The R in GRC: Managing Risk in Times of Crisis

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Global Crisis: IT Under Heavy Fire

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- Economic and financial crises spark local / regional recession
- Cost pressure and austerity on the business side, secondary impact on IT
- Renewed interest in outsourcing / outtasking as a defensive move
- Cost cutting round tables with 3rd parties, primarily in IT and other support services
- Removal of external consultants as a typical first move in corporate austerity programmes
- Increased legislative and regulatory activity

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Global Risks in IT: They´re Out There and They Know Where We Live

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- Cyber Warfare , Cyber Crime and targeted attacks
- Cloud Computing and systemic issues
- Identity and access management, identity theft
- Social media and related risks

- All of these risks set new challenges for users and IT management – particularly where users are exposed to complexity and direct attack

Global Issues: Game Changers

- Governments cling to the illusion of maintaining control over cyberspace – the last stand of the Old Guard
- New groupings, such as the Pirates, have set a liberalist agenda, seriously challenging the traditional government view on national laws and regulations
- Younger individuals regard free cyberspace as part of human rights
- The timeline has gone beyond Digital Natives: „Generation iPhone“ no longer knows what IT is and what it does

Global Issues: Writing on the Wall

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- Shift in user behaviour: complex chains of interaction through social networks and other web services
- Shift in business paradigms: removal of (traditional) fallback solutions, e. g. paper-based
- Increasing number of security incidents and data losses in service supply chains
- Clustering of critical services in major public clouds
- Increasing number of links between widely used service offerings and critical infrastructures (e. g. utilities)

Global Trends: We Can See It Coming

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- Bundling of products and services around individual identities create multiple vulnerabilities
- Security, information risk management are still underfunded, but their importance is growing
- Democratisation of social media and related services may require a different mindset
- Protecting individuals, and individual participative rights, is key

How to Prepare: Basics in Times of Crisis

- Legislators, regulators and supranational agencies provide ecosystem controls, linked to more traditional individual rights
- Commonly accepted frameworks and agreed best practice add flexibility to the abstract legal and regulatory context
- New security paradigm and related developments will enable intelligent prevention and defence
- Risk mindset must address individual protection, not just corporate interest

How to Prepare: The R in GRC

- Compliance has been identified as one of the top issues in corporate thinking – but how about individual compliance?
- Governance is catching up with compliance – doing the right things creates new links between the corporate environment and individuals as stakeholders
- **Risk management assists in closing the gap between the expected and the unexpected – and that gap has been growing!**

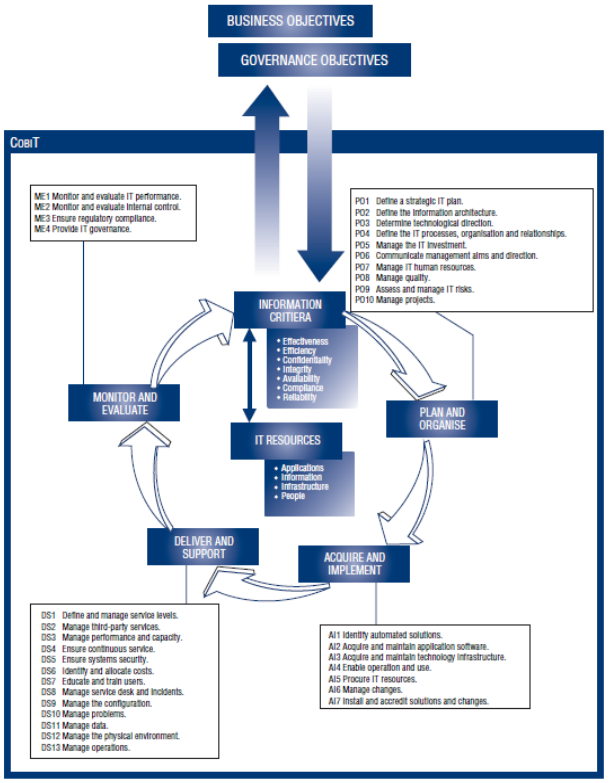
How to Prepare: The R in GRC

- Ideal World vs. Real World: cost cuts, headcount reductions, transferring IT out create breaking points, gaps and weaknesses
- The risk position shifts to the right: more expected (residual) risk, higher likelihood of unexpected risk events
- As business and IT resilience erodes, risk management as 2nd line of defence is becoming more important
- Holistic risk view: in times of crisis, triage is inevitable. **BUT (!!!) low budgets and pressure are not an excuse for leaving your flanks open.**

How to Prepare: Tools of the Trade

- Controls, processes and full integration of security with GRC: COBIT 5
- Risk in the underlying information systems and infrastructures: Risk IT
- Sanity check, and strategic alignment: Val IT
- Holistic security, including wider societal systems and relationships with business: BMIS (now including the new publication on culture)
- Drill-down: further publications on aspects of risk and security

From COBIT 4.1...



MAPPINGS

- COSO ERM
- Basel II
- NIST Pubs
- ISO 27000
- etc.

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… to COBIT 5

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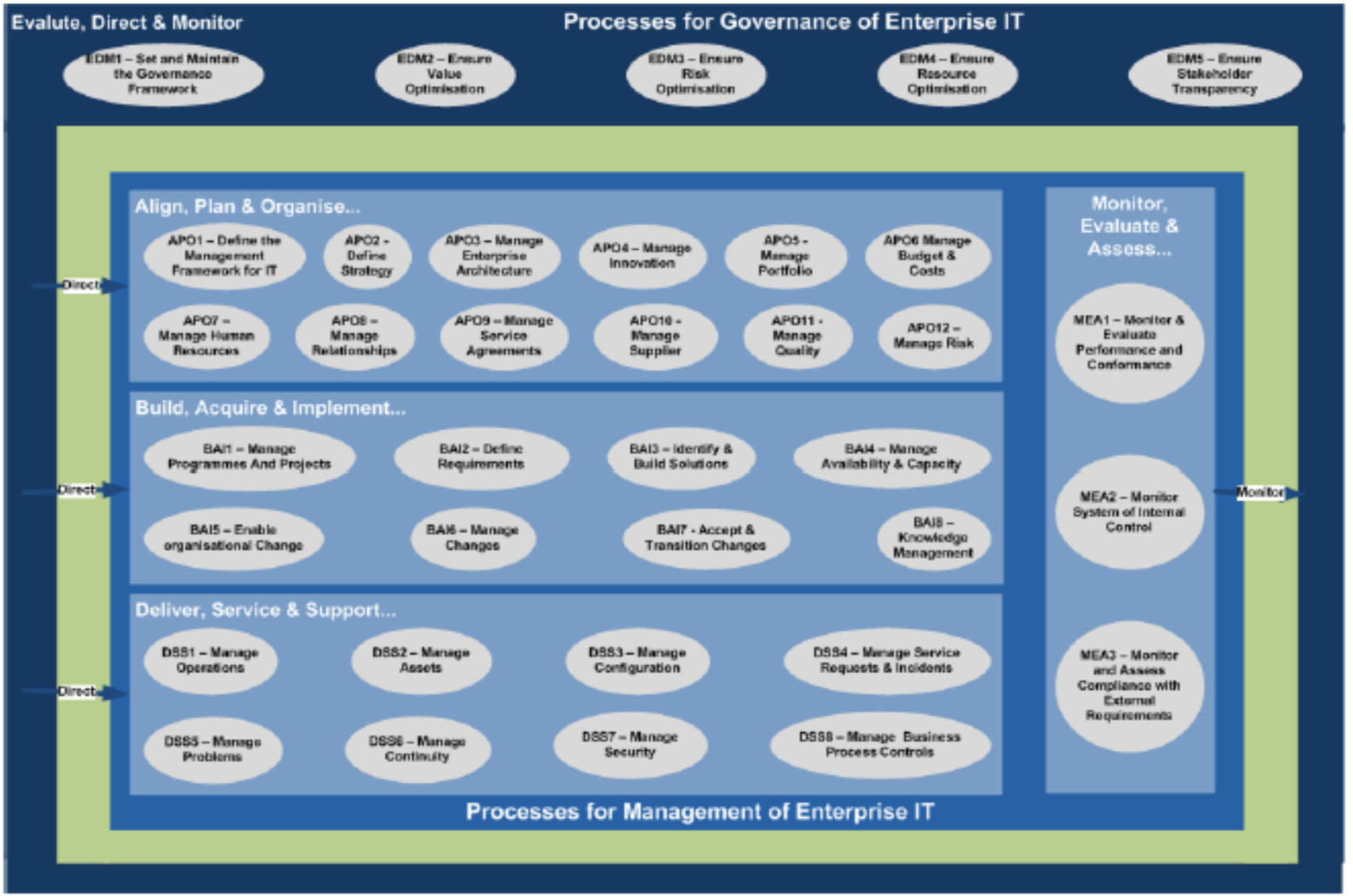
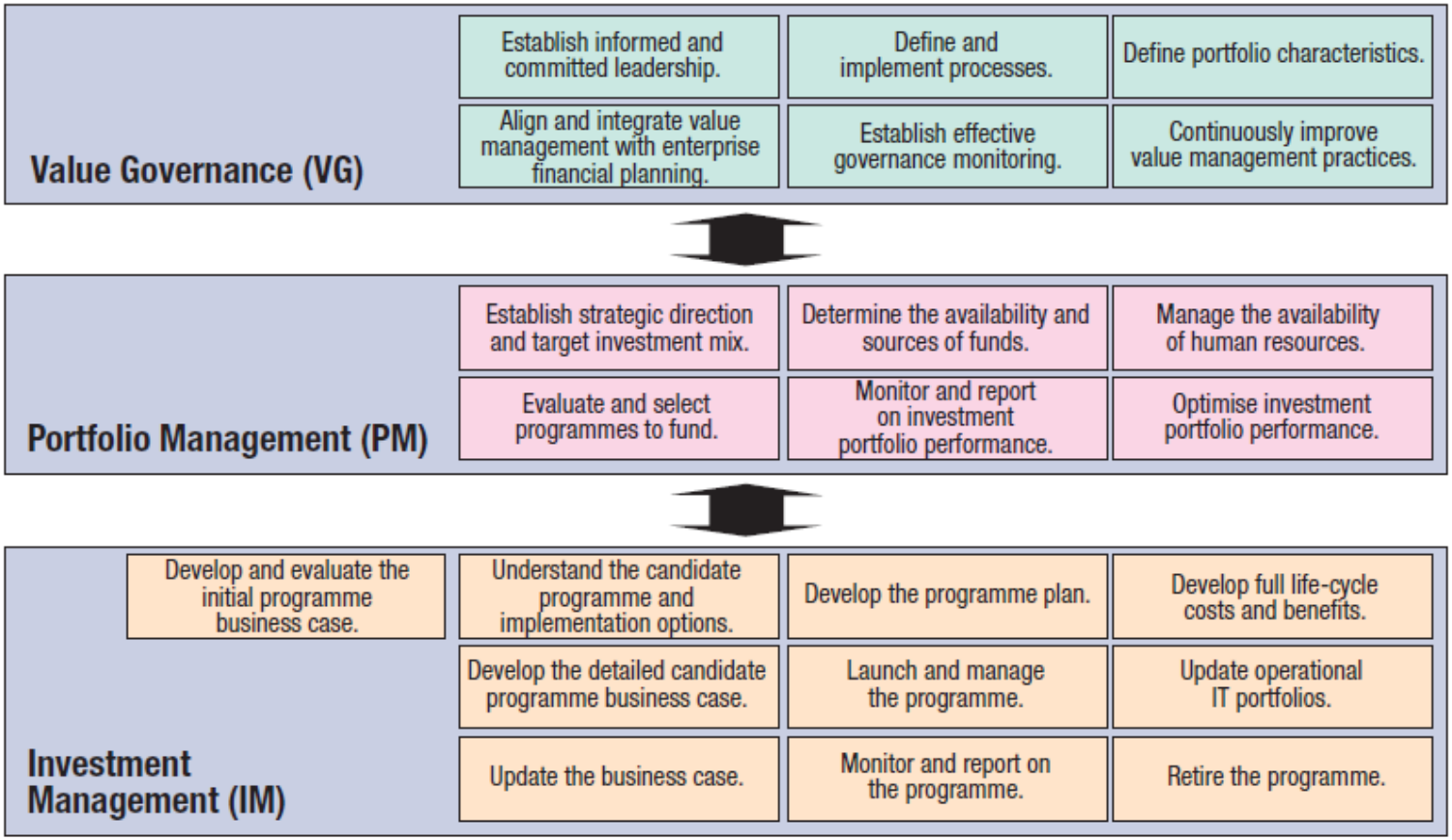
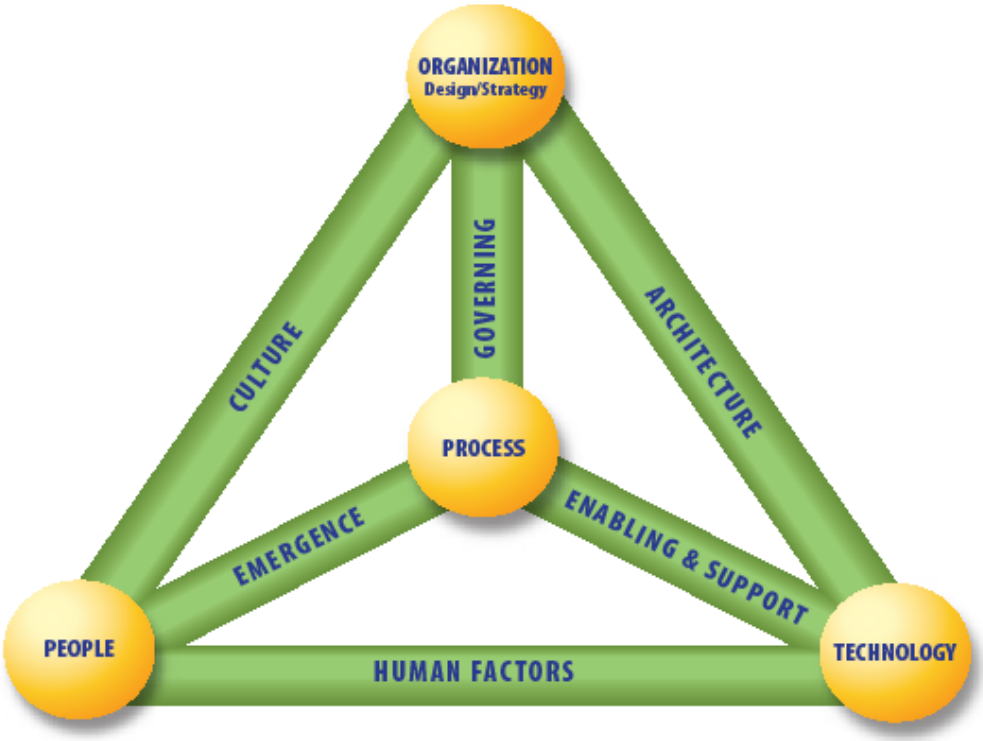


Managing Risk Hands-on: RiskIT

Making Business Sense in Times of Crisis: ValIT



Advancing Security: BMIS



BMIS will be complemented by the forthcoming COBIT for Security publication

The R in GRC: Weak and Strong Signals in Times of Crisis

- Bounded Rationality: if there are „things better not said“, the 2nd and 3rd lines of defence must speak up and provide an impartial risk assessment.
- Storming, crunching, do more with less: the more often the organisation has „barely made it“, the stronger the signals. Beware the crisis-prone organisation!
- Escalating commitment: where doing more of the same does not achieve the goal, people need re-orientation.
- Overcontrol: more policies, procedures and controls may not be the answer
- Cutting Corners: where people don´t like the written rules, they will make their own

Thank you very much indeed for your kind attention.
Your questions and comments are highly appreciated.

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Business Continuity, BCM Academy, ICT Continuity

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Security, Investigation, Forensics

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