



Creating Your **Business Case** for GRC Technology

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Why Do I Need a Business Case?

When it comes to getting **your job done, you've got challenges. You know what those challenges are and that only a dedicated software tool will solve them.**

So, the next logical step would be to go and get that software and start using it, right? But there are roadblocks:

1. Budget approvals
2. Leadership buy-in
3. Change management (roll out plans and user adoption)

If your organization is like many others, resources (especially budget) are always constrained, so building a strong formal business case for technology acquisition is essential.

What makes a good business case? The business case is about selling your need for the software, including defining and clearly explaining how your current challenges affect you, and how they prevent your team from meeting organizational objectives. And also how—with a dedicated software tool—you can overcome the challenges and drive more value for the business. This will ultimately get you the support from decision-makers to proceed with buying your solution, and removes budget, leadership buy-in and change management barriers.

This guide is designed to help you develop that business case, get the budget and persuade the decision-makers.

Develop the Business Case

The amount of detail in your business case depends on multiple factors, including the size of your organization, how many people are involved in the purchase decision, and expected costs, to name a few.

Developing your business case involves a number of steps:

- Identifying who your decision-makers are
- Clearly documenting and articulating your problems and challenges
- Demonstrating the business value
- Mapping how the solution supports organizational strategy
- Outlining the solution implementation and timelines/project milestones



Identify Your Decision-Makers

Chances are that you already have the support of your manager for purchasing a software solution because they're well aware of the ongoing issues. But there are **likely many more people involved in the decision-making process.**

Common (and less common) decision-makers in the software purchase process:

- IT manager/CTO/CISO/CIO
- Audit committee/CAE
- Your team
- Other teams

Much like the content of your business case, the decision as to which people need to approve your software purchase will depend on your organization's size and structure, how widely you're looking to implement the solution, and the expected costs.

If other departments will be using your software, you'll want to add them to the list of decision-makers. For example, you need a tool to help manage internal control design, management and reporting. There may be other business areas, like finance or compliance, that are experiencing similar problems. This is why it's important to get IT onboard with your vision, as they'll be involved in any software implementation/systems rollout and data connections, and they are a critical partner in achieving your goal. Finding champions and getting buy-in from other functional areas will help strengthen your business case.



PROJECT SPONSORS

Find project sponsors to support your business case. These are people who can help get your project over the line. They might not be directly involved in your team or business area, but your functions might overlap, and improvements/solving your challenges may support the sponsors' business activities as well.



Outline Your Challenges

Next, clearly document the challenges that you're facing. Think about it as the main driver for this change/purchase.

- Our current governance tools aren't sufficient for our needs
- Our processes have become too complex to manage manually
- We'd like to grow our governance program outside of our department
- We have a number of disparate data sources that need to be connected and managed
- We need one tool to centralize all activities and manage the entire governance workflow
- We would like to start using (or expand our use of) data analytics
- We need built-in regulatory content and frameworks
- We need to manage a complex environment of controls and/or risks
- We're looking to streamline our jobs/workflows

Audit teams might be hunting for an audit management system with powerful automation and data analytics to save time and remove inefficient and error-prone spreadsheets from their processes. Compliance teams may want to centralize and better manage all of their regulations, compliance documentation and controls.

Each organization will have differing challenges that they want to solve. But often they roll-up into some common central themes, like:

- Onerous manual tasks and wasted employee resources
- Disparate systems and organizational silos
- Inefficient and outdated technology solutions like spreadsheets
- Data inaccuracies and human errors
- Ever-increasing regulatory requirements and changes
- Skills, talent and resources shortages

Whatever the ongoing challenges may be, it's important to clearly articulate the problem statement and detail how these challenges are impacting your business activities.

Demonstrate the Business Value

The most critical part of obtaining executive support for your software vision is demonstrating the business value—how much it will cost to bring in a solution, and **how much it will benefit the organization.**

Here it's easier to focus on qualitative, rather than quantitative gains, but if you have hard numbers, or are able to generate compelling estimated figures, that will help your case.

HOW MUCH IS NOT HAVING A SOLUTION COSTING THE ORGANIZATION?

It can be difficult to quantify the costs of the new system (unless you've already explored providers), but you should be able to make fairly clear estimations of how much not having the solution is costing you. Considerations in this area include things like:

- **Time wasted on manual activities.** How much time is your team spending on collating and examining spreadsheets? How much time is lost to erroneous data or other challenges that come with spreadsheets and other manual activities?
- **Costs of fraud.** Fraud is an enormous drain on organizational resources. Businesses spend \$2.66 to combat every \$1 of fraud.¹
- **Costs of duplicate controls and redundant work.** Maintaining duplicate controls, tests, issues, actions and reporting across multiple business areas and repeated work costs the organization in productivity hours, resources and wasted time.
- **Fines from failed internal controls.** Compliance failures can result in large fines and regulatory penalties, with non-compliance problems costing organizations an average of \$14.82 million.²
- **Consulting/outsourcing costs.** Tied in with resourcing and staff availability, there may be unnecessary outsourcing costs that can be eliminated or reduced through the use of governance, risk and compliance (GRC) software.

¹ LexisNexis, 2017, True cost of fraud

² FMP Global, 2018, The trust cost of non-compliance

- **Increased SOX costs.** Sarbanes-Oxley Act (SOX) reporting is a big cost for many US businesses. Protiviti reported that the average annual spend on SOX compliance efforts was \$1 million per organization.³ Dedicated GRC software can greatly reduce admin time and effort involved in SOX compliance.
- **Increased external audit costs.** Software helps make processes more efficient and effective, and helps to reduce external audit requirements.

Next, try to assign a value to the following three elements:

01

Risk Reduction. Clearly demonstrating how the solution will reduce organizational risk will significantly increase the value proposition. Focus your argument on how the technology will improve risk and control processes, and how it will provide better risk oversight (e.g., through storyboards and detailed risk reporting). Other benefits could include improved compliance (e.g., fewer audit findings and regulatory penalties), improved fraud detection and prevention, or more effective risk treatment (e.g., faster remediation).

02

Efficiency Improvements. Technology, especially automation, helps improve processes and deliver multiple team efficiencies. (Here, you could mention aspects like quicker and more cost-effective management of all aspects of GRC: audit management, risk management, policy and controls management, and compliance management).

03

Better strategic decision-making and performance. Strategic benefits include improved oversight (e.g., more accurate view of risk and compliance posture), reduced redundancies, improved human and financial capital allocation, and more-informed decisions (e.g., data analytics, risk analysis). Harder to quantify are the performance gains, which could include things like streamlined operations, market expansions, new business opportunities, technology implementations, or partner engagements.

³ Protiviti, 2018, Benchmarking SOX costs, hours, and controls

Consider the Big Picture

Supporting your business case by speaking to how GRC software can contribute to the organization's overall business goals and strategy is also an effective way to sell the business case for GRC software.

One of the biggest organization-wide issues is information silos and lack of transparency. When business areas operate in silos, there's less sharing of critical information, which can lead to inefficiencies that cost both time and money.

Getting everybody (audit, compliance, risk management, etc.) into the one system might be a bit ambitious. You will obviously want to solve your own business area's challenges first. But if you can also show how an integrated GRC software solution like HighBond can solve multiple GRC challenges across various business areas, increase efficiencies, reduce overheads and redundancies, and give the organization an improved holistic view of risk, your plan will be more highly regarded.

CURRENT GRC MATURITY LEVEL

To further support your case, it could be helpful to do an overall assessment of the organization's GRC maturity level.

This will help in showing where there can be efficiencies and financial improvements, and really details how technology can dramatically impact the maturity-level curve.

A mature, enterprise-wide GRC program should achieve three objectives:

- **Enhanced risk posture:** indicated by lower cost of capital and insurance premiums.
- **Effective risk treatment:** signified by risk avoidance and effective, quick risk remediation.
- **Consistent compliance:** indicated by reduced audit, compliance, and regulatory findings, as well as fewer lawsuits.

HOW WOULD YOU RATE THE MATURITY OF EACH GOVERNANCE FUNCTION

0=

Nonexistent: managed processes are not applied at all.

1=

Initial: processes are ad hoc and disorganized.

2=

Repeatable: processes follow regular patterns.

3=

Defined: processes are documented and communicated.

4=

Managed: processes are monitored and measured.

5=

Optimized: good processes are followed and automated.



Implement **the Solution**

Create a roadmap and timeline for the solution implementation. You'll also want to identify the implementation team and other required resources.

IMPLEMENTATION TEAM

Include your project champion, lead(s) and sponsor(s). Briefly outline their roles in implementing the project and how their expertise will help to guide/facilitate it. (Also, identify any missing expertise—perhaps this can be outsourced or provided by your software vendor.)

EXPECTED TIMELINE AND ESTIMATED KEY MILESTONES

Answer the following questions the best you can:

- How long do you expect implementation to take?
- What project milestones are key to delivery?
- What key project dates will involve people/decisions?

It might also be useful to give some thought to how your implementation and its uptake could progress you through the GRC maturity-level curve. If you want to make more impact with your return on investment (ROI) and improve your organization's GRC processes, it would be beneficial to link to this in your milestones/timeline, even if you have to make estimations about delivering on those maturity-level milestones.



Conclusion

Building the business case for GRC can be as complex or as simple as your organizational needs require. For some organizations, it might be a one-page brief. For others, it will be a structured report with all sections and key elements detailed.

We recommend a report structure with similar heading levels to those we've covered in this eBook to help with identifying and understanding key elements of the project, backed up by a concise executive summary and recommendations for how to proceed with selecting vendors for demos/progressing the purchase process.

BONUS SECTION

What to Look for In a GRC Technology Solution

Choosing a GRC solution can be a **significant technology investment.**

And there are many GRC technology providers out there, making the purchase decision difficult. Who is the best? Which solution is the best choice? Some of this will come down to getting demos from your preferred shortlist and considering the right fit. But the following are the software features and elements of a solution that you will want to ensure your provider(s) will be able to deliver.

01

Automation. Automation is a key software feature. If your provider doesn't offer the ability to automate your workflows or reporting, you should go with another option. Your solution should be able to automate repeatable workflows to eliminate human error and improve decision-making.

02

Ease of use. There's no point in implementing an overly complicated solution with a poor interface/user experience—because your team won't want to use it. Ease of use will likely come down to the demo and seeing the software in action, but you can also visit user review sites like G2 and Capterra, and analyst sites like Gartner to help with determining this.

03

Data visualization/storyboards. By purchasing a tool with strong visualizations and trend analysis, you can leverage your organizational data and tell accurate risk stories without the manual—and often error-prone—process of updating Excel spreadsheets and other documentation. You should be able to produce heatmaps and board-level dashboards with a click of a button.

04

Data analytics. Your solution should allow for both advanced and ad hoc data capabilities. You should be able to set automated, continuous data analysis for fraud and risk analysis. The solution should also provide the ability to perform a range of pre-built analytic routines like classification, stratification, duplicate testing, aging, joining and matching.

05

Risk assessments and weightings. How easy is it to quantify and rank your risks? Some GRC solutions let you assign a score to each risk, as well as apply a weighting so that you can rank your risks for impact against others. This small feature can really help you prioritize the areas of your business that need to be tackled first.

06

Wide systems integration. Here, you need to consider obvious integrations (e.g., ERP and financial systems) as well as less obvious tools like Jira and Slack. The ability to integrate the growing list of third-party tools, data connectors and systems is an essential feature.

07

Scalability. Will the software that works for you now continue to work for you as your data grows? Data-driven GRC processes typically involve very large amounts of data, often from multiple sources, and with complex processing requirements. Software needs to be able to efficiently and reliably handle increasing data volumes.

08

Mobile device support. Can the software be used on the go? You might have auditors and compliance and control specialists who need to initiate processes and view results while traveling and using multiple devices. Consider whether your vendor supports mobile devices.

09

Security. How many layers of security exist for accessing and sharing your confidential data? Access privileges, protection against data breaches, and strong data encryption are essential parts of assessing a potential GRC solution.

10

Technical support. The availability of very effective technical support is a key component in successful GRC software, particularly during the initial implementation phase.

WHAT TO LOOK FOR IN A GRC TECHNOLOGY SOLUTION (TIP SHEET)

10

Technical Support



01

Automation



02

Ease of Use



09

Security



03

Data Visualization/
Storyboards



08

Mobile Device
Support



04

Data Analytics



07

Scalability



06

Wide Systems
Integration



05

Risk Assesments
and Weightings





About Diligent Corporation

Diligent is the leading governance, risk and compliance (GRC) SaaS provider, serving more than one million users from over 25,000 organizations around the globe. Our modern GRC platform ensures boards, executives and other leaders have a holistic, integrated view of audit, risk, information security, ethics and compliance across the organization. Diligent brings technology, insights and confidence to leaders so they can build more effective, equitable and successful organizations.

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