An Enterprise Innovation Guide

Board Portals: Decision-making Has a New Ally

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For any company or organization to be successful, it needs to have an effective and well-functioning board. While great employees are key ingredients for success, the board is ultimately responsible for creating the right recipe. Board members play a crucial role in guiding the company's future success by making difficult calls and ensuring the management team is executing effectively.

To fulfil this role, board members need accurate and timely information, and the time and space to review it. Traditionally, this information may have been hidden in reams of paper, which would be distributed a few days before each board meeting. Executive teams, board administrators, legal counsels and company secretaries would have to work tirelessly to compile and distribute highly confidential board packs and ensure that each member could receive them securely with plenty of time before the next meeting.

Expecting expediency and efficiency

This is a tall order in today's 24x7x365 business environment where board members have many responsibilities and are often travelling.

"Directors are becoming increasingly mobile. They may sit on multiple boards across the region, which means they spend a lot of time travelling and need to receive each board meeting's papers with plenty of time beforehand for them for review. What they are finding is that the traditional means of distributing board materials is not working," said Al Percival, Managing Director, Asia Pacific, at board portal solution provider Diligent Corporation.

Even sending the materials to the right location can be challenging. "You often need to courier paper. If you do not know where to send the pack because the directors are travelling all the time, it becomes difficult to ensure it gets to them in time. This further frustrates directors already struggling with multiple responsibilities and tight deadlines," he added.

The mergers & acquisition (M&A) frenzy in Asia is not helping either. "Companies are moving faster with acquisitions, so decisions need to be made even more quickly. This means board members need time to access information in a way that is easy to absorb and comment on," said Percival.

Email and file sharing fall short

While email and online file-sharing sites are useful for disseminating information, not all are designed for security. Gartner's 2014 Magic Quadrant for Enterprise File Synchronization and Sharing shows inconsistent application of digital rights management (DRM), access and reporting capability among competing solutions.

Email's biggest problem is information overload. A typical board member may receive hundreds of emails each day. Getting their attention can be a challenge—and often requires double the work as administrators and company secretaries need to follow up with additional calls or messages to ensure that the board member has received the information. It is easy to appreciate the frustration of a board member who may be experiencing a poor connection at a remote airport and has to spend a long time downloading attachments, only to find out that they need to be updated immediately.

Worse still, Internet connections may not be secure at certain locations. With sophisticated hacking incidents, like Dark Hotel, already becoming increasingly frequent, email communica-

Diligent Boards streamlines voting, approval and assessment process through highly customizable tools

tions may be vulnerable at remote locations, even at the airport. Board members may not even be aware that their emails and attachments are being hacked and their confidential information is being stolen.

There is also the risk of leaving a mobile device in a cab or a hotel room. This creates another potential security loophole for a company's most sensitive documents, which may have been stored or saved on the device in an unprotected format.

"We are talking about information that could have significant impact on the market and a company's share price if leaked. Also, a leak of information could put the company in breach of regulations. So information must be kept secure. Email is too risky to be the right answer," said Percival.

Meanwhile, some file-sharing solutions are known to have security weaknesses in addition to the loss of control that occurs with email. Although solution providers are plugging the holes and improving the overall security, a single loss or theft of documents could be detrimental to both a company's reputation and its bottom line.

There is also the possibility that a loss of data could put the company in breach of privacy laws. "Every country has privacy laws to protect information from being disclosed or misused. In Hong Kong, the Office of the Privacy Commissioner for Personal Data issued strict guidelines on the use of personal information as embodied in the Personal Data (Privacy) Ordinance," added Percival.

One portal to rule them all

Many are turning to board portals – platforms designed to ensure the right information is made available to board members, securely. As a portal, it offers a single destination for board members to receive and share information in a secure environment.

Complete with easy-to-use features and a user-friendly interface, board portals can improve decision-making efficiency. The process of creating board packs, which can sometimes be in excess of 500 pages, can now be done in a fraction of the time it would have taken to sort, staple and send via mail – a major impact on office supplies expense and, more importantly, on staff time to put these together. All of the meetings can be archived for compliance with industry and corporate policies, ensuring a reliable source of information. This can be done while still retaining the documents' security and confidentiality. Furthermore, any updates can be sent out in seconds with just a few clicks.

Getting the attention of a board member is also now easier. Alerts via the portal ensure that board members receive the latest material whenever they connect to the Internet. By keeping the information flow and communications separate from their corporate email systems, directors can stay on top of board matters more easily and efficiently.

For one of Singapore's major transport service providers, efficient board communication is important for its senior leaders to make timely decisions. "Diligent's board portal solution has increased our efficiency in information sharing and collaboration. Our senior leadership can immediately access the most time-sensitive and confidential information securely, helping to streamline our communications and decisions," said Jacquelin Tay, Vice President, Legal & Corporate Secretariat, SMRT Corporation Ltd.

Enhancing collaboration

Board portals have evolved beyond just secure document sites and communication. They are now designed for collaboration. This is important in today's fast-paced business environment where many decisions are made even before the board meeting.

With a board portal, board members can easily annotate, highlight or even comment on key documents with other members before the meeting. This improves the effectiveness of the actual board meeting, as it allows the members to quickly focus on the critical decisions and avoid the need for continual clarifications on relatively minor points.

Many influential directors also rely on their own staff and subject matter experts to advise them on critical matters.

"Let's say if I am at an airport and sensitive information is released, the board portal will flag what is new and important. It will automatically pick up the changes, and with a single tap, I get secure access to the portal site, add my comments and securely collaborate. Through the portal, I can ask my team to review and research some key points of significance, and read their private commentary in real time. And if I need to ask the CEO to provide more details around a certain chart or table, I can securely send a note to make the request. This can all be done without risking information leakage through other channels," said Percival.

Efficient communications, secure information sharing and effective collaboration improve governance. Alongside greater security, board portals provide directors with a more efficient way of working, by combining best governance practice with the use of the best technology.

At some point, an organization needs to decide how to achieve efficiency and collaboration without compromising on security. Sue Yeung, CFO and company secretary of Asia Satellite Telecommunications Holdings, put it like this. "We decided it was time to automate the process and started to look at board portals. Our goal was to increase efficiency, decrease costs and reduce our use, and wastage, of paper. At the same time, we had to make sure the directors were comfortable moving away from physical books to a privately hosted, cloud-based solution. Diligent Boards fulfilled all of our requirements, and more." ●

For more information, please contact us or schedule a demo at www.diligent.com/EI.

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