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Risk Management

Risk Management Software - Essential Guide

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[Risk management software](#), often linked closely with [compliance management software](#), is designed to lower the overall risk and security implications that enterprises face.

[Financial services firms](#) are big users of risk management products, as you would expect, and even [Rogue Trader Nick Leeson](#) has warned them to make sure they have it in place.

But other sectors also use [risk management tools](#) to mitigate their risk.

How does risk management software work?

[Risk management software](#) works by identifying the [risks associated with a given set of assets](#) and communicating this risk to the business, often through on-screen dashboards.

It does this by collecting and collating data across the enterprise IT system, and indicating where the risks lie.

[Risk management applications](#) also help businesses to manage their IT risk through things like notifying them of security breaches.

The software might also remind businesses to refresh their security when events occur. In addition, risk management supports business continuity by identifying potential and actual IT breakdowns.

What are the challenges of implementing risk management?

From an IT perspective, companies will need to spend money on linking separate systems to ensure overall risk can be seen at one point. This involves using communications technology that can adequately link the systems together in a way that makes sense of all the risk data.

As well as the technology integration, organisations may well need to be able to put a price on their risk, so the data can be of use.

Also, they may need to overcome the different attitudes to risk in different departments before spending on technology.

Where do the risks come from?

The sorts of risk that risk management applications have traditionally dealt with has centred on financial risks, such as credit risk, interest rate risk, or uncertainty in financial markets.

However, the software can also cover [project failures](#), [legal liabilities](#), [accidents](#), natural causes and disasters as well as deliberate attacks from an adversary.

Who uses risk management software?

Many financial organisations, including retail and investment banks, use risk management and compliance

software. The reasons for using risk systems varies from mitigating risks from financial investments to covering security breaches and breaks in business continuity.

But apart from banking and financial services, many other key sectors use risk software. These include [IT and telecoms firms](#); the energy sector; government and public sector bodies, and the insurance sector.

Are financial firms required to use the software?

Yes. Risk management is essential to financial services firms because it is enforced by the [Basel 2 accord](#) which came into force in January 2008.

The international regulation requires that banks ensure they have enough cash reserves to cover the financial cost of problems in the business, including fraud and IT failures.

As a result, the main integrated financial trading systems, such as Misys Summit, Calypso, and Murex, have risk management and compliance at the heart of their platforms.

Resources: Leading risk management software firms

- [SaS for Enterprise Risk Management](#)
SaS has a risk management platform that is targeted at a number of industries including insurance, energy and government.
- [IBM Enterprise Risk Management](#)
IBM's enterprise risk management and compliance suite is based on Cognos business intelligence. The software offers management reports, dashboards, scorecards, alerts and notifications.
- [Symbiant Risk Suite](#)
Symbiant's Risk Suite is web-based and allows different parts of a company to collaborate on risk initiatives.
- [Methodware ERA](#)
Methodware ERA allows firms to integrate their risk assessments, internal audits, compliance initiatives and corporate governance through one tool. It is able to generate reports and analysis.
- [Syntex](#)
Companies such as ExxonMobil, Schlumberger and Royal Dutch Shell use Syntex's enterprise risk management software. It can be used to improve operational, quality, environmental, health, safety and security risk.
- [Strategic Thought](#)
Strategic Thought's Active Risk Manager (ARM) is an enterprise risk management suite which started off as a project risk management product. It now has operational risk management capability, as well as business continuity, and governance and compliance.
- [Misys](#)
Misys Summit is a well-established integrated financial trading system, used by many of the world's leading banks. It has risk management at its core.
- [Murex](#)
Murex is another well-established integrated financial trading system, used by many of the world's leading banks. Murex is also based on a platform that has risk management at its heart.
- [Calypso](#)
Calypso is a modular Java-based financial trading system which has financial risk management at a key component. It is used by major banks across the world.

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