asking challenging questions as follows:

- Why don't we have an IT Risk Management (ITRM) Framework that is in line with our business objectives and flexible?
- How can our IT Risk Management Framework and underlying practices align with industry and governing standards?
- How do we compare to industry standards? Are we at risk?
- Where do we fall on the IT Risk Management maturity curve?
- What activities do we need to do to improve?
- Are we prepared to meet relevant mandates?
- What are common trends around gaps?
- How do we compare to our competitors (benchmark)?

## 2. Why is Information Technology Risk Management important?

- IT processes are becoming increasingly critical to the success of organisations objectives. An integrated IT risk management framework will inherently strengthen a business's likelihood of achieving its objectives by minimizing the impact of exposed IT related risks.
- All industries across the marketplace are requiring for a standards based IT risk management framework.
- This risk management approach may be tailored to a specific risk theme or a particular stakeholder in the business:
  - **IT risks:** business continuity management, information security, assets and records management, etc.
  - **Stakeholders:** C-Suite executives, CIO, IT Directors, Compliance, Operations etc.

An effective and common starting point is often conducting an IT risk or readiness assessment. We recommend a methodology is required to achieve quality and consistency.

We have seen across industry, how current efforts to address IT risks are not working – or working in a slow and reactive manner. Instead of this sporadic approach which lacks urgency, IT departments need to start thinking about refreshing their approach to effectively managing these risks in the organization. IT Risk Management is one such methodology and, in our view, a critical one that organizations and IT functions need to implement.



### 3. An Introduction to KPMG's Approach

#### Building a world class IT Risk Management methodology

Today more than ever, technology is a critical enabler of the business. We help companies recognize and responsibly manage the complete universe of risks associated with their technology environment, so they can realize the rewards of the digital age.

- The KPMG IT Risk Management approach is a top down, risk-based and process-focused methodology which utilizes our global approach.
- Our approach focuses on understanding your business and its objectives, the risks you face, the relationship between those risks and controls, and your tolerance for risk
- Our industry insight and experience provide practical recommendations to help companies in continuously improving its IT risk management.
- We suggest defining a detailed phased approach with specific inputs, outputs, tasks / activities, tools and templates to be used. We recognize that different companies have different needs, thus, the phases and activities defined are designed to be customized.

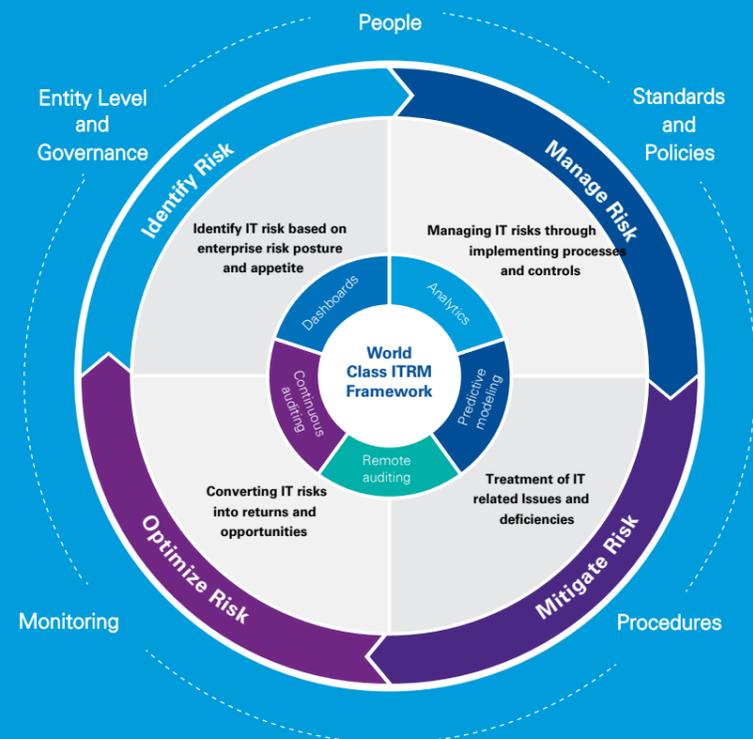
#### It is about having the right resources at the right time

Our services for IT gives boards, senior executives and management new insights into options that can help to manage enterprise risks by enhancing IT department's value, quality, and effectiveness. Our understanding of IT risks will help IT functions improve their performance and derived value.

#### Recognized leadership

We are a leader in IT services both in Ireland and globally. We have distinct advantages in IT through:

- Access to a global team of IT professionals, including specialists in a range of technologies and risk domain areas
- The ability to bring in IT specialists as circumstances arise or business needs change. This gives companies direct access to the wide-ranging IT capabilities of specialists virtually anywhere in the world
- Access to leading practices and the latest IT thought leadership on audit trends and issues



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