THE GRC (R)EVOLUTION

How recent innovations are making GRC implementations **simpler**, **faster** and **cheaper** for SAP companies.

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GRC's Growing Importance

Recently Sony[1] and Mossack Fonseca[2] have been examples of corporates who've underestimated the value of managing risk across their enterprises. The ramifications to their reputations, and bottom lines, are far-reaching and probably long lasting.
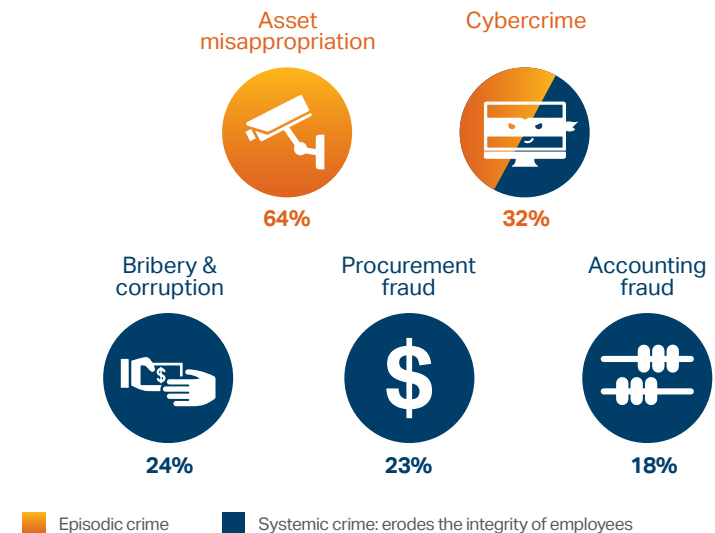
Perhaps more alarming though, is the vast number of internal fraud cases which go unreported by organizations of various sizes, and in varying industries and locations. Organizations tend to prefer taking corrective action quietly, for obvious reasons, and therefore the problem is likely much bigger than the formal studies indicate.

> *"The threat of economic crime is a very real concern for all organizations — regardless of their size, sector or region.[3]"*
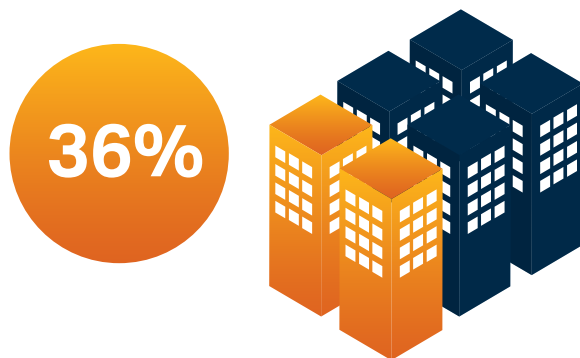
A recent CEO survey[4] provided a window into this, revealing that around one in three organizations have been affected by economic crime, with asset misappropriation, cyber crime, and bribery and corruption being the usual suspects. Further, the survey indicated that more than half of all internal fraud involves middle or senior management.

Furthermore, aside from actual information security breaches, regulatory compliance is also a motivating factor for companies to pay attention to GRC. Whether or not you currently operate in a country with stringent compliance Acts, as global markets continue to change the face of business, many countries are translating their governance recommendations into policies.

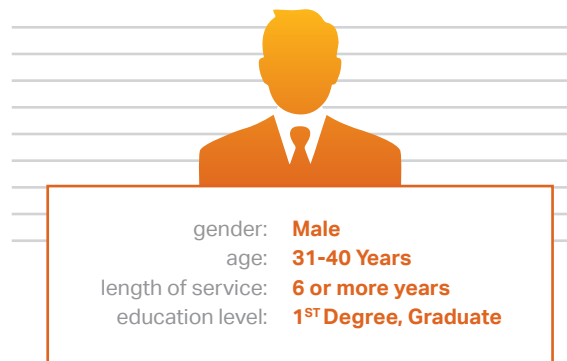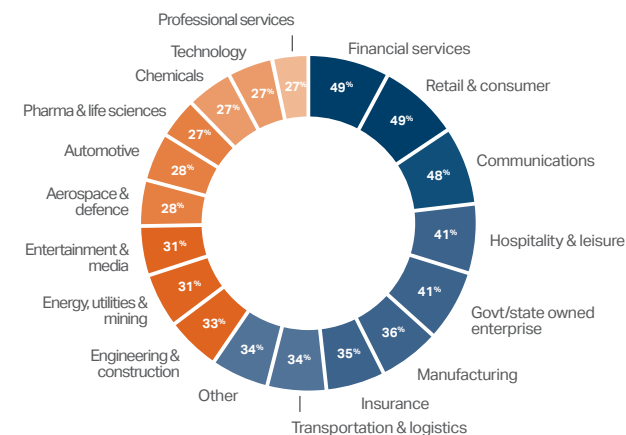## Most commonly reported types of economic crime

Asset misappropriation
64%

Cybercrime
32%

Bribery & corruption
24%

Procurement fraud
23%

Accounting fraud
18%

■ Episodic crime   ■ Systemic crime: erodes the integrity of employees

One in three organizations reports being hit by economic crime

36%

Typical internal fraudster

gender:	**Male**
age:	**31-40 Years**
length of service:	**6 or more years**
education level:	**1ST Degree, Graduate**

Which industries are at risk?

Professional services 27%
Technology 27%
Chemicals 27%
Pharma & life sciences 27%
Automotive 28%
Aerospace & defence 28%
Entertainment & media 31%
Energy, utilities & mining 31%
Engineering & construction 33%
Other 34%
Transportation & logistics 34%
Insurance 35%
Manufacturing 36%
Govt/state owned enterprise 41%
Hospitality & leisure 41%
Communications 48%
Retail & consumer 49%
Financial services 49%

Process under threat

procurement
distribution
supply chain
marketing
recruitment
onboarding
sales
international expansion
intellectual property
vendor selection
tax compliance
logistics
payment
data security

Where does economic crime occur?

North America 37% 1.2
Latin America 28% 0.8
Western Europe 40% 0.9
Africa 57% 0.9
Middle East 25% 0.9
1.0
0.7
Eastern Europe 33% 1.5
Asia Pacific 30% 1.1

■ Average total losses per fraud per sub-region - US$m   ■ Economic crime percentage
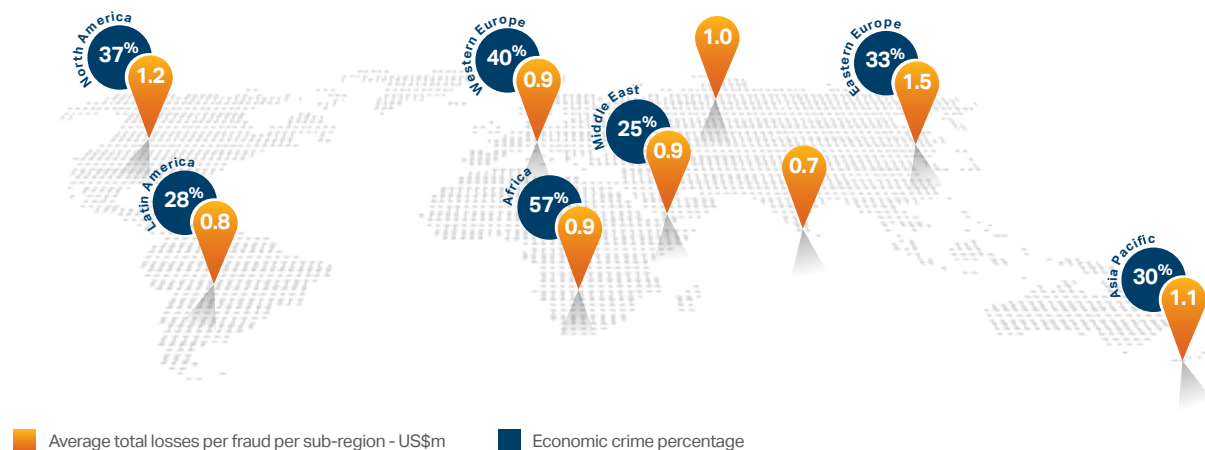
GRC Remains a Challenge for SAP Organizations

SAP organizations aren't immune to all of this, even though a range of GRC tools are readily available. For many companies, high costs and tool complexity often inhibit adoption of these tools.

Internally, the tendency of these companies is to address business first and GRC is seldom the priority it should be.

While SAP GRC is undoubtedly the benchmark for larger, complex organizations, it's not always the perfect fit for those companies who lack internal expertise. The more comprehensive GRC tools cater for a myriad of complex scenarios which are often not essential to the average organization.

> *"Varying levels of maturity in risk and compliance processes are driving the need for identifying and implementing the right GRC tool[5]…"*

Implementations may not achieve the desired result as business resistance is experienced. This is attributed to its struggle to associate effort required with the value derived[6]. Software often remains under-utilized, a manifestation of the lack of alignment between IT, GRC and business.

The bottom line is this: although it is of significant concern when appropriate risk management tools are not in place, having poorly implemented or managed tools in place can lull you into a dangerously false sense of security. The potential for fraud exists as long as there is lack of alignment between people, processes and technology.

Large / multinational organizations

Under-realized GRC capability

Everyone else

Limited GRC appreciation & minimal capability
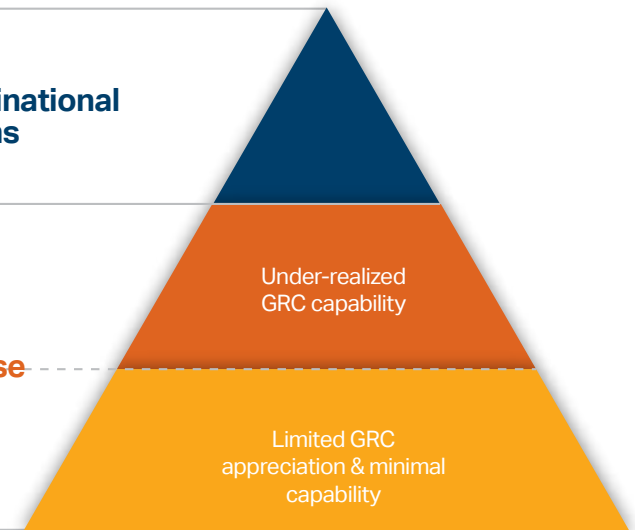
Four Innovations changing GRC for SAP Companies

Cloud & Hosted
Deployment

SaaS Pricing
Models

Size-Sensible GRC
Maturity Goals

Managed
Service Models

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Four Innovations Changing GRC for SAP Companies

1. Cloud & Hosted Deployment

GRC applications have historically been available primarily as on-premise deployments, but a trend is emerging that is seeing the rise of remotely hosted and cloud deployment options[6].

For example, more and more organizations are reviewing their employees' authorizations for the internal systems using the cloud. The data is obtained from the internal network, then transferred securely to the cloud.

A key advantage of using the cloud is the fact that no hardware is needed, which means no installation costs or ongoing maintenance. Cloud platforms allow for quick deployment, given the ability to scale storage and technology infrastructure to meet increases in demand.

> *"In 2015, Gartner listed cloud computing as one of the top five enterprise technology investments in the next five years[7]."*

Perhaps more importantly, given that most organizations often lack adequate internal GRC expertise, cloud solutions allow for vendors to supplement the client's resource requirements remotely, creating further efficiency.

Here are three common myths surrounding cloud computing[8]:

Myth 1: "It is only for tech companies."
Not so, companies across all industries, big and small, are making use of cloud computing.

Myth 2: "Security is a big risk."
Security measures used by well-known cloud vendors are often better than their clients' measures! Cloud vendors have the resources and skills to keep security up to date.

Myth 3: "It's always cheaper to run in the cloud."
It's not always cheaper to run in the cloud, but it can often be more cost efficient. Cloud works best for variable demands and workloads, where you have high demand at times but lower demand at others.

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Four Innovations Changing GRC for SAP Companies

2. Software-as-a-Service Pricing Models

The growth in the global Software-as-a-Service (SaaS) market is largely driven by the increasing need for organizations to cut costs, and by the relative speed and ease with which SaaS solutions can be deployed.

Whereas conventional pricing models are usually based on ownership of an instance of a software application, paid for through licensing agreements, SaaS pricing models tend to match pricing more closely with usage levels.

Typically, significant savings are realised in upfront investment costs beyond just traditional upfront purchase costs. Infrastructure costs are now borne by providers, which is a significant saving for organizations. Further, SaaS implementation costs are often significantly lower than traditional implementations.

"Where SaaS models are paired with cloud deployment models, GRC capabilities are effectively put in the hands of users on an on-demand basis.[9]"

Beyond the upfront cost benefits of a SaaS pricing model for GRC tools, is the real benefit of flexibility. Companies can increase or decrease their number of users as required, and can also choose to avail themselves of discrete elements of functionality as they become necessary.

Finally, where traditional on-premise applications require upgrades periodically, these costs are usually borne by the SaaS vendor.

Software as a service (SaaS; pronounced /sæs/) is a software licensing and delivery model in which software is licensed on a subscription basis and is centrally hosted. It is sometimes referred to as "on-demand software". **SaaS** is typically accessed by users using a thin client via a web browser.

Software as a service - Wikipedia, the free encyclopedia
https://en.wikipedia.org/wiki/Software_as_a_service
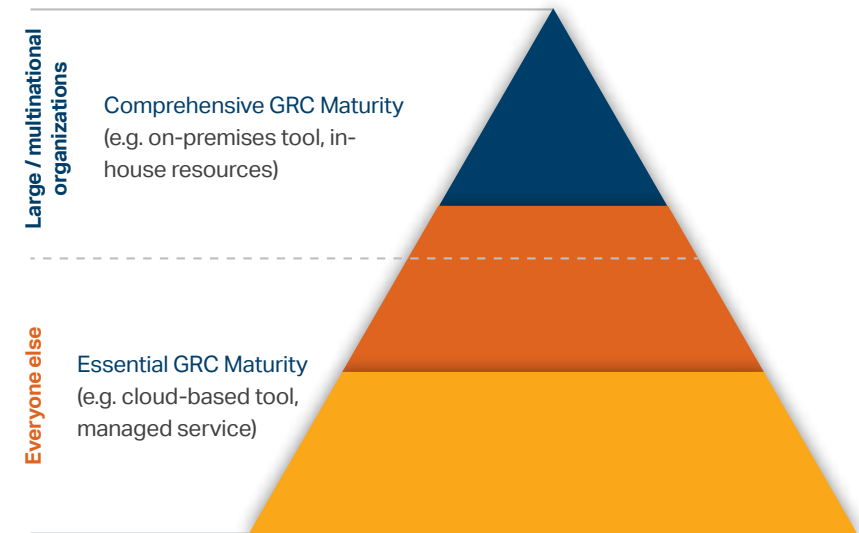
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3. Size-Sensible GRC Maturity Goals

In the epic biblical narrative of David and Goliath, young David is encouraged to wear the king's armour, which was 'best of breed' at the time. Unfortunately, it wasn't best suited for the young lad who needed to be as nimble as possible. David shunned the conventional defence wisdom of the time, chose something humbler but better suited, and the rest is history.

There's no denying that the large enterprise GRC applications are the best tools for the large, global multinationals. Tools like SAP GRC cater for every conceivable GRC scenario.

Many companies are learning that although these tools are impressive, they can be oppressive when an organization isn't yet mature enough to make comprehensive use of them. With the self-confidence of David, less mature companies are opting for scaled down, size-appropriate GRC tools and goals, and realising surprising benefits.

> *"Instead of viewing GRC maturity as a fixed point, we need to see it on a spectrum. Appreciating that there are varying manifestations of maturity allows companies to focus on the essential tools they require, right now."*

Paradoxically, adoption of size-sensible maturity definitions and GRC strategies is accelerating the GRC maturity of many organizations.

Large / multinational organizations

Comprehensive GRC Maturity
(e.g. on-premises tool, in-house resources)

Everyone else

Essential GRC Maturity
(e.g. cloud-based tool, managed service)

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Four Innovations Changing GRC for SAP Companies

4. Managed Service Models

In the eternal race for the most efficient way to conduct operations, the rapid rate of change in technology presents a headache for most organizations, from a resourcing point of view. Most businesses use a wide range of technologies, each requiring specialist skilled people. Outsourcing has become a widely used practice for 'grunt-work' level activities, but has been less successful where the need for proactive management of tools has been required. The idea of Managed Services has evolved to fill the gap.

> *"The global managed services market size is expected to reach $256 billion by 2018, more than double its 2014 level of roughly $107 billion."*

The essential difference between Managed Services and Outsourcing is that Managed Services includes the proactive management of the application, whereas Outsourcing has traditionally been limited to reactive deployment of an IT asset. Accordingly, a Managed Service relationship can directly achieve a specified business result, whereas an Outsourced relationship typically delivers an IT result.

Many companies are increasingly leveraging IT Managed Services to avail themselves of both IT management and deployment skills, in the most efficient and flexible manner.

These organizations have the 'best of both worlds,' ensuring they have the most up to date technology solutions to suit their own needs without the excessive costs associated with in-house IT support.

Enterprises are turning to Managed Service Providers

The promise

+47% Growth in the service revenue portion of total technology revenue in Q3 2013.

Compound annual growth rate (CAGR) of **global managed services market** from 2013-2018. **12.4%**

THE CLOUD Managed services can be a stepping stone to the cloud.

Increase in overall efficiency with managed services. **50-60%**

$256 BILLION Forecast **size of global managed services market** by 2018.

The advantages

Organizational agility and operational readiness are replacing cost savings as key goals. **AGILITY**

30-40% Reduction in recurring in-house IT costs after implementing managed services.

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That's It Folks!

Hopefully this ebook has provided some useful and actionable insights on how you can take your GRC to the next level. All the best on your journey!

How could these four GRC trends among SAP companies affect your work?

Cloud & Hosted Deployment

SAAS Pricing Models

Size-Sensible GRC Maturity Goals

Managed Service Models

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End Notes

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Who is Soterion?

We specialize in helping companies to maximize their Governance, Risk and Compliance (GRC) processes. We understand the unique opportunities and challenges that exist for most corporates when it comes to their GRC capability.

Many feel overwhelmed and intimidated by SAP GRC and its seeming complexities and expenses, and hence they are hesitant to even begin the process. Others may feel like they're not seeing the full benefit of their SAP GRC software.

With an aim to get our customers to view GRC not as a burden, but as a real benefit, we've developed a number of niche GRC tools. Brought to you by our team of expert consultants situated around the world, we specialize in demystifying, uncomplicating and expediting the GRC process.

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We Solve GRC for SAP Companies of all shapes and sizes

Our entire business is focused on building GRC products to suit your team and your pocket. Because companies differ, we've developed three ways SAP companies can affordably handle GRC, whatever their internal GRC capability.

Software-as-a-Service

What is it?
Soterion's Compliance Cloud platform is a cloud based, pay-as-you-go GRC Access Risk tool.

Ideal for?
- Highly cost-sensitive companies
- Companies that require access risk assessments seldom or ad hoc, e.g. internal auditors
- Companies with basic in-house GRC expertise

Benefits
- Instant GRC access risk visibility
- Easy-to-use
- Business-friendly reporting
- Extremely cost effective
- Only pay when you use

Learn more

Managed Service

What is it?
Combine 'on-tap' GRC expertise with Soterion's Compliance Cloud platform for a complete GRC solution. Delivered in collaboration with Soterion's Consulting Partner Network.

Ideal for?
Companies who have a GRC requirement, but lack internal expertise.

Benefits
- Instant GRC capability, including both tools and expertise
- Give business hassle free, complete control of access risks via dependable GRC service
- Significantly cheaper overall solution than employing in-house GRC expertise and purchasing GRC tool
- Proactive GRC management

Learn more

On-Premise Software

What is it?
Soterion for SAP is a size-sensible GRC software application, offering powerful, easy-to-use features for SAP companies.

Ideal for?
- Companies that have a GRC requirement, and have internal expertise
- Companies with IT policies requiring on-premise solutions.

Benefits
- Powerful, size-sensible GRC features for smaller businesses without complex, unnecessary functionality
- Highly cost-effective on-premise GRC alternative
- Intuitive and easy to use
- Minimally invasive to infrastructure and SAP installation

Learn more

Imagine GRC available anywhere, anytime, pay-as-you-go

Soterion's SAP Compliance Cloud gives you what you need, when you need it.

Visit Website

Instant GRC Access Risk Visibility

Move from no GRC access risk visibility to full visibility, within 24 hours. With our seamless data extraction process and intuitive interface, you won't require any technical knowledge getting set up.

Insights As You Need Them

Avoid external audit surprises by viewing easy-to-understand access risk reports as and when you need to.

Pay As You Go

Benefit from the lower cost of ownership by avoiding the expense of a full time on premise solution and the staff to support it. No fixed term contract requirements.

Easy to Use

Our platform is extremely intuitive, and requires no GRC technical knowledge. Our business-friendly reporting tools allow focussed reports by business area.

Guided, Step By Step GRC Maturity Process

Use our proprietary GRC Maturity Model to benchmark your current GRC maturity level. Enhance your GRC capability by following the provided recommendations.

Simulate Changes Before Applying Them

Play it safe with our Allocation Simulator which runs pre-emptive 'what-if' analyses, showing you the impact before making changes in SAP.

Experience a better way of managing GRC, today.

Test drive Soterion's Compliance Cloud using test data, or even upload your own data to see what Soterion can do for you.

No credit card required.

Take a test drive

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