

International Airline Automates Operational Risk Management



Company At-A-Glance

Europe headquartered international passenger airline

Operates 250 airplanes

Services over 30 million customers annually

Has operations in 245 airports worldwide

Annual revenue over \$12 billions

Over 150 personnel involved in risk management processes

Company is one of the world's most recognizable international passenger airlines, a flag carrier headquartered in Europe, with operations in over 240 destinations worldwide. As a major airline, operational risk management has always been an important discipline for the Company. While the Company had a very advanced risk management practice, it had not implemented an enterprise wide risk management software platform. Spreadsheet and email were the tools of choice. Risk information was collated as a simple one-dimensional register and risk assessment was done based on subjective unit scores. Company realized to further advance its risk management practice and improve company's financial performance, it must be able to view its risks via different operational and financial angles. It must understand the relationships between risks at different levels of the risk hierarchy. It also needed to quantify risk in monetary units to effectively tie risk management results to company's key performance indicators.

Neohapsis Solution

Multi-dimensional Risk Model

Using NeoGRC Enterprise Risk Manager, Company structured its risk register as multi-level hierarchies with risk relationships across hierarchy nodes. Risk assessments were performed at different levels of the hierarchies as appropriate for the different types of risk being assessed. NeoGRC's aggregation engine enabled Company to aggregate risk along different hierarchies, such as by business units (regional carrier, cargo service), by operating regions (Europe, North America), by functions (aircraft maintenance, reservations), and by major projects (terminal move, aircraft conversion). This ability to view aggregated risk along any hierarchy gave Company the ability to better understand its risk exposure from different operating angles. It made comparison of risk exposure to risk appetite much simpler and more intuitive.

Risk Assessment in Monetary Units

Company also introduced a new monetary risk model to automatically convert subjective risk assessment scores collected from its global operations to monetary units in the headquarters' local currency. This facilitated the rollout of risk management methodology on a global basis. With automated monetary conversion, Company was able to get more accurate, up-to-date risk data with less manual efforts. With monetary unit as the normalization scale, Company's senior management and risk management teams who had to manage risks across the enterprise were able to compare and aggregate different types of risks efficiently.

Measurement of Control Effectiveness

With tangible financial impact scoring of risks at hand, it was then possible for the Company to measure the effectiveness of the controls that the Company had in place or were evaluating. Company started to measure control effectiveness on the basis of the financial reduction of risk to the business that those controls delivered. Once Company was able to measure quantifiably the effectiveness of controls, it also gained the ability to compare the effectiveness of different controls, as well as the effectiveness of the same controls in different parts of the business. This ability to measure and compare control effectiveness gave Company the intelligence it needed to make better investment and resource allocation decisions.

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Bottom Up Assessment Automation

Company's bottom up risk assessment process was manually enforced making 100% monthly risk owner participation and tracking of progress and changes difficult. NeoGRC completely automated the gathering of monthly assessments, leaving risk managers to concentrate on exceptions, facilitation and reporting. The ease of use and automation of the process has ensured near 100% timely participation with less oversight.



Key Performance / Risk Indicator

Company's Risk Financing Group had an important Key Performance Indicator (KPI) to monitor the overall risk appetite for the airline. Timely and accurate reporting of this KPI had been challenging using their old unit impact scoring definitions. NeoGRC made this KPI reporting practical by automating the assessment for Gross (inherent/unmitigated risk), Net (residual/current risk) and Target (desired risk) levels. With more timely and accurate KPI, Company was able to manage more closely its capital reserve for risk exposure. This improved Company's efficiency in managing its cash and balance sheet.

Neohapsis Products & Services

NeoGRC Enterprise Risk Manager

NeoGRC Implementation Services

Benefits

- Broader awareness and participation in the risk management program
- More accurate measurement, analysis, and reporting of operational risk to the business
- More comprehensive understanding of risk via different operating angles
- Ability to measure and compare effectiveness across controls to support better investment decisions
- More time spent analyzing data and deriving value and less time gathering it
- A more reliable and actionable measurement of total risk exposure of the business

“Neohapsis really helped us to drive responsibility and accountability for risk reporting right across our organization”

- *Business Manager, Enterprise Risk & Business Continuity*

Contact Us

For more information on Neohapsis products and services, visit www.neohapsis.com or call +1 (773) 269-6300.

About Neohapsis

Neohapsis is a trusted provider of governance, risk, compliance (GRC) and security software products and advisory services to Fortune 2000 enterprises and government agencies. Neohapsis combines expert services with its advanced NeoGRC software platform to deliver comprehensive GRC and security solutions for over 300 customers that include 10 of the Fortune 50 companies. NeoGRC is an enterprise GRC software platform that provides process and data automation, stakeholder collaboration, advanced analytics and visualization technologies. NeoGRC allows users to visualize risk, compliance and security data with multi-dimensional business context to support informed decision making. Neohapsis Advisory and Security Services help organizations address security, compliance, operational risk and IT risk challenges. Neohapsis consultants are recognized experts and thought leaders in the field of GRC and security. This combination of technology and service expertise allows Neohapsis to deliver solutions that fit the customer's organizational maturity, business requirements and existing technology investments.

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