



HITEC'S POLICYHUB

Streamlining Policy Management

Solution Viewpoint

Governance, Risk Management & Compliance Insight

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TALK TO US ...

We look forward to hearing from you and learning what you think about GRC 20/20 research. GRC 20/20 is eager to answer inquiries from organizations looking to improve GRC related processes and utilize technology to drive GRC efficiency, effectiveness, and agility.

HITEC'S POLICYHUB

Streamlining Policy Management

EXECUTIVE SUMMARY

Policies set the standard for acceptable and unacceptable conduct by defining boundaries for the behavior. When an organization fails to establish and enforce policies, the organization quickly becomes something it never intended. Policies matter; however, when you look at how many organizations manage policies you would think policies are irrelevant and a nuisance. Policies must be well managed and operational so that they are both effective and efficient tools to help the organization stay on the path it chooses. Business requires a policy management platform that is easy to use, context-driven, and adaptable to a dynamic and changing environment. By enabling collaboration, accountability, and process automation for policy management, Hitec Laboratories' PolicyHub eases the policy management burden, and delivers effectiveness, efficiency, and agility to policy management processes. The solution is flexible and adaptable to policy management processes from the large global enterprise to the small-localized organization. PolicyHub delivers value by delivering the right features to get the job done through a solution that is easy to use for policy managers, authors, and most importantly the policy readers.

POLICIES MATTER THEREFORE POLICY MANAGEMENT MATTERS

Policies set the standard for acceptable and unacceptable conduct by defining boundaries for the behavior of individuals, the operation of business processes, and the establishment of relationships. Policies govern the organization. This starts with the code of conduct that defines the ethics and values of the organization and filters down into specific policies for business units, departments, and individual processes.

When an organization fails to establish and enforce policies, the organization quickly becomes something it never intended. Good policies define the organization's governance culture and objectives. Without the guidance provided by well-written and effectively managed policies, corporate culture morphs and takes the organization down unintended paths. Policies, done right, articulate and establish the desired corporate culture and standards for business conduct of individuals, transactions, processes, and relationships of the organization.

Consider that:

- ▶ **Policies articulate the governance culture:** Without good policy as a guide, corporate culture and control morphs, changes and takes unintended paths.
- ▶ **Policies articulate the risk culture:** Policy addresses risk and establishes risk responsibility, communication, appetites, tolerance, and risk ownership. Without clearly written policy, risk governance is ineffective.

▶ **Policies articulate a culture of compliance:**

Policy establishes how an organization meets its obligations and commitments and how it will stay within legal, regulatory, and contractual boundaries.

Policy attaches a legal duty of care to the organization and cannot be approached haphazardly. Mismanagement of policy can introduce liability and exposure, and noncompliant policies can and will be used against the organization in legal (both criminal and civil) and regulatory proceedings. Regulators, prosecuting and plaintiff attorneys, and others use policy violation and noncompliance to place culpability.

An organization must establish policy it is willing to enforce — but it also must closely manage and monitor policy in place. Policy is a necessary means to clearly define, articulate, and communicate boundaries, practices, and expectations.

THE SITUATION: *Policies must be well managed and operational so they are effective and efficient tools to help the organization stay on the path it chooses.*

HORDES OF POLICIES SCATTERED ACROSS THE ORGANIZATION

Policies matter; however, when you look at how many organizations manage policies you would think policies are irrelevant and a nuisance. The typical organization has:

- ▶ **Policies scattered throughout the organization:** There is no single place where an individual can see all the policies that apply to their specific roles. The policies are not structured in a manner conducive to supporting efficient access.
- ▶ **Policies bound by electronic dumping grounds and print formats:** With policy documents scattered in print and electronic formats, the typical organization has not fully embraced centralized online publishing and universal access to policies and procedures.
- ▶ **Policies which are out of date:** In most cases, published policy is not reviewed and maintained on a regular basis. In fact, organizations have policies that have not been reviewed in years for applicability, appropriateness, and effectiveness.
- ▶ **Policies that lack ownership:** The typical organization has policies and procedures without a defined owner to make sure they are managed and current.
- ▶ **Policies without lifecycle management:** Most organizations maintain an ad hoc approach to writing, approving, and maintaining policy. They have no system for managing policy workflow, tasks, versions, approvals, and maintenance.

- ▶ **Policies that do not map to exceptions or incidents:** Most organizations are missing an established system to document and manage policy exceptions, incidents, issues, and investigations to policy. The organization has no information about where policy is breaking down, and how it can be addressed.
- ▶ **Policies that fail to cross-reference standards, rules or regulations:** The typical organization has no historical or auditable record of policies that address legal, regulatory, or contractual requirements.
- ▶ **Policies that do not adhere to a consistent style:** The typical organization has policy that does not conform to a corporate style guide and standard template that would require policies to be presented clearly (e.g., active voice, concise language, and eighth-grade reading level).

ACCOUNTABILITY & ENGAGEMENT IN POLICY MANAGEMENT

To defend itself, the organization must be able to show a detailed history of what policy was in effect, how it was communicated, who read it, who was trained on it, who attested to it, what exceptions were granted, and how policy violation and resolution was monitored and managed. An ad hoc approach to policy management exposes the organization to significant liability. This liability is intensified by the fact that policies affect every person supporting the business, including internal employees and third parties.

If policy documentation does not conform to an orderly style and structure, uses more than one set of vocabulary, is located in different places, and does not offer a mechanism to gain clarity and support (e.g., a policy helpline); organizations are not positioned to drive desired behaviors in corporate culture or enforce accountability.

For policy management to be successful, organizations must engage employees. It is no longer good enough to just have well documented policies and controls. Organizations must demonstrate policies are actively communicated and understood across the organization. Morgan Stanley in 2012 is a case in point. Morgan Stanley had an individual, Mr. Petersen, in the Asian real-estate business that was involved in corruption. The Department of Justice (DoJ) and Securities Exchange Commission (SEC) investigated, and for the first time in over 35 years of Foreign Corrupt Practice Act (FCPA) they let the organization off the hook and just went after the individual. They praised Morgan Stanley in a memo that stated that Morgan Stanley had the right policies to address corruption; policies were maintained in the context of changing risks, regulations and the business. Further, Morgan Stanley could demonstrate the frequency and interaction with Mr. Petersen on policies and training. Further, Morgan Stanley also monitored transactions on a regular basis to monitor compliance to policy. In this

MORGAN STANLEY CASE STUDY IN EFFECTIVE POLICY ENGAGEMENT

“Morgan Stanley maintained a system of internal controls meant to ensure accountability for its assets and to prevent employees from offering, promising or paying anything of value to foreign government officials. Morgan Stanley’s internal policies, which were updated regularly to reflect regulatory developments and specific risks, prohibited bribery and addressed corruption risks associated with the giving of gifts, business entertainment, travel, lodging, meals, charitable contributions and employment. Morgan Stanley frequently trained its employees on its internal policies, the FCPA and other anti-corruption laws. Between 2002 and 2008, Morgan Stanley trained various groups of Asia-based personnel on anti-corruption policies 54 times. During the same period, Morgan Stanley trained Peterson on the FCPA seven times and reminded him to comply with the FCPA at least 35 times. Morgan Stanley’s compliance personnel regularly monitored transactions, randomly audited particular employees, transactions and business units, and tested to identify illicit payments. Moreover, Morgan Stanley conducted extensive due diligence on all new business partners and imposed stringent controls on payment made to business partners.”

Emphasis added to illustrate elements of effective GRC management and engagement. Source of this statement is at: <http://www.justice.gov/opa/pr/2012/April/12-crm-534.html>.

case, Morgan Stanley had more than just good policies — they had good processes and systems that showed how employees, like Mr. Petersen, were engaged on policies and training with the evidence trail to show the SEC and DOJ.

In a report in November 2012, the DOJ and SEC stated they "have often encountered companies with compliance programs that are strong on paper but that nevertheless have significant . . . violations because management has failed to effectively implement the program even in the face of obvious signs of corruption."¹ Regulators are tired of paper-based compliance programs that look good on paper but fail in operations and employee engagement.

The bottom line: Issuing well-crafted and appropriately targeted policies is a necessary first step in clearly defining and communicating the organization's boundaries, practices, and expectations. Policies are the vehicles that communicate and define values, goals, and objectives so that culture does not morph out of control. But the policies also must be well managed and operational so that they are both effective and efficient tools to help the organization stay on the path it chooses.

POLICY MANAGEMENT SOLUTIONS ADDRESS THESE CHALLENGES

Policy management solutions manage policies across departments, divisions, and related companies. A well-conceived and soundly engineered policy management platform can enable a common policy framework across multiple entities, or just one entity or role as appropriate.

Business requires a policy management platform that is easy to use, context-driven, and adaptable to a dynamic and changing environment.

HITEC LABORATORIES' POLICYHUB: STREAMLINING POLICY MANAGEMENT

Hitec Laboratories' (Hitec) PolicyHub is a solution in the GRC market that GRC 20/20 has researched, evaluated, and monitored over the years. By enabling collaboration, accountability, and process automation for policy management, Hitec eases the policy management burden, and delivers effectiveness, efficiency, and agility to policy management processes.

The Hitec PolicyHub solution scales from the small organization with limited policy management requirements to global organizations that support policies around the world. Specifically, it enables:

- ▶ A policy lifecycle workflow process to ensure effective communication and implementation of policies across the organization.
- ▶ An integration with common desktop word

processing tools so employees can develop policies in the tools they already know how to use.

- ▶ A streamlined and efficient user experience that gets the job done.

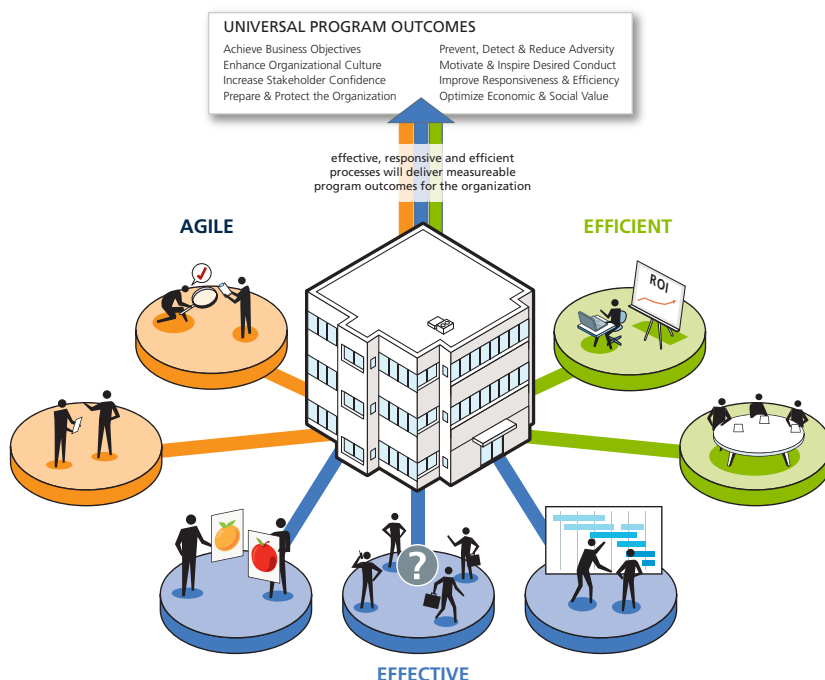
Effective implementation of policy starts with the manner in which the policies and procedures are written, and the PolicyHub solution enables this. The extent to which the policies have been understood and implemented by employees can be ascertained through configurable surveys, certifications, self-assessments, and questionnaires.

THE VALUE OF POLICY MANAGEMENT WITH HITEC'S POLICYHUB

GRC 20/20 measures GRC architecture value around the elements of efficiency, effectiveness, and agility. Through ongoing research, interviews, and interactions with Hitec's PolicyHub clients, GRC 20/20 finds consistency in the value that Hitec delivers through PolicyHub, and state that PolicyHub enables them to be:

- ▶ **Effective:** PolicyHub implementations achieve effective policy authoring, approval, communication, and maintenance. Clients validate Hitec's PolicyHub effectiveness by stating they have stronger policy management processes that are consistent with defined accountability for tasks. Effectiveness is achieved through consistent policies and management of those policies. Further, clients report greater levels of accountability on who interacted with policies providing a defensible audit trail when under the scrutiny of regulators or legal challenges.

¹ This statement was made by the DOJ and SEC on page 57 of their FCPA Resource Guide found at <http://www.justice.gov/criminal/fraud/fcpa/guide.pdf>



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- ▶ **Efficient:** Clients report that PolicyHub provides efficiency and savings in both human and financial capital resources. Policy management processes, supported by PolicyHub, reduce operational costs through automation and consistency of policy development, approval, communication, and maintenance. Clients find that there are significant time savings in having a central repository and process for managing and accessing policies. PolicyHub achieves efficiency through a measurable reduction in human and financial capital resources needed to manage policies across the organization.
- ▶ **Agile:** Through a federated and flexible policy management platform, Hitec's PolicyHub enables their clients to deliver business agility as they are able to respond rapidly to changes in the internal business environment (e.g., employees, business relationships, operational risks, mergers, and acquisitions) as well as the external environment (e.g., economic risk, new laws and regulations, and social media) to ensure that policies are kept current.

THE CAPABILITIES OF HITEC'S POLICYHUB PLATFORM

GRC 20/20 finds that Hitec's PolicyHub has the core capabilities of an enterprise policy management platform that scales from the small organization or department needs to a global enterprise. This includes:

- ▶ **Operationalizing policy management:** PolicyHub's approach to policy management integrates with standard Microsoft applications like Word to allow policy creation in the tools users know and work with every day while controlling the process through standardized templates, automation/task management, and workflow.
- ▶ **Risk alignment:** The PolicyHub solution fully integrates with Hitec's other solution OpRiskControl. This allows for policy alignment to defined and monitored enterprise risks. Policies are used to treat risks and establish boundaries for risk that are clearly articulated in policies mapped to risk.
- ▶ **Content management:** PolicyHub is built on Hitec's established content management engine and leverages these abilities to provide a robust solution to manage versions of policies across time. The content management component of the policy management system provides support for a range of document types as well as metadata (e.g., relevant dates, jurisdictions, programs, business units, vendors, status, and retention criteria). It also provides check-in and check-out capabilities, version control, audit trails, document links, and search capability.
- ▶ **Mobility:** Hitec's PolicyHub delivers policies through mobile browser interfaces to allow for policy

By enabling collaboration, accountability, and process automation for policy management, Hitec eases the policy management burden, and delivers effectiveness, efficiency, and agility to policy management processes.

communication in whatever responsive browser format employees in the environment need and use.

- ▶ **Organization management:** All policies apply to something within the organization, whether it is a business process, a physical asset, an information asset, a business relationship, or the entire organization. PolicyHub enables the organization to map policies to where they apply.
- ▶ **Technology integration:** Policy management systems often require information from human resources, vendor management systems and other sources to automatically maintain a single record. The PolicyHub solution allows for integration with LDAP directories and other enterprise applications.
- ▶ **Accessibility & Internationalization:** Policies are only of value if they are accessible. A policy management system must provide a complete system of record any individual can log into and find policies that apply to their role, along with required tasks, attestations, and training they must complete. PolicyHub supports internationalization capabilities to present policies in different languages and meet the accessibility needs of a global organization. PolicyHub currently supports twenty-two different languages on its platform.
- ▶ **Workflow:** Core to the PolicyHub platform is workflow so policies, people, and process elements are accounted for as part of the overall policy management process. Automating workflow helps manage and monitor accountability and coordinate responsibilities in all phases of policy lifecycle management. Automating workflows is also valuable in creating audit trails and providing metrics for workloads, delays, assignments, and other measures to help manage resources, cost, and risk.
- ▶ **Task management:** The PolicyHub solution tracks a variety of tasks at different stages of execution — drafting policies or procedures, providing approvals, handling exceptions, and performing policy reviews.

The solution provides a collective overview of each individual's task list, including outstanding work items, due dates, and reminders of upcoming activities. It also escalates overdue tasks to the appropriate oversight and management personnel.

- ▶ **Notifications:** In PolicyHub, notifications are delivered when policy authors receive a new work assignment, when a due date draws near, or when a task is overdue and an escalation notice must be sent to management. If a person, or perhaps a whole business unit, needs to read and attest to a revised policy, reminders, and escalation are required. The Hitec PolicyHub solution provides configuration capabilities to customize messages, provide links to tasks, consolidate notifications, and help enforce goals, plans, and accountability. Notifications integrate with the organization's e-mail system to deliver messages and drive accountability.
- ▶ **Audit trail:** If it is not documented, it is not done. Within PolicyHub a robust audit trail records each who, what, where, and when for every document, assignment, person, and piece of content collected, developed, changed, distributed, archived, surveyed, notified, and read. This ensures that when an incident occurs, an audit takes place, or a regulatory exam or investigation happens, you are prepared with accurate and timely evidence.
- ▶ **Policy relationships:** The PolicyHub solution enables cross-referencing and linking of related and supporting policies and procedures so users can quickly navigate to what they need to understand.
- ▶ **User friendly experience:** Clients praise PolicyHub on its ease of use, low learning curve, and simplified approach to policy management. The solution provides a user-friendly portal for policies in the environment with workflow, content management, and integration requirements necessary for policy management.

While Hitec's PolicyHub has the core components of a policy management platform, what really sets the company apart is their customer service. Every client GRC 20/20 has interviewed and interacted with has raved about the responsiveness of Hitec and how easy they are to work with. Hitec excels at building strong client relationships and partnering with their clients to not only see that issues are resolved but also that features are built into new versions of the product. Clients are actively engaged as part of PolicyHub and feel vested in the product maturity and growth.

Every solution has its strengths and weaknesses, and is not the perfect fit for all organizations in all situations. While GRC 20/20 has identified a lot of very positive things about Hitec and the breadth and depth of what they are delivering in the policy management market—readers should not see this as a complete and unquestionable endorsement of PolicyHub.

PolicyHub has the core components of an enterprise policy management platform. There are advanced features in policy management that the platform does not have such as a fully integrated learning management system (LMS) and complete integration with a range of other GRC applications. The solution itself is fully integrated with the Microsoft Office suite which is something many clients and prospects praise it for while others find it limiting in non-Microsoft environments.

The point is that any organization engaging a policy management solution provider, including Hitec, needs to do their homework to ensure that they clearly understand what it is they need and are engaging the right solution provider to deliver on those needs.

GRC 20/20'S FINAL PERSPECTIVE . . .

GRC 20/20 finds that PolicyHub has delivered on the core requirements for an enterprise policy management platform. The solution is flexible and adaptable to policy management processes from the large global enterprise to the small-localized organization. It is built on a robust enterprise content management engine that is owned by Hitec and has matured over years. Clients praise the platform for its simplicity and ease of use, and have further praise for the company itself in its support and responsiveness to client issues and requests. GRC 20/20 finds the Hitec platform to be a formidable competitor in the enterprise policy management space. Where it lacks in some of the advanced features of an enterprise policy management platform it makes up for in its ease of use and customer service and support. In fact, some clients have come from using more advanced solutions they have found cumbersome, non-intuitive, and difficult to use. Having the broadest feature set does not always make for the best solution. PolicyHub delivers value by delivering the right features to get the job done through a solution that is easy to use for policy managers, authors, and most importantly the policy readers.

CONSIDERATIONS ABOUT HITEC'S POLICYHUB

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Michael Rasmussen is an internationally recognized pundit on governance, risk management, and compliance (GRC) – with specific expertise on the topics of enterprise GRC strategy, process, and technologies. He helps organizations improve GRC processes and choose technologies that are effective, efficient and agile. He is a sought-after keynote speaker, author, and advisor and is noted as the “Father of GRC” — being the first to define and model the GRC market in February 2002.

ABOUT GRC 20/20

GRC 20/20 Research, LLC (GRC 20/20) provides clarity of insight into governance, risk management, and compliance (GRC) solutions and strategies through objective market research, benchmarking, training, and analysis. We provide independent and objective insight into leading GRC practices and processes, including market dynamics and intelligence; risk, regulatory and technology trends; competitive landscapes; market sizing; expenditure priorities; and mergers and acquisitions.

GRC 20/20 advises the entire ecosystem of GRC solution buyers, professional service firms, and solution providers. We serve the needs of organizations that seek clarity, guidance and advice in dealing with a dizzying array of disruptive issues, processes, information and technologies while trying to maintain control of a distributed and dynamic business environment. Whether focused on a specific risk or regulatory issue, or even enterprise-wide GRC strategy, organizations seek clarity through GRC 20/20. This clarity is delivered through analysts with real-world expertise, independence, creativity, and objectivity that understand GRC challenges and how to solve them practically and not just theoretically. Our clients include Fortune 1000 companies, major professional service firms, and the breadth of GRC solution providers.

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RESEARCH METHODOLOGY

GRC 20/20 research reports are written by experienced analysts with hands-on experience selecting, developing, and implementing GRC management systems and processes globally for international organizations across industries. GRC 20/20 evaluates all GRC solution providers using consistent and objective criteria, regardless of whether or not they are a GRC 20/20 client.

The findings and analysis in GRC 20/20 research reports reflect analyst experience, opinions, research into market trends, participants, expenditure patterns, and best practices. Research facts and representations are verified with actual client references to validate accuracy. GRC solution providers are given the opportunity to correct factual errors, but cannot influence GRC 20/20 opinion.

GRC 20/20 uses a combination of sources to gather market intelligence. These include (but are not limited to):

- ▶ GRC Solutions Provider Evaluation Forms. A detailed set of questions covering functional and nonfunctional aspects of GRC solutions, as well as market factors.
- ▶ GRC Solution User Surveys. As part of its on-going research cycle, GRC 20/20 systematically surveys GRC solution users and buyers, eliciting feedback on solution providers, satisfaction levels, and preferences.
- ▶ Interviews with Subject Matter Experts. GRC 20/20 undertakes comprehensive interviews and briefing sessions with leading industry experts, academics, and consultants to provide insight into market trends, vendor solutions, and evaluation criteria.
- ▶ Customer Reference Checks. These are telephone and email reference checks with named customers of solution providers to validate strengths and weaknesses, and to assess experience and satisfaction levels.
- ▶ Vendor Briefings. These are face-to-face and/or web-based briefings and product demonstrations by solution providers. During these sessions, GRC 20/20 asks probing questions to understand the strengths and weaknesses of each provider.
- ▶ Third Party Sources. GRC 20/20 uses other third party sources of information such as conferences, academic and regulatory studies, collaboration with leading consulting firms, knowledge providers, and industry associations such as the Open Compliance and Ethics Group (www.OCEG.org).