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SAP brings alignment of business intelligence and corporate performance to GRC, while other vendors focus on avoiding mishaps and issues.

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Vendor Spotlight: SAP - When GRC Means Business

When GRC Means Business

Governance, risk management, and corporate compliance (GRC) is a business journey, not a destination. The business world is dynamic: Organizations are constantly reacting to an evolving risk and compliance landscape of pressure and control. Organizations tackle GRC as an integrated business collaboration and architecture to drive toward:

- **Accountability:** GRC requires a system of accountability where executives can see the status of GRC issues, events, incidents, and unresolved findings, and hold individuals accountable for resolution.
- **Security and peace of mind:** GRC oversight strives to understand and model various threats, likelihoods, and business impacts, and to select and prioritize business controls to bring systems and information in line within acceptable levels of risk tolerance.
- **Sustainability:** GRC demands a sustainable process and infrastructure as organizations must sustain risk and compliance management practices on a continuous basis. The dynamic nature of business demands an organization address GRC collaboratively and continuously.
- **Consistency:** GRC involves multiple roles in the organization working together in an integrated framework and technology architecture.
- **Efficiency:** GRC eases the burden on business by leveraging common processes, assessments, and information through technology integration and enablement.
- **Transparency:** GRC delivers transparency across the business, and when done correctly links risk management to corporate performance strategy.

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However, organizations struggle to achieve an integrated business collaboration and architecture for GRC because individual GRC activities are scattered across the business. In today's complex and dynamic business environment this is a recipe for disaster, leading to:

- **Wasted resources and spending:** Resources are developed independently, instead of in response to the big picture. Resources are not leveraged to meet a range of risk and compliance needs.
- **Poor visibility across the enterprise:** Islands of controls are individually assessed and monitored, supported by scattered silos of technology that are not integrated into the business itself. This burdens the organization with multiple and differing risk and compliance processes and assessments.
- **Overwhelming complexity:** The lack of a holistic enterprise approach introduces complexity, which increases inherent risk. This means controls are not streamlined and managed consistently, and creates more points of control failure, compliance gaps, and unacceptable risk.
- **Lack of business agility:** A business handicapped by multiple silos of risk and compliance is slow in response to a dynamic business environment. It must navigate a bewildering maze of multiple risk and compliance processes, varying approaches, and control requirements that fail to be addressed with any consistency or logic.
- **Greater exposure and vulnerability:** Individual focus on each silo of risk and compliance creates further complexity. The business lacks the enterprise view to preserve value.

When risks and controls are managed in siloed groups, the enterprise lacks the perspective to define a cohesive risk and control environment. One control can be mapped to multiple risk and compliance requirements instead of each being controlled and managed independently. A one-to-one control to risk and requirement perspective permits greater exposure than a many-to-one control. This is exacerbated by many so-called GRC solutions that focus on assessment and replacing spreadsheets, but do not align and integrate with business processes and enterprise applications. This results in a lack of unity and integrated risk and control management activities within business systems and processes. Diverse and independent risk and compliance efforts also lead to difficult enforcement and audit compliance: A business struggling with duplication, gaps, or crippled GRC activities is ill-equipped to align GRC to corporate performance.

Unfortunately, many technology vendors in this space would lead an organization to believe that there is a silver bullet – just buy this one platform and everything will work. However, GRC is much more complicated than that. Most GRC technology providers focus on adding additional layers of assessment and oversight to risk and compliance activities instead of streamlining them. They see a wound, and provide a GRC band-aid instead of healing the hurt.

SAP, a GRC Innovation Leader

SAP is different from the competition when it comes to GRC. While providing assessment and documentation capabilities, SAP clearly differentiates itself by making GRC part of the business. Through integration with business processes and enterprise applications, SAP delivers value by automating risk, control, and compliance directly into business systems, while other vendors deliver layers of additional oversight that are not integrated into the business. SAP enables organizations to maintain and monitor risk and compliance controls to steer the organization within defined bounds of risk tolerance and appetite. This maintains GRC at the business transaction level for financial, global trade, and other business transactions to prevent unwarranted risk. SAP brings alignment of business intelligence and corporate performance to GRC, while other vendors focus on avoiding mishaps and issues.

Particularly with the release of BusinessObjects Risk Management 3.0 and BusinessObjects Process Control 3.0, SAP delivers on its vision of an integrated GRC platform with a consistent interface, integration into business applications, and alignment to corporate performance management and business intelligence. SAP is also deeply focused on GRC business issues and delivering integration and control for complex business areas such as global trade compliance, supply-chain risk, environmental GRC, and segregation of duties within business applications.

The GRC journey for SAP is not over, as it works further on integration and a consistent interface across its GRC product line.

Benefits of the SAP GRC Suite

The SAP GRC suite was built with business in mind. Where other solutions seek to replace spreadsheets and manage workflows, SAP takes this further by integrating controls into the business. The SAP GRC solution suite provides value:

- When GRC means integration into business processes and transactions
- When GRC means alignment to corporate performance
- In delivering value by making GRC a part of business

The critical value proposition is that SAP integrates into the business to make GRC a natural extension of the business. Whether monitoring segregation of duties in business applications, looking for transactions that violate compliance to global trade, or measuring risk as it relates to corporate performance and business strategy, SAP extends the GRC space into new areas. SAP is one of the few vendors with GRC business technology architecture that addresses the most critical business needs of organizations today – enhanced management and mitigation of risks, cost-effective compliance, and efficient control automation and testing.

SAP GRC applications are particularly effective when organizations need to:

- **Collaborate and manage GRC across business units and processes:** SAP's GRC applications and architecture provide integrated capabilities for organizations to collaborate and manage GRC-related initiatives across business units. This allows organizations to overcome the fragmentation of risk and compliance by leveraging consistent application architecture for collaboration, workflow, and process management.
- **Manage key risk and control activities:** SAP Risk Management delivers a platform to embed analytics across risk and compliance activities, while providing a standardized approach built on a common language for risk and controls. Where other GRC vendors provide the common repository of risk and controls, they do not extend analytics and monitoring directly into business processes and transactions. SAP enables a common taxonomy aimed at unification and management of strategic, financial, operational and compliance risks embedded into business applications. Organizations implementing SAP Risk Management can effectively manage risk within boundaries of risk tolerance and appetite through an orchestrated enterprise view risk exposure.
- **Automate controls across business processes:** SAP GRC solutions allow for the consistent design, documentation, implementation, automated testing, and enforcement of controls. The particular value SAP brings is the automation of controls that allow an organization to comply with multiple requirements. This is all done through a flexible approach that allows mapping to any risk and control framework the organization is using. SAP extends this to specific GRC business issues that other GRC vendors do not touch, such as global trade compliance through streamlined import/export license management, sanctioned party and embargo checks. Control automation is differentiated from other GRC vendors through ongoing alignment and execution of controls to corporate strategy and performance.
- **Monitor risks, compliance, and control within critical business processes:** SAP allows organizations to actively monitor risk and performance indicators across fragmented control environments. This provides a true enterprise perspective on risk and delivers risk intelligence, so an organization can manage risk across performance strategies and objectives. While manual risk assessments and surveys remain important (and SAP delivers these), SAP takes this further by identifying and automating key risk indicators (KRIs) across business processes and applications. Organizations achieve further value through SAP's alignment of KRIs to key performance indicators. Real-time alerting and tracking of control risks across heterogeneous systems is what organizations require today — and SAP delivers. Further value is added through the enforcement of risk and control accountability, delivered through reports and dashboards.

GRC is ultimately about creating, protecting, and preserving value in the organization. GRC processes need a stable business and technology architecture that extends across the enterprise and its processes. SAP provides unique value to its clients over competitive products:

1. SAP delivers GRC strategy integrated into a consistent technology architecture that is part of client business applications and processes.
2. The SAP solution leverages existing knowledge and skill sets already in place with other SAP applications, so the organization does not have to acquire separate technical knowledge and support (internally or externally).
3. Clients receive peace of mind that GRC architecture is part of the business technology architecture, so clients do not have to worry about compatibility with future business suite updates.
4. SAP provides continuity and stability in a GRC vendor with a proven track record. Clients can be confident SAP is in business for the long term.

SAP: Leading Business Operations into GRC

Organizations looking to implement a GRC strategy require a business-integrated solution. Buyers of GRC software should take care to look at the total cost of ownership of the solution, since the difference between integration into business applications vs. manual surveys and assessments can be staggering.

There is further risk in the GRC market as hundreds of individual technology vendors have stepped in, leading to confusion and a general dilution of messaging and value. There is significant risk in engaging GRC vendors that lack a solid customer and financial footing. The GRC market is marked by mergers and acquisitions, with small vendors offered at fire sales to recover from economic loss. Many vendors have taken on significant amounts of venture money, which has handicapped their stability during economic turmoil.

SAP delivers stable GRC solutions and provides real value to large complex organizations. Consider the following customer case studies:

- **Utilities and energy:** The organization selected SAP BusinessObjects Risk Management and BusinessObjects Process Control for enterprise risk management, aligned with risk-based internal controls. They struggled because risk was managed in silos with manual processes and tools, and lacked visibility into risk monitoring and effective control mitigation. Risk was not linked to corporate strategy and planning. The challenge before them was to get a consistent view of risk across business units, and manage risk exposure over time. Further, they wanted a risk-based approach to corporate strategy. The result: they deployed SAP GRC solutions in 10 weeks for ERM and SOX. They ended up with a single platform delivering an enterprise view into risk. Continuous automated risk and control monitoring provided value through automation of controls and reduced in manual effort and testing. The organization now has a unified GRC and corporate performance management approach, and has seen value and prevented loss events. The organization has increased success with new corporate initiatives and strategies through risk identification, assessment, and monitoring, and reduced costs by automating previously manual processes.
- **Education:** The organization selected SAP BusinessObjects Risk Management. Their challenge was to ensure protection of students and monitor the health of the student population, and to protect university intellectual property. Specific objectives for GRC were to drive consistency in risk management processes across the university while automating the monitoring of key risk indicators. Reduction of time and effort in manual consolidation of reporting risk exposure to the board was necessary. The organization implemented a system to establish and monitor key risk indicators across ERP, business intelligence, and third-party systems, and used Crystal Reports for comprehensive risk reporting. They chose SAP because of its ability to monitor risk continuously with automation. The pre-defined KRI content within SAP allowed them to ramp-up quickly, and leveraged existing SAP systems across the business. The organization reports that it has prevented loss events and has protected the brand and reputation of the university.

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- **Healthcare:** The organization selected SAP Business Objects Risk Management. The challenge was an inconsistent risk management process that varied across different hospital units. They were unable to report on overall risk exposure and the current state of key risk indicators: It was a very large manual effort to collect information on risk indicators and exposure. Their specific objectives were to improve risk identification across business units, and to implement a standardized and auditable risk management process across the entire healthcare system while reducing manual processes. They engaged SAP for a rapid implementation project of 10 weeks, and partnered with Protiviti to do the technical and functional implementation. With SAP, they have found value in risk survey/assessment, analysis, and workflow. They now have an enterprise-class GRC strategy supported by SAP GRC solutions. The organization has realized the ability to make better business decisions based on accurate and current risk exposure information, while strengthening compliance and audit documentation.
- **Agriculture and mining:** The organization selected SAP BusinessObjects Risk Management, BusinessObjects Process Control, BusinessObjects Global Trade Services, and BusinessObjects Access Control. The organization faced a complex and dynamic risk environment resulting from acquisitions and organic growth. This was exacerbated by an inconsistent risk processes across eight business units that each did things differently, and in very manual use of spreadsheets that ineffectively identify, monitor, and report on risks. They engaged SAP to standardize the risk management process across the business while meeting different risk management process variations and requirements unique to specific business units. They required an easy-to-use interface for business units to identify and monitor risk. They were able to leverage SAP across the entire enterprise and deliver enterprise risk reporting through SAP Business Warehouse using the entire core SAP GRC suite (Access Control, Global Trade Services, Risk Management, and Process Control). They chose SAP because of the breadth and functional completeness of risk management along with the capabilities of SAP Business Warehouse to deliver enterprise risk reporting. The organization realized the ability to make better risk-mitigation decisions through collaboration between risk group and business units, while reducing costs from complex and complicated manual processes. The board of directors has expressed confidence that risk reporting more accurately reflects reality across their business.
- **Professional services:** The organization selected SAP BusinessObjects Risk Management. The firm was challenged to find a platform to identify, analyze, respond to, and continuously monitor risk. Specifically, they required the ability to link risk management to corporate performance and strategy. The objective was to use an existing best-practice framework to identify, analyze, respond to, and monitor obstacles to reaching corporate growth objectives. They deployed a cross-functional GRC team representing sales, marketing, finance, legal, and professional services to establish requirements for GRC and ERM. SAP enabled a risk management approach that aligned with business processes and corporate strategy. Through SAP they achieved a holistic, integrated, and enterprise-wide risk management platform with the ability to leverage operational data to identify, manage and respond to risks. Specific benefits achieved were the consolidation and relevance of accurate and actionable risk information to make better business decisions. Through the SAP implementation they achieved increased risk awareness aligned to corporate strategy, with consistency in risk management methodology, communication, and collaboration. They are now able to define and manage risk within acceptable thresholds of risk tolerance and appetite.

About Corporate Integrity . . .

Corporate Integrity is a research advisory firm providing leadership in education, research, benchmarking, and analysis on the issues and corresponding solutions for corporate governance, enterprise risk, and compliance management.

Through ongoing research, interactions, and benchmark analytics, Corporate Integrity is the authority in understanding how organizations can foster a culture that “walks the talk” – where integrity is central to governance, risk and compliance (GRC) practices. Corporate Integrity educates organizations and GRC professionals on achieving sustainability, consistency, efficiency, accountability, and transparency in their corporate GRC practices.

In addition to helping organizations understand and improve their internal GRC processes, Corporate Integrity assists technology providers and professional service firms in aligning their sales, product, service, and marketing strategies to the requirements of the roles responsible for GRC.

With the deepest GRC expertise and understanding available in the market, Corporate Integrity has developed a range of service offerings to assist organizations, GRC professionals, technology vendors, and professional services firms focused on GRC.

About Michael Rasmussen . . .

Michael Rasmussen is the authority in understanding Governance, Risk, and Compliance (GRC). He is a sought-after keynote speaker, author, and collaborator on GRC issues around the world and is noted for being the first analyst to define and model the GRC market for technology and professional services.

With more than 15 years of experience, Michael's objective is to assist organizations in defining GRC processes that are sustainable, consistent, efficient, transparent, and accountable. His thought leadership is tuned to:

- **Educate** GRC professionals within corporations to identify, understand, and analyze GRC strategies, drivers, trends, and best practices;
- **Assist** technology providers with alignment of their product and marketing strategies to the needs and requirements of GRC professionals; and
- **Collaborate** with professional services firms on their portfolio of GRC service offerings to better equip them to serve their respective clients.

A leader in understanding risk and compliance standards, frameworks, regulations, and legislation, Michael aims to improve corporate integrity through advancing GRC initiatives. He has served in leading roles in public policy contributions to US Congressional reports and committees, and currently serves on the Leadership Council and Steering Committee of the Open Compliance and Ethics Group. Michael has been quoted extensively in the press and is respected for his commentary on broadcast news channels.

In June 2007, Treasury & Risk recognized Michael as one of the 100 most influential people in finance with specific accolades noting his work in "Governance and Compliance: Saving the Planet and the Corporation." Most recently, in October 2008, he was recognized as a "Rising Star in Rocky Times: Corporate America's Outstanding Executives Under the Age of 40."

During his career, Michael has worked in the market analyst, consulting, and enterprise sectors. Prior to founding Corporate Integrity, Michael was a Vice-President and top analyst at Forrester Research, Inc. Before Forrester, he led the risk consulting practice at a professional services firm in the Midwest. Earlier, his career included industry experience in healthcare as well as manufacturing.

Michael's educational experience includes a Juris Doctorate as well as a Bachelor of Science in Business.