

MEDIUM SIZED ENTERPRISE AUSTRIA

The risk story 1

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Medium sized enterprise from Austria

Context of the Company and the Supply Chain

The company is a medium sized enterprise, founded in 2010, and deals with software development and related consulting, especially for the public sector, i.e. business to government. The company is dependent on government institutions and consequently has very long project lead times. This repeatedly causes difficulties for the company to ensure cash flow and continuity of the company.

Digitalization of SC

The company creates software solutions and therefore has a high level of digitization. Most of the interactions with the supply partners are in digital ways. As it is a government-oriented company, security was always more important than convenience. One example is the salespeople, who are not able to log in to their work mail accounts and need to open a VPN tunnel for every mail in order to avoid threats.

Risk Management

No structured approach is pursued, but closely following ISO 9001 standards.

Practice of Risk Management:

The company has the ISO 9001, as international standard for quality management. A lot of decisions are in the employees' hands, only sometimes the management is involved. There were no full-time quality manager or full-time risk manager. The need simply was not there.

Risks: Currently, the company is primarily exposed to legal and COVID-19 risks.

- Operational risk. There were no specific risks reported.
- Financial risk. There were no specific risks reported.

- Market risk. There were no specific risks reported.
- Cyber risk. There were no specific risks reported.
- The COVID-19 related risks: The company's situation was so bad with the upcoming pandemic that people were only successively laid off, and that it was only maintained until the summer to process outstanding payments, so that the company does not have to go into insolvency but is only closed for the time being. There was a need for new investors for the company. One part of the pitfall was the pandemic, because many investors bailed out in the end and changed their plan. Another risk, regarding this pandemic, was the knowledge loss through employees who were leaving.
- Legal Risk: At the time of pre-merger there was a single owner, who was the only one who had access to the payment system. And that was the biggest risk for the continuity of the business in the end. Through a merger, the single responsibility by one manager was split in several different responsibilities, by the members of the management board.

Benefits of risk management:

Business continuity is threatened if the management consists of only one person, therefore it is urgent to split management functions. Another insight regards the size of the company. The greatest threat for the medium-sized company were larger opponents and product disputes with a competitor.