

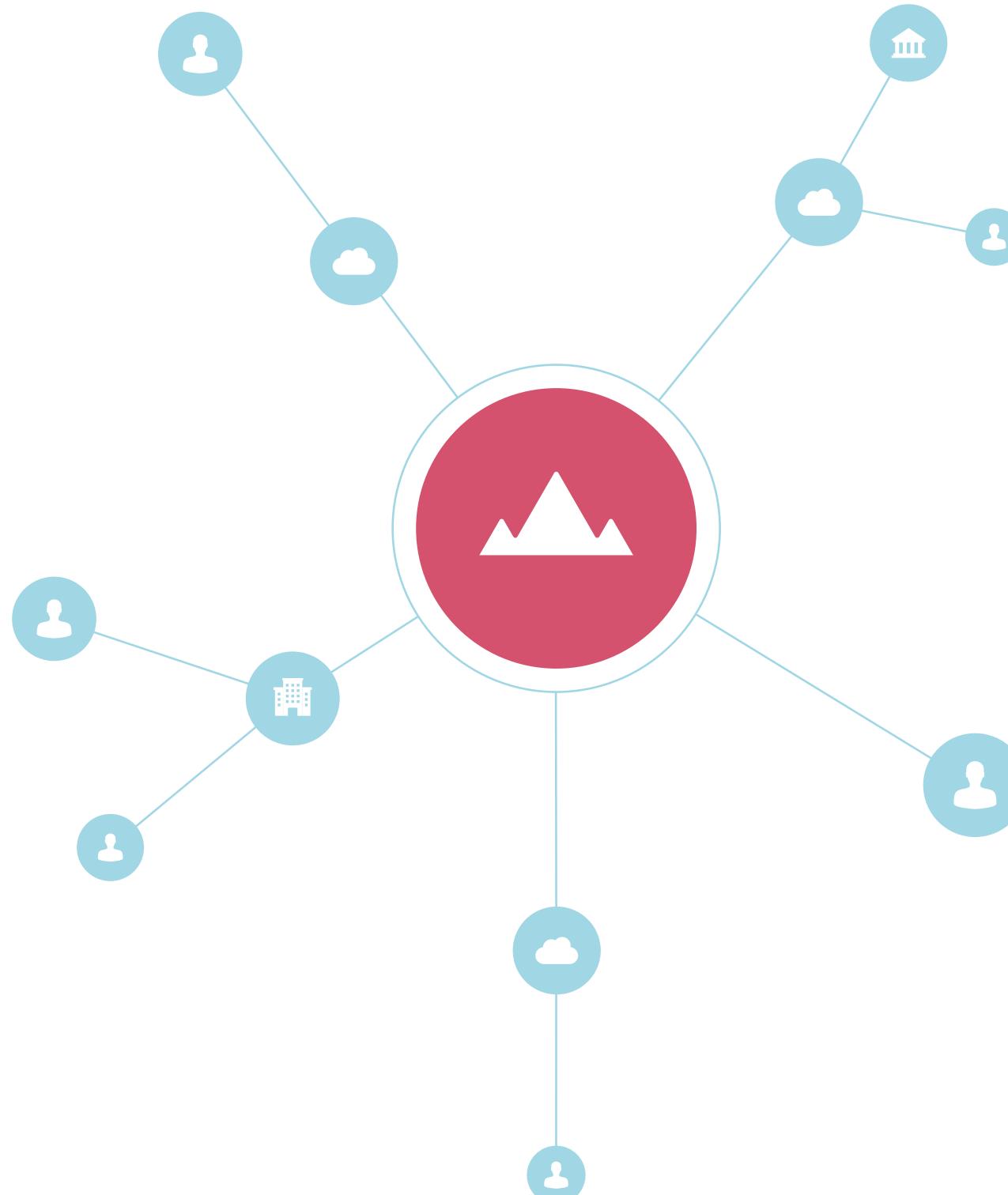
# Reimagining Enterprise Risk: A Global Study

The Finance Mountaineer's View of the  
Enterprise Risk Landscape



dun&bradstreet

# ▲ Enterprise risk isn't a hill to climb any longer, but a mountain.



THE MODERN, INTERCONNECTED BUSINESS WORLD DEMANDS A MODERN VISION OF WHAT RISK MEANS.

The complexity of relationships—among data points, entities, people and teams—might just pose the biggest risk to risk management.

According to KPMG, “Today’s CFO is managing an ecosystem of expanding complexity—thinking and operating globally, leveraging financial data and analytics to achieve profitable growth, challenging and enabling business strategies, and capitalizing on a dynamic regulatory environment—all with a view to achieving competitive advantage.”<sup>1</sup>

# The Climate Outside Core Macro Trends Affecting Enterprise Risk Management in Finance

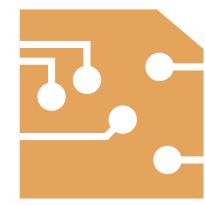
Managing all types of risk—strategic, reputational, regulatory and cyber—is a growing part of the finance remit, particularly in larger organizations, where **66% of our respondents say it's a critical future capability.**<sup>2</sup>

"Today, organizations and their finance leaders are challenged by a rapidly changing risk landscape. Finding enough certainty to be able to make decisions in this volatile risk landscape is a major challenge for CFOs, and they are taking an increasing role in risk management." - **EY**



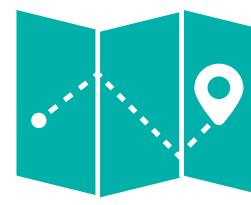
# The Climate Outside Core Macro Trends Affecting Enterprise Risk Management in Finance

## FOUR FORCES DISRUPTING THE CFO ROLE<sup>2</sup>



### DIGITAL

58% of finance leaders say they need to build their understanding of digital, smart technologies and sophisticated data analytics



### DATA

57% of group CFOs believe that the delivery of data and advanced analytics will be a critical capability for tomorrow's finance function



### RISK AND UNCERTAINTY

57% of finance leaders believe that risk management will be a critical capability in the future



### STAKEHOLDER SCRUTINY AND REGULATION

71% of finance leaders say they will increasingly be responsible for the decision-making in support of their organization's purpose

# Dun & Bradstreet Study Findings: 3 Emerging Hazards in Enterprise Risk

How do modern finance leaders view, navigate and manage enterprise risk with data? Dun & Bradstreet surveyed global finance leaders across industries and business types.

## TOP THREE HAZARDS

### HERE ARE THE TOP THREE RISK TRENDS THAT EMERGED FROM THE STUDY:



**1 - THE ENTERPRISE RISK & STRATEGY DISCONNECT:** Finance leaders are using data and managing risk programs, but over 65% of finance leaders say there's a missing link between risk and strategy.



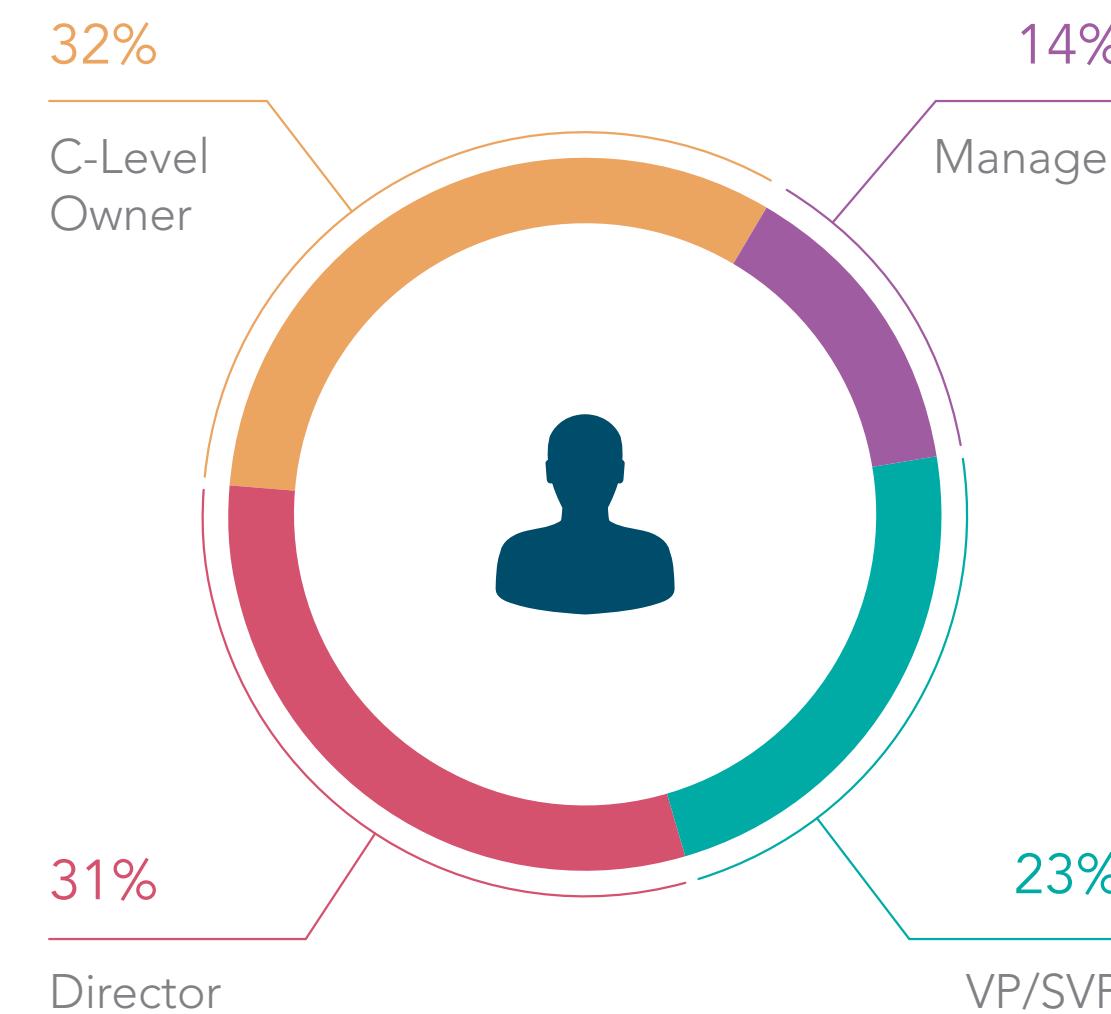
**2 - THE RISKS OF THE USE AND MISUSE OF DATA:** Up to 50% of the data used to manage modern risk is disconnected. Only 15% of leaders are confident about the quality of their data.



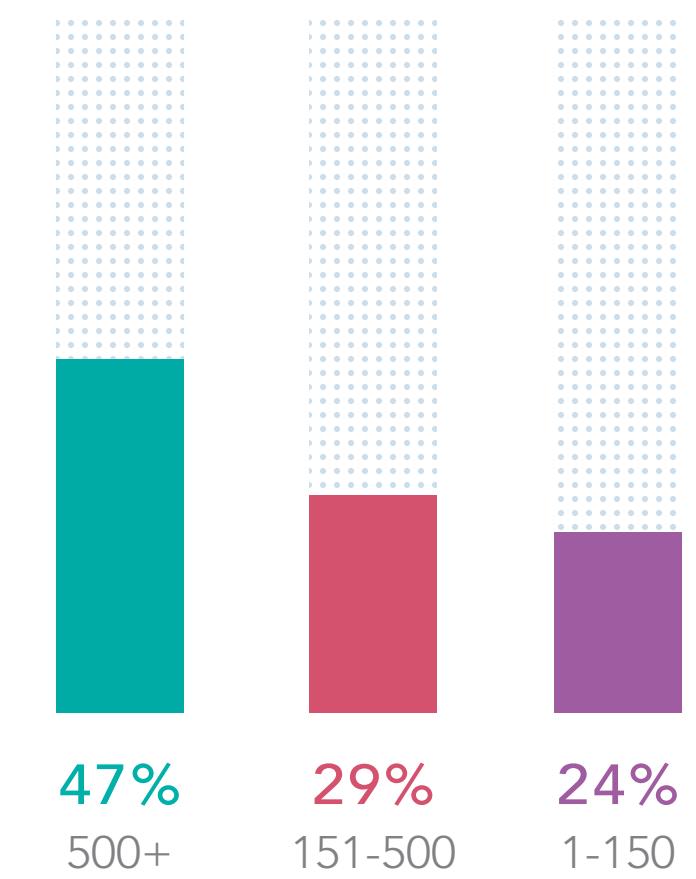
**3 - RISKY RELATIONSHIPS:** Only 20% of finance leaders say the data they use to manage risk is fully integrated and shared.

## ABOUT THE RESPONDENTS

### Functional Level



### Company Size of Respondents in Number of Employees





# Hazard 1

THE FOG-VEILED SUMMIT

Risk and Strategy

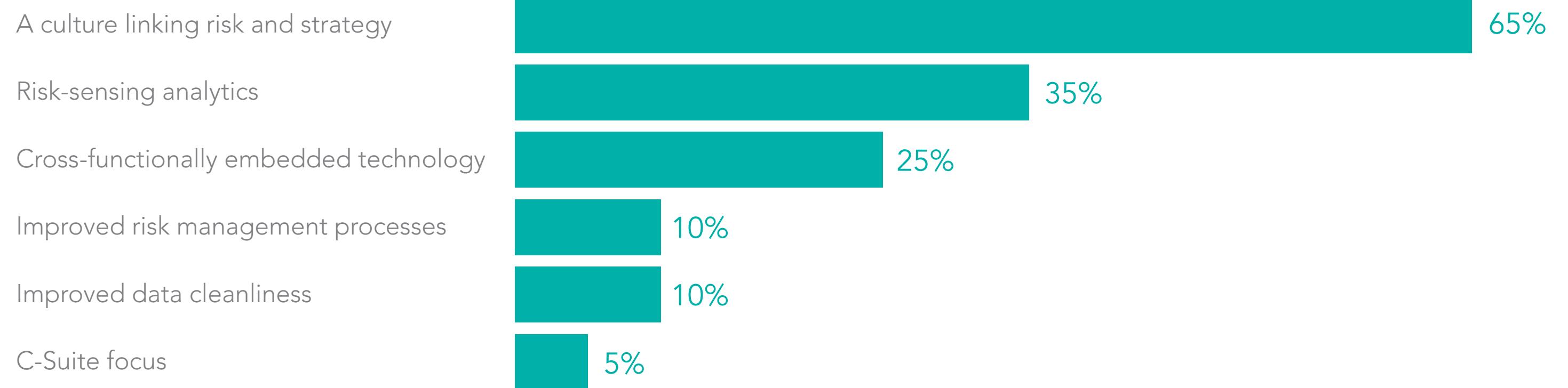
# Hazard 1 The Fog-Veiled Summit—Risk and Strategy

Q: HOW MUCH OF A FOCUS WILL YOUR COMPANY HAVE IN THE NEXT YEAR?



According to Dun & Bradstreet's study, although 84% of respondents report that they have maintained or reduced their emphasis on risk in the past year, roughly 42% of companies will be focused more heavily on risk in the next year.

Q: WHAT DO YOU NEED MOST TO NAVIGATE RISK EFFECTIVELY?



Over 65% of finance leaders surveyed by Dun & Bradstreet feel strongly that the cultural element of enterprise risk plays a strong role in determining whether strategic efforts are successful or not.

As risk dominates more of the time of senior finance leaders, an increasing sense that strategy and data must be linked to navigate risk effectively pervades the sentiment of respondents.



# Hazard 2

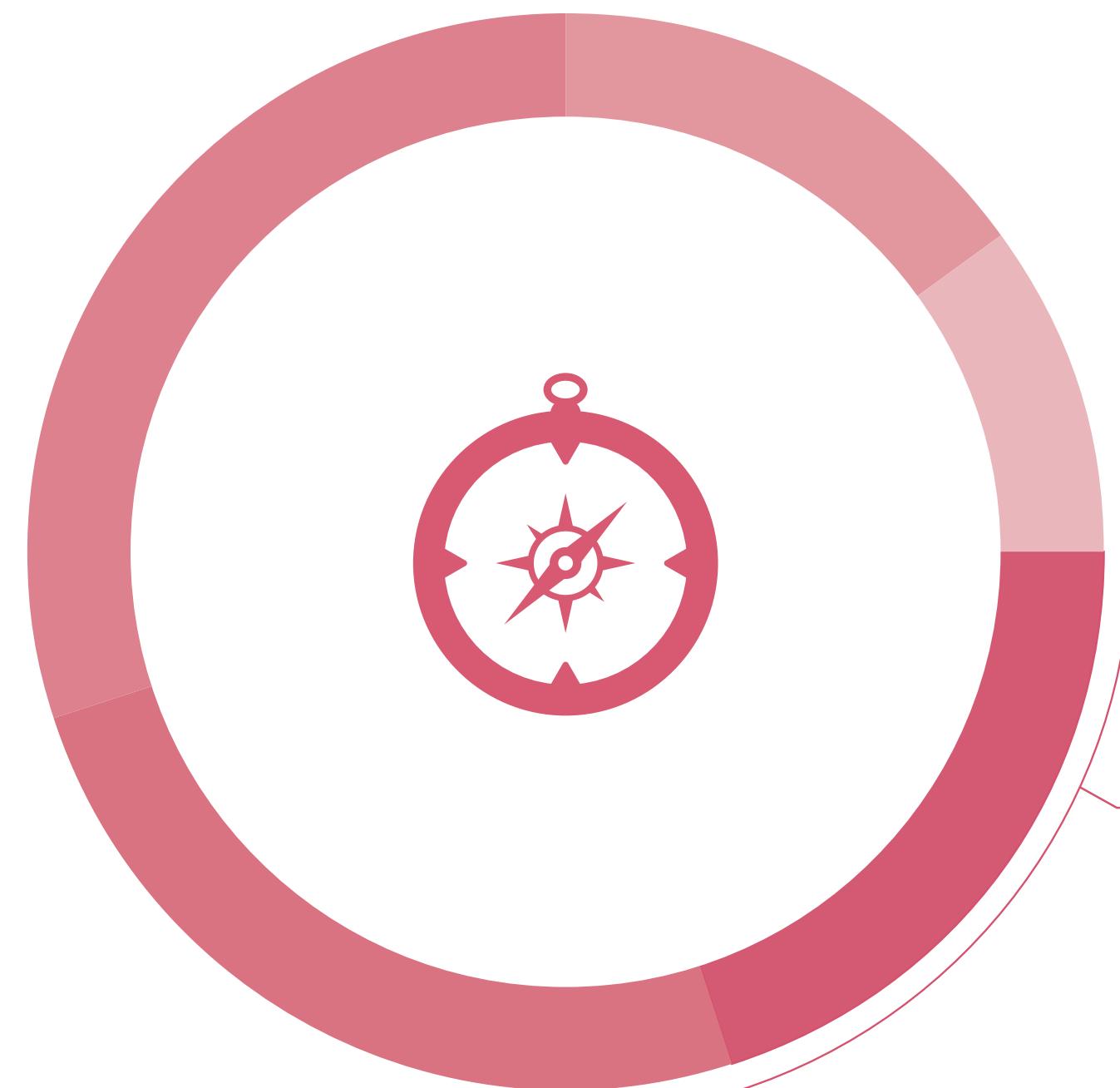
TREACHEROUS TERRAIN

Emerging Risks From the Use and  
Abuse of Data

## Hazard 2 Treacherous Terrain—Emerging Risks From the Use and Abuse of Data

Q: TO WHAT EXTENT DOES DATA INFORM YOUR RISK STRATEGY NOW?

- 10% - We do not use data to inform our risk strategy.
- 15% - We use data in a limited way. It's collected in silos but not integrated.
- 30% - We collect data in silos but make an effort to share it upward and outward.
- 25% - Our data is fully integrated but not leveraged to the fullest extent.
- 20% - Our data is fully integrated and leveraged across the company.

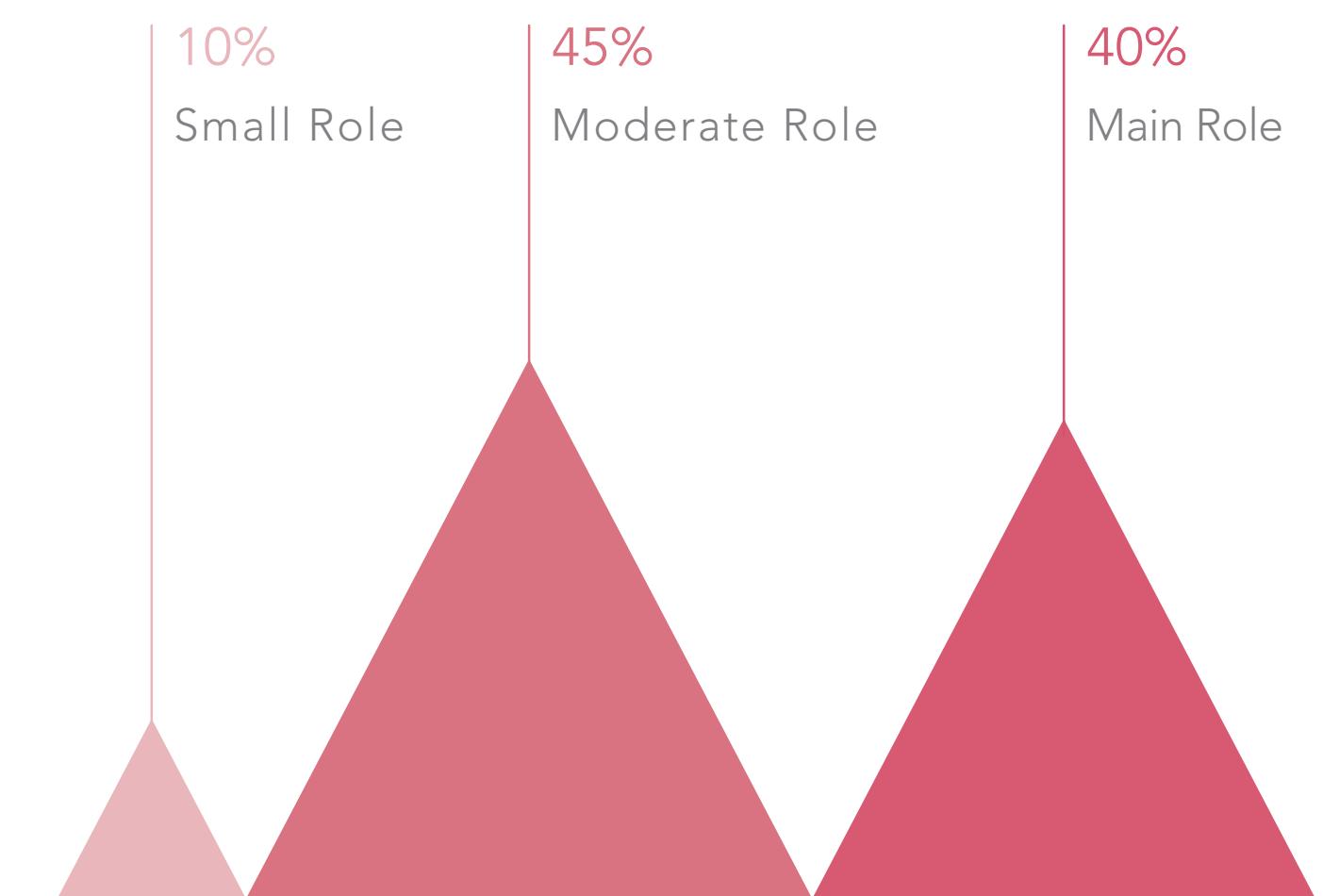


Most enterprises use data in silos to drive enterprise risk strategies

Only 20% of finance leaders report the ability to share data in an integrated fashion to drive enterprise risk.

Q: HOW MUCH OF A ROLE SHOULD DATA PLAY IN YOUR RISK MANAGEMENT STRATEGY?

Less than 50% of finance leaders agree that data should play a main role in their risk strategies.





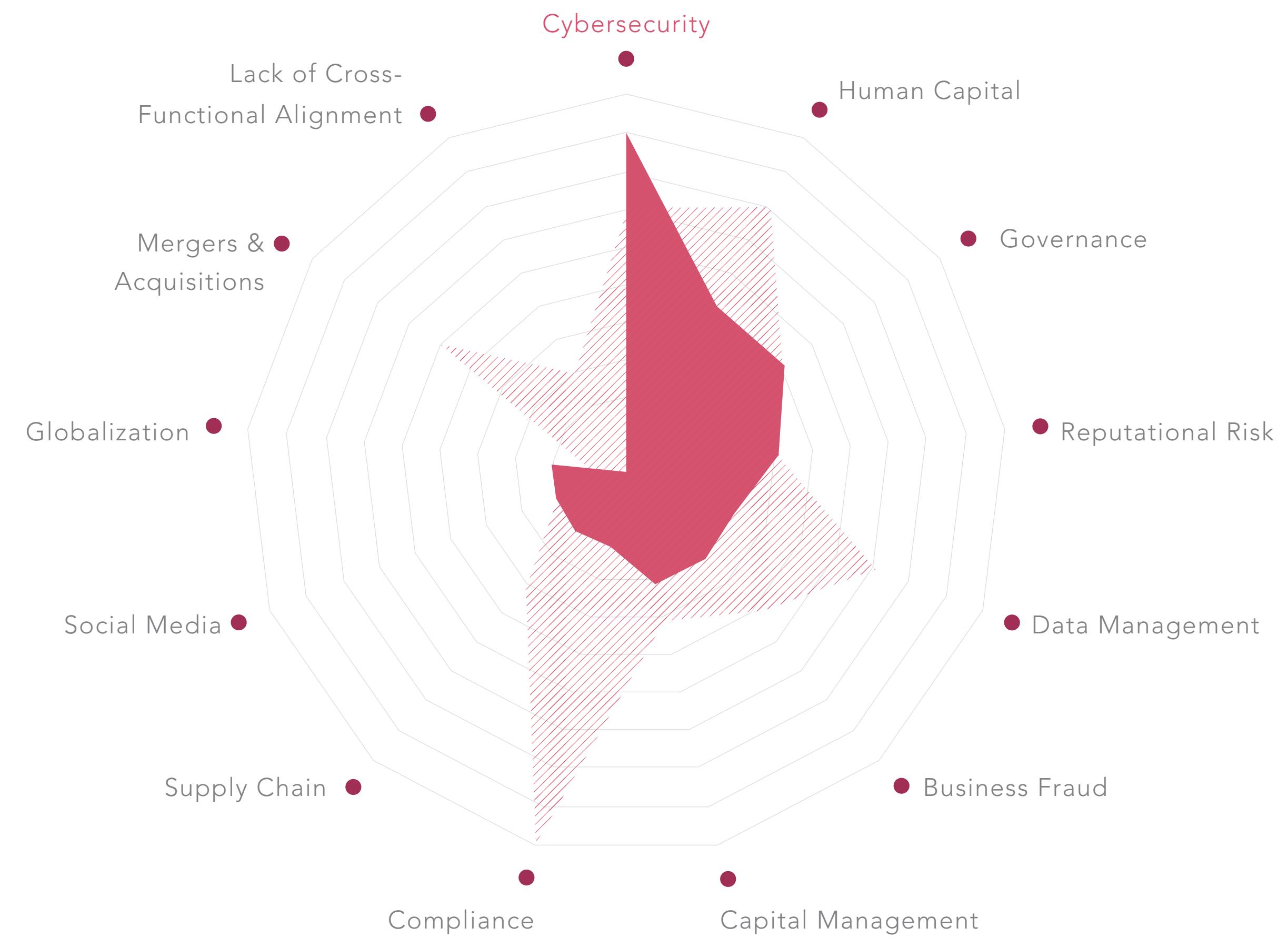
## Hazard 2 Treacherous Terrain—Emerging Risks From the Use and Abuse of Data

Q: WHICH AREAS POSE THE BIGGEST RISK CURRENTLY?

Very High

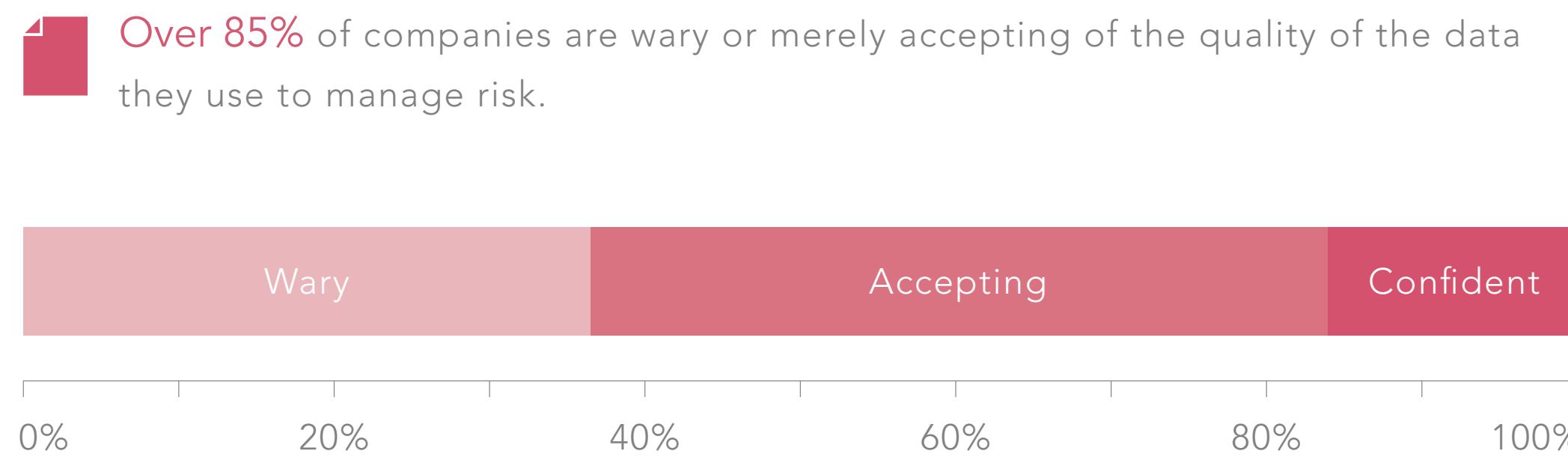
Moderately High

While finance leaders are using data to navigate traditional risks, they also indicate that the areas where they are not currently using data are perceived as the areas that pose the most risk.



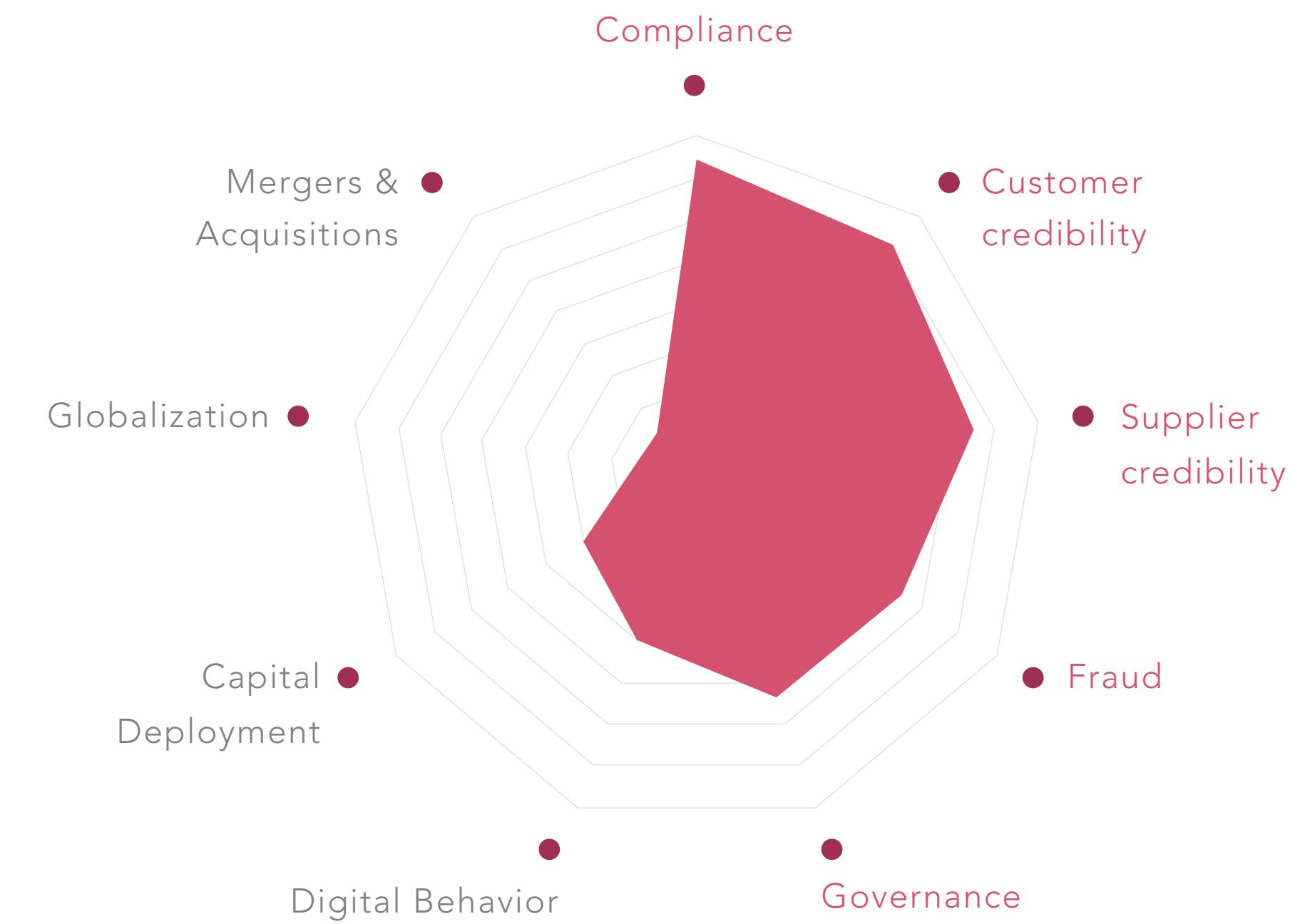
## Hazard 2 Treacherous Terrain—Emerging Risks From the Use and Abuse of Data

Q: HOW MUCH DO YOU TRUST THE QUALITY OF THE DATA THAT YOU ARE USING TO EVALUATE RISK?



Alarmingly, over 85% of respondents are wary or merely accepting of the quality of the data they have to navigate risk today.

Q: WHERE ARE YOU CURRENTLY USING DATA TO NAVIGATE RISK?





# Hazard 3

## PERILOUS FRONTIER

Rappelling From the Altitudes of  
Missing Relationships

## Hazard 3 Perilous Frontier—Rappelling From the Altitudes of Missing Relationships

In general, finance leaders feel shaky about the linkages among and the prioritization of business risks. Over 50% of leaders say they “agree” that their organizations prioritize risks by impact, yet only 20% of finance leaders say that they “agree” that data is used to identify the linkage between risks. Furthermore, nearly 75% of finance leaders say that they feel “neutral” or “disagree” that their organizations integrate risks across different functions.

These trends suggest that the biggest opportunity areas in risk involve two things—data and relationships.



60% of finance leaders feel they don't have a good understanding of their business risks.



Only 30% of companies integrate risk management within different functions in their organization.

**Q: STATE HOW MUCH YOU AGREE OR DISAGREE WITH THE FOLLOWING STATEMENTS.**

Data is used to identify the linkage between risks.

Risk management is integrated across different functions.

Risk management and performance management are linked.

We have a good understanding of our greatest business risks.

Risk mitigation is prioritized by likelihood of occurrence.

Risk mitigation is prioritized by the possible impact.

 Disagree

 Neutral

 Agree



## ▲ On Becoming a Mountaineer: The Wisdom of the Data Sherpa



The good news is that data-savvy finance leaders are actively using data to help manage aspects of enterprise risk. The bad news is that data itself is becoming a larger risk—and that having the right data, the right structure and the right analytics to manage risk is becoming increasingly difficult.

Finance leaders are paving the way through the elements, and their scope is growing. It's clear that finance's risk mandate has gone from a hike through known terrain to an expedition of incredible magnitude—but an expedition fraught with opportunity and meaning.

"As the world becomes harder and more complex, the companies who have the right data and can make sense of it in real-time benefit the most."

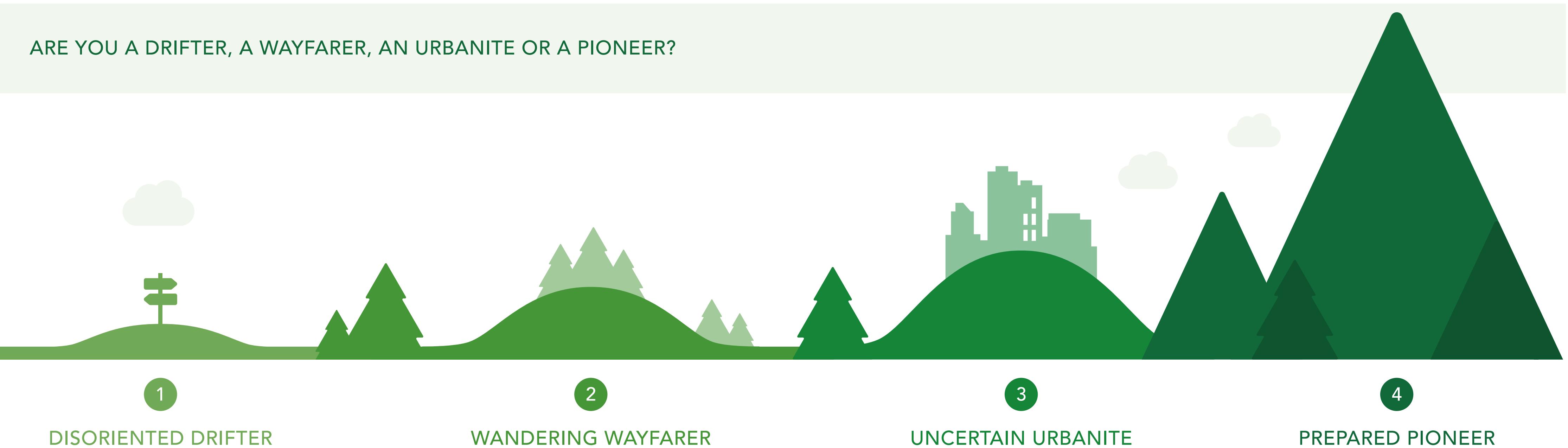
- Rich Veldran, CFO, Dun & Bradstreet



## What's Your Risk Mountaineering Profile?

Most financial leaders are keenly aware of the importance of data and analytics to inform their strategic endeavors, but effectively taking an integrated approach to moving the entire operation of their companies in the right direction—up the right mountain—and with the right supplies is not for the faint of heart. Yet, in the wake of cyber-security threats, globalization, economic disruption, digitization, reputational threats and regulatory pressures, it's never been more important to prepare and have an expert mountaineer's clear risk vision.

# What's Your Risk Mountaineering Profile? How does your organization compare?



You aren't sure which way is up. Your data compass is questionable, you aren't sure what data you need and the quality of the data you have might be at risk. You aren't sure how to manage risk with analytics and have no map to move forward.

Your data may not be sending you in the right direction, but your organization does make use of analytics and has a general sense of where it wants to go.

Your data quality and data flows are clean and can provide the essential building blocks for analytics. However, your organization hasn't identified how to use analytics to move your risk strategy forward.

Your data is clean, flows to the right places and helps you calibrate your organization's analytics—helping you to navigate enterprise risk like a true Data Sherpa!

# Dun & Bradstreet can help you...

- Advance the relationships with the most potential upside
- Reduce the tension between risk and opportunity
- Bring together disconnected data

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