

Implementing risk management software: - What are the key considerations?

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In the last few years the push to “automate” risk management has seen an increase in the use of terms like “slice-and-dice information”, “agile systems that will suit your organisation’s needs” being used by software providers and consultants. But what do they really mean, and what is really expected of risk management software systems?

This article endeavours to provide you with a broader view on considerations when evaluating which risk management software would be suitable for your organisation. It focusses not only on the software, the size of the organisation and of course your budget, but also on the maturity of the RM process.

Software Requirements

It is critical to understand the expectations of the system and its requirements and ensure these talk to each other.

Firstly, what is the software required to do?

In most cases, RM software is brought into an organisation to replace a spreadsheet system that requires manual summarizing and report extraction. Therefore the first key consideration is what level of automation and increases in productivity the system would provide over a spreadsheet system.

- Time would probably be saved in capturing of risks, controls and actions over a manual system where the first hurdle usually is to find the correct spreadsheet to capture the information and then to pass it on to the appropriate person. Then we did not even mention the issues regarding getting the information in a reportable format and being sure that the information reported is accurate, complete and timely.
- An automated system would definitely take care of the productivity, accuracy and completeness issues and increase productivity but another consideration regarding the software would be to evaluate its ability accommodate the standards and methodologies currently used by the organisation.
- There are systems that are rigid in their method of implementation, so adopting such software would require the company to change and conform. Or on the other hand, some systems are flexible and allow many different uses and changes, but those might lack in consistency and refinement.

Secondly, how is the system accessed and is this an important factor?

The software may use one of two main types of user interfaces, a ‘Fat client’ or ‘Thin client’ (desktop software or cloud computing). This refers to how the software is installed and how it is accessed.

- A fat client, where the software is installed on each user’s computer, may be preferable to clients that do not require mobility but prefer speed, as usually the fat client runs faster than most thin clients due to all communications being within one network, and the user’s computer helps with processing power. In addition, organisations that are particularly security conscientious may prefer fat clients as they have more network access control.
- On the other hand thin clients, or web based clients, enjoy huge increase in portability, where the system can be run anywhere where there is an internet connection utilising desktops, laptops, tablets and even smart phones. Using a thin client assists organisations that has a large footprint and cannot afford to manage a server in every back office. A factor that is sometimes missed in the fat vs thin client discussion is



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the stability and speed of internet connections, especially in South Africa, which can lead to much frustration and eventual non-use of the system by the users.

The organisation that requires automation also needs to consider the software provider's development roots and its future development plans. Questions that need to be asked include:

- “Did the software grow out of a financial environment where it may have very strong, refined financial features, yet is lacking elsewhere?”
- Or, “If you need RM software in a SHEQ scope would it be better to go with software where that is its specialisation, rather than choosing software that has limited development in the areas required?”

Scope

A clear scope is critical to successful implementation.

The role that the software will play in the company requires careful consideration and needs to be built into the implementation plan. Many organisations see great potential in new software implementations, only then, while initial implementation is still in process, they start to envision many other tasks or areas of business where the software could add value and they start focusing on those which often derails the initial scope.

The project team need to entrench the principle that “we need to learn to walk before we can run.” Once the system reaches an effective symbiosis within the organisation, then the company can gain from the value and evolution the system brings to other business functions, without changing the RM software's primary focus.

Price

Probably the most influential factor in RM software selection and implementation is price.

No matter how many bells and whistles the best of the best software can provide, if it is too expensive, it is unsustainable. Not many organisations have the luxury to afford the top of the market, multimillion Rand software solutions. This can then result in a daunting Easter egg hunt to find a solution that meets all the requirements of the organisation in an affordable solution.

Two elements need to be considered.

- Are all the “fancy features” a core requirement, or an unnecessary cost?
- Will the software bring a measurable return on invested capital?

The two big costs in software that require consideration are:

- The initial sale and implementation cost, which is the most obvious and upfront.
- Secondly, the customisation and support costs that come further down the line. These are usually more profound for organisations that are not mature in their risk management processes.

Risk Management Maturity

Although the maturity level of RM in the organisation is probably the most influential factor in the success and sustainability of the risk management software, its role in the decision very often forgotten.

Management tend to forget that IT systems and software, in general, are tools, which should assist in improving productivity, management and performance of an organisation and not require a change in the way the organisation operates.

It should also be noted that, where no risk management process is in place, a RM software solution, will not guarantee the implementation of a successful RM process.

When considering RM software, the specific organisation's RM maturity requires consideration as far as the awareness, acceptance and buy-in into RM is concerned. This will drive the implementation steps in terms of roll out areas, speed and training to ensure continued buy-in into the RM process, otherwise the project runs the risk of expensive failure. Similar to the implementation of any new system in an organisation, there needs to be key

people who can drive the solution with a focused goal, and who can enable a change in management, and ensure adoption at multiple levels, from the junior staff to the Board of Directors.

In Conclusion

RM software needs to be carefully considered in light of the complexity and structure of the organisation, its strategy and risk management framework, its risk management maturity and the needs and requirements for risk information storage, analysis and reporting. The expectations of the system need to be realistic and good project management and risk management is required for successful implementation.

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