

# Strategy@Risk Ltd

**Risk-Opportunity Based Management achieves a sustainable increase in enterprise value over time.**  
**It represents an important tool for planning as well as for performance measurement and for controlling purposes .**

*"S@R has set out to create models that save our clients time and money. Our models can give answers to both deterministic and stochastic questions, by linking dedicated ebitda models to holistic balance simulation taking into account all important factors describing the company. The basis is a real balance simulation model + not a simple cash flow forecast model."*

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## CFO/CRO concerns and challenges - What does your Board and CEO need?

S&R has the tool and knowledge to take the edge of your concerns:

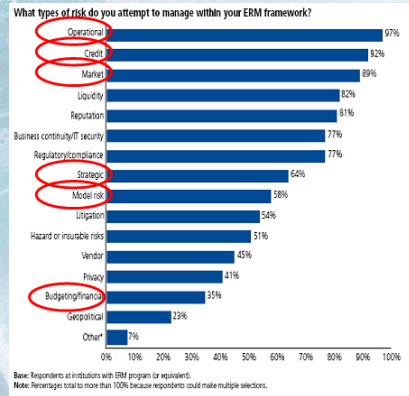
- Everywhere we find concerns about; consumer demand, interest rates, currency volatility and competition.
- And in the company concerns about own ability to: forecast results, manage working capital and uncover possible balance sheet weaknesses.
- *Our aim is therefore to transform enterprise risk management from only safeguarding enterprise value to contribute to the increase and maximization of the firm's value within the firm's possibilities.*

TOP EXTERNAL CONCERNS		TOP INTERNAL CONCERNS	
RANK (previous quarter)		RANK (previous quarter)	
EUROPE		EUROPE	
■ 1 (1)	Consumer demand	■ 1 (2)	Ability to forecast results
▲ 2 (3)	Financial/banking system	■ 2 (2)	Working-capital management
▼ 3 (2)	Credit market/interest rates	■ 3 (3)	Maintaining morale during downturn
■ 4 (4)	Currency volatility	▲ 4 (6)	Counterparty risk
▲ 5 (7)	Housing market fallout	■ 5 (5)	Balance sheet weakness
● 6 (NR)	Government policy	▲ 6 (7)	Supply chain risk
▼ 7 (6)	Foreign competition	▼ 7 (4)	Attracting/retaining qualified employees
● 8 (NR)	Stability of local and central government	■ 8 (8)	Managing IT systems
■ 9 (9)	Financial regulation	▼ 9 (10)	Intellectual property protection
■ 10 (10)	Trade policies and agreements	● 10 (NR)	Data security

Karain, Jason (2009, May). Top Ten Concerns of CFO's. *CFO Europe*, 12(1), 10-11.

## S&R Models quantifies and analyses a range of risks in one complete operation – revealing enterprise risk

- Strong in compiling all quantifiable risks into one complete EBITDA and P&L model. S&R provides unmatched insights in corporate financial, operational and strategic risks.
- With the strong foundation of understanding risk through one model – you are ready to simulate projects, run interactive budget process, evaluate strategies and micro- and macro factors impact isolated and for the whole enterprise.



Source: Deloitte – Global Risk Management Survey 08

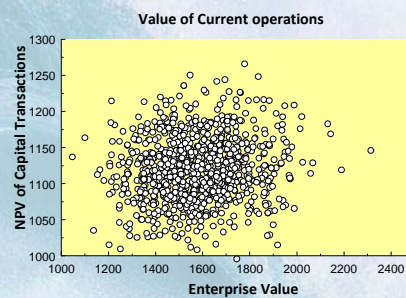
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## The boards challenge – we deliver to you - what they want to understand

*“You have your report and consolidating tool, but do you have a strategic planning And decision making tool?”*

*We deliver a tool that makes you capable of analyzing and communicating risk and potential to your board and CEO.*

*You will deliver an understandable complete description of the uncertainties And opportunities that decisions for the Future needs to be based and acted upon.*



The NPV of all future gross capital transactions gives a picture of this risk having to infuse money without increasing the company's value.

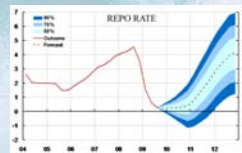
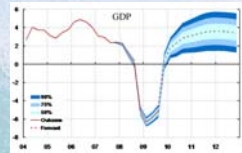
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## Which problems and challenges do we solve?

We quantify the company's single and aggregated risks and potential, thus making the company capable to perform detailed strategic planning and of executing earlier and more apt actions against risk factors.

- We will improve stability to budgets through higher insight in cost side risks and income-side potentials. This is achieved by an interactive budget-forecast process; the company will improve targeting realistic budgets – with better stability and increased company value as a result.

- Experience shows that the mere act of quantifying uncertainty throughout the company - and thru modelling - describe the interactions and their effects on profit, in itself over time reduces total risk and increases profitability.



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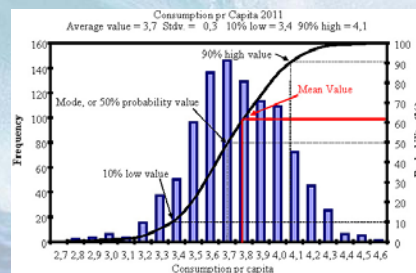
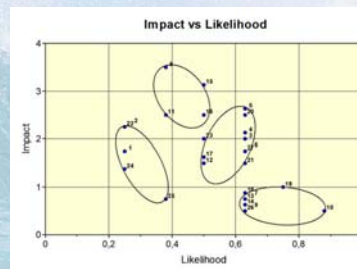
## From Risk Mapping to Risk Calculation – Do you know the extent of your uncertainties and risks..?

We deliver:

- A model tool and a software that easily links to your report and consolidation tools.
- A customer tailored simulation model ready to use for a range of problems. Or standard industry models.
- Services ensuring implementation, user friendliness and training of key personnel.

We understand, design and implement with no strain on the organization – you are up and running in 4 months with our full support.

<http://www.strategy-at-risk.com/2009/10/19/where-do-you-go-from-risk-mapping/>



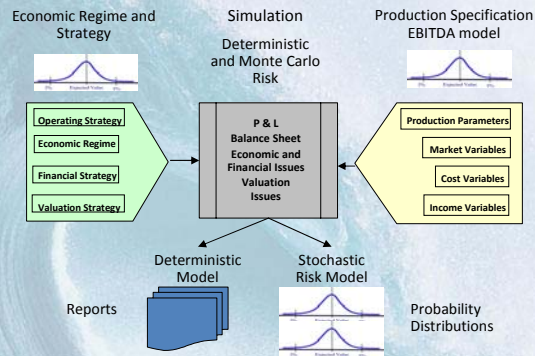
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## S&R Generic Simulation Model for Strategic Decision Support – How you will analyse the complete picture.

Main uses of the P&L/Balance model:

- Strategic planning and support tool.
- Interactive budget process tool.
- ERM process quantification support and decision making tool.

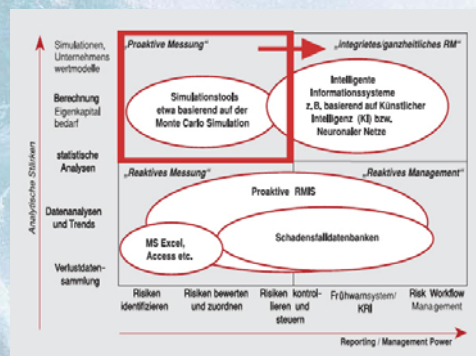


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## ERM Process – utilizing all your info through S&R Monte Carlo simulations – enabling better decision making

The missing link between ERM, budgets, Finance and operations; S&R Monte Carlo simulations:

- Increased management confidence
  - Improved risk transparency
  - Risk appetite and risk tolerance are aligned with strategy
  - Improved risk v. reward quantifications and performance measurements
- Competitive advantage
  - Risk priced transactions
  - Improved allocation
  - Optimized costs and efficiencies
- Reduced earnings volatility
  - Early notification of risk patterns
  - Ability to anticipate and communicate uncertainties

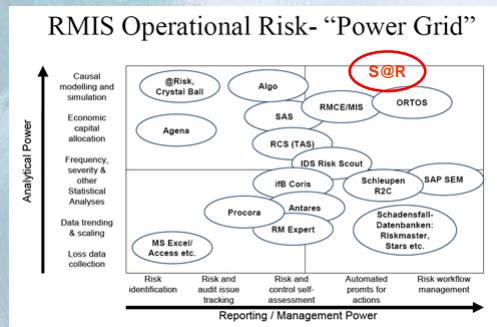


Produktmatrix im Bereich der RMIS (Quelle: RiskNET)

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## S@R tools – cutting edge instruments with no spreadsheet errors or limitations

- Using models written in dedicated financial simulation language (with code and data separated).
- State of the art in financial- and international trade theory.
- Solves the stochastic simultaneous equations for equating “free cash flow” and “economic profit” valuation under uncertainty.
- Programs and models in “windows end-user” style.
- Extended test for consistency in input, calculations and results.
- Transparent reporting of assumptions and results.



Erben, R.F, Romeike, F., *Risk-Management-Informationssysteme – Potentiale einer umfassenden IT-Unterstützung des Risk Managements*

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## Deliverables

- State of the art analysis incorporating all risk and uncertainty factors
- Complete and correct simulation models based on full accounts, financial and strategic regime, full cost and income structures
- Analyzing full effect of strategies on project level as well as consequences for entity/group
- More than 60 different financial reports
- Recommendations and conclusions on designated topics
- Full visualization of findings and results
- Tailor made simulation model for client use – or standard industry models
- Complete data sets for simulations

For an initial, no obligation discussion, please contact:

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