



# Risk Concepts

Presentation by ICANN Org  
Risk Management

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# The Nature of Risk

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- ⊙ Risk is the possibility of events to have an **adverse** impact on an organization's, groups, etc. ability to achieve its mission, and could even prevent an organization from continuing to operate. Importantly, risk is characterized by **uncertainty**.
  
- ⊙ Uncertainty can arise from
  - the **likelihood** of a risk occurring,
  - the **severity** of the impact if the risk occurs, or
  - the effectiveness of the **controls and mitigation** in place concerning a risk.
  
- ⊙ The more likely an event, the more it is a certainty, not a risk. The more uncertainty, the more important risk management becomes.
  
- ⊙ An organization creates value by accepting and **managing** risk, not necessarily eliminating all risks.

# Informed Management of Risks

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## Informed Management of Risks

- ⦿ Decision makers are responsible to know what risks an organization faces, how those risks are being managed, what residual risks remain, and make an **informed** decision to set the level of accepted risk.
- ⦿ In order to make decisions regarding risks, we need to **articulate** the risk and risk controls, and plan for any additional controls.
- ⦿ Adverse events will occur, but we want to anticipate risks, not be reactive. The goal is **no surprises**.

# How to Articulate a Risk

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- ⦿ **Risk Title (name):** Is an event, trend, or situation that could result in an adverse consequence. The event should not be confused with the consequences of the event.
- ⦿ **Consequences:** The consequence of the risk occurring, the impact, the outcome of the event.
- ⦿ **Existing Controls or Mitigation:** Provide information regarding existing controls and mitigation, explaining their effectiveness.
- ⦿ **Risk Rating:** Based on defined likelihoods and severities of impact.
- ⦿ **Proposed New or Changed Controls or Mitigation:** Describe any additional recommended controls and why, include any additional required resources for those controls.

# How to Articulate a Risk

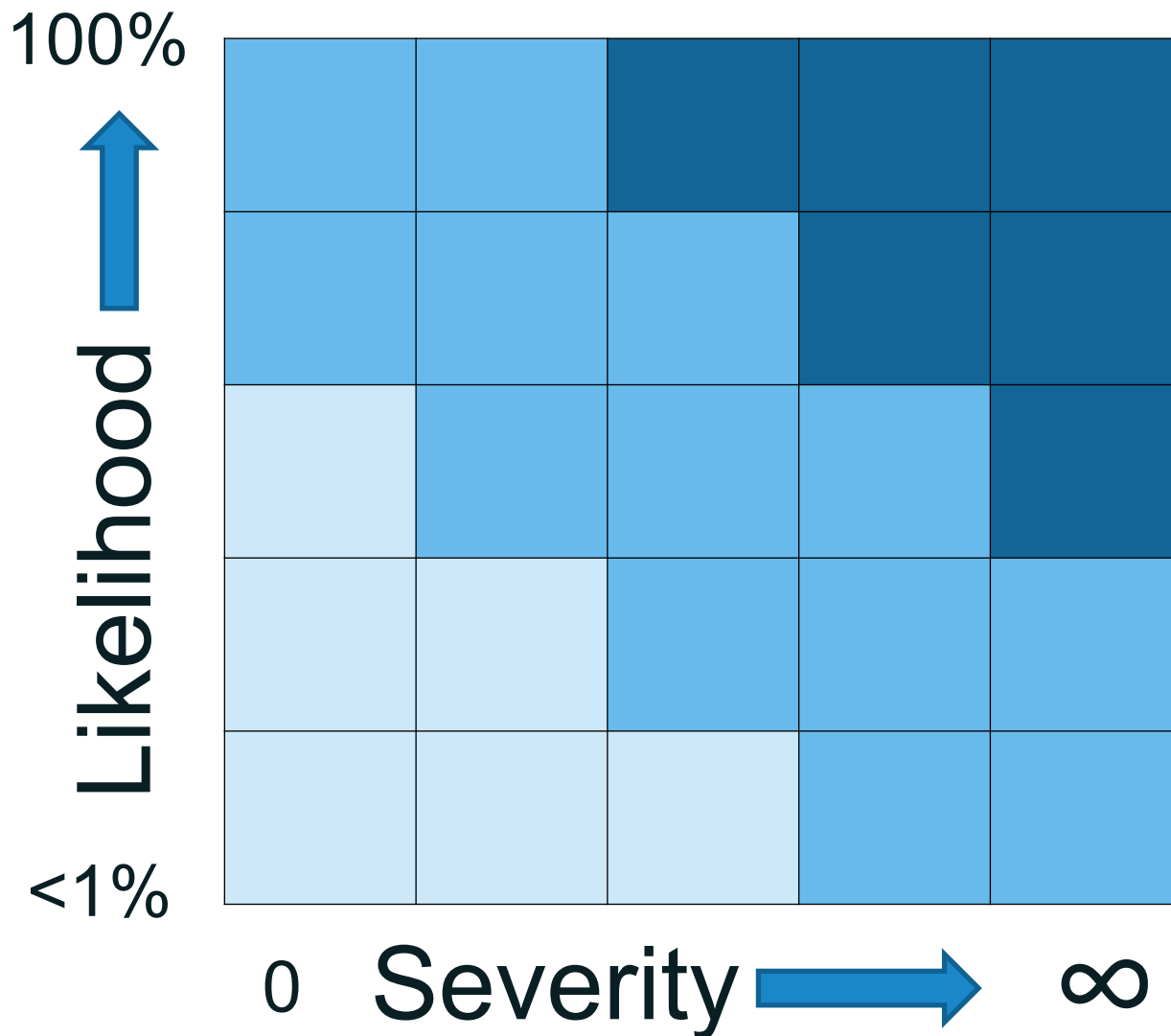
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## Notes

- ⦿ Risk event and consequence are often confused. The risk is what happens that causes the consequence.
- ⦿ We do not include “risk” or “risk of” something in the title. Simply the event is the risk.
- ⦿ “Lack of” something is not a risk. What is lacking is usually a control.

# Risk Ratings

Traditional heatmap. What's the biggest risk?

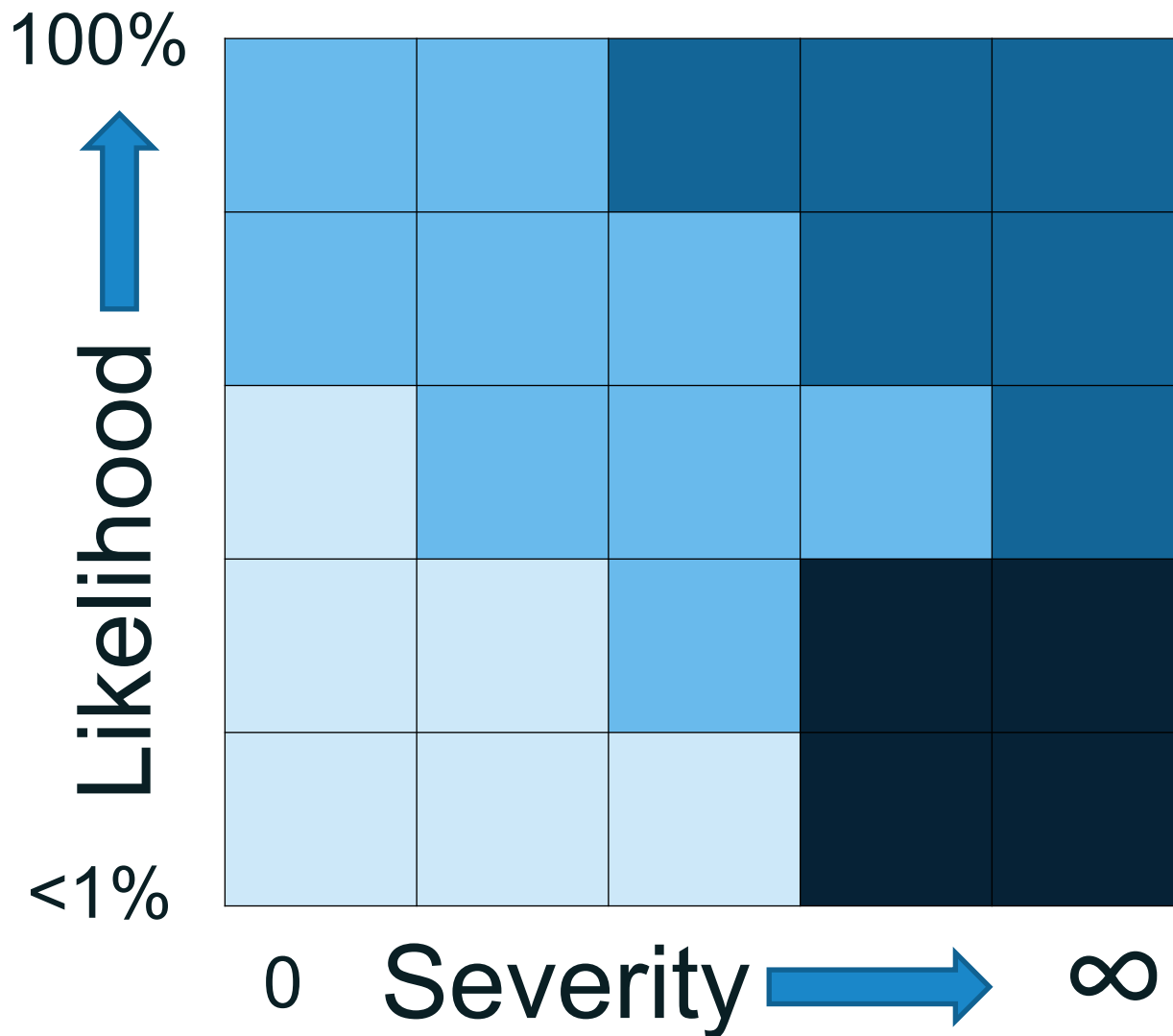


This format implies that upper righthand corner is the greatest risk, that is, the greatest likelihood x greatest severity.

We agree with that generally and is the basis for our risk ranking method.

# Risk Ratings

Heatmap with severity and unexpected likelihood focus.



This format implies that lower righthand corner is the biggest, because the likelihood is low. The unexpected nature of the risk can cause complacency until it is too late.

We should be keenly aware of low probability / high impact risks.

# Rating a Risk

Define the ratings as appropriate to your use.

## Likelihood

<b>Rating</b>	<b>Definition</b>
Low - 1	Probability %: Descriptive:
Medium - 2	Probability %: Descriptive:
High - 3	Probability %: Descriptive:



# Rating a Risk

Define the ratings as appropriate to your use.

## Severity of Impact

<b>Rating</b>	<b>Definition</b>
Low - 1	Operational: Reputational: Financial:
Medium - 2	Operational: Reputational: Financial:
High - 3	Operational: Reputational: Financial: