

Giving a Digital Face-lift to your Compliance Program

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Agenda

1. Speaker Introductions and Overview
2. Compliance and Technology – Why now?
3. Digital Transformation in Compliance – Where to start?
4. Case Study – Compliance at Endeavor
5. Where is this Leading?
6. Q & A

Compliance and Technology – Why now?

Market Forces

- Compliance programs are changing in this increasingly digitized and remote world. Expanding to include data privacy, ESG, Cybersecurity and other areas. *Status quo is not an option!*
- Data volumes are large, sources are multiple, detection and remediation must happen quickly.
- Rising regulatory expectations.
- All constituents – investors, shareholders, employees, customers, vendors and general public – expect a streamlined and agile Compliance program.

Immediate Benefits

- Transparency and visibility – SSOT¹, metric tracking, anomaly tracking especially around vendors across different business units.
- Operational Efficiency by eliminating manual effort and introducing automation – *Biggest Driver of ROI!*
- Cost avoidance with regards to regulatory penalties, legal fees, settlements as risks are controlled.

1. Single Source of Truth

Digital Transformation – Where to Start?

Challenges

- Mindset - Compliance programming remains too reactive and budget constrained in many orgs.
- Competing needs and priorities of different Business Units.
- Information Siloes – especially true for inorganically grown conglomerates with disparate (and legacy) data systems, tools, platforms, policies.
- Manual processes.
- Change Management - Cross-functional effort that requires collaboration with IT, Compliance, Internal Audit, Legal, Finance, HR, and others.

Suggested Approach

A measured, calculated, phased approach with a combination of off-the-shelf and custom solutions to automate, standardize, consolidate and rationalize processes.

- Change organizational mindset, get leadership buy-in and sponsorship – with ROI expectations.
- Find a core set of common requirements. Marry stakeholder needs with compliance function needs.
- Do a current state assessment of the program – process, data and tech stack and identify gaps.
- Create a roadmap with priorities and phases. Start with quick wins.
- Be flexible with build vs. buy decisions – consider cost, system and data integration challenges, timelines, change management.
- Promote cross-functional collaboration – IT Compliance, Internal Audit, legal and finance.

Case Study – Compliance at Endeavor

Background

- Endeavor is a leading talent, global events and media company, with multiple businesses that recently went public.
- Overall objective is to increase efficiency in governance, risk management, and controls by centralizing and streamlining multiple processes.
- A comprehensive cross-business and cross-functional assessment led to the following workstreams:
 - Technology solutions for vendor assessment/third party due diligence, contract management, payment gatekeeping.
 - Digitization and automation of core compliance processes to enable data capture, tracking, reporting, monitoring and insight generation.

Technology Solutions at Play

- Third Party Risk Management Technology.
- Contract Lifecycle Management Technology.
- Procurement/ Purchase Order Management Technology.
- Leverage expertise during technology selection process, implementation of solutions, and change management.
- Consider pros and cons: Choose tech that covers majority of the requirements - or pick the best-in-class solutions and hope they work together.
- Do not expect implementations to be “turnkey”! At times and for some use cases you will need significant customization.

Automated Tracking

- Covers compliance issues (hotline), security incidents, litigations, insurance claims, workplace conduct issues, HR use cases.
- Data Collection and Management (add, edit, view, approve, delete, archive) – manual to automated using custom forms and APIs to 3rd party tools/ platforms.
- User Access Control – based on role and level managed by designated Admin.
- Ability to track changes at the most granular level and to have retrospective snapshots for analysis and insight.
- Workflow management – reminders, alerts on significant matters or updates, approvals, task assignments, periodic reports.
- Self-service dashboards for different user categories with automated reporting.

How Digital Transformation Maximizes Value for Endeavor

Automation and integration of key processes by implementing the right solutions, coupled with analytics will unlock tremendous value and enable significant and sustainable ROI by:

- **Transparency and Audit Control**

Adherence to policies, procedures and guidelines, enabling Risk Mitigation & Compliance Monitoring

- e.g. ability to identify vendors violating data privacy laws thus avoiding business & reputational risk and monetary sanctions

- **Operational Efficiency**

Significantly reducing manual effort leading to cost savings; efficient processes enabling shorter turnaround times for critical initiatives; checks and balances reduce spend leakages

- e.g. automation of TPP-SOW-PO-invoice-payment workflow; reduction of non-PO spend or spend with non-preferred vendors

- **Cost Control**

Vendor consolidation and volume-based rate negotiation opportunities; demand rationalization/ “right-sizing” spend

- e.g. standardizing paper quality and print specs to reduce cost; comparing demand across similar Business Units and curtailing waste

- **Single Source of Truth**

Providing a robust foundation to track and report key metrics; identify savings and optimization opportunities on an ongoing basis

- e.g. spend analytics dashboard to identify savings across rate, process, demand and compliance

Where is this Leading?

Future State

- Building blocks for digitization, automation, and integration of core processes allowing transparency and operational efficiency.
- Dashboarding, KPI tracking, granular data visibility and actionable intelligence (Descriptive Analytics).
- Stringing together multiple data sources to create a cohesive risk data mart to further enhance effective risk intelligence and anomaly detection (Diagnostics).
- Moving on to achieve a more pro-active, predictive and prescriptive approach towards compliance and risk with Artificial Intelligence and Machine Learning methods.

Q & A

Thank You!



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