

ACL ScriptHub

Innovation in Automated Controls Architecture



SOLUTION **PERSPECTIVE**

Governance, Risk Management & Compliance Insight

© 2016 GRC 20/20 Research, LLC. All Rights Reserved.

No part of this publication may be reproduced, adapted, stored in a retrieval system or transmitted in any form by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior permission of GRC 20/20 Research, LLC. If you are authorized to access this publication, your use of it is subject to the Usage Guidelines established in client contract.

The information contained in this publication is believed to be accurate and has been obtained from sources believed to be reliable but cannot be guaranteed and is subject to change. GRC 20/20 accepts no liability whatever for actions taken based on information that may subsequently prove to be incorrect or errors in analysis. This research contains opinions of GRC 20/20 analysts and should not be construed as statements of fact. GRC 20/20 disclaims all warranties as to the accuracy, completeness or adequacy of such information and shall have no liability for errors, omissions or inadequacies in such information. Although GRC 20/20 may include a discussion of related legal issues, GRC 20/20 does not provide legal advice or services and its research should not be construed or used as such.

Table of Contents

Challenged to Provide Assurance in a Dynamic Environment 4
 Why Not See BOTH the Forest and the Trees of Risk? 5
 Delivering 360° Contextual Awareness of Risk & Performance 6

ACL ScriptHub 7
 Innovation in Automated Controls Architecture 7
 What the ScriptHub Innovation Is About 7
 How is the ScriptHub Innovation Different? 7
 Benefits of ScriptHub 8
 Considerations in Context of ScriptHub..... 9

About GRC 20/20 Research, LLC 10

Research Methodology 10



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.

ACL ScriptHub

Innovation in Automated Controls Architecture

Challenged to Provide Assurance in a Dynamic Environment

Organizations are in a constant state of flux as they manage operations and have a range of technologies to support business processes and transactions. Distributed business operations and technology are growing and changing at a rapid pace. At the same time, organizations attempt to remain competitive with shifting strategy, technology, and processes while keeping current with changes to risk and regulatory environments around the world. The multiplicity of environments that organizations have to monitor and provide assurance for are growing more complex and constantly evolving.

This is further challenged by the explosion of data in organizations that has brought on the era of “Big Data,” and with that we now have “Big GRC Data.” Governance, risk management, and compliance (GRC) professionals are attempting to manage high volumes of structured and unstructured data across multiple systems and processes to see the big picture of performance and risk, while providing assurance to the organization. The velocity, variety, and volume of data are overwhelming – disrupting GRC assurance activities, often slowing them down at a time when they need to be agile and fast.

As a result of these challenges, GRC oversight requires greater insight into business systems and transactions and in a way that is efficient, effective, and agile. Relying on ERP expert consultants that understand the cryptic world of ERP configuration and administration slows assurance activities down and costs more money.

The decentralized, disconnected, and distributed business systems and data catch the organization off guard to risk and exposure. Complexity of business and intricacy and interconnectedness of data requires that we have an integrated approach to provide assurance in systems, processes, and data.

In 1996, Fritjof Capra made an insightful observation on living organisms and ecosystems that rings true when applied to GRC and broader business today:

The more we study the major problems of our time, the more we come to realize that they cannot be understood in isolation. They are systemic problems, which means that they are interconnected and interdependent.¹

¹ Fritjof Capra, *The Web of Life: A New Scientific Understanding of Living Systems* (New York: Anchor Books, 1996), 3.

Capra's point is that biological ecosystems are complex and interconnected and require a holistic understanding of the intricacy in interrelationship as an integrated whole rather than a dissociated collection of parts. Change in one segment of the ecosystem has cascading effects and impacts to the entire ecosystem. This is true in providing assurance of business processes and data. Dissociated data, systems, and processes leave the organization with fragments of truth that fail to see the big picture of risk and assurance across the enterprise.

What further complicates this is the exponential effect of risk on the business. Business operates in a world of chaos. Applying chaos theory to risk is like the 'butterfly effect', in which a small event actually results, develops, and influences what ends up being a significant event. The concept uses the analogy that the simple flutters of a butterfly's wings create tiny changes in the atmosphere that ultimately impacts the development and path of a hurricane. Understanding assurance in context of exposure to risk in business systems, transactions, and processes is not a trivial or linear process. To truly comprehend risk and assurance requires the gathering and analysis of many data points across multiple systems.

Why Not See BOTH the Forest and the Trees of Risk?

Assurance is not optional. The primary directive of a mature GRC program is to provide assurance to the organization while being effective, efficient, and agile to a dynamic business. This requires a strategic approach that can monitor the business processes, transactions, and information to enable transparency, assurance, and control across the ecosystem of the organization's financial and operational activities. Doing this is not easy because the organization's systems, processes, and data are complex and changing.

Data analytics should increase the organization's ability to connect, understand, analyze, and monitor interrelationships and underlying patterns of performance and risk of the organization. Various business data and processes interrelate in apparent and not so apparent interactions that can surprise the organization and catch it off guard. When risk and control is understood and compartmentalized in silos, the organization fails to see the web of risk interconnectedness and its impact on performance and strategy leading to greater exposure than any individual silo understood.

To maintain integrity and execute on strategy, the organization has to be able to see the individual area of risk and control (the tree) as well as the interconnectedness of risks and controls (the forest). Risk and performance relationships are non-linear. They are not a simple equation of $1 + 1 = 2$. They are a mesh of exponential relationships and impact in which $1 + 1 = 3, 30, \text{ or } 300$. What seems like a small disruption or risk exposure may have a massive effect or no effect at all. In a linear system, effect is proportional with cause; in the non-linear world of business it is exponential. Business and risk is chaos theory realized. The small flutter of risk can bring down the organization. If we fail to see the interconnections of risk on the non-linear world of business, the result is often exponential or unpredictable.

Delivering 360° Contextual Awareness of Risk & Performance

Organizations need a data analytics architecture that provides assurance on an array of business applications and data to achieve efficiency, effectiveness, and agility in a dynamic and distributed environment. This should provide real-time assurance into financial transactions, operational assurance, and monitoring in the context of risk and performance. This is best done as non-invasively as possible. Data analytics need to integrate with a range of applications and interface and share data between them to provide holistic awareness of risk and performance so the organization gains a complete view of what is happening: this is what GRC 20/20 refers to as 360° contextual awareness, where risk and performance is monitored and understood in the course of operations, changing risks and regulations, and interactions. Delivery of contextual awareness requires that GRC programs have an analytics and intelligence capability that provides a central nervous system to capture signals found in business processes, data, and transactions as well as changing risks for interpretation, analysis, and holistic awareness of risk in the context of the organization.

To deliver on this vision requires an integrated view of business information and metrics across systems, processes, and data. The challenge is, how do GRC teams:

- **Find the right source of data.** Source information is buried across paper trails, processes, and systems. Reporting and situational awareness require that the organization have visibility into risk and performance data and metrics, and their interrelationships, which is scattered in different areas.
- **Transform business data into risk intelligence.** Each silo of data brings a piece of the picture or a partial version of the truth. These are elements, but they do not tell the full story. In fact, relying on only a partial view of data may be misleading. Bringing data together requires that the organization have consistent and quality data to work with and analyze. With reliable data the organization can turn data into information that drives risk intelligence.
- **Understand real-time situational awareness.** To deliver a holistic view of GRC information and 360° contextual awareness of risk and performance requires that the organization get to the source of the information rapidly. GRC teams have to be able to present accurate information to the right people at the right time. To do this, data needs to be accessible as well as accurate.

Designing an approach to data analytics requires that the organization address the critical question: *How does the organization aggregate, analyze, and report on distributed data?*

The Bottom Line: GRC teams need complete situational and holistic awareness of business performance, risk, and data to see the big picture of risk and its impact on performance and strategy to provide assurance to the organization and its stakeholders. Distributed, dynamic, and disrupted business requires the organization to take a strategic approach to data analytics. Achieving a 360° contextual awareness of performance and risk is about understanding interactions and relationships of cause and effect across

strategy, process, transactions, information, and technology supporting the business and requires an agile approach to data analytics.

ACL ScriptHub

Innovation in Automated Controls Architecture

ACL ScriptHub is a GRC solution that GRC 20/20 has researched, evaluated, and reviewed with organizations that are using it in dynamic business environments. GRC 20/20 has evaluated and verified the innovation found in ScriptHub, which uses pre-written data analysis scripts like Lego blocks to build tests. This delivers an automated controls architecture to continuously monitor or use on an as-needed basis to provide assurance of business processes and transactions. ScriptHub makes organizations more efficient, effective, and agile in their GRC processes. In this context, GRC 20/20 has recognized ACL ScriptHub with a 2015 GRC Innovation Award for technical innovation in Automated Controls Architecture.

What the ScriptHub Innovation Is About

Through a combination of software with an integrated library of content (accumulating over 28 years of experience), ACL provides solutions that enable audit, compliance, and risk management professionals to identify and mitigate risk, protect company profits, and improve business performance.

Their latest innovation in this area is ScriptHub. Using ACL™ Analytics and Analytics Exchange, ACL™ Direct Link for SAP®, and ScriptHub organizations can seamlessly access and analyze various systems and modules to enable analytics. What would have cost customers thousands of dollars in consulting fees is now written in plain English and available at no extra cost as part of an ACL Analytics and Analytics Exchange subscription. ScriptHub provides pre-written data analysis scripts that are freely available to users of ACL analytics solutions. The concept for this is analogous to Lego building blocks, enabling the organization to custom-build analytic tests in an intuitive and easy-to-use graphical environment.

How is the ScriptHub Innovation Different?

GRC groups and business process owners have long realized the value of data analytics, only to be overwhelmed by the technical complexities of extracting, analyzing, and interpreting data. This is frequently cited as the most challenging obstacle to implementation. ACL wanted to remove that obstacle.

The Concept: In our tech savvy day and age, shouldn't configuring data analytic tests be as simple as building with Lego blocks?

The Innovation: The innovative ScriptHub library allows organizations to do just that. ScriptHub is a repository of ready-to-use scripts for risk-based analytics from a rich history of proven data analytics experience. The library of scripts contains numerous code snippets to help organizations automate such tasks as data imports from Concur,

SAP, and SAM lists; analytics to look for trends or anomalies; various utility scripts to help harmonize address fields, perform keyword searches, calculate distances between zip codes, and compute the number of working days between dates; and hundreds of other analytic and reporting possibilities.

Example: An audit professional is reviewing the Accounts Payable and Vendor Management processes in SAP. Understanding SAP and its data structure is complicated and messy. Auditing SAP can be a nightmare. People have written books and built careers on providing services to help audit and risk professionals access and analyze SAP data. Table and field names are cryptic 4-letter abbreviations in German with no way for the average GRC professional to map to the business process. To get the data needed from SAP, the auditor needs assistance from an SAP basis admin or data expert.

ScriptHub accelerates this data analysis effort. Using ACL Analytics, Direct Link, and ScriptHub, the auditor can now seamlessly access and analyze SAP Accounts Payable and Vendor Master data. What would have cost thousands of dollars in consulting fees is now written in plain English and available as part of ACL Analytics at no additional costs.

In context of this, ACL provides filters so the auditor gets only the data it is interested in. More advanced users can use this as a starting point to build in more filters or access other tables not included in the scripts. To provide further value, ACL provides data preparation scripts that will join the appropriate tables together for the auditor on the proper key fields so that the organization has the complete story ready to analyze. Auditors can provide further assurance through the use of analytic tests in ScriptHub to run a variety of pre-configured tests on accounts payable and Vendor Master data (e.g., duplicate payments, new vendor payments).

Benefits of ScriptHub

ACL ScriptHub equips organizations with the ability to build complex analytics, at significantly reduced cost and effort, by leveraging the experience and resulting scripts from a rich history ACL has had in the space spanning nearly three decades.

GRC 20/20 finds the following benefits to organizations in the ScriptHub innovation:

- **No additional cost**, as access to the breadth of analytic scripts is part of the solution
- **Ability to do data analysis** in complex systems like SAP, minimizing the need for experts to develop scripts
- **Reduced costs** in implementing data analytics
- **Professionally scripted analytics tests** can be used by data analysis beginners without specialized knowledge

- **Customization to meet broader needs** as advanced users can use the scripts (like object code blocks in programming) to integrate code into larger analytic routines

Considerations in Context of ScriptHub

Every solution has its strengths and weaknesses, and may not be the ideal fit for all organizations in all situations. While GRC 20/20 has identified many positive attributes of ACL ScriptHub that allow GRC professionals to easily address analytic needs, readers should not see this as a complete and unquestionable endorsement of ACL ScriptHub.

ScriptHub is part of an ACL analytics solution subscription and comes at no additional cost. GRC 20/20 finds that customers find it of value as it makes GRC professionals more efficient, effective, and agile in a context where they do not need to be experts in the technical administration and understanding of ERP environments. The ideal customer for ScriptHub are organizations that either require one-off analytic tests for complex source systems like SAP or Concur, or those who want to roll out more extensive Continuous Control Monitoring solutions but do not have a big budget or in-house expertise.

About GRC 20/20 Research, LLC

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 objective insight into GRC market dynamics; technology trends; competitive landscape; 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. Our research 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.

Research Methodology

GRC 20/20 research reports are written by experienced analysts with experience selecting and implementing GRC solutions. 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 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 Research, LLC
4948 Bayfield Drive
Waterford, WI 53185 USA
+1.888.365.4560
info@GRC2020.com
www.GRC2020.com