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Business Analytics

Business Analytics
Sales Enablement

IBM Risk Analytics Channel Overview



Agenda

- IBM Risk Analytics Positioning
- Integrating and Innovating for Impact
- Selling to the Risk Market
- Risk Analytics Partner Opportunities
- Enablement & Partner World



*“We consider **analytics** the next big frontier for risk management. If you can leverage analytics to identify risk and take actions ahead of your competitors, you are essentially turning a hazard into an opportunity.”*

Luis Custodio, Chief Risk Officer, IBM

Risk Analytics:

Better outcomes when integrated within Business Processes

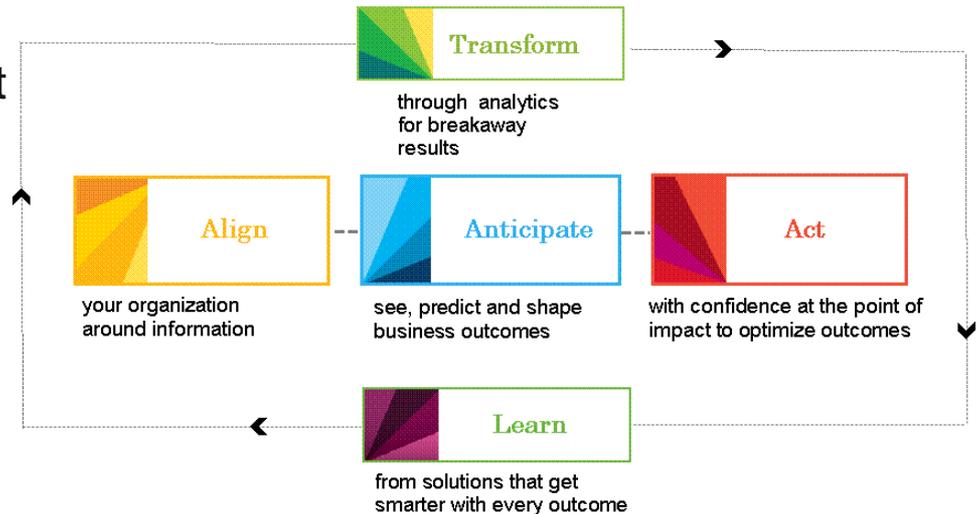
Firms that use advanced risk analytics broadly in their business decisions **perform better** than others.

They align around insights, anticipate risks and opportunities, and act to **optimize outcomes**.

They learn continually and as a result can **transform** their business models.

IBM Smarter Analytics is a holistic approach that turns information into insight and insight into business outcomes

IBM Risk Analytics defines Smarter Analytics for Risk



Today's environment is causing companies to rethink their risk management approach

Regulation



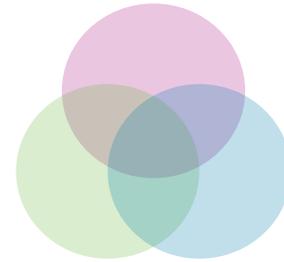
The **global regulatory environment** is increasingly demanding, and companies must provide **more transparency** while **reducing the cost of compliance**

Capital



The **rising cost of capital** is driving companies to seek the best risk-adjusted opportunities

Risk Convergence



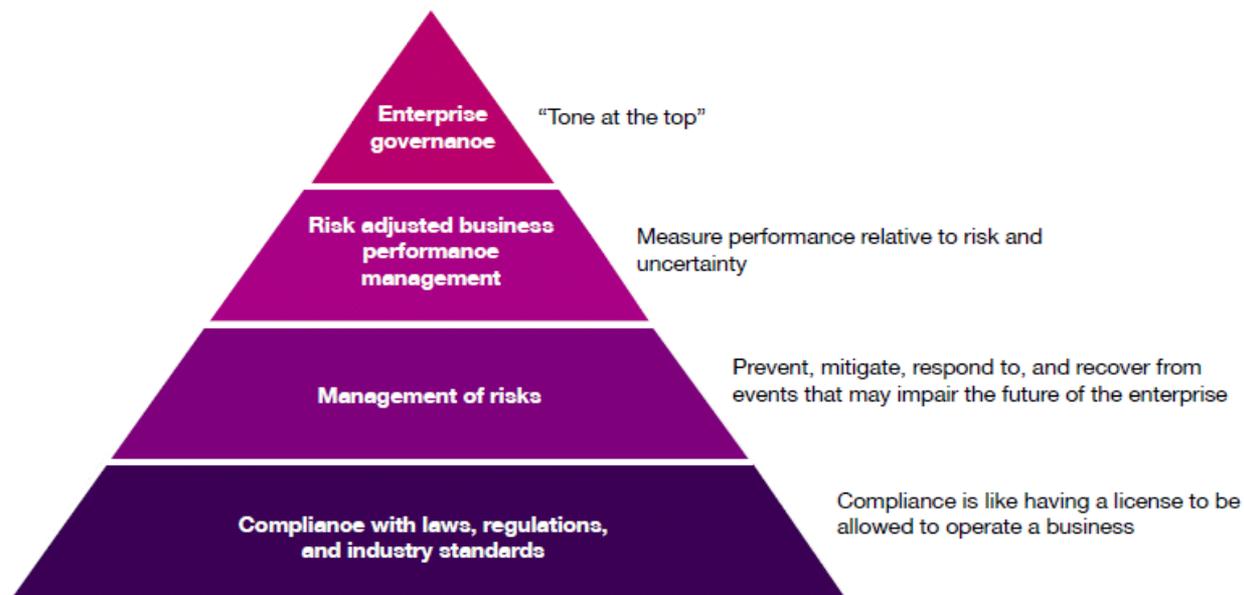
The **financial crisis** showed the **importance of integrated risk management** to optimize outcomes

Most companies are **rethinking** their approach to risk management

In a survey of US executives conducted by Deloitte and Forbes Insight “91% plan to reorganize and reprioritize their approaches to risk management in some form in the coming three years.”

Aftershock, Adjusting to the New World of Risk Management,
2012, Deloitte and Forbes Insight

Scope of Enterprise Risk Management



Clearing the clouds, Shining a light on successful Enterprise Risk Management,
IBM Institute for Business Value, 2011

Organizations are focused on managing risk **across the enterprise**



IBM Risk Analytics solutions help improve **business outcomes**



Enabling our clients to...

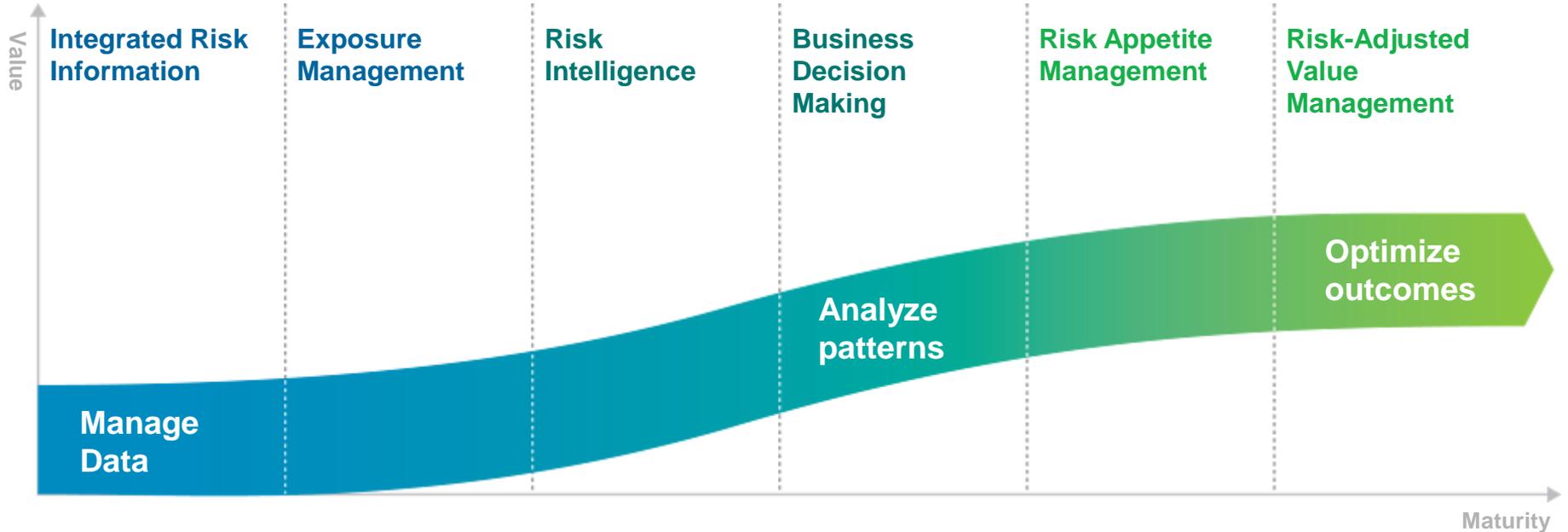
- **Improve decision making** by providing risk insight and transparency to business decisions
- **Increase their return on capital** by investing in the right opportunities
- **Reduce** the cost of compliance
- **Accelerate and streamline risk processes** to reduce cost and operational risk and transform our clients' customer business
- **Dynamically evolve** as risk practices and regulations change

Risk Analytics solutions align with IBM strategy to help companies **transform** their enterprise risk management capabilities

IBM solution area: Integrated Risk Management

- Financial Risk (Risk Architecture, Data Architecture, Risk Analytics, Performance and Reporting)
- Operational Risk and Compliance (GRC Architecture and Applications)
- Financial Crimes (AML, Fraud, Case Management)
- IT Risk (Security, Business Continuity and Resilience)

Transformational stages



Case study:

Allianz establishes a new risk architecture for a decentralized approach to risk management

Marco Hauck, Head of Middle Office, Allianz Group

“At the group level, we are able to re-evaluate our overall portfolio quite quickly, whereas it would take weeks or months prior to adopting the IBM Risk Analytics solution.”



Business problem: Allianz was looking to harmonize the calculation of economic capital across the Group, prepare for Solvency II regulations, and execute a market value-based risk management approach.

Solution: Adopting our Economic Capital & Solvency II solution, Allianz now operates a centrally developed risk capital model, enabling decentralized management and ownership of local processes. The firm is also now able to run more alternative scenarios to inform how they manage market risk in terms of potential hedging strategies.

Case Study: Unum Builds a Risk Framework for Solvency II

John Swallow, Risk Manager at
Unum

“For some time, we had been keen to find a solution that would give us tighter control of our risk management data and processes, and Solvency II provided a strong incentive to put this plan into action.”



Business problem: Subject to regulation under the Solvency II Directive, Unum wanted to introduce a **dynamic risk management framework to help it prepare to comply with new regulations.**

Solution: The IBM OpenPages integrated operational risk management solution enables Unum UK to **capture, manage, monitor and reassess risks across the whole business.**

IBM Business Analytics

Selling to the Risk Market



An integrated approach also helps address the diverse risk and compliance needs across the business



**Chief
Risk
Officer**

Aligns risk exposure with business objectives; enterprise risk oversight



**Chief
Compliance
Officer**

Ensures regulatory compliance; manages through regulatory change



**Chief
Financial
Officer**

Manages financial risks and business performance



**Chief
Information
Officer**

Manages information technology risk and compliance



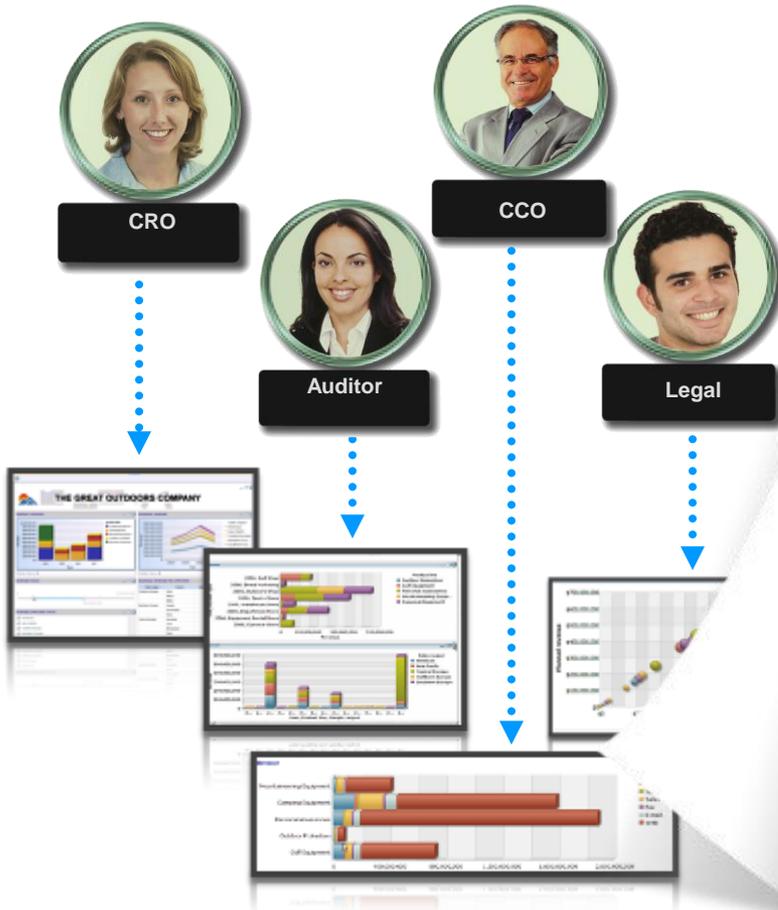
**Line of
Business
owner**

Makes risk-aware decisions to optimize business outcomes

Risk and Compliance Intelligence Moving out of the CRO/CCO office

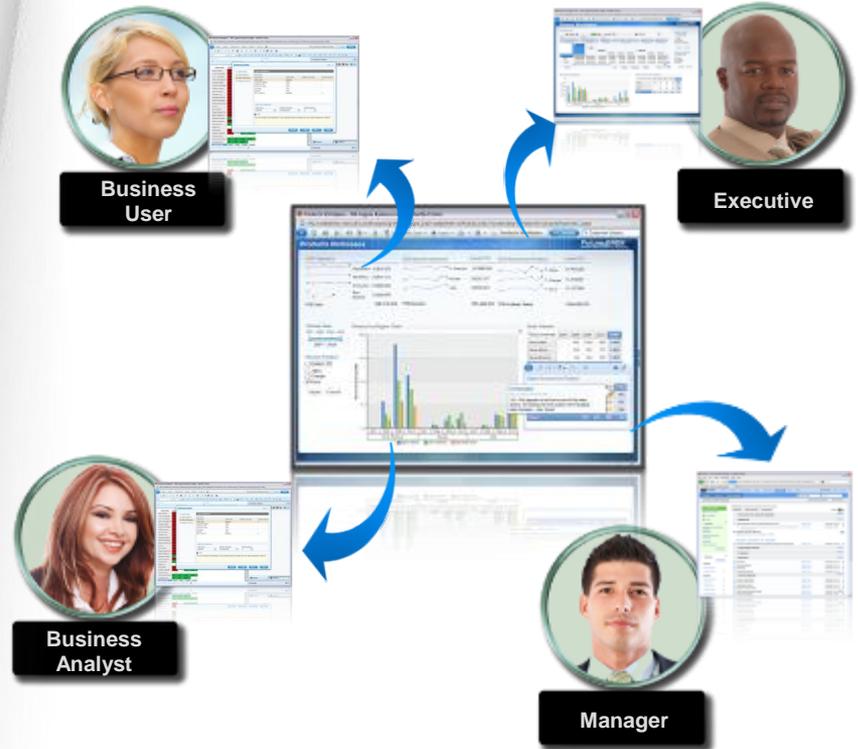
From...

Risk and Compliance Office



To...

Business Users and Managers



Types of Risk Your Customers Face



Algorithmics

- **Market risk** - the day-to-day potential for an investor to experience losses from fluctuations in prices of stocks & securities
- **Credit risk** - the risk of loss of principal or loss of a financial reward stemming from a borrower's failure to repay a loan or meet an obligation
- **Collateral risk** – the risk to value of assets and to the accuracy of asset-related data
- **Economic Capital risk** – taking a risk-based approach to ensuring solvency (Basel II/Solvency II)
- **Liquidity risk** - the risk stemming from the lack of marketability of an investment that cannot be bought or sold quickly enough to prevent or minimize a loss



OPENPAGES

- **Operational risk** – the risk of monetary losses resulting from inadequate or failed internal processes, people, systems or from external events
- **Compliance risk** – the risk of being assigned penalties, fees and legal fines by federal regulators for not meeting regulatory compliance requirements
- **IT risk** – the risk to business operations arising from threats and vulnerabilities to IT assets and to the business processes they support

OpenPages Provides Software Solutions for Integrated Risk Management



FIVE MODULAR SOLUTIONS

1. Operational Risk Management
2. General Compliance Management
3. IT Governance
4. Internal Audit Management
5. Financial Controls Management

- *And extensions into other risk management disciplines:*
 - *Privacy*
 - *Business Continuity Management*
 - *Vendor Risk Management*

Think about OpenPages for every major risk based regulatory requirement.

IBM OpenPages Solution Overview

Risk Reporting, dashboards, workflow, and security

IBM OpenPages Operational Risk Management

- Identify, manage, monitor, and analyze operational risk across the enterprise in a single integrated solution

IBM OpenPages Policy and Compliance Management

- Consolidate the policy and compliance management process in a single solution and manage regulatory change

IBM OpenPages Internal Audit Management

- Automates internal auditing procedures and provides independent assessment of risk and compliance performance

IBM OpenPages IT Governance

- Manage internal IT controls and risk according to the business processes they support

IBM OpenPages Financial Controls Management

- Provide transparency into the state of financial controls and assurance that compliance demands are being met

Algo FIRST Operational Risk Case Studies

- Database of over 11,000 external risk loss case studies of exposures related to corporate governance, market practices, and business risk

Operational Risk

An **operational risk** is a risk arising from execution of a company's business functions. It is a very broad concept which focuses on the risks arising from the people, systems and processes through which a company operates. It also includes other categories such as fraud risks, legal risks, physical or environmental risks.

A widely used definition of **operational risk** is the one contained in the Basel II regulations. This definition states that operational risk is **the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.**

Operational risk can be summarized as human risk; it is the risk of business operations failing due to human error. Operational risk will change from industry to industry, and is an important consideration to make when looking at potential investment decisions.

An Example of Operational Risk

Fraud, IT Governance, Project risk (eg: BritishAirways Heathrow Airport)

How Risk Analytics Manages Operational Risk

Defining, assessing, monitoring and testing that you have adequate and functioning controls in place to prevent the risk event occurring

What, if anything, makes Risk in
Financial Services different?

The value of assets [and liabilities]
in Financial Services
are measured
not only in terms of value today
but their **Future Value**

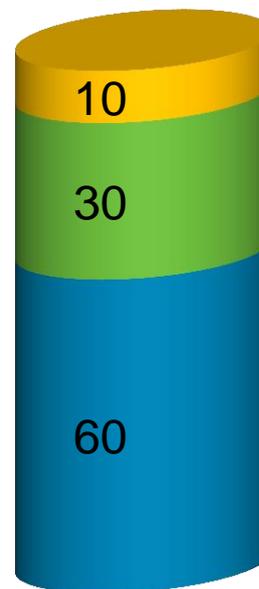
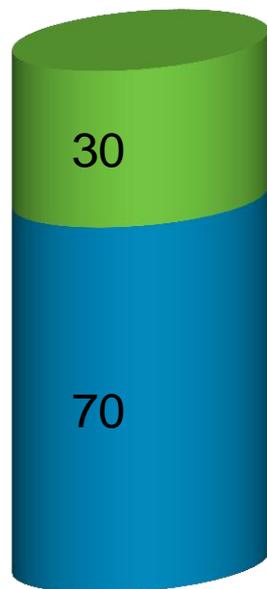
Financial Services and Algorithmics: Capital Risk

- Financial Services organizations **trade in risk**
- Banking
 - They use their own reserves and borrow money and **invest** it by trading/granting loans, stocks/shares, futures purchases or sales, currencies etc.
- Insurance and Financial Markets
 - Use their, and the their client funds, to buy **investments**
- The **value of their assets** are based on their and others **assessment of the future worth**.
- Banks don't have unlimited capital, so they **need to get the highest return** on their scarce resources.
- Risk in FS really comprises 3 elements
 - Being able to calculate the risk [or future value] at the time of the trade
 - Being able to calculate the current risk position
 - Ensuring that the total amount of risk is within the limits set by management
- **Algorithmics allows customers to model what the value of the assets might be in the future** using multiple scenarios and models

Capital

100% available for Investment

90% available for Investment



Regulatory Reserve reduces Capital available for Investment & Trading

■ Shareholders Equity ■ Other Borrowings ■ Capital Reserve

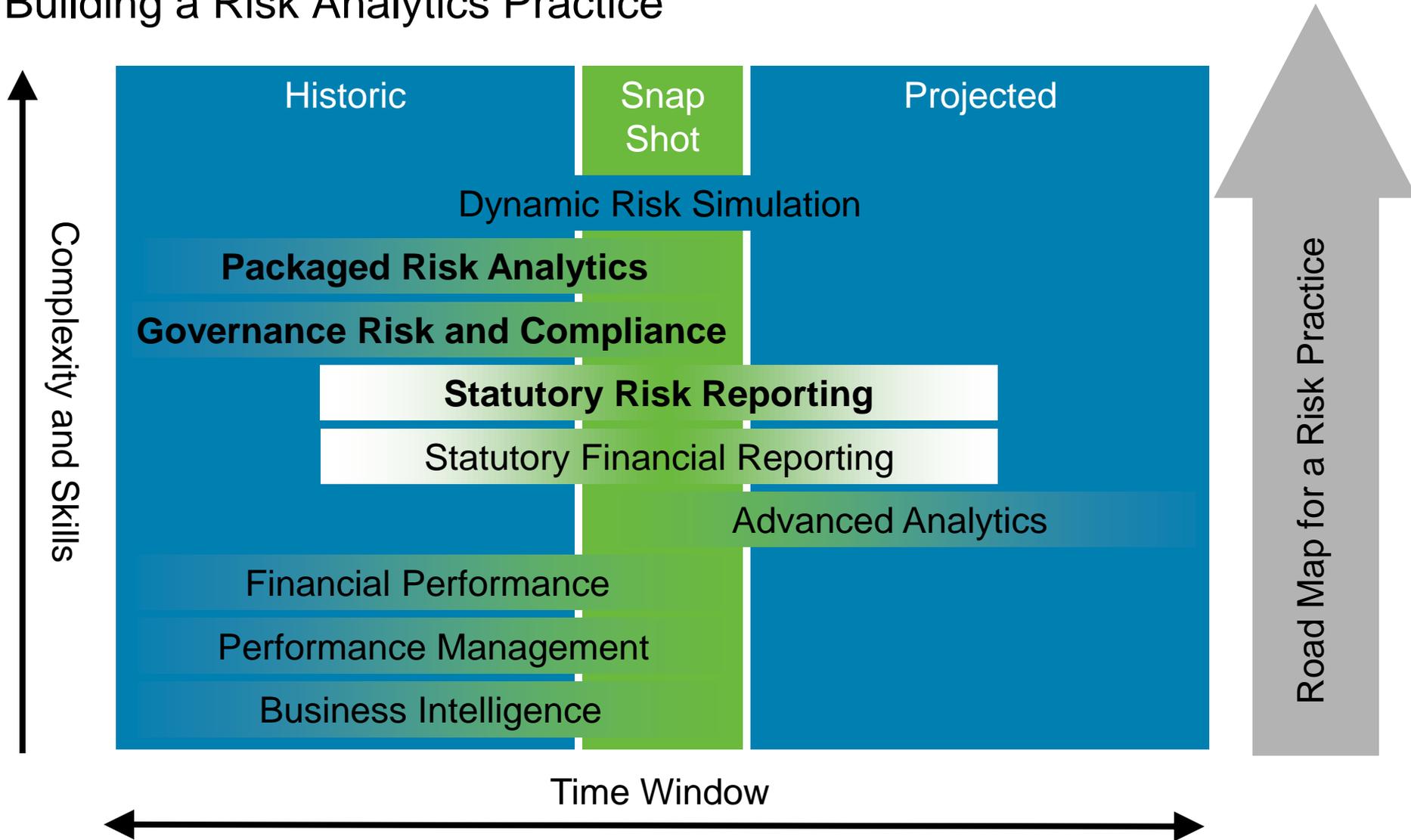
Enterprise Risk Management provides the opportunity to reduce the level of Regulatory Capital and hence increase/retain profitability

IBM Risk Analytics

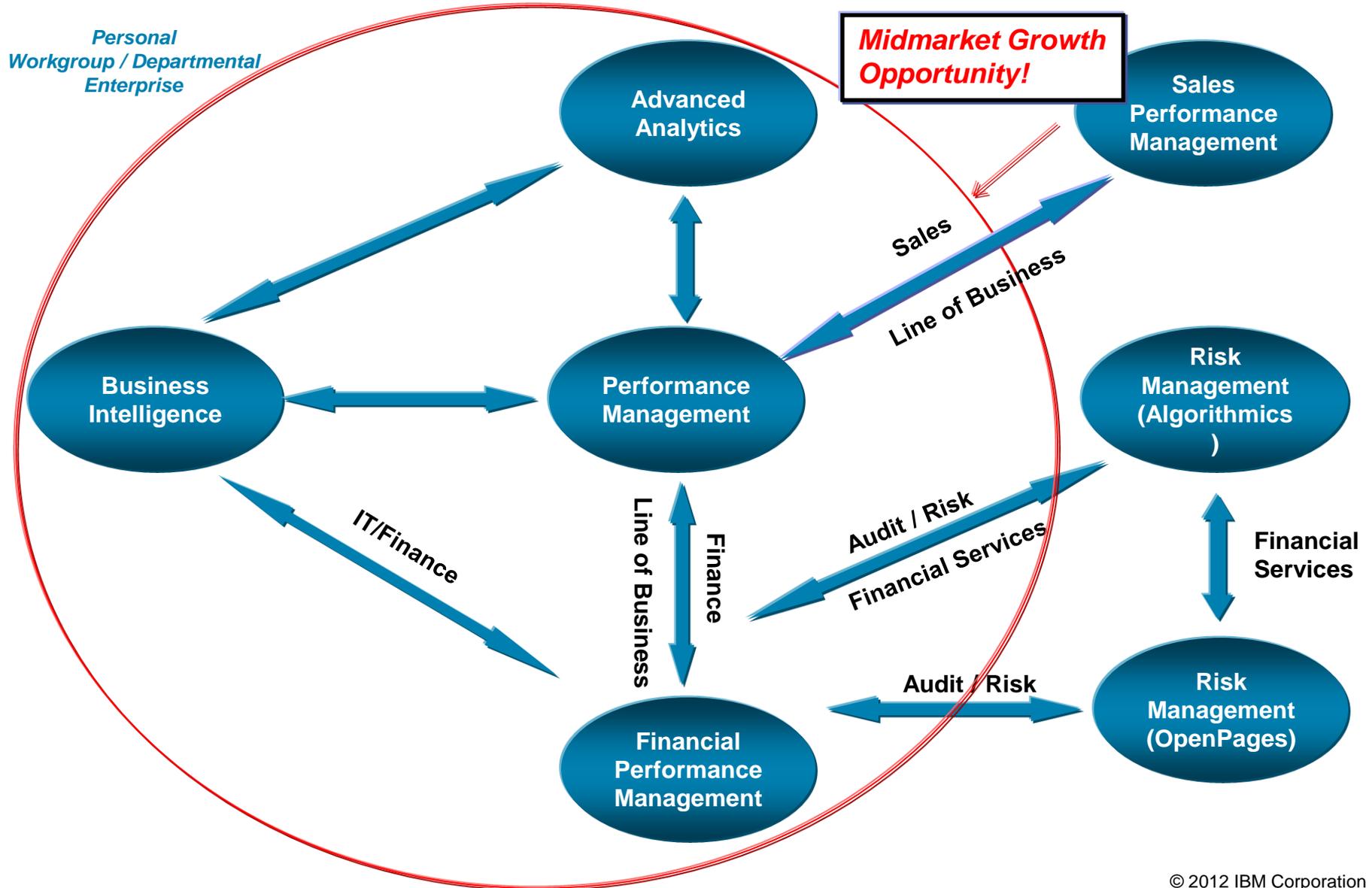
Risk Analytics Partner Opportunities



Building a Risk Analytics Practice



BA and BPs: Typical Entry Points and Upsell Paths



Channel approach

1

FPM Business Partners

- ▶ FPM Partners can leverage Office of Finance relationships as initial entry point
- ▶ Minimal investment required for FPM Partners to extend skills
- ▶ Lots of upside License Revenue and Services opportunity in GRC market
- ▶ Educate and enable existing FPM partners with the value proposition to *turn on* this route to market

2

GSIs & Audit Firms

- ▶ GSIs and top Audit Firms are present in many customers as financial advisors and auditors
- ▶ GRC projects typically include other extended risk management services opportunities for GSIs and Audit Firms

3

GRC Business Partners

- ▶ GRC Partners are typically regional boutique Firms with Governance, Risk and Compliance domain expertise
- ▶ GRC Firm Partners have strong relationships with Risk & Compliance executives

Risk Analytics Sales Model

- Average Sales Cycle: 6 – 9 months
- Average License Revenue: \$400,000 (OpenPages), \$750K - \$1.3M (Algo)
- Average Services Implementation Revenue: 2-3x license revenue
- Target Customer: Over \$1B in Revenue
- Buyers: CRO, CCO, CIO/CISO, CFO
- Influencers: Directors of Operational Risk, Corporate Compliance, Internal Controls, IT Risk, Finance and Internal Audit
- Target Industries
 - Financial Services (Banking, Insurance)
 - Energy and Utilities, Healthcare



Key Roles Required for GRC Sales and Solutions Success

- IBM Business Partners will be able to leverage existing core business model structure and functional roles (Sales & Technical)
- Core Business Skills
 - Business Consulting and Project Management
 - Business Requirements Development
 - Implementation leveraging Methodologies and Frameworks
 - Delivery of Custom Demonstrations / Proof of Concepts
- Core Technical Skills
 - Cognos Reporting, Web applications, Database, J2EE application server technology

Acumen to Develop and Implement Solutions
Buy / Build Hybrid, Leveraging GRC Software

Sales Manager
Technical Sales
Solution Architect
Technical/Consulting
Engineer

IBM OpenPages Governance, Risk, and Compliance

Driving business performance with insight
Managing risk, improving compliance



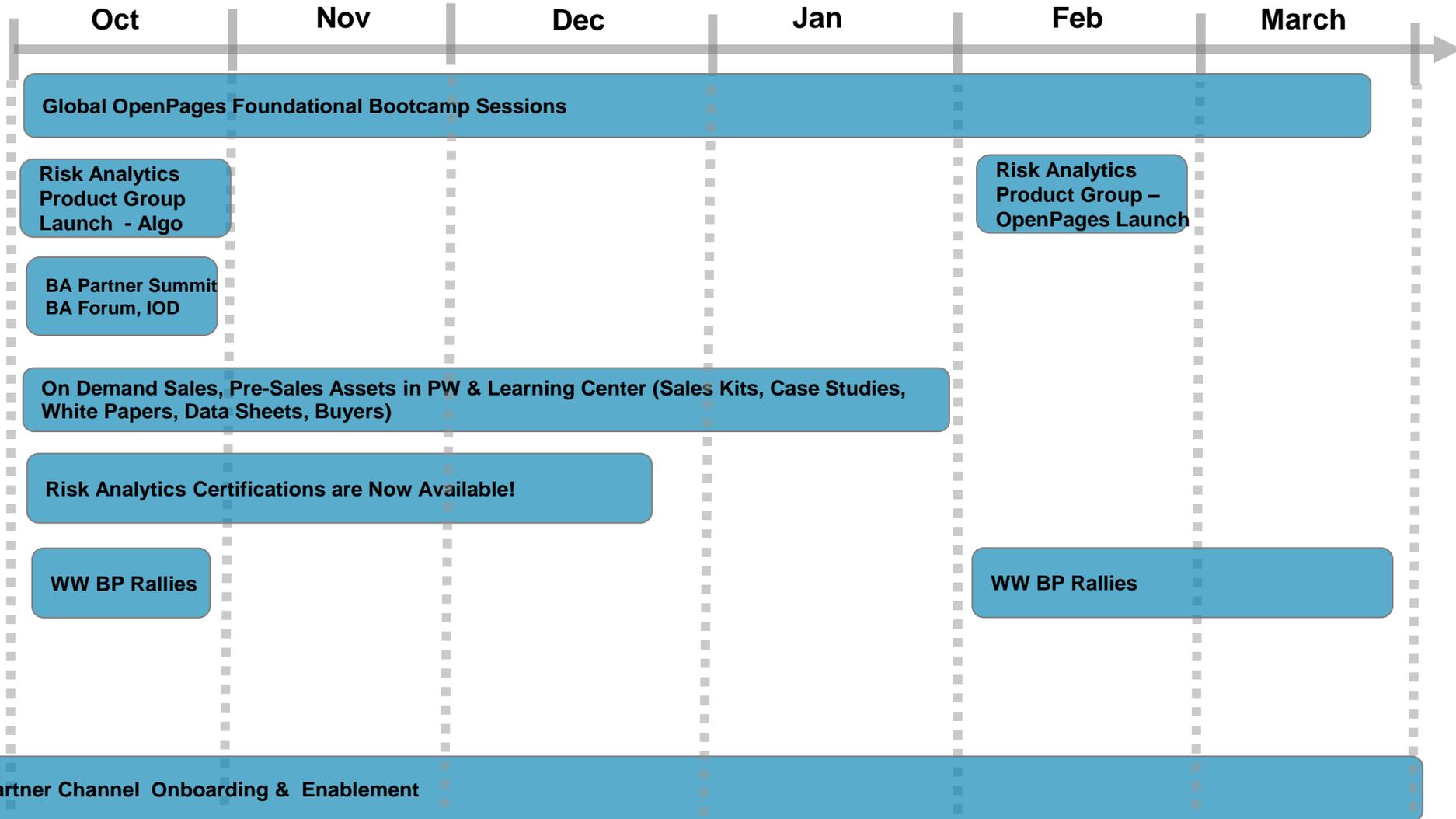
IBM Risk Analytics

Enablement & PartnerWorld



Risk Analytics Channel Onboarding & Enablement Roadmap

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IBM OpenPages Foundational Boot Camp

PREWORK (self-paced)

IBM OpenPages: Expanding Your Domain Expertise (v6.0), 2-3hrs
IBM OpenPages: Core Team Fundamentals (v6.0), 30 min
Using IBM OpenPages (v6.0), 4-6 hrs
+ 6 domain recordings, 2-3 hrs

FACE-TO-FACE (4 days)

Focuses on building knowledge of the OpenPages Platform and components, as well as the process underlying OpenPages customer implementations.

POSTWORK (self-paced)

IBM OpenPages: Administration (v6.0), 6-8 hrs

OpenPages Role-based Consulting Engineer Training (self-paced) Technical Enablement

- Over 18 hours of recordings
- 22 demo and sample files
- All accessible through an external business partner community
- To get access, contact your IBM Channel Rep.
- Application Use & Administration
- OpenPages API
- Cognos Batch API
- JSP Development
- Dojo 101
- Trigger Development
- Report Writing (OpenPages Framework)

Risk Analytics - PartnerWorld

[↓ IBM OpenPages](#)[↓ IBM Algorithmics](#)

IBM OpenPages

Shortcuts

- [Learn more about IBM OpenPages](#)
- [Demand generation programs](#)

Sales kits and plays

- [IBM OpenPages GRC Platform](#)
- [IBM OpenPages Operational Risk Management \(ORM\)](#)
- [IBM OpenPages Policy and Compliance Management \(PCM\)](#)
- [IBM OpenPages Financial Controls Management \(FCM\)](#)
- [IBM OpenPages IT Governance \(ITG\)](#)
- [IBM OpenPages Internal Audit Management](#)
- [Additional Risk Analytics sales plays](#)
- [Use the *IBM PartnerWorld product resources finder* to view all Risk Analytics sales kits](#)

Related resources

- [New! Gartner Magic Quadrant for Enterprise Governance, Risk, and Compliance Platforms](#)
- [New! Chartis Research - RiskTech100 2011](#)
- [New! Chartis Research - Operational Risk & GRC Software Solutions 2011](#)

Selling

- [OpenPages OI Guidance](#)
- [GRC Prospecting Cheat Sheet](#)

Welcome

- [Business Partner dashboard](#)
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- [Find a Business Partner](#)
- [Find a solution](#)

Contact PartnerWorld

- ✉ [Email](#)
- ☎ [Call: 1-800-426-9990](#)

Highlights



[Business Analytics software](#)



[IBM Business Analytics Business Partner Learning Center](#)



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[Upcoming events & webinars](#)

PartnerWorld Sales Kits

→ Algo Financial Modeler sales kit

→ Algorithmics Buy Side sales kit

→ Algorithmics Collateral Operations sales kit

→ Algorithmics Credit Lifecycle Management sales kit

→ Algorithmics Economic Capital and Solvency II sales kit

→ Algorithmics Integrated Market and Credit Risk sales kit

→ Algorithmics Investment Design for Wealth Managers sales kit

→ Algorithmics Liquidity Risk and Asset Liability Management sales kit

→ Algorithmics Portfolio Construction and Risk Management for Asset Management sales kit

→ Algorithmics Portfolio Construction and Risk Management for Hedge Funds sales kit

→ Algorithmics Portfolio Construction and Risk Management for Pensions sales kit

→ Algorithmics Sell Side sales kit

→ Algorithmics Strategic Business Planning sales kit

→ IBM OpenPages Financial Controls Management sales kit

→ IBM OpenPages GRC Platform sales kit

→ IBM OpenPages IT Governance sales kit

→ IBM OpenPages Internal Audit Management sales kit

→ IBM OpenPages Operational Risk Management sales kit

→ IBM OpenPages Policy and Compliance Management sales kit

Certification

Risk Analytics Authorized Product Group

- Software Value Plus certification requirements
 - 1 sales mastery (includes 2 parts)
 - 2 technical certifications
- Software Access Catalog
- OpenPages Demo Deployment Kit
- Apply for the Risk Analytics Authorized Product Group
 - Step 1: Apply to IBM PartnerWorld
 - Step 2: Select a Value Added Distributor (VAD)
 - Step 3: Sales Mastery and Technical Certifications
 - 1 Sales + 2 Technical
 - Step 4: Apply to participate in Software Value Incentive (SVI)
 - Step 5: Once approved in SVI, submit a PartnerPlan
 - Step 6: Enroll for Global Partner Portal (GPP)

Finally... Risk Analytics Call to Action

- Become Risk Aware
 - Learn more about developing your Risk Analytics business
- Take advantage of the On Demand Training Material
 - Check out the resources
- Become IBM Risk Analytics Partner Certified
- Engage with IBM Risk subject matter experts
 - Mentoring, joint meetings
- Build Risk Pipeline

