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Configuration Versus Optimization – Selecting the Best IRM Solution

When organizations look at how to implement a third party or IT risk management program, the approach of integrated risk management (IRM) is more than a software solution. It is a strategy – a corporate culture, even – of thinking about and assessing risks in a cohesive and aggregated manner that empowers informed decision-making for the broader organization.

Still, an IRM software solution is a critical pillar in supporting a migration away from a manual process or in maturing an integrated risk management strategy. A solution is essential to simplify, even make possible, what can be difficult to comprehend or seem impossible to implement. With the right IRM solution, the seamless aggregation of disparate, complex risk signals and controls that may otherwise live in silos across different functional areas becomes a reality. Spreadsheets may work for a time, but a risk management strategy that delivers strong value to the organization can only truly mature with the support of automation and data assessment that an IRM solution provides.

Settling on an IRM solution is thus a necessary steppingstone to effectively managing an otherwise complex third-party or IT risk program. Yet selecting the best option is more than a matter of finding which tier the organization can afford. Often, the decision rests on assessing the comparison between turnkey functionality and custom-tailored capability.

Out-of-the-Box, or Configurable OR BOTH?

Broadly speaking, Integrated Risk Management solution functionality can be seen as operating in one of two modes: out-of-the-box, or configurable. Out-of-the-box functionality generally works as a plug-and-play solution, while configuration requires more work to get up and running but has the potential for greater specialization.

As one example, managing the lifecycle of risks connected to the copious third-party relationships common in the purview of IT operations is an important area of concern for almost every organization. This is an area where an out-of-the-box solution is likely to improve time-to-value and drive business success. Yet the risks for specific industries, perhaps operating across international borders, languages and with nuanced supply chains, may benefit from configuration to fully incorporate management of those risks into the broader IRM strategy.

In a perfect world, an IRM solution should offer some combination of out-of-the-box and configurable elements. Risk and compliance (R&C) leaders tasked with vetting an IRM solution can work backward from the risks identified as significant for their organization to assess whether the respective functionality of a solution is sufficient.

Consider which of the below pros and cons resonate with your program's needs

Out-of-the-Box

Pros	Cons
Timely and low-risk implementation	May have less flexibility for changes going forward
Typically lower cost than complex, tailored systems	May represent wasted costs for unused, standard functionality

Configurable

Pros	Cons
Performs exactly as the organization wants it to	Requires an over-arching risk program to support the value add of automation
Mirrors existing program and can evolve quickly and with value as program matures	Implementation typically takes longer than an out-of-the-box solution
Inherently leads to close relationships with the vendor	

A third category of IRM solution capability concerns customization. This refers to functionality that speaks most directly to the needs of already-mature risk programs that are moving away from one solution or looking to introduce one. These capabilities can be highly effective, but tend to require the most internal resources, are tailored to a specific set of detailed business requirements, and typically involve long, complex implementation and substantial training. Organizations considering customization for the IRM solution are likely to face a distinctly different set of specialized needs than those exploring out-of-the-box versus configurable capabilities.

But what if a solution can provide the ease of implementation and time to value that an "Out of the Box" solution offers **WITH** the intrinsic benefits of configurability? More mature risk programs often require shaping a solution's capability to the nuances of that risk program. This need for configuration takes you out and beyond the scope of an "Out of the Box" offering and begins to approach customization. Ideally, balancing an "Out of the Box" solution with the flexibility of configuration would benefit these more mature organizations.

A Foundation to Your Decision

It's possible to view out-of-the-box and configurable solution capabilities as addressing two different, common conditions that organizations face in managing risk. In the first, an organization may assess that the greatest value is in simplifying and understanding risk concepts and minimizing the duration of an implementation. In the second, organizations may have already achieved some significant wins in enterprise risk management but are seeking a greater level of integration and effectiveness.

Both of these categories can benefit from IRM. The decision to select either a more out-of-the-box or configurable solution in support of that shift is an important one. Ask yourself:

- Is the capability of this solution going to be sufficient for my organization's future needs?

- Do I need to be able to confidently "check the box" and move on to other priorities?

- How complex, impactful and persistent are the concepts of risk management my organization faces?

- Do I have top-down support for my risk management program?

- Will my functional area own IRM, or will my solution need to serve the needs of a range of different business units?

The above are just some of the questions that could help uncover whether an out-of-the-box or configurable solution is best for your IRM strategy. It is thus critical to frame the capabilities of any solution in a manner that considers both speed of implementation and long-term results to assess the best option for the organization – the choice may make the difference in the success of your program as a whole.