Digital Transformation

Assessing the Maturity of Your E&C Program Across Key Risks

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AGENDA

- The Mandate & Opportunities for E&C Digital Transformation

- Common Approaches and Paths Forward

- Findings from the BELA Third-Party Risk Management Working Group

- Ethisphere's New Compliance Digital Transformation Diagnostic

SPEAKERS

Craig Moss
Executive Vice President
Ethisphere

Parth Chanda
CEO & Founder
Lextegrity

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- **The Mandate & Opportunities for E&C Digital Transformation**

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2020 DOJ GUIDANCE
Setting a Stake in the Ground

> Do compliance and control personnel have sufficient direct or indirect access to relevant sources of data to allow for timely and effective monitoring and/or testing of policies, controls, and transactions?

→ **Access to Data with Timely Monitoring & Testing**

> Is the periodic review limited to a 'snapshot' in time or based upon continuous access to operational data and information across functions?

→ **Continuous Risk Assessment vs. Periodic Snapshots**

2020 DOJ GUIDANCE
Setting a Stake in the Ground

> Does the company engage in risk management of third parties throughout the lifespan of the relationship, or primarily during the onboarding process?

→ **Lifespan Third-Party Risk Management**

> Does the company review and adapt its compliance program based upon lessons learned from its own misconduct?

→ **Continuous Improvement & Incorporating Investigations**

CURRENT STATE
Multiple Challenges

Manual or Legacy Processes With Limited Data

Disconnected Risk Processes & Data

Multiple Financial Systems

Limited Expertise on Data & Digital

Limited Buy-In and/or Budget

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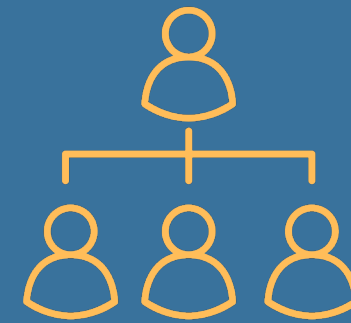
COMMON APPROACHES
Vary Widely by Company

Inventorying Data & Silos

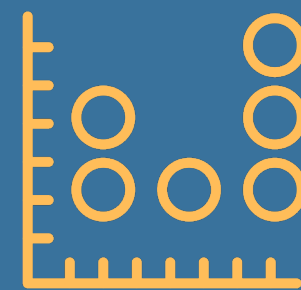Upgrading Manual Processes

Partnering with Other Functions

Hiring Data Scientists

End-Goals & Roadmapping

Building a Business Case

Visualizing Data

Building Analytics

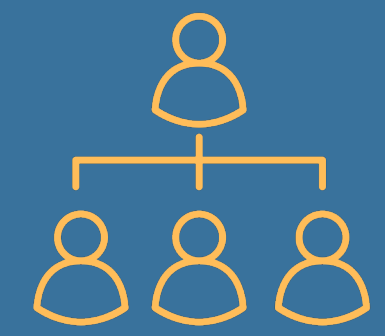# COMMON PATHS TO SUCCESS
Incremental Planning and Execution

1 End-Goals & Roadmapping

2 Inventorying Data & Silos

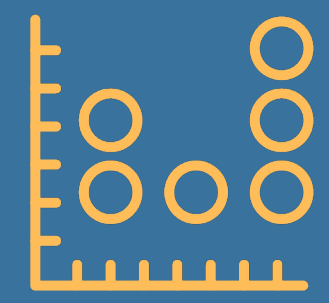**3** Partnering with Other Functions

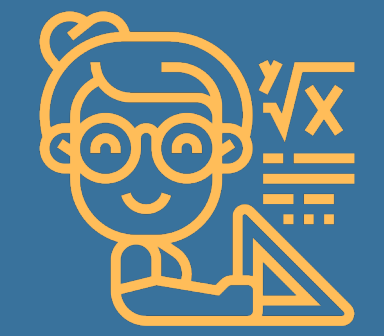**4** Building a Business Case

5 Upgrading Manual Processes

Building Analytics

6 Visualizing Data

? Hiring Data Scientists

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THIRD PARTY WHITEPAPER
Defining Digital Transformation for TPRM

RISKS, REGULATIONS & REWARDS:
THE BUSINESS IMPERATIVE FOR
AUTOMATION AND DATA ANALYTICS
IN THIRD-PARTY RISK MANAGEMENT

SEPTEMBER 2021

- **27 leading ethics and compliance experts** from BELA, Ethisphere and Lextegrity

- **Contributions from** Applied Materials, Aramark, Bristol Myers Squibb, Broadcom, Embraer, Ethisphere, Honeywell, Lextegrity, Micron Technology, Newmont, Penoles, Starbucks, TE Connectivity, Uber, and Western Digital

- **Define a best practice approach** to automation and data analytics to mitigate third-party risk

- **Available here:** https://ethisphere.com/resources/risks-regulations-rewards-whitepaper/

PAIN POINTS DEFINED
Across Onboarding and Monitoring

- Lack of comprehensiveness, accuracy, and efficiency of data

- Lack of consistent and updated risk-level definition or risk-based processing

- Lack of transparency and inconsistent controls and monitoring

AUTOMATION AND ANALYTICS
Across Onboarding and Monitoring

- **Onboarding**
  - Embed automated and objective risk assessment
  - Integrate complex approval logic
  - Automated questionnaires
  - Harmonize processes and systems

- **Ongoing Monitoring**
  - Expand monitoring beyond watchlist/media screening
  - Monitor transactions in real time
  - Automate analytics and reporting
  - Tie onboarding to ongoing monitoring

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E&C DIGITAL TRANSFORMATION DIAGNOSTIC

MATURITY TIERS

Tiers 1-5

Tier 1

No demonstrated focus or plan for digital transformation

Budgets are unclear or non-existent

E&C leadership has not assessed state of company data, systems, etc

Tier 2

Expressed interest in beginning digital transformation, but no formal plan or road map

In the fact finding stage, determining best path

E&C controls not yet integrated effectively into larger organization

Tier 3

Road map is in place and in progress

Budgets and resource needs are clearly understood

Relevant systems/ERPs have been identified

Tier 4

Data is normalised across E&C and broader company systems, strong internal controls in place to maintain quality and educate leadership on importance

Data analytics and connected tooling are informing E&C program strategy and planning

Tier 5

E&C leaders have deep access to comprehensive E&C data and enterprise data, informed by technology

Data is regularly used to inform E&C program roadmaps and routinely shared with leadership and the enterprise to positively influence company culture

E&C data informs company strategy

ASSESSMENT DIMENSIONS
Across Those Four Risk Processes

Risk Scope & Coverage

Coordination

Use of Technology

Integrations
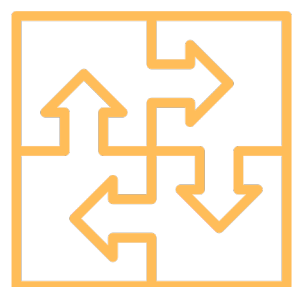
Reporting & Analytics

Monitoring
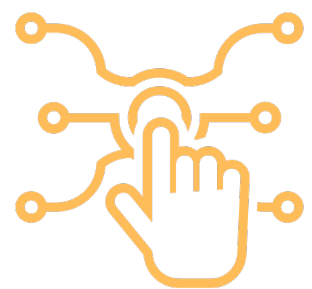
Buy-In

Budget

HOW TO PARTICIPATE

Visit this link: https://ethisphere.com/what-we-do/compliance-digital-transformation-maturity-diagnostic/

Contact Craig Moss (craig.moss@ethisphere.com) or Stefan Linssen (stefan.linssen@ethisphere.com)