

Risk & Compliance Jaarcongres
Donderdag **1 juni 2017**

Landgoed Groot Kievitsdal, Baarn

Thema:
Bestrijding Financial Economic Crime

www.riskcompliancejaarcongres.nl

RISK & COMPLIANCE

2017

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Digital Transformation

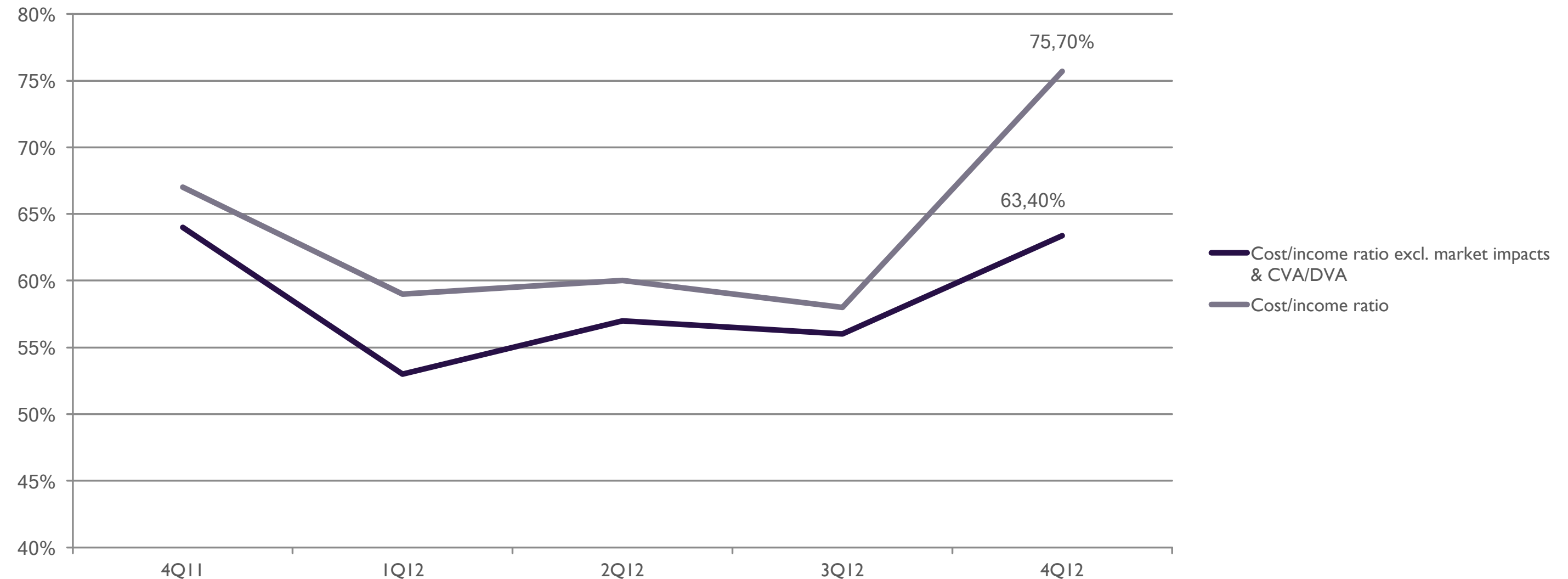
Cyber Threats a Root Cause Analysis

Ken van Ierlant
Digital Thought Leader KNVI
Global Leader Digital Platforms

ALL 'COMMODITY' BUSINESSES FACE THE CHALLENGE OF INCREASING C/I RATIOS...

ING EXPERIENCED A STRONG INCLINE IN THEIR COST/INCOME RATIO IN 2012. **JAN HOMMEN** CEO SAID 60% OF OUR CLIENTS HAS GONE MOBILE IN 6 MONTHS LEAVING € 1,5 BILLION IN INVESTMENTS IDLE

Underlying cost/income ratio (in %)



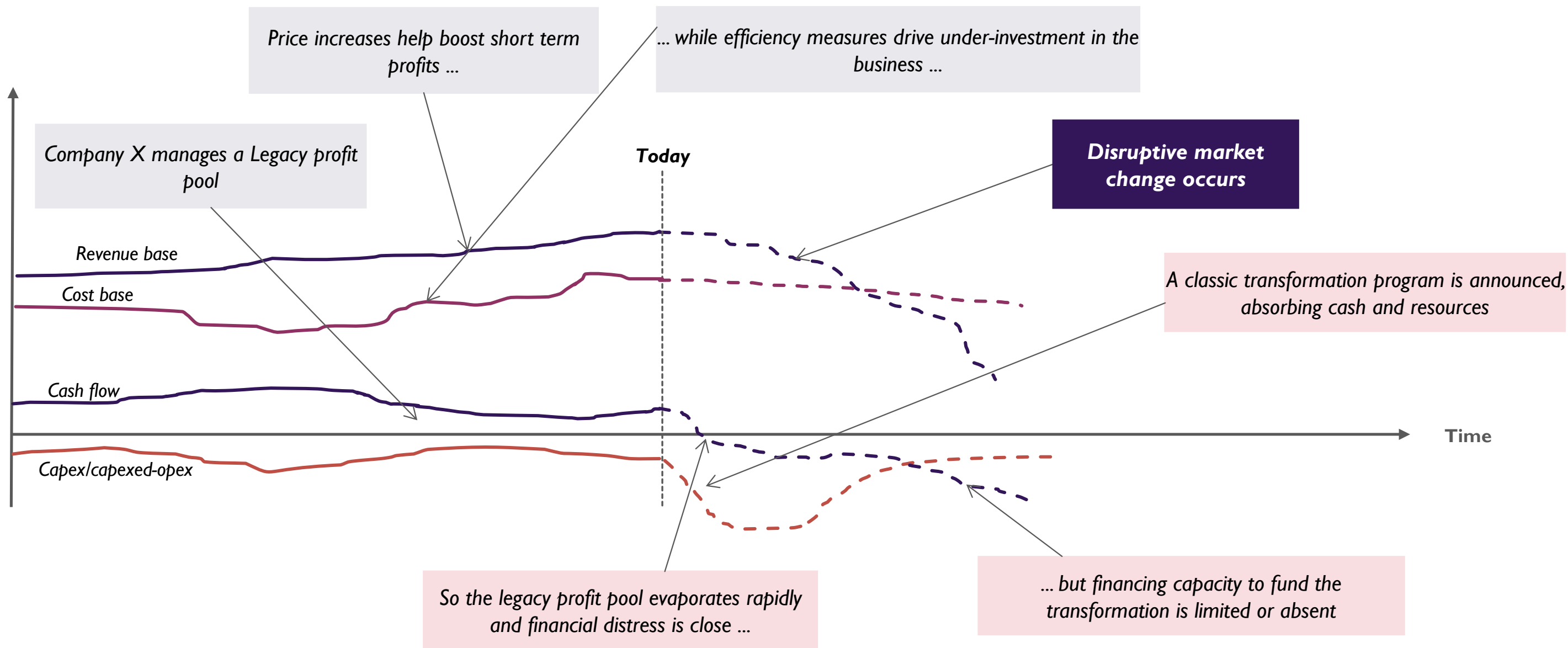
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... CONVENTIONAL RESPONSE, PROTECTING THE TOP-LINE IS NO LONGER POSSIBLE WHEN DISRUPTIVE MARKET CHANGE OCCURS

...AND CONVENTIONAL (TIME AND CAPEX/OPEX INTENSIVE!) TRANSFORMATION APPROACHES WON'T WORK ANYMORE DUE TO REQUIRED SPEED AND FINANCIAL CONSTRAINTS



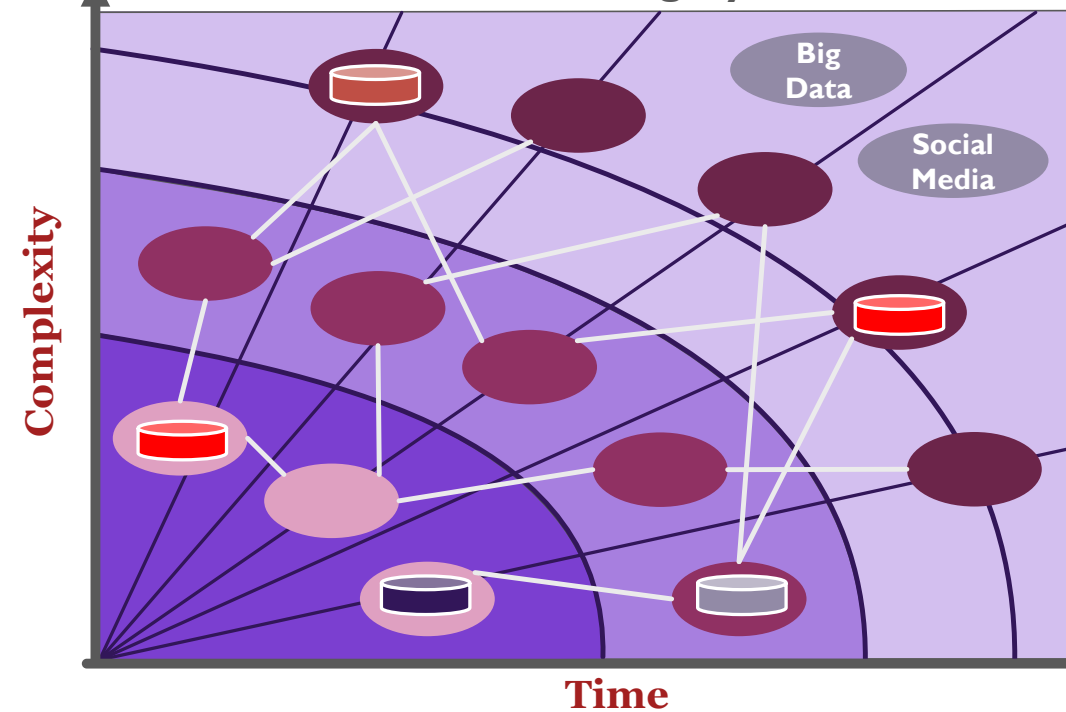
... ENABLED BY FULL REPLACEMENT OF OPERATIONAL AND IT LEGACY, BASED ON IT “AS A SERVICE”, I.E. CAPEX & HIGH OPEX AVERSE.

- Static / siloed digital presence
- Scattered landscape of legacy IT
- Siloed customer databases
- Capexed and outsourced IT
- Much shadow IT

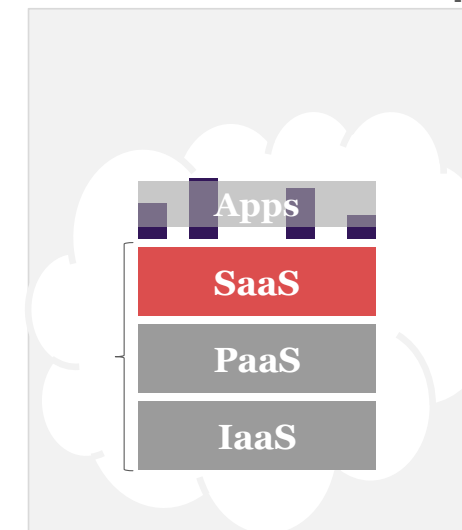
Enabling Technology

- Master customer data model
- Real-time analytics & data mining
- Straight-through transaction processing
- Opex-driven IaaS/PaaS/SaaS-based front- and back office technology architecture

► From siloed IT legacy....



► to adoption of IT “as a Service”



The advantages of SaaS

- Reduces the financial risk of investing upfront in IT projects
- Improves cost structure
- Allows IT to scale as needed
- Reduces the cost structure and makes it more flexible
- Enables focus on the core and value added business processes
- Allows for rapid adaptation to new functional requirements because new functionality can easily be opted-in and works smoothly with the entire stack

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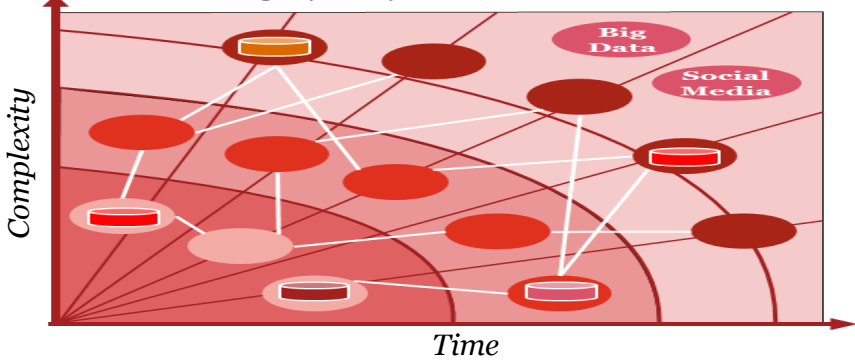
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DIGITAL VALUE CHAIN TRANSFORMATION: TAKING IT IN THE CLOUD END-TO-END, CAN ENHANCE CLIENTS COST LEADERSHIP WHILE BEING MORE AGILE TO ADAPT TO CHANGES

Build an extra layer on the current IT infrastructure (High Capex and Opex)

Illustration of expansion of legacy IT systems over time

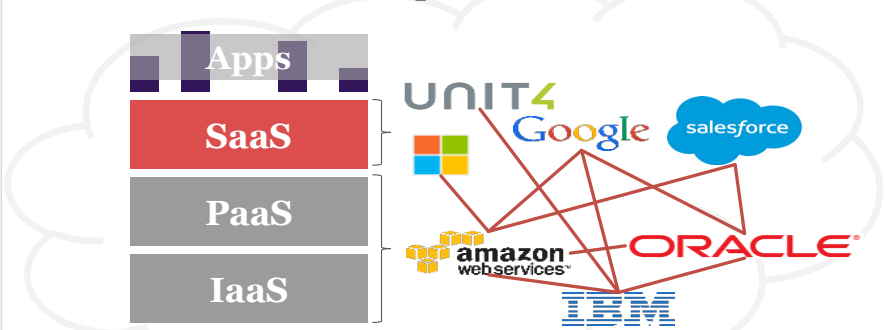


Legacy IT systems hamper future growth as...

- ...these systems are band-aided together and guarantee business silos
- ...maintenance and staffing costs are high and growing, leading to high and inflexible cost base
- ...concerns on compliance to regulations are increasingly present
- ...limited functionality limits innovation and growth as lack of agility makes it impossible to meet demands of tomorrow's client

Redesign the on premise spaghetti to linguini in the cloud (High Opex)

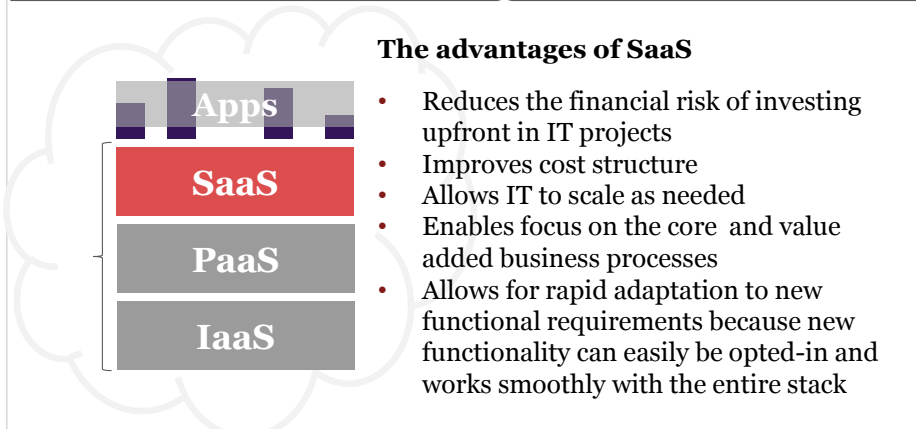
Illustration of taking IT infrastructure in the cloud with point solutions



Implementing point solutions in the cloud does not lead to significant cost reduction and enhanced functionality as ...

- ...these systems still need tailored solutions to connect infrastructures of different vendors
- ...implementation and maintenance costs remain high, not reducing the cost base significantly
- ...different vendors need to be checked with respect to compliance
- ...limited functionality across vendors limits innovation and growth

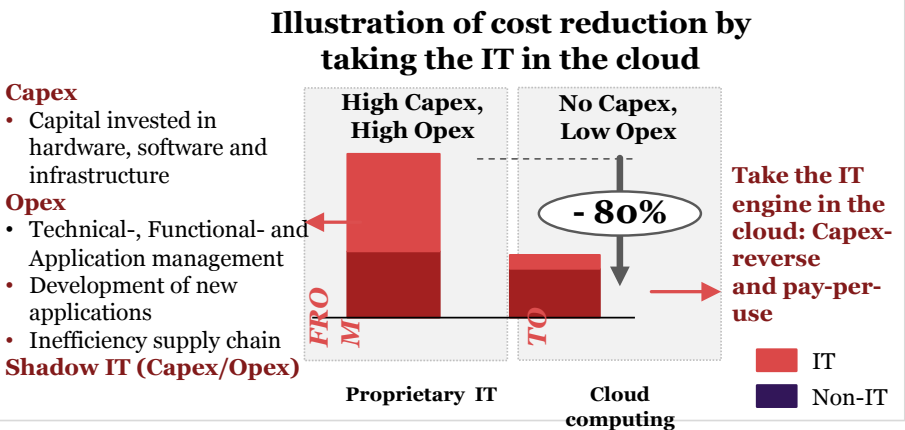
Take the IT engine in the cloud end-to-end: Capex-reverse and pay-per-use (No Capex, Low linear Opex)



The advantages of SaaS

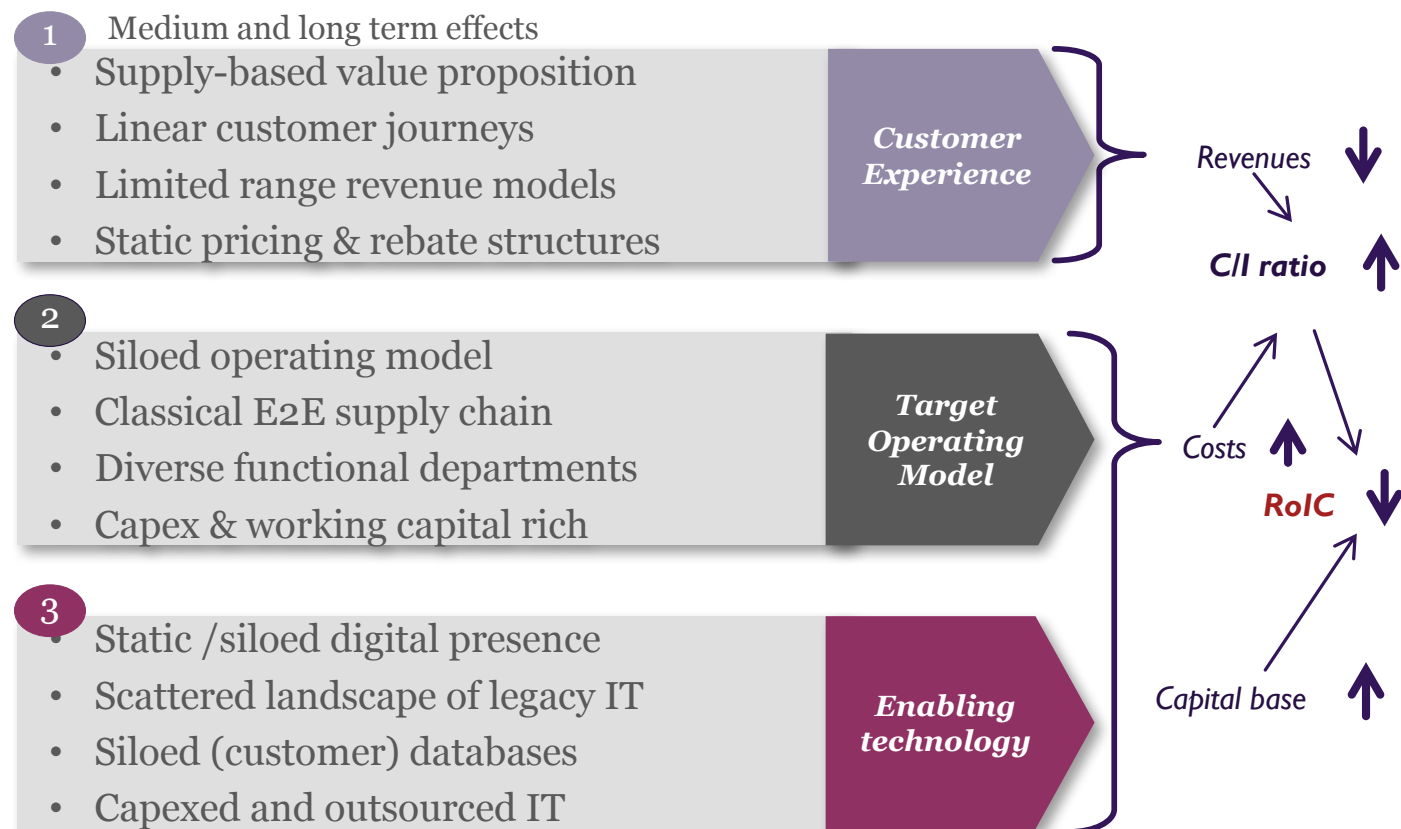
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- Allows IT to scale as needed
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This results in a lower C/I ratio



...THE CONVENTIONAL PAVLOV RESPONSE; INVESTING HEAVILY IN ON PREMISE IT OR MULTIVENDOR CLOUD, INDEPENDENT FROM DISRUPTIVE MARKET CHANGES ACTUALLY INCREASES THE C/I RATIO WHILE MAKING THE IT VULNERABLE TO CYBER BREACHES

Traditional business response has a negative effect on the C/I ratio and RoIC



Source: PwC analysis, Forrester Research

The risk of data breaches increases as well as the financial and reputational impact

46% of the security incidents were related to loss or theft.

15% of the security incidents were caused by internal abuse of information and rights.

12% of the incidents were caused by “unintended” actions which resulted in uncovering of confidential information.

75% of the higher management expect reputational damage because of data breaches

The EU is developing new legislation in order to increase the protection of personal information; the key points of the concept privacy regulation EU are:

- **2%-5% or 100 million euro** of the world wide revenue in case of regulatory offence
- **Appoint an employee for data protection compulsory when dealing with data of more than 5000 people per year**

Source: PwC analysis, IBM cost of data breach study

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CYBER HAS BECOME A SIGNIFICANT BOARD ROOM DILEMMA



\$1bn of insurance cover needed for cyber attacks, companies warned

GINA CHON — WASHINGTON

Companies will need as much as \$1bn in cyber insurance coverage as the costs of hacking attacks mount, industry analysts warn. The cost of a cyber attack is rising sharply, according to a report from the US retailer Target said in November that the cost for the data breach that affected up to 110m of its customers had

stan, Russia and China. The costs of cyber attacks are rocketing. US retailer Target said in November that the cost for the data breach that affected up to 110m of its customers had

insurer, that cyber attacks constituted "the biggest, most systemic" risk he had seen and should be covered by governments as insurers' balance sheets were not large enough.

GOVERNMENT security

How to avoid a €100 million data fine in Europe

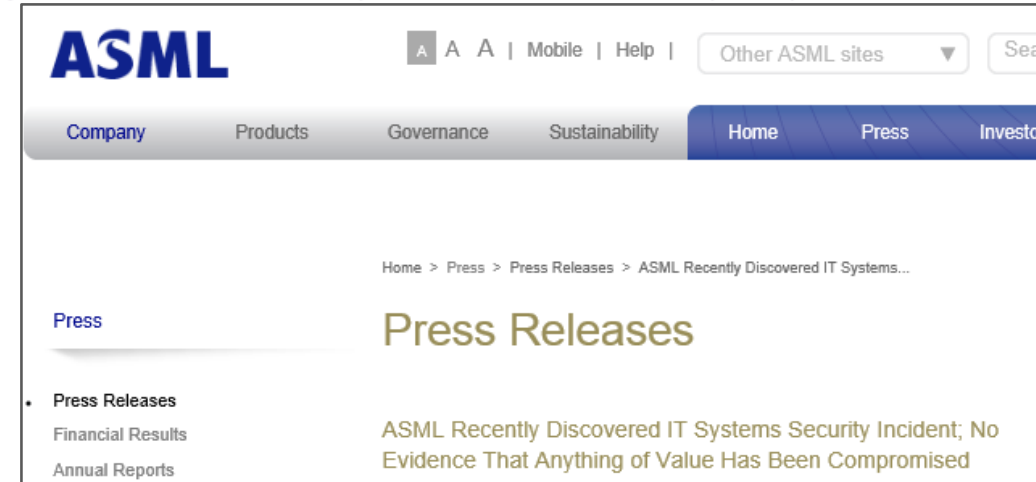
Jennifer Baker
IDG News Service

Mar 13, 2014 9:55 AM

A law approved by the European Parliament on Wednesday and aimed at protecting citizens' privacy comes with sweeping penalties for breaches—up to €100 million (US\$139 million) or 5 percent of global annual turnover, whichever is larger.

The European Data Protection Regulation will apply not only to European companies but any company that does business in the European Union.

"This means that U.S. companies, even if they do no business in Europe, should be prepared to meet or exceed the EU regulation for the purposes of business operations," said Ross Federgreen, founder of consultancy Compliance Solutions and Resources founder, in an email.



Breach puts pressure on security group RSA

By Maija Palmer in London

Rivals are intensifying efforts to lure away RSA's customers, after the security company admitted that its compromised authentication tokens had been used in a [hacking attack on Lockheed Martin](#), the defence contractor.

Amy Pascal to Step Down as Head of Sony Pictures

by Matt Wilstein | 12:20 pm, February 5th, 2015



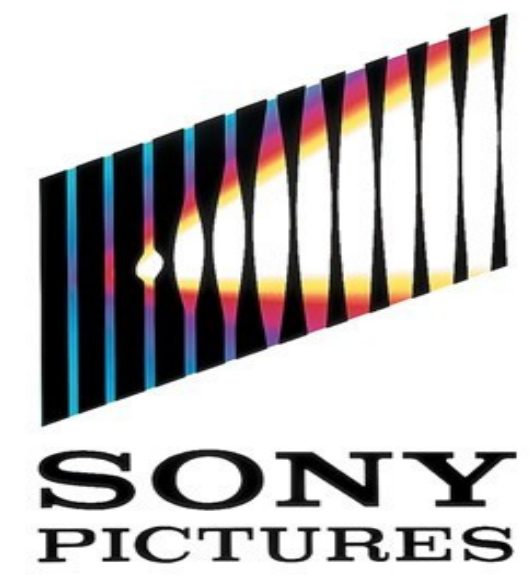
Following a difficult year in which Sony Pictures was hacked and troves of private — and often damaging — emails were released to the public, **Amy Pascal** will reportedly step down from her role as co-chair of the major movie studio, *The Hollywood Reporter* [confirmed](#) Thursday.

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CYBER THREATS



CHALLENGES

Cyber risk exposure

Shareholder Impact

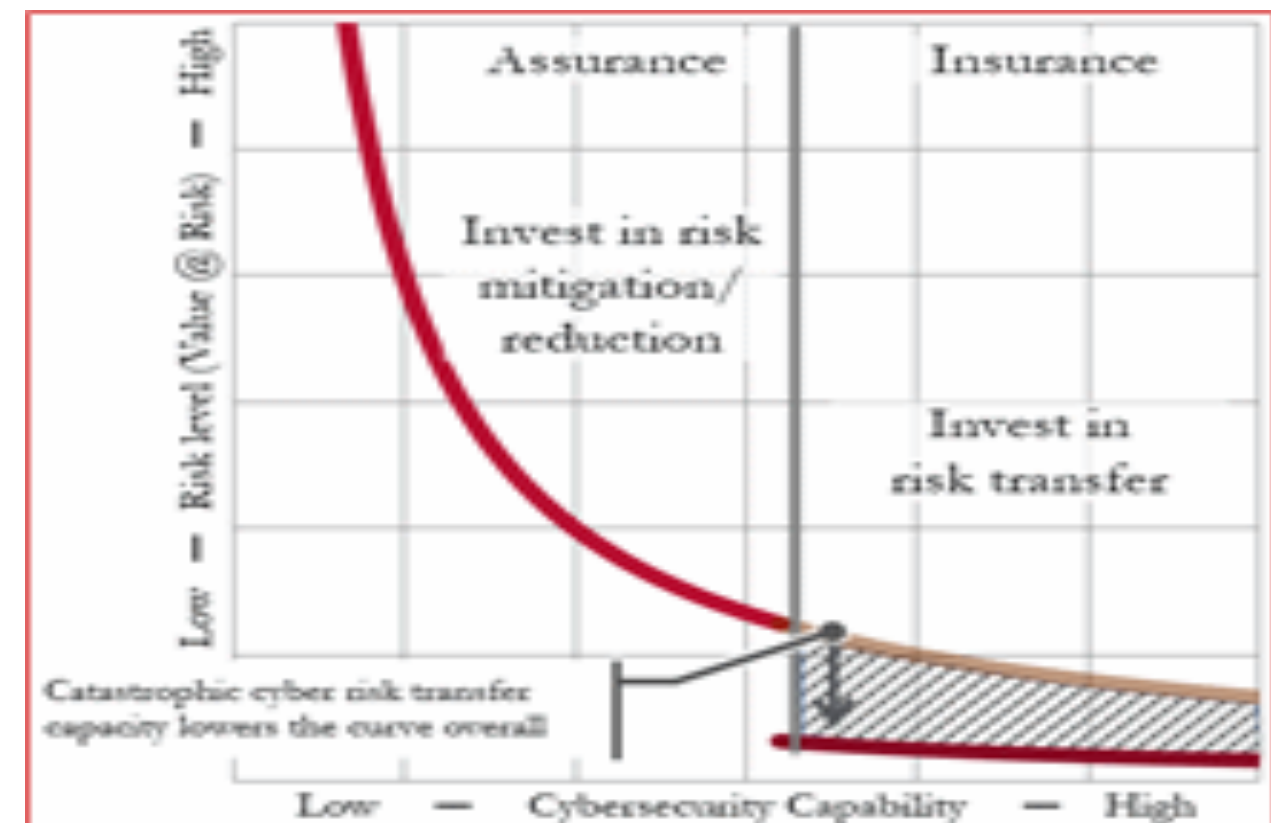
Value-at-Risk

OPEX

Risk Remediation Cost

Brand Value

Combining insurance and assurance



A nighttime photograph of a city street with light trails from cars. In the background, there are several tall skyscrapers with lit windows. In the foreground, a curved road shows long, white and red light trails from moving vehicles. A pedestrian bridge with glass railings spans the road. The scene is illuminated by streetlights and building lights.

Thank You

n lerlant

Aankomende Congressen

BEHAVIORAL RISK

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C O N G R E S S



28 november 2017 te Baarn

RISKCONGRES

PublicValues

2018



5 april 2018 Den Haag

Hartelijk dank voor uw komst

en tot ziens bij ons

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