HORIZON RISKS

SITUATION:

A critical component of effective risk management is to foresee emerging risks and determine the right course of action. This need presents a number of challenges, in particular:

- Such risks are typically associated with external events - a change in market conditions, political developments, competitor activities, i.e. things that fall beyond the immediate reach of the business, making them hard to detect.
- The world is changing - greater connectivity, new economies, greater market disruption, and political unrest is increasing the number of critical events that could impact the business and require an appropriate response.
- By definition, these events are unknown-unknowns so those assigned to identify horizon risks, won't know what to look for.

Central risk management functions will typically look to line management to identify horizon risks, recognizing they are the best placed group to identify them. However, this will typically be a discrete/periodic process with line management relying on prior knowledge, intuition, or general market guidance (i.e. analyst reports) when performing these tasks.

IMPACT:

Slow detection of emerging risk makes a business less competitive and will erode shareholder value.

RESOLUTION:

Pluaris allows for the current process of risk scanning which is likely to be broken since it is discrete to become continuous. Pluaris' capability to read, comprehend, and automatically assign every sentence with a risk score makes the process continuous. Regardless of whether data comes from external press and media or internal sources, Pluaris is seamlessly integrated to be part of a team members daily workflow. Pluaris will automatically discern risks, identify the reasons behind it and provide various mechanisms from daily briefings to periodic assessment tools assimilating intelligence from various cross-functional teams. Nowigence believes that over time it can develop a platform that allows for a probabilistic model of future risks. However, this can become realistic on developing trust in AI as the teams work on it starting with its current features and corroborating its capability to read and comprehend.