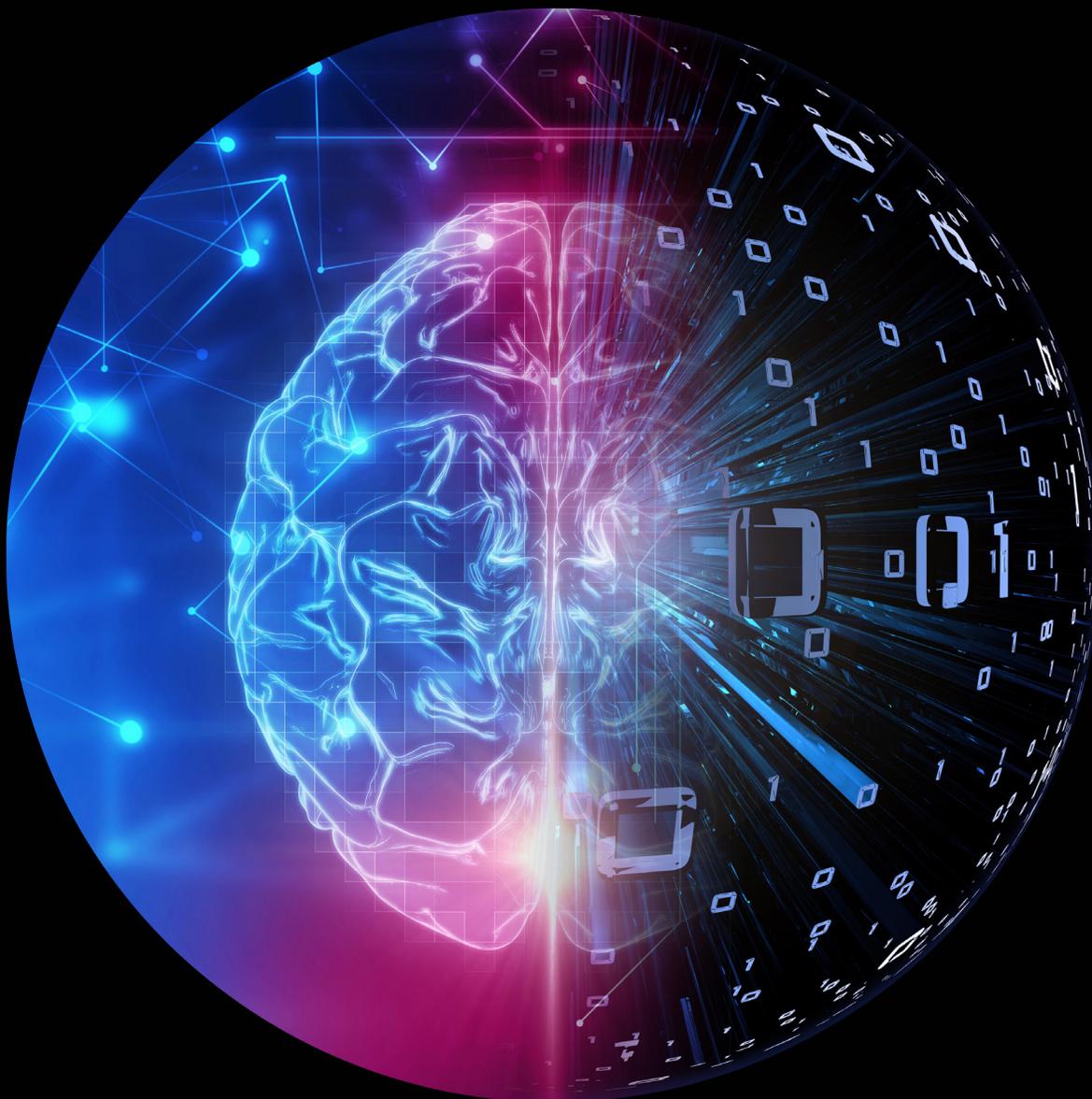


Deloitte.



**Why such slow returns
on GRC program spend?**

Accelerating ROI with broader
insights and quicker risk response

Today's leaders are
pressed to gain broader
insights and quicker
responses to risks
across the organization
while achieving
principled performance

Show us the governance, risk, and compliance (GRC) approach you're using today and there's a good chance we can tell you when you implemented it and what the prevalent threat was at the time. Chances are we can even take some educated guesses at the shortcomings that have evolved since then—as circumstances changed, resources may have shifted and the expectations of risk sensing capabilities across the organization have outpaced your system's capacity to withstand repeated customizations and upgrades.

Boards of directors, risk and audit committees, and GRC leaders across industries are asking themselves if they have what it takes to keep up with exponential changes in the risk and regulatory landscape. Has the significant investment in their GRC program generated enough return? How much is enough? Do they measure the return on investment (ROI) of GRC in terms of increased speed and breadth of "on-demand" insight, improving the quality of detective and predictive GRC output to aid smarter risk decisions? How about the time saved in generating reports used to tell a comprehensive risk story?

In many organizations, the answers to those questions aren't encouraging. For the last decade, overall GRC program development has progressed, but the ROI has remained flat or negative. Why is this?

The short answer lies with the rapid growth of risk in what is considered one of, if not the most, disruptive business environments in our lifetimes. With more to handle, risk functions that traditionally handled risk and control assurance centrally have pushed monitoring further into the business where risk is owned—which is to say, into the laps of people whose primary job is something else. The good news is the risk management activities are closest to the risk source in the business, which is seen by accepted GRC frameworks to be a positive move. However,

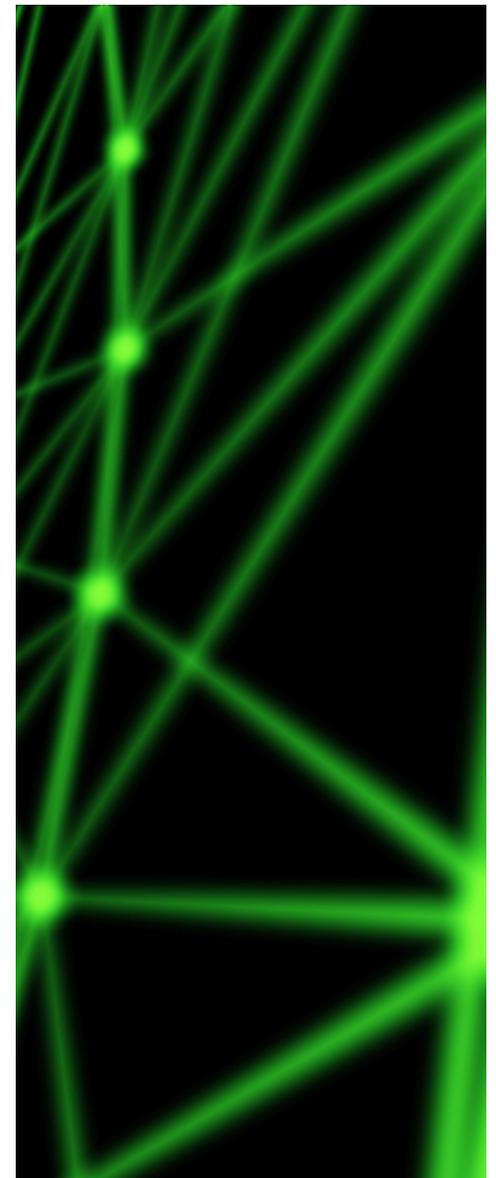
business risk owners need help to ensure both efficiency and "payback" for their efforts of contributing useful risk-related data. Data that needs to be consumed by enterprise risk functions in order to monitor organizational risk and exposure that may impact overall strategic business objectives and risk appetite.

As the propagation of new, simpler, and seemingly more efficient surveillance level systems, models, and other monitoring utilities propagate in the businesses (along with the continued realm of workarounds, models, manual methods, and use of spreadsheets), it becomes more elusive for organizations to integrate the growing stream of structured and unstructured risk and performance data points into coherent enterprise GRC (eGRC) platforms that generate quick, useful insights at the enterprise level. Specifically, there is a greater need to correlate risk-related data, determine root cause, and make smarter, quicker, and more efficient corrections—or to capitalize on short-lived windows of opportunity.

Throwing technology at the problem is only a partial solution. If you think of GRC as a technology implementation, you've limited its power from the start. According to research analysts, even the highest rated eGRC systems do not cover the entire risk landscape, and require more than one tool. A key is in the way an organization integrates the technology. eGRC is an intelligence system.

Like the nervous system in the human body, it must sense and adapt to new data formats and sources, account for evolving risks, and make coordinated use of all the technology that can help handle the load to produce meaningful and actionable insights.

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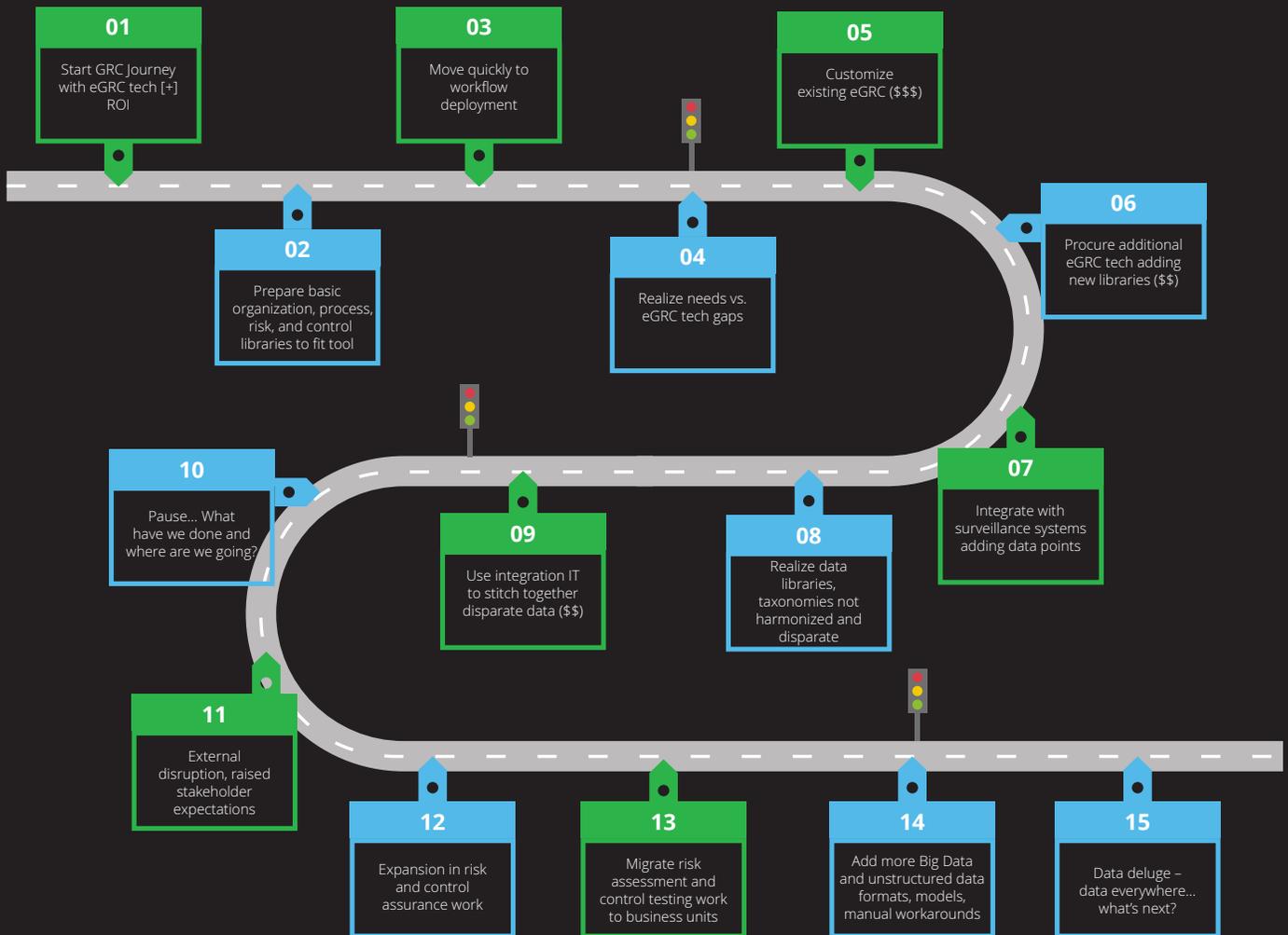


The GRC journey: Destination or detour?



A brief historical tour of the typical journey companies has either taken or are just starting with GRC can help point to immediate opportunities to reclaim and accelerate the insight and benefits so fervently sought in the early days of the journey.

Does this journey look familiar?



On treks like these—long on cost and effort, short on satisfying results—people often get weary along the way. Resources shift to other projects, key people become distracted, and budgets get compromised. But take heart, as for those who started this journey good things await.

Why such slow returns on GRC program spend?

Beginnings of an intelligence system: The “GRC brain” and the lure of the shiny new toy

Cognitive intelligence (CI), robotics, machine learning, and artificial intelligence have newly entered the GRC world—these tools have demonstrated their effectiveness in line-of-business operations, including high-volume, high-stakes functions such as predictive fraud programs and contract reviews and extractions. It was only natural for organizations to apply the same capabilities to the needs of governance.

Many are focusing first on automation of controls, controls testing, and metrics gathering. In other cases, GRC professionals are starting “agile” business intelligence (BI) projects to end-run or replace GRC in cases where the previous GRC implementation approach has been too slow to deliver the insights they need. The widely known garbage-in-garbage-out (GIGO) theory applies to cognitive approaches from simple BI and robotic process automation (RPA) to more advanced predictive intelligence. Without high-quality, reliable, and well architected underlying data structures, false positives and wrong answers may create new risk by potentially obscuring the real issues.

This exciting period of rapid innovation can amplify the allure of cool new tools that can solve for pain points and promise immediate ROI. But rapid innovation can also lead to surface innovations that don't dig deep enough to solve for the underlying need.

Indeed, piling up a variety of disparate bot and CI applications may lead to even less coherent data and throw out of focus the holistic risk story that most boards want to see.

The highway to an intelligent eGRC system

The GRC journey road has been a bumpy one for many organizations. The fast-paced development of risk types and data volume presents a challenge that's hard for all but the most advanced GRC systems to keep up with. This is the time to not merely press harder on the accelerator, but to revisit the road map and take a broader view that converts the road into a highway using the latest technologies and makes them work together as an effective whole.

The good news is that the current generation of technologies, when paired with a strong eGRC tool on a properly architected enterprise data platform, can culminate disparate data points into harmonized themes to significantly accelerate the speed of insight across disparate data formats—or completing the nervous system referred to earlier and achieving impressive ROI.

A returned focus on the early effort of enterprise and object data harmonization is important to reducing anomalies in core data structures and leveraging the taxonomy work started early in the journey, but in a more modernized structure.

Imagine this as a real-time scenario:

Your phone just received an alert. You click into the corporate app, use an iris scan and code authentication to gain secure mobile access, and immediately receive a recommendation to “update a specific section of the company's T&E policy with a new rule and release it to employees in the Asia Pac divisions before Friday.”

There's a dashboard on your screen, and a flashing node indicates a new series of anti-bribery rules were released, effective six months from now. The red color indicates that control weaknesses noted in that region for areas designed to mitigate risk of Foreign Corrupt Practices Act (FCPA) violations. Your behavioral science analysis tool homes in on conduct pattern anomalies on a particular sales team. Swiping left shows related news stories—examples of other companies that have been fined for similar infractions dealing with like counterparties.

From the time you got the alert, you haven't moved from your chair. But moments later, now that you're informed, you have a plan to act. Although this scenario may appear far-fetched, the technology exists today and is only one of many situations that can play out in a similar way if foundational elements are put into place.



Why such slow returns on GRC program spend?

What you can do now to future-proof your GRC Program

To keep pace with the changing environment and take advantage of what integration can offer, now is the time to modernize and transform GRC to begin to capture the real returns. If the original intent of an eGRC platform and applications was to create the capability to correlate disparate points of data into risk themes and to drive rationalized action quickly enough to mitigate the risk event or its impact, technology must now draw from an advanced toolkit to complete the mission to finally deliver exponential returns.

Organizations looking to on-ramp onto the GRC highway need to first understand their current GRC programs capabilities and their desired future state goals. With this information in hand, organizations can have a clear understanding of where their gaps are and what capabilities they'll need to enhance. To get there, organizations need::

- A deep understanding of the various technologies eGRC utilizes, from surveillance systems to eGRC systems of record and common processes

- An enterprise-wide view of current underlying data structures and taxonomies, and harmonization goals
- Awareness of the common pitfalls in organizations and strategies to help avoid traps including cultural / adoption challenges, limits in sponsorship and monetary and timeline delays
- A roadmap that details the steps from current state to future, desired state and expected benefits to the organization

Starting with a thoughtful plan to design a sustainable enterprise risk data platform architecture capable of handling the pace, volume, and format of modern risk data tied to themes supported by business strategy is no doubt a powerful anchor point. Organizations can achieve some early wins.

The implementation of a single eGRC technology used to be the end-game. Now, it's a key component of the combination of platforms, applications, and cognitive process that morph into intelligent GRC—the nervous system. When these attributes are effectively combined, organizations should start to see the returns that have so long been promised.

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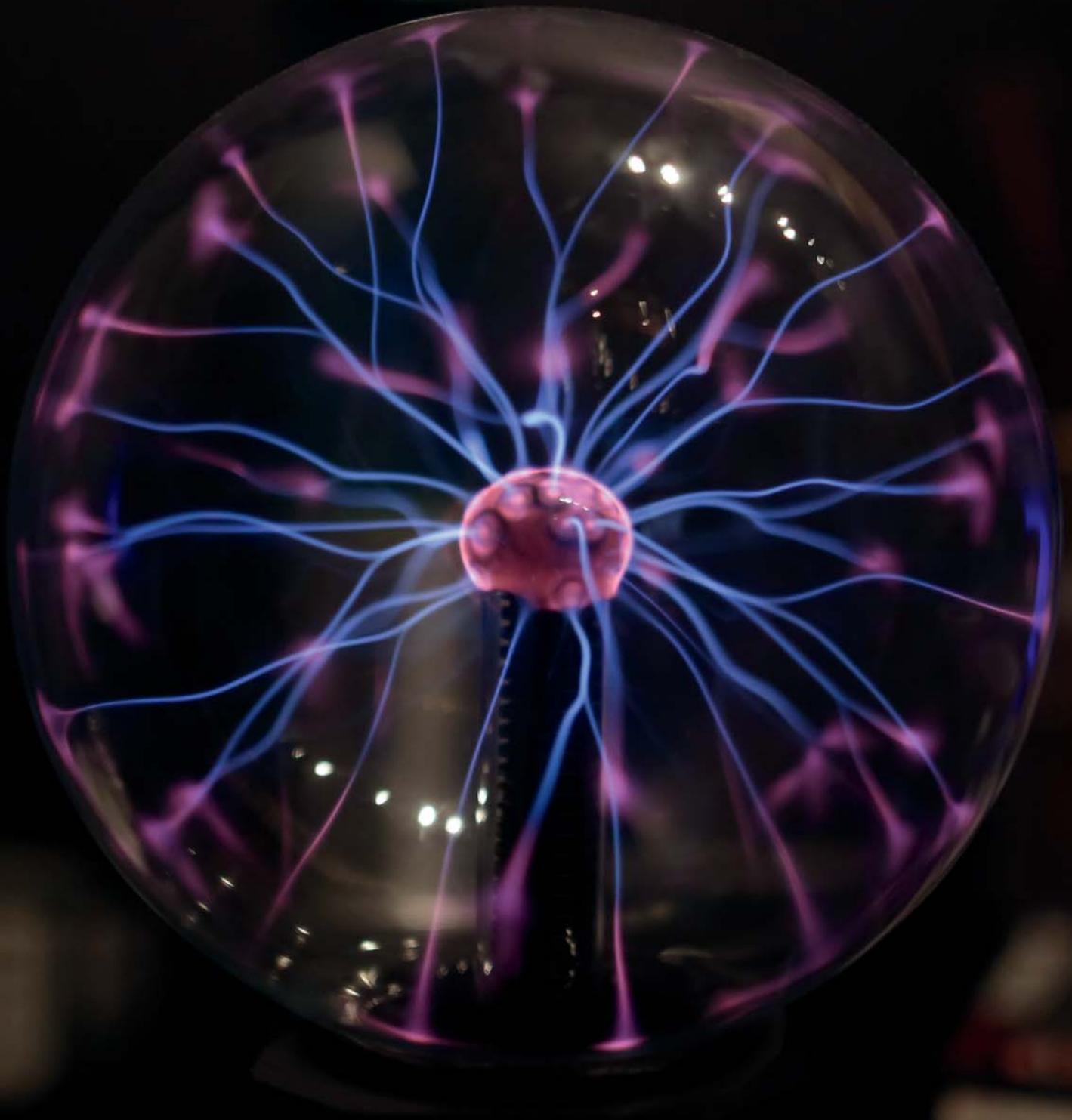
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