

MITR^TECH

# REDEFINING REGULATORY COMPLIANCE

Make your compliance processes exciting and transform your capabilities, from foundation to value creation, following a holistic and modern approach.

# Introduction

*Compliance is ever-changing. A broad topic with many different meanings and evolving requirements. In the past, compliance was primarily confined to the financial services industry, now it is a fundamental cornerstone of all organizations, regardless of the industry. Enterprises of all sizes are faced with a variety of regulations, directives and laws that define their daily operations, covering a wide range of business areas - from data protection to taxation and finances.*

Yes, there is a lot at stake. Managing these regulatory compliance processes often leaves compliance teams with many questions on how to integrate all required regulations, keep costs down, as well as maintain programs that enable the organization to easily adapt to change. Feeling lost in a sea of spreadsheets and paperwork with no view of real transparency is not uncommon.

It is at this junction where many realize the importance of a digital approach to compliance and risk management functions and how this can further assist their ability to identify and react to changing regulatory requirements. Despite the urgency for many organizations and the importance of this element, there is an urgent need for redefining regulatory compliance, making processes in the field exciting and transforming the capabilities of many organizations in order to move forward towards a fully digital compliance approach.

Some organizations require an across-the-board change, others who may have advanced compliance processes already, might benefit from a refinement of capabilities. No matter the stage in which your organization might be, there is always room for improvement.

With the cost and complexity of delivering risk and compliance tasks through manual approaches, organizations are no longer finding these systems to be

viable, user-friendly, nor scalable as their business needs expand. More notably, the increasingly stringent regulatory requirements have demanded more resources to be allocated to compliance efforts, considerably reducing the organization's investments in other areas and resulting in compliance teams spending significant time, talent and effort in reactive issues, rather than value-creating activities.

As the world shifts and business environments change, the need for a digital regulatory compliance program that can provide efficiency, clarity and collaboration across different business functions is becoming increasingly more important.



# The Cost of Non-Compliance

Without a doubt, compliance costs money. In addition to personnel costs of hiring and retaining, organizations also incur in expenses related to establishing, implementing and testing policies and procedures. While the cost of compliance may seem high, the cost of non-compliance can be dramatically higher.

A benchmark study of multinational organizations conducted by the [Ponemon Institute](#) found that the average cost of compliance for an organization was \$5.5 million. Meanwhile, the average cost of non-compliance was as high as \$14.5 million. The same study showed that since 2011 **there has been a 45% increase in non-compliance costs**, based on their survey of 53 multinational companies. These metrics alone show that compliance is more than just additional cost associated with business operations, but rather an investment in processes that can save the organization money.

Ensuring compliance becomes much more difficult for those risk and compliance teams that still rely heavily on conventional efforts struggling for that “completeness” - which only provides them with more room to be caught short. The challenge of compliance is further heightened because of the difference in regulators’ requirements, from one jurisdiction to another, making regulatory interpretation very difficult.

Traditionally, the relevant requirements from standards and regulations are assessed by teams to determine the sections that apply to their organization. After this arduous process, the compliance team has to benchmark their interpretation against their peers due to the often vague or overly complex nature of regulatory standards and laws. Due to this same reason, compliance officers are often left to suggest best guesses from their own interpretation of their regulatory environment.

This process encompasses hundreds of hours before the compliance team can start to work on implementing actionable steps throughout their enterprise. Considering

the sheer volume of regulations that are being legislated today, this manual process is becoming increasingly impractical and inaccurate - widening the scope for organizations to incur in fines, legal implications and other consequences of non-compliance.

According to the GDPR Enforcement Tracker Report conducted by [CMS Law](#), 2021/2022 saw various landmark cases including: a new record fine of EUR 743 million, the total amount of all fines since May 2018 exceeded EUR 1 billion mark in summer 2021, and the total number of cases surpassed 1000 in early 2022.



## Other non-compliance costs can include:

### 1. Reputational Damage

Negative media coverage, especially in the financial sector, can result in tremendous brand damage, which could also likely mean a loss of customer trust, a critical element for organizations to thrive.

### 2. Revenue Loss

Negative news regarding the organization could cause the share price and potential future earnings to be lower than expected, due to a drop in investor confidence.

### 3. Productivity Loss

Reacting to issues of non-compliance requires significant time investment and productivity loss from many different business units in order to attempt to rectify the situation.

### 4. Business Disruption

Business activities may be affected by compliance violation consequences or legal holds. In extreme cases, government regulators can order a full shut down due to non-compliance with industry standards, directly impacting the ability to maintain business-as-usual operations.

The Ponemon Institute also found that business disruption is the most costly consequence of non-compliance, with businesses losing \$5,107,206 on average.



# The Smart Compliance Process

If your organization is still reliant on manual regulatory compliance processes, chances are information is segmented and your work is not as integrated as it should be. These approaches usually result in “blind spots” which prevent compliance managers across various functions from working together seamlessly.

As a result, companies often overlook key information or insights that can potentially help them work towards achieving compliance with much less effort, fewer resources as well as time.

**Regulatory compliance efforts are more effective when addressing standards and regulations by their commonalities, rather than individually.**

A modern regulatory compliance program is one that encompasses a holistic and integrated approach towards managing compliance, both vertically and horizontally.

**Vertically:** Regulatory compliance and standards must be strategically interpreted in the context of the business operations.

**Horizontally:** Compliance should be seamlessly integrated horizontally across functions to ensure that it breaks down silos and avoid groupthink to make the most informed decisions.

As businesses expand their operations, requirements tend to grow as well, often reaching an inflection point where it is more feasible and viable to manage risks with tools and boost the organization’s capabilities to ensure data integrity while meeting higher regulatory requirements.

In most cases, this means that existing data architectures, like spreadsheets, will no longer be able to support and optimize end-to-end business processes in the most efficient way possible.

In the current landscape, which highly values efficiency and cost-effectiveness, companies often struggle to keep up-to-date with the right capabilities necessary to optimize their efficiency, productivity, and cost effectiveness.

Having the right tools to help bring your organization into compliance with regulatory frameworks is essential to successfully meet business objectives.

## A few indicators that signal time for change:

### 1. No immediate answer to questions regarding current risk exposure.

In some cases, a manual consolidation of data may even be required. Manual consolidation is a reactive method that requires a tremendous amount of time and is prone to human errors. With the business environment changing so rapidly, sticking with a conventional method to managing compliance increases the organization’s exposure to a greater myriad of risks, such as regulatory oversights and reputational damage.

If you need to perform arduous manual tasks just to obtain the current state of your organization’s risk posture, it might be time to redefine your regulatory compliance processes.



## 2. Technical or business constraints make it difficult for the organization to aggregate records and data.

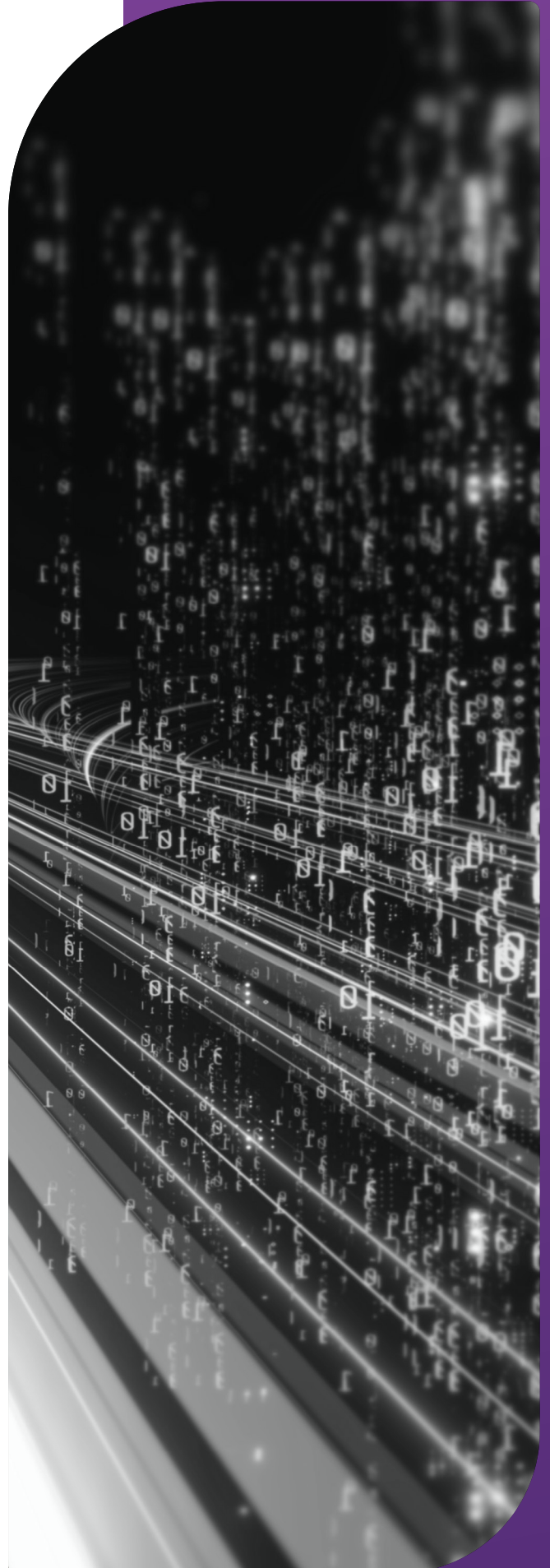
Having the right combination of technology and best practices can simplify and make your compliance process smarter and more cost-effective. The use of the right software can aggregate and analyze your existing database more efficiently to identify any gaps and deviations from your desired risk and compliance profile. Simpler and easy to use solutions help to embed precise processes and drive operational excellence.

## 3. Different formats, templates and tools are being used for managing compliance without a single source of truth.

Having multiple formats, distributed tools and isolated teams to tackle different regulatory requirements creates a barrier for integrated collaboration and functional integration. With too many siloes to manage, there is a lack of seamless communication and integration, often resulting in duplication of efforts, wasted resources and multiple systems that are incompatible with one another. This again makes it difficult for senior management to get an insightful overview of their company's current compliance status.

## 4. Risk control self assessments are a significant burden for the business every time they are due.

For regulatory compliance management to be effective, it is crucial for companies to invest in the right resources, adopt the right strategies and create a culture of collaboration across functions within the organization. Risk control self assessments allow a business health-check, but it is only effective if conducted on a continuous basis, rather than on sporadic occasions.



# Addressing Regulatory Compliance Challenges with GRC Technology

In order to address the increasing regulatory pressure on organizations, innovation in the Regulatory Technology (RegTech) space has empowered organizations with the necessary assistance they require to effortlessly bridge complex process elements and vast amounts of data in a transparent, sustainable and efficient manner.

Today, regulatory technology has empowered businesses to navigate the evolving compliance environment with tools that allow them to strategically automate their existing manual spreadsheet approaches while gaining qualitative and quantitative risk insight in real-time, throughout the end-to-end process.

According to The Role of Compliance 2022 by [Thomson Reuters](#), out of 2500 organizations surveyed, respondents reported that regtech solutions were increasingly having an impact on the management of compliance. Almost half (49%) are now considering regtech solutions to manage compliance, up from 34% in the previous year. This is the highest since the question was first included in the 2016 report, when 21% of respondents had regtech solutions under consideration.

According to the study by the Ponemon Institute mentioned earlier in this document, organizations that enabled governance, risk and compliance (GRC) technologies saved \$1.43 million on average.

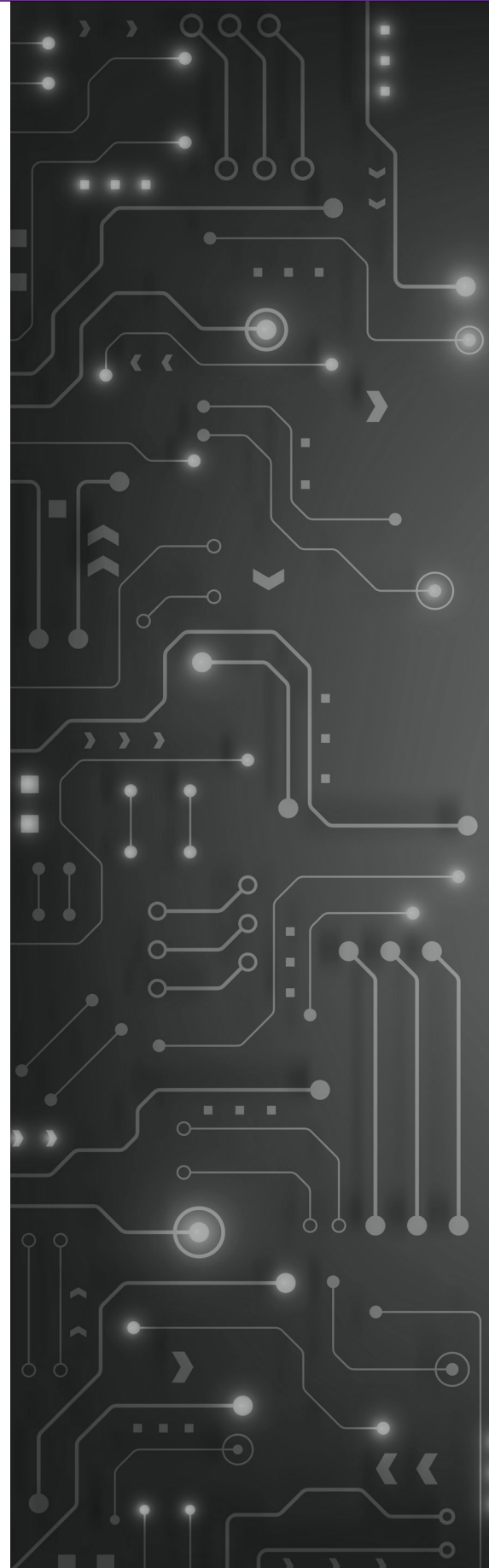
## Moving toward automation and greater value-creation in compliance functions

### TRADITIONAL - MAN POWER

- Compliance function works, regulations are met, but not without significant time-investment.
- Basic technology is leveraged in support of compliance reporting.
- Gathering the latest status on the transparency on risks is a significant burden to obtain, requiring manual consolidation.
- Large focus on reactive rather than proactive activities.

### DIGITAL - ASSISTED BY TECHNOLOGY

- More strategic decision-making through deeper analytics.
- Compliance function in alignment with business strategy.
- Machine learning and automation to perform tasks that once were consuming countless hours of your team.
- New focus on risk-prioritized activities.
- Greater ROI and value creation.



# Key Benefits of GRC Technology

## A few indicators that signal time for change:

### 1. Time to view compliance technology as an investment.

At the current pace at which regulations are being legislated, it is inevitable that the cost of compliance and non-compliance will continue to grow.

Compliance technology can generate measurable value—not only by enabling organizations with the capabilities necessary to avoid fines and penalties, but also in improving process efficiency. Compliance technology should be viewed as a key investment rather than an additional cost.

### 2. Technology-driven assistance is needed to accurately handle the volume of regulatory changes.

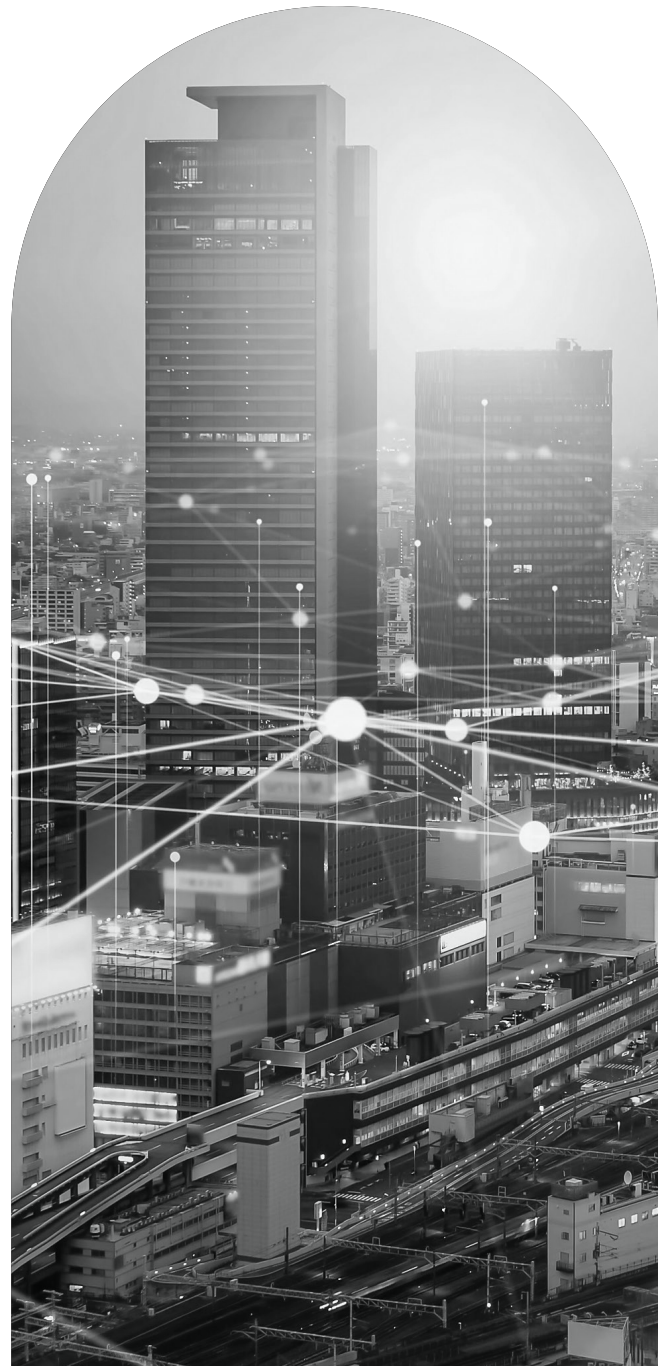
With the sheer volume of regulatory amendments and new standards being rolled out constantly, technology addresses the need to run baseline assessments to understand current maturity levels and current gaps in a matter of seconds, helping ensure that your organization remains compliant.

### 3. Driving a risk-aware environment within the organization.

Not only will technology help define rule-setting documents such as: policies and internal control sets, it will also help drive risk awareness throughout your organization, allowing best practices to be implemented and knowledge to be shared prior to major changes and impacts.

### 4. Efficient implementation and execution of regulatory changes.

Digital solutions can greatly assist in establishing supporting tools such as: data processing registers and data processing assessments, which help streamline the implementation and execution of regulatory changes across the enterprise.





# How Mitratech's Alyne Can Help

*At Mitratech, we understand that regulatory compliance processes go beyond a single area. More often than not, business leaders experience a common pitfall where they struggle to analyze all regulatory aspects through manual reporting efforts.*

Mitratech's Alyne is a single, centralized, platform that helps risk and compliance teams develop smart decisions, measure and manage regulatory expectations in a competitive landscape. The Alyne platform simplifies complex compliance processes into visual diagrams to help business leaders drive compliance and efficiency without sacrificing quality or risk management.

Regulations are oftentimes difficult to interpret, leading organizations astray or forcing reliance on external consultants to derive the correct controls based on requirements relevant to their organization. Mitratech's Alyne simplifies regulations and their requirements into bite-sized chunks, offering easy-to-understand and easy-to-action controls.

## 1. Alyne acts as a central repository for your regulatory compliance requirements and efforts,

when performed in a single platform, it boasts a powerful audit trail aimed at simplifying the often arduous audit process.

## 2. Each control within Alyne is pre-mapped to relevant standards, laws or regulations.

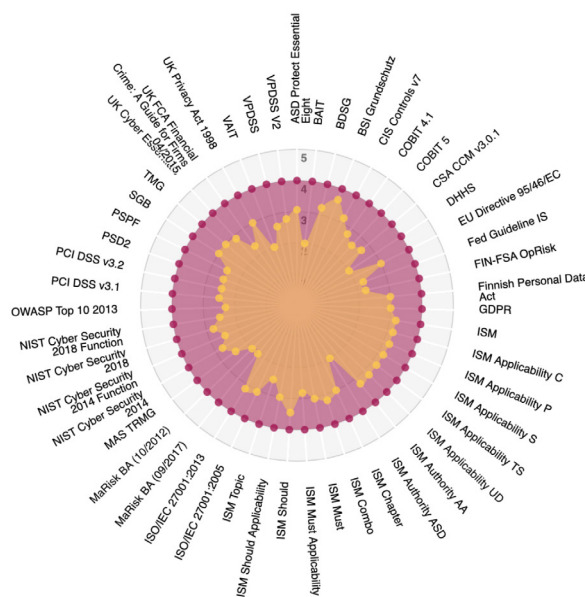
## 3. Leveraging Machine Learning and Artificial Intelligence, Alyne's documents feature enables smart and simplified policy management.

This feature further enables you to dissect, store and action regulations (and other policy documents) that are key to your organization's compliance requirements. Documents are stored safely and accessible by key team members in the Alyne

platform. More importantly, it simplifies policy management by empowering users with an intuitive way to create, edit and publish their documents to facilitate standardized and highly customized control system use cases. Users can easily manage their policies and digital documents centrally, rather than linking them across several spreadsheets.

## 4. Alyne helps you understand regulatory compliance maturity levels

by providing you with the ability to gain transparency on your risks of non-compliance, as well as perform qualitative and quantitative analysis on risks to better understand your true value-at-risk.



*Image: A look into Mitratech's Alyne Radar Diagram showing maturity in the context of various standards, laws and regulations.*

# Some Key Regulations Covered within Mitrataech's Alyne

Mitrataech's Alyne content library comprehensively covers more than 60 standards, laws and regulations. The SaaS platform aims to provide organizations with a smart way of managing and monitoring regulatory compliance to standards such as Sarbanes Oxley Internal Controls over Financial Reporting (ICFR), HIPAA, GDPR, NIST and many more.

## 1. Data Privacy

Placed in the spotlight of several regulatory frameworks, businesses often struggle to ensure that they are compliant to all data privacy regulations in the most efficient and precise manner. Prime examples of global regulations that aim to protect data privacy are: UK DPA, EU GDPR and USA CCPA, all covered within Alyne.

Businesses with global operations often keep separate, overlapping, control frameworks to address a similar act within regulations, making compliance processes relatively inefficient. In most cases, compliance is rarely a one-off privacy exercise. Instead, it requires constant attention through an established and functioning privacy organization, which in actuality, can be achieved through appropriate controls and contracts to safeguard confidential information.

Mitrataech's Alyne solution provides access to fully mapped control sets for leading data privacy regulatory frameworks, such as GDPR, to guide organizations in implementing and maintaining a mature privacy level. Leveraging next-generation technology, Alyne provides organizations with extensive capabilities in managing their GRC processes; empowering businesses to make informed, smart and risk-aware decisions. The platform simplifies complex compliance processes with out-of-the-box content, mapped to multiple

regulations that boast similar requirements across their guidelines - enabling teams to work smarter, not harder. With intuitive reporting and analytics, Alyne helps to enhance the way in which business leaders understand their performance across GRC activities.

## 2. SOX & SOC 1 Compliance

US regulated firms face another core compliance requirement: Sarbanes Oxley, a regulation that was initiated after major accounting scandals in the past. In fact, Section 4 of the act, also known as SOX 404, requires listed companies to implement and maintain adequate Internal Controls over Financial Reporting (ICFR), which guarantees fair financial reporting practices in accordance with the Generally Accepted Accounting Principles (GAAP).

Mitrataech's Alyne offers an out-of-the-box ICFR assessment template with preconfigured maturity levels to serve as a financial integrity 'health check' for your company, as well as for your vendor base.

We understand the importance of having full transparency and assurance of where and how your data flows, especially with today's financial controls being heavily reliant on a secure, properly functioning IT infrastructure.

Within Alyne, assessments are customizable and are able to be performed at scale, with deep insights, visually captured within Alyne's various reporting features. Mitrataech's Alyne capabilities will enable you to implement and assess the design effectiveness of internal controls and better prepare for an audit against SOX and SOC 1 compliance.

### 3. Information Security Management

Designing and maintaining an Information Security Management System (ISMS) that is aligned with common standards for information security and cyber security management is increasingly important for all organizations as there is an urgent need to safeguard their companies' and customers' information. However, building an ISMS that is compliant with standards such as ISO/IEC 27001:2013, NIST Cyber Security or SOC2 can be challenging, as guidance provided in the standards can be vague and abstract. This results in a lot of guesswork which leads to control objectives that are not easily actionable.

At Mitrtech, we simplify the process for ISO/ IEC 27001:2013, NIST and SOC 2 certification through predefined control frameworks and easy collaboration within Alyne - involving the right stakeholders in the process is a core aspect of any ISMS.

To further guide business leaders, Alyne's deep risk analytics is a powerful tool that accelerates the risk identification and risk mitigation process so that organizations can continuously improve their ISMS. With Alyne you can easily re-use the ISMS aligned with ISO/IEC 27001:2013 for your privacy management, IT governance, extended security management and many other areas without reinventing the wheel.

### In Closing:

**Regulatory compliance should be a business addition rather than a business preventer.**

With the challenging regulatory landscape of today's business world and the high cost of non-compliance, it is important for organizations to aim to maintain audit-ready systems that automatically assess business risks, embed standardization and leverage intelligent processes for 360° visibility.

Moving towards a cost-effective and scalable solution that can help you remain compliant with multiple regulatory frameworks within a centralized all-in-one platform, might save the organization a whole lot more than just time.

At Mitrtech, we understand the need to simplify, digitize and automate processes to minimize guesswork, foster collaboration across your organization while maintaining transparency and consistency across your control framework.

Learn more about how Mitrtech's Alyne can provide your organization with great benefits in streamlining regulatory compliance processes across your organization and boosting your GRC program to the next level.



# ABOUT MITRATECH

Mitratech is a proven global technology partner for corporate legal, risk, and compliance professionals seeking to maximize productivity, control expense, and mitigate risk by deepening organizational alignment, increasing visibility and spurring collaboration across the enterprise. With Mitratech's proven portfolio of end-to-end solutions, enterprises worldwide are able to implement best practices and standardize processes throughout their organizations and realize fast time-to-value. Serving 1,800 organizations of all sizes worldwide, Mitratech works with almost 40% of the Fortune 500 and over 500,000 users in over 160 countries.

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