



SAP Ariba 

Feature at a Glance

Residual risk based on severity and probability

Ruchi Aswal, SAP Ariba
Target GA: November, 2018

CONFIDENTIAL

 **Run Simple**

Feature at a Glance

Introducing: Residual risk based on severity and probability

Ease of implementation

Some complexity

Geographic relevance

Global

Customer challenge

The **inherent risk** of an engagement is based on key attributes that impact risk, such as the commodity being purchased, and this can vary based on the region and/or department using the good or service. Inherent risk is supplier agnostic.

Residual risk refers to the risk that remains after all of the risks associated with a specific supplier or third-party engagement have been identified, assessed, and settled.

Customers need an efficient way to assess the residual risk of supplier engagements as they are mitigating issues with engagements. The residual risk of issues need to take into account the combination of the issue's severity and probability.

Solution area

SAP Ariba Supplier Risk

Meet that challenge with

SAP Ariba

This feature introduces the ability to identify the residual risk for control-based supplier engagement risk assessment projects based on the probability and severity of all associated issues.

During the control-based engagement risk assessment process, the requester and stakeholders can raise issues for it or to specific controls. Based on mappings that you define in site master data, the combined probability and severity of an issue determine its residual risk, and the highest (most risky) level for all of the issues in an engagement determines the residual risk for the engagement itself.

Implementation information

This feature is “on” by default for customers of **SAP Ariba Supplier Risk**.

Setting up residual risk in control-based engagement risk assessment projects involves configuring severity and probability questions in the issue management project template and importing site master data to define how to classify risk for different combinations of issue severity and probability.

Experience key benefits

This capability automatically calculates the residual risk of an engagement taking into account the probability and severity of related issues.

The system automatically aggregates the risk ratings across all issues linked to an engagement.

This helps prioritize risk mitigation activities, track their impact on the overall engagement and in turn helps lower the residual risk of engaging with suppliers and third parties.

Prerequisites and Limitations

Entitlement to SAP Ariba Supplier Risk.

SAP Supplier Risk Engagement Request and Issue Management features should be turned on and implemented.

Feature at a Glance

Introducing: Residual risk based on severity and probability

Workflow for residual risk at engagement level

1. A customer administrator imports site master data for residual risk, including issue probabilities, issue severities, risk classifications, and residual risk mappings.
2. A template creator configures questions for severity and probability in the inherent issue survey document in the issue management project template and publishes the new version of the template.
3. A requester requests a new supplier or third-party engagement.
4. Approvers approve the request and the control-based engagement risk assessment project proceeds through its workflow.
5. Engagement stakeholders create issues for the engagement or control decision makers create issues for specific controls.
6. Those issues proceed through their individual workflows and issue stakeholders set their probability and severity, using probability and severity levels defined in the master data.
7. Each issue generates a residual risk rating based on the residual risk mappings in site master data. Issue approvers and other stakeholders take that rating into account when deciding how to resolve the issue and approving a resolution. Control decision makers take the ratings of control-based issues into account when deciding whether to mark the control as effective or ineffective.
8. The risk ratings of each individual issue apply to the engagement residual risk rating. The engagement uses the highest rating from its associated issues.
9. If a user with the appropriate permissions decides that the engagement's overall residual risk is higher or lower than the rating automatically assigned to it based on its issues, they can edit the engagement risk rating. The original automatic rating shows alongside the edited rating. If a new issue with a higher rating than either the original rating or the edited rating is created after this point, that new higher rating becomes the original rating but the edited rating remains in place.
10. Engagement approvers and other stakeholders take its residual risk rating into account when deciding whether or not to approve the overall engagement.

Feature at a Glance

Introducing: Residual risk based on severity and probability

1. This feature introduces a new field, Residual Risk, in the Engagement Summary area of the engagements page. The Residual Risk field shows the residual risk of an issue based on its probability and severity, or of an engagement based on the highest residual risk rating of its associated issues.
2. The Residual Risk field is also shown in the Issue details area of the issue page, where it shows the residual risk for the individual issue.
3. This feature also introduces a new area, Risk Issues, on the engagement page for control-based engagement risk assessment projects.

The screenshot displays the SAP Engagement Summary and Issue details pages. Callout 1 points to the Residual Risk field in the Engagement Summary. Callout 2 points to the Residual Risk field in the Issue details. Callout 3 points to the Risk Issues section in the Engagement Summary.

Engagement Summary

Engagement request WS1462585876	Title sha 15Sep18 8:00am ResidualRisk	Status Custom Project Approval - In Progress
Requester Sharada Gurrum	Owner Sharada Gurrum	Inherent Risk (Commodity) High
Requested on Sep 15, 2018	1 Residual Risk - (Original rating: Low) Low	

Issue details

Engagement
Engagement request (ID:WS1462585876)

Issue
WS1464299235 Created By: customersupportadmin On Sep 17, 2018

Status
Draft

Residual Risk **2**
Low

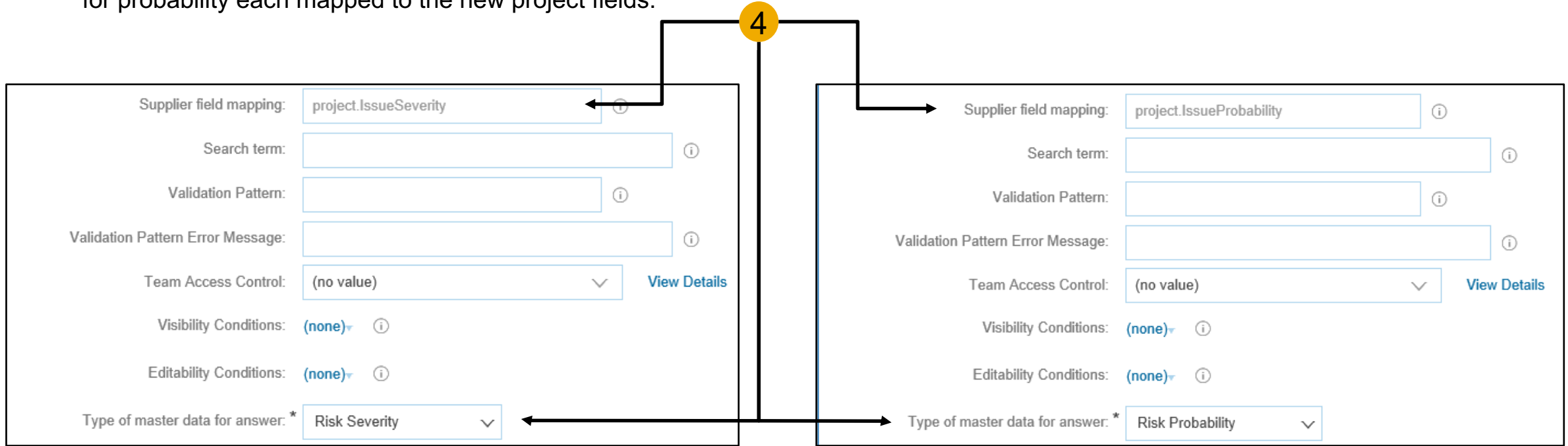
3 Risk Issues (3)

Title	Risk Control	Severity	Status
Residual risk test		Sev1	Draft
sha RR_2		High	Draft
Issue 1		High	Draft

Feature at a Glance

Introducing: Residual risk based on severity and probability

- 4. In the issue management project template, this feature introduces new project fields, Issue Probability, Issue Severity, and Issue Residual Risk. Here you see the survey document in the issue management project template which includes a question for severity and a question for probability each mapped to the new project fields.



Feature at a Glance

Introducing: **Residual risk based on severity and probability**

Import Risk Probabilities – used to define risk probabilities. Risk probabilities are indicators of how likely an issue is to actually occur on a scale from low to high. Users managing issues in control-based engagement risk assessment projects assign those issues a probability.

Export Risk Probabilities

Import Translations for Risk Probabilities

Import Risk Severities – used to define risk severities. Risk severities are indicators of how serious or critical an issue is on a scale from low to high. Users managing issues in control-based engagement risk assessment projects assign those issues a severity.

Export Risk Severities

Import Translations for Risk Severities