ACL Strategy Module

Technology Innovator in Strategy Management

INNOVATOR
2017

SOLUTION*PERSPECTIVE*

Governance, Risk Management & Compliance Insight

Table of Contents

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.

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Complexity Hinders Organizations

Business is complex - gone are the years of simplicity in organizational operations and processes. Exponential growth, regulatory change, globalization, distributed operations, changing processes, competitive velocity, dynamic markets, business relationships, disruptive technology, legacy technology, and business data encumber financial services firms of all sizes. Keeping this complexity and change in sync is a significant challenge for boards, executives, and all levels of management as they seek to guide the organization.

The modern organization is:

- **Distributed.** Organizations have operations complicated by a web of data scattered across many different systems, both internal and external to the organization that are needed for pricing and valuation. The financial services organization is an interconnected mesh of data and interactions that span business boundaries. Complexity grows as these interconnected relationships, processes, and systems nest themselves in intricacy.

- **Dynamic.** Organizations are in a constant state of flux. Distributed data and processes are growing and changing at the same time the financial services organization attempts to remain competitive with shifting business strategy, technology, and processes while keeping current with changes to risk and regulatory environments around the world and across markets. Multiplicity of risk environments that organizations have to monitor span regulatory, geo-political, market, credit, and operational risks. Governing risk, regulatory, and business change on numerous fronts has buried many organizations.

- **Disrupted.** Organizations are attempting to manage high volumes of structured and unstructured data across multiple systems, processes, and relationships to see the big picture of governance, risk management, and compliance (GRC). The velocity, variety, and volume of data is overwhelming – disrupting the organization and slowing it down at a time when it needs to be agile and fast.

In 1996, Fritjof Capra made an insightful observation on living organisms and ecosystems that rings true when applied to governance business today: "The more we study the major problems of our time, the more we come to realize that they cannot be understood in isolation. They are systemic problems, which means that they are interconnected and interdependent."

Capra's point is that biological ecosystems are complex and interconnected and require a holistic understanding of the intricacy in interrelationship as an integrated whole rather than a dissociated collection of parts. Change in one segment of the ecosystem has cascading effects and impacts to the entire ecosystem. This is true in managing market data, positions, and valuation across distributed systems in today's organization. Dissociated data, systems, and processes leave the organization with fragments of truth that fail to connect and see the big picture of performance, risk, and compliance across the enterprise. Simply, managing strategy data across different systems in spreadsheets and documents is prone to errors, easily breaks, becomes impossible to audit, and is very costly to maintain.

Lacking an integrated view of risk and performance results in business processes, partners, employees, and systems that behave like leaves blowing in the wind. Modern business requires a new paradigm for tackling risk issues across the enterprise. No longer can organizations afford to focus on single risk issues as unrelated projects, nor can they allow software Band-Aids that are not integrated with the business to masquerade as GRC. A targeted strategy addressing risk and performance through common processes, information, and technology gets to the root of the problem.

Integrated risk and performance management delivers better business outcomes because of stronger integrated information, which will:

- *Lower costs, reduce redundancy, and improve efficiencies* by rationalizing the information architecture.

- *Deliver consistent and accurate information* about the state of risk initiatives, to assess exposure.

- *Improve decision-making and business performance* through increased insight and business intelligence.

The Bottom Line: Organizations require complete situational and holistic awareness of strategy and objectives in order to see the big picture and its impact on the organziation. Distributed, dynamic, and disrupted business requires the organization to take a strategic approach to integration and automation of strategy management. This fails when addressed as a system of parts that do not integrate and work as a collective whole. Organizations need full visibility to understand the interactions and relationships of cause and effect across strategy, process, transactions, information, and technology supporting the organization. They need to be agile and strategically gather scattered data into a single repository, that supports a building-block approach to managing and monitoring strategy and risk, is extensible for workflows and accountabiltity, and enables shared insight across the entire organization.

ACL Strategy Module

Technology Innovator in Strategy Management

ACL's Strategy Module is a GRC solution that GRC 20/20 has researched, evaluated, and reviewed that is agile for use in complex, distributed, and dynamic business environments to define, align, and monitor an organization's strategic objectives. ACL delivers a new breed of GRC technology that leverages an intuitive Cloud platform to streamline strategy management and GRC processes to make them more efficient, effective, and agile. The solution delivers significant business value and brings a contextual understanding of strategy management across an organization's distributed and heterogeneous environment. In this context, GRC 20/20 has recognized ACL's Strategy Module with a 2017 GRC Innovation Award for the technology innovation in strategy management.

ACL Services Ltd., headquartered in Vancouver, British Columbia, Canada; delivers technology solutions that transform governance, risk management, compliance, and audit processes. Founded in 1987, ACL employs over 300 professionals with offices in North America, Europe, and Asia and has more than 14,000 customers from 150+ countries—including 89% of the Fortune 500. ACL delviers a GRC technology solution that strengthens results, simplifies adoption, improves usability, and most importantly drives decisions. ACL's integrated family of products—including a cloud-based governance, risk management and compliance (ACL GRC) solution and flagship data analytics products (ACL Analytics) – empowers GRC professionals with data-driven decision-making that impact all levels of an organization from the C-suite to front-line audit teams. Enhanced reporting and dashboards provide transparency for organizations to focus on what matters most – identifying, managing, and mitigating those risks that impact company profits and team performance.

Every organization, no matter the size or industry, benefits from data-backed, risk-assured strategic planning. Every function, department, or process will have objectives to meet which impact the achievement of enterprise-level goals. Some organizations may have a designated team tasked with operationalizing the corporate strategy (eg. an operations team that reports to the C-suite). ACL Analytics has been the flagship product of ACL for the past 30 years. This has led to them taking "big data" to the next level with a truly data-driven GRC platform. The ACL platform is now an integrated suite that addresses workflow efficiencies for front-line GRC professionals who provide data (that illuminates risks and opportunities) to executive management in order to drive strategic decisions. The Strategy module "closes the loop" by providing a centralized view for executive management to track how enterprise risks are affected by various organizational activities.

What ACL Strategy Modue Does

GRC 20/20 has evaluated the features and capabilities of the ACL Strategy Module and finds that it delivers an elegant and integrated strategy management innovation that enables intuitive definition of strategy with streamlined management and monitoring of objectives. ACL provides a new breed of GRC software that is effective through the use of engaging and intuitive user interface in a cloud-based platform that centralizes all

strategy management activities in one place that enables the organization to collaborate, manage, analyze, and report on strategy and objectives in context of governance, risk management, and compliance.

GRC professionals – whether they sit in an audit, compliance, legal, HR, IT, or risk management – are often caught up in the weeds and overwhelmed with activities that can seem like meaningless tasks. Work is performed in silos whereby business units and processes maintain their own data, documents, and methodology. How does this resonate with an organization's CEO, Board of Directors, or other stakeholders?

Risk identification and assessment data is frequently buried in spreadsheets, power point slides, documents, emails, and memos across the various risk functions, making it nearly impossible to consolidate, normalize, and present a centralized view for leaders of the enterprise. Most organizations fail in executing strategy because it fails to articulate, communicate, and properly measure strategy in context of risk.

GRC technology for strategy and performance management must have the capability to govern, define, and manage strategic, financial, and operational objectives and related performance and risk activities. ACL's initiative in strategy and performance management is to focus on the "G" in GRC, that is governance, the ability to 'reliably achieve objectives.' The biggest challenge for business leaders is to align the activities of the enterprise with strategy, and most importantly to sustain that vision and focus. Achieving the desired level of performance for an organization includes defining and planning strategy, and managing the execution of it while also managing risk and identifying new opportunities.

By applying a structured risk management methodology – risk identification, risk assessment, risk prioritization, and risk monitoring and reporting – the ACL Strategy Module manages an organization's strategy. It does this by identifying risks and opportunities to create an appropriate execution plan, defining what and how to measure progress, and finally reporting this to key stakeholders. ACL does so with metrics (key performance indicators driven by real-time data) that triggers action or remediation workflow.

ACL has defined a new approach to strategy and performance management and has even applied its own technology to manage risk and strategy internally for ACL. This includes the following components:

- **Strategy module.** Keep the organization focused on the planned strategy, create alignment across all functions, and have visibility in the organization's activities to measure progress against the achievement of strategic goals.

- **Projects module.** Increase engagement across the organization. Project management and workflow capabilities empower leaders to better operate their team's processes that ultimately impact the organization's strategic goals.

- **Results module.** Hold the leaders to account and arm them with information they need to execute strategy via real-time, data-backed insights with storyboard reporting.

- **Reports module.** Create customized reports using meta-data (data from Strategy, Projects, and Results modules) tailored for operational or executive audiences.

- **Analytics module.** Access data from scattered systems, prepare, and harmonize data for analysis, reconcile and compare against multiple systems to ensure data integrity. Also be able to provide financial forecasting and predictive analytics powered with R and Python.

Benefits Organizations Receive with ACL Strategy Module

GRC is an integrated capability to reliably achieve objectives [GOVERNANCE], while addressing uncertainty [RISK MANAGEMENT], and acting with integrity [COMPLIANCE].[1] Successful GRC strategies deliver the ability to effectively mitigate risk, meet requirements, satisfy auditors, achieve human and financial efficiency, and meet the demands of a changing business environment. GRC solutions should achieve stronger processes that utilize accurate and reliable information. This enables a better performing, less costly, and more flexible business environment.

GRC 20/20 measures the value of GRC initiatives around the elements of efficiency, effectiveness, and agility. Organizations looking to achieve GRC value will find that the results are:

- **GRC Efficiency.** GRC provides efficiency and savings in human and financial capital resources by reduction in operational costs through automating processes, particularly those that take a lot of time consolidating and reconciling information in order to manage and mitigate risk and meet compliance requirements. GRC achieves efficiency when there is a measurable reduction in human and financial capital resources needed to address GRC in the context of business operations.

- **GRC Effectiveness.** GRC achieves effectiveness in risk, control, compliance, IT, audit, and other GRC processes. This is delivered through greater assurance of the design and operational effectiveness of GRC processes to mitigate risk, protect integrity of the organization, and meet regulatory requirements. GRC effectiveness is validated when business processes are operating within the controls and policies set by the organization and provide greater reliability of information to auditors and regulators.

- **GRC Agility.** GRC delivers business agility when organizations can rapidly respond to changes in the internal business environment (e.g. employees, business relationships, operational risks, mergers, and acquisitions) as well as the external environment (e.g. external risks, industry developments, market and

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1   This is the official definition of GRC found in the GRC Capability Model and other work by OCEG at www.OCEG.org.

economic factors, and changing laws and regulations). GRC achieves agility when organizations can identify and react quickly to issues, failures, non-compliance, and adverse events in a timely manner so that action can be taken to contain these and keep them from growing.

ACL Strategy Module is designed to make strategy management and integrated GRC processes efficient, effective, and agile in a dynamic business environment. This is done in an intuitive, easy to use user interface that delivers critical information to the executives, directors, and stakeholders who need it, when they need it, and in a format they can understand. Where most strategy and objective management processes are manual in their approach, the automation and workflow tools built into ACL streamlines this process making it more efficient for both parties.

GRC 20/20 finds that the ACL Strategy Module . . .

- *Provides assurance to the executives, the board, and leadership teams* that the strategy is being executed effectively towards achievement of strategic goals

- *Empowers executives with data-driven results* so that they can elevate the conversation with the Board, stakeholders, and investors about the organization's long-term, strategic goals

- *Measures and tracks organizational strategy* through expressed targets which bring forth clearly defined measures and activities.

- *Provide accountability on management* to oversee their departmental activities against metrics.

Considerations in Context of ACL Strategy Module

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 ACL Strategy Module to enable organizations to achieve consistent automated control management processes, readers should not see this as a complete and unquestionable endorsement of ACL.

Overall, organizations should find a high degree of satisfaction with their use and implementation of ACL Strategy Module and find that it delivers capabilities that are effective in identifying and managing strategy and objectives while increasing accountability. The solution is intuitive and easy to use with implementation that is straightforward and rapid. It enables clients to identify and prioritize strategic objectives, understand and evaluate risks to objectives, and monitor the performance of strategic objectives. This is achieved by analytics capabilities that can gather risk intelligence and illuminates risks in context of objectives and opportunities that drive corporate strategy.

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.