



## Risk Intelligence - Managing Big Risks in the New Era of Big Data

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### Panelists



**Ray Vazquez**  
CEO, Infinitive Insight  
and Former VP,  
Governance, Risk &  
Controls, Fannie Mae



**Jay Zaidi**  
Data Governance,  
Data Quality & MDM  
Thought Leader



**Vidya Phalke**  
Chief Technology  
Officer, MetricStream



## Impact of Stakeholders

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Ray Vazquez, CEO, Infnitive Insight  
and Former VP, Governance, Risk & Controls, Fannie Mae

<http://www.infnitiveinsight.com>



## Importance of Holistic Quality of Data

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Jay Zaidi, Data Governance, Data Quality & MDM Thought Leader & Practitioner

<http://www.jayzaidi.com/>

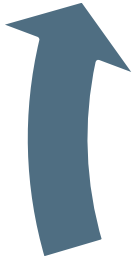
# What's at Risk



**Operational  
Risk**



**Financial  
Risk**



**Reputational  
Risk**



**Regulatory  
Risk**





# Drivers for GRC in Financial Services

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**What did the Global Financial Crisis in 2008 cost the world economy?**

**Between \$60 Trillion and \$200 Trillion**

**What were the root causes?**

**“Data Gaps” and “Systemic Risk”**

**What was the reaction?**

**Regulations & Panic - Dodd-Frank (BASEL & Solvency)**

**IMF and FSB identified Quality, Governance, Standards and Information Sharing as major gaps that must be addressed to mitigate “Systemic Risk”.**

# Role of Business Objectives

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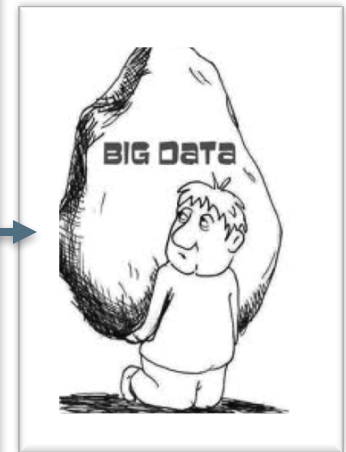
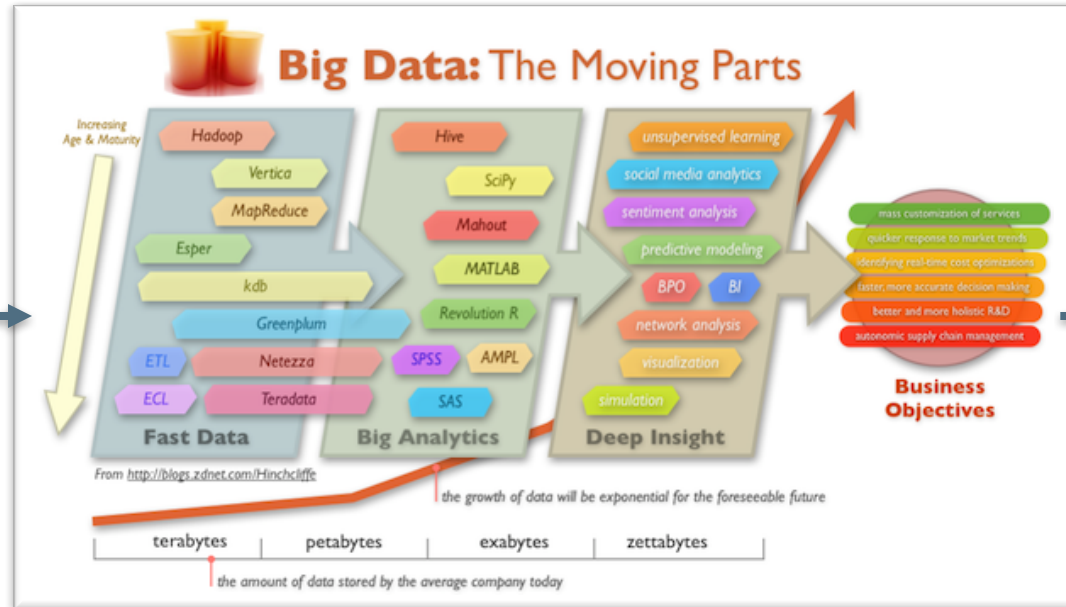
- The 1986 Movie Hit Gung Ho – is great illustration of business objective linkage and risk management
  - Business Objective – Produce 15,000 cars in a month
  - Business Reaction:
    - Line workers know the reality that the goal is not possible
    - Line management stretches production systems and processes that were not designed to produce the targeted volume
    - Quality shortcuts taken to hit the number
- Without business objective linkage – risks stand alone without context
- You could manage all your risks but not achieve the business objectives – What did you really accomplish?

# Shared View of Risk

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# The Big Data Lifecycle



From Dion Hinchliffe's article "The enterprise opportunity of big data – closing the clue gap"

1. Structured & Unstructured Data

2. Data Governance, Holistic Data Quality And Analytics

3. Risk Intelligence

4. Data Archive

**Firm's must embrace holistic data quality management and data governance paradigms. They enable trusted data for Risk Intelligence.**



# Components of a Holistic Data Quality Framework

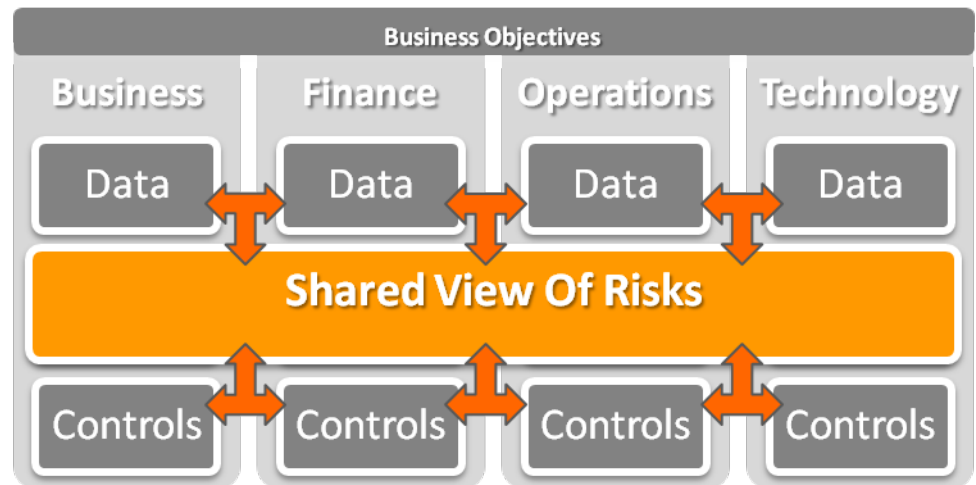
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- Single version of the truth for business semantics (e.g. Data Dictionary & Glossary)
- Assignment of accountability for data quality across the Information Supply Chain (e.g. Trustees, Custodians and Stewards)
- Consistent definition of data quality requirements (e.g. Data Quality (DQ) Dimensions)
- DQ thresholds and tolerances
- DQ measurement across the Information Supply Chain
- Data quality and governance-related business intelligence
- Continuous improvement process for data (e.g. Six Sigma)

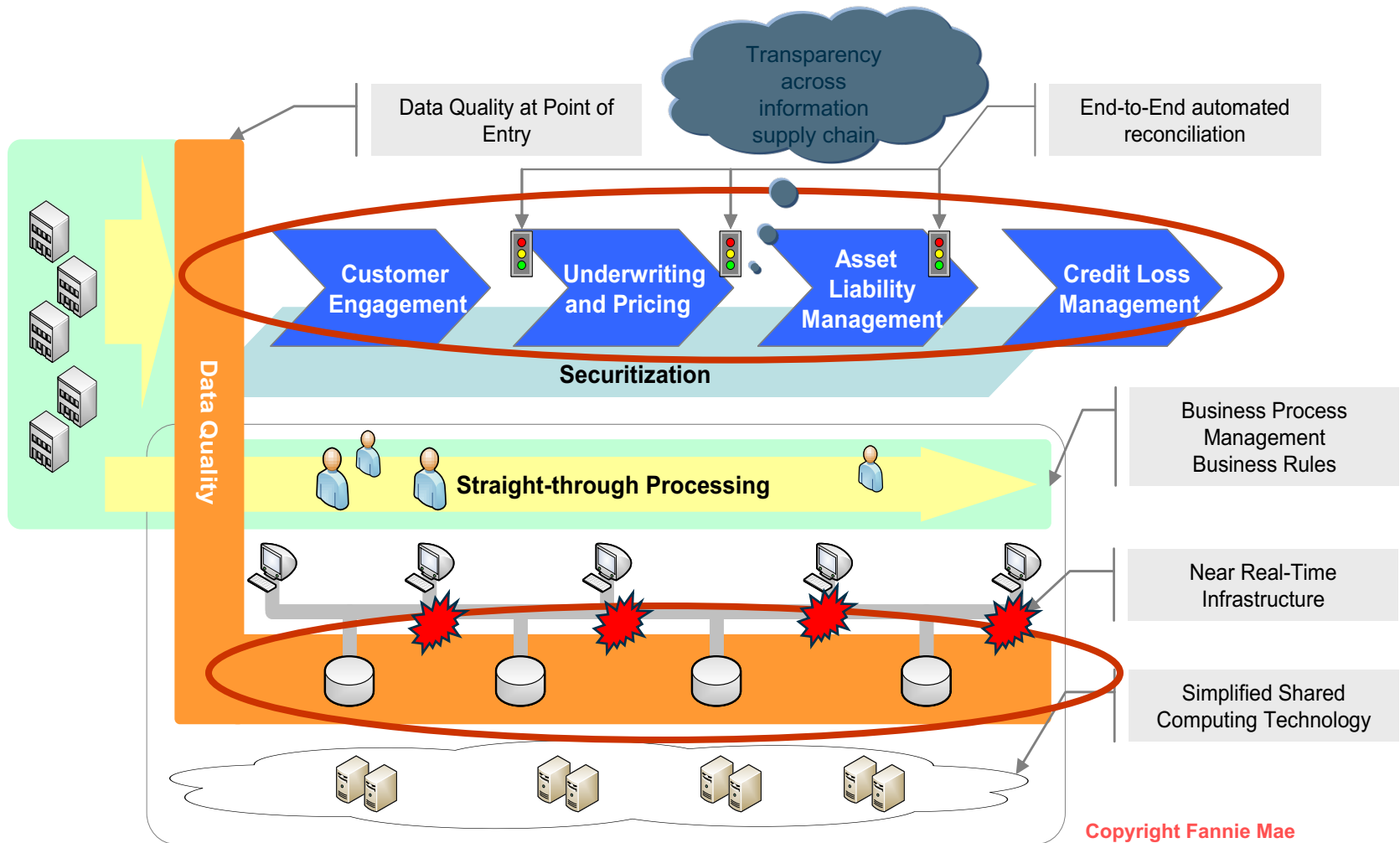
**The HDQ Framework facilitates proactive management of data quality. This results in trusted data required for Risk Intelligence.**

# Shared View of Risk

- In today's current environment , Data, Risks & Controls are typically addressed within their respective areas
- Implementing a common platform to share the view of risks across and organization. Data and Controls are local, but Risks cut across the organization.



# Strong Controls Result in Trusted Data



**Automated data quality controls at point of entry and end-to-end reconciliation, coupled with profiling of “at-rest” data, ensures strong controls – resulting in “trusted data”.**

# Risk Management Objectives Across Stakeholders

## FINANCE

### PROVIDE CONFIDENCE IN FINANCIAL REPORTING

- Ensure reliable metrics through governance & assurance
- Sustain Sarbanes-Oxley compliance
- Execute efficient financial statement close process
- Prevent and detect fraud

### PROVIDE ACCOUNTABILITY & TRANSPARENCY

- Standardize financial management operations
- Focus on forward-looking reporting
- Share information with internal and external stakeholders

## OPERATIONS

### PROVIDE EFFECTIVE & EFFICIENT OPERATIONS

- Establish and enforce operations and quality standards
- Manage operations to meet financial and strategic goals
- Develop, establish, and direct the execution of operating policies

### MANAGE AGAINST OPERATIONAL SURPRISES

- Monitor performance measurements and metrics
- Oversee timely and sustainable remediation activities
- Ensure compliance with legal and regulatory requirements
- Sustain operations through unplanned events
- Prevent & detect fraud

## INFORMATION SECURITY

### PROTECT INFORMATION ASSETS

- Prevent unauthorized disclosure of Non-Public Information
- Prevent and/or detect Intellectual Property theft
- Prevent and/or detect Confidential Information leakage
- Maintain Payment Card Industry (PCI) Compliance

### ACTIVELY MONITOR AGAINST THREATS

- Protect against external attacks
- Protect against malicious insiders
- Monitor emerging threats

## TECHNOLOGY

### PROVIDE EFFECTIVE & EFFICIENT OPERATIONS

- Manage enterprise architecture & complexity
- Manage 3<sup>rd</sup> party service providers
- Sustain IT operations through unplanned events
- Provide cost effective and flexible IT services

### SUPPORT THE BUSINESS

- Deliver reliable software
- Anticipate and manage technical infrastructure demand
- Maintain software license compliance
- Provide technical infrastructure to support internal controls

# References

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4. Holistic Data Quality – A New Paradigm in Data Quality Management: <http://www.dataversity.net/holistic-data-quality-a-new-paradigm-in-enterprise-data-quality-management/>
5. Deploying an Enterprise Data Quality Program: [http://www.dataqualitypro.com/default.asp?page=jay\\_zaidi\\_interview](http://www.dataqualitypro.com/default.asp?page=jay_zaidi_interview)
6. Proactive and Reactive Techniques To Address Information Quality Challenges Head On: <http://www.tdan.com/view-articles/15835>





## MetricStream GRC Big Data Platform

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Vidya Phalke, CTO **MetricStream, Inc.**

# About MetricStream

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## Vision

Delivering Business Performance through Integrated Governance, Risk and Compliance

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## Solutions

- Compliance Management
  - Risk Management
  - Internal Audit Management
  - Policy & Procedure Management
  - Issue and Incident Management
  - IT GRC
  - Supplier & Vendor Governance
  - Quality Management
  - Environmental Health & Safety
  - Energy & Sustainability Management
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## Market Leadership

- Serving Leading Global Corporations
  - Industry Specific GRC Offerings
  - Patented GRC Platform Technology
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## Analyst Recognition

 Gartner

Leader in Gartner GRC Magic Quadrant

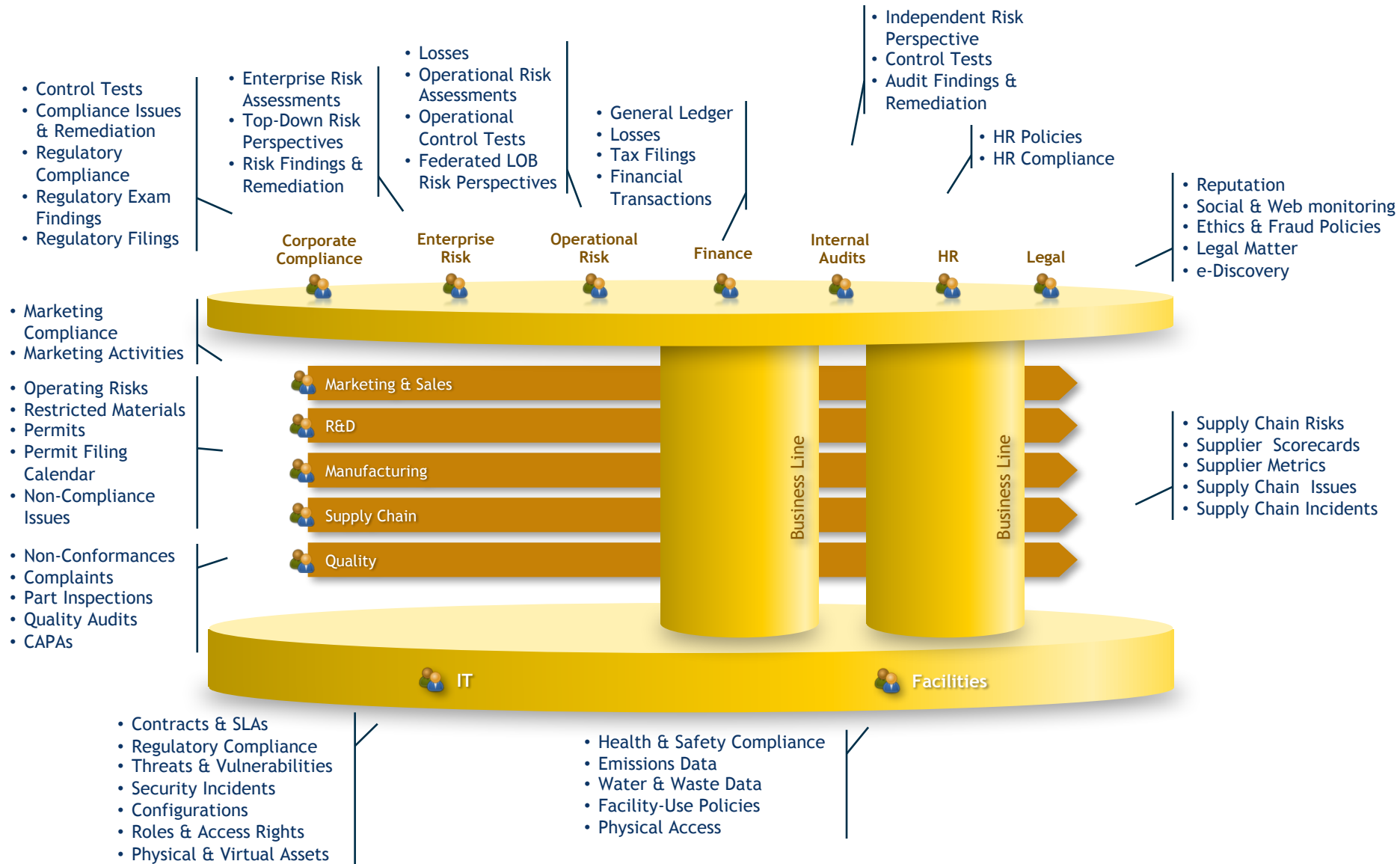
 FORRESTER

Leader in Forrester GRC Wave

 ChartisResearch

Market Leader in Operational Risk and GRC Software Solution for Banks

# GRC Big Data



## MetricStream's Approach to Big Data for Governance, Risk and Compliance

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- Transparent and Flexible methodology for Processing and Aggregating Big Data
- Common tagging framework for all sources of Big Data using MetricStream Infolets
- Normalization across the Enterprise and as per Industry Standards
- Full Audit-Trail of information flowing in and out of the Solution

# Q&A



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Thought Leader & Practitioner  
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**Thank You**

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