



AIG highlights a lack of external perspective amongst boards on tech disruption

6 June 2016 – In a report launched today, AIG examines how technology is driving changes to the business landscape, and how boards can make themselves sufficiently future-focused. Findings from the research suggest that boards may not be looking outside their organisations often enough to stay abreast of the implications of emerging risks. 50% of those surveyed never discussed reports from third party experts, or did so only once a year. So, in this fast evolving world, one of the key questions for boards is how do they keep up?

Tech risks – both internal and external – tend to dominate the concerns of large companies today.

Almost three quarters (74%) of the respondents to the survey see this broad business risk as a concern. In addition, technological vulnerability challenges the way companies operate and service their businesses to ensure business continuity and 83% of senior business leaders are ‘very’ or ‘fairly’ concerned about this risk to their company. Service providers are nearly twice as likely as industrial businesses (42% versus 27% respectively) to be ‘very concerned’ about technological vulnerability.

Yet, despite the importance of this risk, it appears that companies discuss external views within the boardroom very rarely. Only 28% of companies surveyed ‘always’, or ‘more often than not’, discussed reports from third party experts about the implications of emerging risks to the company and their business sector – with 50% discussing reports from third party experts ‘less often than not’, ‘once a year’ or ‘never’.

“Listening to external views and taking on third party intelligence can only be beneficial to discussions happening at board level” said Charlie Kitson, Head of UK Client Engagement. “The business landscape is increasingly being shaped by non-traditional, non-physical risks – risks that cause disruption in ways we cannot always predict. Understanding this external landscape is a key role for any board and they need to be asking themselves ‘are we future focused enough?’”

With specific regards to technology risk, this behaviour also appears to be reflected in the UK Government’s FTSE350 Cyber Governance Health Check Report from last month. It shows that over 70% of board discussions of cyber risk are underpinned with ‘very little insight’ or only ‘some information’ in relation to up to up to date management information and threat intelligence.

This report forms part of AIG’s Captains of Industry series, commissioned at the end of 2015, where it asked Ipsos MORI to investigate attitudes and behaviour of senior business leaders on subjects including tech disruption, business risk and potential impacts. For today’s report, AIG partnered with Airmic to understand how the board view of our findings fits with the risk manager perspective. We also looked at our findings in the context of the UK Government’s recent FTSE350 Cyber Governance Health Check Report.

AIG’s Tech Risk: Are Companies Ready? The full report can be found at;
<https://www.aig.co.uk/insights/tech-risk-are-companies-ready>

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TECHNICAL NOTE

Ipsos MORI conducted 102 interviews with respondents from the top 500 companies by turnover and the top 100 by capital employed in the UK. Respondents were Chairmen, Chief Executive Officers, Managing Directors/Chief Operating Officers, Financial Directors or other executive board directors. Interviews were primarily carried out face to face (5 were carried out over the telephone) between September and December 2015.

Notes to editors

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