DIGITAL INNOVATION

A Deep Dive into Compliance Program Technology

A 2019 BELA Research Report

EXECUTIVE SUMMARY

The digital era continues to push the pace and volume of business transactions and activities. This often leads to changes in a company's risk profile and requires new risk management solutions. To help manage these risks, compliance programs are turning to technology solutions to prevent and detect improper activities. But just what are companies doing, how are they doing it, and what are the challenges and successes?

The Business Ethics Leadership Alliance (BELA) convened a working group to gain a deeper understanding of the current development and use of data analytics and available technological enhancements. The tools and concepts presented were leveraging the best of current data analytics and technology systems and breaking new ground on future methods of risk assessment, monitoring, and intervention controls.

In addition to the complete analysis of the working group presentations, the full report also includes:

- Specific technology, toolsets, and key examples
- Results of a broader BELA community survey highlighting innovation being implemented by member companies
- Insights on criteria for successful technology and data analytics projects
- Additional considerations and challenges

The working group included seven companies among the top 10 in the following industries:

- Pharmaceuticals
- Consumer products
- Retail
- Information technology
- Manufacturing

Two Primary Approaches:

In the working group, two key themes emerged:

- **Technology-enabled efficient compliance:** ways that companies are overlaying technology onto existing systems or processes to do what organizations were already doing today, but resulting in faster, more accurate, or creative outcomes.
- **Data-enabled actionable compliance:** solutions using multiple rich data sets and advanced analytics to gain exponentially more actionable information and launch intervening controls.

Featured in the report:

- Adoption of Technology-Enabled Efficient Compliance
- Adoption of Data-Enabled Actionable Compliance
- Examples of Innovations of Leading Companies
- Data Sources and Infrastructure Trends
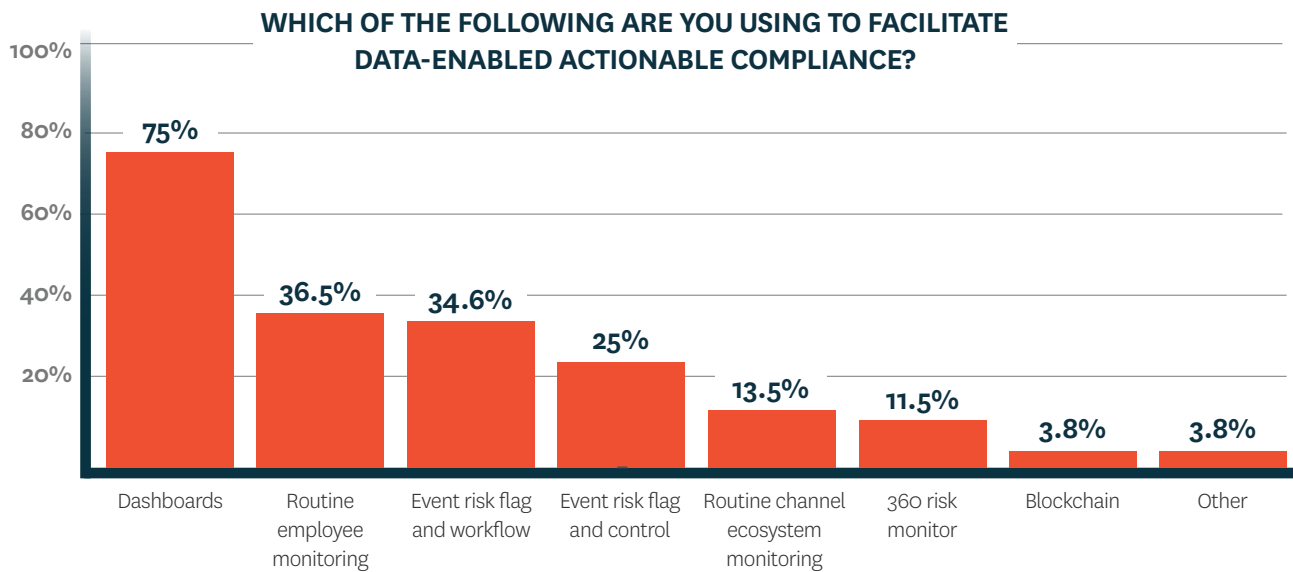- Factors for Success

Among those two categories, more than a dozen solution types were identified across the working group, including machine learning, web tools, event risk flagging, employee monitoring, and augmented reality.

Most companies are using solutions like bots or natural language processing to reduce the need for humans to complete repetitive or mundane tasks and to improve efficiency and accuracy.

MOST COMPANIES

- Bots
- 24x7 web tools providing just-in-time info
- Natural language processing to review policies, cases, and contracts

SOME COMPANIES

- Augmented reality and other digital-fueled forms of awareness
- AI machine learning
- Assessing risk by placing stock-type buys and sells
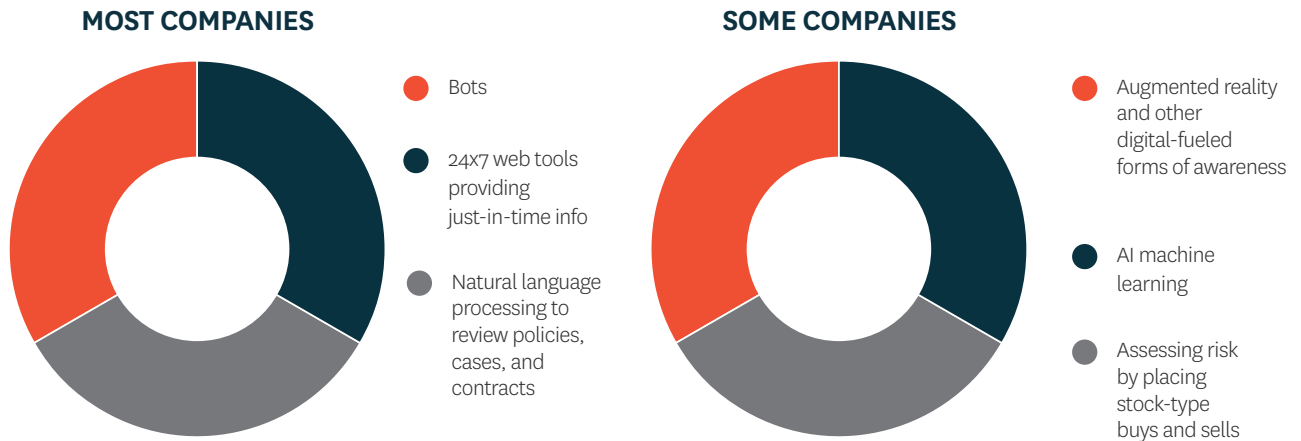
Almost all companies were using some form of dashboard and many were using routine monitoring of data records of employee activities.

The similar adoption of solutions were also seen in the survey of the larger BELA community.

WHICH OF THE FOLLOWING ARE YOU USING TO FACILITATE DATA-ENABLED ACTIONABLE COMPLIANCE?

Category	Value
Dashboards	75%
Routine employee monitoring	36.5%
Event risk flag and workflow	34.6%
Event risk flag and control	25%
Routine channel ecosystem monitoring	13.5%
360 risk monitor	11.5%
Blockchain	3.8%
Other	3.8%

Selected Success Factors and Challenges

- **Ensure that data is provided by the right owners, data quality is managed, and there is a consistent approach to asking for, receiving, and using data.** Nearly 90% of survey respondents use data sources under the control of the Compliance & Ethics function, including training records, audit findings, and investigations.

- **Adopt a common language for key data sets.** The way the Compliance & Ethics office would interpret something may be quite different than Finance or Audit.

- **Partner closely with your privacy and security team as well as Human Resources to ensure that you don't inadvertently overstep.** Privacy regulations continue to challenge the level of data detail available.

- **Align with Finance, Audit, and HR to develop solutions and collect data that can be beneficial to all groups.**

The full report is available exclusively to BELA members. To learn more about BELA and ways to access our research and reports, contact Jonathan Whitacre at bela@ethisphere.com. For information about BELA, visit bela.ethisphere.com.

BUSINESS ETHICS LEADERSHIP ALLIANCE™ An Ethisphere Community

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Ethisphere's Business Ethics Leadership Alliance (BELA) is a global community of companies who recognize the inherent value of ethical leadership and who are working together to move business forward with ethics and integrity. BELA members are senior legal, ethics, and compliance leaders from 60+ industries in more than 275 companies worldwide. The community shares best practices and expertise and has access to exclusive data, benchmarking, and opportunities to showcase their programs.

Available exclusively to BELA members, the BELA research projects and reports are created for, by, and at the request of the community to take a deeper look at important topics. BELA routinely assembles working groups of leading companies and organizations, collects data and examples from member organizations, and uses Ethisphere's datasets and expertise to capture trends and insights, and showcase leading practices in ethics and compliance.