Dynamic Risk Assessment (DRA) is a proprietary methodology developed by KPMG to help bring a better understanding of the risks organizations face in today’s complex world of developing technology, emerging markets, climate change, growing populations and other mega trends that interact to shape our future. DRA takes an unprecedented approach to gaining insights into clients’ risk environments by pinpointing central risks and shedding new light on the risk mitigation strategies.

In today’s highly interconnected and volatile world, dominated by new technology and emerging business models, the past is no longer a reliable guide to the future. Past data is a poor fit for the future as the forces and trends that shape our future have increasingly not manifested themselves before. Moreover, risks combine. They spill over into each other—they don’t manifest neatly in isolation—and we no longer have the luxury of dealing with risks discretely.

There is a need to advance beyond historical risk analyses comprising two-dimensional depictions of expected probability and severity, and consider a third, and indeed a fourth dimension: velocity and contagion. This, together with the consideration of global trends that are shaping our world, is what Dynamic Risk Assessment encompasses.

DRA vs. Traditional Risk Assessment

DRA applies graph theory, the science of expert elicitation, actuarial modeling, sophisticated mathematics and financial mathematical algorithms, advanced data & analytics (D&A) and accounting science to assessments from experienced risk and non-risk frontline and back-office individuals within the business. This is done in a KPMG proprietary (and patent pending) methodology to identify, connect and visualize risk in four dimensions.
The DRA methodology combines qualitative and quantitative data to help identify:

- Your greatest systemic risk exposures, combinations and risk clusters to inform a risk mitigation plan
- How risks will impact each other in the network and how they behave in a dynamic manner over time
- A framework to revisit your risk tolerance and overall risk management strategy
- The impact of “mega trends” and their effects on your business
- Insights that may help you improve mitigation of systemically critical risks, to aid you in developing an investment strategy to counter those weaknesses

The DRA process

Typically, the end-to-end DRA process takes six to eight weeks, with the key steps outlined below:

1. **Landscape articulation**
   - KPMG works with key stakeholders to identify the key risks facing the organization.

2. **DRA Survey**
   - Key stakeholders complete an online survey for the collection of data on the characteristics of the risks facing the organization.
   - The survey requires approx. 45 min to complete.

3. **KPMG Analysis**
   - KPMG applies advanced network theory to the survey responses to identify the organization’s interconnected risks and opportunity network, and it’s dynamics.

4. **Follow Up Workshop**
   - KPMG discuss the findings with the key stakeholders.

5. **KPMG Deliver Dynamic Risk Assessment Report**
   - The DRA report is discussed with the client to form part of strategic planning and ongoing monitoring.

Contact us

**Joey Gyengo**
Principal, Consulting
ERM Solution Leader
T: 404-520-5327
E: jgyengo@kpmg.com