

# THE GRC BLUE BOOK

2011 GLOBAL GRC USER SURVEY

PRESENTED BY GLOBAL COMPLIANCE ASSOCIATES, LLC  
[WWW.GLOBALCOMPLIANCEASSOCIATES.COM](http://WWW.GLOBALCOMPLIANCEASSOCIATES.COM)

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# THE GRC BLUE BOOK

## 2011 ANNUAL GLOBAL GRC USER SURVEY: GRC USER EXPERIENCE

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## EXECUTIVE SUMMARY

Global Compliance Associates, LLC (GCA) proudly presents the first annual **Global GRC User Survey** concerned with documenting trends from GRC users. The GRC User Survey targeted risk and compliance professionals across industry and global boundaries. The intent of the survey is to gather feedback from as many actual users as possible of various GRC applications to better understand what is working and to measure the adoption rate of GRC applications over time. Current marketing surveys tend to favor certain vendor applications over others or will designate winners and losers based on criteria that may not reflect user expectations.

Unfortunately, a few GRC vendors chose to respond to the survey (even though the instructions prohibited vendor response) adding “noise” to the results which had to be removed from the final tally. GCA will conduct this survey annually and will fine tune the benchmark tool to be more selective in how we gather feedback. This survey will be available to risk and compliance professionals **free of charge** and is intended to be an independent, objective measure of how well GRC applications are fulfilling the needs of its users.

In the survey, the unit of measure is an individual. This survey was conducted using a proprietary email list along with targeted professional associations and networking groups. The genesis of this benchmark tool grew from private discussions and conferences with risk and compliance professionals who expressed dissatisfaction with current resources available to compare GRC vendor tools. The Global GRC User Survey is not intended to be used to make purchase decisions. GCA expects that over time the Global GRC User Survey will document certain trends that emerge that informs GRC vendor firms and users on the features and benefits that are most relevant to risk management professionals.

Please feel free to share the results of this survey with your colleagues and expect to see more from GCA. In the near future, GCA will develop an industry leading portal with current information on industry risk practices and research in risk management and compliance.

Thank you for participating in this important project and I hope that you find the data useful.

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## OVERVIEW OF PURPOSE AND INTENT OF THE GLOBAL GRC USER SURVEY

Global Compliance Associates, LLC is a risk advisory firm that consults with client firms and its principals on best practice risk and compliance programs. GCA also consults with other private consulting firms on a variety of topics associated with risk management and compliance trends and best practices. In the course of speaking with risk and compliance professionals and discovering a lack of transparency in the governance, risk & compliance space not currently filled by market resources the genesis of this benchmarking tool evolved.

GCA views market research as “open-source” which is shared. The Global GRC User Survey is **not** being sold. The intent of this instrument is to gather anonymous, independent market data about how GRC users experience the benefits and have deployed the features of these tools. The end- goal is to look deeper, over time, into how the GRC user experience changes from year to year. Since GCA does not choose winners or losers we endeavor to provide a more objective evaluation of what is working and what could be improved. By making the survey results free to all risk and compliance professionals we strive to encourage broader user participation while providing users with valuable “peer advised” feedback. Peer advised feedback is more objective than marketing reports or evaluations provided by research firms and consultants who choose winners and losers, such as, “Best in Class” ratings, based on criteria which may be weighed in one direction producing sub-optimal outcomes for GRC users.

Therefore, GCA needs your support to ensure that this tool is as accurate as possible and free from GRC vendor influence. Please feel free to give us feedback to improve this benchmarking tool. We seek to balance the length of the survey with the most relevant questions that are of importance to risk and compliance professionals. GCA is aware that it is just *scratching the surface* of this topic and values your input and assistance in making improvements to future versions of this tool.

Please feel free to send your feedback and comments to: [gca@globalcomplianceassociates.com](mailto:gca@globalcomplianceassociates.com)

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## OBSERVATIONS, TRENDS, AND SUMMARY OF COMMENTS

What we learned from the 2011 Global GRC User survey:

Not surprisingly, financial services dominated the industry response rate, however, the category of “Other” industries came in a strong second followed by Energy (Oil, Utilities, and Diversified), Healthcare, Consumer products and Insurance. The variety of industries which are systemically focused on managing risk and compliance is broader and more diverse than originally expected as you will see in the Key Report Findings section. Examples of industry types included in the “Other” category are mining, real estate and residential consulting, brewing, and safety training. These findings represent a recognition of risk management as a key skill set within industries outside of financial services, healthcare and energy and serves as evidence of the maturity of industries that have designated or created risk management roles to address industry specific concerns.

The role of managing risk and compliance is no longer concentrated with the Chief Risk Officer (**15%**). **31%** of risk management roles are spread across IT, audit, engineering, trustees, legal, compliance, business analysts, bank examiners and a range of consultants & public accounting roles. The diversity and variety of risk manager roles appears to imply an evolution in the level of specialization and expertise developing across different industries as they adopt their own unique risk management practices. The growth and diversity in risk management roles represents the recognition and importance of individuals having a focus on managing risk. This trend will be interesting to watch as roles evolve over time and will be telling when, and if, systemic risk ebbs in the attention it receives in the future.

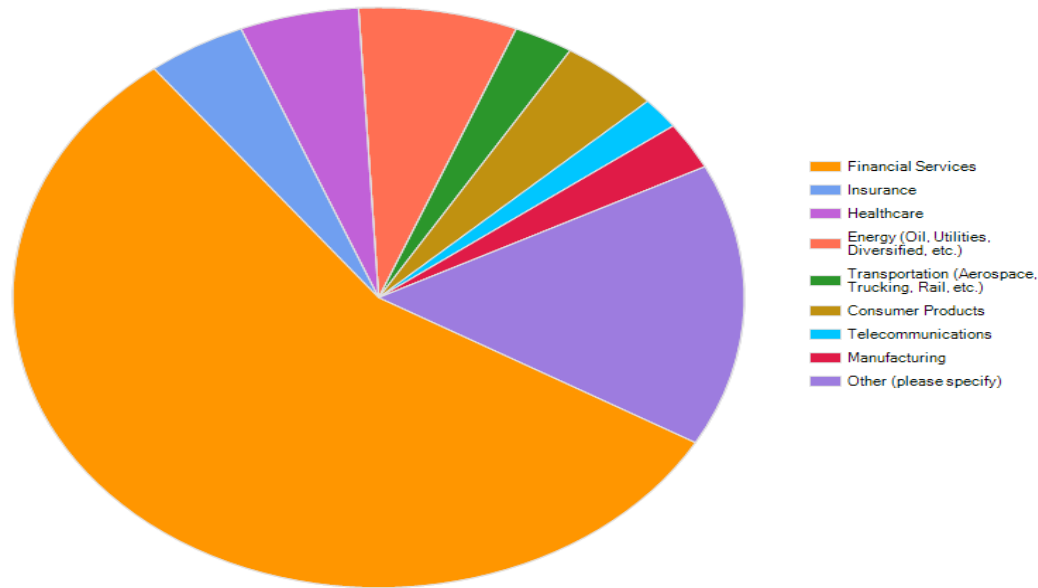
Finally, I am very pleased to report that the “Global” in the GRC User Survey truly represent a global response. The geographic responses led with the US – North East at (**24.5%**), Western Europe (**18.4%**), however third place included Asia and South Africa (**9.2%**). Other notable responses represented by the Far East/Asia/Pacific, Latin America/Caribbean, Middle East/North Africa, Austral/Asia, and South Asia combined for (**24.5%**). GRC is now a global phenomenon albeit an emerging trend. As the world’s financial markets, economies and global trade expands technology serves as one of the key common denominators used to manage how we share and manage information and communicate across borders.

These are very promising trends for the GRC market and users alike. However, the Key Findings show that there are pain points yet to be resolved. Let’s explore the data further.....

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## KEY REPORT FINDINGS

Choose your work industry:



Financial Services – 54.6%

Healthcare – 5.6%

Transportation (Air, Truck, Rail) – 2.8%

Other – 16.7%<sup>1</sup>

Consumer Products – 4.6%

Manufacturing – 2.8%

Energy (Oil, Utilities, Diversified) – 7.4%

Insurance – 3.7%

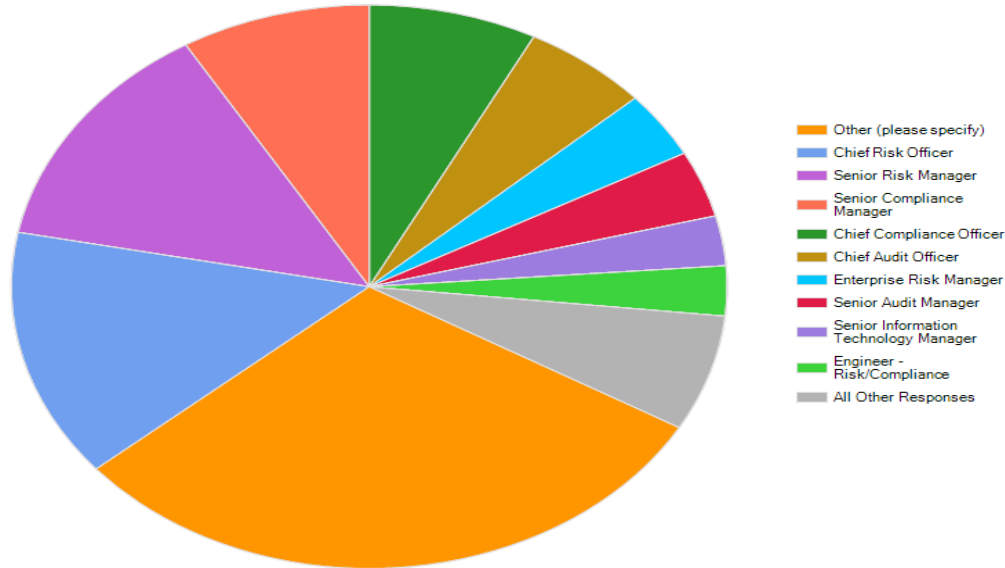
Telecommunications – 1.9%

<sup>1</sup> Other includes Brewing, Safety Training, Mining, Real Estate & Residential Construction, Consulting, Assurance & Accounting, and IT Services

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## KEY REPORT FINDINGS

Choose your job role in managing risk and compliance?



Chief Risk Officer – 15.2%  
 Chief Compliance Officer – 8.1%  
 Enterprise Risk Mgr – 4.0%  
 Engineer – Risk/Compliance – 3.0%  
 Quantitative Risk Manager – 1.0%

Other – 31.3%<sup>2</sup>  
 Senior Compliance Manager – 8.1%  
 Senior Audit Manager – 3.0%  
 Legal – 3.0%  
 Board Trustee – 1.0%

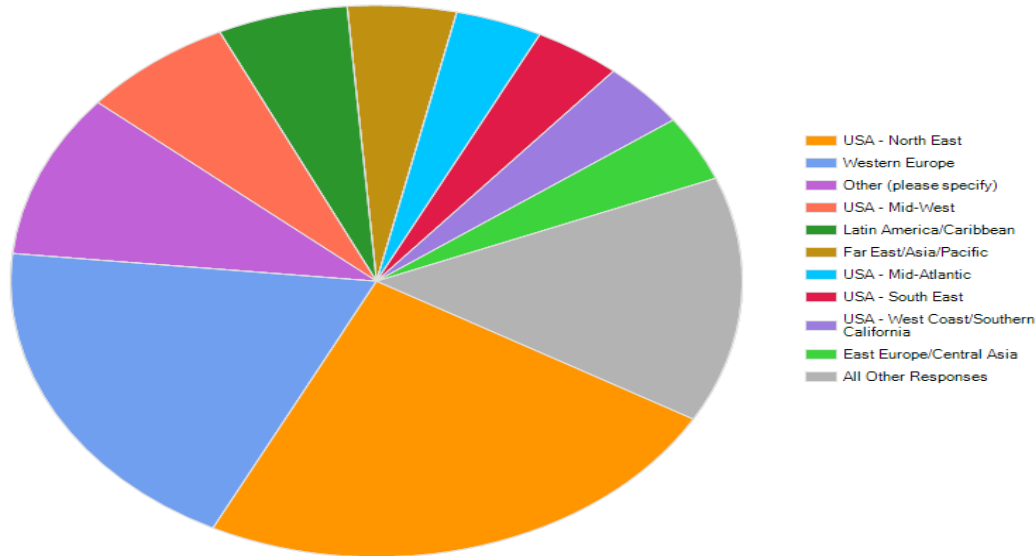
Senior Risk Manager – 11.1%  
 Chief Audit Officer – 6.1%  
 SR. IT Manager – 3.0%  
 Chief Technology Officer – 2.0%  
 Privacy/AML/KYC – 0.0%

<sup>2</sup> Other includes operational risk manager, compliance assessor, advisor in internal audit, risk & compliance, IT governance officer, shareholder in IT Company, board of directors/ risk management committee, bank examiner, senior partner of a Chartered Accounting firm, records manager, business process & operations manager, business analyst, senior development manager, and operational risk consultant.

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## KEY REPORT FINDINGS

Pick geographic region in which you work/live?



USA - North East - 24.5%  
USA - MidWest - 7.1%  
USA - Mid-Atlantic - 4.1%  
Middle East/North Africa - 4.1%  
USA - South West - 3.1%

Western Europe - 18.4%  
Far East/Asia/Pacific - 5.1%  
USA - West Coast/So California - 4.1%  
South Asia - 4.1%  
USA - Pacific North West - 2.0%

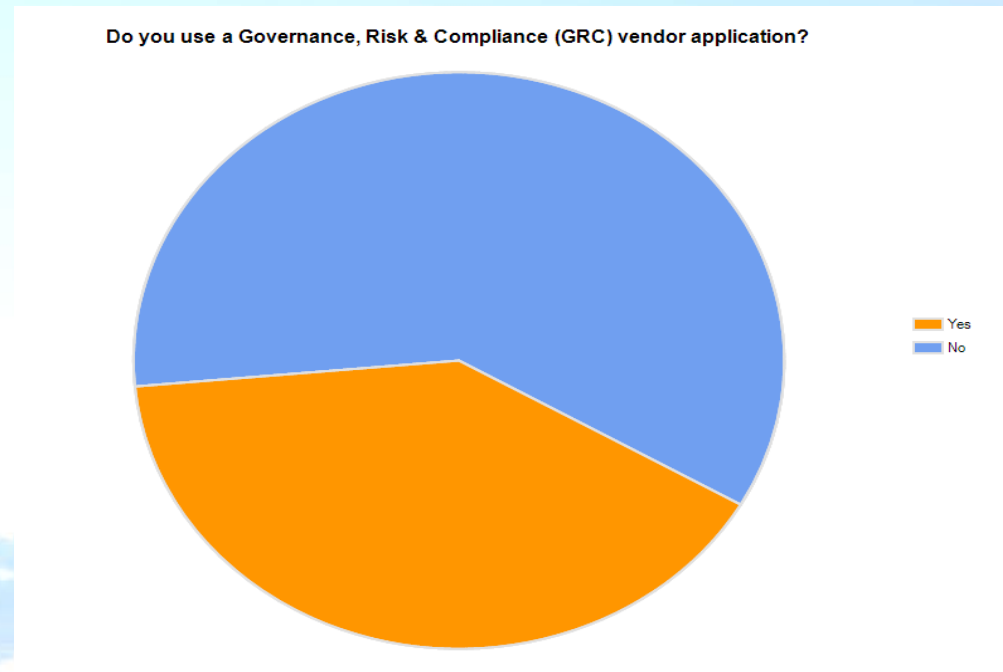
Other - 9.2%<sup>3</sup>  
Latin America/Caribbean - 5.1%  
East Europe/Central Asia - 4.1%  
USA - South East - 3.1%  
Austral/Asia - 2.0%

<sup>3</sup> Other regions include Canada, UK, South Africa, India



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## KEY REPORT FINDINGS

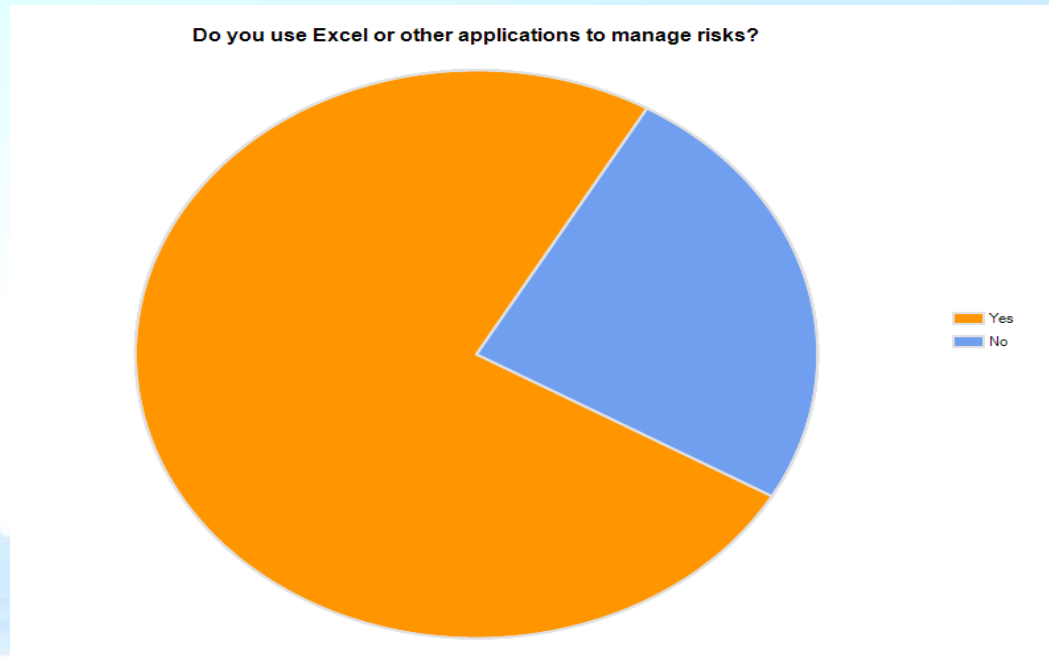


- **60.5%** of respondents do not currently use a GRC vendor application
- **39.5%** of respondents currently use a GRC vendor application

A few respondents had not yet deployed their new GRC application while others were partial in the process of implementation.

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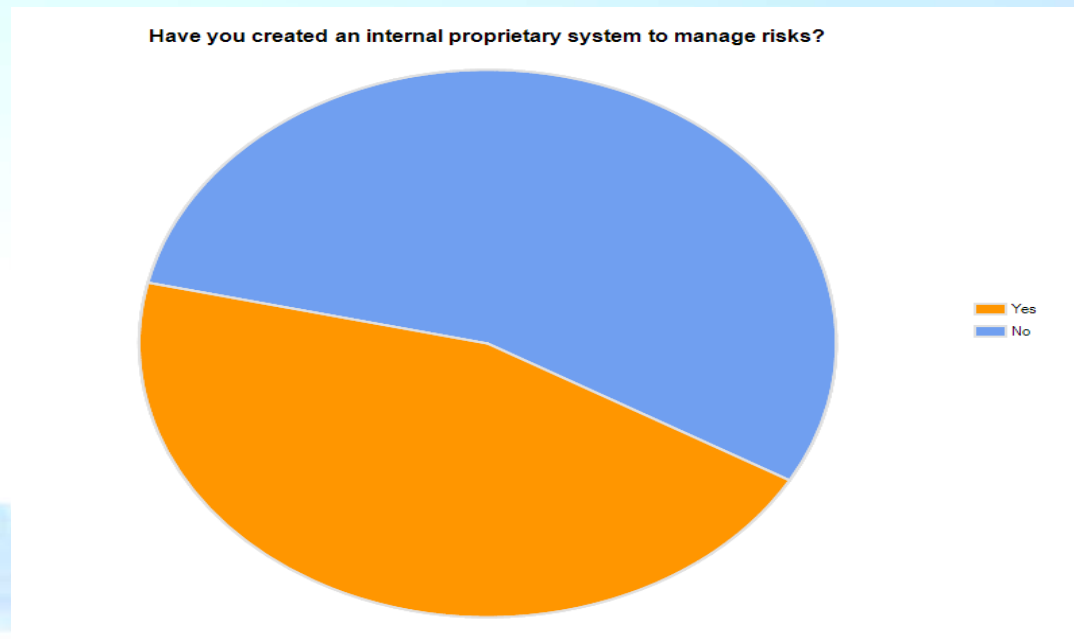
## KEY REPORT FINDINGS



- 75.0% of respondents use Excel to help them manage risk
- 25.0% of respondents use internal proprietary databases and other tools to capture and manage risk

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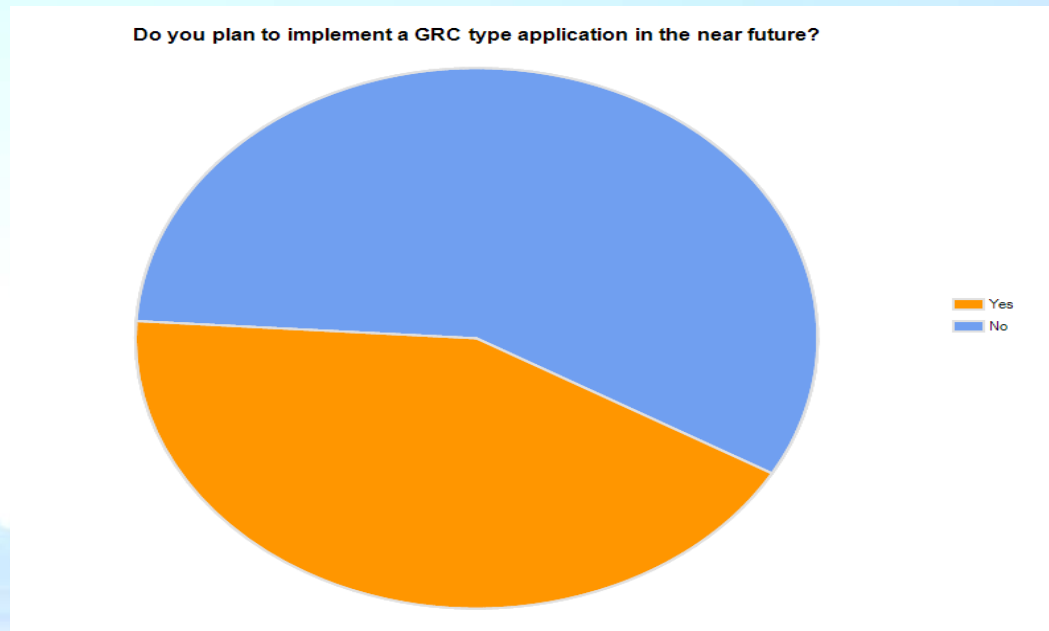
## KEY REPORT FINDINGS



- 46.2% of respondents have created a proprietary system to manage risk
- 53.8% of respondents have not created their own system to manage risk

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## KEY REPORT FINDINGS



- 57.9% of respondents have no plans to implement a GRC system in the near future
- 42.1% of respondents do plan to implement a GRC system near term

### Survey responses include:

“A new system [has been] implemented but is not well integrated”

“considering various options as a comprehensive review of governance and systems currently in place”

“others are still undecided”

“Still others have recently implemented a new GRC application”

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## KEY REPORT FINDINGS

What resources will you rely on to choose a Governance, Risk & Compliance application?

**Response rate:** (respondents were asked to choose all that apply allowing more than one choice)

**57.9%** of all responses rely on Senior Management (CFO, CCO, and Chief Auditor) to choose a GRC system

**42.1%** of all responses depend on their own personal research

**32.9%** of all responses rely on a Cross-Enterprise internal committee

**31.6%** of all responses rely on a Request for Proposal

**31.6%** of all responses rely on an External Consultant

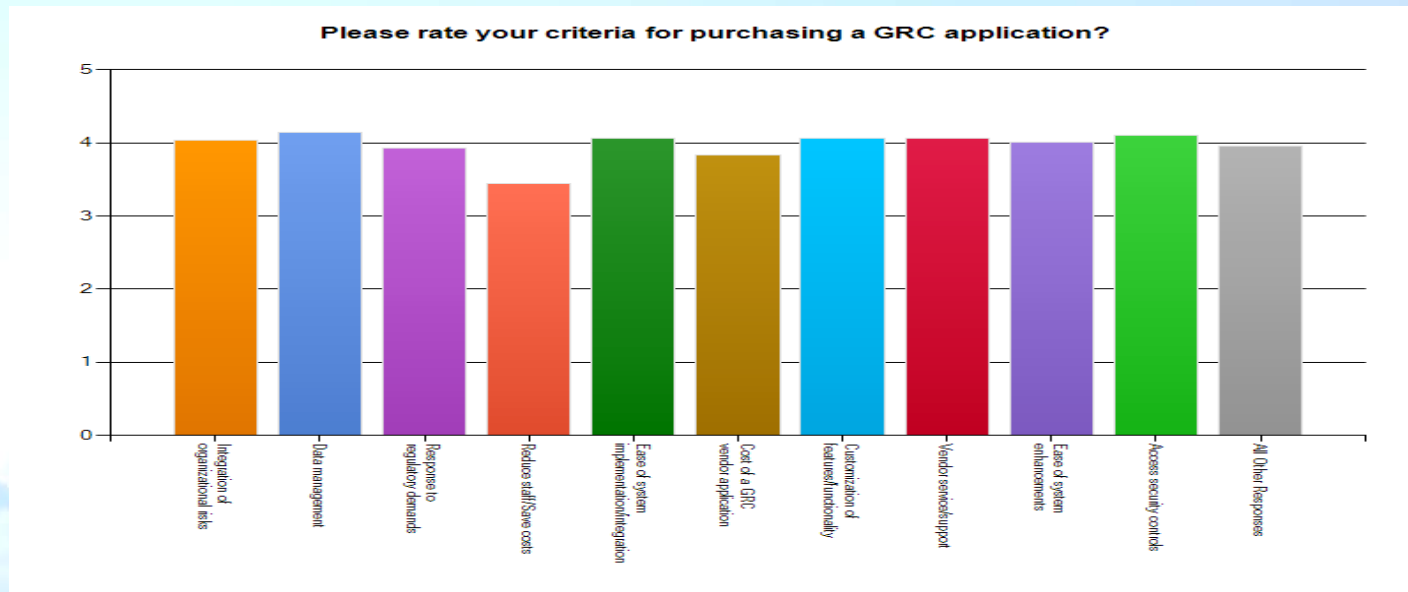
**23.7%** of all responses will build their own system

**23.7%** of all responses rely on Business Associate referral

**17.1%** of all responses rely on Gartner's Magic Quadrant

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## KEY REPORT FINDINGS

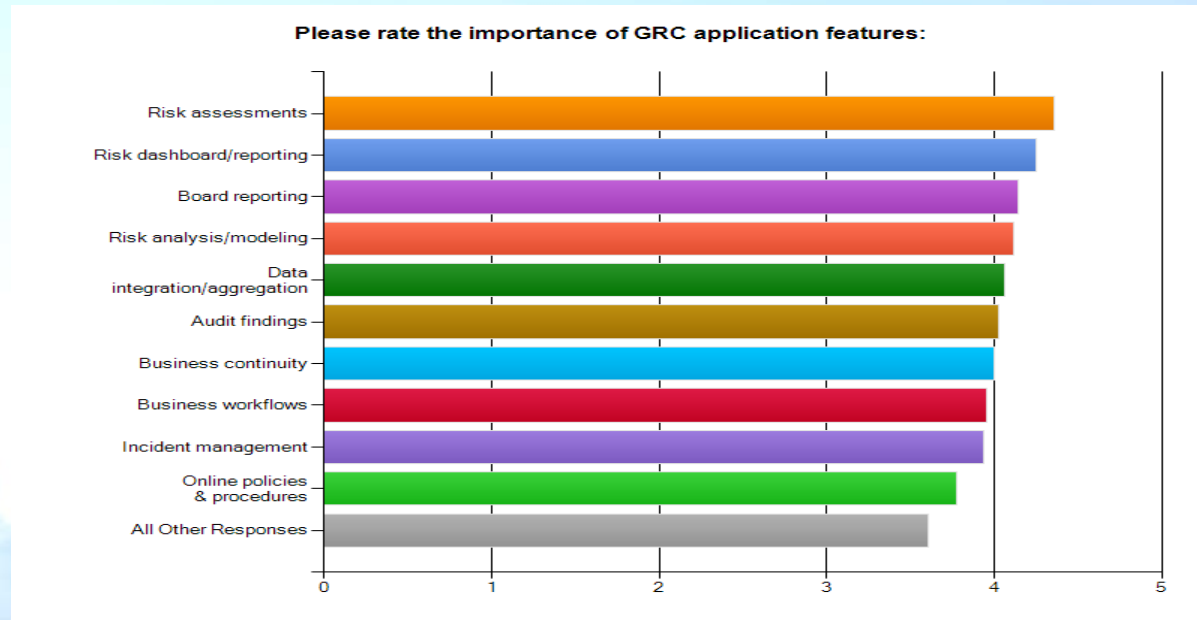


### Top box criteria for purchasing a GRC application:

Integration of organizational risks -	42.9% (high value)/31.4% (superior value)
Data management -	48.5% (high value)/30.9% (superior value)
Response to regulatory demands -	31.4% (high value)/34.3% (superior value)
Reduce staff/Save costs -	31.3% (high value)/19.4% (superior value)
Ease of system implementation/integration -	49.3% (high value)/25.4% (superior value)
Cost of GRC system -	38.2% (medium value)/26.5% (high value)/25.0% (superior value)
Customization of features/functionality -	41.8% (high value)/31.3% (superior value)
Vendor service/support -	44.8% (high value)/26.9% (superior value)
Ease of system enhancements -	63.6% (high value)/18.2% (superior value)
Access security controls -	39.7% (high value)/32.4% (superior value)
User-friendly applications -	41.2% (high value)/33.8% (superior value)
Scalability of GRC system	47.8% (high value)/22.4% (superior value)
Access to vendor expertise	41.8% (high value)/25.4% (superior value)
Vendor training support	46.2% (high value)/21.5% (superior value)

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## KEY REPORT FINDINGS

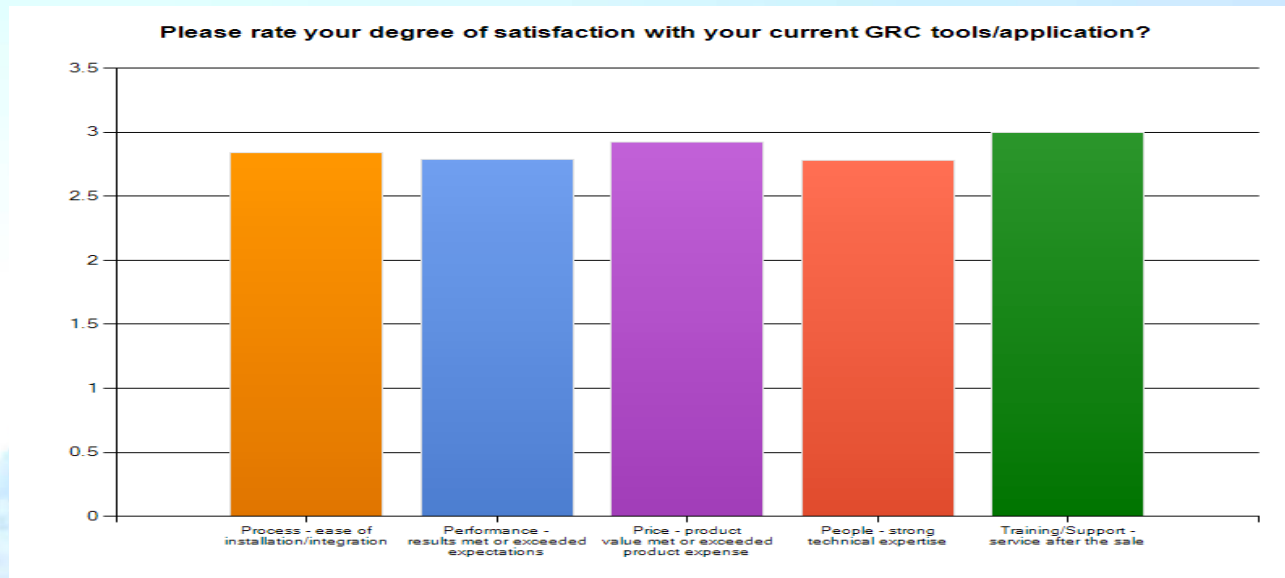


### Top box criteria of important GRC features:

Risk analysis/modeling -	43.7% (high value)/36.6% (superior value)
Business workflows -	43.3% (high value)/25.4% (superior value)
Document management -	36.2% (high value)/21.7% (superior value)
Regulatory updates -	30.0% (medium value)/30.0% (high value)/28.6% (superior value)
External risk incidents -	24.3% (medium value)/38.6% (high value)/21.4% (superior value)
Risk dashboard/reporting -	15.9% (medium value)/34.8% (high value)/43.5% (superior value)
Risk assessments -	47.1% (high value)/41.4% (superior value)
Audit findings -	52.9% (high value)/25.0% (superior value)
Online policies & procedures -	16.9% (high value)/42.3% (superior value)/23.9% (superior value)
Legal Library -	14.1% (some value)/35.2% (medium value)/35.2% (high value)
IT standards -	31.4% (medium value)/35.7% (high value)/17.1% (superior value)
Incident management	17.6% (medium value)/52.9% (high value)/22.1% (superior value)
Business continuity	15.9% (medium value)/42.0% (high value)/31.9% (superior value)
Board reporting	14.3% (medium value)/40.0% (high value)/37.1% (superior value)

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## KEY REPORT FINDINGS



### Top box level of satisfaction with current GRC tools/application:

Process – ease of installation/integration -	10.1% (improved)/33.3% (satisfied)/ 17.4% (very satisfied)
Performance – results met or exceeds expectations	14.3% (improved)/34.3% (satisfied)/15.7% (very satisfied)
Price – product value met or exceeds expectations	10.0% (disappointed)/10.0% (improved)/28.6% (satisfied)/20.0% (very satisfied)
People – strong technical expertise	15.9% (improved)/24.6% (satisfied)/17.7% (very satisfied)
Training/Support – service after the sale	10.3% (improved)/30.9% (satisfied)/17.9% (very satisfied)



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## KEY REPORT FINDINGS

### What would you change about your current GRC tools?

#### Ad hoc responses in survey:

- More features
- Improved audit trails and audit findings – reporting
- Alias management - [AML/KYC]
- In-house customization model
- Better integration – no specifics provided
- Reporting and real time status updates
- Data management enhancements
- Extend automation into business processes
- Integration with business processes and across subsidiaries and org units
- Aggregation of risk(s) & tracking mitigation action plans

#### Most common responses:

- Increased **integration** across enterprise/organization (business applications & other GRC apps)
- Enhanced features: **customization, reporting, data analytics**

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## REPORT CONCLUSIONS

Drawing concise conclusions from one survey in its inaugural year is not appropriate; however, there are a few key observations that I would like to follow next year to see if there is validation of certain trends that may prove to be very interesting. First, I would like to explore whether the growth and diversity of risk and compliance professional roles increases as a result of new regulation or a recognition that these roles are now integral to the achievement of organizational objectives. I suspect it's the later however future surveys will delve into this question more deeply. The same thesis should be explored concerning both geographical and industry expansion of GRC best practices. These areas appear to be fertile soil from which to explore whether a convergence occurs given market and regulatory dynamics.

The opportunity for growth in GRC applications appears to be significant with 61% of respondents not currently using these tools and 75% of respondents still using Excel to manage risk. The survey does not explore whether these results are derived from respondents at smaller firms that are budget constrained or whether the benefits of GRC have not been justified to date. 46% of respondents have created their own proprietary system which may account for the disparity noted above as risk and compliance professionals struggle with the decision to "build" versus "buy" these tools. However, with almost 58% of respondents planning not to implement GRC applications the jury is still out given the conflicting feedback from these data points. I would suggest that no real trend has been determined as a result of these mixed messages. More analysis is required to get a real sense of the cost benefit to implement risk management systems.

When comparing what GRC users value when making a purchase versus what they get as measured by their level of satisfaction after purchasing these tools the data is clear that there is a real value gap. See the **Value Matrix** below. As an example, the question "ease of system enhancement" is a highly valued benefit however only one third of respondents are "satisfied" with the results. More importantly, even though cost is scored relatively low as a benefit less than one third of respondents are satisfied with the price paid after the sale. It is important to note that one survey does not represent how the majority of GRC users feel about these products however if these results are representative of general trends application developers must consider how to close the value gap identified in this survey in order to sustain growth and take advantage of a growing population of risk and compliance professionals across an increasingly diverse community of potential users. Future surveys will also follow the low scores noted in the "features" category. Low scores for risk dashboard, online policy & procedures, legal library, incident management, business continuity, and board reporting may reflect "offline" processes and tools currently being used to manage these features considered "administrative" in nature.

In summary, while there appears to be a growing market for GRC tools the value gap must be closed in order to take advantage of and address the needs of this market. Validation of these findings will take time to evolve over one or two cycles.

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Appendix:

## VALUE MATRIX

(Extract of select high value features and benefits versus GRC Satisfaction ratings)<sup>4</sup>

GRC Benefits	High Value	GRC Satisfaction	Disappointed	Improved	Satisfied
Integration of organizational risks	42.9%	Process		10.1%	33.3%
Ease of system implementation	49.3%	Performance		14.3%	34.3%
Ease of system enhancements	63.6%	Price	10.0%	10.0%	28.6%
Scalability of GRC systems	47.8%	People		15.9%	24.6%
Vendor Training/Support	46.2%	Training/Support		10.3%	30.9%
Data management	48.5%				
GRC Features	High Value				
Risk Analysis/modeling	43.7%				
Business workflows	43.3%				
Risk Assessments	47.1%				
Audit findings	52.9%				

<sup>4</sup> The Value Proposition Matrix is an extract from the following charts: Top box criteria for purchasing a GRC application, page 13; Top box criteria of important GRC features, page 15; and, Top box level of satisfaction with current GRC tools/applications, page 16. The Value Proposition Matrix is for illustration purposes only to show the “value gap” that may exist between GRC users’ expectation of GRC features and benefits and the users’ level of satisfaction after implementation of the product.