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Introduction: About ALM Intelligence Pacesetter Research

ALM Intelligence Pacesetter Research (APR) is a market research initiative of ALM Intelligence with an inclusive perspective of the professional services landscape. Rather than narrowly focusing on one segment of the market, APR covers a broader range that includes law, consulting, insurance, financial advisory and other actors operating in the market defined by the research topic. The purpose of ALM Pacesetter Research is twofold:

- Deliver practical insights into the buying and selling of professional services in an increasingly converging marketplace
- Help buyers evaluate their sourcing options with objective assessments of providers’ services and capabilities

Pacesetter Advisory Council (PAC)

Market Leaders are selected by a panel of experts comprised of ALM editors, journalists, market intelligence analysts, and external professionals and academics who have experience working with professional services providers.

Research Methodology

APR analysts combine qualitative and quantitative research methods to profile Market Leaders in a given market. These providers are evaluated and scored against five core criteria to determine Pacesetter status.

1. Business model
2. Value proposition
3. Service delivery
4. Client enablement
5. Brand eminence

Audience

APR provides independent and objective analyses to providers and buyers of professional services coupled with practical insights that inform the decision-making process for strategic planning and procurement professionals.

Sell-Side
- Practice Leaders
- Analyst Relations
- Sales, Marketing & Public Relations
- Investor Relations
- Ecosystem Partners

Buy-Side
- C-suite & Board
- Business Unit Leaders
- Procurement
- Supply Chain & Ecosystem Partners
- Shareholders
ALM analyzed and profiled 14 Market Leaders across four market segments for ALM Intelligence Pacesetter Research: Enterprise Risk Management 2020 with five providers identified as APR Pacesetters: Deloitte, EY, Marsh, Minter Ellison and PwC.
Enterprise Risk Management: Executive Summary

December 31, 2020

The business case for enterprise risk management (ERM) has never been stronger. Nearly one year ago, the outbreak of COVID-19 created the largest ever change in human behavior at scale. Almost instantaneously, companies were required to fill new demand trends, change how they engage with customers and employees, and adapt quickly to volatile market conditions. With the emergency response behind them, business leaders are facing a new reality. They are looking to their professional services providers for risk strategies and solutions that will protect both brand and business model. The current moment presents a unique opportunity for providers to steer clients toward an approach to ERM that delivers on its promise, if they can learn from the past.

When the global financial crisis of 2008 put financial risk management under the microscope, there was a failure to embed ERM in the corporate and regulatory response. In hindsight, this represents a missed opportunity to challenge assumptions about one type of risk acting as a proxy for enterprise risk. The singular focus at the time led to an overreliance on risk models, compliance practices and control mechanisms developed for the finance function, obscuring the inherently dynamic, ambiguous nature of enterprise risk. This left organizations unprepared for the devastating impact of 2020’s disruptive events, from forest fires and social unrest to the global pandemic.

ERM is a forward-looking management discipline designed to provide board and senior leaders a top-down, strategic perspective of the portfolio of risks they need to proactively manage to achieve business strategy, financial objectives and, as of 2019, corporate purpose. The mandate can overwhelm already strained boards and C-suite executives whose full attention may not turn to enterprise risk until there is widespread publicity about a corporate crisis triggered by a failure in risk management.

While the contagion effect can motivate boards to dust off their ERM playbooks, the heightened hysteria surrounding the crisis event more often prompts a defensive posture than a measured response to strengthening enterprise resilience. But the events of 2020 have dramatically expanded the risk profile for every organization worldwide and the uptake of ERM is accelerating at pace. Providers are responding with new frameworks and technologies to deliver tangible outcomes that strengthen resilience.

ALM Intelligence has been researching the risk management services market for many years, albeit with a focus on management consulting providers. Our recent conversations with global risk consultants and their clients revealed that ERM has been gaining ground on the board agenda, and this year’s research, with its expanded coverage of B2B service providers, confirms the trend. Boards are increasingly questioning their business, legal, insurance and technology advisors about how to incorporate risk into the strategic agenda. There is a growing awareness among buyers that risk can no longer be managed in silos, even for those whose primary responsibility is for a specific type of risk.

This year’s research focuses on 14 providers identified as Market Leaders in enterprise risk management by ALM’s Pacesetter Advisory Council. The cohort ranges from ERM’s founding fathers, the incumbents, to new entrants from the legal market responding to the call for General Counsels to provide strategic risk advice. ERM’s convergence story is told by the incumbents, marking a significant measure of success and market leadership. Their business models are in various stages of adoption by newcomers poised to differentiate on ERM in their respective target markets.

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The social and economic disruption caused by the COVID-19 pandemic is reshaping how organizations worldwide view enterprise risk and how professional services providers help their clients manage uncertainty.

Demand Drivers
Demand drivers for enterprise risk management (ERM) services, like risk itself, can be characterized as reactive, proactive and predictive.

- **Reactive demand** activates in response to risk events that directly impact global business strategy and operations, and require a top-down approach to risk management; examples include systemic risk events, catastrophes and changes in board governance regulations.

- **Proactive demand** is activated by a variety of factors such as lessons learned from reactive demand experiences (i.e., crisis events), widespread media coverage of corporate risk failures, annual strategic planning exercises, leadership from chief risk and/or compliance officers and the influence of external advisors.

- **Predictive demand** is activated by board, C-suite and business leaders who have prioritized organizational resilience as a strategic priority, developed mature enterprise risk models and implemented a digital infrastructure with business intelligence capabilities.

Market Segment Response
The roots of enterprise risk management advisory are grounded in the insurance and business advisory sectors, the latter comprised of audit and accounting firms which have evolved ERM into a consulting-centered competency.

- **Insurance** providers have established enterprise risk consulting practices that stand apart from the insurance brokerage business; they have a deep understanding of the material impact of risk on business performance.

- **Law** firms are the newest entrants into the ERM market and there are currently only a handful with competitive capabilities; their expertise confers strengths in enterprise risk assessment, compliance and governance advisory.

- **Consulting** providers are a diverse group that includes Big Four firms’ risk assurance and advisory practices, global management consulting firms and niche consultancies serving specific market sectors; these providers have the depth and breadth of capabilities to create client impact across a range of engagement models.

- **Technology** providers currently tend to exhibit deep technical expertise in a specific industry or risk domain; their strength is a capability for connecting clients’ ecosystems of risk tools for identifying and monitoring enterprise risk.

### Acronyms

<table>
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<tr>
<th>Acronym</th>
<th>Description</th>
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<tbody>
<tr>
<td>CAS</td>
<td>Casualty Actuarial Society</td>
</tr>
<tr>
<td>COSO</td>
<td>Committee of Sponsoring Organizations of the Treadway Commission</td>
</tr>
<tr>
<td>ISO</td>
<td>International Standards Organization</td>
</tr>
<tr>
<td>NC</td>
<td>North Carolina State University, Poole College of Management</td>
</tr>
<tr>
<td>NIST</td>
<td>National Institute of Standards &amp; Technology</td>
</tr>
<tr>
<td>RIMS</td>
<td>Risk Insurance Management Society</td>
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© 2020 ALM Media Properties
A critical success factor of enterprise risk initiatives is an approach to stakeholder management that sustains engagement beyond program implementation and is adaptable to changes in business strategy and corporate purpose.

- The primary stakeholder and buyer of enterprise risk professional services is the chief risk officer; in the absence of a CRO, responsibility defaults to the chief executive officer (CEO) or an acting CRO. The CRO role emerged in the 1990s when the dimensions of risk broadened due to globalization, advances in information technology and increased focus on regulatory oversight. According to the 2020 State of Risk Oversight report from North Carolina’s Poole College of Management, the percentage of US organizations with a CRO or equivalent senior risk executive has increased from 42% in 2018 to 50% in 2020.

- The primary responsibility of the organization's board of directors is risk oversight, that is, ensuring risk management policies and procedures are consistent with the company's strategy and risk appetite and fostering an organizational mindset toward enterprise risk management. When acting as advisors to the board, professional services providers have tremendous influence setting the tone at the top. Leading providers have the stature to challenge the board on its composition and talent strategies. They also encourage the development of risk-savvy board members who appreciate and prioritize risk on the board's agenda. When appropriate, they encourage the creation of separate risk committees to alleviate the burden on overtaxed audit committees and give risk the proper attention it deserves.

- The inherently holistic nature of enterprise risk positions all C-suite leaders as critical stakeholders with enterprise risk governance roles and responsibilities specific to their function's operations and the external stakeholders their function serves or represents. The Business Roundtable, a group of 200 CEOs from major US corporations, issued a statement in 2019 that redefined the purpose of a corporation away from generating profits for shareholders to creating value for stakeholders. By shifting the focus to employees, customers and communities, the Roundtable strengthened the business case for enterprise risk with its mandate for managing both financial and nonfinancial risk.

Note: See Appendix for definitions of acronyms.
The delivery of enterprise risk professional services does not currently tell a story of pervasive convergence; however, the consulting segment’s experience of winning clients with integrated solutions rather than best-in-class piecemeal offerings clearly illustrates the business opportunity.

The Risk Matrix positions peer groups in terms of their capabilities to create client impact through a mix of services supporting a spectrum of risk strategies. See Appendix for detailed risk matrix definitions.

- **Management consulting** providers offer the most comprehensive approaches to designing enterprise risk strategies and building global risk functions; they are solidifying their position as market leaders with pioneering predictive risk intelligence services.

- **Insurance** providers are well-positioned to innovate competitive predictive risk intelligence services if they are able to apply parametric insurance methods for analyzing systemic risk and leverage their relationships with technology service providers to deliver predictive risk solutions.

- **Technology** service providers deliver on the promise of modernizing the three lines of defense model by using smart technologies to unify the three lines and facilitate proactive risk management; they are key players in the design and delivery of risk intelligence solutions, yet lacking in the strategic advisory capabilities to customize for clients’ unique cultures.

- **Law firms** are currently the most siloed providers of enterprise risk due to being early entrants into the market; those firms staking a market position demonstrate a compelling vision of the value that legal-led enterprise risk services deliver and a savvy approach to organically developing risk capabilities.
The Evolution of Enterprise Risk Management (ERM)

As a management discipline, ERM has evolved in fits and starts since it first emerged in the 1990s when globalization and the growing power of the Internet raised the business community’s collective consciousness that risk management should be practiced holistically. It was not long before managing risk was elevated to a senior leadership responsibility and the role of the Chief Risk Officer was born. Over the years, ERM never lost its aura of importance but it also has never been widely adopted across industries due to a perception that it does not add value.

For this reason, ERM is a frequent topic of research which has yet to yield a consensus view of the root causes for its shortcomings. One problem is that advances in ERM more frequently develop in the wake of systemic risk events that upend an industry or financial market. The global financial crisis of 2008, for example, resulted in a smattering of enterprise risk regulations in the United States.

- In 2009, the Securities & Exchange Commission established rules requiring corporations to disclose information about board structures and risk oversight roles in proxy statements
- In 2016, the General Accounting Office issued a circular requiring federal agencies to implement ERM

These actions point to ERM’s evolving largely in reaction to external events rather than proactively to advances in management science. This dynamic started to change with the onset of the digital era.

The relentless pace of change galvanized by digital disruption destabilized business norms at the same time the growing power of the Internet transformed competitive dynamics across industries.

Business leaders seeking a foothold in a shifting economy turned to the problem-solving discipline of management science and found complexity theory. The study of chaotic systems had been introduced into organizational studies and was paving the way for a new paradigm that resonated with doing business in a constantly changing, hyperconnected world.

The World Economic Forum grounded its construct for Industry 4.0 in complexity theory and introduced a new set of principles to guide organization design in a networked economy: interconnection, information transparency, labor automation and decentralized decision-making. For risk managers, these principles underscored the imperative to align risk management with corporate strategy, which informed two developments:

- In 2017, COSO updated its ERM framework to highlight the importance of setting and achieving risk objectives in the context of greater business complexity
- In 2018, UK member organization The Risk Coalition published Raising the Bar, the first-ever guide to principles-based risk management for boards that reinforces the importance of information transparency in an era of dynamic risk

Most providers have only recently started to understand how these principles effect the implementation of enterprise risk management in a strategic context and how to appropriately adapt their service offerings. When combined with the global pandemic’s call for speed, flexibility and tangible outcomes, the challenge has only intensified.

Implications for Buyers

- Leading providers consider enterprise risk management a transformation lever and often embed ERM services in global offerings delivered by integrated teams comprised of multidisciplinary specialists. They will break out components of ERM services on request, but it is up to the buyer to ask about the effectiveness of these point solutions when they are delivered out of the transformation framework’s context.

- Providers that come to the ERM market from a position of strength in a vertical risk specialty, such as regulatory or financial risk, are often a buyer’s preferred provider. Their services tend to concentrate on reactive and proactive risk strategies, either by intent or as a stopgap while they build out their ERM service offerings. Buyers seeking to build predictive risk capabilities will need to inquire as to whether their preferred provider has partnerships or ecosystem relationships that extend their ERM capabilities across the full spectrum of risk strategies to include predictive risk.
Two forces are transforming enterprise risk advisory and consulting. One reflects the shift to outcomes-based service delivery from clients prioritizing the rapid achievement of demonstrable results in the short term. This trend, which has been pivotal to the transformation of consulting business models, has reached a tipping point in the pandemic economy as clients expect the same from all service providers. The second is the gravitation of data and analytics to the core of company strategies for creating business value. Business models designed to execute these strategies subsist on different capabilities and ways of working that can elevate risk exposures in a dynamic business environment. These factors are driving demand for new approaches to modernizing enterprise risk management.

**Board Governance**

Governance and risk management are interrelated in that each is directly connected to value creation, and the board is responsible for both. Research has proven the positive impact that high-performing boards have on financial performance, yet the continuing cases of board failure put their efficacy in doubt. This is partly due to the dynamic nature of enterprise risk. Boards must continually improve and modernize their risk practices, structures and competencies, particularly as they apply to comprehending the interdependencies of systemic risks across the three lines of defense and complexities of risk intelligence.

Providers have enjoyed a long-standing role as trusted advisors to boards and are best positioned to support their education around ERM as a strategic enabler.

**Risk Intelligence**

Risk intelligence refers to a company’s ability to anticipate, plan for, and respond to a wide array of risks. It is an increasingly important platform capability that enables key stakeholders to collaborate in a unified environment in real time.

A risk intelligence platform organizes people, processes, knowledge, tools and governance models into a combined management and operating system enabled by data analytics and cloud technology. As such, it requires an organization to have achieved an advanced level of digital and ERM maturity supported by the appropriate mix of talent with the hard and soft skills necessary to operate the system.

An enterprise risk intelligence system interoperates with the systems native to discrete risk functions. Providers with expertise in multiple cloud and enterprise platforms have an advantage in this market.

**Enterprise Resilience**

An organization’s capacity to withstand disruption is a function of its resilience, and in today’s world, building resilience requires more than a playbook for business continuity. ERM’s holistic approach to managing risk provides a strategy for building resilience into operations, decisions, business models and ways of working that enables an ability to both withstand and leverage risk as an opportunity for value creation.

The path to risk resilience that is emerging is an effort led by board and senior management to establish the right risk profile and appetite, operating model and governance structures, and best practice crisis preparedness. Providers across all segments should be ready to explain how their ERM services contribute to building enterprise risk.

**Implications for Providers**

- Risk culture is a key responsibility of boards and C-suite leaders that is frequently mentioned as an essential element of enterprise risk management. Providers with expertise in organizational change management, communications, design thinking and behavioral analytics have opportunities to help even well-established companies strengthen their risk culture by embedding risk messages and goals in employee experience strategies.

- Organization and operating model design capabilities are essential to advising clients on the design of enterprise risk programs, particularly for companies structured around alternative business models and those whose main source of value creation is generated in the networked economy.

- A risk intelligence function strengthens the foundations of an ERM system. Providers with data analytics and data modeling capabilities can support clients with technology services for building a risk intelligence asset or by providing risk analytics through managed services.
Business model: ERM Pacesetters share a perspective of enterprise risk as a driver of value creation. They bring a full complement of technologies, models, workflows and processes together with quantitative and qualitative analyses to develop programs that provide leadership with forward-looking, actionable insights that inform strategic and everyday decisions. Deloitte, EY, PwC and Marsh tap into their firms’ talent consulting practices to build softer leadership skills in communications, relationship management and trust-building to strengthen risk professionals’ capabilities for motivating stakeholders across the organizational hierarchy in support of common goals.

Value proposition: ERM Pacesetters seek to strengthen clients’ organizational resilience by embedding enterprise risk objectives and performance metrics in front-, middle- and back-office operations and systems. The Big Four leverage design thinking and data analytics in branded approaches, e.g., EY’s Trust by Design and Deloitte’s Risk Intelligent Enterprise®. Marsh assists clients with data analytics, benchmarking and financial models to prioritize risk mitigation opportunities in line with the client’s defined risk appetite, while Minter Ellison delivers through its risk function transformation capabilities.

Service delivery: While ERM Pacesetters provide enterprise risk services as point solutions - and will often do so for clients seeking to mature specific aspects of their risk function - they prefer to integrate these services into broader projects around transformation, corporate strategy and process reengineering. This ensures there is a connection to strategic and tactical decisions made in the C-suite and board room around building and maintaining corporate value. In this respect, service delivery is critical to clients realizing providers’ value propositions. It also underscores the significance of a multidisciplinary service offering to enable client capabilities for implementing and sustaining enterprise risk programs.

Client enablement: In addition to optimizing service delivery models, ERM Pacesetters enable clients by connecting enterprise risk to innovation and commercialization processes. When fused properly, these two value-creating disciplines engender a culture of risk awareness that creates trust in business growth strategies. Deloitte, EY and PwC deploy their branded approaches to organically integrate enterprise risk into clients’ innovation and marketing functions. Marsh leverages the expertise of MMC’s Intellectual Property solutions practice to help clients assess potential risks in their IP assets, and Minter Ellison draws on the expertise of its IP lawyers to link innovation and enterprise risk metrics and its commercial contracts lawyers to develop managed services that integrate risk metrics into commercial contract negotiation workflows.

Brand eminence: Deloitte, EY, Marsh and PwC have the strongest brands in enterprise risk due to the longevity of their practices and relationships across the ecosystem of enterprise risk thought leaders. All conduct global risk surveys in collaboration with organizations such as the World Economic Forum and North Carolina State University’s Poole College of Management, and all have contributed to the development and application of enterprise risk frameworks defined by COSO, ISO 31000 and CAS. As a newcomer to the enterprise risk market, Minter Ellison is taking a different tack by plugging into Australia’s start-up community to foster risk innovations.

### ERM Pacesetters 2020

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<td>Consulting</td>
<td>EY</td>
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<tr>
<td>Insurance</td>
<td>Marsh</td>
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<tr>
<td>Legal</td>
<td>Minter Ellison</td>
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<tr>
<td>Consulting</td>
<td>PwC</td>
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### Methodology Notes

The ALM Intelligence Pacesetter Research methodology evaluates Market Leaders against five core criteria:

1. Business model
2. Value proposition
3. Service delivery
4. Client enablement
5. Brand eminence

Providers whose aggregate score is 85 and above qualify as an ALM Pacesetter. See Appendix for detailed definitions of the five core criteria.
Deloitte provides enterprise risk management services (ERM) through the Global Risk Advisory business, drawing on the capabilities of an interrelated suite of strategic, reputation, financial, operations, regulatory and cyber risk offerings. The firm seeks to provide board leadership with a panoramic view of their organization’s risk landscape to enable the prioritization of investment decisions and informs the design of an enterprise-wide system for identifying, assessing, managing and responding to risk.

Deloitte’s framework for an enterprise risk system involves a top-down, bottom-up, multidisciplinary effort to ensure cultural attitudes and business blind spots are surfaced and addressed in the system’s design. Maturity assessments are used as an opportunity to start the discussion and ask the right questions that force choices on scope, scale and strength of risk program requirements given the client’s strategic initiatives (e.g., digital transformation), operations and extended operating environment. The objective of this exercise is to develop a clear vision for risk management that enables the organization to pursue the opportunities that risk presents while protecting existing assets.

This vision is codified in Deloitte Risk Intelligent Enterprise™, a digitally-enabled framework that introduces front-line tools and metrics that measure and monitor the effectiveness of risk controls and to guide decision making. Enterprise risk metrics are aggregated into a common, integrated risk management platform with a control tower structure to oversee performance and alignment of risk management activities across the three lines of defense. Deloitte Analytics plays a critical role in activating the Risk Intelligent Enterprise with a range of solutions in monitoring, managing, benchmarking and predicting various types of risk. Solutions are customized for relevance to the client’s business context, an exercise that fuels Deloitte’s risk analytics innovation engine.

With respect to external risks, Deloitte combines proprietary, 24/7 data monitoring and risk-sensing solutions that track a broad array of internal and external data sources using advanced analytics, pattern recognition and visualization technologies to alert clients of emerging issues and threats. Human insights are added that explain how those risks relate to the client’s strategies.

<table>
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<tr>
<th>Pacesetter Criteria</th>
<th>Pacesetter Impact Score</th>
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<tr>
<td>Business Model</td>
<td>Value Proposition</td>
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<tr>
<td>Service Delivery</td>
<td>Client Enablement</td>
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<tr>
<td>Brand Eminence</td>
<td></td>
</tr>
<tr>
<td>Impact Scale</td>
<td>None Low Moderate</td>
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</table>

Impact Scale: None Low Moderate Significant High Very High

Enterprise Risk Management Services

- Strategic risk
- Operational risk
- Financial risk
- Brand risk
- Legal & regulatory risk
- Cyber/IT risk
- Human capital & workplace risk
- Third-party risk
- Managed risk services
- Risk analytics
- Risk technology

Services offered
Services not offered
Deloitte leverages a multidisciplinary business model, managed services and an ecosystem of alliances to provide comprehensive, interrelated services aimed at creating risk intelligent organizations. The firm also is actively strengthening its reputation management and crisis management preparedness capabilities through acquisitions and key hires.

Deloitte’s Risk Intelligent Enterprise methodology delivers an integrated system that aligns risk strategy to corporate strategy and channels actionable risk intelligence in real time to the appropriate stakeholders accountable for creating and protecting organizational value.

Deloitte cultivates deeply collaborative relationships with clients to ensure the long-term effectiveness of risk management programs that carefully align solutions with the client’s complexity, risk tolerance and strategic needs, thoughtfully embedding risk management processes into the operating routines of executives and business leaders.

Deloitte strengthens clients’ risk innovation capabilities by finding ways to infuse risk management with a can-do mindset, encouraging clients with a variety of methods, including education, performance metrics and flexible governance structures to position risk management as a driver of operational discipline, business resilience and value preservation.

Deloitte’s dedicated Risk Innovation Center, along with its design and data analytics resources are a formidable combination for generating highly granular insights into risk matters across markets and sectors.
EY goes to market with a global portfolio of risk assurance, consulting, technology, implementation and managed services to deliver capabilities in enterprise risk management (ERM). Under the banner of Trust by Design, EY offers a framework for instilling a risk optimization mindset throughout an organization’s strategy and operations to create a culture that organically builds trust with customers, clients and partners. Methodologies are grounded in the principles and practices of design thinking for a human-centered approach that reframes risk management as a trust-building client journey rather than an exercise in risk process re-engineering.

Trust by Design involves embedding risk intelligence into all aspects of an organization’s operating model and business processes, including strategic planning, enterprise performance and product development. The conversation begins by helping clients explore future scenarios for their business and involves a cross-section of stakeholders to ensure downstream and upstream risks are addressed. EY offers the creative environment of its wavespace™ innovation centers and thought leadership from its Global Center for Board Matters to bring together, engage and inspire constructive client discussions on ERM. These centers also provide collaboration spaces where clients work with EY consultants, data scientists and designers to co-develop risk assurance transition plans and future-backed and stress-tested solutions.

EY has developed six customer journeys, called “trust journeys,” that transcend ERM’s traditional three lines of defense model to ensure risk intelligence informs all six value chain activities that connect the organization to its stakeholders: investor trust, organizational trust, customer trust, supplier (third-party) trust, technology trust and regulatory trust. Each journey is supported by assets and solutions developed on EY’s Integrated Risk Platform and connect to clients’ on-premise and cloud platforms. A key feature of EY’s intellectual property is the delivery of analytics-based insights to dynamic risk dashboards. EY is developing its network of global delivery centers for project management and the development of risk-focused managed services using artificial intelligence and advanced analytics will be further enhanced in 2021.
**How EY is moving the needle**

<table>
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<tr>
<th>Pacesetter Criteria</th>
<th>Qualitative Assessment</th>
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<tr>
<td><strong>Business Model</strong></td>
<td>EY has been on a journey to reinvent its business model for several years by integrating asset-based consulting and managed services into traditional consulting, embracing emerging technologies, and restructuring management, governance, and financial structures to reinforce a “OneEY” mindset across its global network of member firms. With the introduction of Transformation Realized this year, EY goes to market with a compelling story and strategic framework for mobilizing the talent, services and solutions across its internal and external ecosystems as OneEY.</td>
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<tr>
<td><strong>Value Proposition</strong></td>
<td>Through deeply collaborative relationships with clients, EY ensures the long-term effectiveness of ERM programs by carefully aligning solutions with the client's complexity, risk tolerance and strategic needs, and by embedding risk intelligence into the operating routines of executive leadership. ERM is a structural component of EY’s Transformation Realized framework as well, enabling clients to productively manage uncertainty when innovating.</td>
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<tr>
<td><strong>Service Delivery</strong></td>
<td>EY operates as a globally integrated firm able to draw on the depth and breadth of its resources to deliver on Trust by Design’s value proposition. Seamless collaboration is enabled by a proprietary platform that brings together EY’s talent, assets, and other resources in risk, technology, strategy, analytics and more. In addition, EY’s commitment to co-developing solutions with clients allows EY consultants to model the risk mindsets and behaviors that will accelerate implementation and adoption of new ways of working.</td>
</tr>
<tr>
<td><strong>Client Enablement</strong></td>
<td>EY’s digital, data-driven approach to redesigning ERM strategies, governance controls and core functions is codified in diagnostic methods and management support tools through a variety of delivery models that enable knowledge transfer and skills building. EY Change Experience provides clients with end-to-end services for driving change that is purposeful, insightful, personalized and interactive. The service is delivered through Change Insights, a cloud-based platform that tracks, measures and monitors change progress across multiple transformation initiatives.</td>
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<tr>
<td><strong>Brand Eminence</strong></td>
<td>EY continually innovates to remain at the forefront of clients' changing ERM needs by combining the outside-in perspective of the EY Megatrends framework with technical expertise interpreting regulatory regimes and industry research on risk management best practices. The strength of EY’s ongoing environmental assessments provide clients with a sound basis for identifying sources of opportunities and threats on a continuous basis.</td>
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</table>
Marsh provides enterprise risk management (ERM) services through its strategic risk consulting practice within its Advisory business. The global practice and its leaders have been at the forefront of ERM's twenty-plus year evolution from a function of insurance procurement to a corporate strategy for creating and preserving enterprise value. They have contributed to the development of COSO's risk framework and the implementation of ISO 31000 standards and have infused principals from both into the design of the Marsh ERM framework. Overall, Marsh’s strategic risk consultants have extensive experience helping clients develop ERM programs that are standards-based, data-driven and proactive.

Marsh’s framework provides a structured approach to building an ERM program from the ground up or by maturing a client’s existing risk management program. The firm seeks across-the-board management representation in the discovery process for identifying and assessing material risks. This approach ensures that risk prioritization is informed by a detailed understanding of cross-functional business operations and that ERM program objectives align with strategic objectives and business processes. With a clear understanding of the client's material risks and control structures, the firm assists clients in utilizing data analytics, benchmarking and financial models to prioritize risk mitigation opportunities in line with defined risk appetite and tolerance levels.

Service delivery includes advisory and technical support for building an ERM infrastructure and processes, including governance models, policies and procedures, and technology and systems. Marsh believes that a clearly defined management system is as important as the ERM program's operating system, in particular as it drives change and breaks down silos across the enterprise. As such, Marsh provides advisory services in resource allocation, communications, employee education and performance incentives that are proven to embed the routines and activities of the ERM program into the organizational culture.

Marsh is a business of Marsh & McLennan Companies (MMC). The strategic risk consulting practice therefore has access to the expertise, services, and consulting capabilities of MMC’s internal ecosystem of companies for ERM service delivery, including Mercer (health, wealth and career consulting) and Oliver Wyman (strategy, economic and brand consulting).
Marsh Advisory’s Strategic Risk Consulting (SRC) practice is a direct beneficiary of parent company Marsh & McLennan’s focused effort to stimulate collaboration across the firm’s internal ecosystem of brands. On its own, SRC goes to market with deep expertise in industry issues, risk analysis, analytics, organizational change and risk technology to help clients create a holistic, enterprise-wide risk aware culture. SRC consultants also have access to a broader range of risk competencies from sibling companies Oliver Wyman (strategy, economic and brand consulting) and Mercer (employee rewards and human capital management consulting). The ability to leverage capabilities as needed enables SRC to manage the cost of sales and service delivery to clients.

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<td>Value Proposition</td>
<td>Marsh combines a strategic perspective with innovative methods and models for quantifying financial and nonfinancial risks, developing differentiated risk decision support systems and conducting risk scenario analyses to provide clients with results-oriented roadmaps to achieving enterprise risk maturity.</td>
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<tr>
<td>Service Delivery</td>
<td>Marsh works on enterprise risk projects with multiple stakeholders across an organization’s front, middle, and back offices, as well as the C-suite and board directors, using a service delivery model that adapts to the level of strategic and tactical support required by the client.</td>
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<tr>
<td>Client Enablement</td>
<td>A core theme of Marsh’s enterprise risk management philosophy and consulting approach is a focus on breaking down organizational silos and communicating with global stakeholders to support business continuity. The firm’s ERM framework provides a structure for embedding risk ownership, governance and oversight into the organization’s culture, leveraging technology and tools to do so.</td>
</tr>
<tr>
<td>Brand Eminence</td>
<td>For over 15 years, Marsh has been collaborating with the World Economic Forum on the Global Risks Report, an annual survey of business leaders and risk experts that offers valuable perspectives on the major external threats to global prosperity, an area of increasing importance to enterprise risk management. Marsh uses the findings to develop industry-based, multi-stakeholder risk scenarios that strengthen organizations’ abilities to prepare risk mitigation plans.</td>
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Minter Ellison is an Australia-based multinational law firm that is evolving into a legal-led professional services firm. Under the leadership of Tony Harrington, the PwC Australia chief recruited as CEO in 2014, Minter Ellison dropped “Lawyers” from its name and kicked off a strategy to diversify into professional services such as consulting and project management. A top priority was to support accelerating demand from corporate clients for risk and regulatory services when the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services industry was established in 2017. That same year, Minter Ellison formed the Consulting Solutions business where the Risk, Regulatory & Governance (RR&G) practice offers services in financial and non-financial risk management.

RR&G consults on enterprise risk management (ERM) and risk function transformation with a diverse team of professionals including strategy, operations and risk management consultants, governance experts, senior legal practitioners, auditors and bankers. The starting point for ERM consulting is the Three Lines of Defense Model, used to provide clients with a best practices approach to operationalizing risk management. The firm undertakes a variety of assessments (operational, enterprise, regulatory, and credit risk and compliance) and helps clients design governance frameworks. Consulting on risk function transformation focuses on building the risk infrastructure, reengineering risk processes and advising on management systems that incentivize and reward positive behavioral change around risk compliance.

Minter Ellison provides risk-related technology consulting and legal solutions, as well, including strategic advisory and vendor management services that support risk information systems design, implementation and management. The current roster of legal solutions enables the identification, tracking and analysis of risks related to contracts, disputes, mergers and acquisitions, and assurance. Minter Ellison is committed to expanding its solutions suite and is actively engaged in Australia’s start-up community to foster innovation.

Overall, Minter Ellison has developed a comprehensive ERM consulting offering competitive to that of any Big Four firm. This is not surprising considering Minter Ellison replaced Tony Harrington with another Big Four leader as CEO in 2018, ex-EY partner Annette Kimmitt. Ms. Kimmitt has reorganized Minter Ellison into a worldwide structure based on business function rather than standalone geographical units, a move that will ease the consulting unit’s expansion beyond Australia to the firm’s offices in Asia and London. She is also instilling a culture of client collaboration and innovation, the foundations of an implementation-based service delivery model that the Big Four have proven to drive successful engagements and strengthen client relationships.

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**Pacesetter Impact Score**

- Impact Scale: None - Low - Moderate - Significant - High - Very High

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Minter Ellison's transformation from pure-play law firm to multidisciplinary professional services provider gained momentum in 2017 with the launch of its Consulting Solutions business. Under the leadership of two successive CEOs from Big Four firms, it was inevitable that enterprise risk and risk function transformation would become a core competency that positions Minter Ellison at the intersection of law and business. The service offering not only strengthens the business acumen of Minter Ellison's lawyers, but also drives innovations in legal and non-legal managed services.

**Value Proposition**
Minter Ellison's enterprise risk business supports the evolving role of general counsel as strategic adviser to C-suite leaders, at the same time providing a strategy and action plan for operationalizing enterprise risk to create business value.

**Service Delivery**
Minter Ellison CEO Annette Kimmitt, a former partner and global practice leader at EY, is instilling a culture of client collaboration and innovation, the foundations of an implementation-based services delivery model that the Big Four have proven to drive successful engagements and strengthen client relationships.

**Client Enablement**
Minter Ellison, having staffed its enterprise risk business with senior consulting talent, goes to market with integrated teams that speak the languages of law and business. This enables Minter Ellison to effectively collaborate with a cross-section of stakeholders in the client organization and accelerate the process of cultivating a risk-aware culture.

**Brand Eminence**
Minter Ellison's brand is anchored in its being one of the premier law firms in the Asia Pacific region. With the acquisition of ITNewcom in 2017, the firm extended its brand to the market for end-to-end consulting and legal solutions that support the design and implementation of risk information systems. ITNewcom, also known as Minter Ellison Technology Solutions, combines technology risk assurance, financial analytics, benchmarking and a growing portfolio of legal managed services.

### How Minter Ellison is moving the needle

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PwC believes that enterprise risk management (ERM) is a tool for achieving strategic objectives and driving organizational performance. As such, the firm perceives a direct link between risk and value that elevates ERM from a static exercise in risk assessment to an ongoing process of embedding risk management and awareness into organizational DNA. This allows for the creation of a well-defined yet flexible ERM program that has a clear value proposition and flexes to changes in operating models, leadership and business strategies.

As the principal author of COSO’s integrated ERM framework, PwC has been involved in the research and development of enterprise risk controls for over 20 years. This experience translates into a structured, yet flexible suite of services offered by the firm’s Risk Advisory practice that address the full range of risk management needs across the client’s hierarchy. PwC focuses on helping clients design and implement an ERM program’s objectives, metrics, governance and operating models, change communications, and roadmap for integrating risk management approaches into business processes and operations. It is a holistic approach for operationalizing risk management across the three lines of defense to create an organizational capability for risk resilience.

PwC leverages risk analytics and technology to improve the digital fitness of the risk function. To this end, the firm is constantly innovating its already sizeable collection of reusable solutions, tools and methods that deliver relevant, forward-looking and actionable insights to key decision makers. PwC’s Digital Twin, for example, captures a virtual model of an organization’s design to identify risks that hinder or enable strategy execution and recommends remedial strategies based on embedded pattern recognition.

PwC’s Global Crisis Centre brings together the firm’s broad resources and experience to inform crisis planning, preparedness and response activities. The firm’s Strategic Policy Advisors team also helps clients anticipate, prepare for, and even influence regulation and public policy on topics such as trade and tariffs, tax reform and data privacy. PwC also publishes Resilience: A Journal of strategy and risk and Risk Assurance insights for risk practitioners.

### Table: Pacesetter Criteria

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**Enterprise Risk Management Services**

- Enterprise Risk
- Strategic risk
- Operational risk
- Financial risk
- Brand risk
- Legal & regulatory risk
- Cyber/IT risk
- Human capital & workplace risk
- Third-party risk
- Managed risk services
- Risk analytics
- Risk technology
How PwC is moving the needle

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<td><strong>Business Model</strong></td>
<td>PwC seamlessly draws on the breadth and depth of its resources to deliver comprehensive, globally consistent services that ensure the long-term effectiveness of ERM programs. The firm also stands out for its ability to collaborate across a broad ecosystem of partners to innovate solutions using advanced analytics and emerging technologies that deliver a unified view of the impact of risk exposures on strategic and business objectives.</td>
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<td><strong>Value Proposition</strong></td>
<td>As the principal author of COSO’s integrated ERM framework, PwC has been advocating ERM’s value proposition for over 20 years. The body of risk management research that PwC co-sponsors, contributes to and supplements with its own primary research provides more than enough evidence for developing a value-driven business case for ERM investments.</td>
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<td><strong>Service Delivery</strong></td>
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<td><strong>Brand Eminence</strong></td>
<td>PwC’s services and solutions are grounded in a body of research that has been exploring the role of enterprise risk as a management tool for value creation for more than two decades. Member firms worldwide conduct primary research on a broad range of risk topics and publish thought leadership in the form of Risk Assurance insights, as well as in Resilience: A journal of strategy and risk. Members of the firm’s Risk Advisory practice are frequently quoted in media outlets such as The Wall Street Journal, CFO Journal, CFO.com, Investor’s Business Daily and Thomson Reuters Compliance Complete on building risk and compliance programs.</td>
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Market Leaders

ALM INTELLIGENCE
PACESETTER RESEARCH
Management consulting firms and a subset of technology services providers with consulting competencies currently have the most established presence across the ERM risk services value chain; insurance providers concentrate on strategy, design and technology advisory, leaving implementation to their own or their clients’ ecosystem partners; law firms are adopting a variety of business models depending on their market entry strategy.
Insurance Providers in the ERM Ecosystem

Traditionally, the role of insurance providers has been to assess an organization’s risk portfolio and recommend insurance instruments to offset the direct financial effect of risk failures. This practice, known as risk transfer, positions risk identification and assessment at the core of a product-oriented approach to managing risk that has become a useful strategy for insurance providers to market and sell risk management services. For example, insurers who provide data breach incident response services will reduce the cost of cyber insurance premiums to clients who buy a bundled product and service. It is a win-win for both sides of the market. The insurance provider reduces risk exposures to their business by helping clients proactively manage risks to their business.

Risk transfer remains an important role for insurance providers, particularly as it relates to vertical risk management. Managing risk across verticals, however, requires a panoramic view of an organization’s risk exposures and an understanding of both corporate finance and strategy. The global insurance brokers combine these capabilities in ERM practices that stand apart from the brokerage business to target board and C-suite leaders with strategic risk advisory services.

Points of Convergence

• In terms of buy-side relationships, insurance providers most often encounter their competitors in the C-suite, where they are on equal footing in terms of brand eminence. They have strong relationships with multiple stakeholders, including the CEO, CRO, CFO, CCO and Internal Audit. They can differentiate on their ability to inform advisory services with data-driven insights into the procurement and performance of clients’ insurance product solutions.

• The talent profile for the ERM practices of insurance providers is similar to that of providers from other segments and includes strategy, operations, finance and communications consultants; regulatory, legal and insurance advisors; and actuarial analysts and data scientists. The balance of talent ERM practices varies by market segment, but all segments are competing for the same skills.

• The delivery of predictive risk analytic solutions is a field of play for providers across market segments. Insurance providers are investing in tools, data and computing power through innovation and ecosystem relationships that enable their actuaries and advisors to apply predictive analytics in new ways, such as tailoring claims management approaches based on predicted outcomes, building more detailed risk assessments, and more accurately pricing risk.

* ALM Pacesetter; see profile in Pacesetter section
Enterprise Risk Management SWOT: Insurance Market

**STRENGTHS**

- Dedicated global risk consulting practices comprised of management consultants, industry experts and data scientists provide a strategy-centric approach to building enterprise risk management programs from the ground up
- Decades-long, front-line experience leading the convergence of financial and non-financial risk management informs exceptionally deep understanding of the material impact of risk on business performance
- Directly involved in the development and application of third-party ERM frameworks defined by COSO, ISO 31000, RIMS and CAS
- Unique ability to leverage parametric insurance models and methods for scenario planning around high impact/low probability systemic risk events

**OPPORTUNITIES**

- Enhance capabilities for helping clients proactively build organizational resilience using behavioral economics, design thinking, organization strategy consulting and methods for building change management into the design of enterprise risk functions and processes
- Innovate enterprise risk solutions with insurance technology start-ups to provide clients with actionable intelligence for real-time enterprise risk management using data analytics and artificial intelligence
- Unparalleled insights into the material impact of risk on business performance are rocket fuel for innovating approaches that place sustainability and tangible value as the primary objectives of enterprise risk management

**WEAKNESSES**

- Market perception of insurance providers’ value proposition for enterprise risk is anchored on the industry’s heritage of risk mitigation and risk transfer rather than on risk as an opportunity for enterprise value creation
- Capabilities for building organizational resilience focus mainly on employee training and communications during late-stage implementation phase
- Brand perception of insurance sector among college and MBA graduates seeking consulting and data/technology career paths is less attractive than for other sectors, e.g., insurance technology start-ups, Silicon Valley companies, Big Four and strategy consulting firms

**OPPORTUNITIES**

- Big Four firms are key rivals who have the competitive advantage of multidisciplinary service offerings and global methodologies that embed enterprise risk in transformation frameworks
- Lack of operations consulting experience relative to consulting competitors weakens ability to identify and assess nuances in risk exposures to first line of defense business functions and operations
- Intense competition for InsurTech alliances from all segments of the enterprise risk services market raises the cost of corporate development and pressures risk consulting practices to compete with insurance brokerage business for strategic investment dollars

**Insurers providers’ competitive advantage is an exceptionally deep understanding of the material impact of risk on business performance**
Aon provides enterprise risk management (ERM) services through Aon Global Risk Consulting (AGRC), a practice within the insurance company's Commercial Risk Solutions business. AGRC’s business includes a dedicated ERM practice that works closely with the firm’s insurance brokerage team to provide comprehensive, customized risk solutions in a globally consistent approach backed by a panel of industry experts. Services are targeted mainly to companies in the financial and insurance services value chain and focused on optimizing the cost and coverage of insurance programs.

Aon takes a systems engineering approach to ERM, seeking to integrate risk management into the client’s existing business processes, governance structures and managerial decision making. Aon believes this approach promises a level of customization that ensures ERM will not be imposed as an artificial bureaucracy. This type of seamless integration into daily business activities also favors continuous and systematic analysis, monitoring and management of business risks. ERM consultants establish a close working relationship with clients to ensure integration and to secure the successful transfer of risk management knowledge and behaviors.

Aon’s ERM consulting process follows a standard continuum from assessing the client’s risk maturity to redesigning the risk operating model and management structure. Risk maturity is assessed against three frameworks including the COSO ERM framework, ISO 31000 and the firm’s proprietary risk maturity index. Developed by Aon’s ERM practice and the Wharton School of the University of Pennsylvania in 2011, the Aon Risk Maturity Index was designed to help senior finance and risk leaders assess their organization’s risk management practices and provide immediate feedback in the form of a Risk Maturity Rating and comments for improvement. The index and the biannual Aon Global Risk Management Survey have both become research mainstays in the risk market at large.
Gallagher provides a mix of risk management advisory, consulting and implementation services and solutions to help clients strengthen their organizational structures with the goal of optimizing the cost and coverage of insurance programs. Services are coordinated by the Enterprise Risk Management (ERM) Consulting practice and supplemented by myriad risk specialty practices worldwide.

Gallagher’s ERM consulting process is consistent with the principles, framework and process of ISO 31000, the international risk management standard. This approach ensures a consistent ERM process is used across the organization; however, the scope, context and criteria design applies to the organization’s unique portfolio of risks. The practice deploys a five-phase implementation process that begins with building the business case for ERM and forming an advisory group to develop a sustainable ERM framework. Gallagher reviews the clients risk policies and strategies and supports the identification, assessment and evaluation of current-state risks as part of the design process.

ERM Consulting leverages Gallagher CORE360™ to create customized risk management programs. CORE360™ provides clients a holistic view of their organization’s risk management costs and makes recommendations to lower those costs. The methodology considers six cost drivers of risk management programs: program structure, coverage gaps, uninsured/uninsurable losses, loss prevention and claims, and contractual liability. Cost drivers are quantified using advanced analytics and benchmarking tools. Gallagher consultants use the data to formulate cost reduction strategies through risk transfer options, finance agreements, claims advocacy, indemnification obligations and contractual liabilities. At the same time, Gallagher brokers advocate to insurance carriers for renewal strategies that realize the client’s cost reduction strategies.

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Legal Services Providers in the ERM Ecosystem

Law firms are the newest entrants to the ERM market. To date, movement has been limited to a small set of providers emerging over the last three years in developed economies. The providers covered in this year’s research, for example, are headquartered in Australia, the UK and the US. The most common approach to service delivery is an internal network of senior legal talent with risk expertise acting as a center of excellence for practices to access talent, knowledge, tools and thought leadership. Inorganic growth strategies are starting to take hold in the form of acquisitions and lateral hiring to build new capabilities in risk advisory and data science and partnerships to deepen brand eminence. These activities are gradually reshaping operating models to better integrate ERM into legal advisory services, but there is only sporadic evidence of wholesale restructuring to deliver on the value proposition for global multidisciplinary ERM services.

Points of Convergence

- Law firms have their strongest C-suite relationship with the General Counsel’s office, which could extend to compliance and risk officers if the client integrates legal, risk and compliance functions. The pandemic economy has intensified the call for GCs to provide risk advice, offering a bridge to the CEO and board for law firms
- Law firms are exposed to ERM competitors in their work with business leaders managing risk in corporate functions such as finance, marketing and data privacy. They have an opportunity to apply ERM perspectives and frameworks to the provision of reactive services that enables them to spot weaknesses in how a line of defense operates and exposes blindspots in risk assessment strategies
- Law firms have not completely bought into the ecosystem business model as a strategy for expanding into new markets, however, they are leveraging relationships with providers in adjacent segments to raise awareness of their ERM brand through co-sponsored webinars, research and other marketing activities

Procurement Priorities

- As new entrants to the market for ERM services, law firms do not yet have recognizable brands. Procurement is advised to inquire into the availability of ERM services and risk data analytics from existing providers and how services are delivered, e.g., are they embedded in legal advisory, legal operations consulting, and/or legal managed services, offered as point solutions or a hybrid of both.
- Law firms are in the business of remediating clients’ risk failures rather than building capabilities for enterprise resilience. When negotiating with law firms for ERM services, prospects should inquire into the firm’s ability to conduct root-cause analyses of risk failures and their experience providing project and change management services that contribute to building and sustaining enterprise resilience.

* ALM Pacesetter; see profile in Pacesetter section
STRENGTHS

• Guaranteed access to General Counsel’s office provides bridge to C-suite leaders and board committees with risk oversight responsibilities
• In-depth knowledge of legal and regulatory challenges under the enterprise risk umbrella enables law firms to effectively deliver downstream services across multiple risk domains and advise on the growing trend toward integrating corporate legal, compliance and risk functions
• Sector-focused practice lawyers bring deep understanding of external industry dynamics to better understand clients’ strategic, operational and business risks

OPPORTUNITIES

• A service portfolio that includes enterprise risk management substantially differentiates a law firm’s brand as proactive and focused on improving organizational performance
• The strategic nature of enterprise risk management presents an opportunity for law firms to expand their business into new markets with services that cannot be commoditized, yet can be standardized with an approach that enables consistent, cost-effective global service delivery
• The multi-stakeholder mandate that is the foundation of enterprise risk management offers law firms a broader audience for marketing and selling the value that bundled legal and risk services bring to building organizational resilience

WEAKNESSES

• Geography- and practice-driven operating model is barrier to development of frameworks, methodologies and cross-practice delivery models in service of a management discipline that is inherently global in its mandate to align risk management with corporate strategy
• Overall lack of knowledge and experience with organization and operating model design, data science and behavioral economics that enable implementation of human-centered enterprise risk management strategies
  • Under-developed project and change management capabilities that are essential to enabling broad-based adoption of enterprise advisory and consulting recommendations

THREATS

• Big Four firms are a source of both apparent disintermediation and silent competition, the latter due to global transformation service offerings that embed rather than lead with combined legal and enterprise risk advisory services
• The war for “future of law” talent with skills in legal and risk process engineering, risk intelligence, behavioral economics, and project and change management
• Market intolerance for pricing models based on legal fee schedules could negatively impact profitability of risk-based service offerings positioned as adjacent to core legal service offerings

Law firms’ competitive advantage is their deep expertise in regulation-based risk assessment, compliance and governance practices

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Linklaters

Linklaters is a multinational law firm with particular strengths in finance, corporate, and M&A law. Headquartered in London, the Magic Circle member was predominantly a UK firm until 1996 when Managing Partner Terence Kyle launched a global expansion strategy that involved mergers and acquisitions, joint ventures and organic growth. By 2012, Linklaters had 30 offices in 20 countries, including the US market. The firm consistently ranks among the top 20 in ALM’s annual Global 200 survey based on firm revenues and counts many of the world’s leading corporations and governments among its clients.

Linklaters’ journey to becoming global laid the groundwork for launching the Operational Intelligence Group (OIG) in 2014, a multidisciplinary team providing advice on global risk and regulatory change. OIG was conceived in response to the challenges facing multinational corporations as they deliver on their global growth strategies, particularly, the challenges of legal landscapes and cultural expectations. The OIG team of lawyers offers an integrated approach to risk management and compliance, working across geographies from the perspective of client issues rather than in distinct product or practice areas.

OIG team members are some of Linklaters’ most senior practitioners from across its global business who have extensive experience working across borders to deliver advice on corporate, antitrust regulatory, data privacy, governance, human rights, litigation and technology matters. They also have extensive experience helping clients optimize their governance and compliance systems, always with an eye towards building a resilient culture. In addition, OIG will draw on the services of Linklater’s Crisis Management team to support clients through the crisis continuum from initial response to internal investigations and litigation.

Services are grouped around five categories: horizon scanning (i.e., identifying non-financial risks that could impact business operations), cross-jurisdictional risk assessment, global anti-bribery compliance systems, investigations and corporate governance. OIG is a parallel operation to Linklaters’ Financial Regulation Group, which advises on comparable risk management and compliance services to financial institutions.

### Linklaters

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© 2020 ALM Media Properties
For Boston-based Ropes & Gray, the strategic relevance of enterprise risk management (ERM) emerged from its regulatory and compliance work with multinational clients (MNCs), particularly the challenges of complying with anti-bribery and corruption laws. In 2013, the firm designed a data-based heat map solution, the Ropes & Gray Risk Matrix, to facilitate the repeatable process of assessing an organization’s global anti-bribery profile. The tool proved immensely popular with MNCs struggling to allocate scarce compliance resources and who also used its findings to design compliance training and communications programs. Four years later, Ropes & Gray launched a risk management service offering called the Risk Mitigation & Management Model.

Ropes & Gray’s operating model embeds risk competencies into the firm’s ten legal practices rather than centralizing services in one practice. There is a global team of senior cross-practice and cross-industry lawyers who have extensive experience helping MNCs assess, design and implement multijurisdictional risk programs. They lead the interview process with the clients’ senior stakeholders and analyze responses that have been fed into an expanded Risk Matrix tool. After risk priorities have been established, downstream service delivery is handed over to practice lawyers with risk expertise specific to their domain. These professionals ensure that remedial strategies around compliance and communications are purpose-fit to the client’s enterprise risk profile, industry and culture.

In July, Ropes & Gray expanded its risk capabilities with the launch of R&G Insights Lab. The Lab is a full-service legal consulting practice that integrates analytics, behavioral science and strategy consulting to help clients understand the root causes of risk and, in turn, design human-centric solutions for operationalizing risk. Services include culture reviews and assessments; diversity and inclusion initiatives; internal policies, procedures and governance advisory; organizational design; project management; risk management, compliance and ethics advisory, and more. R&G Insights Lab provides Ropes & Gray a highly visible position at the intersection of law and business, where General Counsels increasingly seek legal services that drive business outcomes.

### Pacesetter Criteria

<table>
<thead>
<tr>
<th>Business Model</th>
<th>Value Proposition</th>
<th>Service Delivery</th>
<th>Client Enablement</th>
<th>Brand Eminence</th>
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### Pacesetter Impact Score

<p>| | |</p>
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</table>

Impact Scale: None Low Moderate Significant High Very High

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Enterprise Risk Management: Management Consulting Market

Consulting Providers in the ERM Ecosystem

Providers with management consulting capabilities lead the market for enterprise risk management services. This cohort includes providers whose ERM practices are anchored in the consulting line of business and supported by adjacent capabilities in non-risk consulting services (e.g., organization design, human capital and technology), business advisory services (e.g., regulatory and assurance) and systems implementation. Although they have coalesced around a more holistic functional approach and fact-based delivery of ERM services, their go-to-market value propositions reflect the center of gravity that defines their differentiating capabilities (i.e., strategy, operations, sector specialization).

Points of Convergence

- The breadth and depth of these providers’ capabilities enables the introduction of ERM principles and frameworks across multiple touchpoints in the client organization’s hierarchy. They have sophisticated processes for feeding insights from these touchpoints into client relationship management systems that enable identification of ERM-related sales opportunities.

- A handful of providers in this cohort pioneered the adoption and integration of alternative business structures in their operating models. They have advanced capabilities for managing, monetizing and integrating ecosystem business relationships into their global service delivery models and focusing collaborative innovations on strengthening enterprise risk services.

- A critical advantage of this cohort is their deeply collaborative relationship with board and C-level leaders cultivated over time in many challenging contexts. They bring a heightened understanding of the client’s complexity, culture, risk tolerance and strategic needs, and ensure the long-term effectiveness of ERM programs by embedding risk processes into the operating routines of executive leadership.

- Consulting providers put a premium on structural and process agility as the means of building sustainable enterprise risk management and operating systems. They bring the full power of their multidisciplinary and implementation capabilities to a more pliable and dynamic notion of enterprise risk strategy enabled by nimble operating models.

ERM Market Leaders Consulting Providers

| Deloitte* |
| EY* |
| Guidehouse |
| KPMG |
| Protiviti |
| PwC* |

Procurement Priorities

- Explore these providers’ brand eminence for insights into their approaches to identifying and assessing non-financial risks. Many co-sponsor primary research on global risk trends and use the findings to refresh ERM perspectives. Inquire as to whether this research also is incorporated into ERM frameworks for detecting risk and control weaknesses and determining risk appetite.

- Management consulting providers are at various stages of developing ERM platforms that are not effective as components of larger systems. Enlist your CIO and CISO to ask pointed questions about whether the provider can build application interface solutions to connect systems.

* ALM Pacesetter; see profile in Pacesetter section
### Enterprise Risk Management SWOT: Management Consulting Market

#### STRENGTHS
- Multidisciplinary capabilities enable these providers to leverage enterprise risk management as a tool for business transformation, supporting clients with sustained initiatives focused on upgrading the people, processes and tools that collectively activate risk management at both strategic and operational levels
- Deep relationships with regulators, academia and risk associations reinforce trusted advisor role with C-suite executives and board directors
- Expert at leveraging project management to co-create technology-enabled control structures, processes and tools that scale oversight abilities and deliver data-driven insights to multiple stakeholders
- Innovators of predictive risk intelligence solutions

#### OPPORTUNITIES
- Develop enterprise risk solutions that modernize the three lines of defense model, replacing the siloed, defensive approach to mitigating risk with a cohesive control environment that uses smart technologies to unify the three lines and facilitates proactive risk management
- Leverage managed services to deliver enterprise risk services and solutions at a lower cost point
- Incorporate lessons from COVID-19 pandemic on risk identification and disaster response in board advisory services

#### WEAKNESSES
- Multidisciplinary firms with audit and accounting services are prohibited from using client’s financial data that is not publicly reported to inform ROI analysis of enterprise risk management programs
- One-stop shop value proposition may not appeal to procurement professionals, particularly those responsible for corporate mandates requiring independence from third party providers supporting risk management programs and functions across the enterprise
- Dynamic resourcing model deployed for long-term transformation projects challenges continuity of enterprise risk services delivery

#### OPPORTUNITIES
- Consulting providers’ competitive advantage is their ability to create client impact through the breadth & depth of their risk expertise across a range of engagement models

#### WEAKNESSES
- Contagion effect of widely publicized failures in risk oversight involving consulting firms compromise collective brand integrity, strain trust in existing client relationships and expose consultancies to regulatory investigations that disrupt service delivery
- Increasing competition from insurance providers and law firms seeking to cross-sell enterprise risk services to shared clients and target markets
- Challenge of third-party risks inherent to complex ecosystem relationships that support delivery of enterprise risk management services and solutions

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**Consulting providers’ competitive advantage is their ability to create client impact through the breadth & depth of their risk expertise across a range of engagement models.**
Guidehouse provides enterprise risk management (ERM) services to federal agencies of the US government and organizations worldwide in the healthcare, financial services, energy, national security, and aerospace and defense industries. The firm’s Risk, Regulatory & Compliance practice specializes in risks related to cyber, human resources, information technology, operations and strategy. Enterprise risk management (ERM) is a consulting competency of all risk consultants that ensures a strategic perspective is adopted no matter which element of risk is the focus of the client engagement.

Prior to its spinoff in 2018, Guidehouse was the US public sector consulting practice of PwC and played a key role leading the 2017 update of COSO’s framework that integrated risk management with corporate strategy and enterprise performance. Since acquiring global consultancy Navigant in 2019, Guidehouse often integrates the international risk standards of ISO 31000 with COSO ERM frameworks. This practice not only reinforces a common risk taxonomy and structures between government agencies and the businesses they regulate, but also drives cross-market advancements in enterprise risk management.

Guidehouse implements comprehensive governance, risk and compliance programs that enable organizations to address critical elements for managing and controlling enterprise risk. This includes regulatory changes, process standardization and compliance changes. The firm guides clients through all aspects of managing risk and implementing internal controls in alignment with strategy setting and enterprise performance management. The ERM construct is thus designed to directly link interrelated activities and facilitate targeted communications that support risk-based decision making.

The firm combines advisory, consulting, technology and analytics, and managed services to help clients create scalable ERM programs. Guidehouse provides ongoing training and role modeling that not only cultivates a risk mindset and culture, but also reduces change management requirements.

### Pacesetter Criteria

<table>
<thead>
<tr>
<th>Business Model</th>
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<tbody>
<tr>
<td><img src="image" alt="Diagram" /></td>
<td><img src="image" alt="Diagram" /></td>
<td><img src="image" alt="Diagram" /></td>
<td><img src="image" alt="Diagram" /></td>
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</tr>
</tbody>
</table>

### Pacesetter Impact Score

- **Services offered**
- **Services not offered**

Impact Scale: None  Low  Moderate  Significant  High  Very High
KPMG's Advisory services business includes a Risk Consulting practice that offers a range of risk services, including enterprise risk management. At the core of its approach is a holistic perspective in creating integrated and aligned programs across an organization’s three lines of defense and embedding a risk aware culture so that everyone, from the chief executive to the frontline, is focused on management and optimizing risk.

KPMG helps clients strengthen core elements that underpin an effective risk management program. The firm typically begins with the board’s audit committee to develop an appropriate risk strategy and appetite. The next step is to work with the client’s risk function to establish the supporting governance, monitoring and reporting processes that leverage data analytics, technology and change management to drive aligned decision making at all levels of the organization. KPMG emphasizes developing the capabilities of internal audit and other second line functions to collaborate with first-line business units in executing on risk management. The process embeds a common taxonomy, methodology and objectives.

The firm has developed numerous diagnostic tools, frameworks and methodologies to accelerate assessment and maturation of elements linked to its risk management framework. Dynamic Risk Assessment (DRA), for example, uses advanced science and research in complexity and network theory to help clients understand the connections between all types of risk and the speed at which risk impacts the organization. The methodology is activated by a digital tool that produces the combines human and machine intelligence to identify, connect and visualize risk in four dimensions - likelihood, impact, velocity and connectivity. DRA is as useful for future risk scenario planning as it is for assessing the organization's overall risk maturity.

**Pacesetter Criteria**

- Business Model
- Value Proposition
- Service Delivery
- Client Enablement
- Brand Eminence

**Pacesetter Impact Score**

- Services offered
- Services not offered

Impact Scale: None  Low  Moderate  Significant  High  Very High

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Protiviti is committed to advancing enterprise risk management (ERM) from a compliance- and list-oriented process to a dynamic function for guiding executive decision making. Services are delivered by the firm’s Risk & Compliance practice which is led by Jim DeLoach, who is also an advisor to the Committee of Sponsoring Organizations (COSO) of the Treadway Commission, the joint initiative founded in 1985 to combat corporate fraud. Protiviti contributed essential thought leadership to the 2017 update of COSO’s integrated ERM framework and has, on its own, continued to evolve COSO’s principles and best practices in its proprietary framework, Risk-Informed ERM. A core principle underlying Protiviti’s framework is the value of ERM to boards and C-suite leaders as a tool for understanding the context within which strategies and objectives are established, decisions made, and performance managed and delivered.

Risk-Informed ERM supports the design, development and implementation of an ERM program that considers the impact of risk on strategy and performance, integrates with strategy design and execution, customizes to the client’s context and needs, and balances the measurement of risks and opportunities. The firm offers services across all phases of an ERM program lifecycle, and the framework can be customized to fit the client’s risk appetite, culture and needs.

Protiviti leverages its heritage in risk and internal audit to help clients become more agile, productive, and resilient. The Risk & Compliance practice continually innovates solutions that use intelligent automation and advanced analytics to provide insights based on enhanced risk identification and visualization techniques. In 2020 alone, Protiviti launched two solutions in response to the COVID-19 pandemic:

- Privacy as a Service (PraaaS™) is a managed service offering for automating privacy-related functions and managing corporate data to keep up with changing legislation across global jurisdictions
- Navigating Business Resilience is a complimentary, online assessment tool that identifies and prioritizes an organization’s risks across core functions, designs a lean and agile operating model, and offers a tools-supported roadmap for responding to critical requirements
Technology Services Providers in the ERM Ecosystem

These firms educate risk leaders on the value proposition for transforming enterprise risk management through technology enablement. They have consulting capabilities but go to market with a solutions-led approach anchored on the systems for sustaining operating model and organization design changes. Their goal is to strengthen organizational resilience using consistent tools, taxonomies, data and processes across the enterprise. They excel at helping clients get better leverage from technology, including emerging technologies such as machine learning and artificial intelligence that enhance applications for pinpointing specific risks and developing faster responses. These enhancements also inform the design of managed services solutions that strengthen proactive risk management with sophisticated alert mechanisms and automated incident escalation and remediation.

Points of Convergence

- Technology services providers’ penetration of the C-suite and board depends on the depth of their strategic risk consulting capabilities. Their strongest relationships are with the CIO and CISO, but these can serve as a bridge to other C-level executives in conversations that require input from multiple stakeholders across the three lines of defense operating model.

- This cohort has extensive experience providing outsourced and managed services. They provide upfront estimates of efficiencies, costs and response times for risk-related services that are necessary for helping boards evaluate the business case and performance improvement potential of comprehensive ERM programs.

- The global technology providers have massive budgets for investing in corporate development strategies that deepen or extend enterprise risk management capabilities in specific competencies, such as advanced analytics, and sector specialties. They often lead the bidding process for alliances and acquisitions across traditional and start-up communities, driving up the costs of corporate development for all providers.

ERM Market Leaders

<table>
<thead>
<tr>
<th>Technology Services Providers</th>
</tr>
</thead>
<tbody>
<tr>
<td>*Accenture</td>
</tr>
<tr>
<td>*IBM</td>
</tr>
</tbody>
</table>

Procurement Priorities

- Providers from other segments of the professional services market and industry alike consider technology services providers as little more than feeder programs for their talent pipelines, which can create service disruptions when key talent is poached. This presents a third-party risk in terms of service continuity that should be factored into service level agreements and billing structures.

- ERM platforms offered by technology services providers should be compared with those of consulting and insurance providers to determine what is unique about one over the other. Procurement is advised to adapt their organization’s accepted software comparison tools to a matrix for selecting enterprise risk management solutions.

* ALM Pacesetter; see profile in Pacesetter section
Enterprise Risk Management SWOT: Technology Services Market

**STRENGTHS**

- Solutions-led approach aligns technology investments with business and risk priorities, enabling organizations to use consistent tools, taxonomies, data and processes for a comprehensive view of the scale, scope and interdependencies of enterprise risks
- Strong capabilities for designing end-to-end risk process workflows that utilize data curated from front, middle and back offices
- Proven track record of implementing risk-related managed services, e.g., compliance as a service (CaaS) and privacy as a service (PaaS)
- Thorough understanding of how advances in risk technology should be applied in current & future-state enterprise risk operating models

**OPPORTUNITIES**

- Expand assessments and frameworks to identify opportunities for integrating high-performing optimization and efficiency techniques from siloed risk functions into enterprise risk platforms
- Create enterprise risk scenario modelling tools that incorporate artificial intelligence and machine learning to identify known and unknown risks
- Leverage artificial intelligence embedded in cybersecurity systems to understand changing patterns of employee behaviors and related risks of remote work environment
- Develop use cases for managed services as drivers of organizational resilience

**WEAKNESSES**

- This cohort tends to exhibit deep technical expertise in a specific industry or risk domain but is unable to scale these niche assets to meet the broader needs of the C-suite
- Anecdotal evidence shows frequent poaching of technology providers’ talent over the past year by competitors growing their enterprise risk practices
- Tech providers are not as engaged in the broader ecosystem of enterprise risk stakeholders and thought leaders such as regulators, associations and academia, rendering innovations unlikely to reflect advances in the management science of enterprise risk

**THREATS**

- Intense competition for InsurTech alliances from all segments of the enterprise risk services market raises cost of corporate development and innovation
- Strong competition from Big Four firms with deep technology consulting and systems implementation capabilities, robust ecosystems of risk technology and data analytics start-ups, and strategic risk consulting expertise; competition will grow as all are investing to grow their enterprise risk management platforms
- Competition from management consulting providers with highly technical and specialized analytics capabilities that transform fragmented data into insightful metrics, making risk management actionable at the executive level

Technology providers’ competitive advantage is a capability for connecting clients’ ecosystems of risk tools for identifying and monitoring enterprise risk
Accenture offers enterprise risk management services through two practices. The Finance & Risk offering targets buyers and stakeholders in financial services organizations with services related to business models, operations, profitability, and regulatory matters for banks, capital market advisors and insurance companies. Within Accenture Strategy & Consulting, the CFO & Enterprise Value service line goes to market with an issue-oriented approach to helping finance officers understand how they can leverage the tools of digital transformation to better manage risk and create value.

Highlighting its strength in digital transformation, Accenture advises clients on the design, selection and implementation of technology solutions that reduce their enterprise exposure to risk. These solutions integrate next-generation data and analytics tools to perform a range of financial risk management, regulatory and compliance functions. For example, Accenture helps clients design and develop surveillance tools that capture and monitor data across business units and functions to identify patterns and capture anomalies.

Accenture maintains a dedicated risk analytics practice that provides specialized modeling and big data analytic capabilities to improve the quality, consistency and automation of specific financial risk management activities. The firm’s global network of innovation centers provides collaboration spaces where clients can work with Accenture’s data scientists who have combined finance, risk, regulatory and advanced platform skills with analytics software such as SAS®, Tableau®, Qlik®, Apache®, Hadoop®, Cloudera® and more.

By leveraging big data, cloud and artificial intelligence (AI), finance functions can reduce internal organizational complexity to combat financial crime, improve operational resilience and comply with evolving financial regulations. However, by placing enterprise risk within the purview of financial services organizations and CFOs alone, Accenture overlooks the multifunctional perspective that has become imperative to a holistic approach to enterprise risk management.

<table>
<thead>
<tr>
<th>Business Model</th>
<th>Value Proposition</th>
<th>Service Delivery</th>
<th>Client Enablement</th>
<th>Brand Eminence</th>
<th>Pacesetter Impact Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impact Scale:</td>
<td>None</td>
<td>Low</td>
<td>Moderate</td>
<td>Significant</td>
<td>High</td>
</tr>
</tbody>
</table>

Enterprise Risk Management Services

- Enterprise Risk
  - Strategic risk
  - Operational risk
  - Financial risk
  - Brand risk
  - Legal & regulatory risk
  - Cyber/IT risk
  - Human capital & workplace risk
  - Third-party risk

Managed risk services
- Risk analytics
- Risk technology

Services offered
- Services not offered
IBM goes to market with a solutions-led approach to enterprise risk management (ERM), combining strategic advisory, systems design and implementation, risk analytics, cloud solutions, and managed services. ERM is a consulting competency embedded in the firm’s Risk Consulting and Fraud Management practice, and while the approach is industry-agnostic, it has been developed primarily for financial services companies and buyers in the finance and IT functions.

IBM seeks to help clients gain visibility and control over operational risk through increased instrumentation, interconnectedness and intelligence using the technologies of artificial intelligence - that is, by transforming into a Cognitive Enterprise™. A key building block of the cognitive enterprise is platform security. As such, the core principles of ERM guide the design of all solutions, which can be further customized to the client’s specific ERM strategies and objectives.

A fundamental component of the cognitive enterprise model is what IBM calls intelligent workflows, that is, end-to-end business processes that utilize data curated from an organization’s front, middle and back offices. Intelligent workflows are enabled by platform solutions hosted on the IBM Cloud and powered by the artificial intelligence technologies of IBM Watson. For managing enterprise-wide risk, IBM offers IBM OpenPages, a SaaS-based governance, risk and compliance solution that combines ERM consulting expertise with managed services.

IBM’s expanding suite of technology solutions helps clients reduces the costs and improve the effectiveness of ERM activities. Recent initiatives seek to combine IBM Watson with the deep domain expertise of Promontory Financial Group, the risk management and compliance consulting boutique acquired in 2016. These solutions are wide-ranging and include enabling analytical dashboards for conduct, performance or transactions monitoring, and mining large data sets to identify non-obvious and nefarious trends or relationships. Together, these tools not only identify risk but also inform the development and execution of risk policies and thresholds.

<table>
<thead>
<tr>
<th>Pacesetter Criteria</th>
<th>Pacesetter Impact Score</th>
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<tbody>
<tr>
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<td>Value Proposition</td>
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<tr>
<td>Service Delivery</td>
<td>Client Enablement</td>
</tr>
<tr>
<td>Brand Eminence</td>
<td></td>
</tr>
</tbody>
</table>

Impact Scale:  None  Low  Moderate  Significant  High  Very High
The goal of ALM Pacesetter Research is to help buyers of professional services navigate an increasingly complex landscape with confidence. We use a multidisciplinary perspective to identify best-in-class providers of legal, consulting, financial, insurance, employee benefits, and other professional services, and analyze how they are evolving as an ecosystem of interdisciplinary service providers. Our research is grounded in over 50 years of accumulated market insights and qualitative research models that combine knowledge of management science with case studies and other sources of knowledge to understand patterns of market supply, demand, behavior and ways of doing business.

IDENTIFY
- The ALM Pacesetter Advisory Council (PAC) convenes in advance of the research project kick off; members include ALM journalists and editors, and external experts such as consultants, general counsel and industry thought leaders
- The PAC selects the set of Market Leaders that will be covered in the research topic from a larger group of providers that members have identified in the normal course of their work
- PAC members also provide expert knowledge and insights to the ALM Pacesetter team throughout the research and analysis process

RESEARCH
- The ALM Pacesetter Team within ALM Intelligence conducts primary and secondary research
  - Primary research includes in-depth interviews with practice leaders at the provider firms covered in the research; satisfaction interviews with clients referred by those providers; and in-depth interviews with thought leaders, recruiting professionals and other sources
  - Secondary research includes data gathered from annual reports and earnings calls, management presentations, public filings, case studies, press releases, journals and publications, online information databases and other publicly available resources

ANALYZE
- ALM Pacesetter analysts evaluate and score the Market Leaders against five core criteria
  1. Business model
  2. Value proposition
  3. Service delivery
  4. Client impact
  5. Brand eminence
  See criteria definitions on next page
- Market Leaders that achieve a Pacesetter Impact Score equal to or over 85 are designated as ALM Pacesetters
- Pacesetter analysts map markets and stakeholders and write market trends
- Market segment overviews are peer reviewed by the appropriate PAC member
ALM defines enterprise risk management (ERM) services as professional services that increase stakeholder value by helping clients prioritize and act on risks in relation to an organization’s corporate, business and financial objectives.

The ERM services value chain spans advisory practices that support the risk discovery process and the design and the implementation of risk management governance models, systems and processes for operationalizing ERM strategies.
## Definitions: Pacesetter Evaluation Criteria

<table>
<thead>
<tr>
<th>Core Criteria</th>
<th>Definition</th>
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<tbody>
<tr>
<td><strong>Business Model</strong></td>
<td>Provider's ability to reposition core competencies around new products, services, and business models to adapt to shifting patterns of market supply, demand, behavior and ways of doing business</td>
</tr>
<tr>
<td></td>
<td>Detailed Criteria: Scope of services, Supply chain, Ecosystem, Corporate Development, Innovation Capability</td>
</tr>
<tr>
<td><strong>Value Proposition</strong></td>
<td>Provider’s ability to deliver on its value proposition, i.e., the positioning statement that communicates the benefits and economic value a prospect will receive by purchasing the provider’s products and services over a competitor’s</td>
</tr>
<tr>
<td></td>
<td>Detailed Criteria: Differentiated services, Risk management, Measurable outcomes, Evidence-based solutions, pricing options</td>
</tr>
<tr>
<td><strong>Service Delivery</strong></td>
<td>Provider’s ability to mobilize resources and configure assets to serve clients</td>
</tr>
<tr>
<td></td>
<td>Detailed Criteria: Solutions design, Engagement model, Talent and culture, Project management, Enabling tools</td>
</tr>
<tr>
<td><strong>Client Enablement</strong></td>
<td>Provider’s ability to help clients affect continuous, sustainable change, improve performance and achieve growth</td>
</tr>
<tr>
<td></td>
<td>Detailed Criteria: Client relationship management, Business case development, Stakeholder conversations, Change management and capability development, Living laboratory</td>
</tr>
<tr>
<td><strong>Brand Eminence</strong></td>
<td>Provider’s ability to leverage brand and marketing strategies to differentiate in its marketplace as an expert practitioner and thought leader</td>
</tr>
<tr>
<td></td>
<td>Detailed Criteria: Thought leadership, Intellectual property (IP), External research partnerships, Sales and marketing, Case studies</td>
</tr>
</tbody>
</table>
## Risk Matrix Definitions

<table>
<thead>
<tr>
<th>Risk Services</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strategy</strong></td>
<td>Project-based management consulting services designed to enhance business growth opportunities</td>
</tr>
<tr>
<td><strong>Operations</strong></td>
<td>Project-based management consulting services focused on improving the functional capabilities and resources required to operationalize the business strategy</td>
</tr>
<tr>
<td><strong>Advisory</strong></td>
<td>Ongoing services provided by professionals who are licensed or certified in a specific functional discipline that may be regulated by a body of law or practiced according to industry-based technical standards</td>
</tr>
<tr>
<td><strong>Technology</strong></td>
<td>Services designed to enhance productivity and/or business performance through the utilization of enabling technologies for strategic and operational decision support, business process automation, digital risk management, and information technology (IT) enterprise and network security</td>
</tr>
<tr>
<td><strong>Managed/ Outsourced</strong></td>
<td>Managed and outsourced services involve the provision of technology-enabled process management services by an external provider. Managed services differentiate from outsourcing in several ways. They are provided by highly skilled talent with deep domain expertise who are capable of making risk-based decisions on behalf of the client; contracts are structured on an outcomes-based pricing model rather than hourly billing; the relationship is long-term compared to outsourcing’s typical five- to seven-year contract; and they are typically deployed using cloud technologies.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Risk Strategy</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Reactive</strong></td>
<td>Actions in response to a risk occurrence, e.g., mitigating damage from risk event, implementation of business continuity plans during a risk event and root-cause analysis of risk events</td>
</tr>
<tr>
<td><strong>Proactive</strong></td>
<td>Actions that address perceived risks before they occur, e.g., identification and prioritization of risks, risk monitoring and implementation of risk controls</td>
</tr>
<tr>
<td><strong>Predictive</strong></td>
<td>Actions that forecast future, potential risk occurrences, e.g., risk assessments, case studies/use cases/claims scenarios, risk scenario planning and simulated war games</td>
</tr>
</tbody>
</table>
This table defines the acronyms and risk responsibilities of the corporate positions that appear in the Enterprise Risk Management Stakeholder Map on page 8.

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Definition</th>
<th>Line of Defense</th>
<th>Areas of Risk Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>CCO</td>
<td>Chief Compliance Officer</td>
<td>2nd</td>
<td>Responsible for establishing standards and implementing procedures to ensure compliance programs effectively identify, prevent, detect and correct noncompliance with applicable laws and regulations</td>
</tr>
<tr>
<td>CEO</td>
<td>Chief Executive Officer</td>
<td>1st</td>
<td>Collaborates with Board in fiduciary oversight role; responsible for enterprise risk management strategy overall</td>
</tr>
<tr>
<td>CFO</td>
<td>Chief Financial Officer</td>
<td>1st</td>
<td>Manages funding of risk resources, programs and insurance; analyzes impact of risk events on bottom line; monitors and reports on ROI of risk investments, including insurance</td>
</tr>
<tr>
<td>CHRO</td>
<td>Chief Human Resources Officer</td>
<td>1st</td>
<td>Contributes to development of risk policies and procedures related to workforce and workplace matters; central source of risk training, communications, and change management for employees, managers and leaders</td>
</tr>
<tr>
<td>CIO</td>
<td>Chief Information Officer</td>
<td>1st</td>
<td>Responsible for monitoring and enforcing risk policies, procedures and practices related to information technology</td>
</tr>
<tr>
<td>CISO</td>
<td>Chief Information Security Officer</td>
<td>1st</td>
<td>Responsible for monitoring and enforcing risk policies, procedures and practices related to corporate data</td>
</tr>
<tr>
<td>CMO</td>
<td>Chief Marketing Officer</td>
<td>1st</td>
<td>Manages, monitors and mitigates organization’s brand and reputational risk; leads external crisis communications</td>
</tr>
<tr>
<td>COO</td>
<td>Chief Operating Officer</td>
<td>1st</td>
<td>Assesses, controls and mitigates risks impacting day-to-day operations and business processes</td>
</tr>
<tr>
<td>CPO</td>
<td>Chief Procurement Officer</td>
<td>1st</td>
<td>Manages and audits third-party risk; collaborates with CFO and GC on insurance procurement</td>
</tr>
<tr>
<td>CRO</td>
<td>Chief Risk Officer</td>
<td>2nd</td>
<td>Primary responsibility for enterprise risk management strategy and operations; leads corporate risk function; collaborates with GC and CPO to procure insurance in line with organization’s risk strategy and appetite</td>
</tr>
<tr>
<td>GC</td>
<td>General Counsel</td>
<td>2nd</td>
<td>Advises Board and senior management on governance, compliance, risk and legal matters; responsible for developing, implementing and monitoring programs to support the business’ risk owners</td>
</tr>
<tr>
<td>IA</td>
<td>Internal Audit</td>
<td>3rd</td>
<td>Provides independent assurance that the organization’s risk management, governance and internal control processes are operating effectively</td>
</tr>
</tbody>
</table>
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