



Why Digital Business Needs IRM & Risk Quantification

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Managing Risk in Digital Business



First, what is digital business anyway?

Creating new digital processes, products and services to:

- Optimize your current business model
- Enable new business models and opportunities

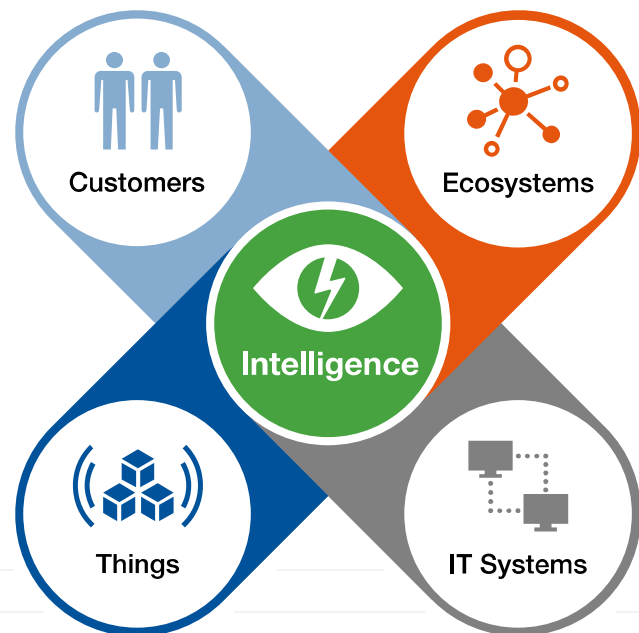
Managing Risk in Digital Business



What could possibly go wrong?

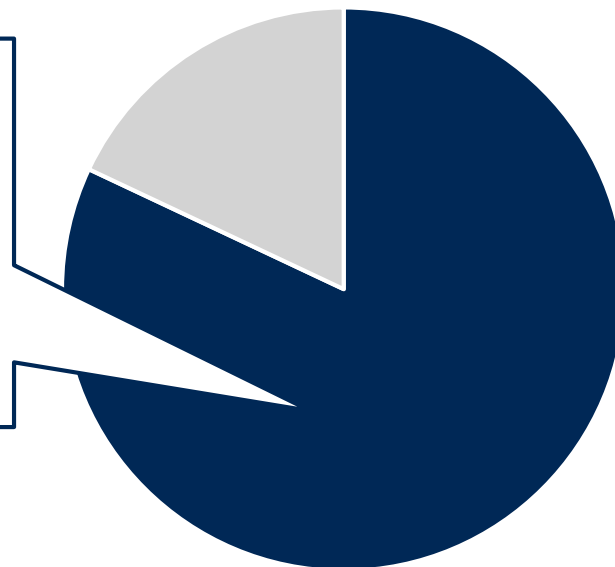
- The goal of digital business is to achieve new levels of growth via digital processes, products and services
- Digital risk lies at the intersection of strategic, operational and technology risk

Digital Is Urgent: Digital Business Matters to CEOs

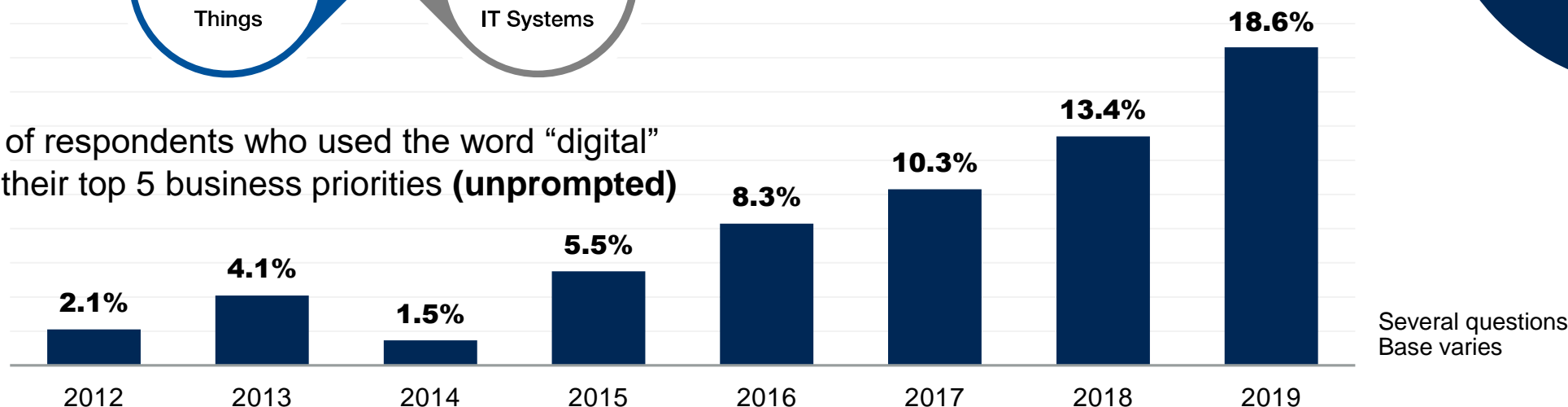


82%

have a management initiative or transformation program to make the business more digital

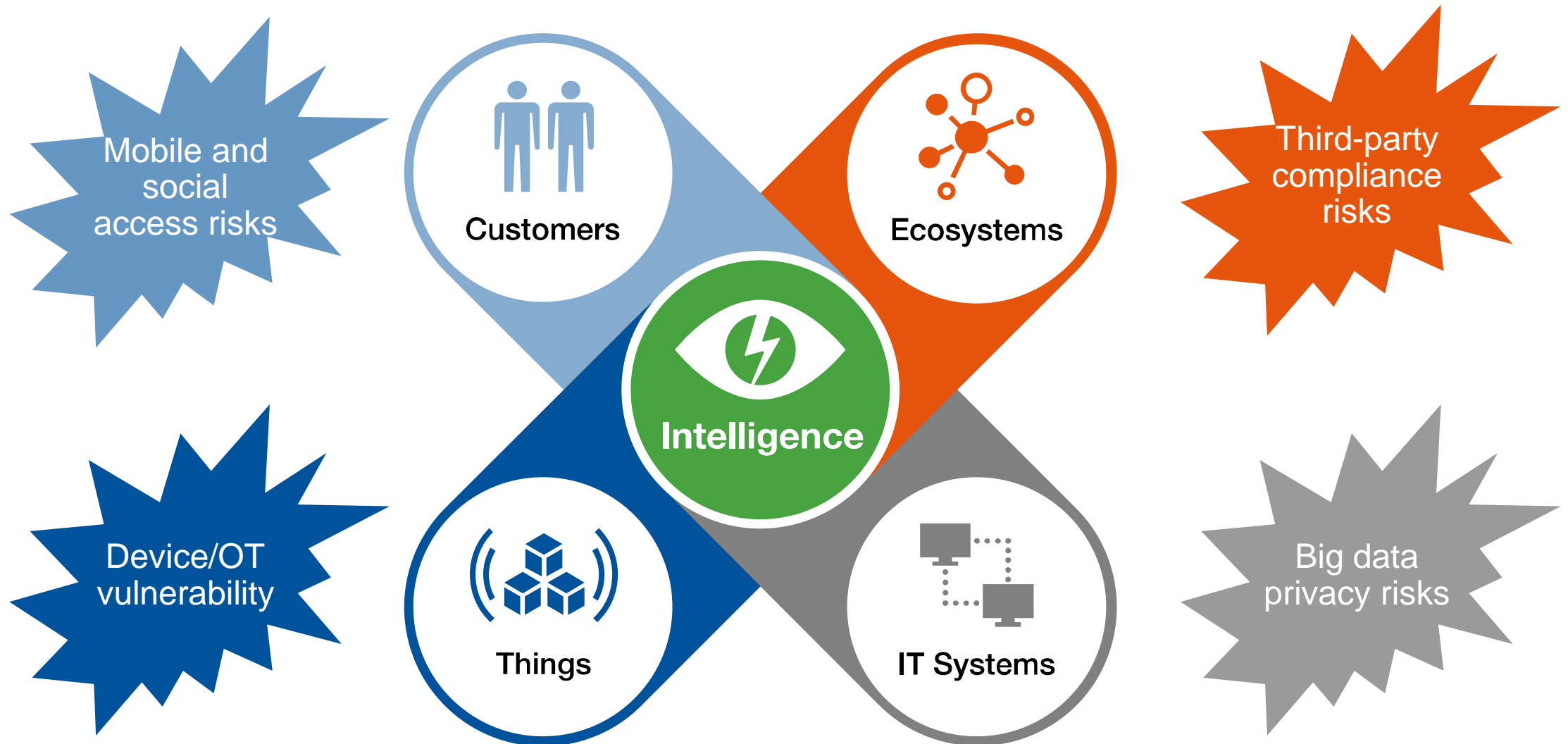


% of respondents who used the word “digital” in their top 5 business priorities (**unprompted**)

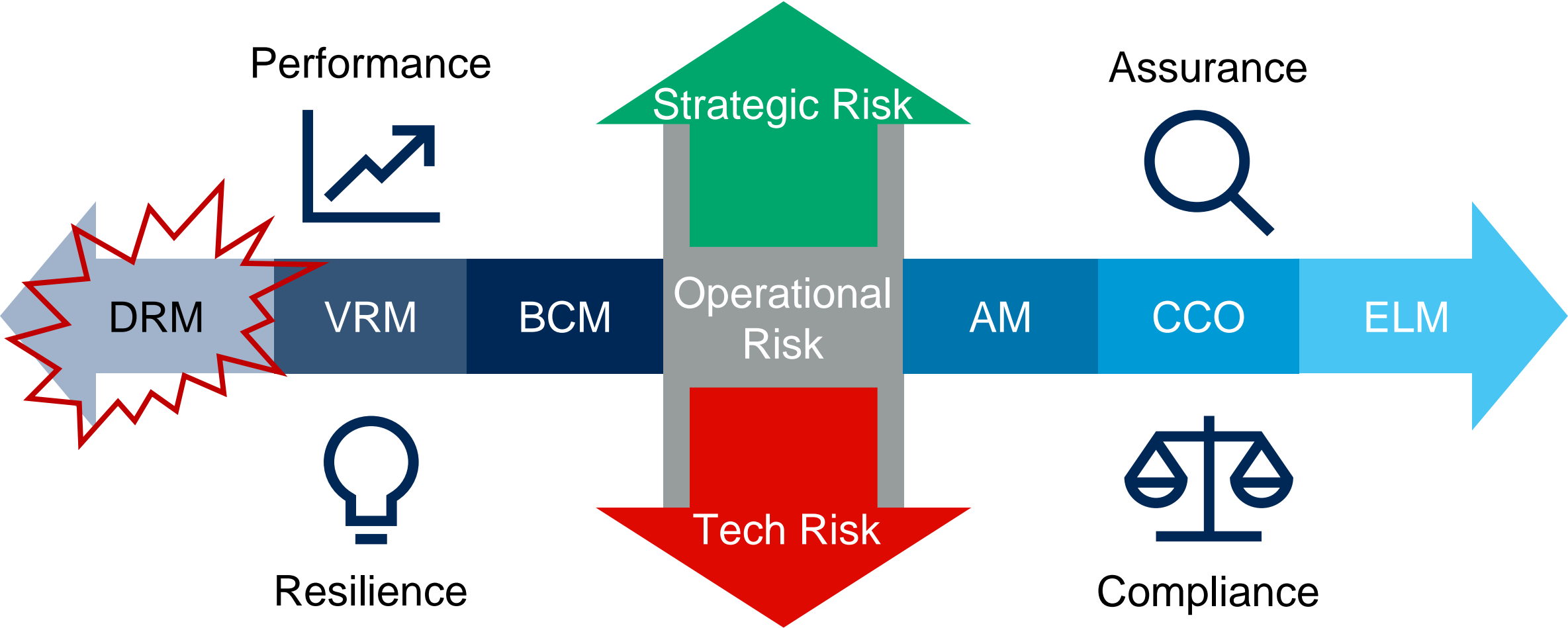


Source: 2019 Gartner CEO Survey

Digital Risks Require Integrated Risk Management



IRM Objectives & Use Case Domains



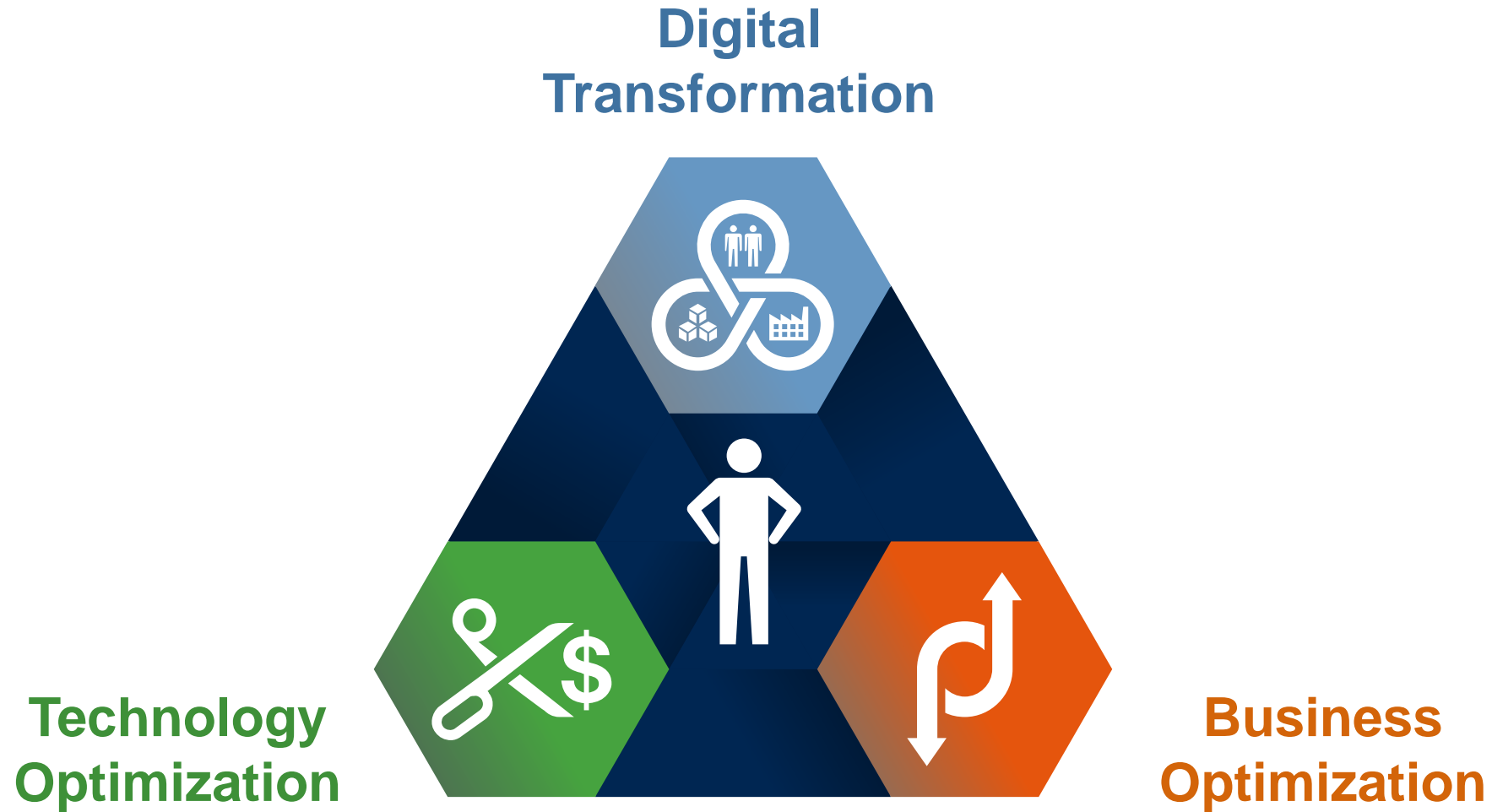
DRM = Digital Risk Management; VRM = Vendor Risk Management; BCM = Business Continuity Management; AM = Audit Management; CCO = Corporate Compliance and Oversight; ELM = Enterprise Legal Management
Source: ["Top Use Cases and Capabilities for Integrated Risk Management."](#) (G00356316)

By 2021

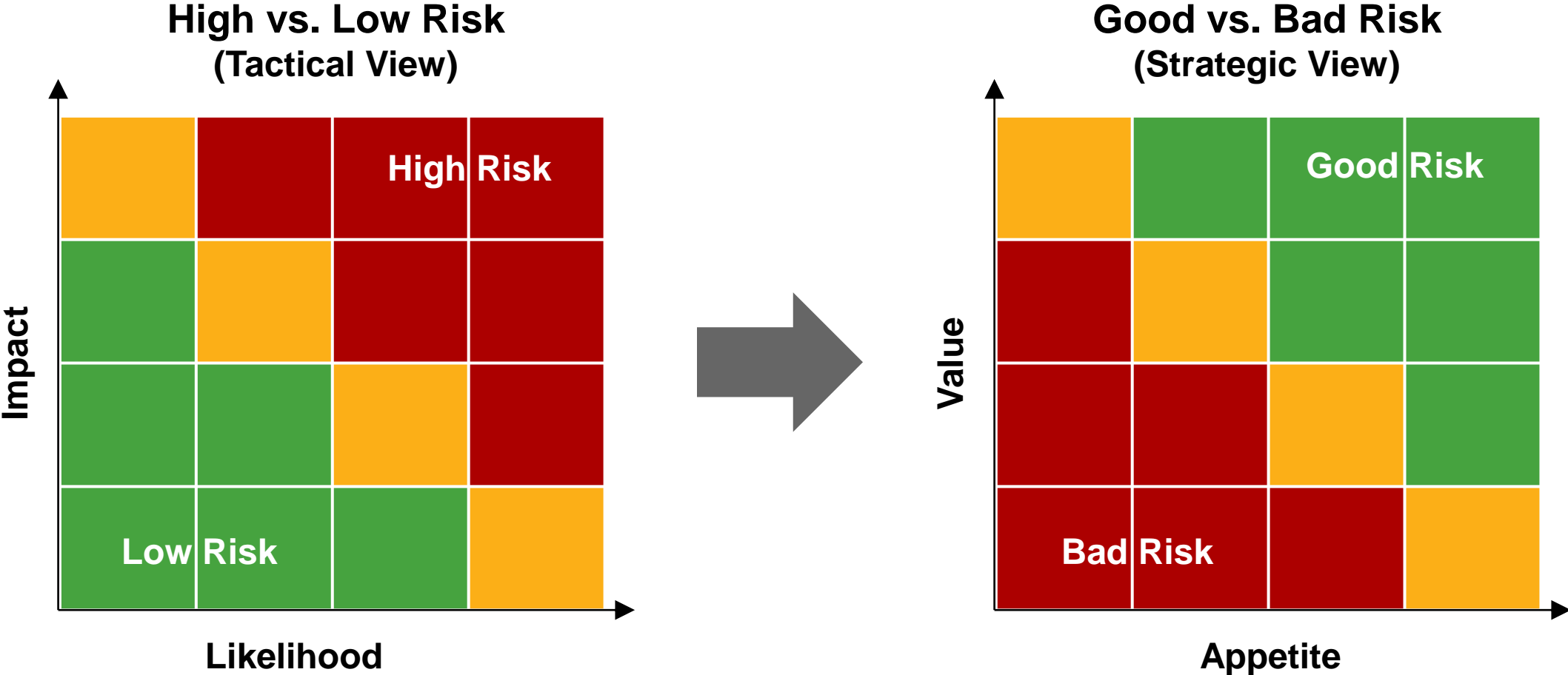
50%

of large enterprises will use an IRM solution set to provide better decision-making capabilities (up from 30% in 2017)

Digital Business Can Have Three Perspectives



Digital Business Is Shifting the Risk Paradigm



Anatomy of a Digital Business Case

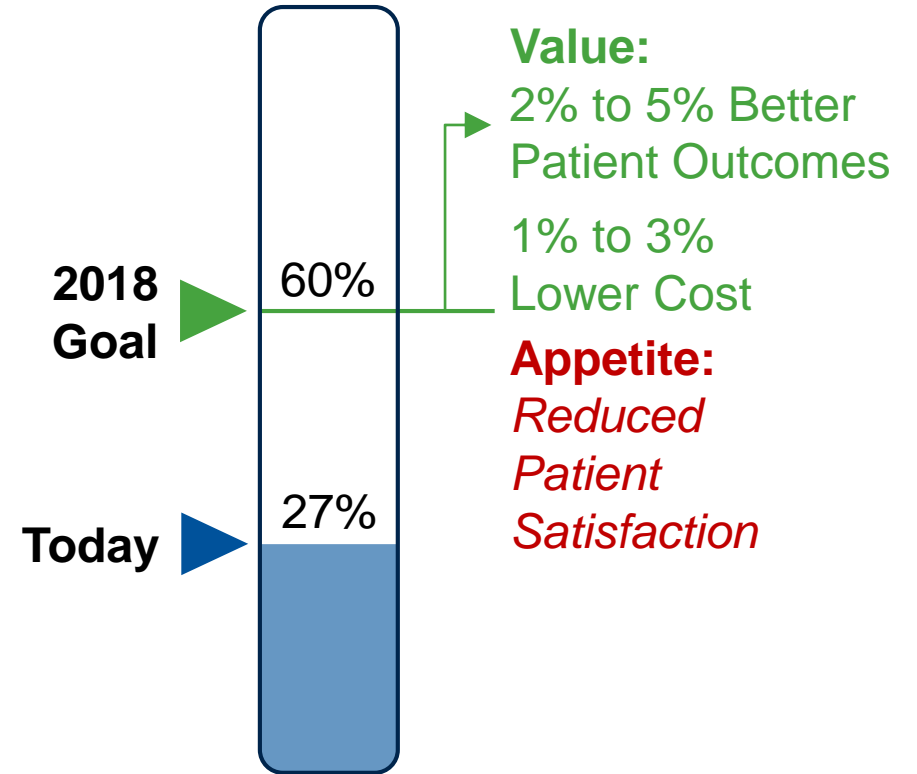
“[Medical Center X] elaborated that the expected the number of virtual visits should exceed the number of in-person visits by 2018”

— Representative Digital Business Case Study

Decision to invest = Improve mobile AppDev to increase % of visits through mobile apps to improve patient satisfaction by 6%

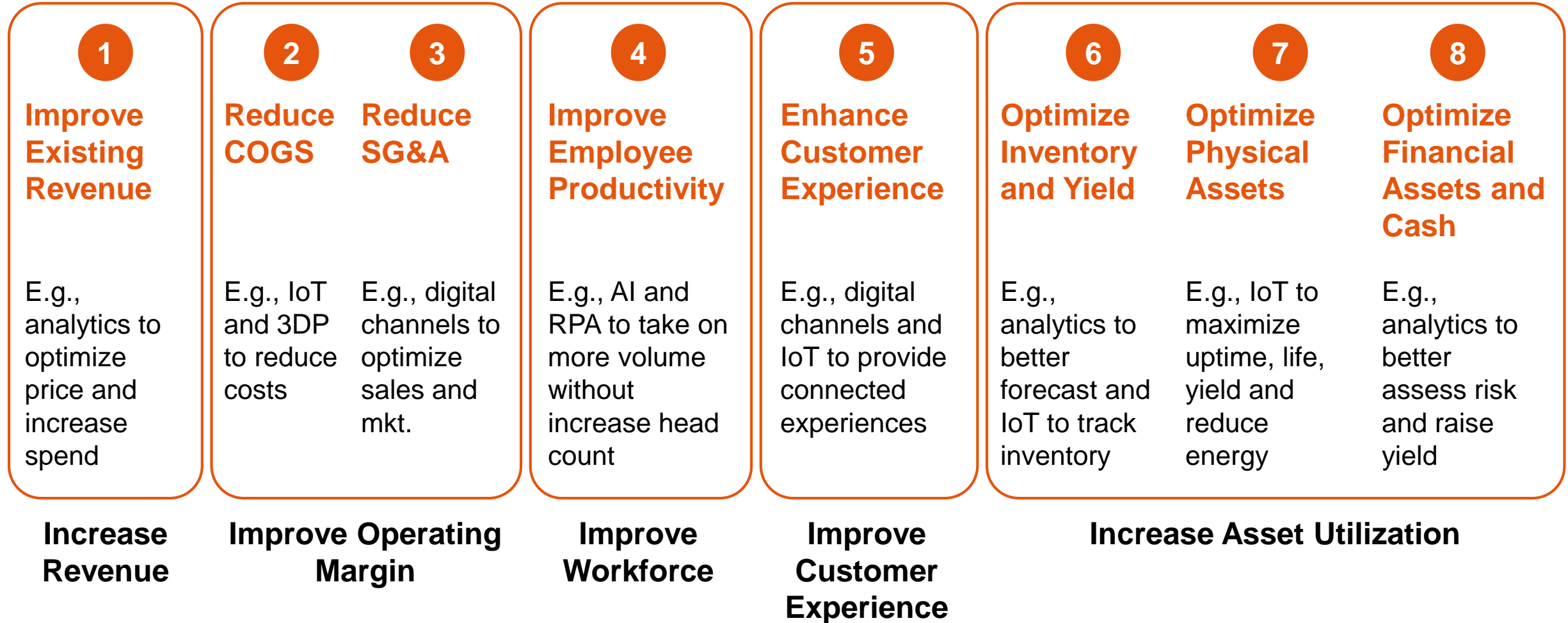
Project

Digitalizing Patient Interactions

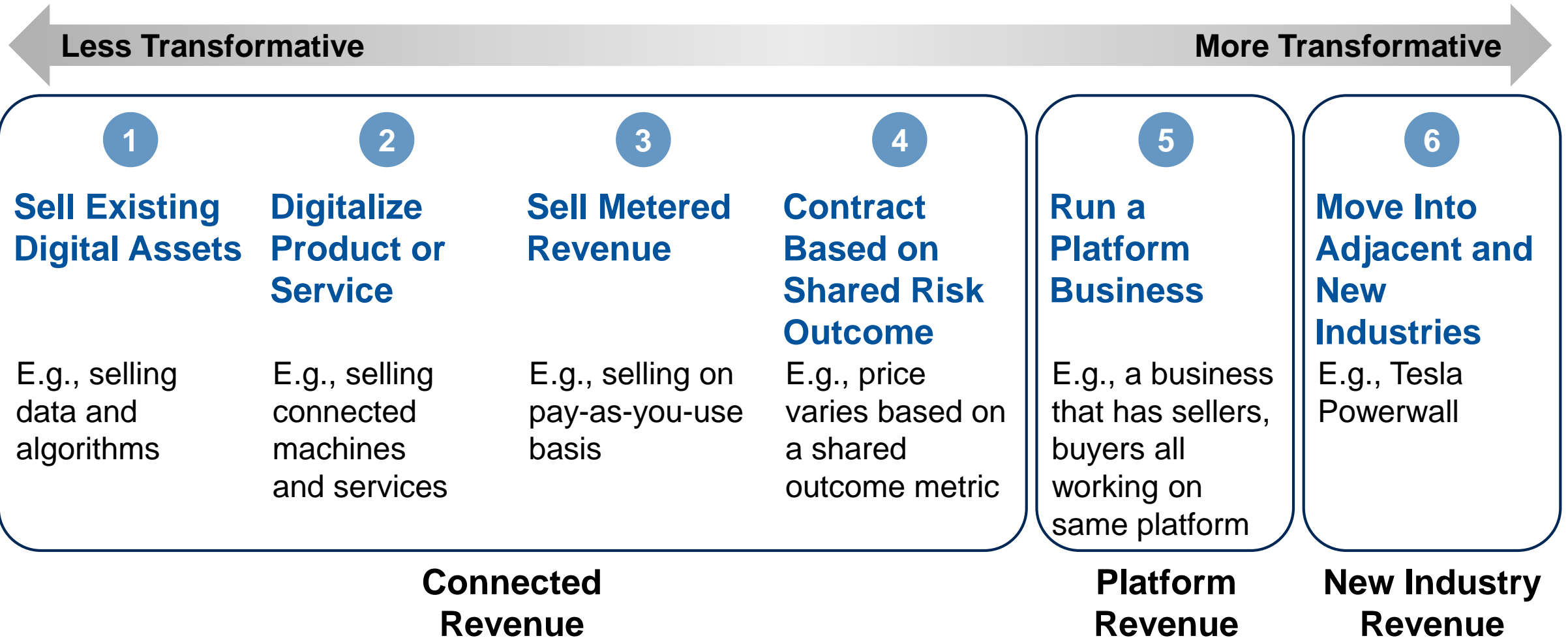


% of visits that are virtual/digital

Digital Business Optimization Adds Significant Value Without Changing Business Model



Digital Business Transformation Leads to Net-New Revenue and Business Models



Digital Risk Quantification and Decision Making

Owner accountability, risk tolerance and risk appetite need to become real.

Help non-IT executives make educated decisions regarding cost and level of risk.

Act as a facilitator, not a defender. Give them choices.

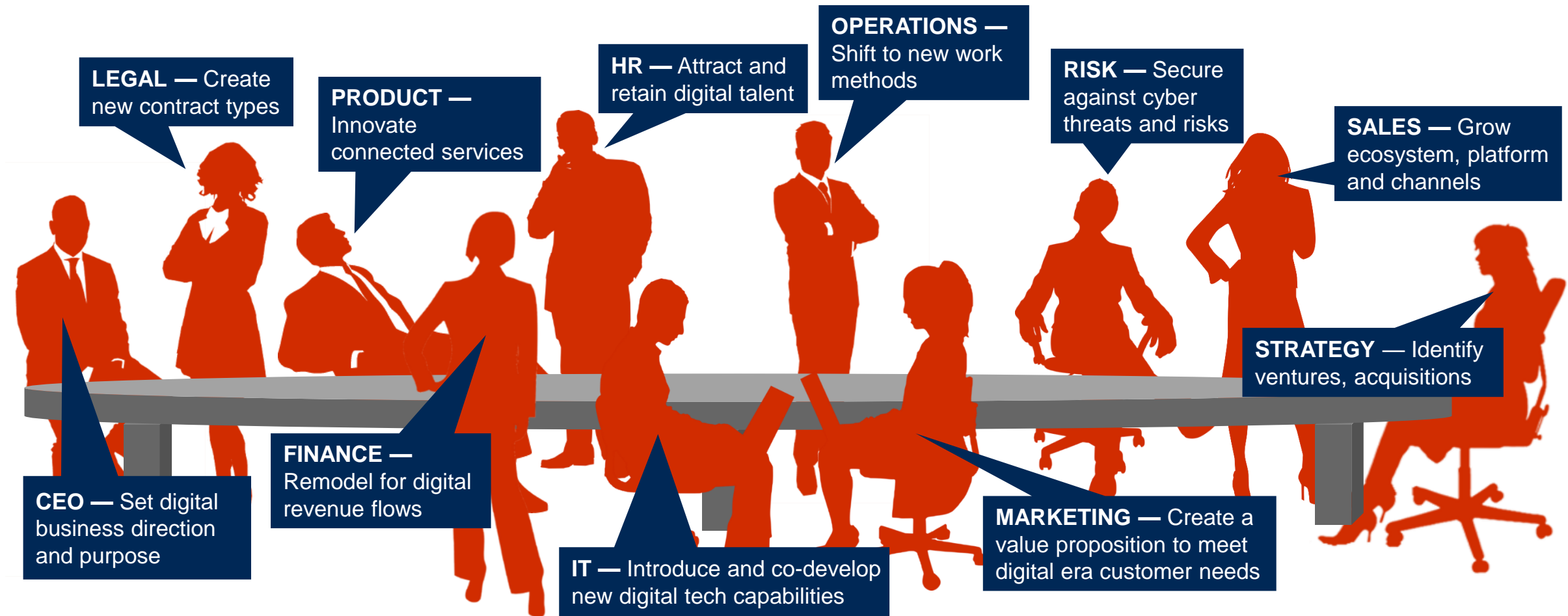
Put everything in a business context.



WARNING!
Digital Risk
Equals
Business Risk

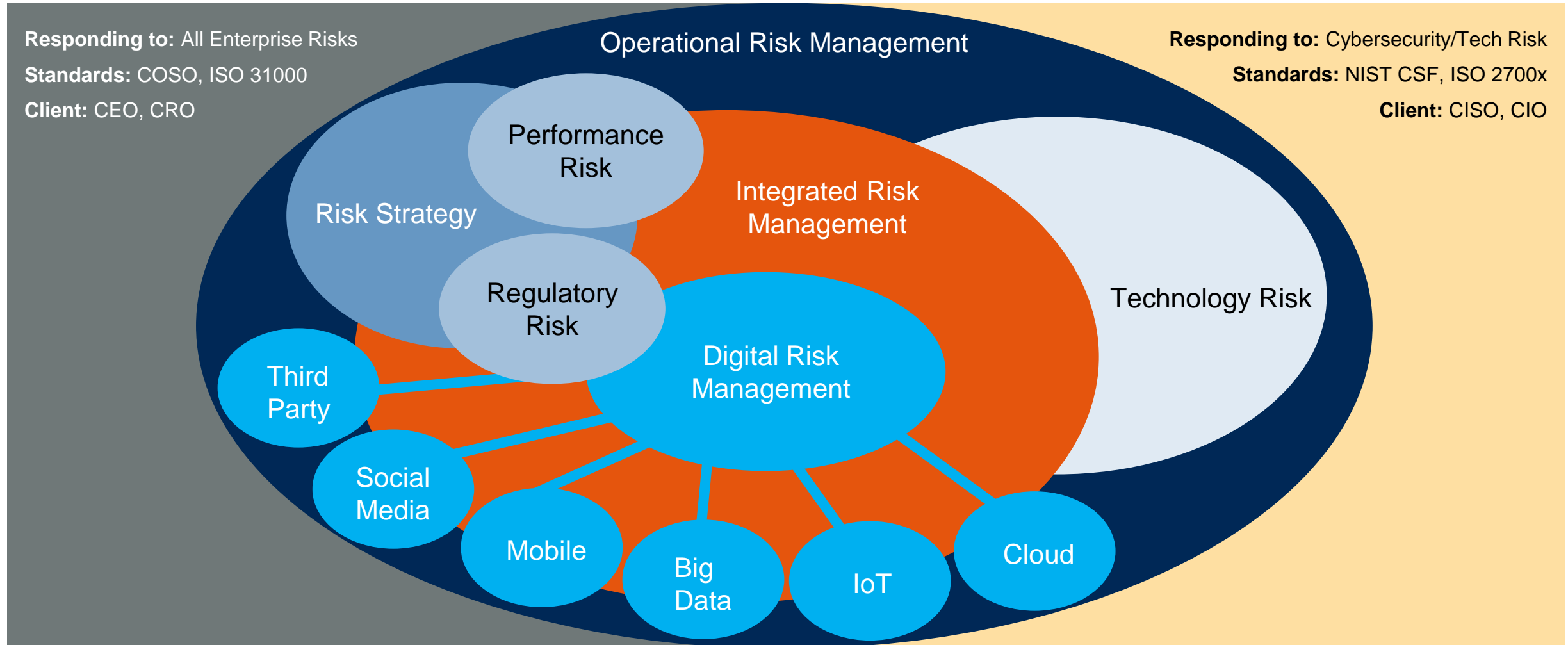
IRM Requires a Digital Business Executive Team

How Digital Business Can Require the Involvement of All Executive Team Members

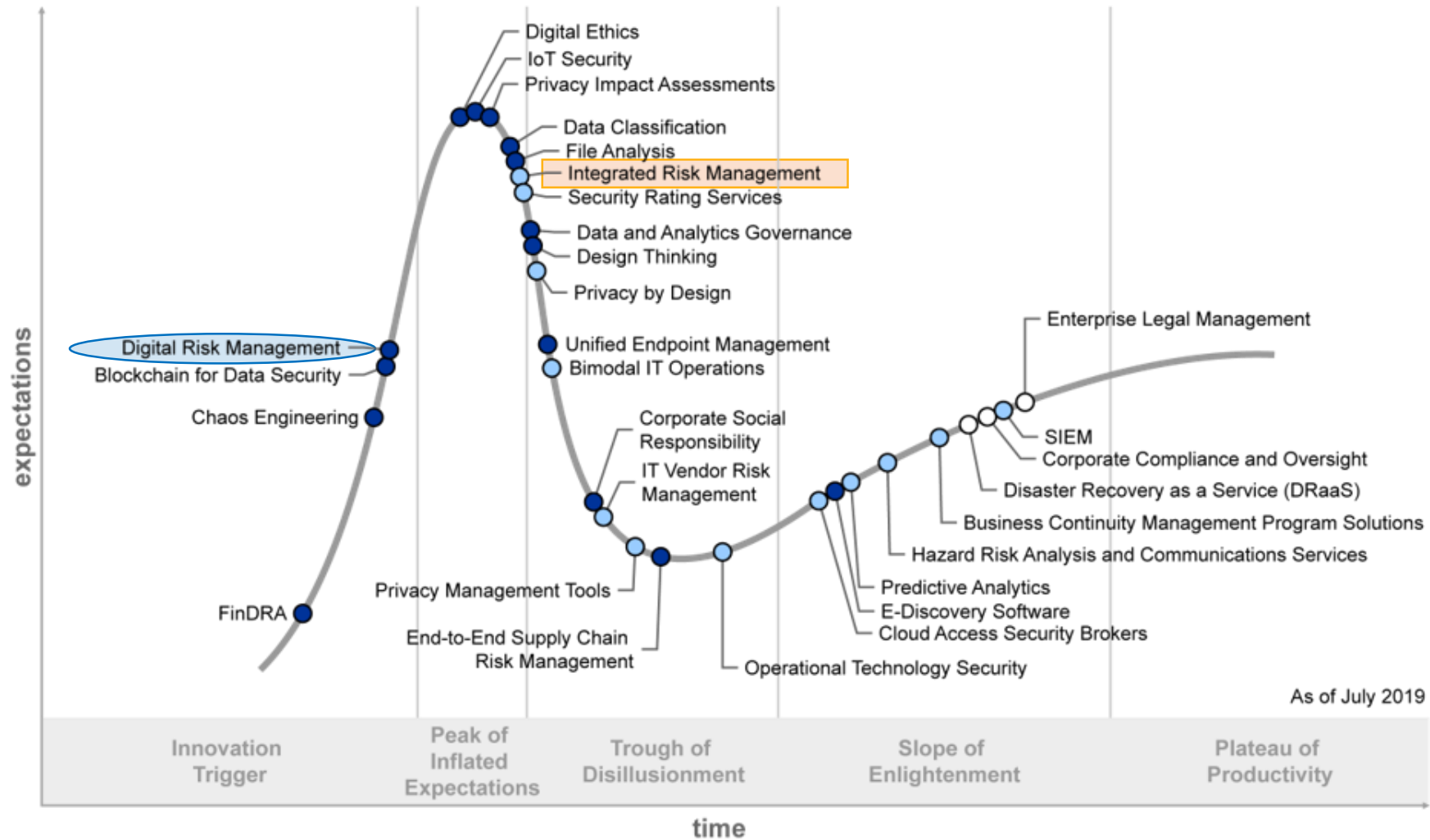


Source: ["2018 CEO Survey: CIOs Should Guide Business Leaders Toward Deep-Discipline Digital Business."](#) (G00354611)

The Future of Integrated Risk Management



Hype Cycle for Risk Management — 2019

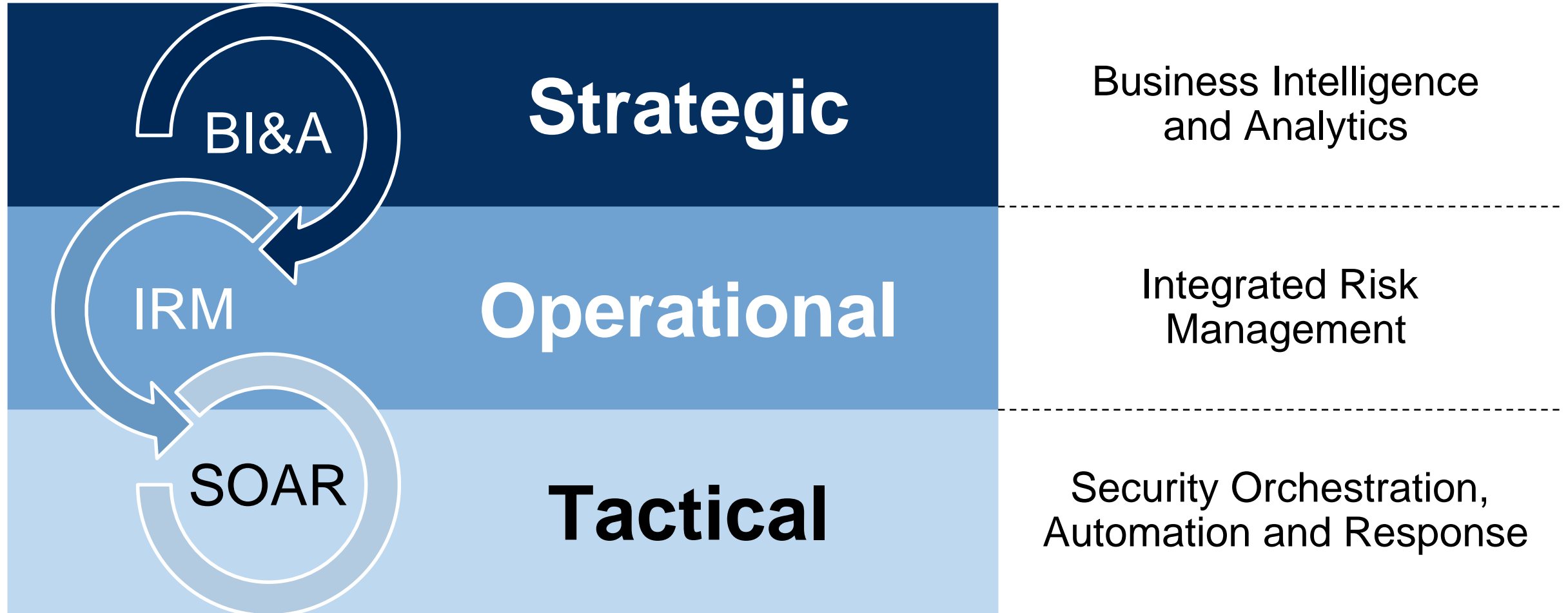


Plateau will be reached:

○ less than 2 years ● 2 to 5 years ● 5 to 10 years ▲ more than 10 years ⊗ obsolete before plateau

Source: "Hype Cycle for Risk Management, 2019." 23 July 2019 (G00369253)

Gartner Digital Risk Management Solution Stack



Digital Risk Management is on “Top Performers” Radar

Most Important Technology That Will Differentiate Business/Are Most Crucial to Achieving Organization's Mission

Top Performers (n = 165)		Typical Performers (n = 2,476)		Trailing Performers (n = 193)	
BI/Analytics	28%	BI/Analytics	26%	BI/Analytics	20%
Digitalization/Digital Marketing	17%	Digitalization/Digital Marketing	14%	Digitalization/Digital Marketing	12%
Cloud Services/Solutions	15%	Cloud Services/Solutions	9%	Enterprise Resource Planning	9%
Mobility/Mobile Applications	7%	Mobility/Mobile Applications	6%	Cloud Services/Solutions	8%
Artificial Intelligence	7%	Internet of Things	6%	Customer Relationship Management	6%
Internet of Things	6%	Customer Relationship Management	5%	Internet of Things	6%
Integration/Interoperability	4%	Artificial Intelligence	5%	Mobility/Mobile Applications	5%
Application Programming Interface	4%	Infrastructure/Data Center	5%	Infrastructure/Data Center	4%
Infrastructure/Data Center	3%	Enterprise Resource Planning	5%	Legacy Modernization	3%
Security and Risk	3%	Automation	4%	Integration/Interoperability	3%

Base: All answering, excludes DK, n varies by segment

Showing the 10 most common answers per segment, coded open-text responses

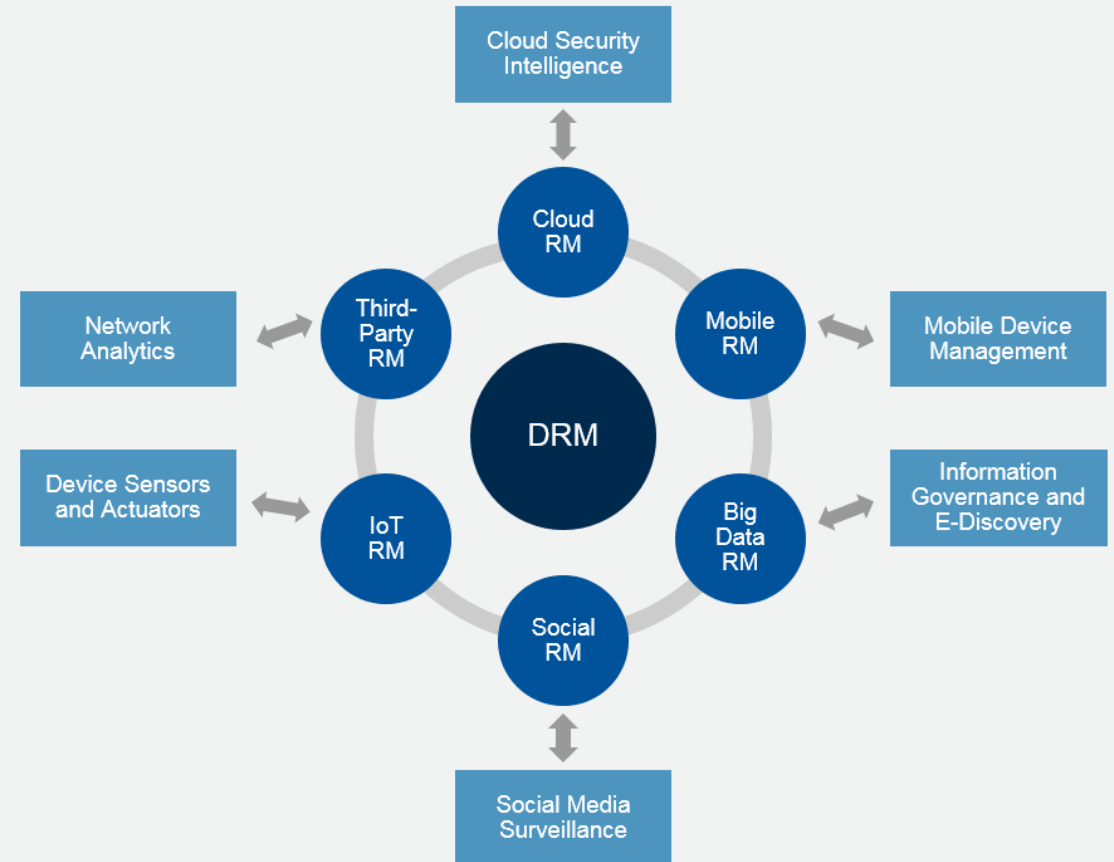
Q: Which technology area do you think is most important to helping your business differentiate and win? Is most crucial to achieving your organization's mission?

Source: ["2018 CIO Agenda: A U.S. Perspective."](#) (G00346758)

Effective DRM Solutions Rely on IRM Capabilities

- Employ IRM products that can link digital business strategic outcomes and digital risk assessment results.
- Evaluate current IRM solution set capabilities in translating tactical security vulnerability/threat assessments and key risk indicators (KRIs) into digital risk assessments that are relevant to the business.
- Develop capabilities to utilize business intelligence and analytics to link technology KRIs to digital business key performance indicators (KPIs).

Digital Risk Management Solutions



ID: 347667

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Recommended Gartner Research

- ▶ [How to Get Your CEO to Embrace Digital Risk Management](#)
John A. Wheeler (G00303007)
- ▶ [Market Trends: GRC Era Is Over as Customers Adopt Integrated Risk Management](#)
John A. Wheeler and Elizabeth Kim (G00345344)
- ▶ [Top Use Cases and Capabilities for Integrated Risk Management](#)
John A. Wheeler (G00356316)
- ▶ [Hype Cycle for Risk Management, 2019](#)
John A. Wheeler (G00369253)
- ▶ [Critical Capabilities for Integrated Risk Management](#)
John A. Wheeler (G00367940)
- ▶ [Innovation Insight for Security Orchestration, Automation and Response](#)
Claudio Neiva, Craig Lawson, Toby Bussa and Gorka Sadowski (G00338719)
- ▶ [A Digital Business Technology Platform Is Fundamental to Scaling Digital Business](#)
Bill Swanton and Hung LeHong (G00342253)