Virtual Cyber Symposium for Nonprofits & Associations 2023

The Culture of Innovation

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Partner and Director

2024 Risk in Focus Global Report

Internal Audit Foundation - Survey of Top 5 Risk Globally

Audit area	Average of all regions	Asia Pacific	Latin America	Africa	North America	Middle East	Europe
Cybersecurity	73%	66%	75%	58%	85%	70%	84%
Human capital	51%	59%	44%	39%	65%	47%	50%
Business continuity	47%	61%	47%	52%	36%	53%	35%
Regulatory change	39%	35%	48%	32%	43%	33%	43%
Digital disruption	34%	30%	38%	33%	36%	32%	33%
Financial liquidity	32%	21%	33%	47%	28%	38%	26%
Market changes	32%	47%	26%	21%	41%	26%	30%
Geopolitical uncertainty	30%	28%	42%	25%	28%	16%	43%
Governance/corporate reporting	27%	24%	18%	36%	16%	45%	22%
Supply chain and outsourcing	26%	27%	16%	19%	36%	28%	30%
Organizational culture	26%	23%	26%	34%	21%	30%	20%
Fraud	24%	22%	30%	46%	9%	26%	13%
Communications/reputation	21%	18%	22%	27%	21%	28%	12%
Climate change	19%	22%	22%	19%	12%	10%	31%
Health and safety	11%	12%	8%	10%	17%	9%	13%
Mergers and acquisitions	6%	4%	3%	3%	8%	10%	8%

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https://www.theiia.org/RiskinFocus

2024 Risk in Focus Global Report

Survey of top 5 risk globally 3 years from now

What are the top 5 risks your organization currently faces?

#	Risk	%
1.	Cybersecurity	73%
2.	Human capital	51%
3.	Business continuity	47%
4.	Regulatory change	39%
5.	Digital disruption	34%
6.	Financial liquidity	32%
7.	Market changes	32%
8.	Geopolitical uncertainty	30%
9.	Governance/corporate reporting	27%
10.	Supply chain and outsourcing	26%
11.	Organizational culture	26%
12.	Fraud	24%
13.	Communications/reputation	21%
14.	Climate change	19%
15.	Health and safety	11%
16.	Mergers and acquisitions	6%

What are the top 5 risks your organization will face 3 years from now?

#	Risk	%
1.	Cybersecurity	67%
2.	Digital disruption	55%
3.	Human capital	46%
4.	Business continuity	41%
5.	Climate change	39%
6.	Regulatory change	39%
7.	Geopolitical uncertainty	34%
8.	Market changes	33%
9.	Supply chain and outsourcing	25%
10.	Financial liquidity	23%
11.	Organizational culture	21%
12.	Governance/corporate reporting	20%
13.	Fraud	20%
14.	Communications/reputation	15%
15.	Health and safety	11%
16.	Mergers and acquisitions	11%

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Artificial Intelligence

Generative AI is an umbrella term that refers to artificial intelligence models that have the capability to generate content. Generative AI can generate text, code, images, video, and music.

Large language models (LLMs) are a type of generative AI that are trained on text and produce text content. ChatGPT is a popular example of generative text AI. All large language models are generative AI.
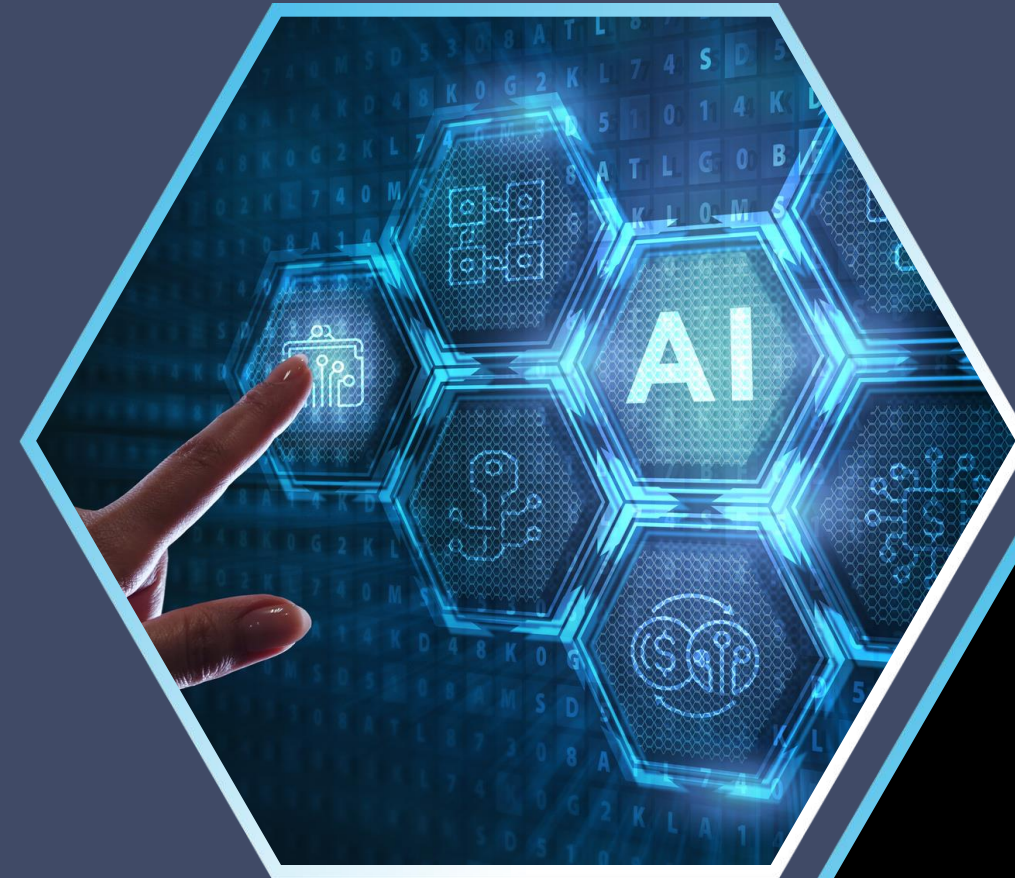
Generative AI

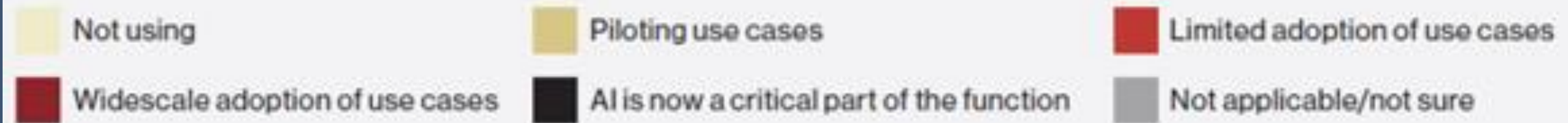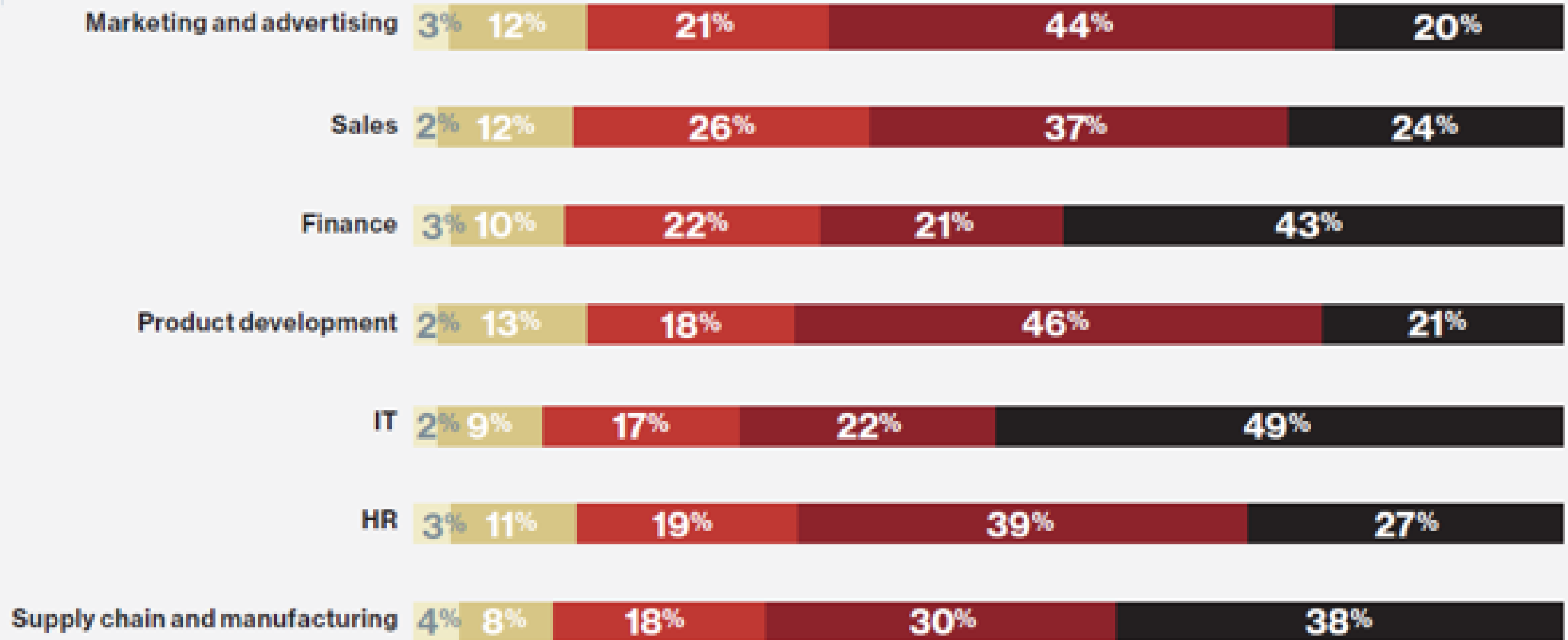"I can't think of anything that's been more powerful since the desktop computer."

Michael Carbin, Associate Professor, MIT, and Founding Advisor, MosaicML

The great acceleration
https://www.technologyreview.com/2023/07/18/1076423/the-great-acceleration-cio-perspectives-on-generative-ai/

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2025 forecast for AI adoption by function

Function	Not using	Piloting use cases	Limited adoption of use cases	Widescale adoption of use cases	AI is now a critical part of the function
Marketing and advertising	3%	12%	21%	44%	20%
Sales	2%	12%	26%	37%	24%
Finance	3%	10%	22%	21%	43%
Product development	2%	13%	18%	46%	21%
IT	2%	9%	17%	22%	49%
HR	3%	11%	19%	39%	27%
Supply chain and manufacturing	4%	8%	18%	30%	38%

Legend: Not using · Piloting use cases · Limited adoption of use cases · Widescale adoption of use cases · AI is now a critical part of the function · Not applicable/not sure

The great acceleration https://www.technologyreview.com/2023/07/18/1076423/the-great-acceleration-cio-perspectives-on-generative-ai/

The Culture of Innovation

Innovation

- The process of introducing new ideas, devices or methods to solve problems

Culture

- The way of thinking, behaving and working that exist in an organization

Culture of Innovation

- Nurturing an environment that continually induces new ideas or ways of thinking then translates them into action to solve problems or seize opportunities

Innovation vs. Disruption

Organizations must harness the chaos of continuous change

Innovation	Disruption
Doing the same things, **BETTER**	Doing **NEW** things that make the old things obsolete

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What is a significant Risk to your Organization?

Viewpoints Differ Re: "Significant Risk"

Board member	0
CEOs	13
CFOs	1
CTOs/CIOs	17

WHO IS CORRECT?

Source: NC State ERM
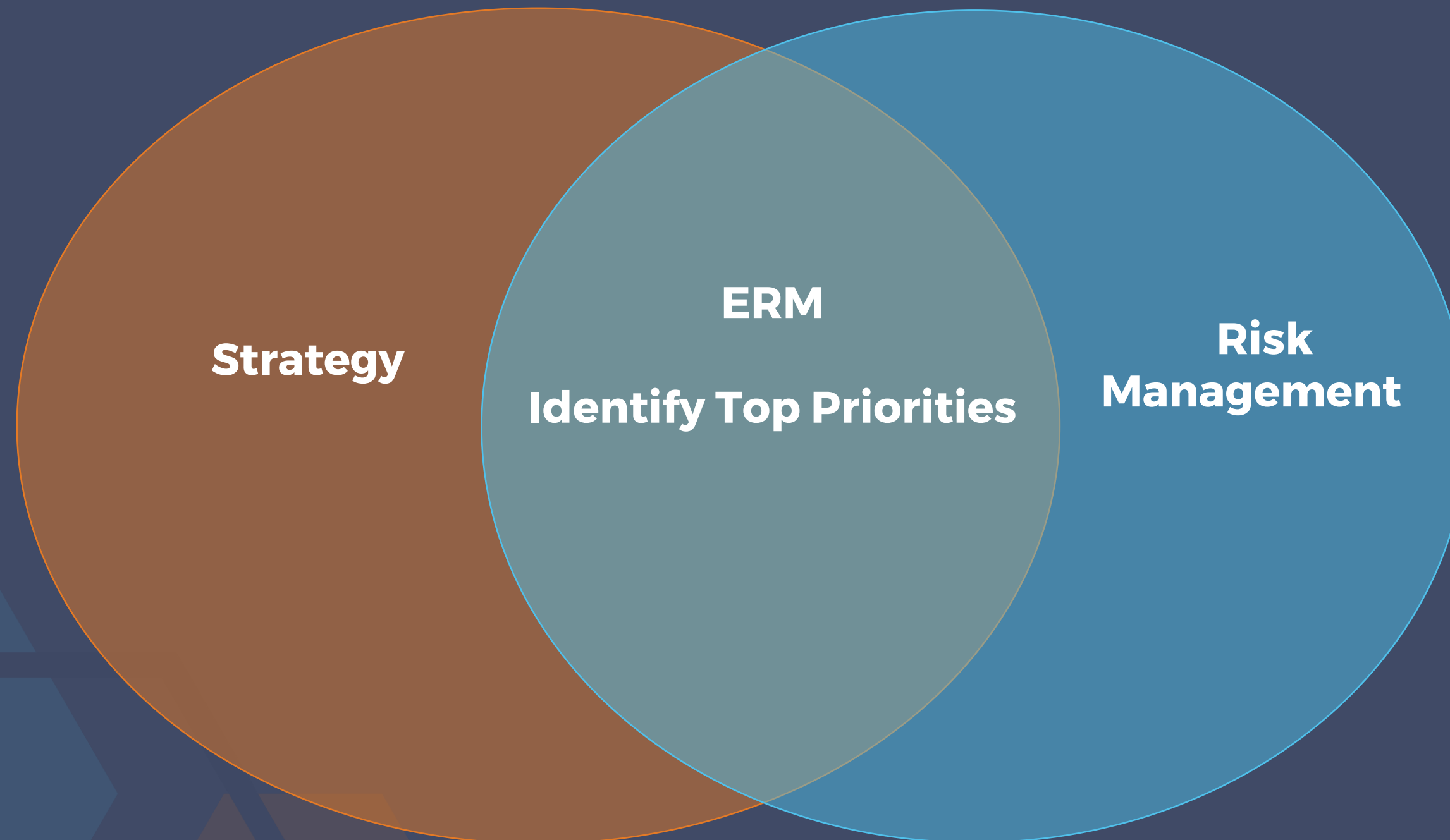
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ERM Board Risk Oversight in the Age of Disruption
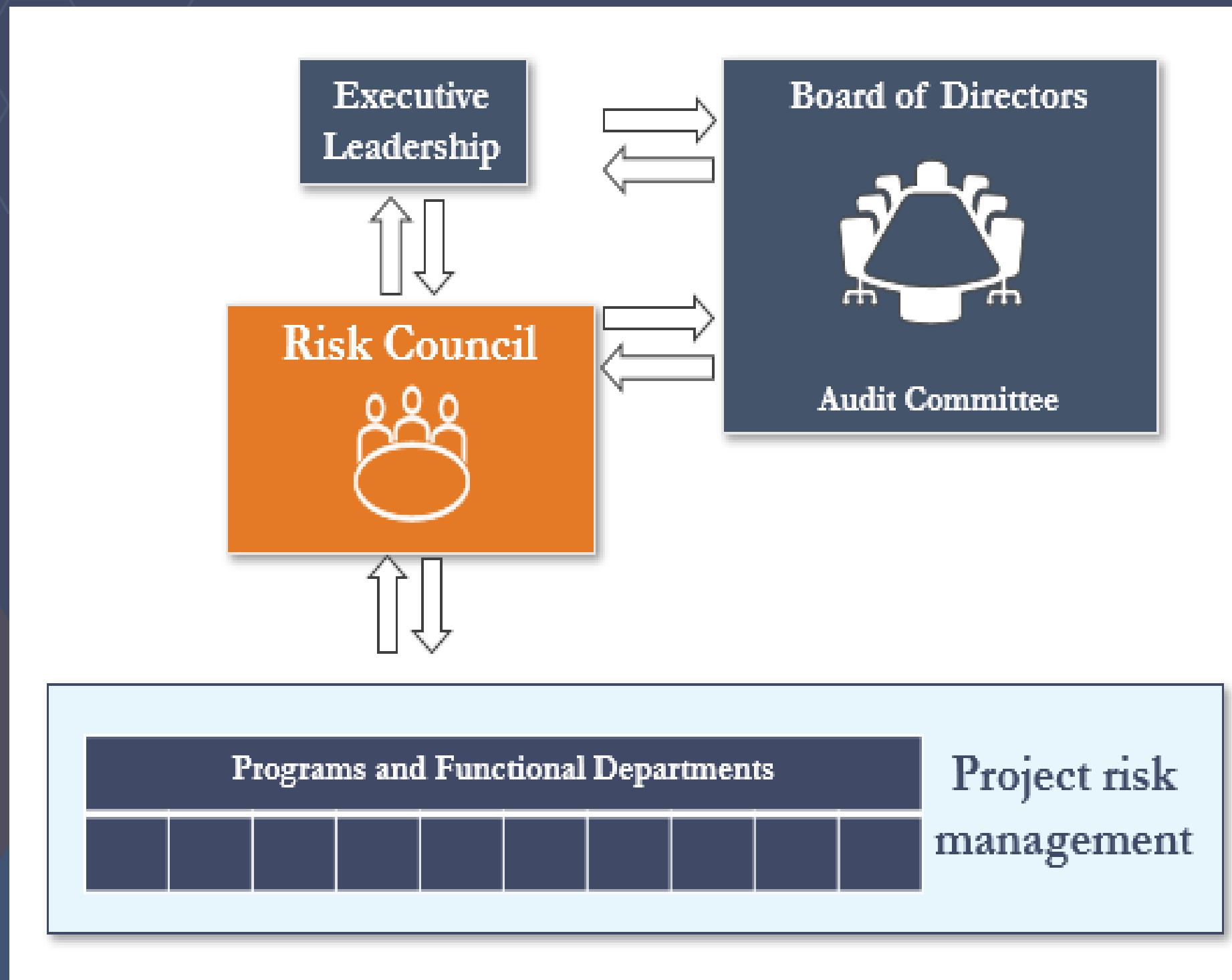
- ➤ Identify and assess enterprise-level risks against key strategic objectives

- ➤ Gain consensus of top risk and priorities with a common methodology (ERM Playbook)

- ➤ Develop approved handling plans / project initiatives

Thank you!

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