

IT-risk assessment with ORSA

A powerful IT is a key factor in securing the competitiveness of almost any business. Beyond being a sub-segment of operational risk, IT-risks are inherent in practically all business processes. These are not limited to IT alone, but are also found in organisational or personnel structures of a firm and can easily threaten an entire enterprise. Yet, many of the causes behind IT-risks are relatively easy to avoid. Moreover, the expense of eliminating IT-risks is generally a mere fraction of the cost resulting from an avoidable IT-risk event.

Legal and other frameworks such as Basle II or the German KonTraG are providing further impetus for the measurement and management of operational risk and thereby also IT-risks. The management of operational risk is one of a number of rating criteria for financial institutions, and now also corporate industry, resulting from Basle II in improving the credit quality as well as credit terms of organizations.

Risk analysis

The majority of IT-risks are not quantifiable but are qualitative in nature. Therefore, analyses that measure IT-risk using a calculation of potential loss are not very applicable, as most risks cannot be considered or included.

Instead, the results of an IT-risk analysis are used to amend and reduce the existing risk profile (via minimization or avoidance) by identifying the corrective actions to be taken.

The advantages of a corporate-wide IT-risk analysis are evident:

- Recognition of weaknesses by identifying risk-sensitive areas
- Establishment of an internal IT-risk inventory
- Support in fulfilling requirements for Basel II (operational risk) or the German KonTraG
- Basis for development of an enterprise-wide security policy
- Assistance in planning investments in assets
- Greater recognition of security issues
- Creation of a general risk awareness

Measuring IT-Risks with ORSA

Acrys Consult uses a qualitative approach of measuring IT-risks within a self-assessment context.

This methodology offers significant advantages over other techniques:

- All risk-relevant factors can be included
- Qualitative indicators can be measured
- Greater cost efficiency, less time consumed in comparison to other methods.

The core of the self-assessment is a customisable client-tailored risk profile consisting of a questionnaire encompassing all relevant IT-risks.

The structure of the risk profile, record of results, composition of reports including logic of analysis, as well as generation of statements are all in form of modules grouped

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around a central database to safely store all data and parameters (see Figure 1).

Acrys Consult's ORSA supports the entire risk measurement process by:

- Evaluating the IT-risks identified via a variable scoring model that focuses on risk sensitive areas
- Flexible design of reporting that allows systematic analysis and processing of risk sensitive areas

Results of the assessment can be arranged and presented in various formats and levels of detail within the ORSA reports.

The findings and report summary are not the end the risk analysis. Rather, recommended measures are derived based on identification of the IT-risks and then prioritised. Such measures are integrated into the organization's IT-strategy with the purpose of actively reducing risk exposures.

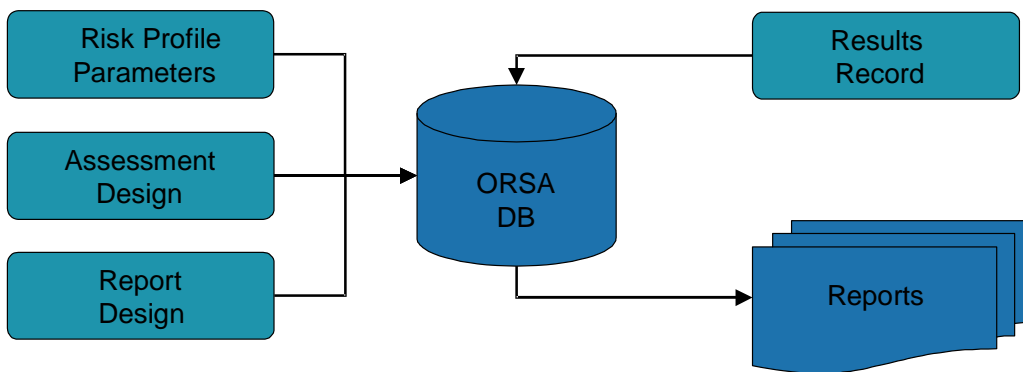


Figure 1: Modular structure of ORSA

- Adaptation of the risk profile by generating customised self-assessments
- Long-term monitoring of IT-risks via periodic trend analyses
- Easy expansion and realignment of a risk profile
- Multiple language capability (German, English).

The risk profile stored in ORSA and used to generate questionnaires consists of approximately 290 items (questions) falling within 19 risk types (thematic groups) such as IT-strategy, emergency planning and data security.

Conclusion

In order to guarantee a continuous and high level of IT-services and solutions, IT-risk management must become a part of enterprise-wide IT-strategy. ORSA by Acrys Consult is an advanced tool in support of this vital effort.

Please contact us with questions or for assistance. We would be pleased to support you.

YOU CAN'T STAY AHEAD BY STANDING STILL.

Acrys Consult is a business and IT-consultancy to specialists in finance and industry

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