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Determining the Effectiveness & ROI of Your GRC Program

Bob Conlin, Chief Products Officer
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Today's Objectives

A discussion around:

- ▶ Tracking ethics and compliance success
- ▶ Measuring the ROI of your ethics and compliance programs & technology



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Why listen to a GRC vendor?

- ▶ Combined - ELT, EthicsPoint and Global Compliance have:
 - ▶ 6,500+ customers
 - ▶ 75% of the Fortune 100
 - ▶ More than half of the Fortune 1000
- ▶ Sponsored an independent ROI study to determine the facts presented today
- ▶ Our sales effectiveness depends on our ability to help prospects build a business case backed by a strong, defensible ROI

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Material Costs of Ineffective GRC

The numbers tell the story:

49	5	2.4
43	50	

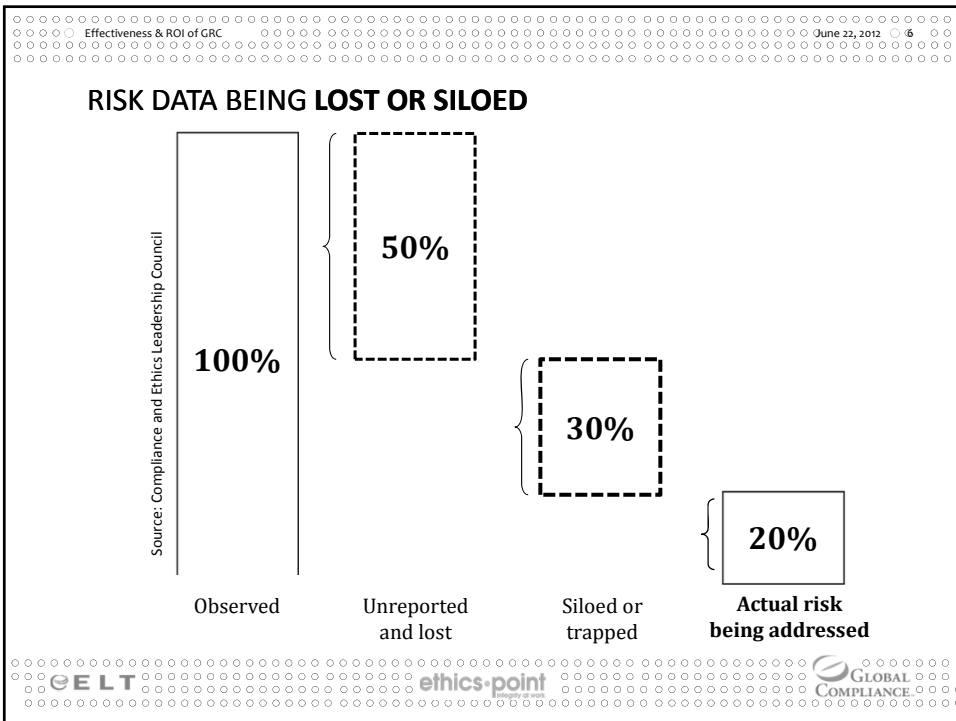
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“ A recent study by the National Whistleblowers Center found that **89.7%** of employees who eventually file a lawsuit, such as a False Claims Act case, **initially** reported their concerns **internally** to either their supervisor or compliance department. ”

NWC NATIONAL WHISTLEBLOWERS CENTER

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“ In 2011, some **56%** of frauds had exhibited one or more **prior red flags** but only **10%** of those had been acted on. This means that company and public sector employees are **consistently failing to identify, or respond appropriately to warning signs.** ”

KPMG

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GOVERNANCE, RISK & COMPLIANCE

Policy & Procedures 	Risk Management 	Audit & Assurance 	Reporting & Analytics 
Strategy, Performance & Objectives 	Compliance Management 	Event & Case Management 	Control, Monitoring & Enforcement 

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FRAGMENTED OVERSIGHT

Risk Management
Corporate Compliance
Legal
Internal Audit
HR
Corporate Security
Information Technology

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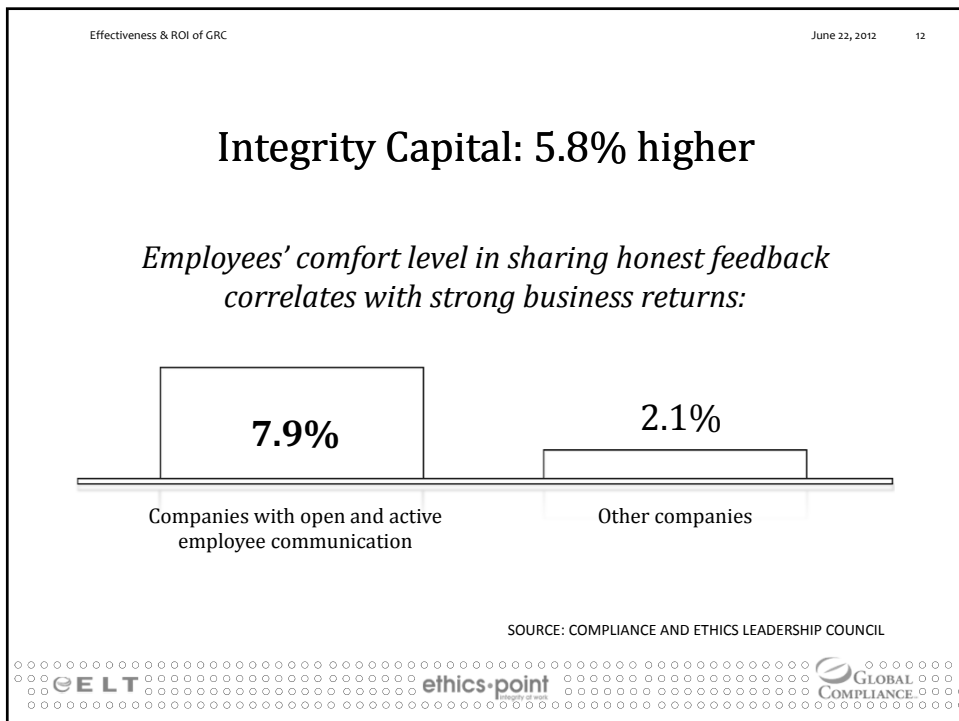
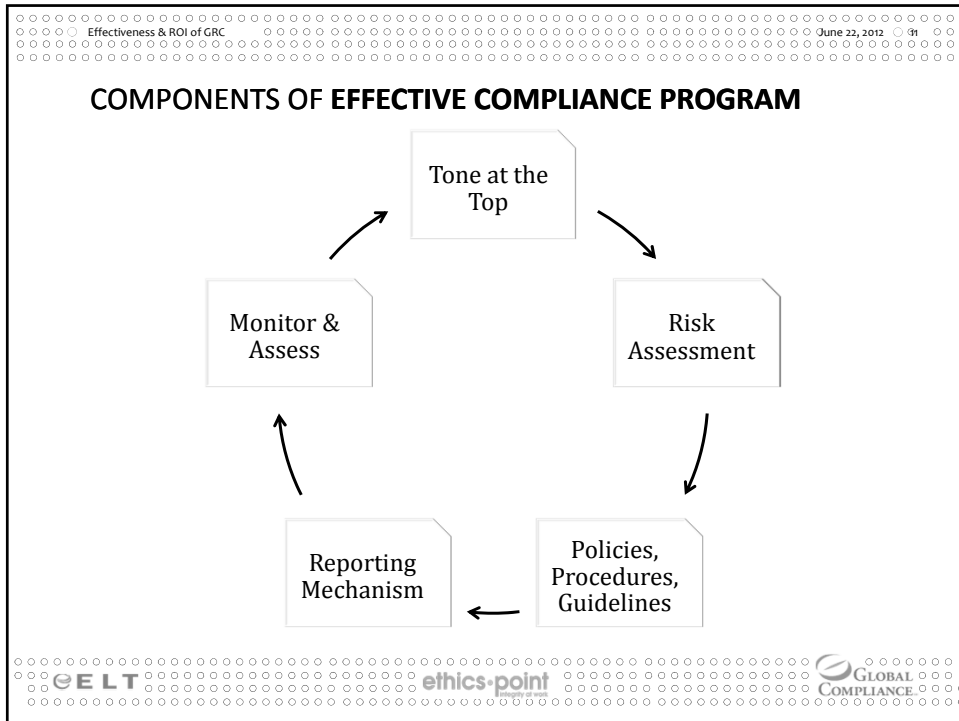
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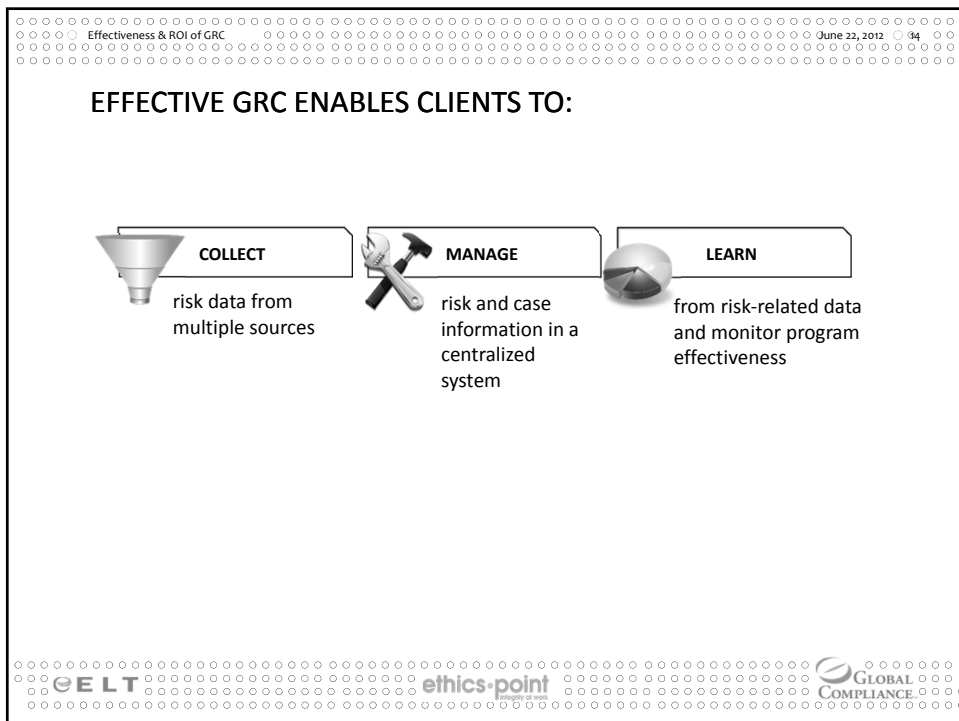
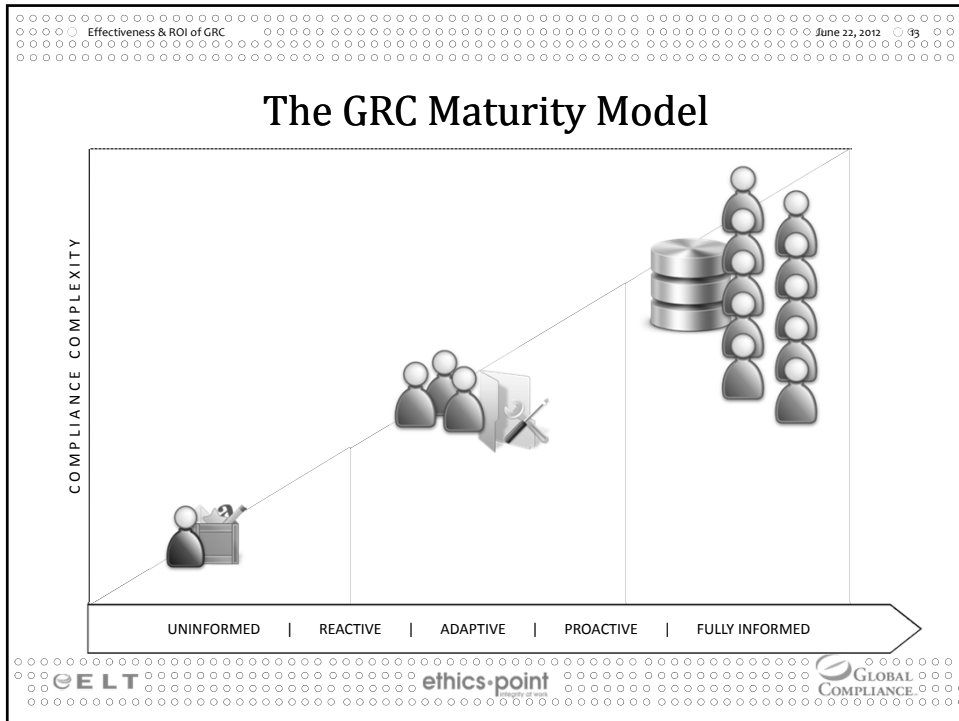
THE NET

No longer can organizations afford to focus on single risk and compliance 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 GRC through common processes, information and technology gets to the root of the problem.

Corporate Integrity™


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EFFECTIVE GRC ENABLES CLIENTS TO:



ACT

- Achieve business objectives
- Make better decisions
- Build strong cultures
- Increase stakeholder confidence
- Protect your brand
- Manage organizational risk
- Optimize economic & social value

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Determining the ROI

of your
ethics & compliance programs

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Meet NewCo: Compliance Experts 6/18/2012 17

Compliance impacts ROI

PROFITABILITY	PERFORMANCE	LIMIT EXPOSURE	MEASURABLE ROI
<p>Superior governance practices generate 20% greater profit.</p> <p><small>- MIT Sloan School of Management</small></p>	<p>Strong sense of cultural integrity boosts shareholder return by 16%.</p> <p><small>- Corporate Executive Board</small></p>	<p>Organizations in compliance avoid up to 95% of fines and penalties.</p> <p><small>- Federal Sentencing Guidelines</small></p>	<p>Every \$1 spent saves \$5.21 in liability, brand damage & lost productivity.</p> <p><small>- General Counsel Round Table</small></p>

Proactive compliance programs improve performance, employee relations, brand equity and shareholder value.

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Quantify your program

VALUE AREA	SPECIFIC BENEFITS
Operational Efficiencies	<ul style="list-style-type: none"> Reduce time spent talking and recording hotline calls Reduce time spent recording and reporting incidents Reduce time spent setting up incident cases Savings on materials, mailing and storage costs Reduce audit time and costs Reduce time spent generating management reports Reduce duplicated effort
Corporate Risk	<ul style="list-style-type: none"> Increase awareness of small and medium-sized incidents Reduce fines and penalties from regulatory bodies
Corporate Oversight	<ul style="list-style-type: none"> Reduce fraud and other unexpected loss events Reduce litigation and settlement costs Protect revenues by proactively managing risk

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Collect

REDUCE TIME SPENT RECORDING AND REPORTING INCIDENTS.

Prior to having an automated system there used to be a significant amount of FTE time required at a number of stages in the process: from 30-60 minutes required for each hotline call, 2-3 hours per case to get each set-up and into the system, and about half a day needed for each report that had to be created.

- Staffing Coordinator

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Manage

REDUCE THE DUPLICATION OF EFFORT

- ▶ Numerous departments are stakeholders of a single investigation, often repeating work
- ▶ A centralized data repository enables authorized users from every department to see what is being worked on in real-time, avoiding duplication of effort

The average time required to resolve a case was reduced by at least 10%, due to a reduction in duplication of effort, eliminating issues such as the amount of follow-up needed between different groups.

- Staffing Coordinator

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Learn

INCREASE AWARENESS OF INCIDENTS AND ALLEGATIONS

There was a 40% increase in the number of cases reported after the implementation of the EthicsPoint system.

- Manager, Cases & Compliance

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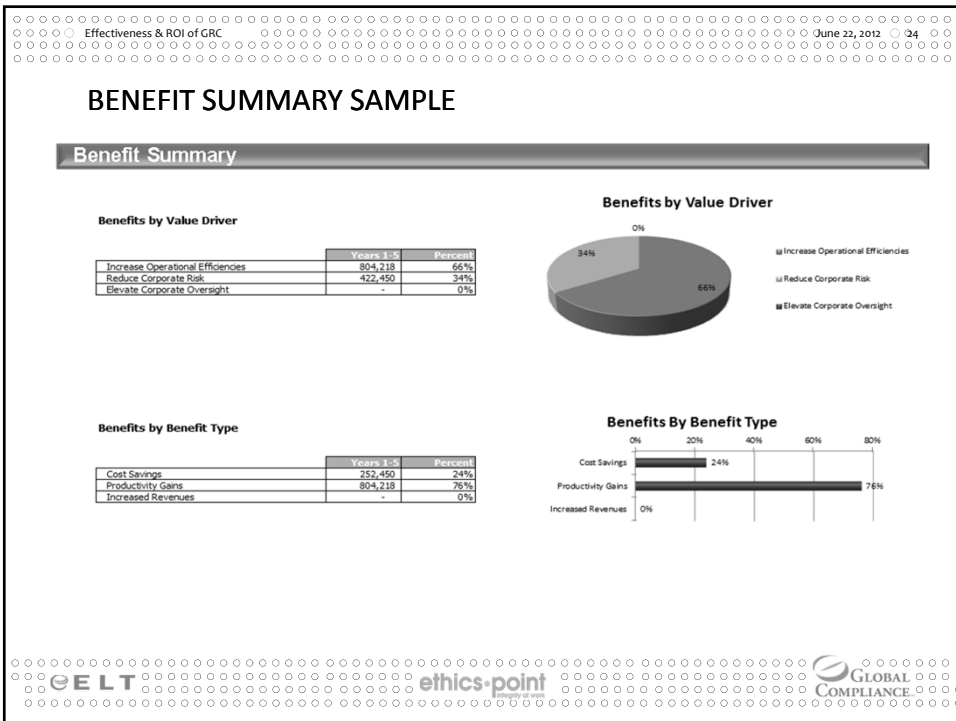
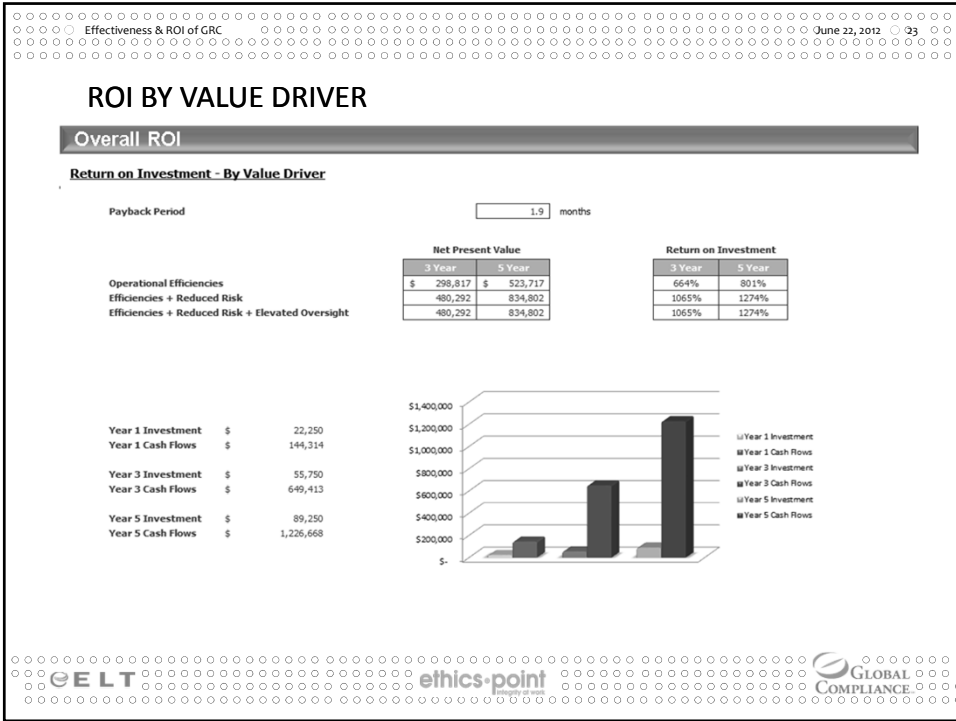
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Act: Use data to improve efficiency

Key compliance management challenges facing organizations:

- ▶ Minimizing time & costs requires to manage all aspects of case management
- ▶ Reduce duplication of effort across multiple departments and processes
- ▶ Allocate training programs and policies where needed based on active and historic data
- ▶ Increase overall corporate oversight to avoid fines/penalties, fraud and other unexpected loss events.

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Sample Client

INDUSTRY	Large energy services company
REQUIREMENT	Meet anti-bribery standards under UK Bribery Act, FCPA, and Dodd-Frank
CHALLENGE	Heavily manual processes for identifying, documenting and measuring incidents across four functional groups
	<ul style="list-style-type: none"> Code of conduct provided for 16 different means of raising issues Issues being documented on paper via manual processes Duplication of effort happening in assigning cases, re-keying data, and capturing multiple reports on the same issue
APPROACH	<ul style="list-style-type: none"> Conducted a stakeholder analysis to identify key areas of documentation by each functional group. Documented current state and desired state for process and touch points Created process maps and policies to enforce consistent workflow Developed change management and training strategy for key stakeholders and teams
IMPACT	<ul style="list-style-type: none"> Investment: \$300,000 over 3 years Payback 3.3 Months ROI 605%

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Sample Client

Goal	Percentage
Increase operational efficiencies	42%
Reduce corporate risk	27%
Improve oversight	31%

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Questions?

Bob Conlin
Chief Products Officer
bconlin@ethicspoint.com



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