



2019 Silicon Valley Risk Technology Forum

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PLUG AND PLAY TECH CENTER
SUNNYVALE, CA



2019 CMT Risk Study Overview

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**How do we
remain relevant?**

What we said last time we were together

Still True?

- Accelerating shift in value from hardware and devices, to digitization, software, and services.
- Blurring lines between digital and physical.
- Product development and release cycles shortening.
- Radical customization driving increased demands for cognitive technologies including machine learning and AI.
- Technology failures lead to more acute consequences.
- Increased civic and regulatory oversight.



A few more to think about



5G Networks

Disrupt wired internet providers, stoke demand for capable hardware, and increase expectations for seamless, immediate access to all networks, software, and information.



Fracturing Global Supply Chain

Climate change, geopolitical instability, rising US tariffs, and increased automation are shaking how and where technology is produced.



Fake News Gets More Real

The use of AI to create “deep fake” content, including videos... undermines trust in legitimate content providers and platforms.

Our companies must innovate to thrive.



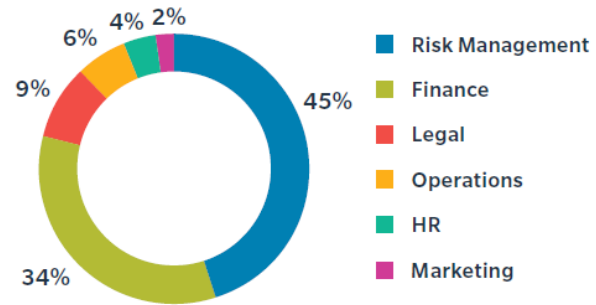
- ✗ Isolated solutions
- ✗ Disconnected/not networked
- ✗ Long release cycles
- ✗ Inability to scale
- ✗ Undifferentiated products
- ✗ Failure to reinvent

- ✓ First to market, scale, capital
- ✓ Connected / ecosystem view
- ✓ Rapid development cycles
- ✓ Scalable and flexible
- ✓ Highly differentiated
- ✓ Driving and monetizing seismic shifts

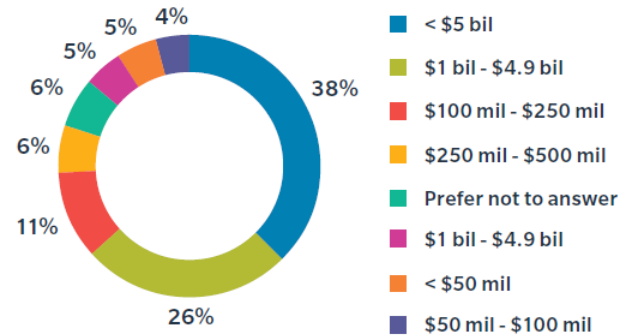
2019 Marsh CMT Risk Study



Role of Respondents



Respondent Company Revenue



CMT companies aggressively moving into new areas

Developing new products and services within existing structure.



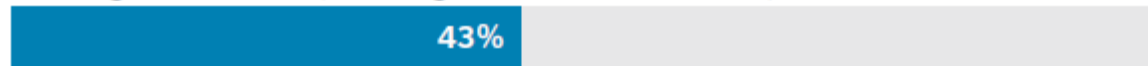
Launching new partnerships.



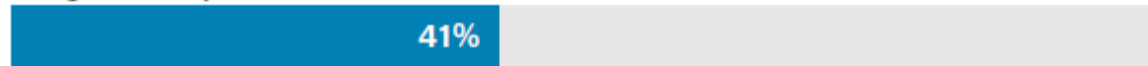
Selling existing products or services to be used in new ways.



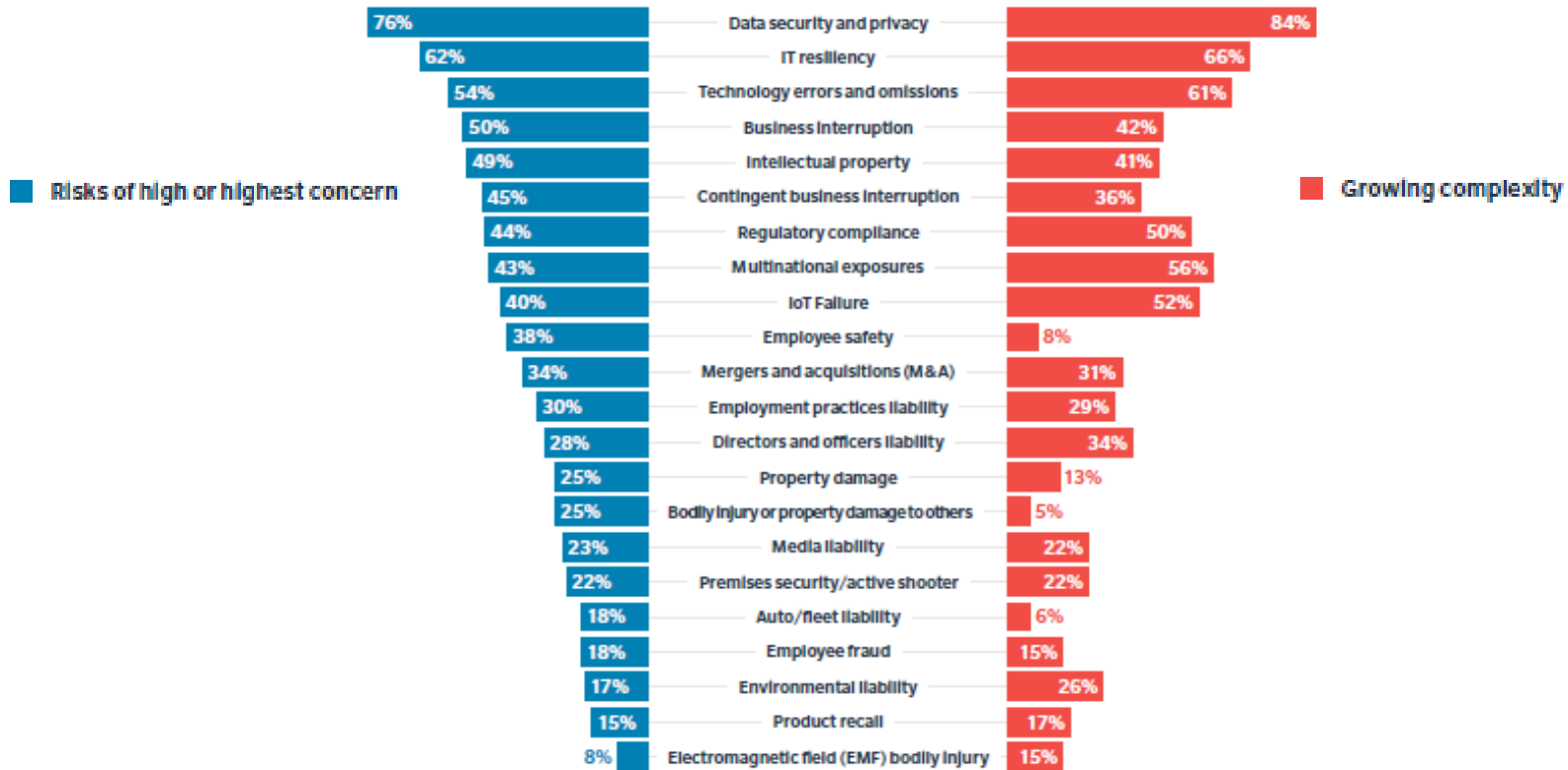
Creating new divisions (Including labs, Innovation centers).



Mergers or acquisitions.



And no surprise risks are becoming more complex

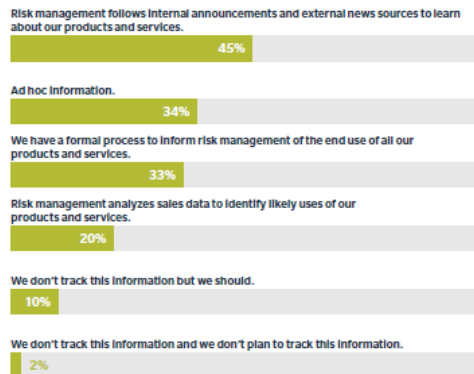


Percent of respondents selecting the risk as a high or highest concern.

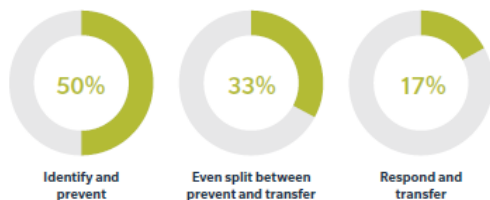
Percent of respondents expecting risk to increase in next 3-5 years.

2019 Marsh CMT Risk Study – Covering a Range of Issues

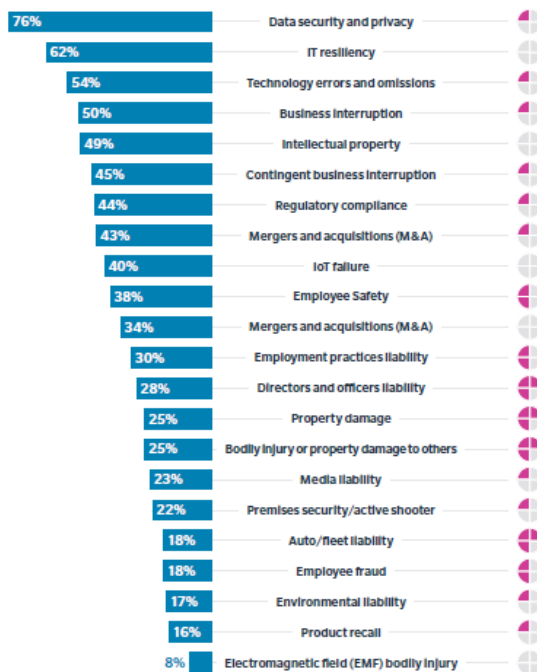
Assessing New & Emerging Risks



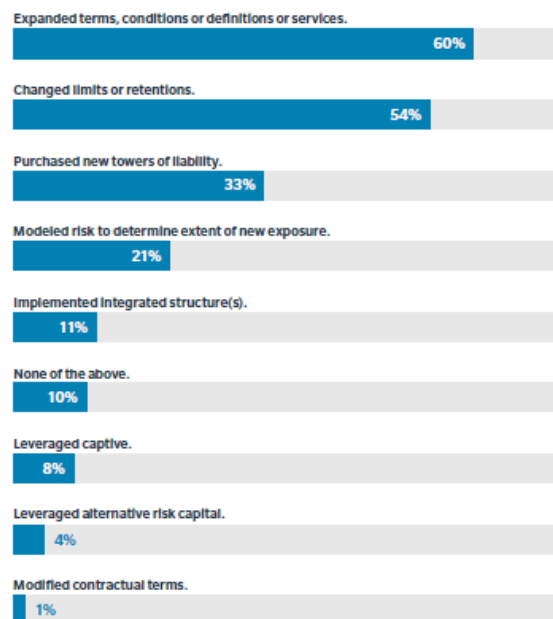
Allocation Time and Capital



Effectiveness of Insurance Solutions



Adjustments to Risk Programs



Risk management as a business enabler

Protect Assets



Expected Costs
Emerging Risks
Catastrophic Risks
Regulatory & Reputational

Reduce Friction



Contracts & Compliance
Data and Analysis
Verification & Reporting
Payments & Claims

Drive Revenue



Market Entry
Contract Design
Embedded Solutions
B2B or B2C offerings

A New Mindset



Expansive

Communications infrastructure, technology innovation, and the pursuit for “eyeballs” permeate and enable disruption across every industry. A broad range of new and emerging risks will follow.



Adaptable

It's more than change being a constant. It's an acceleration, and we should move to continually question our understanding of risk, our responses, and our relevance.



Resourceful

IoT and the data economy are creating unimaginable and unbounded data sets. There is a tremendous opportunity to leverage new sources of data for risk assessment, risk mitigation, and risk treatment.



Predictive

As risk professionals, we are experts at looking in the rearview mirror. The pace of change is accelerating, and we should use new data sets and tools to improve our ability to look ahead and inform overall business strategy.



Old School

Sophisticated data, analytics, and tools are the price of entry. But we need to talk, to discover, to pick up a marker and explore ideas on a white board. We are in uncharted territory.



MARSH