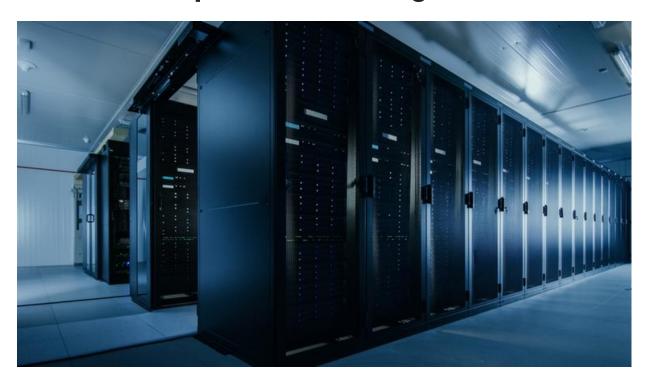# Everything You Need to Know About Enterprise Risk Management

What is ERM?

Every business has some sort of risk management plan to protect its growing value. If you're an executive in your company, then it's your responsibility to oversee risk management.

In a standard risk management framework, corporations monitor for losses that are insurable, but enterprise risk management takes an additional step by monitoring for all natures of threat including those not covered by insurance.

Enterprise risk management (ERM) is a plan-based business strategy that aims to establish control over a company's information technology (IT) and remedy the risk of financial losses. The plan identifies and assesses the potential nature of threats before introducing prevention measures, and resolution in the worst-case scenario. All potential threats and losses are foreseen by the plan, so that remedial responses are ready to be employed.

Categories of Risk to Monitor

- Health and safety
- Reputational
- Operational
- Strategic
- Compliance
- Financial

The largest area of concern for any corporation is compliance risk—the area of risk referring to laws and policies that regulate a company's business.

Methods of Risk Management

- Avoidance: Companies mitigate risk by making calculated decisions and avoiding uncertainty
- Retention: Companies accept certain inherent risks and front an initial cost for them, in order to avert larger losses in the long term
- Sharing: Company and employees share in risk cost—the more agents taking responsibility for potential risk, the less the collective will have to pay for a loss
- Transferring: Company transfers risk costs to a third party, like an insurance agency
- Reduction: Company attempts to minimize risk rather than eliminate it. Should loss occur, the company will accept the risk and focus on preventing further loss

For companies that run specifically on SAP, risk management must be channeled through controls that affect the SAP landscape.

What is SAP?

SAP, otherwise known as Systems, Applications and Products, is a massive enterprise resource planning software developed in Germany. SAP is embedded with a module that automatically helps companies manage and enforce controls for risk management within their corporation.

Additionally, SAP is synchronized so that multiple sectors of a company can access and share the same data. Data sharing allows employees to work coherently together and increases inter-company communication.

Stay Ahead of Compliance Concerns in SAP

Companies that **manage IT in Canada & USA** offer affordable guidance of enterprise risk management for SAP. While the process can seem complicated on its own, their **SAP support services** make IT and compliance maintenance simple and user-friendly. The variety of support services for SAP products can save your company up to 60% compared to the cost of an in-house SAP team. SAP support will:

- Reduce compliance costs by standardizing business processes and centralizing data
- Offer trend analysis that identifies risk sooner and shortens the time needed for remedial action
- Reduces time loss by synchronizing safety training records, health check protocols, incident reports, case management and stand operating procedures

SAP Audits

Most SAP contracts include an audit term that enables SAP to audit their products on an annual basis in order to protect SAP intellectual property. When this happens, the audit process often looks something like this:

- The licensed SAP user is sent an annual audit notice
- SAP will provide the user with documents to guide them through the safe process of measuring each system
- The licensed user collects their SAP annual data
- The licensed user consolidates SAP data and sends it to SAP

- If the audit is considered incomplete, a longer "enhanced" audit will be performed. Otherwise, the audit will be closed

Planning for a Successful Audit

Before an audit begins, the licensed SAP user should take time to prepare the data to ensure a successful audit. Here are some tips for doing so:

- Take your time with the audit and contact SAP to postpone if you need more time to prepare
- Clarify any questions surrounding SAP data requests before sending information in order to prevent miscommunication
- Verify exactly when the audit completion date is so that you can complete the audit within an appropriate time span

When risk management and SAP procedures are carried out correctly, IT maintenance is efficient and stress-free. That's why a few companies offer 24/7 **IT outsourcing services** and SAP support to manage, monitor and support the entirety of your IT infrastructure.

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