

Empowered Systems: Connected Risk

Enabling Agile, Cognitive & Business Integrated GRC

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We look forward to hearing from you and learning what you think about GRC 20/20 research. GRC 20/20 is eager to answer inquiries from organizations looking to improve GRC related processes and utilize technology to drive GRC efficiency, effectiveness, and agility.

Empowered Systems: Connected Risk

Enabling Agile, Cognitive & Business Integrated GRC

Organizations Require a New Paradigm in GRC Tech

GRC in Dynamic, Disrupted, & Distributed Business

Gone are the days of simplicity in business operations. The challenges thrown by ever-changing regulations, distributed operations, a highly competitive business landscape, evolving technologies, and huge volumes of business data encumber organizations of all sizes. Risk management has become a challenge for CxOs and managers throughout all levels of the organization.

The physicist Fritjof Capra said . . .

“The more we study the major problems of our time, the more we come to realize that they cannot be understood in isolation. They are systemic problems, which means that they are interconnected and interdependent.”¹

Capra was indicating that biological ecosystems are complex and interconnected and need a holistic, contextual awareness of the complexity in interconnectedness as an integrated whole – rather than a disconnected collection of systems and processes. Change in one area brings a cascading effect that impacts the entire business ecosystem. He might as well have been discussing risk management in the modern enterprise.

The interconnectedness of risk and objectives requires 360° contextual awareness. Organizations need to see the intricate relationships of objectives, risks, obligations, processes, and controls across the organization’s operations. It requires holistic visibility and intelligence of risk in this context. The complexity of business – combined with the intricacy and interconnectedness of risk and objectives – necessitates that the organization implement a strategic approach to GRC – governance, risk management, and compliance – delivered and managed with technology that enables the business and does not slow it down.

According to the OCEG definition, GRC is “a capability to reliably achieve objectives [governance], while addressing uncertainty [risk management], and act with integrity [compliance].”²

1 Fritjof Capra, *The Systems View of Life: A Unifying Vision*

2 GRC official definition in the GRC Capability Model, published by OCEG

There is a natural flow to the GRC acronym:

- **Governance – reliably achieves objectives.** Governance aims to set, direct, and govern the reliable achievement of objectives. Objectives can be entity-level but also can be divisional, department, project, process, relationship, or even asset-level objectives. Governance involves directing and steering the organization to achieve those objectives reliably.
- **Risk management – address uncertainty.** ISO 31000 defines risk as “the effect of uncertainty on objectives.” Good risk management is done in the context of achieving objectives; to optimize risk-taking to ensure that the organization creates value. This is the function of GRC that addresses and mitigates against inevitable uncertainty and threats while operating in a sustainable and calculated manner.
- **Compliance – act with integrity.** The compliance function of GRC is more than regulatory compliance but is the adherence and integrity of the organization to meet its commitments and obligations. These commitments and obligations can be from regulations and found in ethical statements, values, code of conduct, ESG,³ and contracts.

The Need for a New Integrated GRC Architecture

The world of business is distributed, dynamic, and disrupted. It is distributed and interconnected across a web of business relationships with stakeholders, clients, and third parties. It is dynamic as the business changes day-by-day and must respond and adapt to evolving environments. Processes change, employees change, relationships change, regulations and risks change, and objectives change. The organization requires a holistic, contextual awareness of GRC – rather than a dissociated collection of processes and departments. Change in one area has cascading effects that impact the entire ecosystem.

This interconnectedness of business drives demand for 360° contextual awareness in the organization’s GRC processes to reliably achieve objectives, address uncertainty, and act with integrity. Organizations must see the intricate intersection of objectives, risks, and boundaries across the business. Exponential growth and change in risks, regulations, globalization, distributed operations, competitive velocity, technology, and business data impede the ability of the business to be agile in times of uncertainty.

This challenge is even more significant when GRC management is buried with old technology that is expensive to implement and maintain, and the organization often gets stuck on versions because of all the customizations.

Organizations need agile, cognitive, and business-integrated GRC delivered through a next-generation platform that is easy to implement, maintain, and adapt to the organization and its needs. Too often, older implementations of GRC technology forced organizations, if they did not want to customize and break things, to manage risk the way

³ ESG stands for Environmental, Social & Governance and encompasses what was formerly called Corporate Social Accountability (CSR) and sustainability.

software was built instead of configuration software to manage risk in the organization's contexts.

Any intelligent fool can make things bigger, more complex, and more violent. It takes a touch of genius – and a lot of courage to move in the opposite direction.

[This quote has been attributed both to Einstein and E.F. Schumacher.]

A primary directive of agile, cognitive, and business-integrated GRC is to provide GRC processes and information that is innovative, contextually intelligent, assessable, and engaging. GRC, done right, minimizes its impact on the business while still maintaining insight and control of risk across the business. GRC should be intuitive to the business, and GRC technology should provide the right information in a way that works for the business and not get in the way of the business.

Why do some enterprise GRC projects take two years to build out the initial implementation? The primary issue is overhead in extensive services and technology customization to integrate and develop massive GRC implementations that slow the business down and delay value (if the value is ever achieved). GRC needs to be agile, cognitive, and business integrated to be valuable to the business. GRC technology must deliver harmonious relationships or GRC information that supports the business. GRC is to enable enterprise agility by creating dynamic interactions of GRC information, analytics, reporting, and monitoring in the context of business.

Like Apple with its innovative technologies, organizations must approach GRC strategy, process, information, and technology in a way that re-architects the way it works and interacts. **The GRC goal is simple; it is itself Simplicity.**

Simplicity is often equated with minimalism. Yet true simplicity is more than just the absence of clutter or the removal of embellishment. It's about offering up the right contextually relevant GRC information in the right place when the individual needs it. It's about bringing interaction and engagement to GRC processes and data. GRC interactions should be intuitive.

GRC is about delivering innovative and intuitive GRC engagement and intelligence to the business in the context of business. It delivers 360° contextual GRC intelligence. It provides engaging and user-friendly experiences that minimize process overhead while enabling the organization to reliably achieve objectives, address uncertainty, and act with integrity.

The Bottom Line: Successful GRC management requires the organization to provide an integrated process, information, and technology architecture that is agile to the needs of the business. This requires technology that is easy to configure and adapt to the organization and its needs and has a low cost of implementation and ongoing management. The goal is to make complex information and connections easily understandable and give comprehensive, straightforward insight into GRC in the context that the business can understand and engage on.

Empowered Systems: Connected Risk

Enabling Agile, Cognitive & Business Integrated GRC

With their Connected Risk solution, Empowered Systems is a provider that GRC 20/20 has researched, evaluated, and reviewed with organizations that use it in distributed, dynamic, and disrupted business environments across industries and around the world. Connected Risk is an agile GRC management platform that can be used to manage a range of risk and compliance processes and configured for a range of other business processes as a business management platform. This is delivered as a no-code solution with a modern architecture (e.g., database, application) and intuitive engaging user experience. It is one of the new next-generation business management platforms with a focus on governance, risk management, and compliance.

GRC 20/20's evaluation, research, and interactions with Empowered Systems: Connected Risk clients have determined the following:

- **Before Connected Risk.** Clients of Connected Risk are typically replacing older, legacy GRC systems that they have found to be broken and cost too much to manage and maintain. The customization on these older platforms often broke things, particularly on upgrades. Something the no-code design of Connected Risk prevents. Others come to Connected Risk from manual risk and compliance management processes buried in documents, spreadsheets, and emails. Such approaches can be very time-consuming and prone to errors (e.g., in aggregation and data reporting). This led these clients to significant redundancy in data as well as gaps. Clients said they were tired of the time spent on broken processes and things getting missed.
- **Why Connected Risk.** Organizations choose Connected Risk as they seek a single agile and integrated architecture to automate a range of GRC and business processes. Clients required agility in a no-code environment to handle an integrated taxonomy of GRC processes delivered to the organization's context. They found that Connected Risk capabilities exceeded their needs, but it also presented a significantly lower cost of ownership – from implementation through maintenance – over its competitors. Flexibility and performance of the system are also key factors for selecting Connected Risk.
- **How Connected Risk is used.** Typical use cases for Connected Risk span the GRC space, and the solution is highly configurable for an organization to build its own business process/management solutions on it. This allows the organization to have a unified GRC and business management platform that delivers on business-integrated GRC. Connected Risk clients have used the agility and configurability of the platform to deliver custom applications in a no-code environment.
- **Where Connected Risk has excelled.** Organizations state that Connected Risk has improved the quality of their GRC information, reporting, and processes through a single source of truth. The system's performance is praised as it

delivers information and reports rapidly when needed. This improves the organization's overall visibility into GRC contexts across the organization while also eliminating the overhead of managing manual processes encumbered by hundreds to thousands of spreadsheets, documents, and emails. Clients find that the solution is flexible to adapt to their organization's requirements, has the core capabilities needed, and allows them to grow and mature their program over time.

What Connected Risk Does

GRC 20/20 finds that Connected Risk is a solution that can grow and expand with the organization and adapt as the organization and its environments change, delivering GRC agility. It can be easily implemented to meet the needs of specific risk and compliance management processes and contexts or as the backbone for an enterprise fully integrated GRC platform. Many clients have used the platform's agility to build their own modules to manage business processes beyond a traditional GRC context.

Connected Risk is a solution that delivers agile, cognitive, and business-integrated GRC in organizations across industries and organizations of all sizes. GRC 20/20 particularly finds that the Connected Risk platform delivers exceptional . . .

- **Depth and breadth of capabilities.** The Connected Risk solution is robust in capabilities. It has a range of ready-to-use GRC modules, referenced below, and an organization can use it to build its own modules to fit business process needs.
- **User experience and engagement.** The Connected Risk platform has a modern user experience (UX) design that is highly engaging and intuitive to use. Most buyers of GRC solutions rank user experience as one of their most critical criteria, even more than the cost of the solution, particularly in engaging the front-office/first-line in GRC management responsibilities. Connected Risk delivers.
- **Cost of ownership.** The Connected Risk solution is easy to deploy and maintain. It offers a no-code solution that does not take years to implement. It is easy to configure and adapt to the organization, which delivers greater value in ongoing maintenance and management costs.

The Connected Risk solution provides a single source of truth for GRC across the organization's operations. Clients gain 360° contextual visibility into GRC in a business context. This enables the organization with the ability to have a singular integrated GRC environment that can be used to manage the business while delivering agility and resilience in the context of a wide range of risks and regulatory requirements the organization must address. Once an objective, process, or service is defined, it can be mapped to a range of risks, regulations, other objectives, and controls to ensure that the organization can reliably achieve objectives, address uncertainty and risk, and act with integrity. Risk, resilience, and objectives can be mapped and monitored for each entity, division, department, process, relationship, and asset level. With Connected Risk, organizations can:

- **Achieve** business objectives and strategy while managing risk and meeting obligations.
- **Monitor** internal and external events that can impact the business for rapid identification and response.
- **Deliver** risk and compliance agility and resilience as a competitive advantage to the organization.
- **Connect** GRC activities to enable a 360° contextual awareness of interdependencies.
- **Enable** business owners and managers with GRC intelligence that can impact their operations.
- **Identify** the developing risk and control issues that the organization needs to address.
- **Adapt** to business changes and needs with an agile platform that does not require coding and customization.
- **Provide** a single source of truth for all GRC information.
- **Engage** the entire organization in GRC management from the back-office functions of risk, resilience, assurance, and compliance to the front-office functions of the business.

Foundational Capabilities in Connected Risk

The Empowered Systems Connected Risk platform can be implemented to address the complex requirements of a broad GRC management program or for very specific risk and compliance needs. They offer a range of pre-configured modules, but also the ability for organizations to configure these modules to their requirements in a no-code intuitive environment, enabling organizations to build their own modules in what is a business management platform at its core. Connected Risk enables organizations to manage risk and compliance contexts in distributed, complex business environments. Some organizations find that they often start with addressing a specific risk and compliance need (e.g., regulatory change, operational resilience) and expand the implementation over time to address an enterprise perspective of GRC.

Specific modules that Connected Risk delivers are:

- **Enterprise Risk Management.** Connected Risk empowers organizations to have an aggregated view of risk across the organization with deep analytics to assess and monitor the state of risk and controls across the enterprise. It allows for the spectrum of enterprise risk reporting. It can integrate with other systems to provide overall risk reporting, accountability, and monitoring across the organization's strategic, operational, regulatory, and financial/treasury risks.

- **Operational Risk Management.** Connected Risk enables the monitoring, analytics, reporting, and accountability of operational risks across people, processes, technology, and relationships. The system enables risk and control assessment and maps into risk and control frameworks to give organizations control over their operations.
- **Resilience Management.** Aligned and part of operational risk management, Connected Risk allows the organization to manage business and operational resilience programs aimed at ensuring the organization can stay up and running amid uncertainty and events impacting the organization.
- **ESG Management.** Connected Risk delivers a full ESG management program for organizations, from setting out ESG-related objectives to the monitoring of ESG risks to those objectives to the assessment and monitoring of ESG objectives, contests, and controls, to reporting into a variety of ESG frameworks.
- **Compliance Management.** Connected Risk allows organizations to document their obligations, assess the state of compliance, and report on compliance to stakeholders and authorities. It enables organizations to stay on top of compliance in a changing organization and regulatory environment.
- **Regulatory Change Management.** Organizations must manage a range of evolving regulations and make sure they remain in a state of compliance. Connected Risk empowers organizations to integrate with regulatory intelligence feeds and ensure internal contexts, such as policies, controls, risks, and processes, remain compliant amid regulatory change.
- **Policy Management.** With Connected Risk, organizations can manage the policy lifecycle from authoring, approving, monitoring, maintaining, and retiring policies. It equips organizations to keep policies current in a changing context and engages employees on policies through a portal.
- **Internal Audit Management.** The Connected Risk platform delivers a range of capabilities to manage the complexities of internal audit programs to provide assurance to the organization and its stakeholders. The platform allows for risk-based audit planning, resource management, workpaper management, fieldwork, remediation, and reporting.
- **Third-Party Risk Management.** Brick-and-mortar walls and traditional employees no longer define the modern organization, the organization is the extended enterprise. Connected Risk allows organizations to manage objectives, risks, and requirements across third-party business relationships and provides for ongoing/continuous due diligence and assessments in this context. It integrates with third-party regulatory intelligence feeds, so an organization is aware of the risk contexts of its third parties.
- **Model Risk Management.** Organizations rely on various models to govern pricing, credit, markets, and risk in the organization's contexts. The need for

model governance is growing with the expanding use of artificial intelligence models. Connected Risk provides the capability to govern, inventory, validate, and provide assurance on the appropriate and fit-for-purpose design and use of the organization's models.

- **SOX/ICFR Compliance Management.** The Connected Risk platform allows the organization to document, assess, manage, and report on internal controls over financial reporting (ICFR) to comply with regulations such as USA Sarbanes Oxley and the new U.K. SOX requirements (among others worldwide).
- **Product Compliance & Acceptance.** With Connected Risk, organizations can manage the process of reviewing new products/services to ensure they are compliant with requirements. This is particularly useful in contexts like the U.K. Consumer Duty law.

While Empowered Systems Connected Risk delivers out of the box on the above modules, each can be tailored to the organization's specific needs in a no-code environment. This ensures things do not break on upgrades but also does so in a way that has lower implementation and maintenance costs than legacy competitors in this space. Organizations can also leverage the platform architecture to build their own modules and processes specific to their needs.

Benefits Organizations Can Expect with Connected Risk

Organizations move to Empowered Systems Connected Risk because they found that their manual, document-centric approaches took too many resources to administer, only addressed specific areas of risk and compliance, and found things slipping through the cracks because of the organization's continuous barrage of change and processes. Many organizations choose Connected Risk because their existing solutions were limited in what they could deliver and were too costly to maintain and own.

Specific benefits organizations can expect from implementing the Connected Risk:

- **Significant efficiencies in time** through automation of workflow and tasks, as well as reporting. Some clients have reported a 30% savings in time by their employees using the system. In the ongoing management and maintenance of the system, clients report savings as much as 80% in staff time over the legacy GRC solutions they had in place before.
- **Reduction in errors** by automating specific or a range of GRC management processes and removing errors from these manual processes that result in the reconciliation of incomplete or incorrect documents.
- **Fewer things slip through the cracks** as the solution can fully monitor risks and assign and track accountability and tasks.
- **Data integrity** with Connected Risk being the system of record for all GRC management information.

- **Collaboration and synergies** by providing a single platform with a consistent interface to manage GRC across business processes and services.
- **Consistency and accuracy of information** as all organizations, processes, and services are defined and conform to consistent GRC data standards and monitoring within a single solution that can integrate with internal and external systems and data feeds.
- **Accountability with full audit trails** of who did what and when; delivering value in fewer things slipping through the cracks - particularly with business managers who have become more accountable for risk and resilience in their functions.
- **Efficiency in reporting** in the organization as all information is integrated into a common architecture.
- **Increased visibility** as the organization and its processes and services can monitor the performance of objectives, key performance indicators, key risk indicators, and impact tolerances to see how they perform across the organization.
- **Comply with the range of global regulatory requirements** and mandates in the contexts of the organization and remain compliant in a dynamic and changing business environment.
- **Proactively respond to unexpected events** within the business environment to achieve and maintain a high level of resilience and stay competitive.
- **Align business strategy with operational execution** to achieve an optimal balance between achieving business objectives and maintaining a high level of resilience.

Considerations in Context of Connected Risk

Every solution has its strengths and weaknesses and may not be the ideal fit for all organizations in all situations. While GRC 20/20 has identified many positive attributes of the Empowered Systems Connected Risk solution to enable organizations to achieve consistent risk, control, and compliance management processes, readers should not see this as a complete and unquestionable endorsement of Empowered Systems and the Connected Risk solution.

Connected Risk clients praise the solution for its return on investment while delivering the capabilities they need to manage the complexities and processes for GRC and enable process management of a range of other business processes. Clients love the flexibility and agility of the platform to be easily adapted to their specific needs with no coding involved. They see that they have achieved great value in implementing Connected Risk to bring together all the organizations GRC related data and processes into one system.

Clients express that they look forward to Connected Risk continuing the journey to deliver performance improvements and more capabilities in reporting and dashboards.

Connected Risk is a capable solution for various GRC use cases and industries. It is ideally suited for organizations moving from manual processes or legacy GRC solutions with a high ownership cost and older technology. Organizations engaging with the Empowered Systems Connected Risk solution will find that the speed of implementation and cost of ownership is superior to many other solutions available in the market.

Organizations leverage Connected Risk to deliver governance, risk management, and compliance that is agile in today's dynamic business environment that enables them to be:

- **Aware.** They will have a finger on the pulse of the business and watch for a change in the internal and external environments that introduce risk to objectives and be able to provide assurance. Key to this is the ability to turn data into information that is analyzed and shareable in every relevant direction.
- **Aligned.** They align performance, risk management, and controls to provide assurance and support/inform business objectives. This requires continuously aligning capabilities of the integrated audit capability to the objectives and operations of the organization as it changes and to give strategic assurance and information for management to affect appropriate change.
- **Responsive.** Organizations cannot react to something they do not sense. Agile internal audit programs will be forward-looking to provide greater awareness and understanding of changes that drive decisions and actions, improve transparency, and quickly cut through the morass of data to what an organization needs to know to make the right decisions in governing the organization.
- **Agile.** Stakeholders desire that the organization be more than fast; they require it to be nimble. Being fast isn't helpful if the organization is headed in the wrong direction. GRC provides assurance that enables strong decisions and actions that are quick, coordinated, and well thought out. Agility allows an entity to use risk to its advantage, grasp strategic opportunities, and be confident in its ability to stay on course.
- **Resilient.** The best-laid plans of mice and men fail. Organizations need to be able to bounce back quickly from changes in context and risks with limited business impact. They need enough tolerances to allow for missteps and have the confidence to adapt and respond to opportunities rapidly. It is the role of the agile internal audit department to provide assurance that aids in the organization's resilience.
- **Efficient.** They build business muscle and trim the fat to rid expense from unnecessary duplication, redundancy, and misallocation of audit resources; to make the internal audit organization leaner and effective with enhanced assurance capability and related decisions about the application of audit resources and the audit plan.

About GRC 20/20 Research, LLC

GRC 20/20 Research, LLC (GRC 20/20) provides clarity of insight into governance, risk management, and compliance (GRC) solutions and strategies through objective market research, benchmarking, training, and analysis. We provide objective insight into GRC market dynamics; technology trends; competitive landscape; market sizing; expenditure priorities; and mergers and acquisitions. GRC 20/20 advises the entire ecosystem of GRC solution buyers, professional service firms, and solution providers. Our research clarity is delivered through analysts with real-world expertise, independence, creativity, and objectivity that understand GRC challenges and how to solve them practically and not just theoretically. Our clients include Fortune 1000 companies, major professional service firms, and the breadth of GRC solution providers.

Research Methodology

GRC 20/20 research reports are written by experienced analysts with experience selecting and implementing GRC solutions. GRC 20/20 evaluates all GRC solution providers using consistent and objective criteria, regardless of whether or not they are a GRC 20/20 client. The findings and analysis in GRC 20/20 research reports reflect analyst experience, opinions, research into market trends, participants, expenditure patterns, and best practices. Research facts and representations are verified with client references to validate accuracy. GRC solution providers are given the opportunity to correct factual errors, but cannot influence GRC 20/20 opinion.

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