

Convercent Predictive Analytics

Innovation in User Experience for Issue Reporting & Management



SOLUTION **PERSPECTIVE**

Governance, Risk Management & Compliance Insight

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TALK TO US . . .

We look forward to hearing from you and learning what you think about GRC 20/20 research. GRC 20/20 is eager to answer inquiries from organizations looking to improve GRC related processes and utilize technology to drive GRC efficiency, effectiveness, and agility.

Convercent Predictive Analytics

Innovation in User Experience for Issue Reporting & Management

The Need for 360° Contextual Awareness of Compliance

Compliance and ethics is not the same today as it was a few years ago, and it's safe to say that it will continue to evolve. The trends and forces shaping transformation in compliance are likely to continue to influence the trajectory of compliance and ethics for years to come.

Compliance & Ethics in the Past

In the past, compliance and ethics were manual and disconnected. Organizations may have had a centralized compliance function to manage critical compliance issues bearing down on the organization, but compliance in reality was fragmented and distributed across the organization with highly redundant approaches taxing the business. This approach to compliance was a tactical one focused on checkboxes and rules. The mentality was, "Show me what I have to do to get by, let me check those boxes, and then give me a get-out-of-jail-free card."

The result was a maze of disconnected processes, reporting, and information. Compliance created redundant, document-centric, and manual approaches that did not integrate well with each other and were highly inefficient for the organization. Compliance functions spent more time managing the volume of documents than it did actually managing and improving compliance. The line of business was overwhelmed with inconsistent approaches to policies and procedures, issue/incident reporting, and self-assessments.

Like the multi-headed Hydra in mythology, these redundant, manual, and document-centric approaches of the past were ineffective. As the Hydra grows more heads of regulation, ethical challenges, and obligations, scattered compliance information overwhelmed and exhausted compliance professionals as they were losing the battle against the "Hydra of Compliance." These problems led to a reactive approach to compliance, with silos of compliance data that compliance professionals could never find the time to coordinate and link together manually. This piecemeal approach increased inefficiencies and the risk that serious matters could fall through the cracks. The redundant and inefficient processes led to overwhelming complexity that slowed the business, even as the business environment required more agility.

The document-centric, scattered, and manual processes of the past have impaled compliance with inefficiency. With reporting that is primarily comprised of emails, documents, shared files, spreadsheets, and manual processes, compliance professionals

are spending a disproportionate amount of time collecting data, versus time spent adding strategic value to the business through analyzing and trending the data collected. Compliance departments often express to GRC 20/20 Research their frustration with the:

- Inability to gain a clear view of compliance dependencies
- High cost of consolidating silos of compliance information
- Difficulty maintaining accurate compliance information
- Failure to trend across compliance assessment/reporting periods
- Incapability of providing compliance intelligence to support business decisions and strategic planning
- Redundant approaches that limit correlation, comparison, and integration of information
- Lack of agility to respond promptly to changing regulations, laws, and situations

This antiquated approach leaves compliance teams with flat metrics that lack context and don't help compliance professionals identify or address problematic culture or behavioral issues.

Compliance Today

Too often today, compliance and ethics efforts are reactive rather than proactive. Regulations and guidelines are designed to prevent last year's scandal from repeating itself and compliance activities are largely reduced to confirming that they have "checked all the boxes." Absent is a forward-looking perspective that identifies and mitigates potential ethics, compliance and reputational risks. Without this forward-looking approach, ethics and compliance efforts can never be part of the strategic planning process but will instead be derided as "corporate cop" activities.

Organizations today are distributed and dynamic. With the globalization of business, compliance and ethics have become complex, crossing jurisdictions, geographies, and cultures. This is complicated by the distributed nature of the modern organization, as it is a complex web of employees, suppliers, vendors, contractors, consultants, agents, and third parties. At the same time, organizations are constantly changing: business is dynamic. Employees, relationships, regulations, risks, economies, litigation, regulation, and legislation are constantly changing. Compliance and ethics have become moving targets. Last year's compliance program will not work this year, and this year's will not work next year.

Compliance and ethics today is in the midst of transformation. The pressure upon organizations is requiring them to rethink their approach to and role of compliance across the organization. Organizations are looking for greater compliance agility and effectiveness, while achieving greater efficiency with human and financial resources.

Organizations are seeing increased scrutiny and focus on compliance and ethics activities from several sources:

- **Governments** worldwide are increasing their scrutiny of organizations and have become more prescriptive in their ethics and compliance standards.
- **Enforcement agencies** have grown more sophisticated in assessing “real” versus “paper” ethics and compliance efforts.
- **Stakeholders**, including investors, activist groups, consumers, business partners, and employees, are demanding transparency and accountability.

With increased enforcement actions, organizations are seeing greater challenges to managing and monitoring their risk of compliance and ethical misconduct. There is a shift from the check-box/rule-based compliance mentality to increasing focus on compliance intelligence. Organizations want to provide 360° contextual intelligence and awareness of compliance information. Compliance is no longer the “corporate cop,” as it shifts to focus on the integrity of the organization. Compliance and ethics are becoming how we do business as opposed to obstacles to business. As a result, organizations have been integrating the role of ethics and compliance into a Chief Ethics and Compliance Officer (CECO) role that coordinates compliance and ethics across the organization.

Compliance data needs to become federated into a compliance intelligence and analytics warehouse to overcome the inefficiencies of the manual and document-centric approaches of the past. These trends point in one clear direction, toward a new ethics and compliance architecture that is dynamic, predictive, and information-based. That is, a new model for ethics and compliance that:

- **Aligns** with stakeholder demands for transparency and accountability
- **Functions** as a strategic partner with the business, executives, and the board
- **Leverages** emerging technologies to improve efficiency, effectiveness, and agility
- **Enables** ethics and compliance practitioners to better target their resources.

The result is a new approach to ethics and compliance that will not only deliver demonstrable proof of compliance, but at the same time will shift the focus of efforts from being reactive and “checking the box” to being proactive and forward-looking. This shift enables compliance organizations to have greater efficiency in processing and managing information, effectiveness in ensuring corporate integrity, and agility in addressing rapidly changing business, regulatory, legal, and reputational risks.

The bottom line: Compliance programs have been very tactical in the past in managing requirements, putting processes in place, communicating policies, conducting training, reporting and investigating incidents, and more. What compliance programs have often lacked is overall reporting and analytics that move compliance from the tactical approach to the strategic approach.

Convercent Predictive Analytics

Innovation in User Experience for Issue Reporting & Management

Convercent's Predictive Analytics is a GRC solution that GRC 20/20 has researched, evaluated, and reviewed with organizations that are using it in changing, distributed, and dynamic business environments. GRC 20/20 has evaluated and verified the innovation in Predictive Analytics and finds it to be a compelling compliance data analytics and reporting platform that delivers actionable insight and intelligence into compliance issues and trends enabling 360° contextual awareness of compliance. In this context, GRC 20/20 has recognized Convercent's Predictive Analytics with a 2015 GRC Innovation Award for the best user experience in Issue Reporting & Management in 2015.

What the Predictive Analytics Innovation Is About

Convercent's Predictive Analytics has been deployed in enterprise organizations across a range of high-risk industries. These organizations were looking to move beyond simple metrics in their tactical compliance programs of the past to take on a strategic and integrated view of compliance information through an advanced reporting and analytics platform they found in the Predictive Analytics solution.

Convercent, through the Predictive Analytics solution, has enabled the evolution of compliance reporting and analytics with a solution built specifically for compliance practitioners that provides the depth and richness executives and board members need and expect in order to fulfill their fiduciary obligations to govern compliance in the organization.

Compliance Officers have been bringing the same metrics to board meetings for years, always with the fear that they will be asked for the "why?" behind changes and trends in metrics. Predictive Analytics enables compliance professionals to report on and analyze hotline reports, disclosures, policy attestations, and training completions in an integrated environment and see links to behavior across these areas. Convercent's Analytics platform provides compliance professionals the ability to arm themselves with the "why?" behind changes to metrics so they can answer the questions of executives and the board.

Convercent has invested in architecting a compliance data warehouse and data mart infrastructure that underpins the dashboards and reports to deliver on compliance intelligence and agility to the organization. These data structures not only support the integrated capabilities of compliance analytics and reporting, but also provide point in time slicing of the data to enable historical reporting.

GRC 20/20 finds that Convercent's Predictive Analytics solution:

- **Provides** rich analytical dashboards because of the investment made in creating a fully integrated compliance platform that is further enhanced by underlying semantic technologies.

- **Enables** the creation of interactive dashboards that provide insights into correlations and causality across multiple aspects of human behavior.
- **Delivers** integration and insight through connectors to external business systems (e.g., human resource systems, expense management systems) to provide additional attributes that can be leveraged in compliance analytics and reporting.

How Is the Predictive Analytics Innovation Different?

With this new level of analytics and reporting, compliance professionals are able to understand and be intelligent about changes in compliance metrics by pulling together multiple layers of information from compliance data, company data, and external data to get a richer view of what is behind the behavior, compliance issues, and incidents across the organization. The combination of different data points that were trapped in silos in the past now work together to enable compliance professionals to collect the right type of data and accurately pinpoint the true cause of issues. Not only does this save a team time and effort, but decisions are made proactively instead of reactively since they can make informed decisions that targets the root cause and underlying behavioral and environmental drivers of compliance risk and misconduct.

With this level of analytics and reporting, Predictive Analytics enables compliance professionals to start slicing and dicing compliance data of conflicts disclosed, incidents involved in, training completed, policy attested to, and other employee data points to accurately pinpoint the true cause of an issue. In addition, Predictive Analytics allows compliance professionals to continue to drill down into information to be intelligent and understand the motivation behind employee behavior and non-compliance. Not only does this help compliance focus their efforts where actually needed, but also provides them correlations and guidance on what to focus on instead of blindly creating more policies and procedures.

Benefits of the Predictive Analytics

Organizations are looking for a more effective way to report on compliance programs. Stakeholders and regulators are demanding greater proof of compliance and transparency into compliance. Compliance executives are expected to bring real intelligence to demonstrate and bolster the value of compliance to business performance through reporting and analytics.

As compliance programs mature, compliance professionals need to understand that they must move beyond the basic practices of standing up a program. Implementing a hotline and monitoring the number and types of calls used to be a key element of a successful compliance program, but is no longer enough. Compliance must set up a hotline, monitor reports to ensure the hotline is being used and then take the next steps of analyzing the types of reports being made, where they are coming from, what policies and training courses they're topically linked to and ultimately attempt to pinpoint the root cause of that report to identify any program weaknesses and be able to accurately communicate to the board of directors the true health and effectiveness of the program.

GRC 20/20 finds that Convercent's Predictive Analytics provides a deeper and intelligent understanding of what is happening throughout the organization in context of compliance. This delivers a 360° contextual awareness of compliance across compliance activities and employee behavior. With these analytics, compliance professionals can answer those hard questions like "What areas of our organization have elevated FCPA risk?" or "Have we been consistent in applying sanctions across the organization and its operations?" Bottom line: By having everything integrated in one Predictive Analytics platform to see correlations, patterns, and a 360° contextual awareness of compliance information and employee behavior, compliance professionals are able to make faster and better decisions to mitigate compliance and ethics risk.

Some specific benefits of this innovation include:

- ***Provides 360° contextual awareness of compliance*** that enables compliance executives with the ability to arm themselves with the answers before they go meet with the board.
- ***Shifts compliance reporting from being reactive to cohesive***, predictive, proactive, and preventative.
- ***Deep analytics and reporting*** that enable better compliance-informed business decisions.
- ***Enhanced ability to monitor and mitigate compliance risk***, potentially preventing a costly instance of misconduct by understanding the correlations of information and behavior throughout the organization.

Considerations in Context of Predictive Analytics

Every solution has its strengths and weaknesses, and may not be the ideal fit for all organizations in all situations. While GRC 20/20 has identified many positive attributes of Convercent's Predictive Analytics to enable compliance programs to be intelligent and informed about the relationships of information across the enterprise, readers should not see this as a complete and unquestionable endorsement of Convercent's Predictive Analytics.

Overall, clients have shown a high degree of adoption and satisfaction with their use and implementation of Predictive Analytics, which has delivered on their expectations of compliance intelligence through advanced compliance analytics and reporting. Clients have a lot of positive feedback on Convercent as a company as well as the Predictive Analytics solution and find it to be an easy to use and adaptable solution for their compliance intelligence, analytics, and reporting needs.

About GRC 20/20 Research, LLC

GRC 20/20 Research, LLC (GRC 20/20) provides clarity of insight into governance, risk management, and compliance (GRC) solutions and strategies through objective market research, benchmarking, training, and analysis. We provide objective insight into GRC market dynamics; technology trends; competitive landscape; market sizing; expenditure priorities; and mergers and acquisitions. GRC 20/20 advises the entire ecosystem of GRC solution buyers, professional service firms, and solution providers. Our research clarity is delivered through analysts with real-world expertise, independence, creativity, and objectivity that understand GRC challenges and how to solve them practically and not just theoretically. Our clients include Fortune 1000 companies, major professional service firms, and the breadth of GRC solution providers.

Research Methodology

GRC 20/20 research reports are written by experienced analysts with experience selecting and implementing GRC solutions. GRC 20/20 evaluates all GRC solution providers using consistent and objective criteria, regardless of whether or not they are a GRC 20/20 client. The findings and analysis in GRC 20/20 research reports reflect analyst experience, opinions, research into market trends, participants, expenditure patterns, and best practices. Research facts and representations are verified with client references to validate accuracy. GRC solution providers are given the opportunity to correct factual errors, but cannot influence GRC 20/20 opinion.

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