Risk Management Plan Template

Project Title:

AI-Driven Budgeting Suite: Intelligent Forecasting and Dynamic Budget Management

Team Members:

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Product Owner:

- *Jay Manwani*

Introduction

Overview of the Project: In this project, we are aiming to create an AI-powered budgeting and forecasting system designed for small to medium sized businesses. Our main goal is to automate the budgeting cycle using historical and seasonal financial data and give intelligent real-time updates, accounting for different possible scenarios. The scope of this project includes backend and frontend development, AI and Machine Learning, and Data Visualization among others. By the end of our two semesters, we hope to have an intelligent budgeting engine with an interactive dashboard and an AI-powered financial assistant ready to be implemented into the Endless Moments' AI Accounting ecosystem

Importance of Risk Management: Risk management is crucial for the success of our project as it helps identify, analyze, and mitigate potential risks that could impede progress. By proactively addressing these risks, we can ensure smoother execution, maintain project timelines, and achieve our desired outcomes.

Risk Identification and Assessment

Technical Risks:

1. **Risk:** Inaccurate AI predictions, due to bad training data.

    - **Likelihood:** Medium
    - **Impact:** High
    - **Assessment:** An AI is only as good as its data that it has been trained with. With that being said, there is potential for the data that is training AI to be biased or incomplete. This will cause users in the future to consistently run into issues until it is properly addressed.
2. **Risk:** System Integration Challenges
    - **Likelihood:** Medium
    - **Impact:** High
    - **Assessment:** If integration fails or is unreliable, the existing Endless Moments LLC will be rendered incomplete. This will lower the likelihood of users wanting to use the final product of the company as it would be missing a key feature.

External Risks:

1. **Risk:** Data privacy violations.
    - **Likelihood:** Medium
    - **Impact:** High
    - **Assessment:** Company data could be misused for training external AI systems, exposing sensitive financial information to competitors. This is rather likely, but if it were to happen, there would be very large repercussions.
2. **Risk:** Regulatory or compliance changes.
    - **Likelihood:** Medium
    - **Impact:** High
    - **Assessment:** Financial software must comply with changing data and finance regulations

Organizational Risks:

1. **Risk:** Lack of user buy-in to the budgeting suite
    - **Likelihood:** High
    - **Impact:** High
    - **Assessment:** If the financial decision makers feel skeptical and don't use the AI, there could be large repercussions for the product. This is not only because of a lack of AI training, but also a lack of users will lead to the potential shutdown of the project as a whole.
2. **Risk:** Misalignment of business goals
    - **Likelihood:** Low
    - **Impact:** Medium
    - **Assessment:** If Endless Moments' leadership shifts priorities, our project scope may become misaligned, creating wasted effort.

Project Management Risks:

1. **Risk:** Project Scope Growth and Expectations
    - **Likelihood:** Medium

    - **Impact:** High
    - **Assessment:** With many advanced features possible, the team may overcommit, delaying delivery.
2. **Risk:** Missed deadlines and under delivery
    - **Likelihood:** Medium
    - **Impact:** High
    - **Assessment:** Project deadlines can be missed especially with study workload, and longer time for tasks than expected.

Team Risks:

1. **Risk:** Skill Gaps and Resource Limitations
    - **Likelihood:** Medium
    - **Impact:** Medium
    - **Assessment:** There is likelihood that the team does not have enough knowledge of a skill required to complete the project. This may delay project delivery and reduce feature quality.
2. **Risk:** Team coordination and miscommunication issues
    - **Likelihood:** Medium
    - **Impact:** High
    - **Assessment:** Without clear and regular communication, tasks may be misunderstood or delayed.

Risk Management Strategies

Technical Risks:

1. **Risk:** Inaccurate AI predictions.
    - **Strategy:** Mitigation
    - **Justification:** Mitigation is the best way to keep and AI up to date. By consistently feeding it new data to learn from reduces the change of any bias or outdata info coming through.
2. **Risk:** System Integration Challenges
    - **Strategy:** Mitigate
    - **Justification:** Mitigation is most appropriate because integration is essential for customer adoption. By designing the system with modular APIs, performing early compatibility testing with the main system, and having regular integration sprints throughout the development, we can reduce the likelihood of failure.

External Risks:

1. **Risk:** Data privacy violations
    - **Strategy:** Contingency and Mitigation

    - **Justification:** Strong rules reduce the likelihood of vendor misuse. Encryption and anonymization add security layers, while contingency planning ensures a quick response to potential issues.
2. **Risk:** Regulatory or compliance changes
    - **Strategy:** Contingency
    - **Justification:** Monitor legal updates and adjust processes promptly.

Organizational Risks:

1. **Risk:** Lack of user buy-in to the budgeting suite
    - **Strategy:** Mitigation
    - **Justification:** Mitigation via education is the best way to reduce angst among new users. Helping them to understand what data will and won't be used or shared can help to ensure new users come and stay.
2. **Risk:** Misalignment of business goals
    - **Strategy:** Redesign
    - **Justification:** Regular check-ins with product owner and stakeholders will keep project direction aligned.

Project Management Risks:

1. **Risk:** Project Scope Growth and Expectations
    - **Strategy:** Delay/ Ignore]
    - **Justification:** Stick to core features; extra features can be phased in after initial delivery.
2. **Risk:** Missed deadlines and under delivery
    - **Strategy:** Mitigate
    - **Justification:** Break down the project into milestones and achieve progress in those milestones through sprint and tracking those sprints.

Team Risks:

1. **Risk:** Team coordination and miscommunication issues
    - **Strategy:** Mitigation
    - **Justification:** The best way to reduce miscommunication is by setting clear processes. Regular weekly check-ins, well-documented meeting notes, and using communication tools will help everyone stay aligned.
2. **Risk:** Skill Gaps and Resource Limitations
    - **Strategy:** Largest Impact First
    - **Justification:** Focusing first on the highest-impact features ensures that essential functionality is delivered even with limited expertise or resources. Prioritizing the most important parts of the projects reduces the risk of an incomplete system. We can also work on gaining the necessary knowledge and filling the skill gap on the side to enable us to work on the other features too.

Conclusion

Assessing the Effectiveness of the Plan: To assess the effectiveness of this risk management plan, we will:

- Do weekly meetings to check for any issues or challenges faced by any team members and review risks.
- Run security checks for data privacy and security.

- Track progress weekly for each sprint and project milestone.
- Collect feedback from the product owner for any changes in the project or expectations.
- Adjust to the changes as we move forward with each sprint by adjusting development and mitigation strategies.