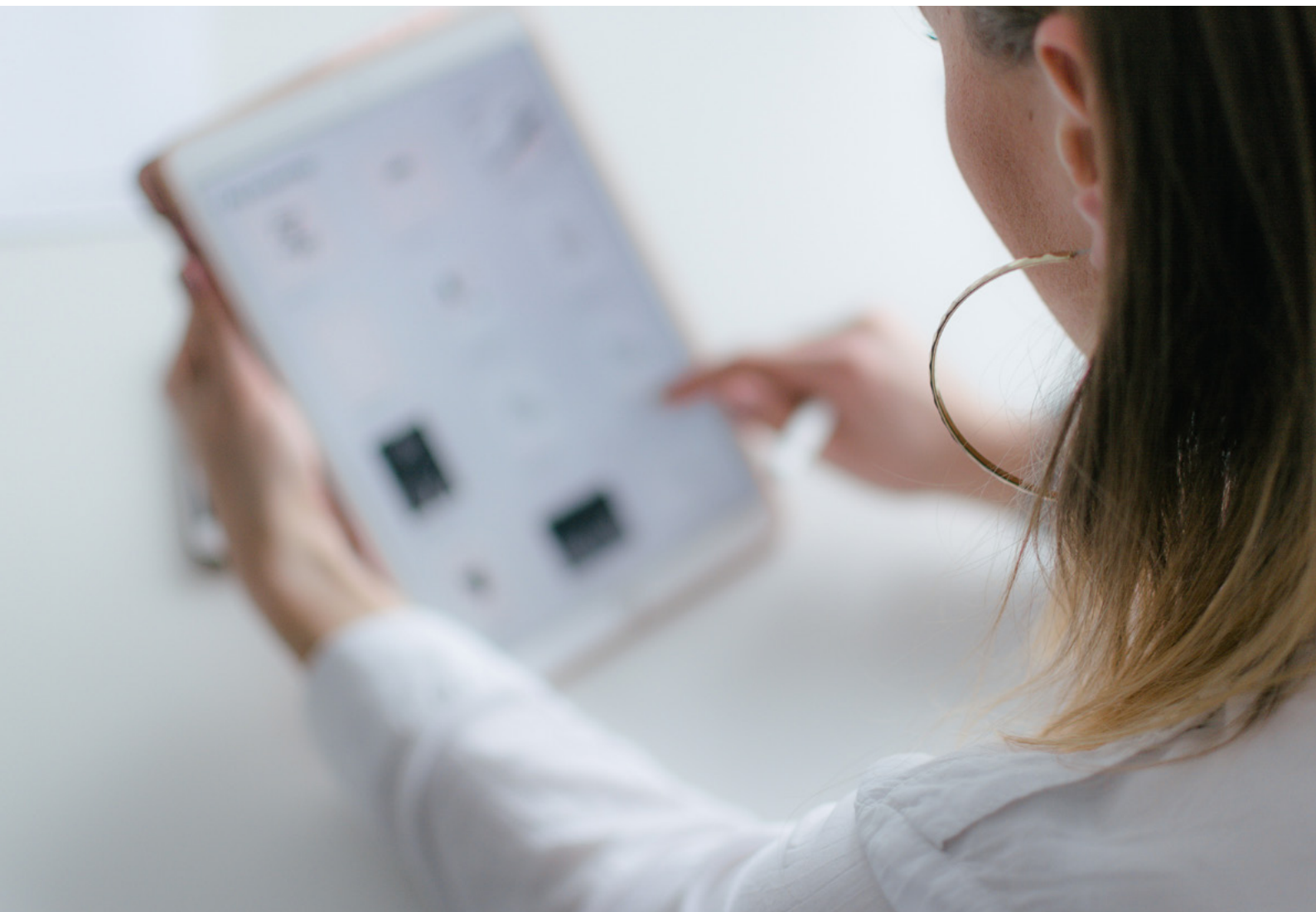




Leadership in a Digital Age:

Why now is the time for boards to digitise



We live in a digital world. We socialise digitally. We shop digitally. We work – more now than ever – digitally. So, why is it that digitisation seems to stop at the boardroom door?

Many companies have embraced data and technology to achieve operational efficiencies and strategic insights. Likewise, the modern board should be agile and adaptable. Quick to act and decisive in their actions. Secure and streamlined in their communications. Yet, too many boards overseeing these companies have failed to embrace the benefits of digital tools. Consequently, they are hindered by their legacy processes, unaware of the inefficiencies and risks they pose.

Long after the COVID-19 pandemic recedes from view, its effect on business practices will continue to be felt. Digital adoption has been compressed from years to months; digitisation is now integral to thriving. Organisations that still rely on paper-based processes risk being left behind.

Australian executives re-evaluate strategic priorities with 59% of executives surveyed say that COVID-19 has created an impetus to accelerate their digital transformation initiatives”

KPMG International & HFS Research

The risks of paper and legacy processes

Any process that relies on a paper trail will suffer on many fronts, including:

Lack of speed: Legacy processes rely on email and other disparate systems from which information must be tracked down, compiled and reformatted. Boards and governance professionals who are slowed by antiquated methods lack the agility to react quickly when it is needed most.

“In an increasingly digital world, it’s often your software and systems that can make or break your ability to adapt, grow and remain competitive.”

RTS Labs

Lack of accuracy: Reliance on paper will not only slow down board processes, but will also invariably lead to mistakes as the process goes on. A large number of boards still create paper board books and find themselves mired in a tangle of version-control issues.

Lack of security: Board members are privy to a company’s most confidential and privileged information, making them inherently more vulnerable to cyberattacks and digital crime. The reputational, regulatory and financial repercussions of a data breach resulting from one misplaced paper are potentially huge.

Lack of consistency: Many members sit on more than one board, and a disparity between governance practices from boardroom to boardroom can be confusing and counterproductive. The standardisation of board practices hinges on a streamlined digital solution.

“Business leaders seldom see the promised or expected benefits of digitalisation from a holistic view, but if we continue to work with digitalisation in siloed approaches the full benefits will remain untapped.”

Andreas Grundsell, Pagero

Benefits of a digital solution

A culture of strong digital governance sets the foundations for continued growth and success. The digitisation of board practices will have a significant impact in these key areas:

Increased efficiency

For directors serving on one or multiple boards, digitally transforming board practices brings both organisation and convenience. By bringing governance online, boards are able to:

- ▶ Simplify managing agendas, annotations, documents, discussions and board meeting minutes
- ▶ Receive real-time updates across devices from anywhere
- ▶ Immediately upload documents as soon as they are received, making information more easily digestible for board members
- ▶ Share and discuss information in committees, work groups or as a full board
- ▶ Accelerate document review, discussion and sign-off
- ▶ Eliminate the need to hunt across hard drives, email systems and applications for specific meeting materials, so critical correspondence keeps moving

Who benefits from digitisation?

Protect yourself against cyber risk when working remotely by adopting the following practices:

- ▶ **Corporate secretaries** manage everything from proxy statements, corporate records, stock transfers, dividends and shareholder engagement. Board management software makes these tasks easier and faster.
- ▶ **The general counsel** has a key role in managing risk, setting strategy and facilitating critical decisions. Utilising an effective digital solution keeps all processes within a secure, confidential platform.
- ▶ **Board administrators** can use board management software to store meeting materials, review and revise them in real time, and easily share the resulting digital documents with attendees.
- ▶ **The CIO/CISO** can rest assured that confidential information from the leadership teams is stored in a secure environment and, by broadly implementing techniques and tools that have optimised and secured board operations, can drive more effective and more secure workflows throughout the organisation.
- ▶ **Audit committees** can automate compliance activities to free up focus for more complex areas of risk management and oversight. They can also track organisation-wide compliance and quickly alert the board to any issues.
- ▶ **Members of the C-suite** benefit from the security and collaboration abilities of a digital solution. From unaudited financials to strategic plans to human capital planning, numerous executive processes require greater protection than legacy tools like email can provide.

Responding to crises

Quick, decisive action is required in a crisis, and working from a centralised resource will be immensely beneficial in such a scenario. A board with the tools to improve their visibility and distribute information more quickly, easily and safely is in a much stronger position. A centralised digital solution allows directors to:

- ▶ Make critical decisions based on the most relevant and up-to date facts, delivered in real-time
- ▶ Collaborate securely with other board members and, if needed, the C-suite when developing strategic messaging for shareholders and stakeholders
- ▶ Establish control and set permissions on who can view what information and provide a unified view across entities and departments

Mitigating cyber risk

Boards handle the most sensitive business data, and most publicly available collaboration tools are not designed for confidential collaboration. By contrast, a digital governance solution should offer boards cutting-edge cyber security and system management, such as:

- ▶ At least 256-bit encryption at rest, in transit and on users' devices, with strong security key management
- ▶ A history of clean annual SOC-2/SSAE 18 audits and ISO 27001 certifications for security
- ▶ Regular vulnerability scanning of the infrastructure, automated security scanning of the service, and application and network penetration testing
- ▶ No known data breaches, few security incidents and transparency regarding their security management plan in the event of a future breach or security event
- ▶ Offering administrators the option to remotely remove access or wipe clean documents in the event of a lost device

According to McKinsey, **data-driven organisations are 23 more times likely to acquire customers.**

Improving decision-making

In today's business environment, an effective board must have the right tools to make the right decisions. The ability to swiftly pivot, consider all potential ramifications of a decision, and respond anytime and from anywhere is crucial. Utilising board management software allows members to:

- ▶ Store all board-related information in one secure, familiar location
- ▶ Increase visibility and reference or compare past data through electronically archived minutes, votes, evaluations and communications
- ▶ Use a dedicated communications channel that is faster than paper and designed specifically for interactions between board members

Enhancing visibility

One of the key functions of a board is to provide informed insight into competitors, industry trends and stakeholder sentiment. Digital governance delivers end-to-end visibility on:

- ▶ Internal metrics across departments and entities
- ▶ Cross-industry monitoring for "health scores" and warning signs
- ▶ Data that investors and proxy advisors use to benchmark areas like executive compensation and board composition
- ▶ Governance best practices

"In Australia, use of the National Broadband Network during business hours has increased by 67% as more Australians work from home."

Deloitte, ACS Australia's Digital Pulse

What to look for in a digital solution

From board meeting preparation and boardroom record-taking, to proper board communication practices and around-the-clock support, a gold standard governance solution will empower an organisation to adapt to any challenge, crisis or opportunity with agility and strategic acumen.

The right digital platform should include the following:

- ▶ **A centralised platform for boards** that allows for secure access to board materials, bulk uploads of important documents, online and offline document sharing, digitised voting and eSignature integration
- ▶ **A streamlined messaging system** that conveys information quickly, easily and without risk, allowing for collaboration and sharing in a secure environment
- ▶ **Board evaluation tools** that help administrators and directors manage and analyse board assessments and performance more efficiently
- ▶ **A secure and collaborative minute-taking** application that enables governance professionals to easily take minutes and circulate them for board approval
- ▶ **A fully secure file-sharing solution** that safeguards sensitive information within and outside of the organisation
- ▶ **Entity management systems** that consolidate subsidiary legal and compliance information into a centralised corporate record for the corporate secretary and general counsel
- ▶ **A system for meeting compliance obligations** with automation and clearly specified workflows
- ▶ **Concierge-level service**, especially at critical moments when a rapid response is required, even if after business hours





Move towards modern governance with Diligent

Organisations looking to digitise should seek out a provider who will be their partner in best practices. Diligent's Governance Cloud is designed to empower leaders with the technology, insights and processes to collaborate securely and drive good governance.

The Governance Cloud digitally transforms how boards and executive teams work whilst still protecting all confidential and sensitive data, information and workflows. From a dedicated and secure messaging system to secure collaboration capabilities to online and offline document sharing, Diligent's modern governance platform has everything organisations need in a digital solution.

In an age where the digitisation of legacy practices is essential for continued progress and growth, having access to a robust board management platform and 24/7/365 white-glove service through the Diligent Governance Cloud allows boards to lay the foundations for a resilient, forward-looking organisation.

For more information or to request a demonstration, please contact us:

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