

## Your DRA contacts



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Andries Terblanché is the Global Lead of Dynamic Risk Assessment, which he spent 10 years developing and is now scaling for use across KPMG's network of member firms. Andries joined KPMG in 1984 and was admitted to the partnership in 1994. He has worked in the South African, New Zealand, Australian and UK member firms. He advises on systemic risk to clients across industries.

Until his relocation to London in 2016, he was an Adjunct Professor of Risk and Actuarial Studies at the University of New South Wales in Australia, and a guest lecturer at the University of Technology in Sydney. In 2015 he was nominated by New York University and the Hong Kong University of Science and Technology to become a member of the international honours society Beta Gamma Sigma in recognition of academic performance and his contribution to business.

In 2016 Andries was appointed one of 11 Senior Research Fellows to the Institute of Global Finance (IGF), joining a number of Nobel Prize winners and other prominent academics in recognition of his ground-breaking research on systemic risk. The IGF is the leading global academic institution on systemic risk and the subject of interconnectedness.



# Dynamic Risk Assessment

KPMG Dynamic Risk Assessment (DRA) is an evolution in risk assessment. The KPMG proprietary methodology applies highly sophisticated algorithms and the latest scientific developments in 'network theory' and 'wisdom of the crowd' to identify, connect and visualize your risk network in four dimensions. It helps you to reveal unaware knowledge on risks you have in your organization. The result will for example impact your efficient allocation of resources on risk mitigation.

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More dimensions  
 More perceptions  
 More intelligence

DRA was developed to provide KPMG auditors and clients with a better understanding of the risks their organizations face in today's complex world of developing technology, emerging markets, climate change, growing populations and other mega trends that interact to shape our future.

Traditional risk management methodologies that focus on single risk events with high likelihood and severity do not always consider structural breaks, interconnectedness or the velocity with which risks can impact operations. Risks combine: they spill over to each other, they don't manifest neatly in separate compartments and we no longer have the luxury of dealing discretely with single risks. Instead, we need to consider whether, and how risks can potentially cluster, as well as the potential cumulative impact of such clusters. We need to advance beyond historical risk analyses comprising of two-dimensional depictions to expected probability and severity. We are required to consider a third, and indeed a fourth dimension: velocity and contagion. This, together with the consideration of the global trends that are shaping our world, is what Dynamic Risk Assessment encompasses.

Pioneered by Global Lead Andries Terblanché, a KPMG Partner and Research Fellow to the Institute of Global Finance, and a team of data scientists, mathematicians and economists, DRA takes an unprecedented approach to gaining insights into clients' risk environments by pinpointing central risks and shedding new light on the effectiveness of controls.

KPMG DRA is based on your conscious and unconscious knowledge about risks in your organization. Through well designed facilitation we explore this knowledge and merge it with highly sophisticated, proprietary algorithms to reflect insights on the risks you face in your organization.

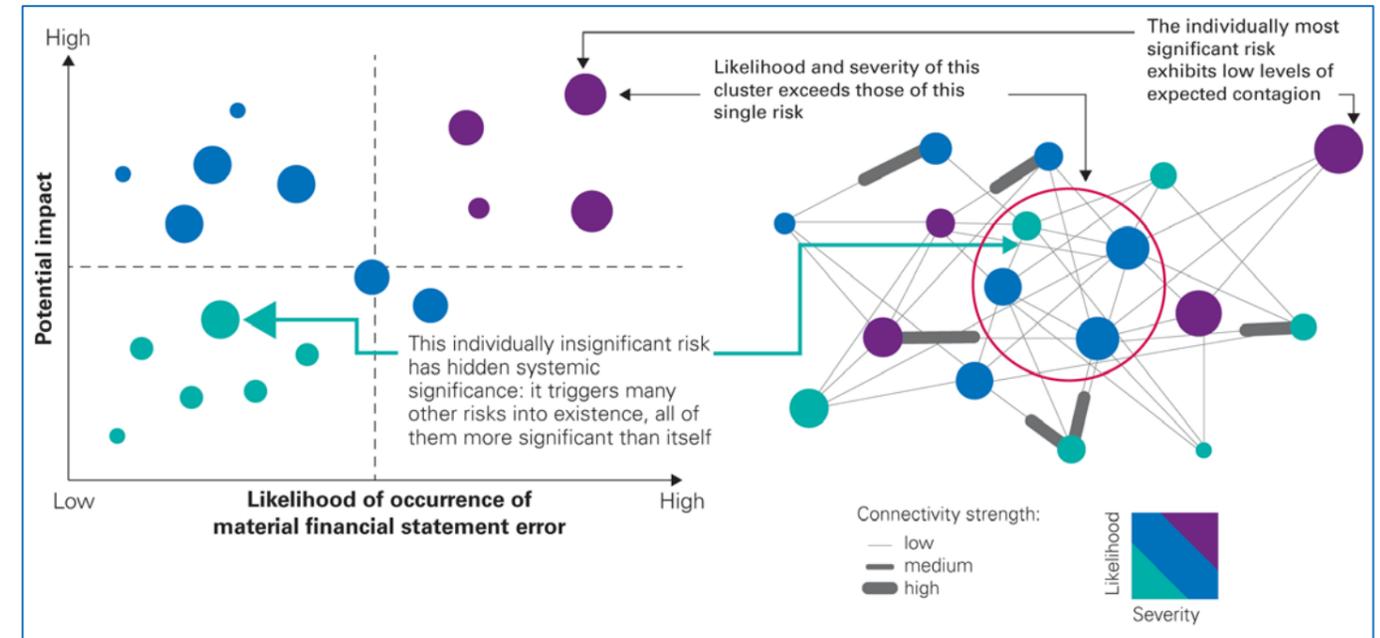
**Your benefits include:**

- Revealing the combination of all your experts' knowledge of the organization's risks
- Identifying your greatest systemic risk exposures, combinations and clusters of risks and formulating a longer term risk agenda with a view to mitigating these
- Revealing how your risks trigger each other in the network and how they behave in a dynamic manner over time
- Identifying the interplay of "mega trends" and their effects to your business
- Provide insights that may help you improve allocation of your investments to the mitigation of the systemically most pertinent risks
- Providing a framework to revisit the risk appetite statement and overall risk management strategy
- Assisting the business in preparing strategic risk plans

KPMG Dynamic Risk Assessment is applied since 2013 with the first clients in Australia. Based on initial feedback the methodology was continuously improved and adapted. Today, we have delivered DRA insights to clients in the United States, United Kingdom, Germany, Sweden, France, New Zealand, to name a few, receiving very positive feedback.

Your organization's risks are interconnected –  
 how do you assess the impact?

## From 2 to 4 dimensions



## DRA process

In general a DRA process will take at least six weeks. The main challenge lies in the preparation of the risk list that will be used to populate the online survey. In order to achieve the best possible results, we conduct interviews and carefully structured workshops in which we introduce structural breaks in an established process.

We outline below the key processes included in our Dynamic Risk Assessment service offering:

