Convergence, collaboration and culture: The evolution of governance, risk and compliance

*IBM OpenPages GRC Platform provides organizations with enterprise-wide GRC convergence and exceptional insight into business performance*
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 IBM OpenPages, IBM delivers a next-generation GRC solution that enables organizations to gain deep insight into their GRC initiatives, so that they can make better decisions about where to allocate resources, how to mitigate risks effectively, and how to respond quickly to the evolving compliance landscape. IBM OpenPages combines powerful business intelligence with support for the full lifecycle of compliance and risk management.

The evolution of governance, risk and compliance
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 and financial catastrophes such as the sinking of the Titanic, Bhopal, Chernobyl, Three Mile Island, Enron, the BP oil spill, the most recent financial crisis and the London Whale have contributed to the growing need for a formal strategy to combat and prepare for known and unknown risks. Many of these incidents have also led directly to legislation designed to insulate the public, environment, and economy against similar future disasters. 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 is 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 theatre and mandate better internal policies and governance procedures.

**The rise of enterprise GRC software**
Governance, risk, and compliance 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.
- Understand risk in the context of business processes and/or organizational units.
- 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 (BI) 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, analyze, and visualize 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 business 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 visualization, scorecarding, dashboarding, forecasting, and other reporting vehicles.
Business intelligence also brings with it the ability to generate reports on demand, enabling front line 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 evermore uncertainly 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 2007-2010 financial crisis continue to ricochet across the globe, causing areas of uncertainty ranging from security to business continuity to international commerce.
- **Whistleblowers** — The NSA’s Edward Snowden, the WikiLeaks scandal, and a growing number of global whistleblowing incidents have 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.

**Regulatory compliance**

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 gain competitive advantage by alleviating increasing costs and complexity and 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.
Managing change for competitive advantage
The increase in regulatory oversight across all industries and the rapidly evolving compliance environment has left many organizations struggling to keep pace with new and amended mandates. To mitigate the risk of regulatory non-compliance in such a climate, forward-thinking corporations have implemented processes and technology that take a proactive approach to managing regulatory change, while also streamlining communication and cooperation with stakeholders, partners, and regulatory entities.

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

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

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. As a result, corporations are subject to additional workload requirements related to multiple 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 to automate these processes promotes cooperation and communication by providing a virtual “paper trail” and enabling provisional review and approval processes. Companies are thus able to achieve a holistic view over a matrix of internal and external relationships, while at the same time perpetuating the flow of ancillary business operations.

As companies face increased regulatory scrutiny, it is vital to carefully address these changes and effectively and efficiently manage organizational responses to avoid a crippling effect on ongoing business operations.
IBM OpenPages GRC Platform

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

OpenPages GRC Platform leverages IBM technology and innovation to deliver an enhanced user experience through a dynamic, task-oriented user interface, real-time social networking and collaboration, and seamless visualization of GRC entities and processes.

Better insight through business intelligence

IBM OpenPages draws upon the power of the latest IBM Cognos business intelligence technology to provide embedded GRC business intelligence capabilities that enable business managers to explore and analyze risk data using interactive dashboards, visualization, 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.

OpenPages delivers a variety of features to empower decision-makers with consistent and reliable access to risk and compliance information, including:

- **Dimensional modeling** — Leveraging Cognos Analysis Studio, IBM OpenPages 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.
- **Visualization** — Engages end users and supports risk-enabled decision-making with interactive, animated visualizations powered by IBM Rapidly Adaptive Visualization Engine (RAVE) technology, including business process flows and entity visualizations, heat maps, spider maps, bubble charts and more.
- **In-context data** — Using Cognos Mashup Services, IBM OpenPages provides in-context risk and compliance information for deep exploration of related issues and activities.
- **End user report authoring** — Cognos Workspace and Workspace Advanced empower end users through an intuitive and easy-to-use drag-and-drop interface that enables them to quickly assemble reportable content from a variety of platforms and gain comprehensive and deep insight into data.
Adaptability and extensibility

Built on the industry-leading IBM Cognos business intelligence platform, OpenPages supports Cognos and is powered by IBM AIX®, the world’s leading system for enterprise scalability.

With support for both IBM DB2® and Oracle databases, and IBM Websphere® support in the Windows environment, OpenPages can coexist within a variety of server environments.

The latest version further supports adaptability and extensibility with a public API that enables organizations to build and deploy highly targeted custom modules for specific business solutions on the OpenPages platform. The OpenPages API also drives businesses to truly proliferate GRC across the enterprise, with the ability to create and deploy adapters to other operational systems such as IT security, fraud detection, claims systems and portfolio management.

Conclusions

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 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.

IBM OpenPages is built to engage and connect stakeholders—from senior executives and the board to business process owners and frontline staff—as GRC purviews expand across the enterprise. The solution is uniquely equipped to help companies manage through the current risk and compliance environment with powerful business intelligence, on-demand reporting, highly automated processes, and massive scalability.

IBM OpenPages transcends traditional risk and compliance software, unveiling the opportunity for companies to embed governance, risk and compliance into the fabric of their organization and leverage GRC information assets and gain insight across 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 data-driven insights that help organizations work smarter and outperform their peers. This comprehensive portfolio includes solutions for business intelligence, predictive analytics and decision management, performance management and risk management.

Business Analytics solutions enable companies to identify and visualize trends and patterns in such areas as customer analytics that can have a profound effect on business performance. They can compare scenarios; anticipate potential threats and opportunities; better plan, budget and forecast resources; balance risks against expected returns and work to meet regulatory requirements. By making analytics widely available, organizations can align tactical and strategic decision making to achieve business goals. For more information, see ibm.com/business-analytics.

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