



IT Risk Reporting at Euroclear

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ISACA Belgium Chapter - Round table meeting

24 February 2010



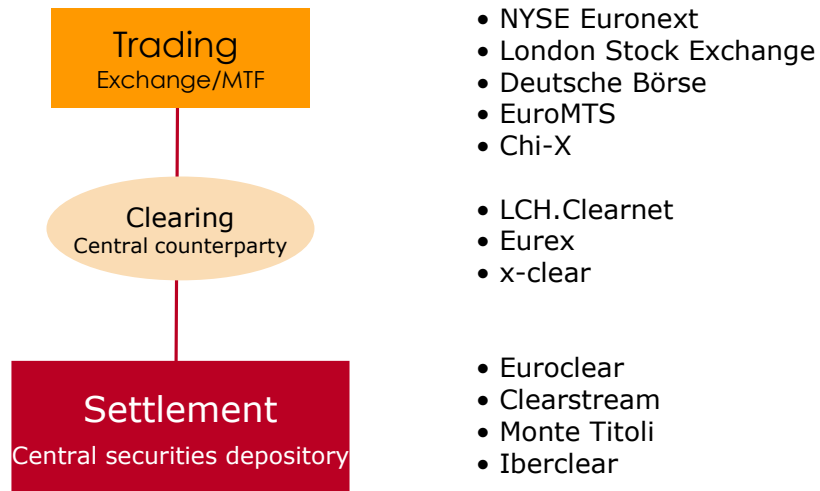
Agenda

- Introduction of Euroclear
- Bottom up approach
 - Mapping risks at an Operational level to IT Processes
- Top down approach
 - Mapping risks at a Strategic level to IT Processes
- Using process maturity to drive your Risk Mitigation Plan
- Additional information

What is Euroclear?

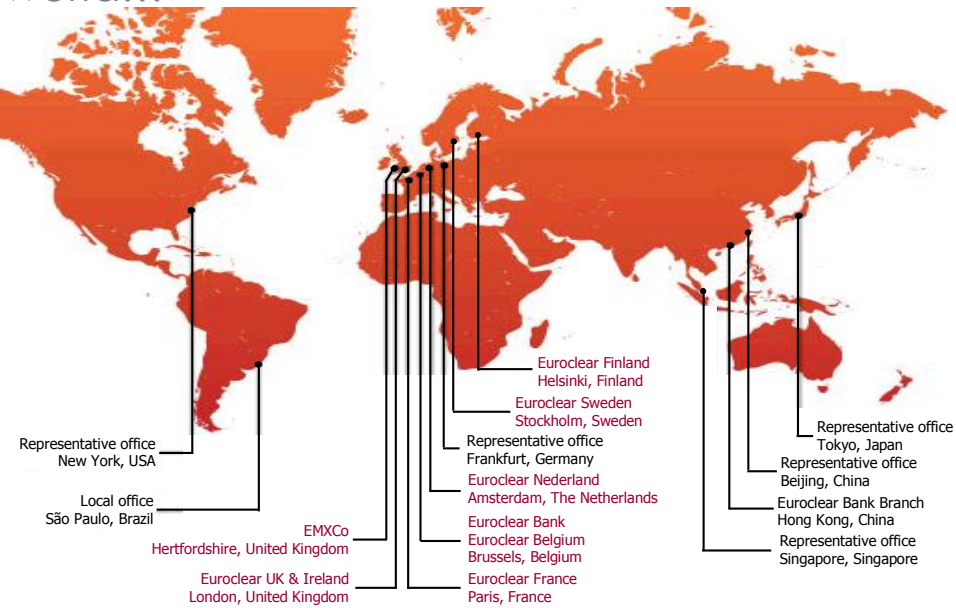
- Financial Market Infrastructure
 - Settlement (domestic/cross-border for bonds, equities, funds and derivatives)
 - Asset servicing
 - Asset optimization
- Main figures
 - Total value of transactions settled in 2008 = € 18 trillion
 - Turnover in 2008 = € 560 trillion
 - Number of transactions in 2008 (after netting)= 160 million
- Strategy
 - Harmonisation
 - Consolidation

European capital market infrastructure providers



External use

Euroclear group in the world...

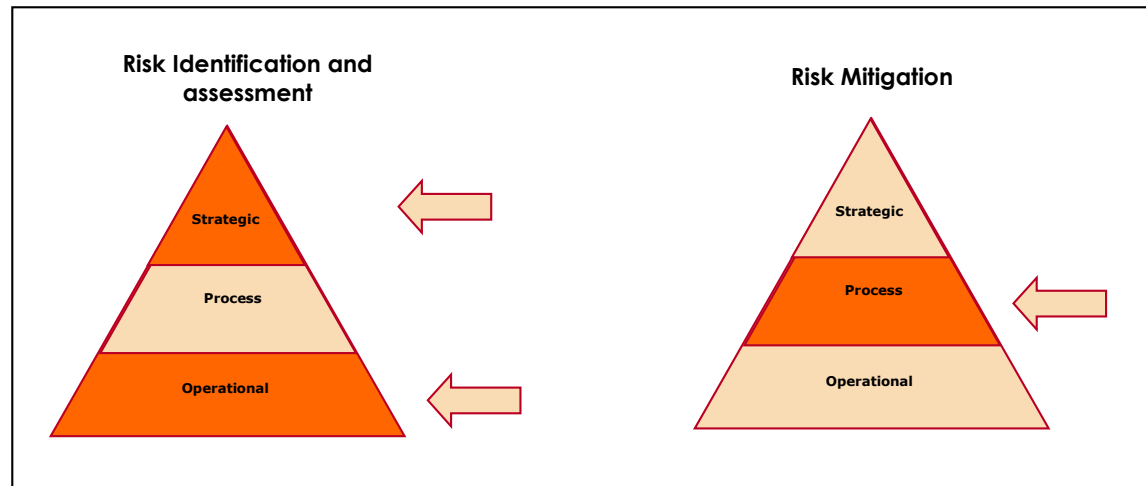


Euroclear serves clients in their own language across time zones

The challenge

IT risk management function was to develop a **risk reporting framework** that the **Corporate Technology (CT)** management team would embrace and use to **manage IT risks more effectively**.

Approach



External use

Bottom-up approach

Made use of the operational reporting that was in place however:

- Large number of issues made it difficult to focus on main problem areas
- Impossible to identify overlaps and gaps
- No relation to process layer

CT Operational Risk Dashboard (Simplified Example)

Impact	Impact Scope	Impacted Entity/Services	Status	Issue Depts	Issue Title	AP Owner	AP Type	AP Target date	AP Revised Date	AP Delay
High	Local	IT Production	Watch	CT	Security issues in Windows	John Doe	Project	11/08	04/09	5
High	Local	Germany	Late	CT	Unix configuration policy	Carsten Casper	Project	10/08	12/08	2
Medium	Global	Clearance	OK	RM	Provider service contract	Mary Black	Action	12/08	06/09	7
Medium	Global	HR	OK	CT	Server capacity	Peter Conrad	Project	06/09		
Medium	Local	France	Watch	HR	Staff shortage	Gilles Bordeaux	Action	05/09		

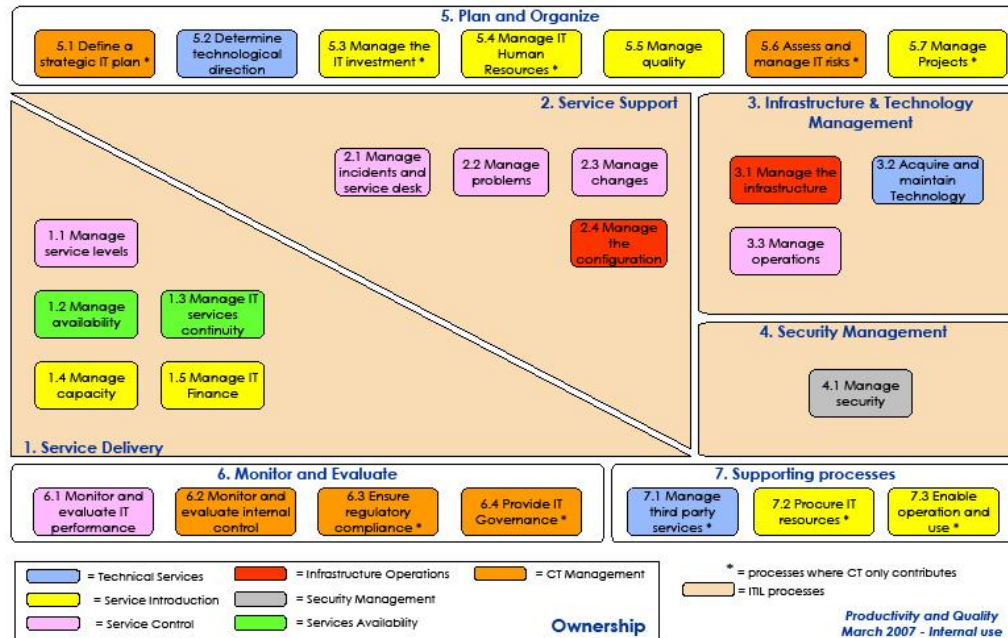
Yellow: Watch status
Orange: Late status

AP: Action Plan

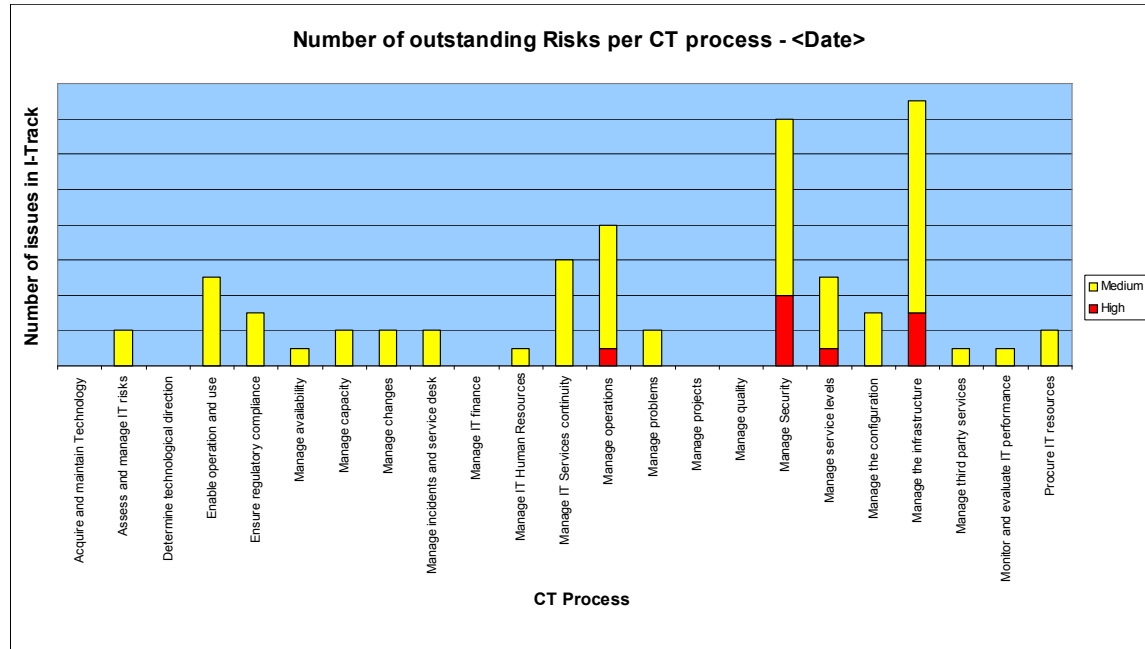
External use

Corporate Technology Process Portfolio

FINAL v1.0

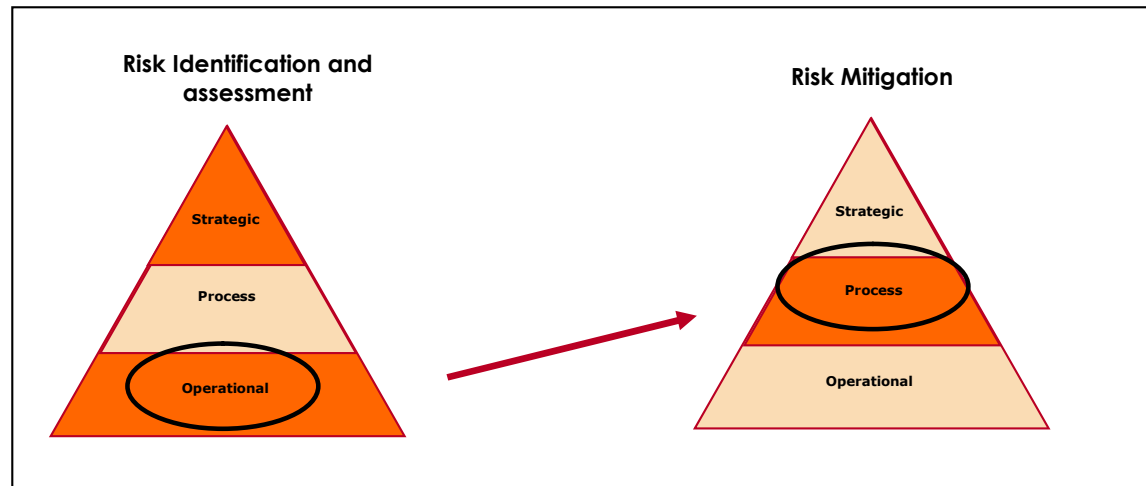


Mapping risks at an Operational level to IT Processes



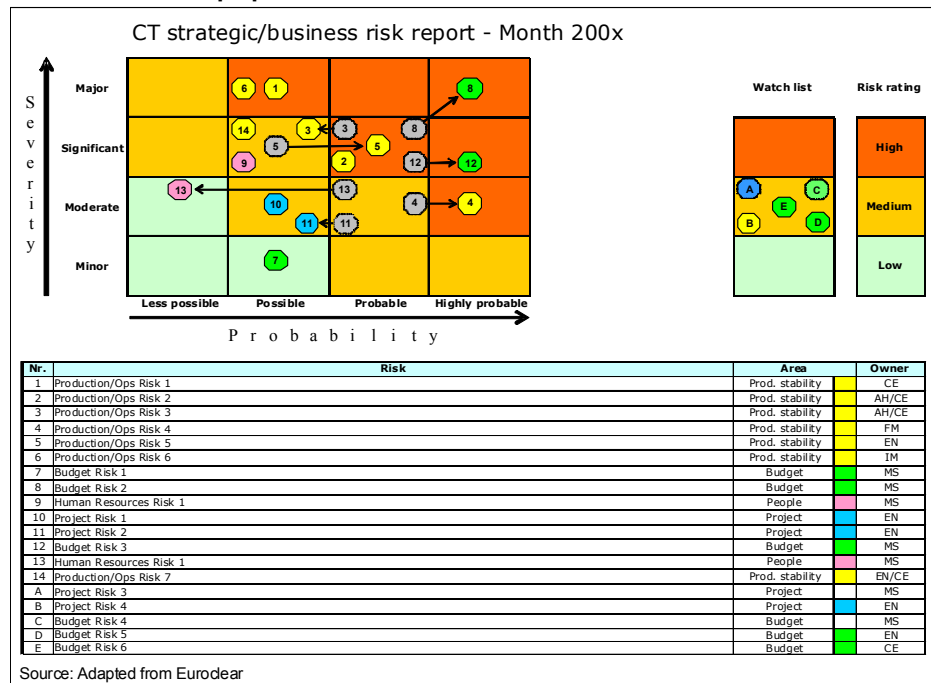
External use

Approach



External use

Top-down approach

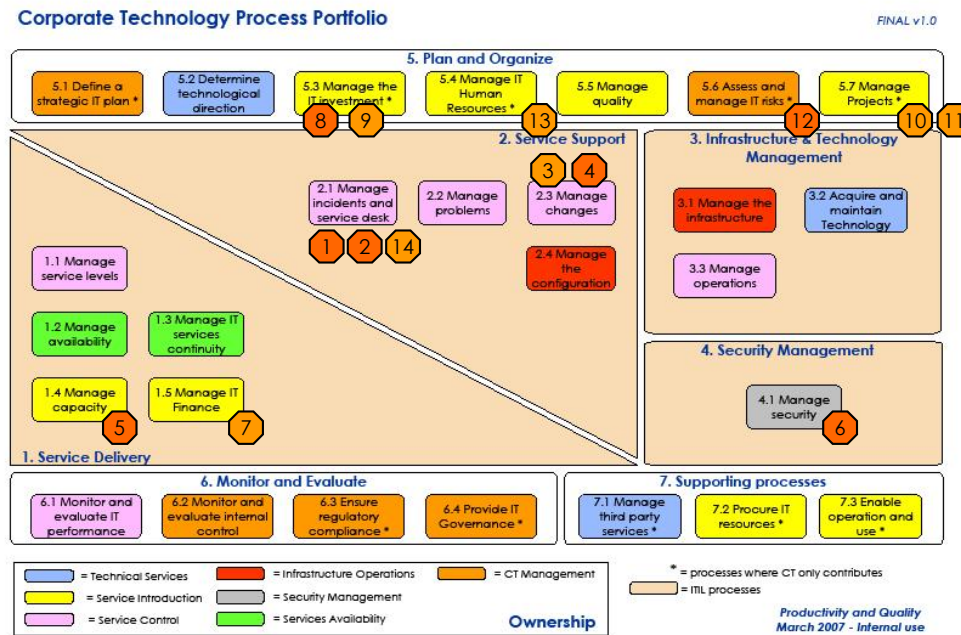


Top-down approach

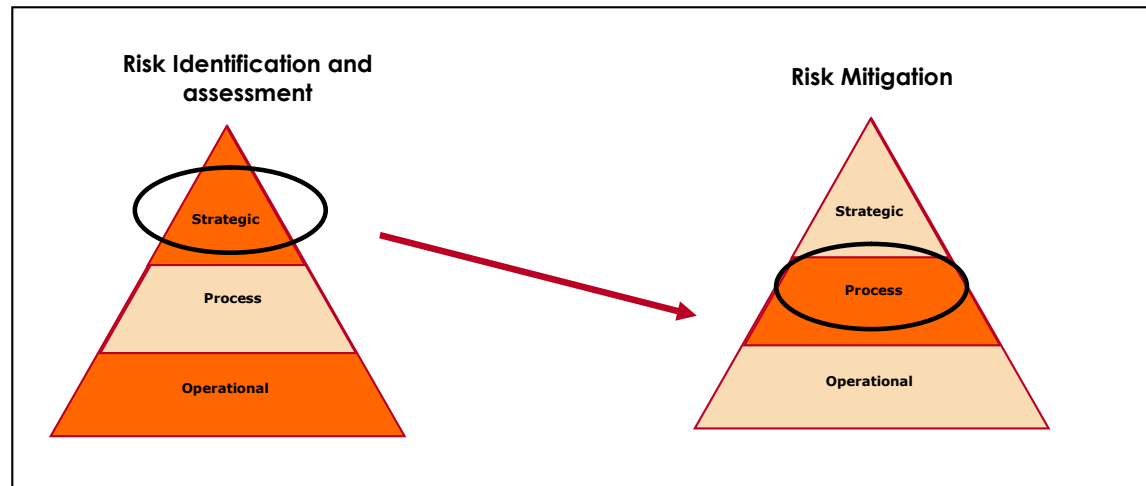
Nr.	Title	Description	Owner	Area	Actions / Process
X	X	Problem: Risk: Impact: Severity x Probability Cause:	X	X	Actions to be done before moving the risk: Actions: Process:

External use

Mapping risk at a Strategic level to IT Processes

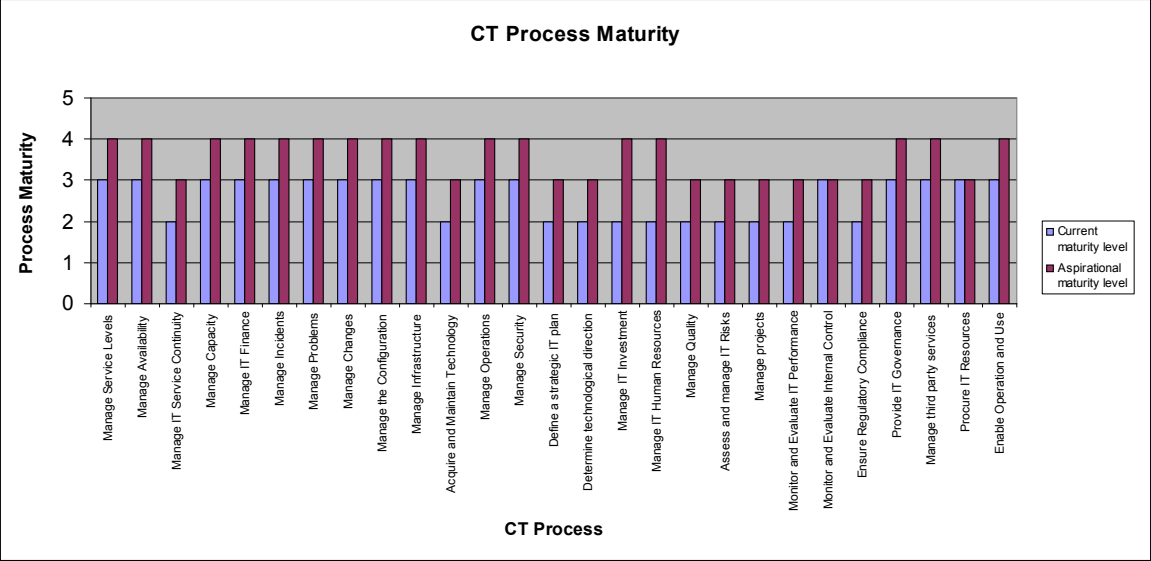


Approach



External use

Using process maturity to drive your Risk Mitigation Plan



External use

Results

- The addition of the Strategic and Process reporting layers increased CT management engagement
- The framework helped focus the mitigation effort by the use of the process layer. The concept of process maturity enabled to set priorities.
- A wider spectrum of risk types is dealt with (financial, strategic...)
- The concepts of the IT Risk Reporting framework was re-used in new projects
 - Euro-SOx project: use the Process layer to define Control Objectives and Key Controls (to comply with Belgian art. 20)

Critical Success Factors

- An active involvement of the staff that use the risk reports is key
- A certain level of flexibility for IT management in the way that it utilizes the reports:
 - Allow for to customize the reports, even if such modifications do not strictly adhere to risk management principles, improves ownership of the process, resulting in overall better risk management.
- Having an existing IT process portfolio was a key prerequisite. Such a process portfolio is typically derived from a combination of sources such as ITIL and COBIT.

Additional information

- Contact details: Olivier.Nijland@Euroclear.com
- Gartner Case Study reference: ID Number G00167463

