



Technology Risks 2018

Emergence of fast evolving digital technologies, increased regulatory pressure and global economic uncertainty are key factors in the current risks landscape. KPMG Risk Consulting assists clients to develop robust risk mitigation methods by interpreting the underlying drivers of global risks.

Global
2018



- Ineffective management and procurement of parts and component required by technology providers may hamper company operations
- Challenges in logistics and inventory planning may hamper supply chain management

- **Breach of personal information**, which may lead to identity theft, access management risks and reputational damage
- **Quality problems in products and services** can result in decreased sales and operating margin and harm the company's reputation

- Major upheavals such as **loss of facilities, diseases and other natural disasters** which can affect national as well as international operations

- **Inability to attract and retain qualified personnel** while appropriately managing costs related to employee benefits

- **Slowdown in technology investment** by corporates owing to depressed economic outlook from factors such as UK's vote to leave the EU (Brexit), economic recession in Brazil and Russia and slowdown in China
- Intense **pressures to continuously develop and upgrade new, innovative products** to meet unpredictable customer demand
- **Increase in competition** driven by entry of new off-shore service providers
- Intense **pressures to continuously develop and upgrade new, innovative products** to meet unpredictable customer demand
- Expanding **international operations leading to risks due to non-compliance** with various regulations, economical and political developments, discriminatory fiscal policies etc.

- Risks relating to **infringement of intellectual property rights** including patents, trademarks, licenses, technologies, copyrights or business processes
- **Legal and compliance risks due to changes in international and domestic laws**, trade policies, tax regulations, as well as legal proceedings related to product liability and warranty claims

- **Increasing price volatility of raw materials** including steel, aluminum, copper, zinc, rubber, platinum, palladium and rhodium
- **Financial risks** relating to **credit risk, liquidity and refinancing risks** can adversely hamper a company's liquidity
- **Market risks** due to fluctuations in interest rates, currency exchange rates, prices, credit spreads and volatility in capital markets

- Inability to **standardize products** across the industry to ensure effective integration of **IoT** in future
- Inability to achieve seamless integration and communication between various digital products and platforms including mobile platforms, tablets and other forms of access
- IT risks relating to malfunction or disruption in the operation of the systems, or cyber-security breaches, could adversely impact the company's ability to compete

- **Risks to existing business strategy** as enterprise customers increasingly adopt pay-per-use or consumption-based models
- **Failure to complete or integrate acquisitions and JVs** into the existing operations, or to complete or manage divestitures
- **Unexpected competition from players operating in fast emerging digital ecosystems** (industrial internet or smart cities) poses a threat to operations and the market share of technology enterprises

