

# Risk Analysis AND Management

## Risk Analysis

It is a **Systematic** process to estimate the level of risk for identified and approved risks. This involves estimating the **probability** of occurrence and **Consequence** of occurrence and converting the results to a corresponding risk.

Risk Analysis can be complex, as you will need to draw on detailed information such as

- Project Plans
- Financial Data
- Security protocols
- Marketing protocols & forecasts
- Relevant Information

However, it's an essential Planning Tool, and one that could save time, money and reputations.

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# Two Methods of Risk Analysis

Qualitative Approach

Quantitative Approach

## Qualitative Analysis →

A Qualitative Analysis allows the main Risk Sources or factors to be **Identified**.

This can be done

For Example

- Brainstorming Sessions
- Interviews
- Checklists

When a qualitative risk analysis is performed, Risk Ratings can be used as an indication of the potential importance of risks on the program and mainly expressed as **Low, Medium, and high** (or possibly **Low, medium low, medium, medium high, and high**).

Let take examples which tells the probabilities of Risks.

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RISK	Probability	Effects
Organizational financial problems force reductions in the project budget.	LOW	Catastrophic
Used Database not able to process as many transactions per second.	MODERATE	Serious
Software Tools Cannot be Integrated	HIGH	Tolerable
Key Staff are ill at critical times in the project	MODERATE	Serious
The size of the software is underestimated	HIGH	Tolerable
Code generation by code generator is inefficient.	MODERATE	Insignificant
Time Required to develop the software is under estimated.	HIGH	Serious

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