ERM AT INFOSYS BPO: CORE GROUPS, RISK COUNCILS AND PARENT COMPANIES

By Russ Banham

RIMS

Over the past 36 years, Bangalore, India-based Infosys has grown into one of the world's premier global consulting and IT services providers. From its initial US $250 in capital at the firm's launch, Infosys now generates in excess of US $10 billion annually and touts a market capitalization of approximately US $34 billion.

Infosys began with that meager amount of capital and just six engineers with an idea and the tenacity to commercialize it. Today, the firm has approximately 200,000 employees worldwide, and it recently announced a decision to hire more than 10,000 U.S. workers over the next two years. Infosys is comprised of multiple subsidiaries, among them Infosys BPO, focused on providing integrated end-to-end outsourcing services.

ERM at Infosys BPO Limited is a continual work in progress. More than ten years ago, a basic framework for ERM was built. Since then the process of managing enterprise risks has evolved to where multiple groups provide risk assessments under a unique governance structure. To better understand the firm's ERM process, RIMS sat down recently with Rajeev Thykatt, Infosys BPO Limited's Head of Risk Management. Thykatt oversees teams at Infosys BPO that manage a specific range of risks, including security, business continuity, operations, supply chain, intellectual property and data privacy and protection.

RIMS: When did you join Infosys BPO and in what capacity?

Thykatt: I came here in December 2007 as a manager in risk management, initially to handle just a piece of our ERM program: contract risk management. Gradually I took on more responsibility, to the point where I have been the Head of Risk Management since January 2017. I'm also involved in ERM activities outside the organization. For instance, I am a member of the ISO technical committee 262 – Risk Management that is developing the new version of ISO 31000 Standard set to be released soon, and I am the convener of the mirror committee to this ISO technical committee in India constituted by Bureau of Indian Standards (BIS), which is the national standards body of India. I enjoy being a student and practitioner of ERM and have worked with RIMS and ASIS International as a member of the technical committee developing the new risk assessment standard that was adopted by ANSI (American National Standards Institute) in the U.S.

RIMS: When you arrived at the firm to manage contract risks, what did the ERM framework look like at that time?

Thykatt: Ten years ago, it was very basic. Essentially, it was a delivery mechanism to broadcast risks at the enterprise level. We addressed key issues like SOX (Sarbanes-Oxley legislation) compliance and internal audit. But down the line, we knew we would need to expand the ERM program.

RIMS: Why was this the case?

Thykatt: One big reason is that in the business processing/outsourcing (BPO) industry, the gestation period to deliver services is very short when compared to other IT industries. We needed a more defined process to help us be fast and agile, getting out of what I would call "stereotypical ERM" to optimize all our risk management processes. Gradually, we began integrating other domains like information security, business continuity, vendor risk management, operation/delivery risk management and data privacy risks into the framework.

RIMS: What does today's ERM framework look like?

Thykatt: To start with, we have risk assessments at the enterprise level, delivery center level and the account level/engagement level. These three segments are mapped to our strategy, goals and objectives. The risk assessments in each case may be different and customized. For instance, we assess information security and cyber risks in all three levels on a need basis given the business continuity aspects and the data privacy issues. In this regard, we also assess our vendors' risks to ensure they align with our parameters.

RIMS: How are these processes structured insofar as reporting on the risk assessments?

Thykatt: My function owns the framework, in the sense that we define the risks assessment methodology and ensure risks are managed across the organization. But people in different functions and operations across the organization are the actual risk owners. We provide them risk assessment guidelines and train them (about risk management). My team then collects the risk assessments, analyzes and provides these analyses for presentation in the form of a single or multiple risk registers at different levels. We provide an assessment at the corporate level on a quarterly basis.

RIMS: Once you file the report, what happens next?

Thykatt: We have a risk governance structure that includes representation from all the function heads and other relevant people. This Core Group, as it is called, looks across all the risks that may impact us, which helps to prioritize the risk mitigation process. The group meets every month, although the risk data is collected on an ongoing basis. The essential idea is to make sure that all our risks are captured and assessed on a dynamic basis. So if something new or unexpected arises, the group can come together to discuss it. The Core Group also communicates with a risk council we've established at Infosys BPO. Further, these risks are reported to the group level (parent company), strategy, operations and legal and compliance councils. These are all separate groups focused on their respective areas of risk. On top of the Core Group is the risk council at Infosys BPO, which consists of the CEO, CFO, the quality head and head of corporate planning and risk. The quarterly risk assessment I mentioned goes directly to the risk council at Infosys BPO and I moderate the meeting.

RIMS: Does the parent company eventually review the assessment?

Thykatt: Yes, it is reviewed by the strategy council, the operations council, the legal and compliance council and our Chief Risk Officer at the group level (parent company), as well as by audit committee and the board of directors of the parent company. The assessments produced at various levels all follow a similar path toward the parent company and the board of directors. In other words, all the risks confronting the organization's strategic and operating goals are captured and analyzed for their review, support and help.

RIMS: Before we conclude, tell us what you like most about your job.

Thykatt: I like it best when I am invisible—when my team isn't involved much in actually managing risk because that means at the lowest levels of the organization, people are taking their responsibility as risk owners to heart. This liberates us to focus on value-added efforts improving the design of our risk assessment and management process. For ERM to work, each and every employee has to be empowered as a risk manager. ■