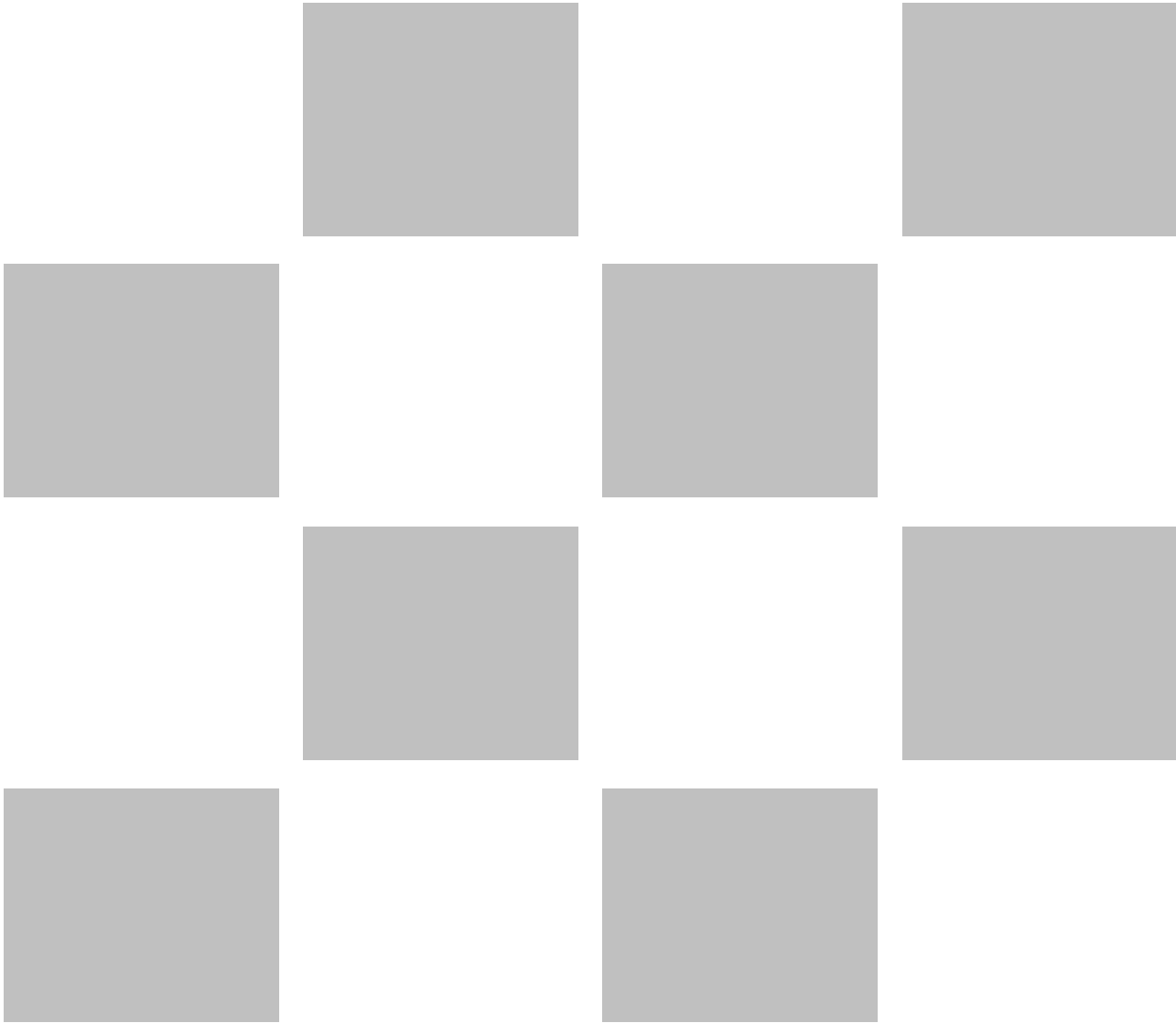


SAP GRC Process Control





Turn page



Introduction

Leading companies recognize the importance of practicing strong business ethics and that doing so still supports them to deliver a healthy margin. While integrity in business may have a short-term cost, the long-term value it brings can certainly be worth it. Increasingly, the value attributed to an organization will be based not just on the wealth it creates, but on how it goes about creating it.

Effective internal controls and compliance programs are a key component of an organization's code of conduct and ethical framework. Auditors continue to raise the bar with increasingly tougher internal control examinations and, at the same time, pressure on compliance continues to build with constant regulatory change. Despite these drivers, when it comes to managing internal controls, many organizations still take a sophisticated, yet manual, approach. This is despite the recognition that significant operational effectiveness and efficiencies could be gained through a more automated and centralized control model.

Turn page



Section 1: What is SAP GRC Process Control?

The Open Compliance and Ethics Group (OCEG) defines GRC as “the capability to achieve objectives (governance), while addressing uncertainty (risk management) and acting with integrity (compliance).” SAP’s integrated GRC suite is a comprehensive solution that helps you manage each area in a unified way using automation, with powerful monitoring and reporting in real time.

SAP GRC Process Control is a key part of SAP’s GRC software. It sits alongside SAP Access Control, SAP Risk Management, SAP Fraud Management and SAP Audit Management. Contrary to popular belief, although all are complementary tools, none of these modules are a prerequisite to implementing SAP GRC Process Control, which can be used on its own.

Understanding how the various components within SAP GRC fit together can be difficult. The following home surveillance and security analogy could help: let’s start at the top – thinking of Risk Management to consider the various forms of unwanted activity and the likelihood of each of these occurring – so you can decide what to worry about and where to spend your money. Access Control then confirms all your doors and windows within your home are locked, and only certain people have keys and know the right passcodes. Process Control controls whether the alarm is on (as and when required) and confirms the motion detectors, smoke and heat sensors, warning lights and security cameras are all working. Fraud Management can assess what is being recorded on the cameras along with other data sources, identify patterns and take precautionary measures, such as securing the front gates if an unexpected visitor approaches along the driveway. These complementary components can work together to create a more secure environment, potentially reducing the chance of an incident and helping you manage better if one should occur.

Increased automation and continuous monitoring can lead to reduced cost, more effective use of resources, and better coverage and visibility of risks. As many findings from external auditors confirm, one of the good ways to enhance business operation is to improve the mechanism for monitoring controls and reporting risks. Investments are being made to aim to reduce the number and volume of manual control activities that people undertake, as well as to aim to improve the coverage and assurance of the controls. This can bring down the real cost of control operations, while also helping to increase the business benefit likely to be achieved.

For organizations using SAP as their core system, SAP GRC Process Control is designed to provide a comprehensive solution that is straightforward to adopt. Interfaces are available to connect SAP GRC Process Control with both SAP ERP and non-SAP systems without introducing further complexity. This helps reduce integration challenges. SAP GRC Process Control can offer effective control management functionality with the potential benefit of improvements to operational and management reporting. It can run on a “management by exception” basis, meaning that controls are continually monitored with management by exception and audit logs, and that business process owners are only alerted when their actions are needed.

It is more than a document management system, but it does have a central repository with audit trails within the system and version control that is able to store controls content in a highly structured, easy-to-use way.

Three myth-busting facts about SAP GRC Process Control

It is more than an “IT police” and analytics tool, as it goes beyond detective, reactive analysis by helping to enable a more preventative, proactive controls framework.

It doesn’t redesign or override current working processes, but testing and controls can help identify ways to make internal processes more efficient and effective, and it is also possible to reduce the risk of human errors by introducing more automation.

Section 2: Why is there a need for a more adaptive process controls framework?

In today's constantly changing environment, the need for robust operational processes, regulatory compliance and effective risk management keeps increasing at an unprecedented rate. Expansion into growth markets overseas, diversification into new sectors or product categories and the adaptation to an increasingly digital marketplace have all driven this trend. Furthermore, in today's more ethically responsible environment, stakeholders, auditors and now even customers are demanding greater transparency and more adaptive management practices.

Again and again, business values are significantly impacted by a loss of quality or financial risk-related issues. When risk events occur, they are often the result of processes that weren't able to adapt quickly enough and keep pace with a company's growth agenda. Typically, this happens in the finance, reporting and quality assurance arena, and the supply chain and manufacturing production lines. The systems in place to control risks can't react to the way the organization is changing. All of these risk events can be reduced, if not avoided all together, by strong and effective control operations.

Turn page



Here are **five key factors** that typically expose process risk as organizations go through change:

- 1 Audit pressure**

Every year, regulators raise their standards and expectations. They are increasingly concerned about the internal control deficiencies that exist in organizations. Whether it's the number of sign-offs required to process a purchase order or controlling access to a sales system, auditors and regulators are looking for more complete controls.
- 2 Manual, reactive control testing**

For many organizations, the testing of data and system controls, as well as the management of compliance policies, are sophisticated, complex practices performed manually. Reporting is done on an ad hoc basis, and the emphasis is on detective controls. As companies change, this level of complexity becomes harder to manage – particularly when you consider the large amounts of information, the volume of complex processes and the multiple locations involved.
- 3 Limited visibility of risk**

Infrequent control monitoring based on small samples means you are more likely to miss key issues, whereas automated control monitoring can detect most issues so they can be dealt with immediately. Without effective monitoring and reporting, it's unlikely that your risks and controls are being captured and overseen. This "fear of the unknown" creates continued anxiety and leaves many organizations more vulnerable to issues such as fraud. Such narrow insight can also prevent you from fully assessing the risk impact of key business decisions.

Three ways SAP GRC Process Control can help you adapt to change

A continuous view of compliance activities across business processes during intense periods of transformation

A solid platform from which you can roll out controls activity quickly and at scale

Identify, prioritize and focus on key risk areas during a period of change

4

Cost efficiencies

Most, if not all, organizations today are committed to driving greater efficiencies across their business. It's no different for those departments responsible for GRC. Centralizing, standardizing and automating the control of processes can help significantly reduce the growing costs of compliance, while putting you more in control of your risks.

5

Improving operational performance

Confirming controls are working effectively usually involves reporting after the fact. Teams of people spending time trawling through data and an internal audit process that can be akin to looking for a needle in a haystack. Improving operational performance means streamlined testing, increased control coverage, automated tasks and a more strategic approach to allocating resources. And moving to a more preventative approach to controls means you could also achieve reduced dependency on rear-view analytics.

The key word here is change. Today, it's unprecedented. SAP GRC Process Control helps protect the organization from key risks, and can also help businesses embrace change, with the right processes in place. It can support ongoing compliance and help provide solid foundations from which to scale the management of controls more easily, as and when the business needs it. A good example is how acquisitive companies can harness SAP GRC Process Control to help reduce the risk involved in integrating new organizations.

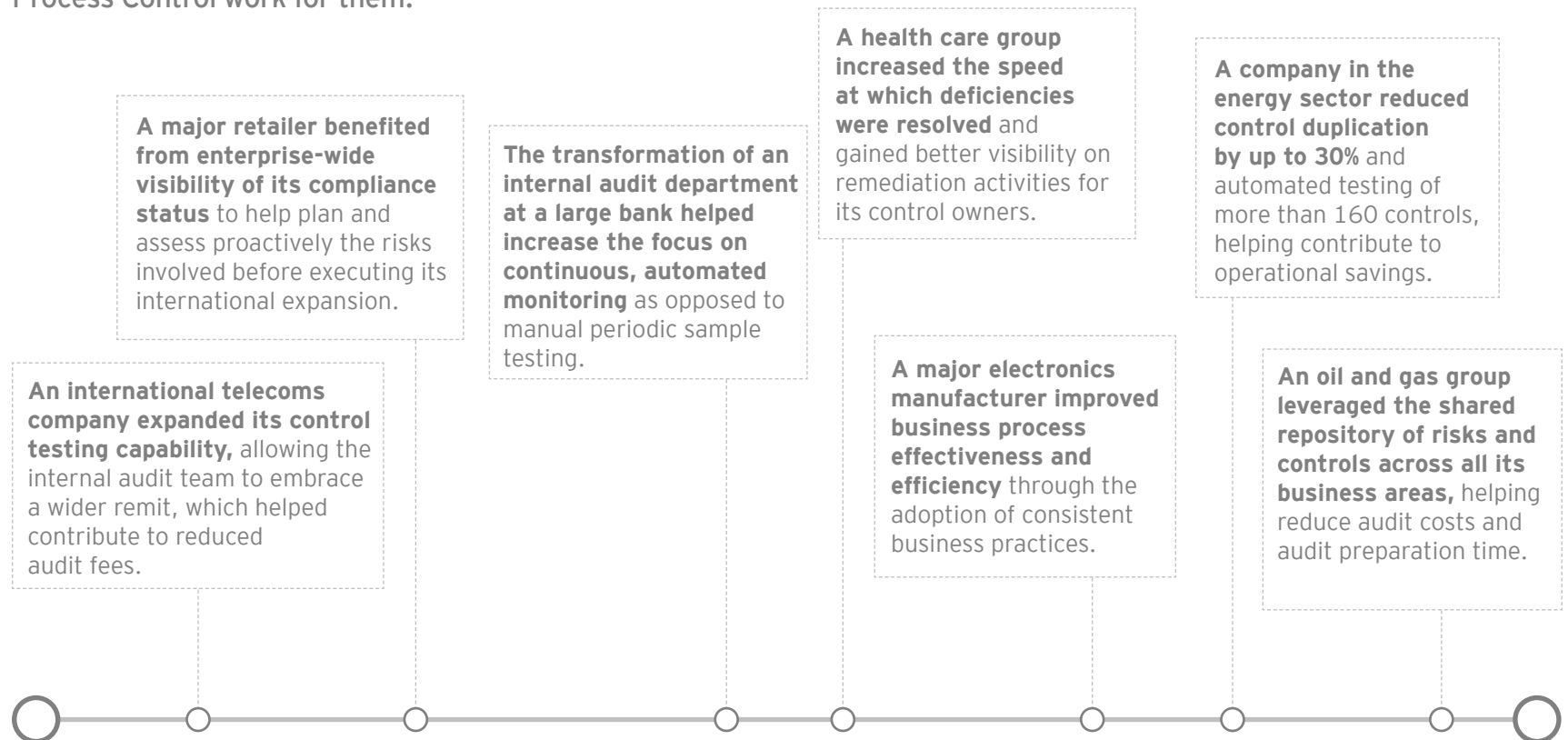
“When the winds of change blow, some people build walls and others build windmills.”

Chinese proverb

Turn page

Section 3: How have organizations benefited from SAP GRC Process Control?

Here are some examples of how some organizations have made SAP GRC Process Control work for them:



Turn page

Section 4: How can different functions benefit from SAP GRC Process Control?

Typically, when we first speak to people about internal controls, they regard them as a necessary evil. Department and process leaders in particular often highlight the waste of time, the burden on the organization, and the mundane task of regularly reviewing documentation and reports to confirm controls are being executed as designed.

When internal controls exist without automation or workflow, they're hugely dependent on people: people who need to remember to do something at the right time, people who may need to break from their day job and remember what procedure to follow, and people who need to document everything in the right way. Today, there are still a lot of manually operated controls that could easily be replaced by a "management by exception" rule through automation. When you have people monitoring the same control day after day, week after week and they don't find any exceptions, human nature can easily take over. Maybe they will become complacent and go through the control too quickly. Maybe they will make errors. Because of the continued reliance on people, the whole process in the pre-automation world can be viewed as mundane, burdensome and prone to errors.

With SAP GRC Process Control, life can be different. The automated system can remember the controls schedule. It can deliver tasks directly to the appropriate end users. It can provide management by exception and retain the evidence. It can also provide complete transparency in near to real time, so that any deviations from the norm can be spotted and dealt with immediately. The system lives and breathes internal controls, so that you don't have to.

Whatever your role – whether you work in finance, risk and compliance, audit, control operations or IT – SAP GRC Process Control can help maintain a compliance focus, while helping to improve risk visibility and operational performance.

The "art of the possible" with SAP GRC Process Control

Area	Current state	Desired state	To whom it matters
Compliance focus	<ul style="list-style-type: none"> ▶ Audit issues ▶ Changes in business operations ▶ Manual focus – auditors demand automation ▶ Delays in remediation of issues and corrective actions 	<ul style="list-style-type: none"> ▶ Increased automation ▶ Central repository for audit data with “single source of the truth” for all issues ▶ Central reporting for all issues and corrective actions 	<ul style="list-style-type: none"> ▶ Internal audit ▶ Risk managers ▶ External audit ▶ IT and security
Risk visibility	<ul style="list-style-type: none"> ▶ Poor sampling approach ▶ Lack of confidence in test results and completeness ▶ Lack of visibility and delays in reporting 	<ul style="list-style-type: none"> ▶ Increase test frequency ▶ Expand control tests ▶ Preventive and proactive position ▶ Real-time online reports 	<ul style="list-style-type: none"> ▶ IT and security ▶ Finance ▶ Operational teams ▶ Risk managers ▶ Board
Operational performance	<ul style="list-style-type: none"> ▶ Controls become a burden ▶ Reactive, manual and detective-based approach ▶ High cost to operate controls 	<ul style="list-style-type: none"> ▶ More effective ▶ More efficient ▶ Improved testing ▶ Manage by exception 	<ul style="list-style-type: none"> ▶ Internal audit (process and controls teams) ▶ Board ▶ Operation managers

Turn page


Section 5: Building the business case for SAP GRC Process Control

Developing a business case for SAP GRC Process Control may not be as straightforward as other technology investments. If the focus is purely on short-term cost savings, it is unlikely that your chief financial officer will be jumping up and down with excitement. It's essential that people can see the bigger picture and visualize the longer-term benefits. Emotionally, they will see that it is the right thing to do, but may need help to rationalize the benefits as far as possible.

There are **three main challenges** that must typically be overcome to develop a compelling case for investment in SAP GRC Process Control.

1. Engage the support of multiple stakeholders in the business
2. Demonstrate the combination of tangible and intangible benefits
3. Demonstrate that payback can be achieved in the shortest possible time frame

Turn page



1. Engage the support of multiple stakeholders in the business

Many GRC practitioners struggle to get different stakeholders to buy into the idea of SAP GRC Process Control. There may be multiple functions and business units, all with potentially conflicting views toward internal controls. Much time can be spent trying to convince these individuals and departments, but having their support when proposing the business case is critical.

There are ways to accelerate this process. The starting point is to think about each stakeholder in terms of “what’s in it for them?” – which means understanding their needs, the issues they would solve, the gains they could achieve and so on. Examples include potentially reduced administration and labor costs, possible reduced time and effort spent on manual control activities, compliance, and control testing efforts and improvements to visibility of controls. The more you can present compelling numbers and metrics based on their real-life situation, the better.

“What’s in it for me?”

Procurement process owner

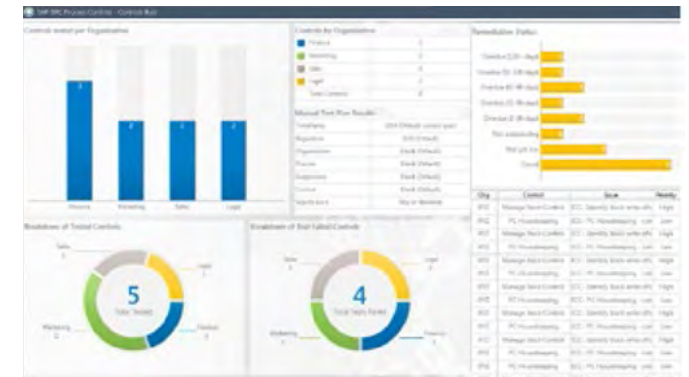
Turn page



Once you have a clear understanding of how the individual stakeholders can benefit, the key is how you present this to them. Of course, you can provide summary papers, make presentations and run workshops. But one of the best ways to engage them is to show them a dashboard presenting the KPIs that matter to them most. When people can see a nice dashboard with key information they need, they can better understand the control that a tool such as SAP GRC Process Control can potentially provide to them.

To make this more meaningful, a proof of concept (PoC) can also serve to help justify the business case. By taking live data, a specific process area and improving the internal controls surrounding it, it can more clearly demonstrate the art of the possible for different stakeholders. Visualization tools can also provide what we call “hindsight in advance,” which helps different stakeholders envision the end result more clearly, right at the beginning of a project. Both techniques help enable better decision-making around future process design to help the business realize benefits.

Screenshot from RouteONE Insight Analytics dashboard suite



Turn page



2. Demonstrate the combination of tangible and intangible benefits

These can include the following potential benefits:

Potential direct cost benefits	Potential indirect cost benefits
<ul style="list-style-type: none">▶ Reduced cost of audit preparation▶ Reduced external auditor fees▶ Reduced FTE requirements through increased automation▶ Reduced operating costs through standardization of testing, reporting, monitoring and documentation▶ Reduced retesting costs for failed controls, as automated controls have a much higher pass rate▶ Reduced cost of remediation and addressing anomalies▶ Reduced costs of managing compliance activities▶ Reduced cost of centralizing control creation and scheduling	<ul style="list-style-type: none">▶ Efficiency gains identified in key process areas▶ Decommissioning of older legacy infrastructure supporting the current controls approach▶ Training costs for new staff on control performance procedures▶ Consolidation of your enterprise systems and applications as part of an SAP-centric IT strategy▶ Reduction in management load, with less issues to have to deal with – “get your firefighting mornings back”▶ Enables business managers to focus on running the business, knowing that a strong foundation is in place▶ Creates confidence through a culture of control adoption, in which people take controls more seriously

Turn page



When calculating potential cost benefits, it is important to factor in the frequency with which this activity currently happens. You need to understand fully who in your organization manages internal controls, how many times they perform actions relating to them each year and how many hours it takes them. You also need to account for all your manual controls, and how long it takes to test them and perform the necessary remedial activities.

Intangible benefits are typically hard to quantify, yet nevertheless are likely to yield a positive impact on your organization, particularly in the long term. This is often the most valuable benefit area, yet also perhaps the hardest to pin down. The difficulty is that some of the intangible benefits relate to “what if?” scenarios. This refers to those risks that you’re better prepared for, but that might never happen, as a result of making the investment. Then again, they might.

Key to whether your business case stacks up will be whether the intangible elements are deemed significant enough to warrant the investment. As far as possible, you need to quantify the likelihood of these risks occurring and the potential financial impact on your organization should they happen.

Examples of potential intangible benefits

- ▶ Reduction in likelihood and impact of risk
- ▶ Improved productivity of those responsible for manual control activities
- ▶ Resources to focus on more value-added activities
- ▶ Prevention of fraudulent behavior
- ▶ Reduction of potential for financial misstatements and associated fines
- ▶ Avoid the penalties of noncompliance, particularly if you operate in a highly regulated environment
- ▶ Reduction of likelihood of miscalculating the potential risk of entering a new market

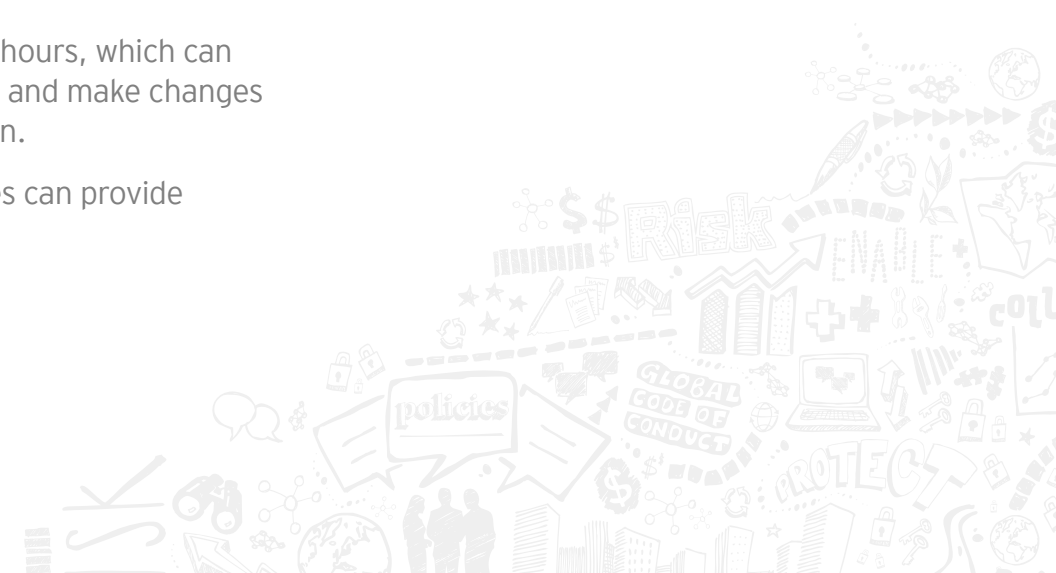
3. Demonstrate that payback can be achieved in the shortest possible time frame

IT projects generally have a bad reputation. There are countless examples of programs that have failed to deliver the intended business benefits and have run over both in terms of budget and their original milestones. Stakeholders and decision-makers need to be convinced that the GRC implementation is going to be a story that ends with success for everyone involved and real value created for the business.

Because SAP GRC Process Control can benefit multiple stakeholders, each will often bring their own demands to the table. This means traditional implementations can become more complicated and time-consuming than they need to be. A common challenge experienced with SAP GRC Process Control is that its flexibility makes it hard to pin down how best to use it and in what order to deploy the capabilities. However, there are now many deployment tools and techniques available that can help address this situation:

- ▶ Prototype environments can be created in just a few hours, which can simulate the end state and enable you to “test drive” and make changes to the design before, not during, your implementation.
- ▶ Visualization and iterative deployment methodologies can provide

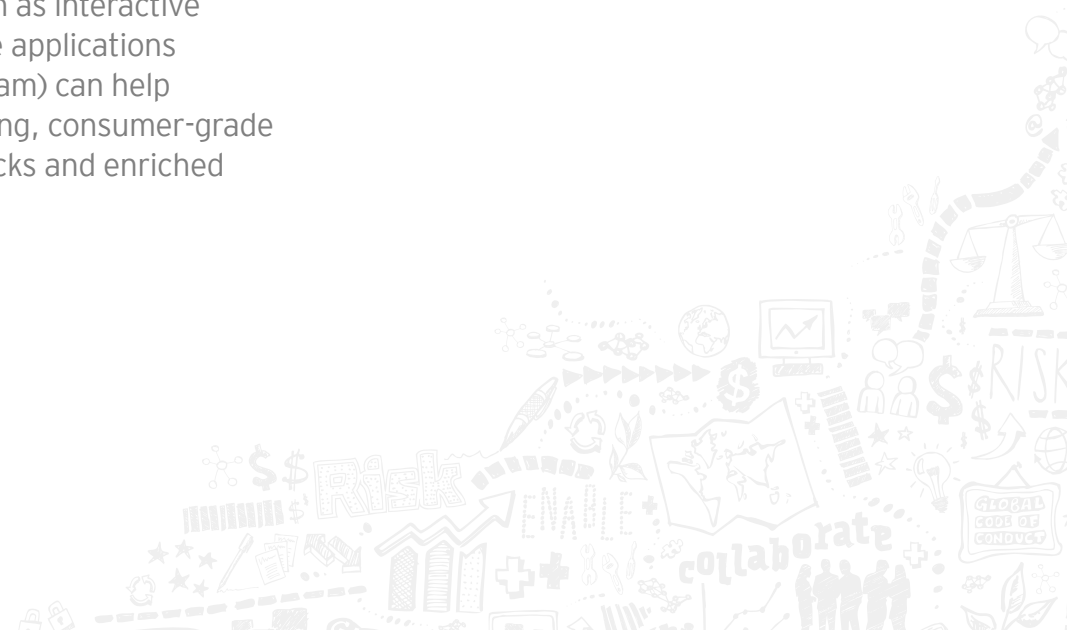
transparency during the implementation phase through web browser-based simulations. This allows you to collate meaningful feedback from end users and review progress with stakeholders at each step of your journey, helping you to improve your implementation continually.



-
- ▶ Automation tools such as quick-loading data applications can also help accelerate the latter realization and testing phases of a project, so activities that used to take weeks to perform can now potentially be done in just a few minutes.
 - ▶ Preloaded content can also accelerate the time it takes for you to implement. Naturally, every organization will feel it has a unique set of circumstances and risks that affect the design, implementation and management of its controls. However, somewhat surprisingly, many organizations' controls have a lot in common – especially in the area of financial controls. Rather than trying to invent your optimum controls from scratch, or taking what you have and spending a long time looking to improve them, it can be more effective (potentially faster and less expensive) to use controls developed and proven elsewhere – and that sort of content is increasingly becoming available from suppliers.
 - ▶ User experience tools, applications and devices such as interactive forms (Adobe), mobile interfaces (SAP Fiori), mobile applications (Risk Reporter), dashboards and social tools (SAP Jam) can help accelerate adoption by giving people a more engaging, consumer-grade experience – with nicer-looking interfaces, fewer clicks and enriched information sharing.

Such “hindsight in advance” thinking used in conjunction with innovative automation and collaboration tools can help reduce the likelihood of costly delays and overruns. This modern approach helps the organization realize the benefits of a tailored solution in a faster time frame. It can reduce implementation time by as much as 50%, which is a compelling argument to put forward as part of the business case. And furthermore, it could result in increased adoption, as end users feel they have actually designed the system themselves.

Turn page



Section 6: Implementing SAP GRC Process Control – three things you must know

SAP GRC Process Control has been adopted by many leading organizations, so you have the opportunity to learn from those who've gone before you. Below are three of the most commonly cited lessons learned from the implementation.

1 Get everyone involved from the start: It is essential to achieve a universal understanding of the tool and the ways in which your controls could be automated. Get everyone involved, especially the end users, and confirm they are hands-on as soon as possible. This not only helps with the overall visualization, design and transition, but also builds confidence and adoption. It also means you can move forward on an iterative basis and not backward to correct mistakes or rework an earlier idea.

2 Define the end "to be" status: A clear understanding of the final aims and goals must be in place to help achieve a successful transition. Even if you decide to take a step-by-step approach, defining the final end state and communicating this helps engage the business. This not only supports the management of the transition to control automation, it also works to support a wider change management process in terms of helping to develop a culture of controls that are part of everyday business operations.

3 If possible, include GRC in a SAP ERP implementation: Significant efficiencies can potentially be realized by integrating any of the SAP GRC modules with a wider SAP ERP program implementation. This could obviously make a big difference to the business case too. However, watch out for delays to wider ECC projects and confirm you've reduced the potential impact on your GRC project. It is critical to create a dedicated team focused on security and controls to design, implement and manage the tools post go-live.

Summary: SAP GRC Process Control makes life simpler

This paper has explored the functionality available and the potential benefits delivered by SAP GRC Process Control. It has shown how you can potentially reap rewards for your day-to-day business by providing automation and centralized policy management. Hopefully, it has also demonstrated that the tool could help reduce your exposure to risk through continuous monitoring and comprehensive reporting.

Three big reasons why **SAP GRC Process Control** could deliver value to your business



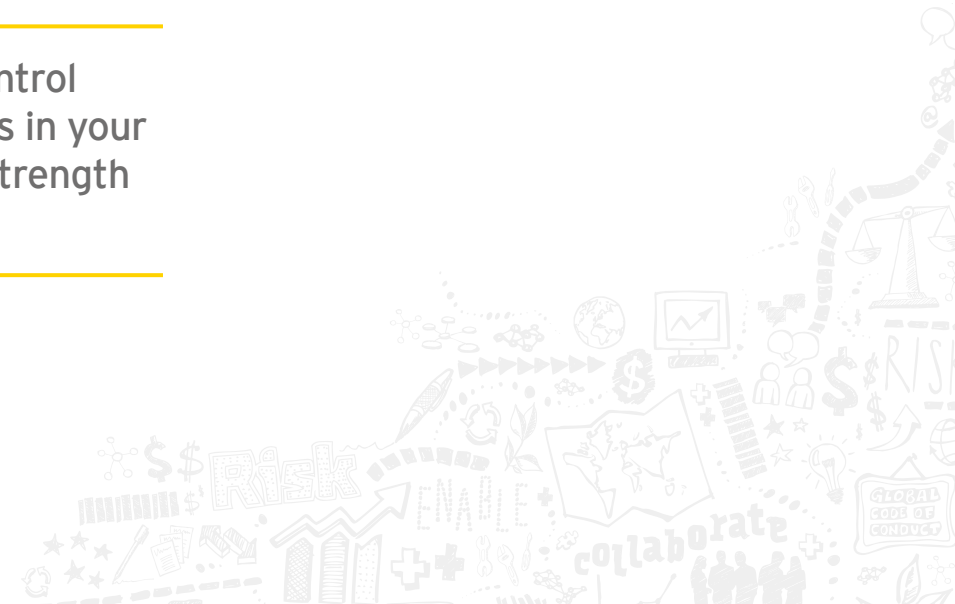
Turn page

SAP GRC Process Control could potentially make your life a lot simpler. It could equip you with a single-source repository for your controls with simple, yet structured, documentation of regulations and processes. It could help simplify control testing with a number of tools, ranging from the easy to use to the more advanced, as well as introduce more management by exception. It could also help reduce administration through workflow and help simplify the user experience through a more engaging user interface and interactive Adobe forms.

SAP GRC Process Control can also be simple and quick to implement. Today, long projects or tools that don't help realize the intended benefits are no longer acceptable. Businesses want to realize potential payback as quickly as possible; and today, should expect no less. The automation tools and content now available, along with the lessons learned from past projects, can all help accelerate the time to value of SAP GRC Process Control.

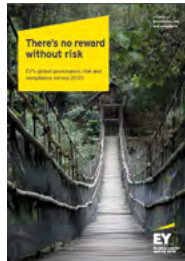
Executed in the right way, SAP GRC Process Control could help you change the perception of controls in your organization from of a burden to something of strength that your business can depend on.

Turn page



Want to learn more?

Insights on governance, risk and compliance is an ongoing series of thought leadership reports focused on IT and other business risks, and the many related challenges and opportunities. These timely and topical publications are designed to help you understand the issues and provide you with valuable insights about our perspective. Please view our *Insights on governance, risk and compliance* series at ey.com/GRCinsights.



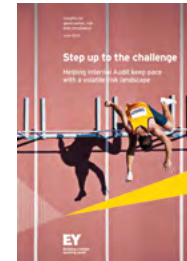
There's no reward without risk: EY's Global Governance, Risk and Compliance Survey 2015
ey.com/grcinsights



Maximizing value from your lines of defense
ey.com/LOD



Centralized operations: the future of operating models for Risk, Control and Compliance functions
ey.com/GRCinsights



Step up to the challenge: helping Internal Audit keep pace with a volatile risk landscape
ey.com/IArisks



Improve your business performance: transform your governance, risk and compliance program
ey.com/transformGRC



Expecting more from risk management: drive business results through harnessing uncertainty
ey.com/REPM



Unlocking the value of your program investments: how predictive analytics can help in achieving successful outcomes
ey.com/PRM



Harnessing the power of data: how Internal Audit can embed data analytics and drive more value
ey.com/IAanalytics



Metrics matter: how Internal Audit can help organizations assess performance measurement
ey.com/GRCinsights



Megatrends 2015: making sense of a world in motion
ey.com/megatrends



Creating trust in the digital world: EY's Global Information Security Survey 2015
ey.com/GISS



Enhancing your security operations with Active Defense
ey.com/GRCinsights

Turn page

Contacts



Marcus Götz

Partner, Advisory
marcus.goetz@de.ey.com
+49 89 14331 23471



Gavin Campbell

Partner, Advisory
gavin.campbell@ae.ey.com
+971 4 332 4000



Werner van Haelst

Partner, Advisory
werner.van.haelst@nl.ey.com
+31 88 407 1167



Martyn Proctor

Executive Director, Advisory
mproctor1@uk.ey.com
+44 20 7951 3989

Turn page



About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

About EY's Advisory Services

In a world of unprecedented change, EY Advisory believes a better working world means helping clients solve big, complex industry issues and capitalize on opportunities to grow, optimize and protect their businesses.

From C-suite and functional leaders of Fortune 100 multinationals to disruptive innovators and emerging market small and medium-sized enterprises, EY Advisory works with clients – from strategy through execution – to help them design better outcomes and realize long-lasting results.

A global mindset, diversity and collaborative culture inspires EY consultants to ask better questions. They work with their clients, as well as an ecosystem of internal and external experts, to create innovative answers. Together, EY helps clients' businesses work better.

The better the question. The better the answer. The better the world works.

© 2016 EYGM Limited.
All Rights Reserved.

EYG no. 02036-162Gbl
BMC Agency
GA 0000_05058

ED0917

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

ey.com/sap

Follow us on Twitter: [EY_SAP](#)

Turn page