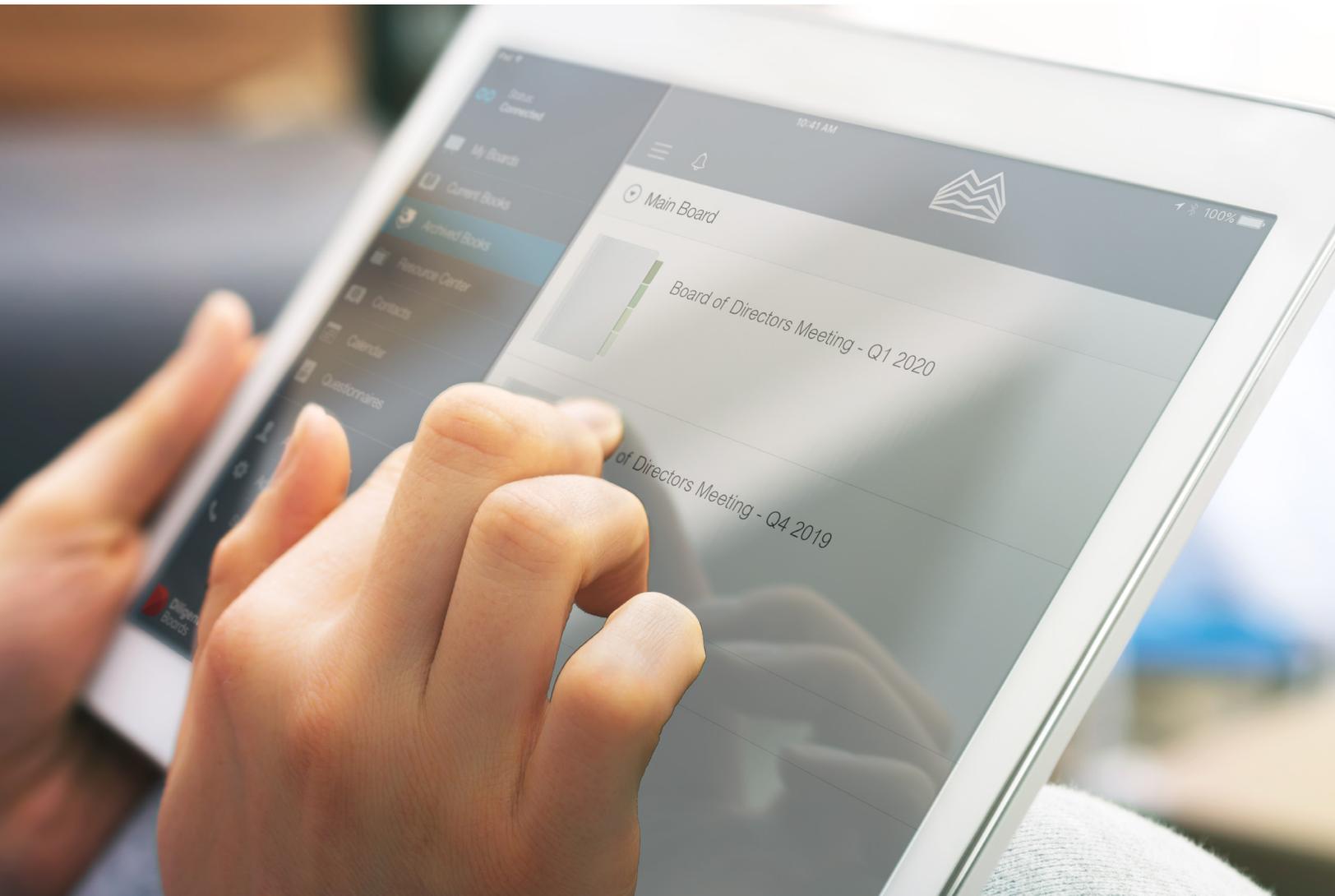


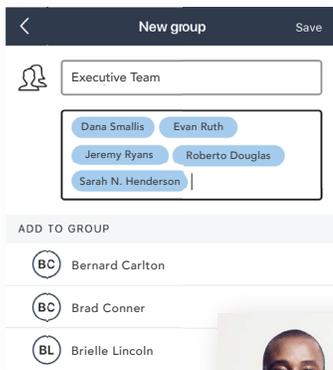
A BUYER'S GUIDE TO BOARD MANAGEMENT SOFTWARE

HOW THE RIGHT SOFTWARE
CAN IMPROVE YOUR
BOARD'S PERFORMANCE



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KEY CONSIDERATIONS WHEN ASSESSING BOARD MANAGEMENT SOFTWARE

To truly be effective, today’s boards need to keep pace with new technologies, new security threats, and new global and economic developments. Governance tools must adapt to this ever-changing landscape with features that enhance collaboration and protect the organisation’s most sensitive data.

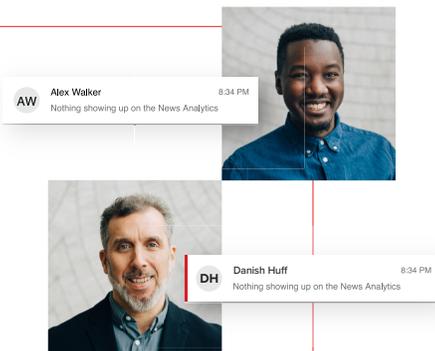
As a cornerstone of modern governance best practices, board management software (also referred to as “board portals” or “board software”) must drive efficiency and collaboration for the board, while still remaining secure and easily adoptable across the organisation.

When evaluating board management software providers, it’s critical to identify a solution that provides a streamlined, secure experience not only for board members, but also for the company secretary, the general counsel, and the administrative and legal professionals who will be using it as well. Additionally, special attention must be paid to these essential categories:

- 1. Functionality**
- 2. Security**
- 3. Adoptability**
- 4. Governance**
- 5. Reputation & Service**

For private, public, nonprofit and government boards alike, a fully integrated governance solution empowers the organisation to adapt to any challenge, crisis or opportunity with agility and strategic acumen.

Here are the most important questions to ask in each of these five crucial areas – and the answers to look for.



1. FUNCTIONALITY

Preparing for a board meeting is time-consuming, and even more so if directors sit on multiple boards. With continuous updates to board documents, board administrators and governance professionals face the arduous task of consolidating all information and keeping track of changes. This process is particularly cumbersome if paper is still used in boardroom record-taking.

While basic board management software features typically include online and offline access to board materials, additional features can further improve your board meeting preparation practices by streamlining nearly all board functions into a single, secure platform.

FUNCTIONALITY Q&A



Questions to Ask

Answers to Expect

How does your board management software enable an organisation to operate more efficiently?

Board management software provides a dedicated platform for the secure exchange of board materials. Any software under consideration should be highly collaborative, allowing for documents to be uploaded, downloaded, discussed, reviewed and signed by board members, executives and other privileged stakeholders. Additional functionality (discussed below) may also be available.

What happens if board members serve on multiple boards?

A sophisticated provider will give clients the ability to access multiple board books on a single platform. Accessing board books across all respective boards is only available if the other boards that they sit on utilise the same software provider.

How many languages does the application support?

Providers serving global clients should offer board management software that is multilingual and offers training and support in the local language.

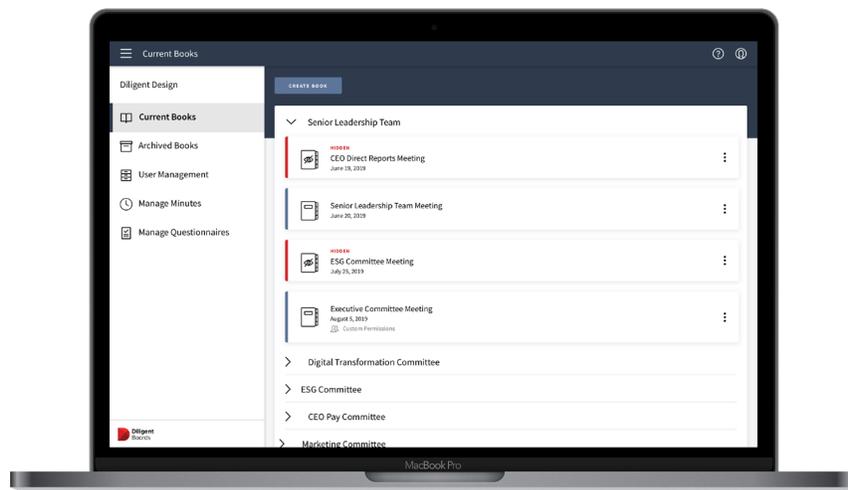
FUNCTIONALITY Q&A (Continued)

How does the board management software make board life easier?

Board management software providers may offer additional features that allow boards and executives to more effectively streamline their corporate governance practices while maintaining security. Some of these features might include e-signatures and voting, D&O questionnaires, board evaluations, secure communication technology, board meeting minutes, and governance data and benchmarking. Additional functionality like note-sharing can enhance and encourage collaboration. Document libraries can provide board members with a robust repository of information for informed decision-making.

How often are features improved upon and new ones developed?

A board management software provider should be continuously innovating on the features and capabilities of the software. Providers should be releasing features annually, if not more frequently. Seek a board management software provider that is regularly investing in research and development and continuously growing, whether through strategic acquisitions or newly developed solution sets.



2. SECURITY

Security must be top of mind in today’s digital – and increasingly virtual – environment. Board members have access to a company’s most confidential and privileged information, making them prime targets for cybercriminals. Companies that fall victim can be fined millions of pounds for poor board communication practices, which include utilising personal email accounts and other unsecure technologies.

As you evaluate board management software providers, pay special attention to how seriously they take security, whether they continually reinvest in security enhancements, and how they mitigate the risks associated with a potential breach. Simply asking them whether they are allocating spend towards the latest security technologies can be a sufficient conversation-starter. Ultimately, you want a secure solution that uses state-of-the-art security methodologies and encryption, not just another file management system. When evaluating boardroom software providers, plan to ask the following:

SECURITY Q&A



Questions to Ask

Answers to Expect

How will you protect our data and any notes we add to your board software application?

A board management software provider should have the highest security standards and data encryption. Client data should be encrypted at rest, in transit and on users’ devices, with at least 256-bit encryption. Unique encryption keys should be provided for every client, and the provider should ensure that keys are protected and handled by separately managed hardware.

Which third-party certifications do you have, and how long have you had them?

The provider should meet the highest security standards and maintain key certifications. These include a history of clean annual SOC-2/SSAE 18 audits and ISO 27001 certifications for security. These certifications mean the provider is operating in compliance with required organisational controls for managing risk and information security management systems (ISMS) standards. A copy of a provider’s certifications should be available upon request.

SECURITY Q&A (Continued)

How often do you conduct third-party penetration and security testing?

To stay abreast of evolving threats, a provider should conduct regular vulnerability scanning of the infrastructure, dynamic automated security scanning of the service, and application penetration and network penetration testing.

Security is a team effort. A provider should also allow clients and potential clients to conduct their own security and penetration testing (or engage third parties of their own) to run independent tests.

How does security differ when the application is online vs. offline?

Whether a client accesses board materials online or offline via the board management software, a provider should ensure that all materials and services remain completely secure and cannot be compromised.

Does the application digitally shred end users' notes after the meeting to limit discoverability?

A provider should also offer clients the ability to permanently remove user notes and annotations, leaving no digital record. The timing of this wipe should be controlled by the client — as an automated process or on-demand. Alternatively, the solution should be flexible, allowing for the archival of user notes, if necessary.

How does the software support virtual meeting routines?

With the move to virtual, work-from-home environments, users are more susceptible than ever to cybercriminals looking to intercept data shared across unencrypted cloud-based applications — especially videoconferencing platforms. For this reason, seek a board management provider that offers fully secure tools for communicating, sharing and collaborating.

How do you alert users if a data breach has occurred?

Breach attempts are not unusual, but you should prioritise providers that put security first. Your company should select a board management software provider that has had no known data breaches — and few security incidents.

In the event of a breach or security event, the provider should be forthright and transparent, and provide regular updates on potentially compromised data.

3. ADOPTABILITY

Where adoptability is concerned, accessibility is key. For an application to be embraced by your board and executive team, it needs to be accessible across multiple devices, easy to use, and accompanied by live, around-the-clock support. Additionally, the board management software experience should mirror your company's paper-based experience as closely as possible, allowing your board to easily adapt the technology to the board's standard practices.

ADOPTABILITY Q&A



Questions to Ask

Answers to Expect

How can you be sure your solution will be suitable for my business?

Look for a robust board management solution that supports and improves upon your board's current governance practices by streamlining duties and maximising efficiency. Seek out a board software provider that services other clients in your industry or companies similar to your own. For example, small nonprofits should request references from the provider on similar organisations serviced, as should FTSE 500 companies.

How long is the implementation process?

Be wary of board management software providers that state that their solutions can be implemented within a single day or over the course of a week. A quick implementation process can lead to a bad experience due to potential corner-cutting, resulting in complaints from the board. Look for a provider that is empathetic to board satisfaction and can ensure that the implementation process is smooth, well-planned and accounts for the needs of all stakeholders and users. Obtain as much information as possible about the onboarding process prior to adoption.

ADOPTABILITY Q&A (Continued)

After implementation, can you tell me more about your onboarding and training process?

Proper onboarding and training should not be a quick turnaround. Seek a provider that can support continuous training, especially as improvements to functionality and feature enhancements occur. Providers know that the adoption of any new technology comes with its own set of challenges. For this reason, training is critical to the long-term success of the solution at your organisation. Onboarding should be customised for each organisation and end user. This might mean offering a variety of training types and styles and providing unlimited, one-to-one and/or in-person training.

What is your adoption rate?

Easily navigable board management applications enjoy a high adoption rate. They offer an intuitive user experience that mirrors other platforms board members are already comfortable using, such as email, file-sharing systems and text messaging.

A provider should also be able to share how their board member engagement levels compare across the industry. A provider should not only have high adoption rates, but it should have users (particularly directors) who are taking full advantage of platform features and functionality.

What is your annual customer attrition rate?

Ask for the total number of customers who leave annually, divided by the total number of customers. Companies calculate attrition rates differently, sometimes skewing them to look more favourable than they are. Work with a provider that has a high retention rate and be wary of those that have high cancellation rates. On that note, it might be valuable information to determine what contributes to the provider's high retention rate.

What kind of ongoing support do you provide users and administrators?

Ongoing support is critical to the sustained adoption of a board software solution. Support – whether via a quick phone call, virtual meeting, in-depth training or retraining – should be provided for the duration of your contract and never at an additional cost. Continuous support and training provides clients with crucial information on updates and enhancements, as well as insights into how the solution is evolving.

4. GOVERNANCE

Board management software is designed to secure information and make board processes more efficient, but it should also support good governance practices. Most importantly, you should select a software solution that can grow and evolve with your company over time.

Core to good governance is an effective board evaluation process and better visibility into competitors, industry trends and stakeholder sentiment. How will your board management software support organisational governance practices?

4. GOVERNANCE Q&A



Questions to Ask

Answers to Expect

How does your software support shareholder engagement?

In today's landscape, companies need to be more informed. Public company boards should have access to the same data that their investors and proxy advisors are using for purposes of visibility and benchmarking. A board software provider should explain how their platform enables benchmarking of governance data (e.g., executive compensation, board composition) across your company's peer group.

How does your software help my company track media sentiment and industry trends? How can it improve our visibility across the competitive landscape?

Modern board management software not only enables communication, but also provides intelligence. Leading software providers enable advanced monitoring across global news sources and industry publications, which gives companies access to health scores and potential red flags. Governance professionals should also have the opportunity to curate timely articles and external resources for their board and make them available to directors within the software.

GOVERNANCE Q&A (Continued)

How does your software enable better board evaluations?

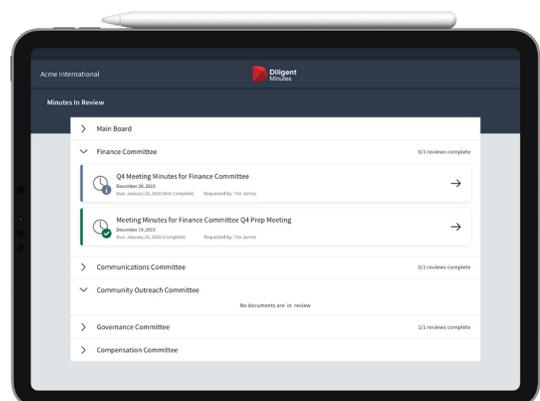
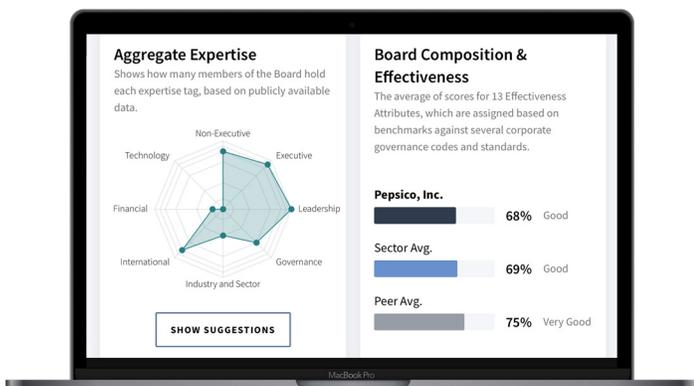
Not only should board management software help companies securely conduct board evaluation questionnaires, but it should help move the evaluation process beyond a tick-box exercise. With increased investor and stakeholder attention on board assessments, governance professionals are well-positioned to deliver the kinds of insights that can improve performance. The software provider should explain how their evaluation features visualise results and track action items from one board meeting to the next.

How can your software support our search for board talent and for diverse candidates?

Skills and talent needs will vary from one board to the next. Too often, the search process for new directors is limited to the networks of existing board members, which frequently fails to provide a pool of candidates that is truly diverse. Seek a software provider whose platform provides access to a database of qualified board candidates — one that can be accessed by directors at any time.

How does your software elevate the governance professional role?

Governance professionals should feel empowered by their board management software. More than ever, boards are relying on governance professionals to deliver the kinds of insights that improve visibility and decision-making. Look for board management software that not only drives efficiency among board processes, but also empowers governance professionals to act as trusted advisors to their board.



5. REPUTATION AND SERVICE

While there are a host of board management applications on the market, few are fully integrated governance management solutions. Even fewer provide around-the-clock, concierge-level service that enables board members, executives and governance professionals to get back up and running quickly — especially in a critical moment requiring a rapid response. Good governance is a competitive advantage, and your board management software should facilitate that at all times, for all end users.

REPUTATION AND SERVICE Q&A



Questions to Ask

How many years has your company been in the governance technology space?

What awards and recognition have you won for customer service, application usability or innovation?

Who are some top-tier clients in our industry?

Answers to Expect

A board management software provider should have at least 10 years of tenure in the governance space. Providers with this tenure typically understand and can address the pain points of both directors and governance professionals. In addition to being an industry leader, the provider should have extensive experience innovating software solutions that address and satisfy board and governance needs.

Awards serve as an important independent benchmark for performance. Seek out a provider that has been recognised for delivering the same best-in-class service they would provide their own board.

Look for a breadth and depth of experience within your specific industry. An experienced provider will offer customised implementation, specialised support and insights on ways to maximise efficiencies across board roles.

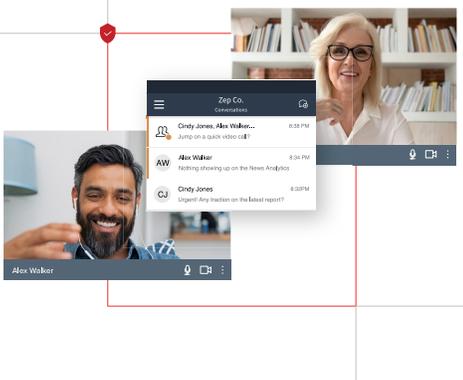
REPUTATION AND SERVICE Q&A (Continued)

Do you provide around-the-clock service, and what is the typical wait time for support calls?

Seek out a board management software provider that offers 24/7/365 support. Due to the nature of boards, urgent questions often arise out of hours. Provider support should be immediate, without callbacks or lengthy hold times. Those servicing client requests should be in-house platform experts who are trained to resolve issues efficiently and effectively. Selecting a provider committed to quickly resolving clients' issues also helps mitigate security risks.

To what professional bodies and organisations does your company belong?

The board software provider should be actively engaged in the corporate governance space and involved in professional organisations like ICASA, The Chartered Governance Institute and other member organisations in the space. Seek out a provider that can enhance the board's experience internally through its partnerships and thought leadership.

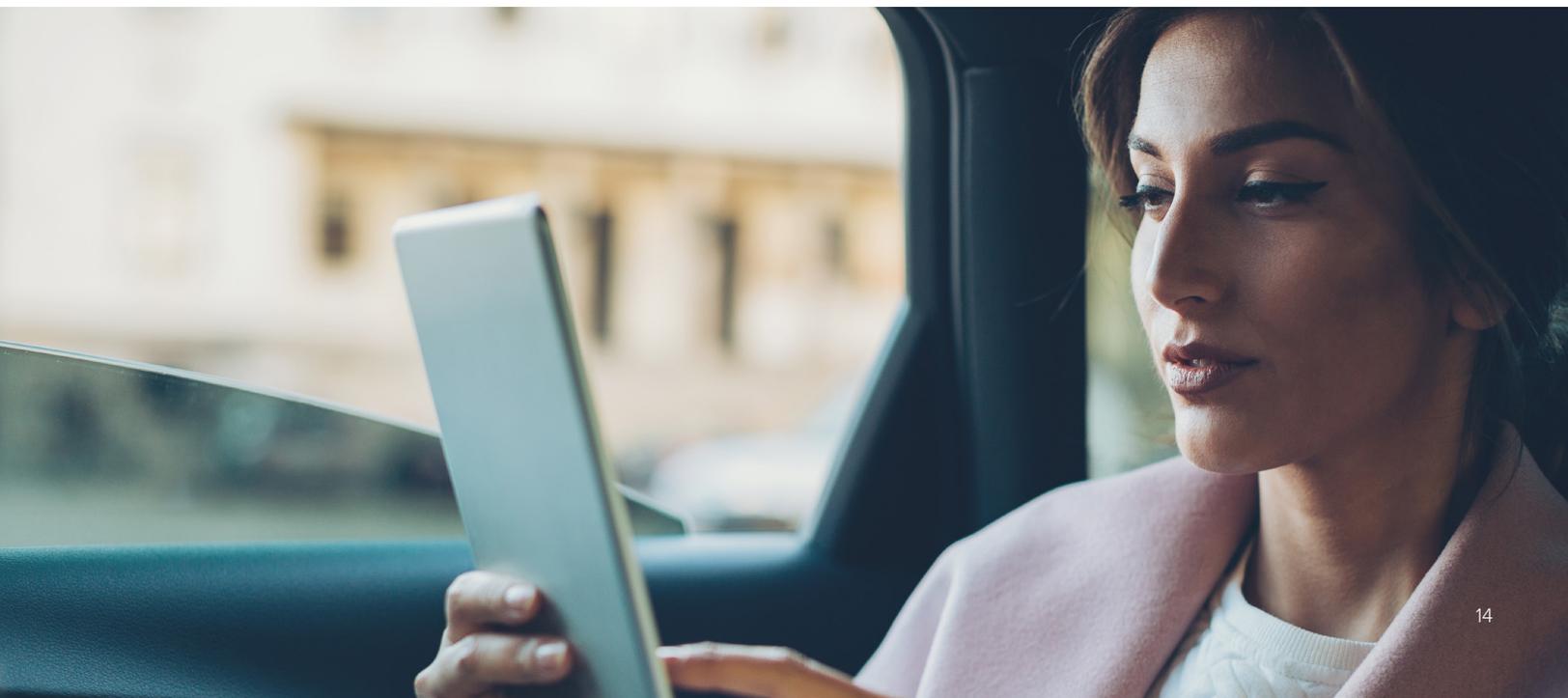


MAKING THE CASE FOR BOARD MANAGEMENT SOFTWARE

Once you've decided on a board management software provider that goes above and beyond to meet the needs of your organisation, it's time to get buy-in from the board and other key stakeholders. Making the case for a board management solution requires presenting the core benefits in a quick and digestible format for busy board directors.

Here are the top benefits of board management software to highlight:

- **Increased efficiency:** Move all agendas, documents, annotations and discussions into one centralised location for a cleaner and more productive board meeting workflow.
- **Streamlined communications:** Convey information quickly, easily and without risk. Collaborate, share and exchange ideas in a secure environment for more strategic decision-making.
- **Improved security:** Be intentional about data protection. Safeguard your most sensitive information, mitigate risks and always remain in compliance.
- **Save time and money:** Eliminate tedious, manual processes. Dedicate more time to strategic projects, with more focus on development and ensuring high performance.
- **Practice better governance:** Ensure the adoption of governance best practices and easily make continued efforts toward governance excellence.



WHY DILIGENT FOR BOARD MANAGEMENT SOFTWARE

If your company is looking to procure board management software, Diligent has a suite of modern governance solutions that will give you a competitive advantage. Our solutions offer industry-leading security and collaboration features to more than 16,000 organisations across the globe. Here is what some of them have shared:

FUNCTIONALITY

“Overall the biggest benefit of the service is its ease of use and the convenience it has provided. A director can receive and access their board papers instantly, no matter their location. All of their papers for the multiple group boards on which they sit are provided on a single tablet device.”

Darren Solomon, Head of Company Secretariat,
Suncorp Group

SECURITY

“Whether it’s something that comes from one of our regulators, or it’s some confidential piece that’s internal, we know that it’s going to be safeguarded within the Diligent structure.”

Matt Muller, Legal Operations Manager and Corporate Secretary,
Farm Credit Mid-America

ADOPTABILITY

“[Diligent has] made a simple collaborative space rather than drawing from shared drives and pulling attachments out of emails. It really has given a central location that allows us to immediately turn over [documents], present them to the necessary stakeholders, and also [maintain] control over visibility.”

Jay Joynes, Compliance Programme Manager,
CRICO/RMF

WHY DILIGENT FOR BOARD MANAGEMENT SOFTWARE (Continued)

GOVERNANCE

“It’s not just the technology, but also that Diligent is always moving forward and always looking for the best ways to implement [good governance]. Products and companies like Diligent offer us the tools and the resources to be able to do that successfully.”

Shonna Koch,
Senior Board Liaison and Director of Entity Management,
Leggett & Platt

REPUTATION & SERVICE

“Sometimes vendor telephone support services can be average at best, but it is clear that Diligent has got this absolutely right. They are so skilled at helping you get to the finish line when you are trying to get something done.”

Andrew Aspital,
Head of Operations,
Big Society Capital

**Ready to see Diligent in action?
Request a demo.**



Diligent

a
**MODERN
GOVERNANCE**
company

About Diligent

Diligent is the pioneer in modern governance. Our trusted, cloud-based applications streamline the day-to-day work of board management and committees, support secure collaboration, manage subsidiary and entity data, and deliver insights that empower company leaders to make better decisions in today's complex landscape. With the largest global network of corporate directors and executives, Diligent is relied on by more than 19,000 organisations and nearly 700,000 leaders in over 90 countries. With award-winning customer service across the globe, Diligent serves more than 50% of the Fortune 1000, 70% of the FTSE 100, and 65% of the ASX.

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