

Unleashing GRC intelligence: Driving performance with insight

The IBM® OpenPages GRC Platform empowers business managers with the ability to reduce loss and improve performance through deep insight into enterprise-wide governance, risk, and compliance initiatives



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Executive summary

Uncertain times and a volatile economic climate have contributed to an expanding focus on corporate governance, risk, and compliance (GRC) across all industries. While some companies have met their risk and compliance challenges head on with insightful business strategies and powerful technology solutions, many are still struggling to reconcile traditional approaches and legacy systems with the rapid pace of change.

Traditional GRC programs can be characterized by siloed initiatives that are not equipped to manage the complexity of the dynamic modern regulatory and compliance environment, including international and federal mandates, industry standards, and internal policies. As global mandates and compliance directives continue to snowball, organizations are faced with an imminent need to adopt a programmatic approach and tightly integrate risk management initiatives with ongoing business processes. Business intelligence and reporting also provide a powerful mechanism for gaining a deep understanding of key factors that impact corporate performance.

With the IBM OpenPages GRC Platform, IBM delivers a next-generation GRC solution, enabling organizations to gain deep insight into their GRC initiatives to make better decisions about where to allocate resources, how to mitigate risks effectively, and how to respond quickly to the evolving compliance landscape. The IBM OpenPages GRC Platform combines powerful business intelligence with support for the full lifecycle of compliance and risk management.



The evolution of GRC

The explosive pace of industrialization and technological advancements over the past century has exposed systemic weaknesses that can arise from an increasingly complex global industrial infrastructure. The synthesis of human competencies with other factors such as computer systems, heavy machinery, chemical and nuclear engineering, and more has demonstrated, through a series of unfortunate events, that unforeseen risk can be a contingency of modern business operations.

Major industrial catastrophes such as the sinking of the Titanic, the Triangle Shirtwaist Factory fire, Bhopal, Chernobyl, Three Mile Island, Exxon Valdez, Enron, the BP oil spill, and the most recent financial crisis, have all contributed to the growing need for a formal strategy to combat and prepare for known and unknown risks. Many of these catastrophes have also led directly to legislation designed to insulate the public, environment, and/or economy against future disasters of the same kind. For example, many federal workplace regulations, building codes, privacy laws, environmental safety standards, banking reforms, and financial reporting mandates have been enacted in the aftermath of disastrous events, with Dodd-Frank being the most recent illustration of legislation to follow a calamity impacting the general public.

Historically, business practices have relied heavily upon insurance policies to protect them against the financial impact of such incidents; however, it's clear that insurance is just one risk response and that companies have other, less-costly, options including risk acceptance or mitigation. Enterprise GRC software can help optimize risk mitigation at the lowest possible cost, as well as help companies devise risk management measures to identify, manage, monitor, and report on risks across the business before they materialize into loss.

Further, emerging risks such as intellectual property theft, human capital risk, environmental risk, business continuity, products liability, credit risk, identity theft, terrorism, and more continue to add complexity to operating in the global theater and mandate better internal policies and governance procedures.

The rise of enterprise GRC software

Governance, risk, and compliance (GRC) software has emerged from the need for a programmatic approach to risk management and enables companies to meet the challenges posed by the pace and depth of regulatory change with agile solutions that provide transparency into enterprise-wide risk and compliance processes.

A well-planned GRC strategy coupled with intelligent software can increase transparency and collaboration across business units, enabling organizations to:

- Identify, manage, monitor, and analyze risk across the enterprise in a single integrated solution
- Automate risk management and compliance processes to meet the persistent challenge of regulatory change and regulator interaction
- Leverage GRC data to prioritize investments across the company
- Empower decision makers with fully scalable interactive reporting, decision support, and forecasting tools

A fully integrated approach to risk management through a GRC platform can also lead to opportunities for improving business insight across the enterprise, enabling managers to analyze and evaluate key metrics that affect business performance.

The road to GRC intelligence

As corporations' risk management and compliance strategies mature, software plays an integral role in enabling a programmatic approach to GRC. Modern GRC technologies not only provide solutions for managing compliance and risk initiatives, but also arm decision makers with tools to fully understand and interpret valuable business data regarding internal assets, interdepartmental operations, the status and impact of broad company initiatives, and other key metrics that sustain organizational value and growth.

The expanding risk landscape

Increased regulations, new technologies, and other potential risks have complicated the modern GRC landscape, making it difficult for even the most astute organizations to stay abreast of the rapid pace of change. As regulatory pressures and potential risk factors continue to mount, companies that embrace an analytical GRC strategy will be able to decrease costs and overall complexity while gaining valuable insight into the risks that could affect corporate performance from legal action, fines and penalties, a decline in brand loyalty, or operational loss.

Business intelligence and reporting

Business intelligence provides a crucial dimension to the field of modern governance, risk, and compliance, adding a level of transparency into enterprise-wide performance and risk. GRC solutions are not fully functional without a BI layer to collect and analyze data at a highly granular level, enabling decision makers to gain a holistic view across all risk categories and across different product, process, or business unit dimensions. In fact, assessing risk across different dimensions is a critical capability of modern GRC software. The operational risk manager may look at a process as the unit of risk evaluation, whereas the IT risk manager may want to assess risk at the asset level.

It is essential, especially in today's economy, that companies establish a system for evaluating their operating status at any point in time in relation to performance objectives. Business intelligence can provide this capability, and, embedded in a powerful GRC solution, it enables corporations to easily delve into their consolidated data and monitor key risk indicators through scorecarding, dashboarding, forecasting, and other reporting vehicles.

Business intelligence also brings with it the ability to generate reports on-demand, enabling frontline risk managers to easily disseminate information to decision makers across operating units. Powerful reporting capabilities allow business managers to explore risk data in an ad hoc manner, so that they can focus on important details and maintain control over business direction and performance.

Preparing for the future

While GRC requirements and interest continue to expand, the tumultuous global political environment adds ever more uncertainty to the direction that companies must take in applying risk and compliance strategies.

Certainly, there has been a marked effort to improve corporate compliance and risk management processes, but companies will have to continue to redouble efforts with emerging drivers for better risk management. For example:

- **Economic instability** – The effects of the 2007-2011 financial crisis continue to ricochet across the globe, causing areas of uncertainty ranging from security to business continuity to international commerce.
- **Whistleblowers** – WikiLeaks has clearly demonstrated a growing need for companies to manage and prepare for the threat of reputational risk and other fallout from potential whistleblowers.
- **Social media** – Employee and customer use of sites such as Facebook, Twitter, and YouTube can also quickly damage a company's reputation with viral posts or messages.
- **Sustainability** – The push for green processes and technologies has given rise to new and emerging risks resulting from growing environmental concerns and increased regulatory demands.
- **Increased regulations** – All of the factors listed above and more have spawned and will continue to generate additional regulations, compliance laws, and oversight committees.

As the GRC landscape continues to evolve, it is vital that companies prepare for future changes with systems and strategies that can adapt to change. Truly flexible software can be easily integrated into an organization's infrastructure without any change to current methodologies or processes, but must also be extensible to manage multiple types of risk and compliance programs within a single system to easily identify interdependencies, synergies, and efficiencies.

Policy and compliance management

In today's highly regulated and complex corporate environment, businesses are required to comply with a multitude of global mandates, including legal, regulatory, and industry standards. Similarities across these mandates can create overlapping management, documentation, internal controls, and audit demands, which can overwhelm efforts to effectively identify and manage corporate compliance risk.

In the past, organizations have managed compliance on a provisional basis, reacting to new regulatory requirements as departmental efforts. This approach does not enable companies to gain insight from enterprise-wide compliance data, while at the same time compliance costs continue to rise in response to fragmented GRC investments.

As regulatory pressures continue to mount, businesses are beginning to adopt a more comprehensive, risk-based view of their legal and regulatory responsibilities. Taking a more practical, cross-regulatory approach, companies are able to alleviate increasing costs and complexity while gaining valuable insight into compliance data that could affect corporate performance in the form of legal action, fines and penalties, or damage to a company's reputation.

Regulatory change management

The increase in regulatory oversight across all industries and the rapidly evolving compliance environment has left organizations struggling to keep pace with new and amended mandates. To mitigate the risk of regulatory non-compliance in such a climate, corporations must implement a system to proactively manage regulatory change, as well as a process for communicating and cooperating with stakeholders, partners, and regulatory entities.

Changes to regulations have the potential for widespread effects that resonate, directly or indirectly, throughout an organization. For example, think of regulations that could result in:

- Restricting operational activities and processes
- Amending data management security measures and processes
- Limiting the availability and use of materials
- Demanding additional investment in corporate safety/security assurances
- Requiring significantly higher capital reserves (Banking)
- Redefining the calculation of risk-weighted assets (Banking)

As companies face these mandated changes, it is vital to carefully manage organizational responses to avoid a crippling effect on ongoing business operations.

Regulatory interaction management

Increased regulation and compliance demands have also compounded the number of relationships that organizations need to maintain and manage with external regulators and regulatory bodies, making corporations subject to additional workload requirements resulting from different inquiries, submissions, filings, exams, and audits.

Organizations struggle to cope with scheduling, tracking, and monitoring all of the moving pieces of complex regulator interactions, while maintaining quality and timely responses. Regulator interaction solutions alleviate some of the burden associated with managing highly manual and cumbersome processes such as scheduled on-site exams, ad hoc requests, and filings. Software that automates these processes promotes cooperation and communication by providing a virtual "paper trail" and enabling provisional review and approval processes. This enables companies to easily achieve a holistic view over a matrix of internal and external relationships, while at the same time perpetuating the flow of ancillary business operations.

Policy lifecycle management

Boards of directors are increasingly focused on monitoring the internal policies they set as part of their corporate governance role, and managers are held accountable for operating within these policies. A programmatic approach to policy management is critical for good governance and enhanced corporate performance; but operationalizing policy management is difficult: policies must be maintained in a standardized way to consistently execute on governance objectives across business units and functions, and also be presented to non-technical end users in a format that they are comfortable with. Policy management solutions enable companies to increase the efficiency of managing policies throughout their lifecycles, and map policies to regulatory libraries and control frameworks, where they can be managed and monitored with other compliance demands.

An effective policy lifecycle management strategy will also:

- Manage the full lifecycle of policies from creation through to review, approval, and attestation
- Include an exception management capability for tracking, managing, and approving any waivers or deviations from policies
- Allow policies to be mapped to a central regulatory library, making it easier for companies to update policies as regulations change
- Formalize the process for employee awareness and training, as well as campaign monitoring
- Provide access to an integrated reporting module for decision makers to visualize policy management processes and their effect on business operations

IBM OpenPages GRC Platform

To meet the challenges posed by the rapidly evolving risk and compliance landscape, the IBM OpenPages GRC Platform has taken enterprise governance, risk, and compliance (eGRC) software to the next level, improving business performance by empowering key decision makers with the tools and insight needed to reduce loss and improve performance.

Better insight through business intelligence

The IBM OpenPages GRC Platform draws upon the power of IBM Cognos® solutions to provide embedded GRC business intelligence capabilities that enable business managers to explore and analyze risk data using interactive dashboards and reporting. This lets corporations move beyond checkbox compliance to unlock the value of their information assets, improving operational efficiency with strategic insight and business performance.

IBM delivers a variety of features to empower decision makers with consistent and reliable access to risk and compliance information:

- **Dimensional modeling** – Leveraging IBM® Cognos Analysis Studio, the IBM OpenPages GRC Platform provides easy access to risk and compliance information with drill-up and drill-down charts and graphs for fully scalable data exploration without the need to involve IT or report designers.
- **Interactive dashboards** – Dials and controls on interactive dashboards provide real-time scenario modeling and allow business managers to explore risk in an ad hoc manner.
- **In-context data** – Using IBM® Cognos Mashup Services, the IBM OpenPages GRC Platform provides in-context risk and compliance information for deep exploration of related issues and activities.
- **Microsoft® Office integration** – Live links within Microsoft Word, PowerPoint®, and Excel® refresh embedded charts and reports automatically for monthly reports, board meetings, and any reporting deliverable.
- **Mobile integration** – Allows executives to easily access dashboards remotely. Supports broad smartphone access to risk dashboards/information directly from any mobile device, without having to re-write reports.

Increased agility

The IBM OpenPages GRC Platform includes significant enhancements to the IBM® OpenPages® Policy and Compliance Management (PCM) module that allow organizations to react quickly to changes in regulatory mandates and manage regulator interactions effectively:

- **Regulatory change management** – Lets users proactively communicate, track, and manage regulatory change, keeping managers informed and driving quicker response.
- **Regulatory interaction management** – Enables a programmatic approach to preparing for and managing complex regulator interactions and associated activities such as exams, audits, inquiries, filings, and submissions.
- **Policy lifecycle management** – Offers a new user-friendly view to allow end users to edit and review policies in a narrative form that they are comfortable with, while still maintaining a standardized (data-centric) source for automation, monitoring, and reporting.

The IBM OpenPages GRC Platform has also invigorated the IBM® OpenPages® Internal Audit Management (IAM) module, which provides an independent assessment of risk and compliance performance, with:

- **Automated audit close** – Standardizes the enterprise-wide audit close process, and automates the actions taken when an audit is closed.
- **Planning and scheduling** – Improves audit process efficiency by allowing administrators to intelligently allocate tasks to available resources.
- **Audit template library** – Supports the standardization of key audit components that can easily be accessed and reused from a central template library.
- **Time tracking** – Allows audit managers to seamlessly track deviations between planned and actual time and expenses.

Massive scalability

Built on the industry-leading IBM® Cognos Business Intelligence platform, the IBM OpenPages GRC Platform supports Cognos 8.4 and is powered by IBM® AIX, the world's leading system for enterprise scalability. IBM OpenPages software further supports application server clustering to deliver massive vertical and horizontal system scalability.

Conclusion

An exponential rise in compliance regulations, resulting from an increasingly complex business environment, has put additional pressure on companies to devise intelligent solutions for managing regulatory change and adapting to complications posed by both anticipated and unforeseen risks. As the global corporate and economic climate continues to shift, businesses need to be prepared to anticipate, respond to, and mitigate risk with flexible processes that can be adapted to any methodology.

The IBM OpenPages GRC Platform is uniquely equipped help companies manage through the current risk and compliance environment with powerful business intelligence, on-demand reporting, highly automated processes, and massive scalability.

The IBM OpenPages GRC Platform transcends traditional risk and compliance software, unveiling the opportunity for companies to leverage their GRC information assets and gain insight into cross-domain business operations. This insight enables decision makers to focus on key business performance metrics while managing risk and compliance initiatives across the enterprise.

About IBM Business Analytics

IBM Business Analytics software delivers actionable insights decision-makers need to achieve better business performance. IBM offers a comprehensive, unified portfolio of business intelligence, predictive and advanced analytics, financial performance and strategy management, governance, risk and compliance and analytic applications. With IBM software, companies can spot trends, patterns and anomalies, compare “what if” scenarios, predict potential threats and opportunities, identify and manage key business risks and plan, budget and forecast resources. With these deep analytic capabilities our customers around the world can better understand, anticipate and shape business outcomes.

For more information

For further information or to reach a representative:

<http://www.nexdimension.net>



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