

Risk is Both Art and Science. Who Knew?

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Danantara Indonesia Investor Relations Team



Photo credit: Art Jakarta



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"Know your bets. You are **always taking bets.**"

LIENG-SENG WEE, Managing Director of Risk and Sustainability at
Danantara Indonesia, risk management expert, and author
"What Every CEO Must Know About Risk," 2020



As far as the general imagination goes, art and science are often treated as opposites.

This is not necessarily accurate.

Look at Hemingway and Murakami's strict, regimented schedules. Look at Raden Saleh's technical precision and discipline. Look at the stories behind the artworks on display at Art Jakarta's most recent edition.

The Indonesian new media artist Ricky "Babay" Janitra had begun his career as a painter. But a side gig as an animator introduced him to new mediums and technologies, and in turn, fresh ways of expression.

One result of many: *Lumiphona.dat*, a symphony of *kenongs*, or gongs traditionally used in *gamelan*, but performed entirely by machines, fed by streams of data, and powered by solar energy. Occupying space at the sprawling JIExpo in Kemayoran: physical and aural, art and science.



Ricky "Babay" Janitra's *Lumiphona.dat* at Art Jakarta 2025 / Photo credit: Art Jakarta

This is where we, the investor relations team at Danantara Indonesia, recognize that we are an investment company, and bring it back to investments.

But we promise you it makes sense. Because on the surface, investments is an industry of numbers, formulas, and precision. But beneath it lies uncertainty, instinct, and human judgment.

The full spectrum where art meets science. That, too, is where risk lives.

A Reluctant Rockstar

When you get to know Lieng-Seng Wee, a few things stand out. Always nattily dressed in a full business suit, pocket square included. The demeanor of an exceedingly kind and patient professor, which he has been, at Singapore Management University, Peking University, and Columbia University. An abundance of brisk energy that hints at his years as a marathon runner, though these days, he has traded running for yoga.

Lieng-Seng is the type who would object to being called a “rockstar.” Yet that is undeniably his standing in his field: risk management.

Having grown up in a Singapore *kampung* during the city-state’s halcyon days, he graduated valedictorian from the National University of Singapore. After earning an MBA from the Wharton School, he set sail for another island: Manhattan. There, he worked at a succession of name-brand firms: Banque Paribas (now BNP Paribas), Booz Allen Hamilton, and Bankers Trust (before its acquisition by Deutsche Bank).

It was at the latter where he became Managing Director of Global Risk Management, and by 2000, he co-founded Dragonfly, a risk management firm.

The name itself reflects an imagination both innocent and analytical: a homage to his childhood afternoons in the *kampung*, watching dragonflies hover and dart.

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Lieng-Seng Wee, Managing Director of Risk and Sustainability / Photo credit: Danantara Indonesia

By the early 2000s, the company had grown into one of the world’s leading quantitative risk advisory firms, serving clients all over the globe. Yet Indonesia, with its scale, potential, and complexity, had always been on Lieng-Seng’s radar.

His firm had advised Indonesian clients on governance, investments, and risk. That included informal discussions on the design and practices of a sovereign fund.

As Danantara Indonesia was conceived, there was an opportunity to build risk management practices according to global standards. Still, while based in New York, leading a 25-year-old firm, Lieng-Seng was initially reluctant to uproot. But as discussions deepened, the goal became clear: build the very discipline Indonesia needed to attract long-term global capital.

In short, an area where his deep expertise and experience in risk would be valuable.

What convinced him, finally, was the mission. That Danantara Indonesia could become not just another fund, but a platform to help Indonesia realize its long-discussed potential. A way to serve what was ultimately a powerful cause.

"This isn't just a client," he says. "This is Indonesia's future for the next fifty years."

And so, by March 2025, he was announced as Danantara Indonesia's Managing Director of Risk and Sustainability. His goal: to build a strong and effective risk culture at the firm.

The Ideal State is Not Perfect Safety

Lieng-Seng likes to begin his risk training sessions with a provocation. Or three.

Case in point: the goal of risk management is not to eliminate risk, per se. It is also not about saying no, or vetoing decisions.

Instead, "it's to minimize surprises," he says.

Then comes another. "Lower risk isn't always good. Higher risk isn't always bad."

It sounds deceptively simple, but it reframes the entire discipline.

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Photo credit: Art Jakarta

Risk is not an enemy to be feared. It is a relationship to be managed. The ideal state is not perfect safety. It is perfect awareness.

We cannot keep the door permanently locked, so we must know every visitor that could walk through. Especially the uninvited ones.

Then there is the innate subjectivity of risk. It is impossible to separate risk from the person or institution taking it on.

It is therefore unproductive to define whether someone is “aggressive” or “conservative.”

“Those labels don’t help,” Lieng-Seng says. “Let’s quantify the risk you are taking, which, by the way, you’ll be exposed to, whether you know it or not. Then we can compare it with your capacity and capabilities.”

It is important to note that “size” here refers to the full range of possible downsides. Managing risk requires understanding and quantifying those downsides. In other words, numbers.

It is art *and* science, remember?

“You cannot quantify what you haven’t identified,” Lieng-Seng says. “We’re figuring out how much downside we can handle, how much capability we have to manage it, and how we can address stakeholder expectations. Both as individuals and as stewards for our stakeholders.”

For example, reputational risk is something that most people assume, erroneously, is unquantifiable. But we *can* quantify it: how much does it cost to hire a public relations agency to organize an apology tour? Then we could figure out our capacity: do we have enough money to hire the agency?

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Most people also do not focus on the “tail” risks, instead preferring to zero in on likely outcomes.

“Just because something is likely doesn’t mean you can ignore the 5%,” he says. Even extremely low-probability events, from geopolitical shocks to pandemics, have repeatedly occurred.

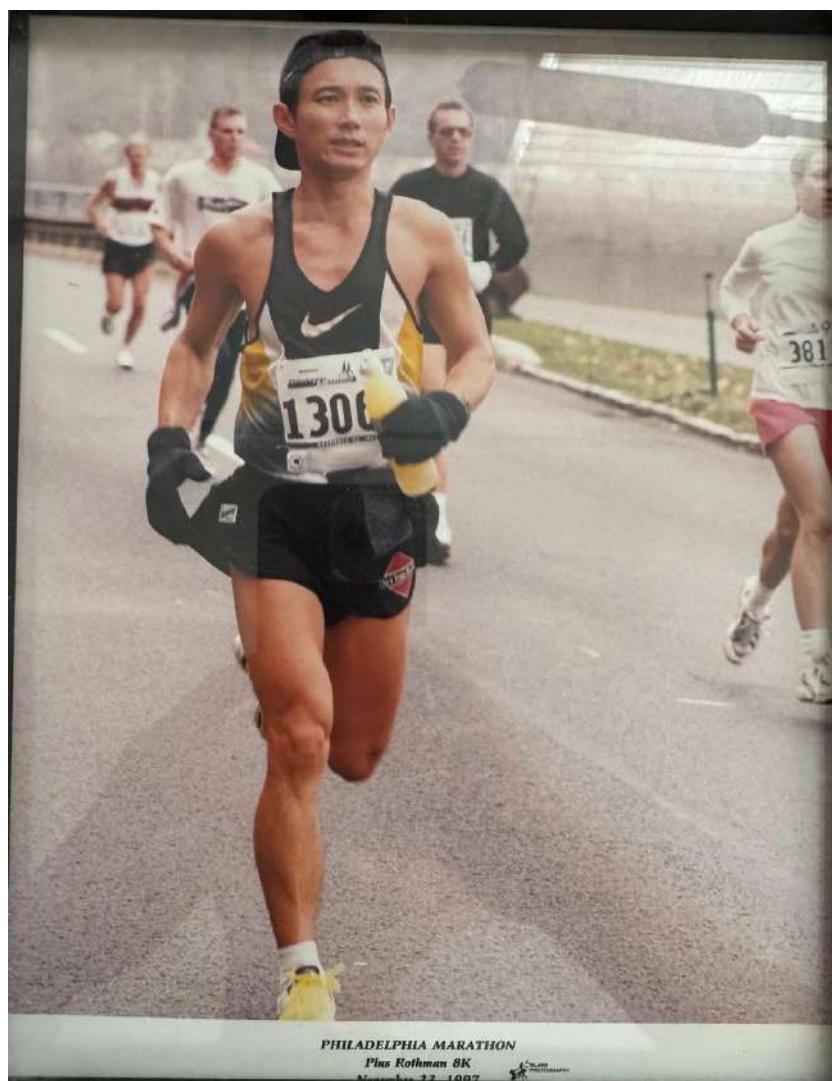
“If it does not violate the laws of physics, it’s possible,” he says. “And we need to know it.”

From Uncertainty to Intelligence

At Danantara Indonesia, every potential deal goes through a deliberate, multi-stage process where rigor meets judgment. Once investment structures, deal terms, and evaluations are defined, each opportunity enters the risk-quantification phase, where Lieng-Seng's framework comes to life.

After all, he and all future Managing Directors of Risk and Sustainability are part of the Investment Committee (IC), which reviews and recommends transactions aligned with Danantara Indonesia's standards and strategic priorities.

In the end, this system is what defines Danantara Indonesia. All investments are uncertain. Our job is to quantify and evaluate that uncertainty, so that every outcome is faced with clarity and intent.



Lieng-Seng at the Philadelphia Marathon / Photo credit: Lieng-Seng Wee

Here is the last word. The essence of risk is humility: acknowledging uncertainty without surrendering to it.

"When you minimize surprises, you gain freedom," Lieng-Seng says. "You can take risks smarter and faster. That's what makes an investment firm truly world-class."

He pauses, then smiles, as if returning to his opening line. Know your bets, because as an investor, you are always taking them.

"The moment you can quantify your risk," he says, "you've already turned uncertainty into intelligence."

Did You Know?

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Bandung's famed Braga Street / Photo credit: Fendy Pradana / Unsplash

Bandung's café boom and *skena* culture hides a different kind of cool: one of the world's richest legacies of Art Deco architecture.

As recently as 2001, *Globetrotter* ranked Bandung ninth among the world's Art Deco cities: the only Asian one on the list.

It is a heritage that began in the 1920s and 1930s, when Dutch architects like Albert Aalbers brought "Streamlined Deco" to the tropics. Many of those buildings still stand today.

Danantara Indonesia Diaries is a newsletter produced by Danantara Indonesia's investor relations team.

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