

Risk and Compliance Services 2023 Market Insights Excerpt

Leveraging automation tools to
navigate compliance risks

October 2023

Table of contents

About the report (Page 3)

Executive summary (Pages 4–7)

- Defining risk and compliance
- Key enterprise risk and compliance trends shaping the market
- Avasant recognizes 19 top-tier providers supporting enterprise adoption of risk and compliance services

Demand-side trends (Pages 8–12)

- More countries are imposing fines for noncompliance with data protection laws.
- Businesses are facing challenges in navigating the changing regulatory landscape and rising compliance costs.
- Enterprises are focusing on automating the GRC processes.
- They are also enhancing the incorporation of ESG factors into GRC frameworks.

Key contacts (Page 13)



Key enterprise risk and compliance services trends shaping the market



Growing regional privacy regulations and the need for AI governance

- The ever-changing regional compliance regulations have prompted enterprises to invest in solutions that safeguard consumer data and secure end-to-end processes across their global operations, reducing the financial impact of noncompliance.
- The increasing buzz around adapting generative AI in business processes has aroused the need to develop AI risk governance solutions to monitor AI activities for risk mitigation, regulatory compliance, and ethical concerns.

Navigating complex compliance challenges

- Businesses grapple with challenges such as changing regulations, compliance costs, and fragmented operations, leading to compliance gaps and increased audit expenses.
- To address these challenges, there is a growing need for centralized, automated compliance management systems, along with the adoption of data-driven solutions enhanced by AI, to optimize costs and improve interoperability.

Emerging technology advancements drive enterprise GRC landscape

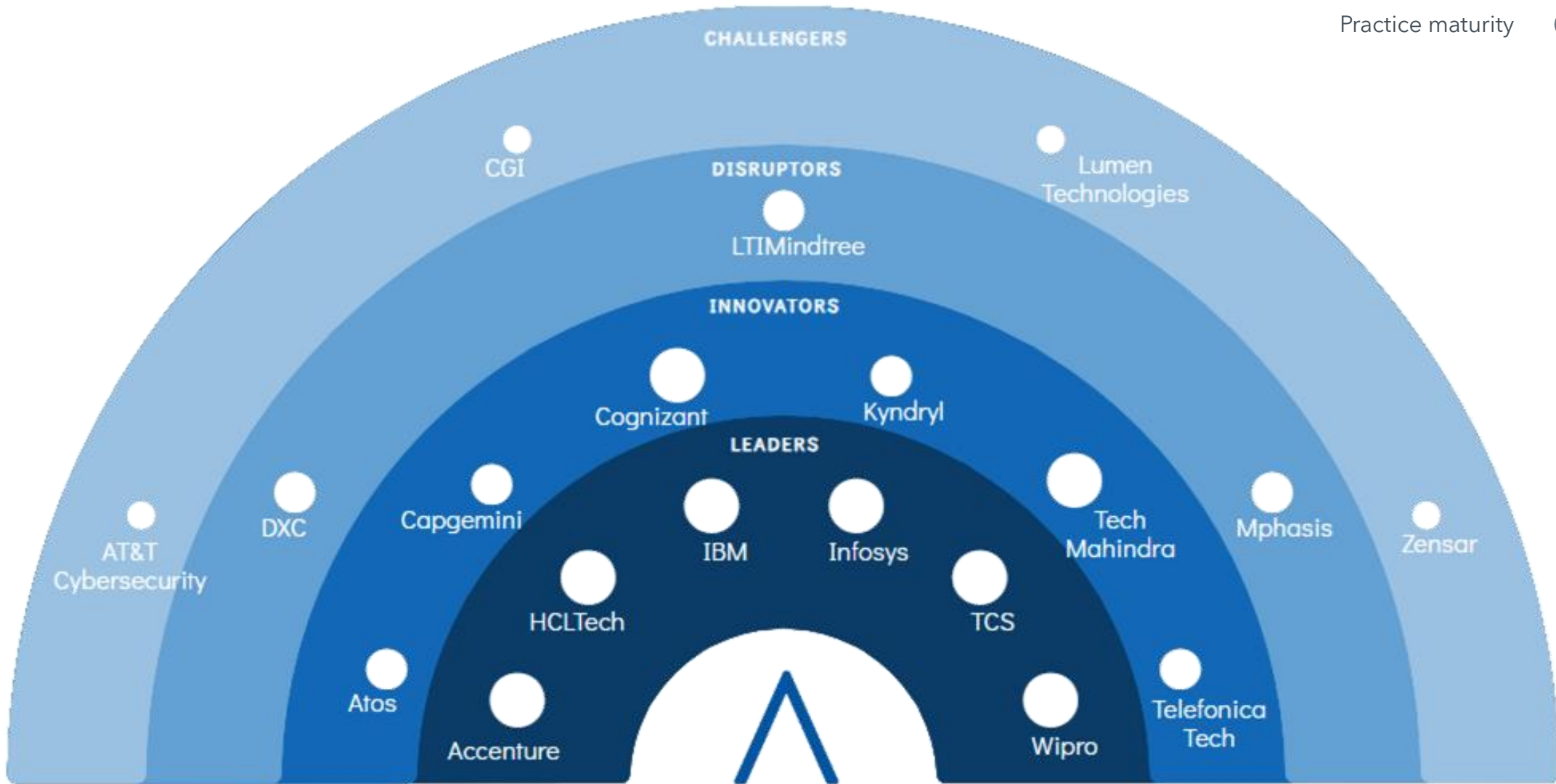
- Organizations are actively exploring the adoption of technological advancements to automate various aspects of risk assessment, fraud detection, compliance management, data privacy, and disaster recovery.
- AI technologies such as ML, natural language processing (NLP), and RPA are instrumental in automating compliance checks, anomaly detection, and compliance report analysis, ensuring data-driven decision-making while optimizing performance.

Risk and compliance services are driving ESG goals

- Companies seek solutions to ensure ESG initiative transparency and regulatory compliance, driving the need for integrated GRC-ESG solutions.
- These solutions encompass ESG program consulting, third-party ESG risk management, integrated ESG-ERM capabilities, and ESG regulatory compliance and audit support, offering in-depth insights into ESG progress and associated risks.

Avasant recognizes 19 top-tier providers supporting the enterprise adoption of risk and compliance services

Practice maturity ○ ○ ○



More countries are imposing fines for noncompliance with data protection laws

Diverse policies and regulations complicate the GRC landscape for organizations operating across multiple borders.

Country strengthening cybersecurity policies

In July 2021, the United Nations Economic Commission for Europe introduced the UN R155 and UN R156 regulations to establish global standards for vehicle cybersecurity, requiring certified management systems and secure design practices for all automotives worldwide.

In August 2023, the US-based National Institute of Standards and Technology released its first draft of Cybersecurity Framework 2.0 guidelines. It emphasizes governance, addresses supply chain and ransomware threats, and offers guidance for risk reduction.

In April 2023, Washington State passed the My Health My Data Act. It addresses gaps in HIPAA coverage and extends stronger privacy protections to the health data of Washington residents.

In June 2022, Canada proposed the Artificial Intelligence and Data Act, which mandates risk management and information disclosure for high-impact AI systems.

In June 2022, the European Parliament approved the AI Act, which enforces strict regulations and transparency on high-risk AI, including ChatGPT.

In August 2023, India enacted the Digital Personal Data Protection Act 2023, establishing privacy regulations for personal data processing in the country.

In February 2022, the Nigerian government approved the Nigeria Data Protection Bureau to oversee the data protection and privacy of its citizens.

In March 2023, Japan released a new cybersecurity regulation for medical devices that mandates risk management and JIS T 2304 (IEC 62304) and JIST 81001-5-1 (IEC 81001-5-1) compliance.

In November 2022, Australia amended its Privacy Act with the Privacy Legislation Amendment Bill 2022, raising fines for serious data breaches.

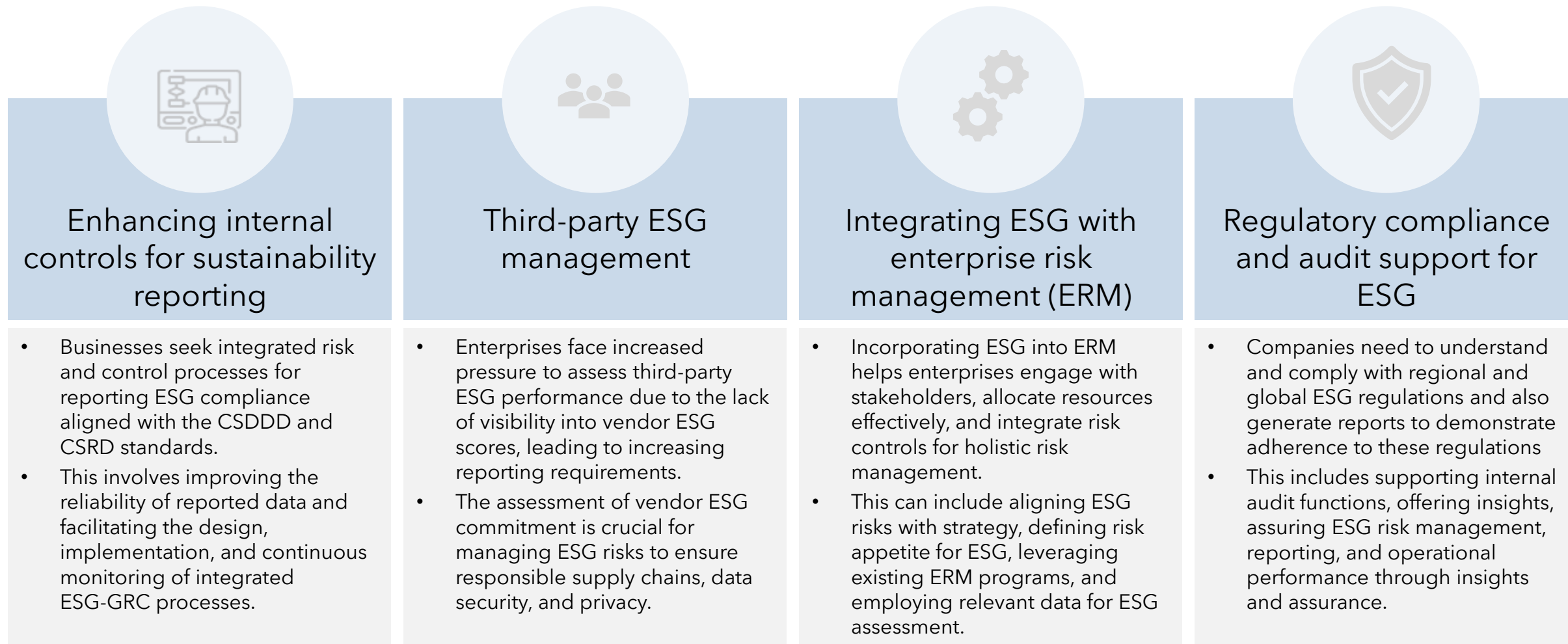
Note: Examples from selected countries

Source: Avasant Research

Enhancing the incorporation of ESG factors into GRC frameworks



Enterprises are integrating sustainability initiatives with their risk and compliance processes to meet global ESG-related security standards.



Note: CSDDD refers to corporate sustainability due diligence directive, and CSRD refers to corporate sustainability reporting directive.

Source: Avasant Research

REPORT EXCERPT – NOT FOR DISTRIBUTION



AVASANT



Empowering Beyond

GET CONNECTED



www.Avasant.com