

Taking stock or taking advantage?

Risk intelligence in navigating an interconnected world

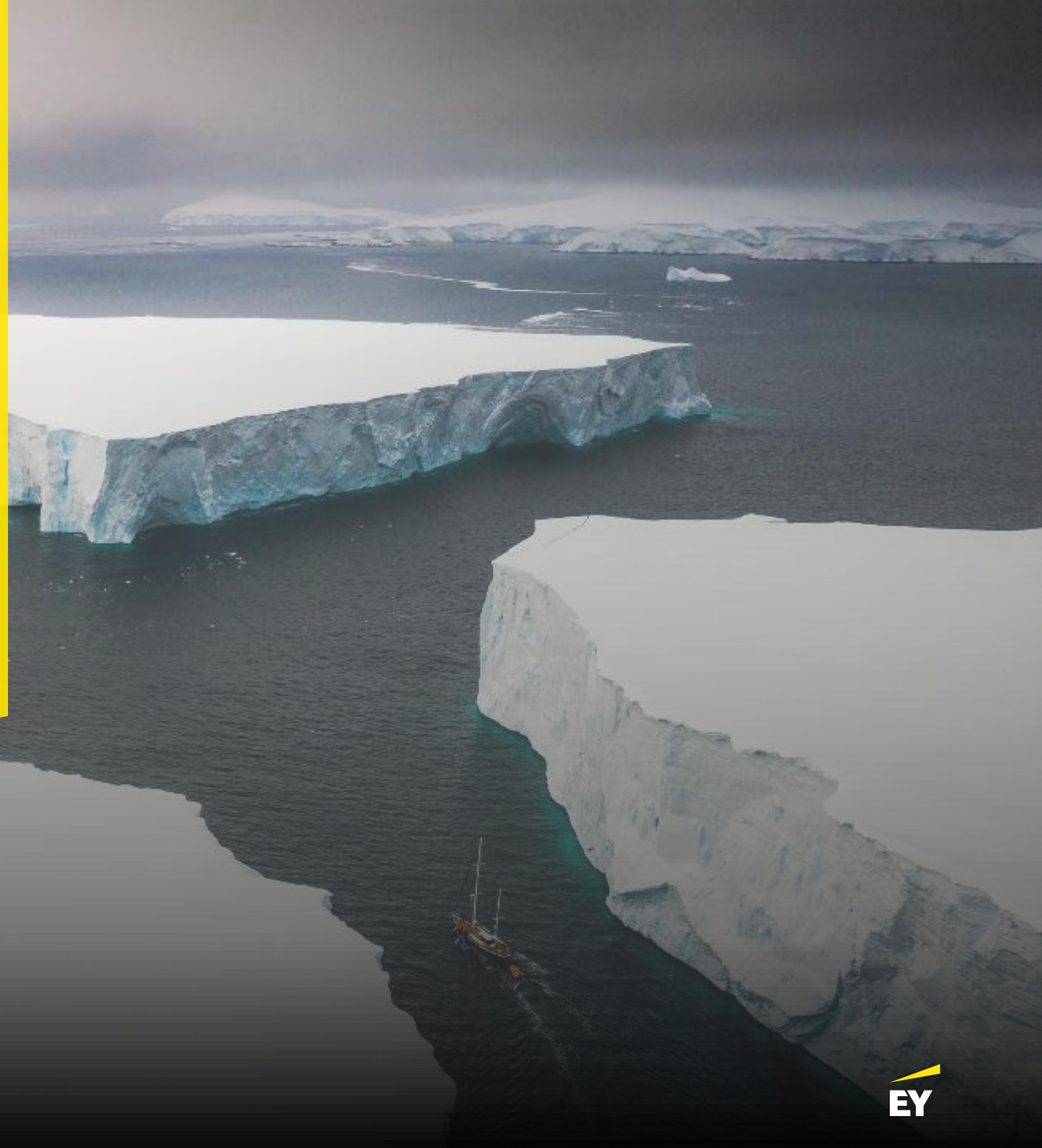


The better the question. The better the answer.
The better the world works.



Building a better
working world

Introduction



Panelist

Dato' Kamarul A Muhamed

Founder and Group CEO, Aerodyne Group

Dato' Kamarul, founder and Group CEO of Aerodyne Group, has propelled the Malaysian-based drone solutions provider to the forefront of the global industry. Under his leadership, Aerodyne has achieved the remarkable distinction of being ranked the number one drone services provider worldwide by Drone Industry Insights of Germany. What began as a 3-person start-up in 2014 has now expanded into a global leader with a presence in 35 countries, all within just six years.

Beyond his achievements with Aerodyne, he served on several prestigious councils, including the Economic Action Council, the Digital Economy and 4IR Policy Council, the Bumiputera Prosperity Council, and the Board of Directors of Bank Negara Malaysia. He is also a member of Forbes Business Councils.

As a TEDx speaker and thought leader in the drone industry, Dato' Kamarul has shared his expertise on AI, drones, and Industry 4.0 on global stages. His academic contributions include roles as a Professor of Practice at Putra Business School and as an Adjunct Professor at UPM, UIAS, and UMPSA.

A visionary and futurist, Dato' Kamarul is deeply passionate about human history, astronomy, theoretical physics, and technology, with a belief in advancing humanity toward equality and freedom. An avid traveler, he has explored over 100 countries, capturing the world's beauty through his personal drones.

Dato' Kamarul was the EY Entrepreneur Of The Year 2020 Malaysia and EY Technology Entrepreneur Of The Year 2020 Malaysia.



Panelist

Ooi Lay Pheng

Group CEO and Executive Director, L&P Global Bhd
and CEO, Berjayapak Sdn Bhd

Ms. Ooi Lay Pheng is the Executive Director and Group CEO of L&P Global Berhad and CEO of Berjayapak Sdn. Bhd. is a leading group of companies creating packaging solutions for multinational corporations across different industries.

She expanded the group's footprint from one location to six locations in Malaysia and Vietnam. Her bold innovation in incorporating sustainability elements into the business model contributed to the group's exponential growth. In January 2023, she successfully listed the Group on the Kuala Lumpur Stock Exchange ACE market, and the company was transferred to the Main Market of Bursa Securities in February 2024.

She actively participates and contributes to global wood packaging industry forums in the USA, Europe, and, most recently, Canada.

Lay Pheng holds a Master of Arts in Economics from Wichita State University, USA. As a firm believer in lifelong learning, she has completed executive courses in "Competing on Business Analytics and Big Data" by Harvard Business School and "Circular Economy and Sustainability Strategies" by Cambridge Business School and "Global C-Suite Program & Global Supply Chain Management" by The Wharton School.

Lay Pheng was the EY Woman Entrepreneur Of The Year 2021 Malaysia.



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Setting the context



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Long Term Value



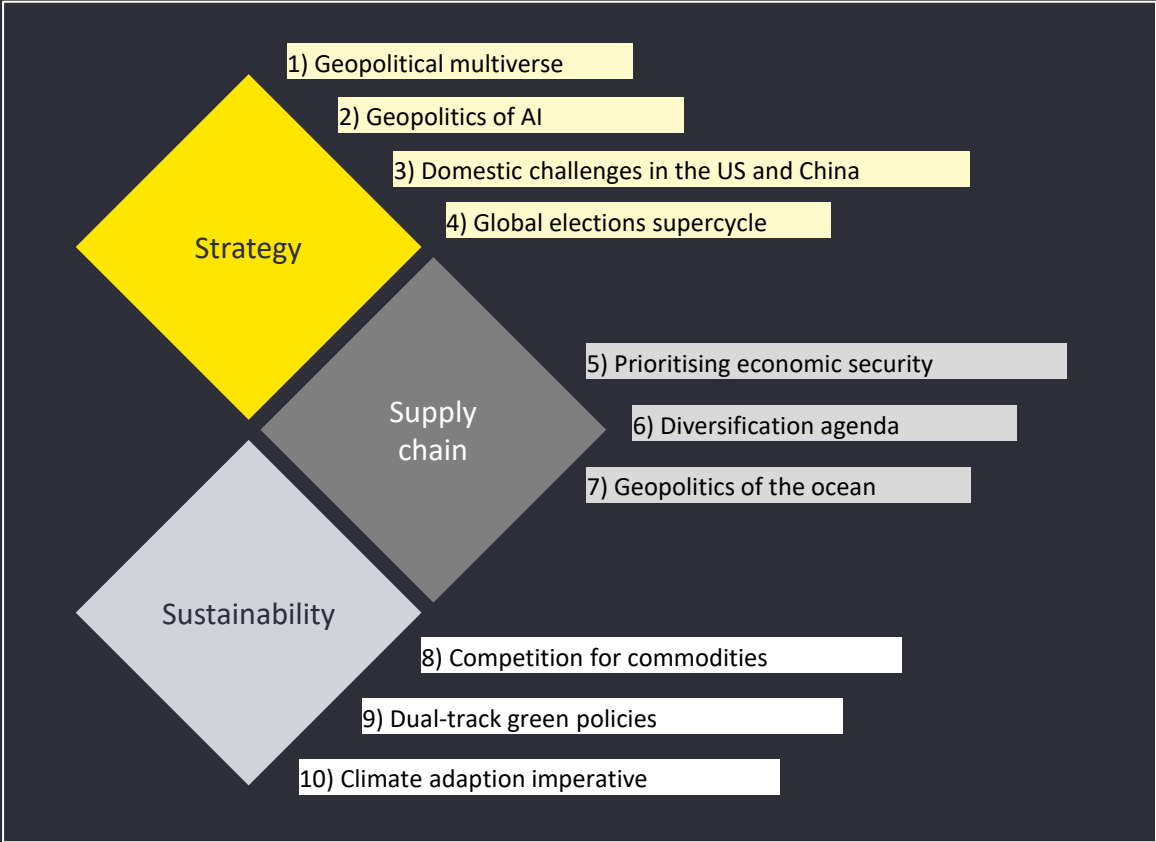
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Conclusions

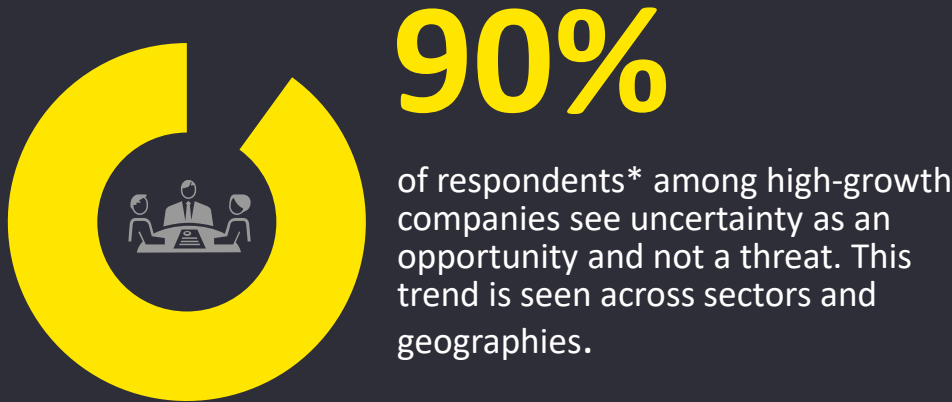
The 2020s has started out as a decade of crisis and disruption on a global scale...

EY Geostrategic survey at the start of 2024 ...

And yet...



Top 10 Geopolitical developments in 2024



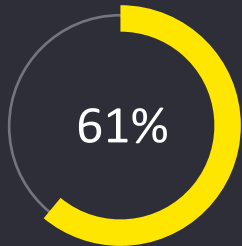
*2,340 respondents
Source: EY Growth Barometer

More than before, organisations need to identify risks effectively...

... but organizations are finding it difficult to identify, track and manage the new risk landscape.



of boards agree **emerging risks are insufficiently addressed** in risk management frameworks



of boards agree board **directors are not aligned on the business' most material risks**

Source: EY Global Board Risk survey 2023

What is needed is **Risk Intelligence**



Ability to identify, assess and determine mitigation actions by understand the broader context of and interdependencies of the risk factors



The world is interconnected hence it is even more necessary to have such intelligence

An interconnected world drives the need for effective risk intelligence

How are we interconnected:

- Globalisation
 - Economically – supply chain, global finance, trade, use of resources
 - Technologically – digital, Ai, cyber, data
 - Environmentally – pandemic, climate, etc.
- Systemic Risks
 - Pandemic/health
 - Geopolitics
 - Cyber

How different was 2020-2021 from 2008-2009 global crisis?



The crisis is global in nature – not just focused on a specific set of countries



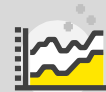
Both supply **and** demand are being impacted



The world is much more integrated – supply chains, BRICs



Economic activity and value chains have evolved – outsourcing, gig workers, sharing economy



Interest rates were already historically low across countries

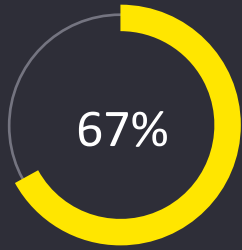
1 How can organisations better anticipate and prepare for interconnected risks?

2 What are some of the best practices in fostering a risk aware culture that you have encountered?

3 How do Technology and Collaboration play a role in managing interconnected risks?

Identifying the risks is important... and so is being able to respond to these risks

Entrepreneurs see risks differently



of 3,000 EY Entrepreneur Of The Year (EOY) finalists and winners surveyed in 2009 focused on pursuing opportunities compared to only 19% of large companies. 74% of large companies were focused on securing the present.

Source: Seizing opportunities: a once in a lifetime chance, EYGM Limited, 2009

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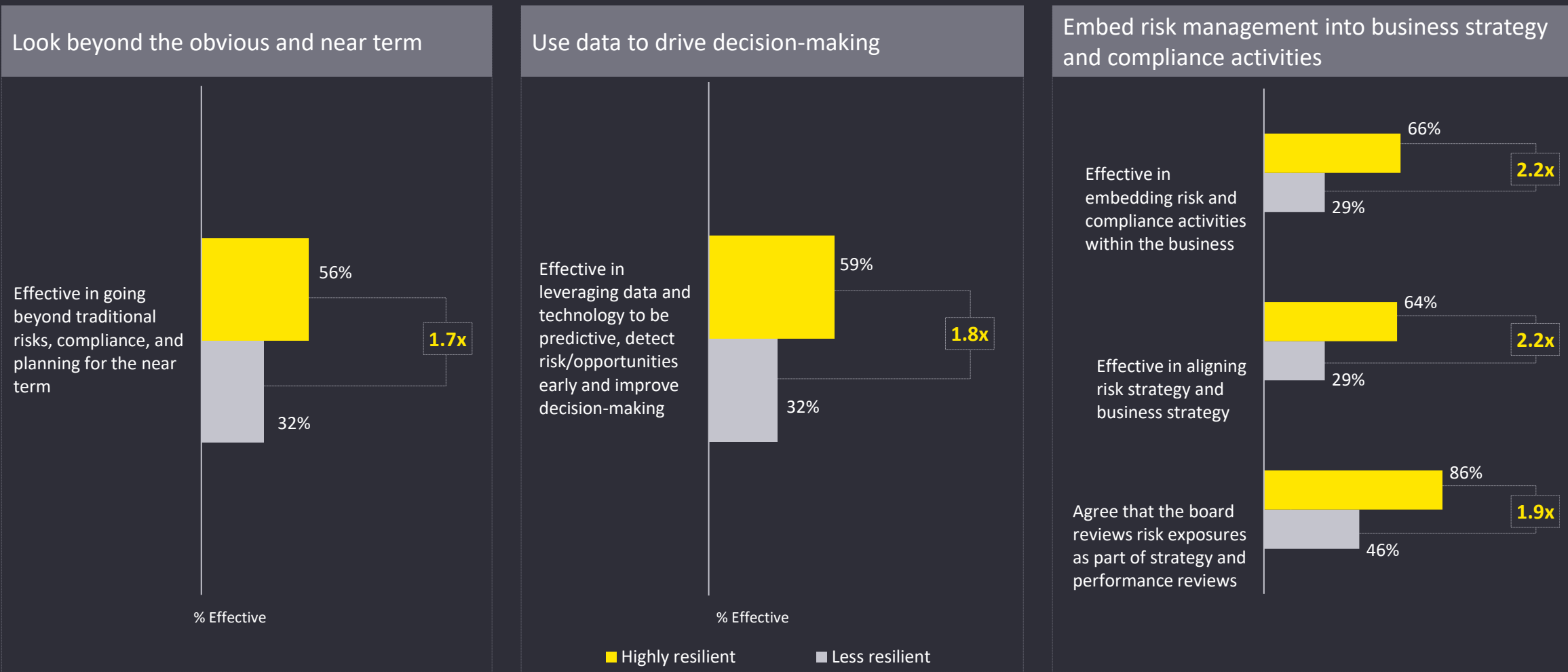
There's no point in doing anything other than to look for the opportunity in the crisis.

-EY Entrepreneur Of The Year award winner

Definition of **Risk Resilience**:

- Capacity to withstand, adapt, and recover from adverse events and disruption
- Requires organisations to build systems, processes, governance and culture which focuses on response and recovery once risk occurs
- Requires flexibility and adaptiveness

Research shows resilient organisations tend to exhibit more of certain aspects



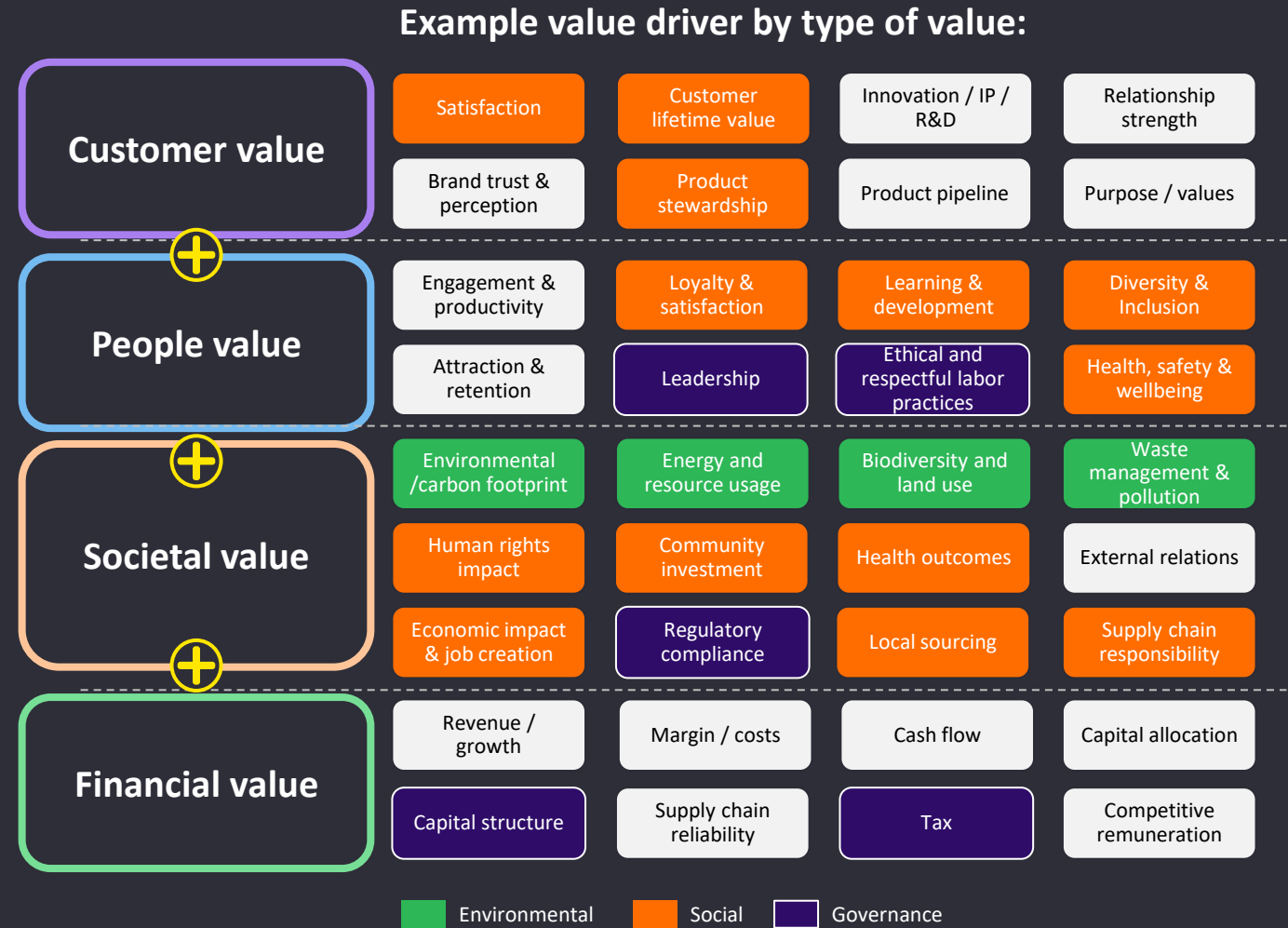
Source: EY Global Board Risk survey 2023

4 Is it better to be risk intelligent rather than risk resilient or do we need both aspects to have a holistic shot at success?

Risk resilient organisations are more ready to take advantage of opportunities compared to the rest

Context: Apply **long-term value (LTV)** as a strategic lens which risk management also needs to take into account...

- LTV requires a **forward-thinking mindset** and **longer-term** risk management thinking.
- The focus is on **sustainable value creation** as opposed to short term profits, quarterly earnings
- A holistic approach that balances financial performance and **broader aspects** which give enduring benefits



How can LTV thinking result in more effective risk management

Long term value thinking is key in enhancing effectiveness of Risk intelligence:

- ✓ Shifts from immediate to **sustainable stability**
- ✓ More **future focused** on strategy, with longer term goals, capacity building – enabling risk thinking to expand
- ✓ **Proactiveness** is enhanced - not a fire fighting process
- ✓ **Diversification** of risk is more pronounced
- ✓ **Embedding resilience** enables better risk taking and decision making
- ✓ Ability to **build trust**, relationships and reputation, fosters partnerships
- ✓ Better integration of **ethical mindset** in decision making, manage reputational impact better

Questions to the panel

5 How do you align LTV creation with day-to-day decision making, especially when short term pressures are high?

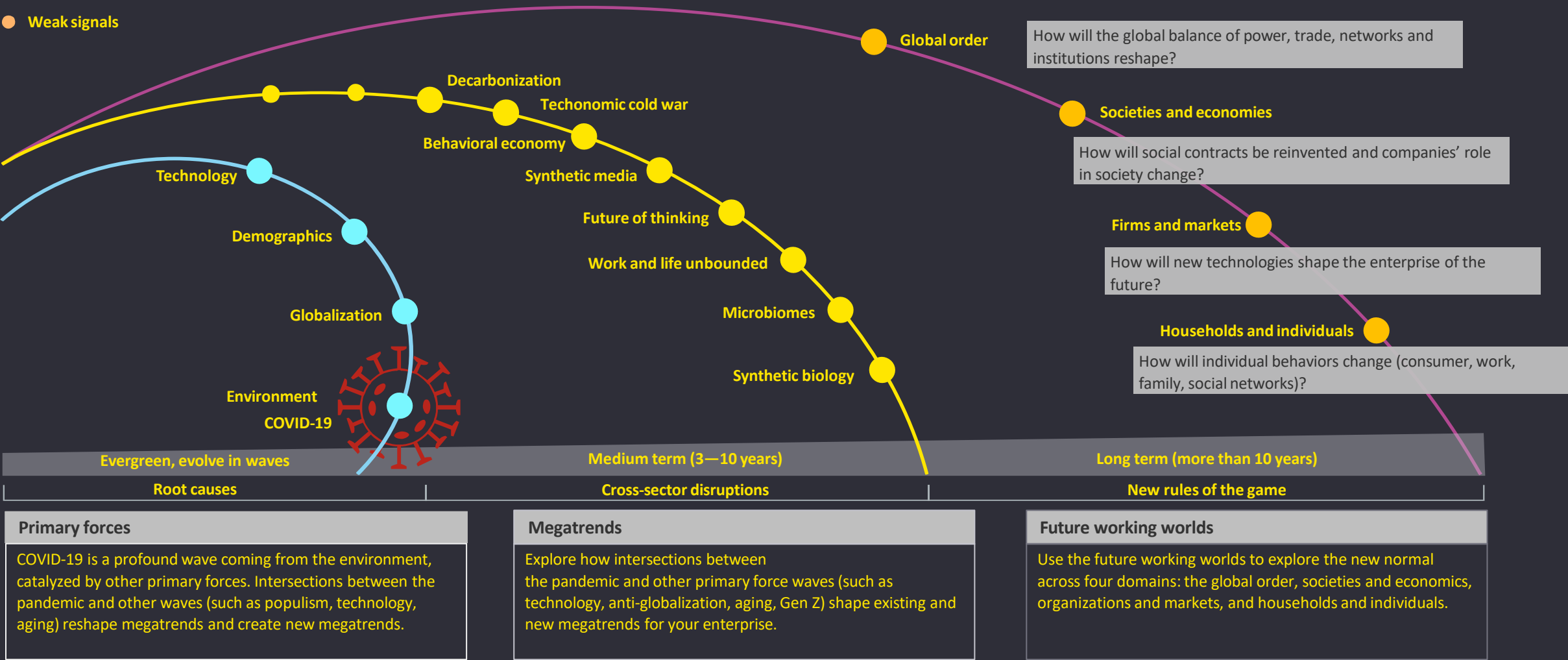
6 Can you share an example of how LTV focus has helped you manage a major risk?

7 What role does leadership and culture play in driving LTV and related risk taking especially related to unexpected issues, pandemic, customer expectations?

8 Can you share an example of how LTV focus has helped you manage a major risk?

- Shifting to LTV
- Not shifting to LTV

Looking ahead – megatrends evolving from the current disruptions



Source: EY Megatrends 2020 and beyond

Concluding comments

- Risk intelligence (RI) helps anticipate risks
- Risk resilience (RR) is about enduring and recovering
- We have often focused on RI but not adequately on RR
- Organisations that excel in both RI and RR can
 - Identify potential threats early
 - And also remain strong in the face of them
 - Ensuring long term success
- LTV shifts thinking from “immediate” to “sustainable and stable”
- Aligning RI and RR with LTV requires proactive embedding into
 - ✓ Strategic planning
 - ✓ Innovation
 - ✓ Stakeholder engagement
 - ✓ Governance
- The LTV approach builds stronger and more adaptive systems capable of:
 - weathering uncertainties
 - strengthening trust and reputation
 - enhancing overall competitiveness in an interconnected world

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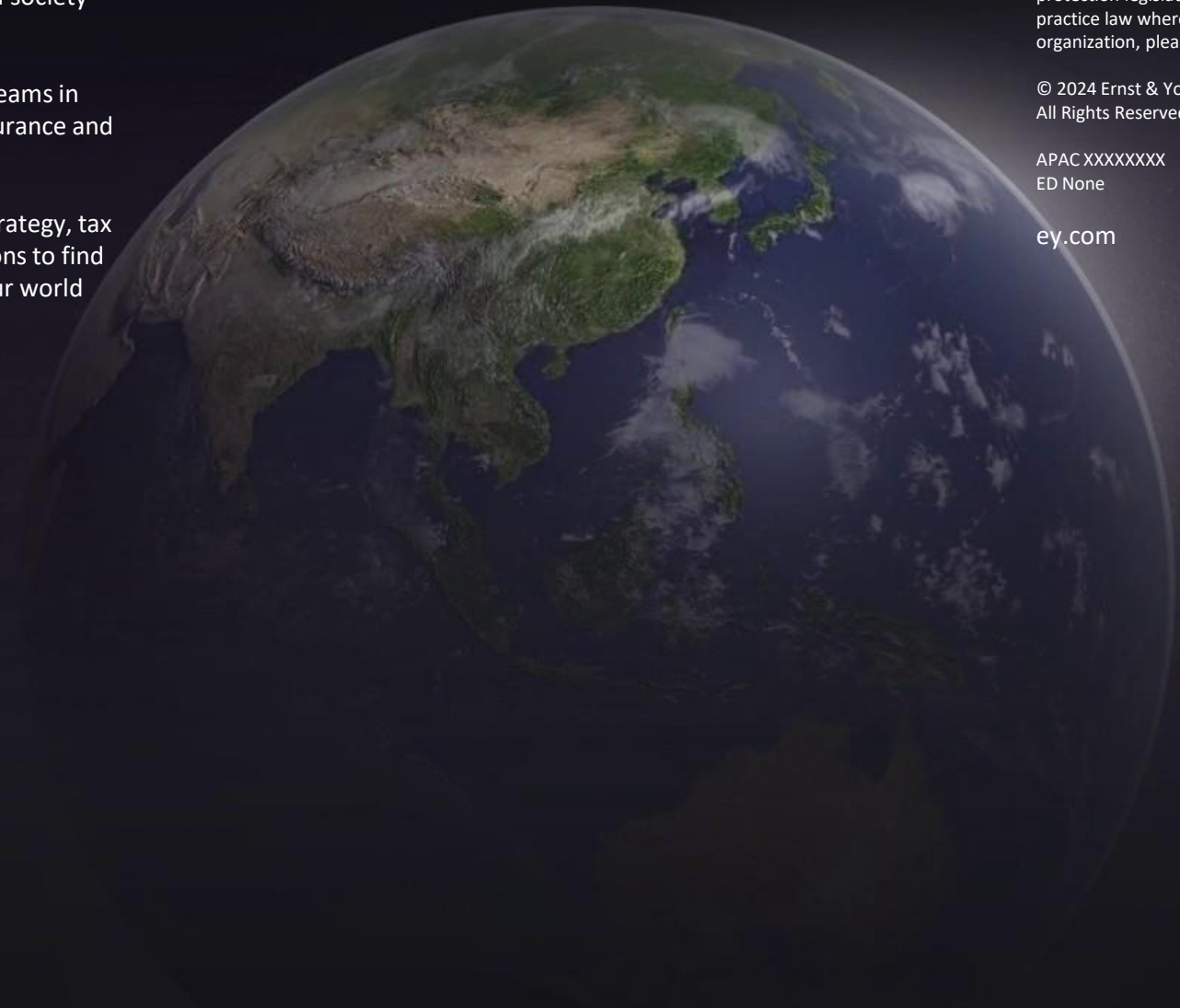
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Moderator

Philip Rao

Partner, Consulting,
Ernst & Young Consulting Sdn Bhd

Philip is EY Asean Energy Leader and a consulting partner at Ernst & Young Consulting Sdn Bhd in Malaysia. He is the Global Client Service Partner of two key accounts, one in the power and utilities sector, and the other in the aviation sector.

In his professional career spanning over 30 years, Philip has served on various corporate governance, risk management, business transformation internal and external audit, and corporate finance engagements, in diverse industries.

Philip is also the Director of the EY Entrepreneur Of The Year (EOY) award program in Malaysia.

A Certified Internal Auditor (CIA) and a member of the Institute Relations Committee of the global Institute of Internal Auditors (IIA), Philip regularly speaks and contributes articles on corporate governance, business transformation, risk management and internal audit.

Philip is a member of the Malaysian Institute of Certified Public Accountants (MICPA), the Malaysian Institute of Accountants (MIA), CPA Australia and IIA Malaysia.

