SAPinsider

JUNE 2024

Automating and Integrating GRC Processes 2024

By Rizal Ahmed and Grant Suneson

SPONSORED BY pathlock

Executive Summary

INSIDER PERSPECTIVE

"As with the rest of the world, we are interested in exploring the capabilities and potential of AI and GRC. However, it is critical that we truly understand the potential risks so that we can anticipate any impacts and mitigate that risk."

GRC MANAGER, LARGE HEALTHCARE ORGANIZATION

TEAMS COVERING Governance, Risk, and Compliance (GRC) in 2024 faced a wide variety of threats, obstacles, and challenges throughout the course of the year. The regulations these teams must adhere to are constantly in flux, there are new technologies with new data demands that must be accounted for, and malicious actors are always finding new ways to attempt data breaches.

To understand the overall GRC landscape for SAP organizations, SAPinsider examined the experiences of business and technology professionals regarding their approach to governance, risk, and compliance. From March through June of 2024, 170 members of the SAPinsider community from a wide variety of geographic areas, industries, and job functions provided responses on some of the key issues and drivers affecting GRC practices.

Technology upgrades continue to be the key theme affecting GRC workloads, as the move to SAP S/4HANA providing an opportunity for automating GRC processes ranked as the top driver in this year's survey, cited by 45% of respondents — a higher share than any other option.

Now that automation technologies within the GRC space have reached maturity, organizations recognize that this is the best way for them to meet their requirements of effectively governing their SAP landscape, minimizing risk, and complying with all applicable regulations.

Automated solutions are scalable, allowing users to keep pace with the rapid rate of change they are forced to contend with. Rapid changes to regulations, increasing organizational change

from mergers and acquisitions, and globalization all add to the workload for GRC teams.

As companies perform digital transformations ahead of the 2027 end of maintenance deadlines for older SAP systems, GRC teams must find new solutions that allow them to keep pace with the rate of change. This can be a major source of stress, as many companies feel they are already behind the times when it comes to adopting new solutions.

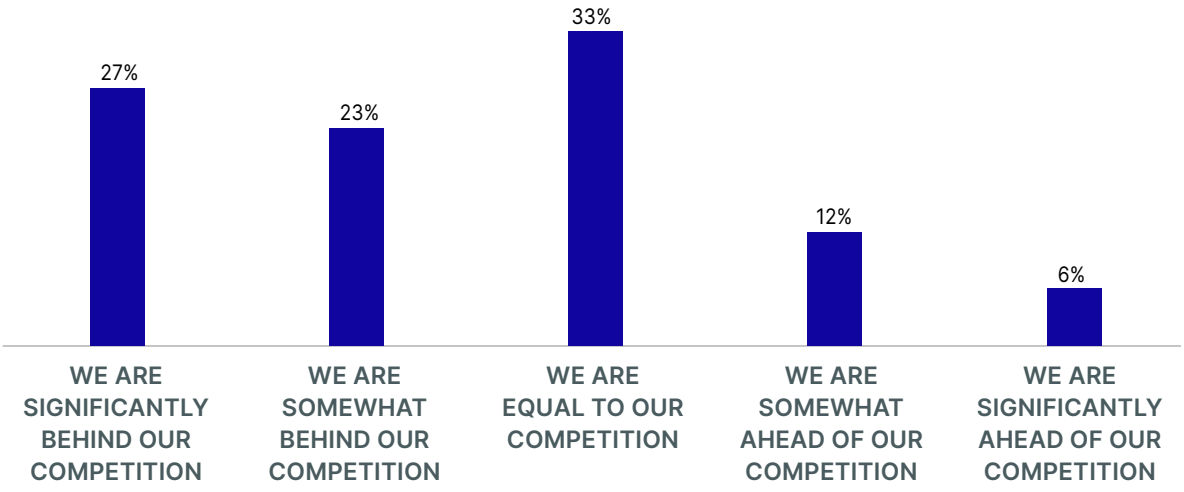
SAPinsider research found that 23% of organizations felt they were at least somewhat behind their competition when it came to infusing AI and automation into their processes **(Figure 1).** Further, 27% felt they were significantly behind their competition in this regard. Nearly one-third (33%) of respondents said they were roughly equal to their competitors. Just 16% of respondents said they were ahead of the competition — 12% just somewhat ahead, and 6% significantly ahead.

Respondents clearly felt they were either behind or just barely keeping up with GRC teams in competing organizations. Those who feel they are ahead of their competition are leaning into the capabilities provided by SAP S/4HANA and automated solution.

The 2024 GRC State of the Market Survey also revealed several other key trends based on respondents' technology plans:

- SAP GRC Access Control is by far the most commonly-used GRC system or application, at 51%. SAP GRC Process Control (34%) and SAP Risk Management (29%) were also common responses. Over one-third of respondents (39%) of respondents also used another system or application, either from a third-party source, government, or in-house solution.
- Nearly half of organizations (45%) said the move to SAP S/4HANA providing an opportunity to automate GRC processes comprised a major driver of GRC strategy, the highest share of respondents.
- A majority of respondents (65%) said that their strategy for GRC automation could best be described as providing end-to-end automated processes to meet digital compliance and audit requirements.
- Over 76% of respondents said that automated workflows and automation templates were either important or very important for meeting their automation goals.

Figure 1: AI and Automation in GRC Automation Functions Relative to Competition



Required Actions

- **Consolidate and integrate data.** To get a full picture of a company's security risks and compliance requirements, organizations must ensure that they have an accurate picture of their SAP landscape. By consolidating and integrating data, organizations can find any security risks or compliance gaps.
- **Use the transition to SAP S/4HANA as an opportunity.** Upgrading ERP systems gives GRC teams a chance to improve their processes and workflows. Amid the transition, users should evaluate their processes, determine which can be migrated and which should be updated.
- **Take Control of your SAP landscape.** The two most commonly-used systems and applications for SAP GRC teams are Access Control and Process Control. Organizations must ensure that only authorized users have access to crucial data and systems. Any companies without these solutions should consider implementing them.

INSIDER PERSPECTIVE

"If we can remove mundane tasks from our core staff. This will free up significant time to improve our overall processes and strategies."

SENIOR ADMINISTRATOR, LARGE CONSTRUCTION AND ENGINEERING COMPANY

Chapter One

GRC State of the Market Overview

GRC teams face ever-expanding SAP landscapes and a constantly growing and evolving list of threats that they must contend with. Yet many GRC teams feel that they do not have resources to keep up with these requirements.

"We do the bare minimum because it is a cost of passing audits. No more and no less," said one respondent.

"Other priorities can waylay the best laid plans. Unfortunately, the business doesn't always see the value in internal processes," said another respondent.

The reality is that companies are likely to invest resources in areas of the business where they can see ROI immediately. Yet organizations must be aware of the fact that they can't afford to have lackluster GRC systems, as audits and security breaches can be devastating. These issues can cost millions of dollars in penalties and losses, as well as reputational damage that is difficult to quantify.

Organizations must find ways to protect themselves. Next, we will look at the key drivers and subsequent actions for GRC teams in 2024.

Best Practices Model — DART

SAPinsider grounds all its research insights in our proprietary DART model. This research model provides practical insights that connect business Drivers and Actions to supporting Requirements and Technologies. Drivers represent internal and external pressures that shape organizational direction. Organizations take Actions to address those Drivers. They need certain people, processes, and capabilities as Requirements for those strategies to succeed. Finally, they need enabling Technologies to fulfill their Requirements.

DART
MODEL FRAMEWORK

Automating and Integrating GRC Processes

DRIVERS

- The move to SAP S/4HANA provides opportunity for automating GRC processes (45%)
- Need for centralized visibility into our GRC and compliance landscape (36%)
- Need to cut costs and improve efficiency of GRC processes (35%)
- Have experienced organizational change and need to improve the way we support GRC processes (23%)

ACTIONS

- Provide end-to-end automated processes to meet digital compliance and audit requirements (65%)
- Integrate different GRC applications and data siloes to provide unified view into compliance initiatives (54%)
- Consolidate GRC investment into a single set of tools (47%)
- Provide tighter integration between my GRC and cybersecurity practices and methods (47%)
- Leverage intelligent automation to enhance ROI (44%)

REQUIREMENTS

- Automated workflows and automation templates (76%)
- Integrated monitoring capabilities for controls, threats, and access (75%)
- Intelligent dashboards and rich reporting capabilities (73%)
- Clean GRC Master Data (70%)
- Solid test scripts and processes to check GRC systems and vulnerabilities (68%)
- Comprehensive documentation of GRC processes (68%)
- Comprehensive integration platform (68%)

TECHNOLOGIES

- Automated solution for identifying and remediating Segregation of Duties Risks (35%)
- Integrated Identity and Access Management (34%)
- Automated role provisioning and management (30%)
- RPA-based automation engine (26%)
- Intelligent monitoring solutions for potential cybersecurity threats (22%)
- Automated process control management and monitoring (19%)
- Global Trade Management (16%)
- Global Risk Management (13%)

What Drives GRC Strategy?

In this report, the top driver for GRC initiatives was the move to SAP S/4HANA providing opportunity for automating GRC processes, cited by 45% of respondents. Ranking second was the need for centralized visibility into the GRC landscape (36%), followed by the need to cut costs and improve efficiency of GRC processes (35%) **(Figure 2).**

Other drivers included organizational change driving the need to improve the way GRC processes are supported globally (23%), the desire to leverage Artificial Intelligence and Machine Learning in GRC strategy (26%), and the increasing number of regulations (21%).

Many organizations are starting to move to SAP S/4HANA as SAP plans to end maintenance for SAP ECC 6.0 at the end of 2027. Though these migrations are generally handled by IT departments, GRC teams will be responsible for ensuring that the new structure of the SAP landscape that results from the move to the cloud ERP systems poses new cybersecurity and compliance challenges.

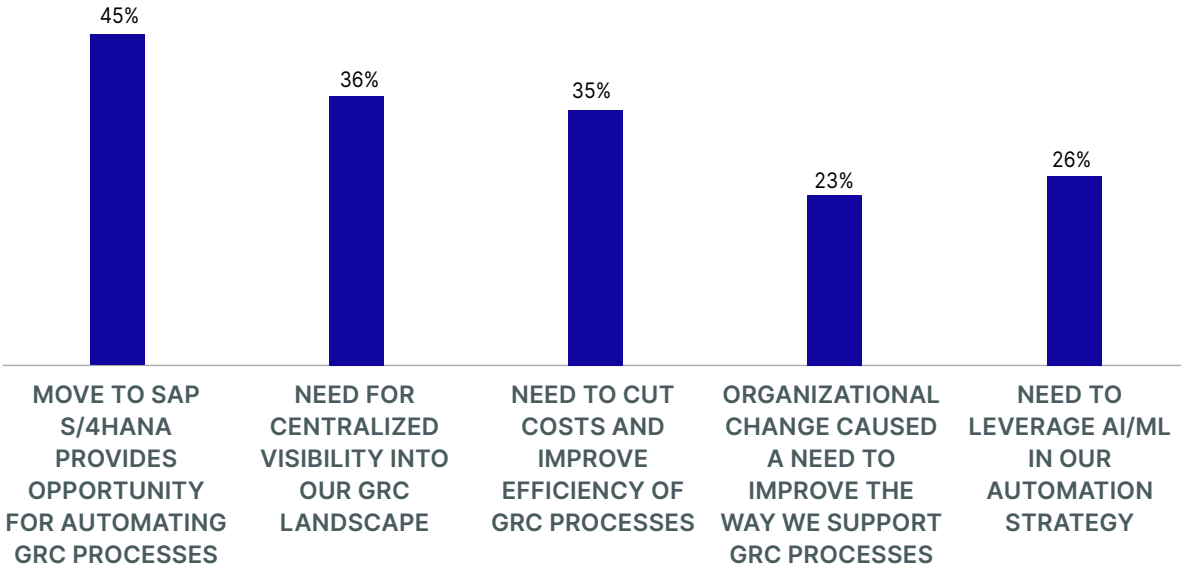
More and more companies are actually beginning to make the move, which is likely why this is the top driver for the second year in a row, overtaking security threats, which was the top driver from 2022.

The second leading driver was the need for centralized visibility into SAP landscapes. With companies growing and expanding, data is often scattered across different teams and entities. Even without this growth, key data is often siloed, which creates blind spots within an organization. This can lead to compliance issues and potential security vulnerabilities.

Another significant driver is cost. Nearly one-third (32%) of companies said they needed to have their GRC processes run more efficiently and less expensively. As noted by several respondents, companies can sometimes be reluctant to spend money on something that does not have a value that can be easily demonstrated. Therefore, GRC teams are often under pressure to reduce their operating expenses, even though their workload is only increasing.

GRC requirements are often changing. Companies expand into different jurisdictions, new lines of business, and grow in size. These changes can all lead to new regulations that these businesses must accommodate. GRC teams must be aware of all the new requirements and requirements they face and know what they need to meet these challenges.

Figure 2: Drivers Influencing GRC Processes



How Do SAPinsiders Address Their Drivers?

For the third straight year, the top two actions that SAPinsiders are taking to meet their drivers involve automation and centralization. Respondents said they wanted to provide end-to-end automated processes to meet digital compliance and audit requirements (65%) and consolidate their GRC investment into a single set of tools and integration architecture (47%).

Respondents also mentioned that they are also taking action to integrate different GRC applications and data siloes to provide unified view into compliance initiatives (54%), provide a tighter level of integration between GRC and cybersecurity practices and methods (47%), leverage intelligent automation capabilities within SAP GRC to enhance ROI (44%), and use Artificial Intelligence to provide advanced automation capabilities to core GRC processes **(Figure 3).**

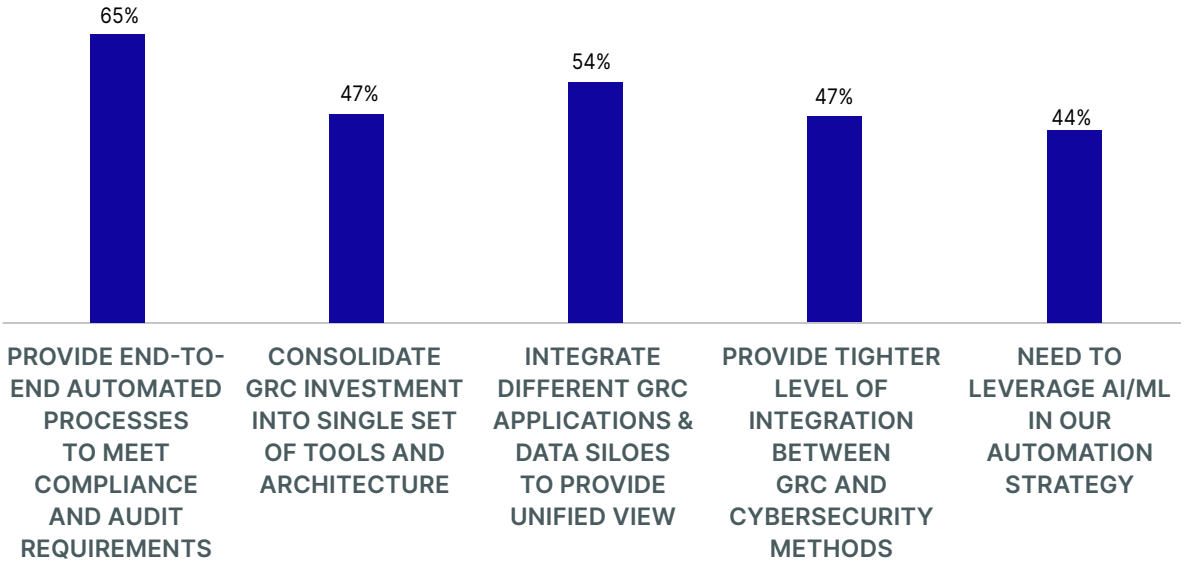
Automation and integration are important actions that can help GRC teams meet their goals. These steps align with the drivers of the move to SAP S/4HANA allowing for more automation capabilities. Automation also reduces the amount of time that is necessary to complete rudimentary GRC tasks. Emerging technologies play a major role in the actions taken by GRC professionals. Respondents indicated that managing access and monitoring is growing more important.

Integration and centralization decrease the total number of systems that must be monitored for audit compliance and risk management purposes. It also provides users with the ability to access information more easily. This gives GRC teams enhanced agility in responding to changes in regulations or other requirements.

Respondents also indicated that they want to not only integrate their systems, but better link their GRC and cybersecurity practices. Organizations must ensure that they have synergy between all teams working towards the same goal of reducing risk. By integrating applications and approaches, all teams can get a holistic view of the SAP landscape to ensure that there are no security flaws or blind spots.

Automation and AI can serve multiple different purposes in a GRC context. Nearly 40% of organizations signaled that they want to use

Figure 3: Actions Taken to Meet GRC Goals



automation to enhance their ROI, scaling up to the driver of the need to cut costs and improve efficiency of GRC processes.

Organizations are beginning to leverage AI to infuse greater intelligence and monitoring capabilities into their GRC practices. This advanced capability can be used to enhance efficiency, deliver insights, and supplement the work that GRC teams are already doing.

Key Takeaways

TAKE A HOLISTIC APPROACH TO MANAGING YOUR SAP LANDSCAPE. Organizations must ensure that all parts of their SAP landscape are covered. GRC teams must review their ERP system to ensure that all siloed data is accounted for and no gaps provide a window for malicious actors.

USE AUTOMATION TO FILL GAPS. Automation is a powerful tool GRC teams can use — whether that is Segregation of Duties, monitoring for cybersecurity threats, role provisioning, and more. Beyond the individualized capabilities it offers, automation as a whole provides scalability. As companies grow, GRC teams would be unable to manually cover their entire SAP landscape.

CONTROL IS EVERYTHING. Act accordingly. Access control and process control are the top two applications that SAP organizations are using to meet their GRC needs. Companies must be able to manage the access throughout their SAP landscape and monitor transactions to minimize risk.

INSIDER PERSPECTIVE

"As a social security agency with an ageing customer base facing many post-COVID, post-globalization challenges, our staff needs to cut down on their manual tasks. But as a public sector entity in a very technology-averse region of the world, my organization distrusts AI and has no interest in really understanding its benefits."

IT SPECIALIST IN THE PUBLIC SERVICES SECTOR

Chapter Two

How Do SAPinsiders Approach GRC Technology?

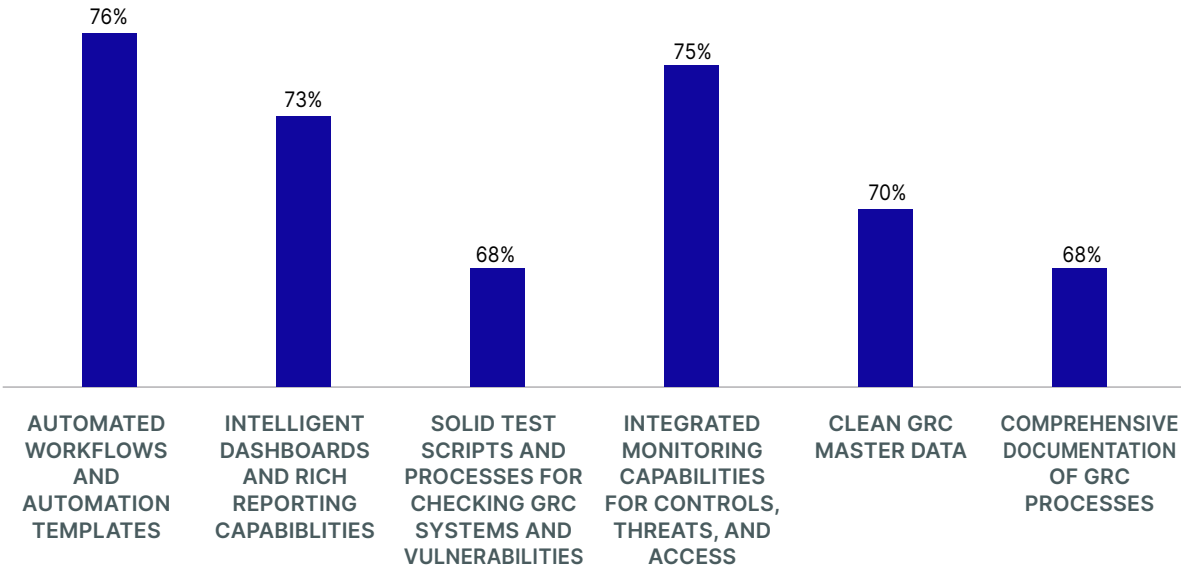
In Chapter Two, we will discuss the top GRC requirements and technologies at respondent organizations. We will also review the top GRC and technology investments that companies are planning for 2024.

Top GRC Requirements to Support Actions

Automated workflows and automation templates rank as the top requirement for automating GRC processes, cited by over 76% of respondents as either important or very important. Other top requirements that respondents felt are important include intelligent dashboards and rich reporting capabilities (73%), solid test scripts and processes for checking GRC systems and vulnerabilities (68%), integrated monitoring capabilities for controls, threats, and access (75%), clean GRC Master Data (70%), and comprehensive documentation of GRC processes (68%) **(Figure 4).**

As organizations seek to infuse automation throughout their GRC workloads, they will need to rely on automation templates and workflows (85%) to allow them to find the best ways to upgrade their GRC practices. These templates are essential, as many organizations are implementing automation for the first time and may not have the skills or experience needed to deploy

Figure 4: Requirements for Meeting GRC Strategies



automation in a fully customized manner. Rather, they may need templates and best practices laid out which they can customize later on.

GRC teams also need a holistic view of their SAP systems as well as the ability to provide reports, which is why intelligent dashboards and rich reporting capabilities (73%) are so important. Organizations must be able to examine the risk inherent to their business to ensure that they are taking appropriate steps to minimize its impact. They must also be able to provide all necessary reports to governing bodies.

To further analyze risk, respondents indicated that they need solid test scripts and processes for checking GRC systems and vulnerabilities (68%) and integrated monitoring capabilities for controls, threats, and access (75%). Organizations must be able to monitor their systems for any outside malicious actors, as well as ensuring that only authorized users are able to access sensitive data and systems.

Threats can come from both outside and inside of an organization. GRC teams must have robust capabilities to monitor for any irregularities that can put their business at risk.

To enable automation and other advanced technologies, organizations need clean GRC master data (70%). Without clean data, these technologies cannot function effectively, as duplicate, missing, or siloed data points can skew results, making it difficult to detect anomalies.

While all these processes are important, GRC teams must also be able to prove they are performing them to avoid audit penalties. This is where comprehensive documentation of GRC processes (76%) comes into play. Respondents indicated that this requirement was either important or very important, as organizations must demonstrate their compliance with all regulatory requirements, both to external auditors and to internal GRC overseers.

INSIDER PERSPECTIVE

"The CIO is the overall approver/strategist for all things IT, including security/AI, etc. He has a strong staff of IT individuals with Security, Compliance, and Governance skills/knowledge who can provide the pros/cons so that a valid set of decisions can be made."

IT SPECIALIST, INDUSTRIALS INDUSTRY

What GRC Technologies Do Organizations Use?

GRC teams have a significant number of technological options for meeting their goals. The most commonly-used type are automated solutions for identifying and remediating Segregation of Duties Risks (35%).

Other technologies that SAP GRC teams often use include integrated Identity and Access Management Solutions (34%), automated role provisioning and management solutions (30%), intelligent monitoring solutions for potential cybersecurity threats (22%), automated process control management and monitoring solution (19%), and Robotic Process Automation (RPA)-based automation engines (26%).

Maintaining control of SAP landscapes is a persistent theme of the technology usage for SAP GRC teams. Ensuring that only

credentialed users can access specific functions and data is a cornerstone of all GRC, as teams must have a failsafe that disperses key responsibilities to ensure that no one single user can execute functions without oversight.

As companies grow, automation plays a larger role in these GRC functions. Large, multinational companies cannot go through each of their thousands of employees to assign and change roles. They must rely on automation solutions to assign permissions based on roles and ensure that all users have some manner of oversight.

While managing internal access and process controls are important, companies are also using automation to monitor their environments. These technologies can detect irregularities and improper access, sending alerts to human users to further investigate and take whatever corrective action is needed.

Organizations are always looking for new technologies to improve their processes. This is also true for GRC, as businesses aim to improve efficiency and reduce the associated costs. RPA-based automation engines are only used by 21% of GRC teams currently, yet they are being evaluated by 40% — the joint highest percentage of any technological solution.

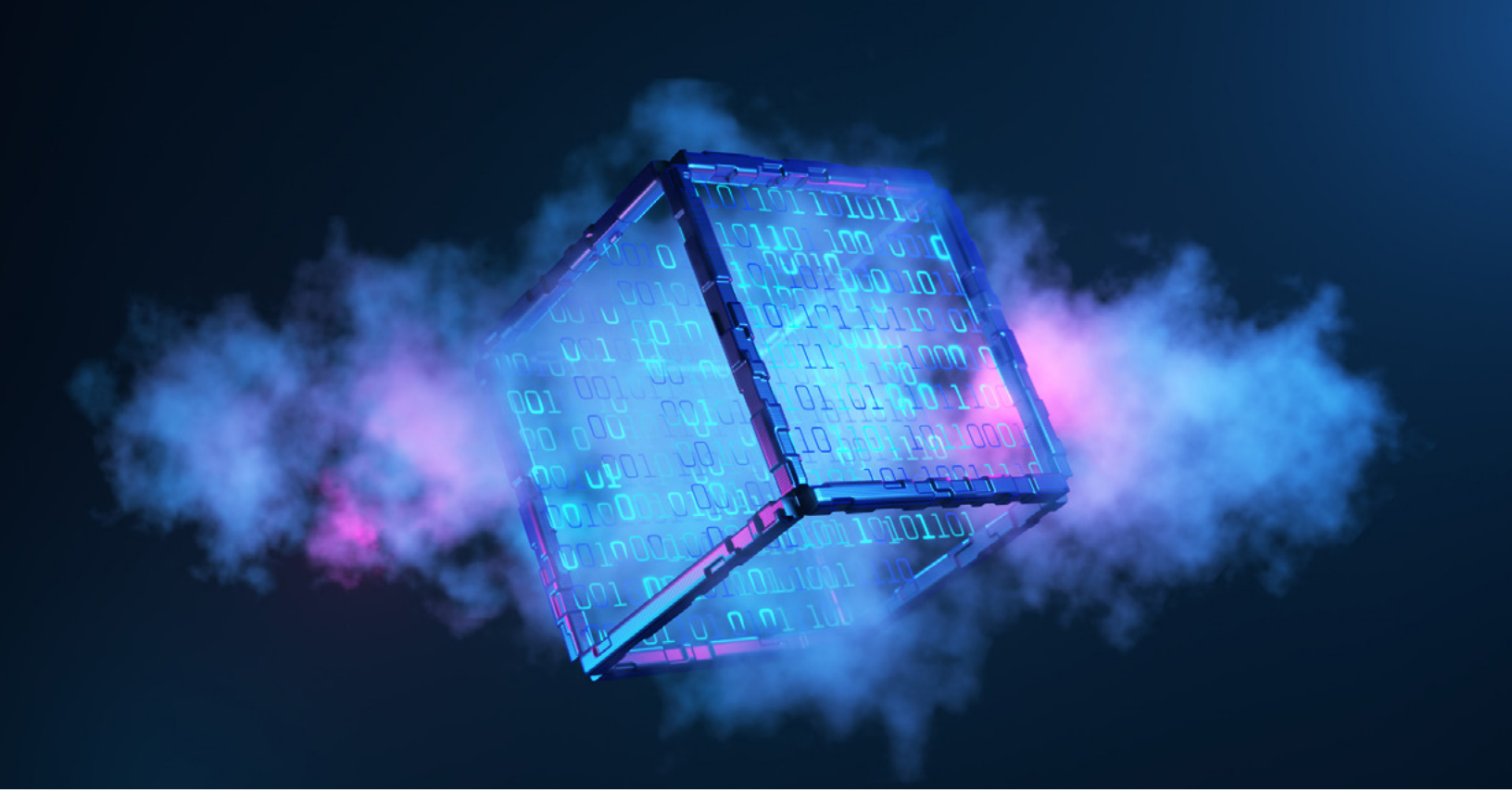
RPA can automatically accomplish many tasks that used to require manual attention. These tasks, like filling out reports, can be time consuming and prone to errors. Additionally, 40% of respondents are evaluating AI-based GRC solutions. Leveraging AI can help companies detect anomalies and recognize patterns that humans may not be able to find. This technology seems to be a long way off from being commonplace, as just 6% of respondents said they are currently using it.

Key Takeaways

ALWAYS EVALUATE YOUR OWN GRC CAPABILITIES. Organizations must always be on the lookout for new and emerging GRC technologies. Regulations are constantly in flux, so companies cannot afford to be stagnant with their capabilities. Automation can help business remain agile.

PREPARE FOR AI. Though it does not have significant pick-up yet, more and more organizations are looking to use AI to meet their GRC needs. GRC teams are always tasked with staying one step ahead of any potential issues, so having an automated and intelligent solution that learns from past data could play a key role in GRC functions in the years to come.

MAINTAIN TIGHT CONTROL OVER YOUR SAP ENVIRONMENT. GRC teams must prioritize control of their SAP environment. This includes control over information, access, processes, and more. Ensuring that only authorized users can access data and systems should be the first step of any GRC process.



Chapter Three

How Top GRC Organizations are Infusing Automation

It is becoming clear that GRC teams are going to have to rely heavily on automation from here on out. Without massively increasing budgets, GRC teams can only keep pace with the work they have by infusing automation into their workflows.

When asked about the benefits they expected from automation, 64% of survey respondents said they wanted increased efficiency for GRC processes. Further, 46% said they expected automation to reduce the time needed to manage approvals, exceptions, and/or disputes and 47% said it would reduce overhead for GRC activities.

These responses all drive at the same conclusion — GRC teams need to accomplish more work in less time while relying on similar or even reduced budgets. These pressure points simply cannot be alleviated without the use of some automation or process improvements.

However, companies are not very far along in their GRC automation journey. Nearly half (41%) of respondents said they were just getting started implementing automation into their GRC processes, while 42% said they had only implemented basic RPA and scripts.

Yet nearly half (48%) of respondents said they planned to implement more intelligent automation, like solutions that can handle exceptions and low-level decision making, in the next 1-2 years. Further, 34% wanted to use a high degree of automation like generative AI and advanced decision making to manage exceptions within that same timeframe.

Within this same 1-2-year timeframe, 45% of companies indicated that they would prioritize automation of cybersecurity threat detection, the highest share of any response. GRC reporting and analytics (35%) and identity management (25%) were also high priorities.

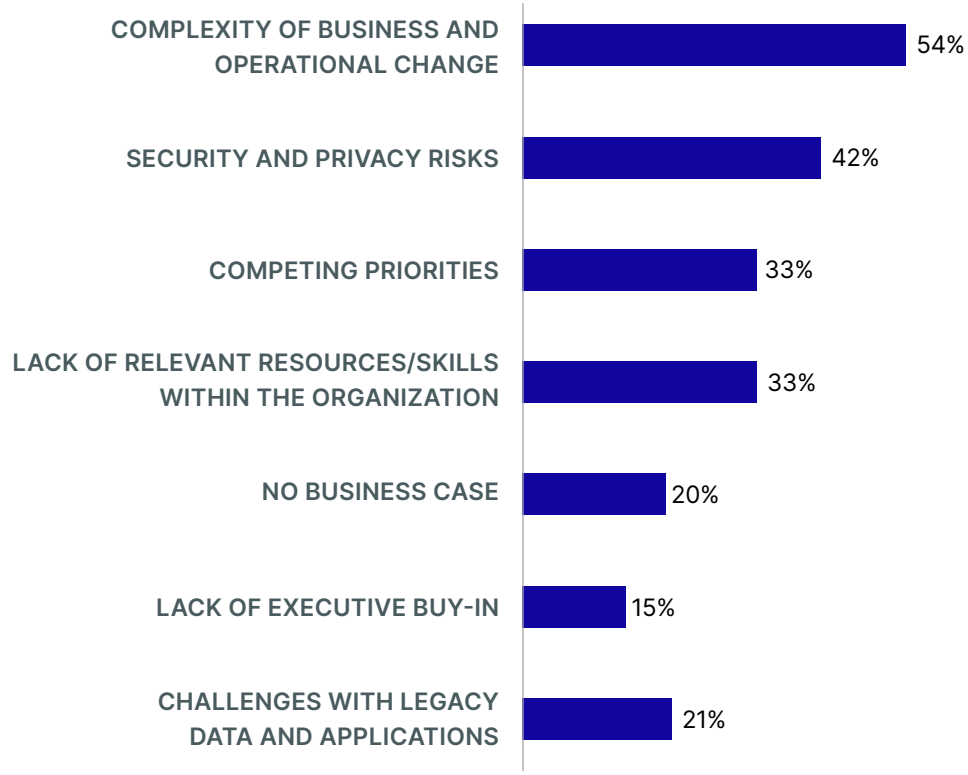
Clearly, the desire to leverage automation is pervasive with GRC teams. However, they still face significant challenges in actually implementing these technologies. Nealry half (54%) of respondents said that the complexity of business and operational change is a barrier to implementing automation in GRC processes. Further, 33% of respondents said competing priorities were a barrier as well **(Figure 5).**

GRC teams can fall under different executives depending on the company and sector in which they work. For instance, 33% of respondents said the CIO is responsible for directing the strategy for AI and automation in GRC operations. But 29% said the CTO was the primary driver, followed by 24% saying the CFO and 21% also reporting the IT manager had a hand in directing GRC automation strategy.

With so many different executives playing a role in GRC but having the bulk of their responsibilities in other areas, it can be easy for GRC to slip through the cracks. Executives may not be willing to divert funds and attention from other projects to complete GRC automation projects. Another 24% of respondents said that a lack of a business case prevented them from implementing any GRC automation.

Security and privacy risks (42%) were another major barrier to implementing automation. Simply put, some users do not trust

Figure 5: Barriers to Implementing Automation in GRC Processes



automation to handle their sensitive GRC needs. However, leaning on automation may be the only way for GRC teams to keep up with the growing and changing needs they face.

Even for some companies that want to automate GRC functions, a lack of relevant skills within the organization (33%) is a major stumbling block.

Steps to Success

BUILD A BUSINESS CASE. GRC teams can be overlooked because they may have a more difficult time demonstrating value or proving ROI, especially relative to other business functions. These teams should work to demonstrate how securing their SAP environment and preventing audits is a valuable use of company resources. This is an essential first step of any GRC automation process.

START SLOWLY, GROW QUICKLY. Many GRC teams are just beginning to automate their essential workflows. While the options may seem overwhelming, the process of integrating automation throughout is just that — a process. Users can start with basic RPA to prove its value, then move on to more advanced options, like AI and more intelligent automation.

CENTRALIZE AND INTEGRATE. Companies must ensure that their GRC applications are integrated seamlessly not just with their SAP landscape, but their other applications as well. GRC teams must be aware that the move to SAP S/4HANA extends the surface that malicious actors can attack. Integrated landscapes make it easier for GRC teams to monitor for any suspicious activity.

RELY ON OUTSIDE PARTNERS. As automation is still an emerging field, many companies do not have the skills internally needed to deploy these solutions within GRC teams. These organizations can rely on third-party implementation partners to equip them with the technology and training needed to leverage automated solutions, giving them the agility and scalability needed to keep pace with the rapidly changing technological ecosystem around them.

Appendix: Methodologies

From March through June of 2024, SAPinsider examined the experiences of business and technology professionals regarding their approach to governance, risk, and compliance. In that time, 110 members of the SAPinsider community from a wide variety of geographic areas, industries, and job functions provided responses.

Respondents completed the online survey to provide feedback on topics like:

- Which GRC tools are your organization currently using?
- How satisfied are you with your company's GRC processes?
- What are the requirements for your GRC strategy?
- What is driving your GRC strategy?

The demographics of the respondents included the following:

JOB FUNCTION	Functional areas reported by respondents include: Information Technology (54 percent), GRC/Risk/Audit/Compliance/Legal (29 percent), Finance/Tax (10 percent), Product Development/Product Management 6 (percent); Business Development/ Sales (2 percent).
MARKET	The survey respondents came from every major economic sector, including: Software & Technology (31 percent); Industrial & Manufacturing (29 percent); Public Services & Health Care (21 percent); Hospitality, Transportation, and Travel (6 percent); Retail & Distribution (6 percent); Media & Entertainment (4 percent); and Financial Services & Insurance (4 percent).
GEOGRAPHY	Of our survey respondents, 42 percent were from North America; 42 percent were from EMEA; 10 percent were from Latin America and 6 percent were from Asia-Pacific, Japan, and Australia.

The Dart™ Methodology

SAPinsider has rewritten the rules of research to provide actionable deliverables from its fact-based approach. The DART methodology serves as the very foundation on which SAPinsider educates end users to act, creates market awareness, drives demand, empowers sales forces, and validates return on investments. It is no wonder that organizations worldwide turn to SAPinsider for research with results.

The DART methodology provides practical insights, including:

DRIVERS	These are macro-level events that are affecting an organization. They can be both external and internal, and they require the implementation of strategic plans, people, processes, and systems.
ACTIONS	These are strategies that companies can implement to address the effects of drivers on the business. These are the integration of people, processes, and technology. These should be business-based actions first, but they should fully leverage technology-enabled solutions to be relevant for our focus.
REQUIREMENTS	These are business and process-level requirements that support the strategies. These tend to be end-to-end for a business process.
TECHNOLOGY	These are technology and systems-related requirements that enable the business requirements and support the company's overall strategies. The requirements must consider the current technology architecture and provide for the adoption of new and innovative technology-enabled capabilities.

Report Sponsor

Pathlock brings simplicity to customers who are facing the security, risk, and compliance complexities of a digitally transformed organization. New applications, new threats, and new compliance requirements have outpaced disparate, legacy solutions. With the industry's broadest support for business applications, Pathlock provides a single platform to unify access governance, automate audit and compliance processes, and fortify application security. With Pathlock, some of the largest and most complex organizations in the world can confidently handle the security and compliance requirements in their core ERP and beyond.

Whether it's minimizing risk exposure and improving threat detection, handling SoD with ease, or unlocking IAM process efficiencies — Pathlock provides the fastest path towards strengthening your ERP security & compliance posture.

For more information, visit https://www.pathlock.com

SAPinsider

SAPinsider comprises the largest and fastest-growing SAP membership group worldwide. It provides SAP professionals with invaluable information, strategic guidance, and road-tested advice through events, magazine articles, blogs, podcasts, interactive Q&As, white papers, and webinars. SAPinsider is committed to delivering the latest and most useful content to help SAP users maximize their investment and leading the global discussion on optimizing technology.

For more information, visit SAPinsider.org.