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Compliance Week

In Focus: 2016 Compliance Trends Survey

Welcome

Welcome to the 2016 Compliance Trends Survey report, a joint effort between Deloitte and Compliance Week, which gauges the scope and complexity of the modern compliance function. In this, we have brought together Deloitte's deep insight and experience and Compliance Week's broad industry experience to gauge how well compliance and ethics officers are addressing the ever-deepening and expanding array of challenges and expectations that face even the most robust compliance and ethics program. How well are compliance officers rising to these challenges?

For the last six years, Compliance Week has published this annual benchmarking survey, asking compliance officers how they work with their peers, what their responsibilities are, what resources they have, and more. What you have before you is a distillation of a much larger effort. We began by creating a survey to explore a wide range of issues before compliance-driven organizations today. The 21 questions in the 2016 survey were grouped into three broad categories: the resources that compliance departments have; the specific risks within the extended organization and how they are addressed; and the use of technology.

We then asked compliance professionals across the world to take the 2016 Compliance Trends Survey. From the 558 qualified responses we received from across more than a dozen industries and companies both large and small, we had enough raw data to gain insight on many of today's compliance departments. After careful review and analysis, we drew our conclusions along three key questions:

- Do compliance officers have enough authority?
- Are compliance officers addressing the right risks?
- Are compliance officers making the best use of technology?

Within these pages, you will find an executive summary that covers the broad strokes of this survey's findings, and then deeper discussions of each of those three aforementioned questions. We hope you will find this information useful as a reference point for better understanding where your own compliance efforts land amid your peers, and what compliance strategies might be most pertinent to you and your organization.

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Executive summary

It has been 14 years since the modern compliance profession emerged from the shadow of the Sarbanes-Oxley Act of 2002 and the various accounting frauds that inspired that landmark legislation. And in that time, compliance professionals have grown considerably in both station and skill set, rising to strategic levels within their own organizations and gaining an increasingly visible place before executive management and the board. Meanwhile, compliance programs themselves have become ever more sophisticated and ambitious as they transcend merely operational exercises to prevent or respond to regulatory inquiries and become integral parts of strategic risk management and business sustainability planning.

With that in mind, what we found in 2016 are compliance officers seeking greater authority and ownership of their programs, as well as the resources to adequately empower them. Amid an increasingly troublesome specter of cyber risk, compliance is frequently tasked to play a central role in helping to secure an organization from the various hazards caused by hacking, data breaches, and other electronic malfeasance. Caught in an endless arms race between cyber risk and cyber security, compliance offers are left wondering (and worrying) if their own information technology (IT) programs are truly satisfactory.

It is an interesting time for compliance, but with all uncertainty comes opportunity—and this is no different for the compliance function. While the risks compliance and ethics officers face increase in complexity and severity, never before have they had more visibility and support to prove to their organizations that a strong compliance program is not merely a convenient luxury. It is a vital part of any organization's ongoing recipe for success, regardless of industry, revenue, or location.

Authority and exposure. The number of organizations with standalone or designated chief compliance officers continues its slow, steady, long-term climb. At companies both large and small, the role of the chief compliance office (CCO) also continues to be elevated, providing an opportunity to participate in high-level discussions regarding organizational strategy, risk management, and culture. But they should be careful; as they seek to gain the audience of chief executives and the board, so do other management functions (such as IT security), showing that compliance officers will need to continue to press for top-level exposure. Boards and the C-Suite only have 24 hours in each day, and the competition for any of that time will only grow fiercer.

Risks and resources. High-level support doesn't mean much if the CCO does not have the resources with which to drive a program. Most compliance efforts remain fairly lean, with about half of all respondents reporting annual budgets of $5 million or less, modest budgeted increases, and five or fewer full-time staffers assigned to ethics and compliance. The upside is that there is little fat to trim, but that is small comfort to compliance officers looking to deal with greater risks and build more robust programs.

Most of the organizations that were surveyed conduct enterprise-wide compliance program assessments at least annually (if not more frequently). Sometimes, these assessments are folded into an enterprise risk management program assessment or an internal audit risk assessment. But just as often, the compliance program is the subject

of a standalone assessment process.

As in past years, third-party risk continues to be the most widely cited challenge to compliance and ethics programs followed by developing and promoting employee awareness and training and monitoring regulatory relationships. If the duties of compliance officers are changing, the things keeping them awake at night are not.

Organizations are still measuring their compliance program effectiveness by utilizing internal audit, monitoring compliance training completion rates and analyzing hotline calls. But feedback from employee and ethical climate surveys has made a large jump, showing that organizations are, in fact, taking the employees' view of the corporate culture seriously. This is a big improvement for compliance in general, and bears special consideration as a culture of compliance can be the hallmark of a successful and integrated program.

IT systems and strategies. Once again, technology remains a major opportunity for compliance, although a largely unrealized one. Companies understand what technology exists to support their compliance efforts (such as artificial intelligence, or the use of data analytics), but they either don't know exactly what solution is right for them, how to use that solution once they find it, or simply cannot get their hands on what they need. Most compliance officers are not confident in their own IT systems' abilities to help fulfill the organization's ethics and compliance responsibilities, and nearly half of all survey respondents reported either a modest IT budget increase or even decrease.

Besides not having the right tools at hand, many companies are also not making the best use of the data they have on hand to measure their compliance program's effectiveness, identify risks, or protect against known risks. While this is not particularly different from years' past, the data gap seen here is becoming a risk unto itself for many organizations.

Conclusion. This year's survey shows a continued upward trend for a more supported and resourced compliance function, even while the traditional challenges face compliance programs, such as confidence in program effectiveness measuring, persist. Most importantly, compliance officers generally lack the IT resources they need to take advantage of predictive analytics, task automation, and protection against cyber risk. Perhaps as compliance officers continue to gain the ear of senior leadership, their efforts to gain further resources will bear fruit. Until then, compliance officers remain in that unusual position of having a vital role that may not be truly realized.

Do compliance officers have enough authority?

As the strategic importance of robust compliance and ethics programs increases, so too does the ability for compliance officers to have a mandate to act, and the resources required to accomplish the organization's compliance goals. And while broad progress is being made on this front, it is also inconsistent from organization to organization, with noticeable differences between those companies with revenues of less than $1 billion annually, and those that top the $1 billion mark.

As one would expect or anticipate, the larger the organization, generally the more formalized and built out the compliance function. We see an increase in the number of designated chief compliance officers that are stand-alone positions, and an increase in those reporting directly to the chief executive officer and board. Not surprisingly, the smaller the company, the fewer dedicated compliance resources. The number that report to the CEO is fairly consistent (and that have a "seat at the table"), but more compliance officers from smaller organizations appear to report or have direct access to the board versus larger organizations. This likely is due to increased hierarchy in large organizations, and a more formalized reporting line prior to getting to the board.

Who is the CCO? At a third of all companies, the designated CCO is a standalone position separate from any other function. This answer varied considerably by size: small organizations were by far the most likely to not have a designated CCO (56%), mid-sized organizations less so (36%), and large organizations even less so (6%), reinforcing the reality that the larger the organization, the larger the available resources—and perhaps, also, the need—to support a standalone chief compliance officer.

The next most common response (21%) was that there was no designated CCO. Closely behind, 20% of respondents said that the designated CCO was also the general counsel while, 11% said the designated CCO was also the chief audit executive or the chief risk officer. 12% of responses said that their designated CCO was some other function within the organization.

Reporting. A majority of responses said that the designated CCO (or person responsible for compliance if not designated) directly reported to either the chief executive officer (32%) or the general counsel (23%). At a distant third, 14% reported to the board or a board committee. The remaining (of those that were aware of the reporting lines) reported to the CRO or equivalent (6%), the CFO (6%), or some other function (7%).

Team size. Despite a robust presence of named chief compliance officers, and access to senior management, compliance teams themselves remain relatively lean. Nearly three quarters of responses (73%) reported having fewer than 20 full-time resources (or equivalents) within the organization focused specifically on designing, implementing, and maintaining the compliance and ethics program. Half of respondents reported a compliance and ethics team of less than five full-time resources. Nearly a quarter of responses (23%) reported teams of six to 20, while 21% manage teams of more than 20.

Budgets. With so many organizations having relatively small compliance teams, it is no surprise that at most organizations, compliance budgets are likewise modest, if not very lean. A majority of responses (59%) reported having a total annual budget for enterprise-wide compliance functions—including people, processes, and technology—of less than $5 million.

Breaking this down further, nearly a third of

At **33%** of companies surveyed, the designated CCO is a standalone position

21% of companies do not have a designated CCO

73% have fewer than 20 full-time resources

59% reported having a total annual budget for enterprise-wide compliance functions — including people, processes, and technology — of less than $5 million.

responses (30%) got by on budgets of less than $500K, while 11% had budgets between $500K and $1 million, and 16% had budgets between $1 million and $5 million. The respondents with budgets larger than $5 million tailed off as those budgets got larger: $5 million to $10 million (5%), $10 million to $25 million (2%), $25 million to $50 million (1%) and more than $50 million (1%).

60%

expected their total compliance budget to ***increase***

That said, more than half of respondents (60%) expected their total compliance budget to increase. Almost half (48%) expect budgets to increase by as much as 10%, another 8% expect increases of 11%-20%, while only 4% expect increases by more than 20%.

Meanwhile, less than 10% of respondents expect budgets to decrease, and almost all of those responses expected decreases of 10% or less. Approximately a third of respondents (29%) were not sure how their budgets would change in the near future.

Seat at the table. Not quite half of responses (43%) reported that the CCO held a seat on the CEO's executive management committee, or its equivalent, while 37% of responses said their CCO held no such seat. Almost one fifth of responses (19%) did not know. This is an area where the CCO clearly could receive more top-level visibility.

Part of the process. Ethics and compliance is considered as a criterion in the annual performance management process in 49% of responses, while nearly 40% of responses (39%) did not include ethics and compliance as part of the management review process.

Companies under $1 billion in revenue. Throughout this survey, respondents with under $1 billion in revenue tended to have smaller compliance departments, were less likely to have standalone chief compliance officers, and were more likely to answer that they did not know or were unsure of any given question.

Of the 166 responses from organizations with less than $1 billion in annual revenue, 21% noted that the CCO (or its equivalent) was a stand-alone position at their organization while 33% were also the general counsel or another role. Finally, 30% did not have a designated chief compliance officer. In terms of reporting lines, 37% of CCOs or similarly designated roles reported directly to the CEO, with 19% reporting directly to the board of directors. 48% indicated the CCO is a part of the CEO's executive management committee.

Although almost half (48%) of the 166 respondents from companies with revenues of less than $1 billion had an annual compliance budget of less than $500K, 57% expect a slight increase in the next year's budget (0-10%). Also, the majority (87%) had no more than 20 employees in the compliance department, and of those, 71% got by with fewer than 5 full-time employee (FTE)

43%

reported that the CCO held a seat on the CEO's executive management committee. This is an area where the CCO clearly could receive more top-level visibility.

Respondents with **under $1 billion in revenue** tended to have **smaller** compliance departments, were *less likely* to have standalone chief compliance officers, and were *more likely* to answer that they did not know or were unsure of any given question.

Companies over $1 billion in revenue. In comparison, respondents from companies with higher revenues had larger compliance departments and were more likely to have a standalone chief compliance officer. They were also more likely to have a CCO who enjoyed access to the board or CEO. All of this seems to point to a direct correlation between the size of the company and the strength of compliance departments. The higher the revenue, the more resources to support compliance.

Of the 320 responses in this range, 39% have a standalone CCO position, a significantly higher percentage than what was identified from smaller companies. 29% reported to the general counsel or another role, and only 16% did not have a designated CCO (as compared to 30%, or double that number for much smaller organizations).

Of the 270 respondents that described their reporting structure, 30% reported directly to CEO, and 29% reported to general counsel. However, only 11% reported directly to the board.

A full 35% of the respondents from companies with revenues of more than $1 billion had annual compliance budgets of $1 million or less (compared to 48% from smaller companies), while 33% had budgets of $1-10 million and 6% had budgets of over $10 million a year. 60% anticipated a budget increase in the next fiscal year with the majority of those respondents (77%) anticipating a modest increase of up to 10%. A bit more than half (66%) of respondents from high-revenue companies indicated that they, too, employ 20 employees or fewer in the compliance function (compared to 87% for smaller organizations), but a full 16% of the larger organizations had over 50 dedicated (FTEs). Only 38% (compared to 71% of smaller organizations) have less than five FTEs.

Companies with higher revenues had larger compliance departments and were more likely to have a standalone chief compliance officer. They were also more likely to have a CCO who enjoyed access to the board or CEO. All of this seems to point to a direct correlation between the size of the company and the strength of compliance departments. The higher the revenue, the more resources to support compliance.

Are compliance officers addressing the right risks?

The persistent issues of gauging organizational culture, managing third-party risk, staying on top of ever-changing regulatory risks, and more tactically, developing employee awareness and training, conducting annual assessments of the compliance and ethics program, and having a tangible sense of faith in those metrics, all continue to drive the compliance field today. Many chief compliance officers and their departments struggle to win the battle of convincing others that compliance matters, which is critical for the cultural transformation to which any serious compliance program aspires. Managing third-party risk, boosting internal compliance understanding, and maintaining strong relationships with regulators all speak to a larger issue with compliance programs: the strength, depth and breadth of the compliance program itself largely depends on variables that are not always fully within the compliance officer's control. Said another way, external and unforeseen factors can greatly influence the evolution and the speed of maturity for many compliance programs. To a certain extent, compliance officers are left to provide a solid framework, provide examples of leading practices vs. best, monitor behavior, and gauge how well it is all working, and trust in that. But despite all of those efforts, there remains a margin of error—or at least uncertainty—across every major aspect of how and where modern compliance officers sense risk and attempt to manage it.

Assessing the culture. Over 57% of respondents are using hotline and other reporting channel information (including exit interviews) to help assess culture. 34% use a standalone culture survey and 37% integrate culture questions into a larger employee survey. Of all respondents, only 14% conduct focus groups. (Even though focus groups tend to provide insights not otherwise available, their average cost can easily run over $10,000 per study, according to market research industry statistics.) For larger companies (more than $5 billion in revenue), 45% use a standalone survey, 43% integrate into larger survey, and 65% use hotline and other reporting channels. At smaller companies (less than $5 billion in revenue), 30% use standalone, 34% include in larger survey, and 53% use hotline and other reporting. Unsurprisingly, only 13% of the large companies are not assessing culture while 21% of smaller companies are not.

Biggest challenges. When asked to select the three most challenging aspects of their organization's ethics and compliance program, managing third-party risk was clearly the biggest concern (47%), followed by developing and promoting employee awareness and training programs across compliance risk areas (41%). Monitoring regulatory relationships came in third (39%).

The three most challenging aspects of an organization's compliance and ethics program

47%

Managing third-party risk was clearly the biggest concern

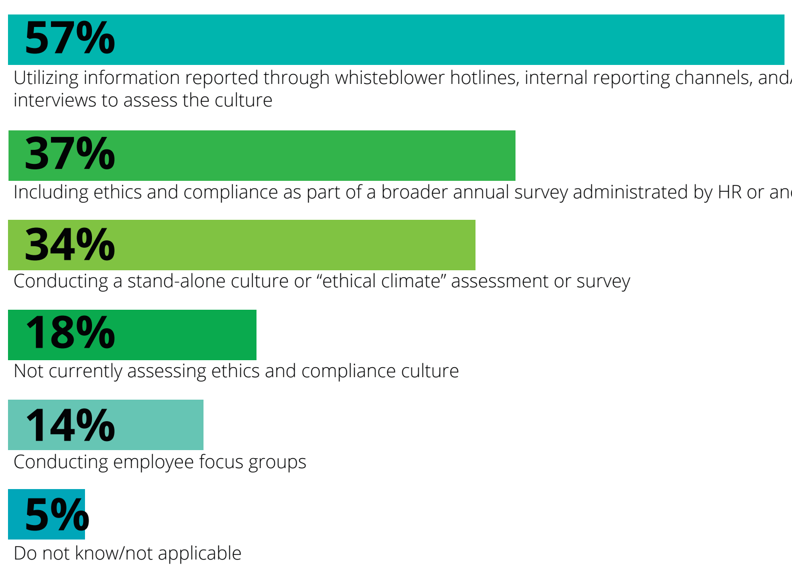
41%

Developing and promoting employee awareness and training programs across compliance risk areas

39%

Monitoring regulatory relationships came in third

What is your organization doing to assess the culture of ethics and compliance?



Conducting data analytics and reporting (33%), establishing risk governance and oversight of compliance and ethics (33%), and conducting data analytics and reporting (33%) each filled out the middle in terms of the challenges compliance officers mentioned.

Managing regulatory relationships stood out not only as the least mentioned risk (13%), but also as having been the least mentioned by a wide margin, suggesting that when it comes to understanding regulators, compliance officers have gained a sense of capability and confidence that doesn't make the task of handling regulatory relationships less important, just less unfamiliar and uncertain. In addition, in some industries, long-running compliance efforts have eliminated the need to get to know regulators or develop those relationships, as those relationships are now in place.

Compliance risk assessments. Overall, the majority of companies (61%) are performing risk assessments annually. An average of 12% are performing assessments more than once per year (16% for $5B+ companies and 22% less than once per year or never (once per year: 16% for $5B+ companies and 26% for small companies; never: 5% vs. 12%). These numbers are fairly consistent across company size (with the exception of the 12% of small companies who never perform a risk assessment) indicating that regular risk assessments are foundational and nearly all companies are willing to invest in them.

Regular risk assessments are foundational and nearly all companies are willing to invest in them.

Some companies are taking advantage of other risk assessments performed in the company: 32% of the compliance risk assessments are combined with the enterprise risk management (ERM) assessment and 21% are combined with the internal audit or fraud risk assessment process. 27% are standalone compliance risk assessments.

Measuring effectiveness of the compliance program. A clear indication that compliance officers are taking continual improvement and effectiveness seriously is seen by the variety of ways they are measuring performance. (Respondents were allowed to choose multiple answers). The most popular way was by analysis of internal audit findings (53%) which clearly shows that cross-functional collaboration is important to compliance. 50% of respondents look to training completion rates as a barometer, which is surprising as this may not truly indicate learning, buy-in, or compliance to the company's policies and procedures.

Hotline call analysis (47%), feedback from employee culture and ethical climate surveys (39%), analyzing self-assessment results (34%), and analyzing the results of proactive monitoring procedures (30%) were also popular ways to assess performance. Assessments by external parties (22%) was the least chosen method.

Despite utilizing a myriad of ways to measure effectiveness, the majority of respondents were either not confident (14%) or only somewhat confident (45%) that the metrics of their compliance program assessments gave a realistic sense of how well the compliance program is working. Only 32% were confident (27%) or very confident (5%).

Companies under $1 billion in revenue. In all cases, companies prioritized the same options when noting how they assess their own culture of compliance: utilizing information from whistleblower hotlines, internal reporting, and/or exit interviews (30%) was the top choice, suggesting that despite the increasing sophistication of compliance, this classic method remains the go-to. Including ethics and compliance as a part of a broader HR survey (22%) was the next most popular choice, followed by conducting standalone ethical climate surveys (19%).

61%
are performing risk assessments annually.

When asked to choose the top three compliance challenges facing them, responses showed no clear leader. All answers scored within just a few points of each other, suggesting that all of the various risks presented weigh roughly equally upon the minds of compliance officers at smaller organizations.

Roughly half of respondents said they conducted enterprise-wide compliance risk assessments annually and one in ten conducted assessments less than once every two years. Other options trail off from there, but the key takeaway is that annual assessments are clearly the norm here.

Nearly a third of responses said they combined their compliance assessment with a larger ERM assessment—not surprising, considering the larger trend of compliance to be seen as an integral part of ERM itself. One

How does your organization measure compliance program effectiveness?

46%	Hotline Call Analysis
38%	Feedback from employee culture and ethical climate surveys
50%	Completion rates for required compliance training
52%	Analysis of internal audit findings
34%	Analysis of self-assessment results
30%	Analysis of results of proactive monitoring procedures
21%	Assessment by third party
6%	Other
11%	Do not know/not applicable

quarter of responses said their assessment was a standalone process, and 16% of responses combined their assessment with an internal audit risk assessment, reflecting compliance's deep roots in the audit function. And 16% of responses said they simply did not assess their program. Worth noting: almost none said they combined their assessment with a fraud risk assessment process.

Smaller organizations were most likely to gauge their compliance program's effectiveness through an analysis of internal audit findings (17%), completion rates for compliance training (15%), analysis of self-assessment results (13%), and hotline call analysis (13%). More importantly, some three quarters (77%) of responses were either confident (25%) or somewhat confident (42%) in these efforts, while only 16% of them were not confident. The large bloc of partial confidence, however, shows plenty of room for improvement.

Companies over $1 billion in revenue. When it comes to assessing their own culture of compliance, larger organizations opt for the same top three options as smaller organizations: utilizing information from whistleblower hotlines, internal reporting and/or exit interviews (36%); including ethics and compliance as a part of a broader HR survey (22%); and standalone ethical climate surveys (21%). The noteworthy difference here is that larger organizations are even more likely to rely on whistleblower hotlines, internal reporting, and exit interviews to assess culture than their smaller counterparts, suggesting that the larger the organization, the more traditional the methods.

The top three compliance challenges facing larger organizations

20%
managing third-party risk

16%
developing and promoting employee awareness and training

15%
monitoring for compliance with policies and procedures

The top three compliance challenges facing larger organizations were managing third-party risk (20%), developing and promoting employee awareness and training (16%), and monitoring for compliance with policies and procedures (15%). All other options followed fairly close behind, but the extent to which these three stood out marked them as substantial issues for larger organizations. Again, size seems to come with its drawbacks, having more third parties to track, more awareness and training to push out, and more compliance in general to track, all point to an unenviable conclusion: the larger the organization, the tougher the compliance, despite the additional resources that might be available.

Nearly 6 out of 10 of responses conducted annual enterprise-wide compliance risk assessments. All other options scored in the mid- to low-single digits, clearly showing that for larger organizations, annual assessments are the norm. More frequently may simply require too much time, resources and energy, while less frequently may invite an unwelcome degree of uncertainty and/or risk.

Larger organizations displayed the same top three methods of performing enterprise-wide compliance risk assessments as smaller organizations: combining with a larger ERM assessment (34%), using a standalone process (28%), and combining with an internal audit risk assessment (20%). When it comes to performing these assessments, size plays no difference in determining method.

Measuring compliance program effectiveness remains largely the same for large organizations as small ones, with the top methods being an analysis of internal audit findings, completion rates for compliance training, and hotline call analysis. Once again, just over three quarters of responses were either confident (28%) or somewhat confident (48%) in these efforts, while only 15% were not confident. While larger organizations were slightly more likely to inspire partial confidence in their effectiveness measuring, they were also slightly less likely to be not confident in it, either.

Measuring compliance program effectiveness remains largely the same for large organizations as small ones, with the top methods being an analysis of internal audit findings, completion rates for compliance training and hotline call analysis.

Are compliance officers making the best use of technology?

Effective collection, use and understanding of data, coupled with an increased use of technology is one of the most impactful trends to arise in the last few years for businesses and organizations.

These new technologies and solutions are allowing companies to better identify risks and trends, determine opportunistic strategy, and increase efficiencies. The ability to meaningfully gather, manage, and analyze user and customer information can yield a level of intelligence previously out of reach for many organizations.

For compliance professionals, leveraging data (beyond merely hotline usage) can be especially useful, as it can help to determine what possible risks an organization might face (ranging from fraud and corruption, to discriminatory practices and market conduct infractions, and more). But do compliance departments actually have the means to harness big data for their own purposes or does that capability largely remain out of reach? And more broadly, are organizations leveraging existing governance, risk, and compliance technology solutions (GRC) to help manage risk and compliance?

Use of technology to mine big data is more prominent among companies that earn more than **$5 billion annually**

The results have been broken down both by revenue and by industry. And in the broad strokes, the use of technology to mine big data is more prominent among companies that earn more than $5 billion annually, and among healthcare; technology; insurance; and media & telecommunications companies.

The use of existing governance, risk, and GRC technology to manage risk, and compliance is once again most prominent among companies that earn more than $5 billion, but the specific industries that rank highest here are consumer products; real estate or other financial services; media & telecommunications; and retail, distribution, or wholesale operations.

But perhaps more interesting is the large degree to which respondents felt that they either were not making use of technology, or did not know if they were, paired with the widespread feeling that such technology was at their disposal. Taken broadly, compliance officers still are missing their opportunity or are unable to employ technology for better understanding of the effectiveness of their compliance programs, even though many seem to understand that the opportunity is indeed there for the taking.

Many compliance officers still are missing their opportunity or are unable to employ technology for better understanding of the effectiveness of their compliance programs, even though many seem to understand that the opportunity is indeed there for the taking.

Trends by company size. When asked if their organizations were leveraging existing GRC technology solutions to help manage risk and compliance, just over 50% of all respondents said they were not, while only 30% were.

Companies with annual revenues of less than $1 billion were the least likely to be using GRC technology, followed closely by companies that earned from $1 billion to $5 billion. Among all respondents, companies that earned over $5 billion were the most likely to be using GRC technology, although on balance, they were slightly more likely to not use GRC technology than to use it.

When respondents were asked more specifically if their organization leveraged technology to analyze big data across the enterprise to identify emerging risks, the usage figures dropped even lower than those using GRC technology. Some 56% of all respondents said they were not compared to 28% of respondents that were.

Not surprisingly, the largest companies were the most likely to use data analysis to identify risks. Firms that earned more than $5 billion annually comprised some 44% of companies that used technology to analyze big data. The percentages decreased from there with 19% of companies that earned less than $500 million, 12% of companies that earned between $1 billion and $5 billion (12%), and 6% of companies that earned between $500 million and $1 billion using big data.

While a thin majority of respondents said their organizations are not currently leveraging GRC technology for either risk management or to analyze data, they were fairly certain that the technology existed for this purpose. It's just that their organizations were not taking advantage of it.

Of the respondents who felt there were

technology solutions to be used, those from companies earning more than $5 billion annually were the largest bloc (34%), followed by those from companies earning between $1 billion and $5 billion (26%). Those from companies earning less than $500 million (24%) and those from companies earning between $500 million and $1 billion (10%) brought up the rear.

Of interest are those respondents who were not sure if the technology was there to use. The largest bloc of these answers came from organizations that earned less than $5 billion annually (58%), with companies that earned more than $5 billion slightly less unaware (33%). Companies that earned between $500 million and $1 billion came in last here (14%). The spread of percentages here is noticeable, as is the fact that smaller companies were the ones most likely to not know what their technology options really are.

Trends by industry. Responses to the same questions, when sorted by industry, yielded interesting results. At this section of the survey, respondents from certain industry segments gave contradictory answers, with large numbers sometimes expressing a high likelihood of using GRC technology while other respondents from the same industry sector expressed a low likelihood of using the same technology. Such answers suggest stark differences of opinion, vision and approach within these industry segments when it comes to GRC technology.

The industry segments most likely to leverage GRC technology to help manage risk and compliance were consumer products (46%); real estate or other financial services (41%); media & telecommunications (37%); retail, distribution or wholesale (36%); and insurance (36%). The industry segments least likely to be using existing GRC technology were automotive (76%); life sciences & pharmaceuticals (75%); manufacturing & industrial products (64%); government & public sector (61%); and banking & securities (56%).

When it comes to using technology specifically to analyze data, in all 15 of the different industry groupings of respondents (with the sole exception of healthcare), a majority of the respondents said that their organization did not use technology to analyze big data. The sectors least likely to do so were automotive (76%); government & public sector (72%), real estate or other financial services (59%); energy & resources (59%) and banking & securities (58%).

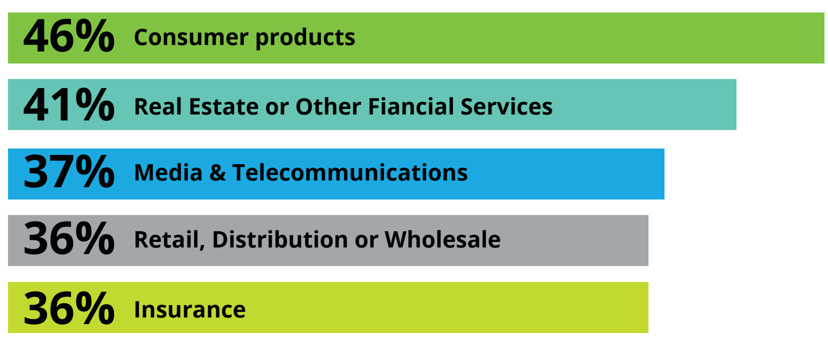
The sectors most likely to analyze big data were healthcare (54%); technology (38%); insurance (36%); media & telecommunications (32%); and other services (30%). Only in healthcare, however, did a majority of respondents say they analyzed big data. All others came in at less than 40%. Most answers in this section of the survey came in at under 30%, showing that the potential of big data is something widely recognized by compliance officers, but not widely understood.

54%

The sector most likely to analyze big data is **healthcare**

The potential of big data is something widely recognized by compliance officers, but not widely understood.

The industry segments most likely to leverage GRC technology to help manage risk and compliance



Life sciences & pharmaceuticals (33%) was the sector most likely to say that the technology did not exist for their organization to leverage, followed by automotive (24%); retail, distribution or wholesale (21%); media & telecommunications (21%); and energy & resources (21%). It is interesting to note that in every single one of those sectors, more respondents answered that they were unsure if the technology was out there to use, rather than say it did not exist outright.

Methodology

The 2016 Compliance Trends Survey was drafted by senior Compliance Week editors and Deloitte in the spring of 2016, and then pushed out to an audience of senior-level corporate compliance, audit, risk, and ethics officers worldwide.

The survey produced 743 total responses. Any submission where the respondent's title was not directly related to corporate activities ("partner" or "administrative assistant," for example) was excluded from the data analysis. The result was 558 qualified responses from senior-level executives.

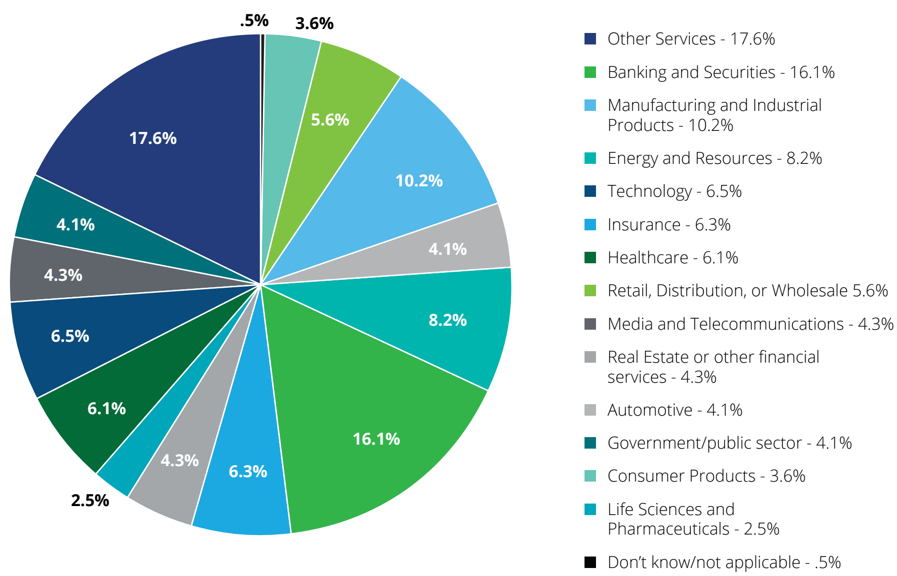
Of those respondents, just over a third held the title of chief compliance officer, chief ethics officer, chief audit executive, general counsel or other C-level titles. 20% held a VP or director level title while another 20% were at the compliance manager level. The rest held various titles in some way related to compliance.

The survey also went to a wide range of industries, most prominently financial services, followed by manufacturing and industrial products, energy and resources, technology, and healthcare.

Respondents were asked to disclose annual revenue within certain ranges. Nearly a third reported medial annual revenue at $1 billion or less. Another third reported revenue between $1 billion and $5 billion, and another third reported revenue in excess of $5 billion.

due to answer choices of "I don't know" or "not applicable" and multiple choice answers in some questions.

In what primary industry or sector does your business operate?



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