

**CONTROL PANEL<sup>GRC</sup> ALWAYS AUDIT READY™ SERIES:**

## Justifying the Costs and Documenting the Value of Compliance Automation Solution

### Spotlight on User Provisioning and Compliance Reporting

#### Compliance Automation Shouldn't be Put on the IT Back Burner

Companies traditionally look to their IT professionals for implementing business efficiencies within automating functions, such as accounting, finance, purchasing, human resources, manufacturing and compliance. However, in today's global, highly complex and competitive marketplace, IT is tasked to do much more. Executive management needs IT to execute strategic initiatives and drive innovation that will create differentiation and offer a competitive advantage. The question is: How can IT employees/teams have the time (and the budget) to recommend and implement solutions on top of their daily tasks?

There's no doubt, IT is staffed with a lot of intelligent, innovative individuals. But the problem is that most IT organizations spend 50 percent or more of their time working on routine maintenance and non-value add operational tasks. And it is not uncommon for this to rise to 80 or 90 percent. Above all, IT professionals know they are hired to offer a higher level of support and problem solving.

Bottom line, compliance automation can fall by the wayside. What is not realized

is that internal audit preparation is far more time-consuming and inefficient. The right compliance automation solutions save time and resources within IT and often corporate wide

### Time Wasted is Money Wasted – User Provisioning

There are many aspects of compliance automation. User provisioning is one area where the impact of manual IT effort is frequently undervalued. For instance, user and role provisioning in SAP, system access privileges often change, requiring IT staff to manually update access rights. Similar effort is required when users forget their passwords. Not only does this manual effort detract from IT's time for more productive work, it delays the time to value for the affected employees. Thus, if it takes three to five days for user access to be set up for new employees or new job assignments, that is three to five days the company is paying salaries for work the users cannot yet reasonably accomplish.

The flip side is even worse. When an employee leaves the company, especially if it is not on good terms, failure to immediately turn off access rights can pose significant risk of malicious mischief. One company discovered that months after an employee had left their access privileges had never been revoked. If that employee had access to financial or other sensitive data, think of the potential risks to the business.

That company's misstep points out another potential problem with manual provisioning. Since this function is frequently an afterthought for IT, there is seldom an efficient process in place for how and when it should be done. This leads to unnecessary delays and errors, which are expensive and raise risks. Luckily, these delays, errors and risks can be eliminated through automated provisioning with User and Role Manager from ControlPanel<sup>GRC</sup>.

### Compliance is Costly

Compliance reporting is another area where the cost of not automating compliance efforts can be high. Regardless of which way the political winds are blowing, there is no question that the amount and complexity of business regulations are always increasing. This makes verifying compliance more complex and costly, as well. If IT has to manually compile periodic compliance reports, their time spent on this non-value add task, and thus the expense, is likewise increasing. Meanwhile, they have less time to work on strategic business initiatives that could have much greater impact on company success.

But it is not just about the direct IT time drain of compliance reporting. The bigger issue is the risk of errors and omissions. Faulty compliance reporting can lead management to spend unneeded dollars trying to correct compliance issues that do not exist, or expose the company to litigation, fines or worse for unknowing failure to comply. Furthermore,

the IT audits used to review manual compliance procedures will themselves take longer and be less accurate. Both the direct and consequential costs can be avoided with automated compliance reporting using Risk Analyzer from ControlPanel<sup>GRC</sup>.

## Innovative Strategy and User Manual Provisioning are at Odds

If there are solutions available to eliminate the delay and lost productivity of manual provisioning, as well as reduce the costs and risks of manual compliance reporting, why haven't more companies equipped their IT departments with these tools? One reason is that the changing role of IT, with greater emphasis on driving innovation, differentiation and competitive advantage, has obscured the more mundane effects of manual behind-the-scenes efforts. While IT is focused and measured on their ability to move the needle on strategic business improvements, the behind-the-scenes effort and processes to accomplish this are much less visible. Thus, investment goes into the business systems IT supports, but not into IT automation.

In relation, provisioning and compliance reporting fall into the areas of security and risk that traditionally do not receive a lot of investment, because they are considered expenses, not revenue generators. The problem with this line of thinking is the lost opportunity cost of the value-add initiatives IT staff could be working on were it not for these onerous duties.

A final stumbling block for some SAP shops is the feeling that the integration issues and costs of adding non-native applications to SAP security are not worth the benefits derived, especially if the organization doesn't understand the risks and lost opportunity costs involved. The good news is that ControlPanel<sup>GRC</sup>'s Always Audit Ready™ automation solutions simply run within existing client SAP systems as additional software functionality. Training and implementation is measured in days, not weeks or months. The solutions can generally be implemented incrementally, without interruption or retraining required outside the specific functionality being "turned on." And because ControlPanel<sup>GRC</sup> solutions are written in SAP GUI, navigation to functionality is consistent with any other SAP transactions – end users usually pick up navigation with little formal training.

## Cost Justification – the Ultimate Tipping Point

Perhaps the biggest stumbling block for companies wishing to invest in IT automation isn't the lack of recognition of lost opportunity costs or the tendency to lag on investment in IT security or risk applications. Nor, as we have seen, is SAP integration a challenge any longer. The real sticking point is that IT departments simply can't justify and assess the exact value of investments in these areas. Therefore, if a simple, straight-forward method for calculating cost justification were to be available, there would be the ultimate tipping point to get this much needed investment.

Fortunately, such a justification methodology does exist. The first step is to calculate with clear metrics the cost of the status quo. We start with some basic questions.

### **Step One: Calculate the Cost of the Status Quo**

What is the current average turnaround time for processing routine user provisioning requests? What percentage of requests gets lost or requires special handling? How many hours are spent monthly processing user burdened costs, it is a simple matter of multiplication to arrive at current costs. Be sure to factor in the hours spent tracking down and processing lost requests or recovering from errors. But don't assume all costs will be eliminated. Items requiring special handling may still exist. Consider what tasks will still need a person to handle and subtract that percentage from your overall savings.

### **Step Two: Estimate Lost Opportunity Costs**

Step two is more difficult and some companies may not wish to attempt it. It has to do with estimating lost opportunity costs. These fall into two categories: 1) lost opportunity when users are not able to accomplish their assigned tasks because of the delay in provisioning, and 2) lost opportunity for IT staff who are otherwise not available for strategic initiatives.

If you know the average turnaround time for processing provisioning requests and can get management's help in estimating the percentage of lost productivity from this delay, you can apply a conservative personnel cost factor to arrive at an estimated lost opportunity cost. Companies' policies toward inclusion of these "soft dollars" in cost justifications vary, so check corporate practices before including these.

Similarly, IT opportunity costs can be calculated if your company tracks return on investment for IT manpower. However this is less common and may not be considered factual enough for inclusion in cost justifications. The total savings calculation then becomes the sum of the direct and opportunity costs, or opportunity costs may be segregated to a separate category depending on corporate policies.

### **Step Three: Project cost savings**

Step three is to use these calculations as a benchmark against which projected savings from adopting an automation solution can be compared. Vendors should be able to provide references and case studies to estimate projected reductions in manual effort, usually expressed as a percentage. Applying estimated time reductions against current costs creates the basis for a return on investment calculation. For example, if \$200,000 in fullyburdened salaries is currently being spent annually and implementing an automation solution will reduce the manual work load by 50%, the

annual savings would be \$100,000. Annual savings is divided by the system purchase, implementation and annual maintenance costs to arrive at the return on investment.

## The Benefits Pay Off

In addition to the ROI calculated above, there are several additional benefits to the company from automating provisioning and compliance reporting tasks. Besides the reduction in direct IT costs and the potential lost opportunity costs, there is value in providing immediate service to the business customers, allowing them self-service for routine requests. Not only is this faster and easier for them, it eliminates errors and lost requests. It also removes this drudgery from IT's workload, raising their morale and reducing turnover (itself a considerable cost savings).

Perhaps more importantly, it helps enforce IT policies and standards and creates a more secure corporate environment. Workflows are predefined and consistently executed, and because the system functions within the SAP security framework, management has one version of the truth on security reports and on a common security dashboard.

On the compliance reporting side, the biggest benefit is reducing the risks always associated with manual work. Errors and omissions are serious threats when dealing with government regulations. Since manual reporting also requires more time and effort to audit, automation also makes the compliance audit process faster, less costly and more accurate.

However, while all of these benefits are big plusses for the organization, what management should really focus on is the innovation and strategic initiatives IT could be working on instead of these manual tasks. After all, you hire topnotch IT talent and pay them accordingly. Why would you not want to take advantage of what they can truly offer the business?

## Forest City Enterprises Case Study

Forest City Enterprises is a leading owner, operator, and developer of distinctive and diversified real estate projects in select markets across the U.S. With assets over \$10 billion, the company is a major developer of malls, retail centers, office campuses and apartment complexes. Forest City has been an SAP user since 2006.

With their goal of implementing good IT processes to foster compliance, the company tried a first generation governance, risk and compliance system. However, the lack of integration with its help desk ticketing created a "black hole" for requests and produced a long and inefficient IT approval and provisioning process. For compliance reporting Forest City was spending 400 hours per quarter in manual security monitoring – which it referred to as "death by screenshots." Not only was this a morale killer and poor use of expensive resources, it resulted in slow servicing of the business and auditors. Forest City management was supportive, at the right price, of IT's search for a more advanced system to automate approval workflows and the provision process. This would

## About ControlPanel<sup>GRC</sup>

ControlPanel<sup>GRC</sup><sup>TM</sup> is a new breed of Governance Risk and Compliance (GRC) automation solutions – one that focuses on rapid implementation, ease of use and broad functionality aimed at making SAP® users Always Audit Ready<sup>TM</sup>. Part of Milwaukee-based Symmetry Corporation, ControlPanel<sup>GRC</sup>'s integrated GRC technology suite addresses the major areas of compliance concerns for SAP users. With over 50 implementations in two years, ControlPanel<sup>GRC</sup> has given its clients the ability to confidently satisfy compliance requirements while accelerating workflows that enhance their team's productivity.

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reduce the operational workload for the technical team and provide a “single source of the truth” for security. Most important, it would free up more time for IT to support innovation in the business.

IT was looking for a vendor who would be a stable, long-term partner and who had a track record on IT automation. The system had to be comprehensive and SAP-based. Forest City found both with ControlPanel<sup>GRC</sup>. But before it could proceed, the company had to articulate and quantify the expected benefits for management.

To do this Forest City examined the time spent on tedious manual provisioning and compliance monitoring to estimate the savings in effort by the technical team. The company felt it would also streamline the auditing process, saving time in preparation and conducting the audit. Forest City concluded that it could save the company almost \$350,000 in the first year.

The company's research was rewarded after implementation. Provisioning requests went from taking three to five business days to less than one. SAP security monitoring went from 400 hours per quarter to about ten. Plus password self-service reduced help desk calls and improved end user productivity. Best of all from management's prospective, it not only freed up expensive resources to propel business innovation, the calculated return on investment was 74 percent the first year, 249 percent the second year, and 423 percent the third year. Lesson learned: A little homework on the frontend paid off handsomely for management and IT.

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