



THE NEED FOR COMPLIANCE IN THE FUTURE

Principle 13 of the King IV Report on Corporate Governance for South Africa, 2016 provides that “the governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.”

Compliance expectations continue to expand exponentially. The cost and burden of compliance

obligations are increasing while management is expecting better and more effective risk management. However, the cost of staying compliant will quickly become unsustainable for organisations that do not transform their approach to align and find better ways to address their compliance challenges

Numerous compliance standards are developing into continuous, outcome-based compliance

DID YOU KNOW?

Growing compliance obligations are consuming up to 40% or more of companies' risk management budgets and threaten to become an unsustainable cost.

monitoring reviews, whilst budgets remain limited and management expects improved compliance outcomes. Extreme skill shortages within the professional talent pool further strain organisations' ability to remain ahead of the various compliance requirements.

NEW APPROACHES TO COMPLIANCE MANAGEMENT

Getting to the end goal stage of complete compliance programme visibility is not an overnight solution and strategy for many companies. As a first step, many companies focus their short-term efforts on compliance coordination across in-scope standards, systems, and their organisations. High-pressure industry trends mounting, coordination will only take a company so far. Exploring alternative ways of engaging with regulators beyond coordinating onsite visits and evidence requests opens new possibilities to mitigate the impact of compliance. Companies are beginning to explore ideas such as continuous monitoring

schedules; ongoing, low-impact compliance activity management calendars; and proactive regulator reporting to reduce compliance's impact as much as possible. Such simple strategies have provided quantifiable reductions in compliance impact for companies, highlighting potential strategies for immediate impact relief while investing in longer-term compliance automation strategies.

COMPLIANCE AS A SALES DRIVER

One of the most promising findings of a recent market survey was that more than a third of companies now view compliance as a key competitive differentiator for driving sales and revenue – a much higher percentage than expected. Previously, only a handful of providers viewed compliance as a potential sales driver. Turning compliance from a cost center into a market differentiator provides sales leaders another asset in competitive markets and ties compliance spend directly to business outcomes.



Using compliance certifications, expertise, and stringent controls in sales collateral to improve market credibility; targeting compliance messaging to qualify and expand the opportunity pipeline; and driving positive customer impressions through web content that touts compliant products and services have provided businesses with measurable sales benefits and increases. Driving compliance management in this way provides business leaders and executives with another lens to control the cost and impact of compliance to their organisation.

COMPLIANCE AS A BUSINESS STRATEGY

Companies should work hard to align their compliance coverage and long-term management strategy with their business objectives, communicating early and often to executives. For many companies, especially smaller ones that haven't previously focused on compliance as a core part of their business strategy, compliance is often the first approach to guiding companies to business outcomes. Compliance strategy and outcomes provide a healthy baseline to make business decisions on investments while companies work to mature their risk management programs to a point where they no longer rely on compliance as

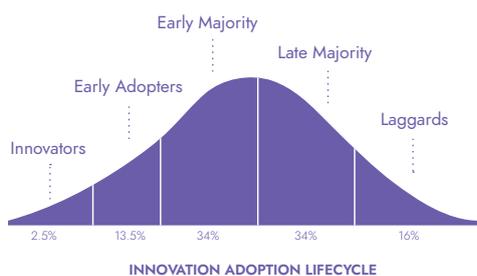
the only metric for regulatory risk health. Aligning compliance efforts with broader business strategy also ensures that companies do not duplicate efforts or overextend their organisation with siloed approaches to compliance programmes.

While compliance leaders may have traditionally focused on partnering with the right consultants and assessment vendors, C-level financial, risk, or legal leaders think of broader governance and risk infrastructure, and technology leaders prioritize security automation efforts. Compliance efforts viewed and tackled through a broader lens to integrate these efforts by ensuring compliance partnerships are closely integrated with governance, ethics, risk, and compliance (GRC) investments as well as using outputs from GRC initiatives to drive investment prioritization for risk management modernization.

Such alignment leads companies to a realistic future where the compliance status is a known and up-to-date quantity that matches the true status, helping companies drive better risk decision-making than was previously considered possible.

BUSINESS IMPACTS OF COMPLIANCE TRANSFORMATION

CUSTOMER ADOPTION



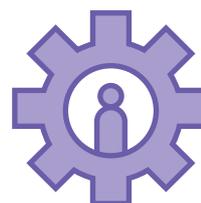
MEASURABLE RISK REDUCTION



DEMONSTRATED SAVINGS



RESOURCE EFFICIENCY



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