



**SWORD**

UPGRADE YOUR BUSINESS

Sword**ActiveRisk**

## Spreadsheets are destroying your business!

A mature, enterprise-wide approach to risk and opportunity management drives significant value, and is increasingly necessary to meet the growing demands of stakeholders, customers and regulators.

Whether it's increased profitability, on-time delivery, more accurate forecasting, or better strategic planning, effective risk management is a must for organizations looking to give themselves a competitive differentiator, while driving top and bottom line results. The huge benefits of effective risk management are

difficult, if not impossible, to achieve with traditional spreadsheet-based risk management programs.

For risk management to be truly effective it has to be Simple, Valuable and Personal, and this is just not possible using spreadsheets.

For risk mature organizations, a single, enterprise-wide risk and opportunity solution, tailored to the needs of the business and the individuals, is the best way to cost-effectively provide a "true picture" of risk while driving significant corporate benefits.

If your risk management program is dominated by spreadsheets, how do you get information in a timely manner, and how do you know if you have all the information you need? Short answer, you can't, and you don't! Spreadsheets reside in a non-connected world. There are hundreds of thousands in your company right now, sitting on individual computers, shared folders, or in some dark corner of your IT system. You can't access them, you can't see what is in them, and you don't know if there is a huge potential risk, or opportunity waiting to be discovered. Spreadsheets are a ticking time-bomb in your business, and you can't afford for it to go off.

### Why You Can't Manage Risk with a Spreadsheet

The sheer complexity, size, and cost associated with today's global organizations makes effective risk management vital, but creates a huge problem for risk management processes based on spreadsheets. Spreadsheets were never intended to manage a critical enterprise process. They lack integration, visibility, standardization, control and the ability to meet the needs of a dynamic, global business. People love spreadsheets because they allow everyone to have their own version of reality. But at a project, program department or enterprise level, this flexibility is a killer. What seems like the simplest answer for the individual turns out to be hugely complex for the enterprise. This costs money, time, effort, and exposes the organization to unwanted risk, and keeps hidden opportunities which could drive competitive advantage.

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## There is a Better Way!

In today's competitive markets risk management has become critical to success. It can no longer be a standalone function, or a "box-ticking exercise". Leading organizations are realizing the benefits of taking an active approach to risk management by implementing effective solutions across major projects and throughout the enterprise. A proactive, more mature approach to risk management translates into major benefits, including:

- 3X EBITDA (Ernst & Young study 2012)
- Enhanced visibility, accountability and confidence in your risk management process
- More effective strategic planning and decision making
- Better resource allocation across your enterprise
- Increased ability to deliver capital projects on-time and on-budget
- Better relationships with insurance providers, regulators and stakeholders

## Real Enterprise Risk Management

Risk management has evolved beyond what spreadsheets can provide, and top organizations are evolving with it. In modern business, risk and opportunity information needs to be transparent and available 24 hours a day, seven days a week. For organizations to take full advantage of real risk management, it must be easily communicated across the departmental silos, and be available from top to bottom. Risk management must involve every asset of the business, and must provide simple and personal tools to collect risks, analyze the impacts and communicate actions to those who need to know.

With the immense size of the data pool associated with risks and opportunities, and with the geographic spread of today's global organizations, Enterprise Risk

Management (ERM) can only truly be managed via the adoption of software solutions that ensure data is comprehensively captured at source, validated and standardized, and delivered to the right person, at the right time, in a format which is meaningful to them. ERM solutions help to embed a robust risk culture throughout the organization, while breaking down silos, and reducing the time and effort required to gather and interpret risk information. ERM solutions drive real-time visibility into the risk management process, and help management across the organization make better decisions faster.

Unlike spreadsheets, an effective ERM solution goes beyond just the capture of information to make the risk management process come alive. Robust ERM solutions can help communicate and manage treatment plans and controls in a standardized way. They help to identify emerging risks unseen at lower levels, enable best practice in mitigating risks to be shared, and highlight opportunities which can help the organization achieve its goals.



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## Reports and Corporate Governance

The need to respond to corporate governance and compliance requirements is often the first driver for any risk management process. However, board members cannot be expected to work through hundreds of risks to understand the true threat to a particular high level objective. An ERM solution which aggregates and presents the real risks which impact goals is vital.

Spreadsheets are not up to the job as aggregating, sorting and preparing data for presentation can take huge amounts of time, and potentially critical information can get lost. A true ERM solution allows different levels of the organization to automatically aggregate and analyze the risk information which is important to them. The Board can see what is material and strategic, while a division, project or facility can also see what is important for their level. Robust ERM solutions remove the need for manual, time-consuming data management, and let the organization focus on managing risk, not administering spreadsheets.

## Making the comparison – Enterprise Risk Management software vs. Spreadsheets



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A web-based ERM software approach	A spreadsheet approach to risk management
Consistent capture of data – validated at input	Little or no data entry validation – ‘garbage in’ will get magnified as it progresses up through the business
Sophisticated simulations and probability assessments can be applied to the data	Easy to corrupt formulas and calculations
Data is always up to date and available 24 hours a day	Data is not real time and cannot be guaranteed to be current
Processes become robust and secure	Open to fraud and mis-representation. Data on laptops, CDs and USB sticks can be easily lost or stolen
Full audit trail provides transparency and certainty	Lack of audit trail and difficult to share information across an organization
Standardized metrics and automated reports streamline the review and handling of risks at all levels of management	The “beautification” of information to manually create presentations for management and the board can introduce errors, costs money and takes time and resources
A single system provides the ‘true picture’ of risks and opportunities across the business	Information is fragmented and spread throughout the organization with the possibility of multiple versions of documents which can become out of synch
Risks can be linked to related information such as controls, mitigation plans and losses	It is difficult to see the full, integrated process and overall picture
Aids compliance with the growing range of standards such as ISO 31000, COSO, AS/NZS 4360, SOX and PmBok	Makes compliance to standards difficult to achieve and to demonstrate

## Active Risk Manager (ARM) for Enterprise Risk Management

Active Risk Manager (ARM) makes risk management Simple, Valuable and Personal, and is the world’s leading Enterprise Risk Management solution. ARM is used by organizations worldwide to embed the risk management process, and drive critical

decision making and planning activities. ARM allows businesses to replace the silo-based, spreadsheet approaches to risk management with a single integrated enterprise risk management system. ARM gives organizations the ability to go from reactive risk management to proactive management of risks and opportunities.

## The Bottom Line

Effective risk management is vital for success. You wouldn't manage business-critical processes like Finance or HR with spreadsheets, so why let the equally important process of risk management rely on them? Leading firms are maturing their risk process to become a competitive differentiator and driver of their success. It's time to get serious about risk management and banish spreadsheets from the process.

## Active Risk Manager

Sword Active Risk addresses enterprise-wide risk management (ERM) requirements with advanced software and services that can be implemented across organizations in all industry sectors.

Active Risk Manager (ARM), is recognized as having the most extensive range of ERM capabilities available today. ARM enables the identification, communication, analysis and mitigation of risks and opportunities in both quantitative and qualitative formats. It covers project and portfolio risk, supply chain risk management, business continuity, controls management, reputational risk, health and safety, incident management, governance, compliance risks and more right across the business.

ARM Unplugged enables offline risk and opportunity capture workshops to collect and score information from frontline employees, suppliers and business partners whatever their location. ARM Unplugged then synchronizes this data back into the corporate risk system.

ARM is used by major organizations around the globe including US Air Force, EADS, British Nuclear Group, Rio Tinto, Lockheed Martin, Nestle, NASA, London Underground and Raytheon. Sword Active Risk, formerly Strategic Thought Group was founded in 1987 and has offices in the UK, USA, Australia and the Middle East, servicing customers worldwide directly and through a growing network of partners.



Active Risk Manager (ARM) makes risk management simple, valuable and personal.



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