The Business Value of Archer

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Navigating this White Paper

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BUSINESS VALUE HIGHLIGHTS

Click on highlights below to navigate to related content within this PDF.

540%
five-year ROI

9 months
to payback

47%
more effective risk management teams at risk scoring

23%
more efficient compliance teams

26%
more efficient audit teams

26%
more efficient third-party risk assessment teams

73%
reduced unplanned downtime

$425,800
reduction in regulatory fines

75%
more effective business resiliency staff

Executive Summary

The governance, risk, and compliance (GRC) landscape has experienced a drastic transformation over the past several years as organizations have been challenged with maintaining organizational trust across an ever-increasing risk landscape. GRC platforms provide the mechanism for organizations to monitor and manage GRC initiatives through a single lens, or dashboard, and to remediate issues as they are discovered. Archer provides a suite of offerings that address core risk management functions including business resiliency, operational resilience, operational and enterprise risk management, audit management, public sector, security and IT risk management, third-party governance, regulatory compliance management, and environmental, social, and governance (ESG) management. To determine real-world effectiveness, IDC conducted research that explored the value and benefits for organizations using Archer to support their risk management efforts. The project included eight interviews with individuals at companies using Archer that had experience with or knowledge of its benefits and costs.

Based on extensive quantitative and qualitative data derived from these interviews, IDC calculates that study participants will realize significant business value (540% five-year return on investment [ROI]) by:

- Limiting organizational risk by increasing the effectiveness and overall productivity of risk management, compliance, and audit teams
- Improving the ability to proactively maintain regulatory compliance, leading to reductions in regulatory fines and reputational protection
- Reducing the incidence of unplanned downtime, leading to improved end-user productivity and better business results

Situation Overview

Organizations face ever-increasing volumes and types of risk that span across the enterprise and impact a multitude of personas. This challenging environment requires GRC solutions that can assimilate risk and compliance data from across the enterprise and present the information in a consumable and actionable format. Risk is transforming and reaching into areas that have not traditionally fallen under the GRC umbrella, such as operational resilience, and most recently environmental, social, and governance. These new risk areas are unique from the traditional enterprise, operational, and security/IT risk categories. Yet, because these areas impact and are impacted by other risk categories, they must be woven into the holistic GRC framework.

Effectively managing the complexity of the modern GRC environment requires a technology platform that supports organizations in managing and prioritizing the myriad of risks. Automating data ingestion, control mapping, workflows, and reporting alleviates manual workload and improves accuracy of risk and compliance management. The GRC platform must also act as a window to the organization's risk, allowing users and executives throughout the organization to capture and view risk data. Finally, intelligent analytics around risk data to help organizations quantify risk priorities is emerging as a critical criterion of an effective GRC platform.

Archer Overview

Archer is a market leader in integrated risk management (IRM) solutions and, with a 20-year history, is among a small group of experienced integrated risk management players in the industry. The company has more than 1,800 deployments across 48 countries; most of its customers are enterprises, with many global multinational clients.

Archer delivers a suite of risk and compliance products designed to provide organizations with a unified and integrated approach to risk management. Archer products can be implemented singularly or as a modular solution suite made up of a configurable combination of products. While customers have the option to deploy single solutions, few Archer deployments are single components, with more than 80% of deployments including two or more solutions.

Archer solutions span nine principal GRC functional areas, each comprising use cases that can be integrated and accessed from a single central dashboard. These solutions include audit management, business resiliency, compliance management, enterprise and operational risk management, IT and security risk management, operational resilience, public sector management, third-party governance, and ESG management (Archer's newest module). As issues of social justice, diversity, equality, and environmental sustainability take a heightened place of awareness among organizations globally, companies are striving to meet new and changing expectations of investors, customers, and employees and are leveraging risk solutions such as Archer ESG Management to support these initiatives.

Among its key differentiators are the Archer platform's user engagement and analytical capabilities. Archer has developed unique first-line engagement tools including Archer Engage, a mobile-first offering that enables flexible risk data collection. Archer Engage has unique interfaces for vendors and business users, allowing for a streamlined user experience and access across an organization in a targeted format. Archer Engage simplifies the user experience, enabling risk analysis and remediation through easy access to required data, tools, and context. It is designed for less frequent risk function participants and requires no training, delivering intuitive prompts to support common tasks such as completion of surveys and reporting of incidents.

Risk quantification, an increasingly critical component of risk management, is another area in which Archer excels. Archer developed Archer Insight to help clients prioritize risk management through heightened analytics, layering quantifiers to risk assessment and enabling the ability to report on potential cost of various risks. Archer Insight is an embedded suite of risk quantification features that include multiple methods to apply quantitative metrics to the processes enabled by the Archer platform. The offering includes bow-tie analysis, Monte Carlo simulation, risk aggregation, and visualization capabilities. It applies quantitative analysis across a broad range of risk arenas (IT/cybersecurity, enterprise, and operational) and risk metrics (financial, strategic, reputational, operational, environmental, and health/safety) to provide a more accurate assessment and ranking of organizational risk.

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The Business Value of Archer

Study Firmographics

IDC conducted research that explored the value and benefits to organizations in using Archer to improve their risk management efforts and overall profiles and enhance corporate awareness. The project included eight interviews with individuals in organizations that were using Archer and had experience with or knowledge of its benefits and costs. During the interviews, individuals were asked a variety of quantitative and qualitative questions about the impact Archer had on their risk management efforts, core businesses, and costs.

Table 1 (next page) presents the aggregated firmographics of the interviewee's organizations. The organizations had a base of 83,750 employees with annual revenue of $46.3 billion, indicating the involvement of interviewees with several large companies. This workforce was supported by an IT staff of 5,531, managing 2,679 business applications on behalf of 9.9 million external customers. In terms of geographic distribution, six companies were based in the United States, with the remainder in India and the United Kingdom. There was a good mix of vertical markets represented, including manufacturing (2), financial services (2), insurance (2), healthcare, and transportation sectors. (Note: All numbers cited represent averages.)

TABLE 1

Firmographics of Interviewed Organizations

Firmographics	Average	Median	Range
Number of employees	83,750	65,000	2,000–200,000
Number of IT staff	5,531	2,500	200–17,500
Percentage of IT users	94	99	80–100
Number of external customers	9.9M	8.5M	500,000–25M
Number of business applications	2,679	1,500	550–10,000
Revenue per year	$46.3B	$5.3B	$237.5M to $262 .0B
Countries	United States (6), India, and United Kingdom		
Industries	Manufacturing (2), financial services (2), insurance (2), healthcare, and transportation		

Source: IDC's Business Value Research, March 2022

Choice and Use of Archer

The organizations interviewed by IDC described their rationale for selection of Archer was for Archer to serve as a foundation for managing GRC and ESG efforts, with an integrated approach to complex risk and compliance challenges. Study participants commented that Archer gave their organizations an easy-to-use automated platform that made the process of compliance easier and more robust while allowing them to move beyond the limitations of manually oriented, Excel-based approaches. They appreciated that Archer offered easily accessible traceability to the complex array of regulatory requirements that their companies were tasked with adhering to. Interviewees also appreciated that the solution was fully mature and widely recognized as such across the industry.

Participants elaborated on these and other selection criteria:

- **Wanted a robust and easy-to-use platform to make compliance easier, North American financial services:**
  "The business challenge is that we had a lot of things being tracked manually and [in] spreadsheets. As a result, trying to run any sort of consolidated reporting or get some sort of consolidated image of health of processes and things like that was a bit of a nightmare. We also wanted traceability to regulatory requirements and so we built out all of that with Archer. Now, whenever we have examiners come in, we're able to push a button, run a report, and give them great traceability as to how we're complying with regulations."

- **Archer widely recognized and very mature, North American manufacturing:**
  "The reason why we chose Archer was that it was widely recognized by the industry. It seemed farther along in maturity than many of the other solutions that were available. It was also flexible enough to support the unique use cases we had."

- **Comprehensive solution to handle regulatory and risk pressures, European financial services:**
  "Regulatory pressure was a consideration, primarily in the United Kingdom. We are a global entity with different regional organizations. There were gaps in our U.K. locations for managing our risk position. We looked at other providers while evaluating solutions, and Archer provided the most comprehensive solution."

- **Wanted a more mature risk management solution, North American manufacturing:**
  "Our information security group was focused on risk management. We had an internal discussion about how we move to the next level of maturity around risk management for the organization — specifically managing IT and information security risk challenges. We had been influenced by events such as how much of our industry was going through ransomware attacks."

- **Manual system overwhelmed, North American transportation:**
  "We had a very manual, Excel-driven process that lacked accountability. We were aging out of the Excel spreadsheet because the macros couldn't work properly anymore."

Table 2 shows organizational usage associated with the interviewed companies' deployment of the various solutions in the Archer suite. Note that there was a substantial Archer footprint across all companies, involving 906 business applications, 731 risk management users, and 24,138 end users.

TABLE 2

Organizational Usage of Archer

Archer Use	Average	Median
Number of risk management users	731	350
Number of sites/branches	1,404	108
Number of business applications	906	184
Number of end users	24,138	2,750

Source: IDC's Business Value Research, March 2022

Table 3 (next page) lists the Archer solutions that were included in the IDC study. As shown, the greatest usage involved compliance management (100%), enterprise and operational risk management (88%), business resiliency (75%), and third-party governance (63%).

TABLE 3

Feature Usage of Archer

	Percentage of Organizations Utilizing Archer Solution
Compliance management	100%
Enterprise and operational risk management	88%
Business resiliency	75%
Third-party governance	63%
Audit management	50%
IT and security management	50%

Source: IDC's Business Value Research, March 2022

Business Value and Quantified Benefits

IDC's Business Value model quantifies the benefits for organizations using Archer to support their risk management efforts.

Interviewed organizations reported that the use of Archer served to increase the productivity of various teams engaging in managing risk, including:

- Audit teams
- Compliance teams
- Third-party risk teams
- Business resiliency teams

The automated features and functionality provided by Archer improved overall risk management efforts by significantly improving the effectiveness of these teams and their individual contributions to those efforts. Improved auditing and compliance led to fewer regulatory fines and adherence to the complex regulations that companies contend with and enhanced reputational protection. In addition, reducing the incidence of unplanned downtime led to improved end-user productivity and better business results.

Study participants described these benefits:

- **Improved visibility into organizational risk, European financial services:** *"Because everybody has access to the application, we're able to embed risk as part of the daily language for how we run the business. With single sign-on, new users don't need a preapproved account to raise an event if something goes wrong. From a risk management perspective, it has allowed us to plug the gap observed by regulators where we didn't have appropriate oversight. Regulators can now see our dashboards; I can report on how frequently users are interacting* *with the data. We have a much broader picture of how we manage risk, and we can feed this into the appraisal process. We can see who's logging in regularly and who isn't, giving us increased accountability."*

- **Easier to assess and mitigate risk with action plans, North American manufacturing:** *"Risk management is the top benefit for us. We understand where we have different issues that have come up in our organization and can now mitigate those through specified action plans and then tracking to make sure those get closed. There's also the ability to perform risk assessments on various aspects of our business, whether those are processes, applications, devices, or entire segments of our business for our risk teams."*
- **Enhanced traceability and reporting, North American financial services:** *"I would say traceability is probably one of the biggest benefits. We have features such as visibility into the regulatory process, improved controls and testing, and the ability to run quick reporting. We can track issues in Archer more easily."*
- **Access to comprehensive tools, North American healthcare:** *"Archer provided ongoing updates that provide additional capabilities such as reporting and content updates. This means that we don't have to custom build [capabilities] ourselves."*
- **Better risk mitigation, reporting tools, and security awareness, Asian insurance:** *"Archer is giving us the best management through reducing risk and faster mitigation. We also see that our reporting is enhanced. Finally, security awareness at the organization level has improved a lot with Archer."*

Based on interviews with the eight intensive users of Archer, IDC quantified the value of Archer that study participants receive over five years at an annual average of 540% five-year return on investment with 9 months to payback and an annual average compliance fines savings of $425,000 for each organization.

Improvements in Risk Management Profiles

Data security and integrity now represent critical requirements for all organizations, coupled with an imperative to use data in such a way as to ensure compliance with a complex web of industry and regional regulations. In the security area alone, IDC predicts that by 2023, 80% of organizations faced with complex global regulations will increase their security compliance automation investment by 25%.

GRC initiatives have gained strategic importance as a way to manage uncertainty. The Archer portfolio of solutions is designed to address many of these challenges by promoting a cross-organizational understanding of risk using a consistent set of taxonomies, policies, and metrics. These capabilities are designed to enhance visibility and promote collaboration. Archer can improve decision making by providing a complete picture of risks, offering paths to mitigation, and clearly identifying the financial impacts tied to those risks.

Interviewed organizations confirmed that Archer provided a comprehensive view of regulations and other risk-impacting areas and offered the visibility needed to more easily identify potential issues and root causes. In addition, they appreciated the benefit of a central database that categorized the full spectrum of risks across their organization using a standardized taxonomy. They pointed out that this functionality enabled the ability to take the appropriate actions to mitigate risks.

Study participants elaborated on these and other benefits:

- **Comprehensive view of regulations and other risk areas, North American financial services:**
  "Having the regulations in the Archer solutions is very helpful. We can see what issues are arising and what the root causes are. Archer is also helping us identify other potential risk areas that we need to make sure we're capturing as part of our risk register and then being able to mitigate them. It helped streamline the risk mitigation operations a lot by just bringing better visibility to the data and providing a better grasp on each area."

- **Better organized to handle risk, European financial services:**
  "We now have a central database of all the risks across the organization and categorize them in a standard taxonomy. At an organizational level, we have owners of different risk categories who can then do assessments. We're also able to determine the various costs of risk management according to risk type. This includes linking events to the risk that's crystallized, as well as capturing the costs of personnel and tools associated with managing it."

- **Improved ability to record and action various risk vulnerabilities, North American manufacturing:**
  "Archer gives us a primary vehicle where people can record risk that they've identified through various means, which is a big benefit. We didn't previously have a risk reporting tool that allowed us to actually capture those details. Archer also allows us to determine what actions are necessary once those risks have been identified. So if we discover a vulnerability, we now have the ability to both capture that information as well as capture what actions we're taking about that and track that to completion as well."

- **Analyze risk profile more comprehensively, North American healthcare:**
  "We're able to look at open findings and correlate them to risks. We can now identify things that may be indicative of other risks or elevated risks based on the open findings. They could also be compliance issues. So, by having all the information in one place, we can now help identify other potential risks based on the data we're capturing."

To get a complete picture of the impacts of Archer on the participants' organizations, IDC evaluated specific ways that Archer improved the performance of various teams, beginning with risk management staff. Risk management teams benefitted from a specific set of features that allowed them to assess, manage, and plan around identified vulnerabilities. As one study participant working in a North American insurance company noted: *"Previously, our risk mitigation teams didn't have a clear picture of the risk profile of the company ... and now they do with Archer."*

Interviewed companies told IDC that Archer gave their risk management staff a comprehensive view of risk profiles that made it easier to manage their mitigation efforts. **Table 4** (next page) quantifies these benefits, showing a substantial 31% productivity boost and indicating that 55 FTEs out of a team of 175 were freed up. IDC further calculated that these enhancements provided a productivity-based business value of $3.8 million annually for each organization.

TABLE 4

Risk Management Staff Impact

	Before Archer	With Archer	Difference	Benefit
Risk management staff, FTEs required for equivalent workloads	175	120	55	31%
Salary cost per year per organization	$12.2M	$8.4M	$3.8M	31%
Hours per user	14	9	5	31%

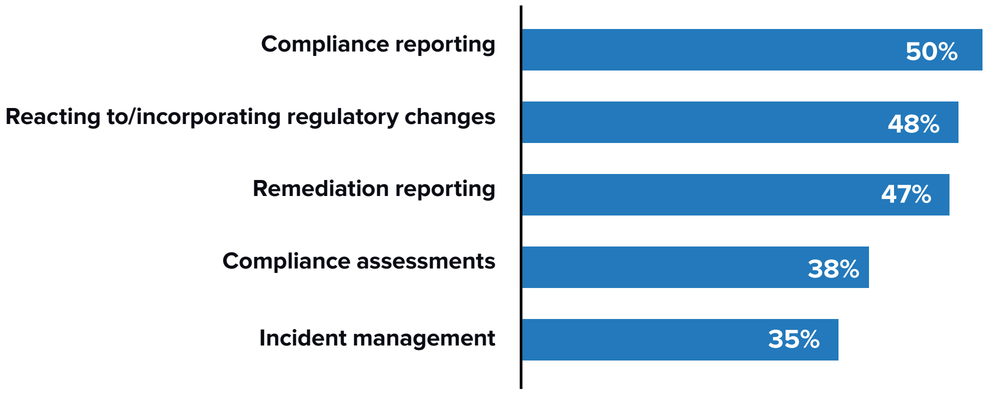
Source: IDC's Business Value Research, March 2022

IDC then took a more granular look at risk management team productivity by identifying several typical tasks and measuring performance levels. As shown in **Figure 1**, the greatest time savings were seen in risk assessment (50%), business continuity planning (48%), and risk scoring (47%).

FIGURE 1

Risk Management Team Efficiencies by Task

(% of time saved)



n = 8; Source: IDC's Business Value Research, March 2022

As previously noted, increasing and pervasive business complexity across vertical markets and multiple geographies has ratcheted up challenges in maintaining regulatory compliance. Study participants told IDC that Archer enabled their organizations to get a better understanding of their regulatory environments and identified the areas that needed improvement.

Table 5 (next page) quantifies these benefits, showing a 23% productivity boost after adoption, meaning 13 compliance staff FTEs were freed up on an average team size of 54 IDC further calculated that these enhancements provided an average annual productivity-based business value of more than $888,000 for each organization.

TABLE 5

Compliance Staff Impact

	Before Archer	With Archer	Difference	Benefit
Compliance staff, FTEs required for equivalent workloads	54	42	13	23%
Salary cost per year per organization	$3.8M	$2.9M	$888,810	23%
Hours per user	4	3	1	23%

Source: IDC's Business Value Research, March 2022

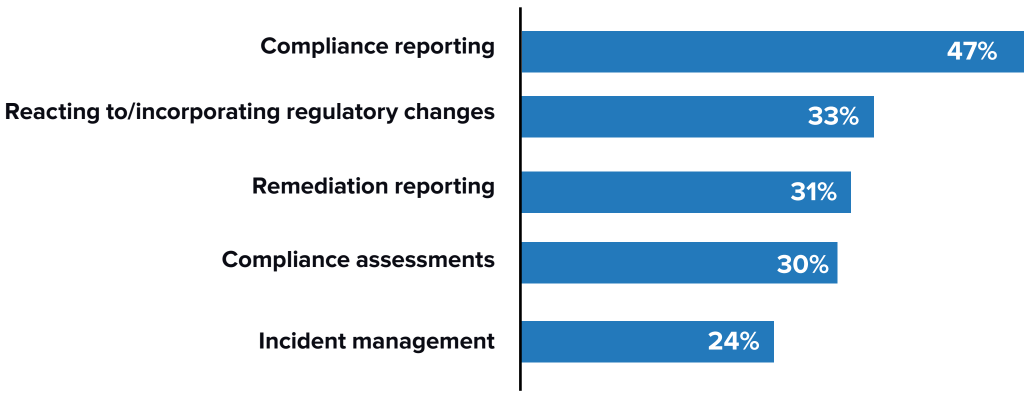
IDC has predicted that to address regulatory challenges, the majority of organizations faced with meeting complex global regulations will boost their compliance automation significantly in the next few years. Study participants reported that after adopting Archer and leveraging its automated capabilities, their compliance teams were able to assess, report, and react more quickly to regulatory-related gaps.

Figure 2 breaks down a series of compliance team efficiencies by typical tasks. The greatest time savings were seen in compliance reporting (47%), reacting to/incorporating regulatory changes (33%), and remediation reporting (31%).

FIGURE 2

Compliance Team Efficiencies by Task

(Percentage of time saved)



n = 8; Source: IDC's Business Value Research, March 2022

Improved compliance not only helped companies spend less time with complex problems but also minimized their financial exposure. Organizations reported to IDC that they were able to substantially reduce fines by having a more comprehensive view of their regulatory environments. As one study participant noted: *"The key business benefit is the cost avoidance of fines and the overall risks avoided."*

As shown in **Table 6**, after adoption of Archer, study participants experienced an average annual reduction in regulatory-related fines amounting to $425,800.

TABLE 6

Regulatory Fine Impact

	Per Organization
Reduction in regulatory-related fines	$425,800

Source: IDC's Business Value Research, March 2022

IDC then evaluated impacts on third-party risk assessment teams. As organizations increase their reliance on third parties, they also become vulnerable to an additional set of risks associated with their vendors and service providers. The use of Archer Third Party Governance provides these teams with automated oversight into their third-party ecosystems. In addition, companies noted that Archer helped their third-party teams be more proactive about potential issues.

As shown in **Table 7**, after adoption of Archer, these teams were 26% more productive. This translated into an average annual productivity-based business value of $179,400 for each organization.

TABLE 7

Third-Party Risk Assessment Team Impact

	Before Archer	With Archer	Difference	Benefit
Third-party risk assessment staff, FTEs required for equivalent workloads	10	7	3	26%
Salary cost per year per organization	$700,000	$520,600	$179,400	26%

Source: IDC's Business Value Research, March 2022

In addition to benefits for compliance staff, audit teams experienced positive impacts. Audit functions provide critical perspective on potential areas of risk. Archer Audit Management enables consolidation of the entire audit planning and execution process within one system. Using Archer, audit teams reduced time on duplicative processes and created efficiencies across the entire audit life cycle.

As shown in **Table 8**, after adoption of Archer, audit teams were 20% more productive. This translated into an average annual productivity-based business value of more than $411,000 for each organization to reflect the 6 FTEs that were impacted.

TABLE 8

Audit Staff Impact

	Before Archer	With Archer	Difference	Benefit
Audit staff, FTEs required for equivalent workloads	29	23	6	20%
Salary cost per year per organization	$2.0M	$1.6M	$411,290	20%
Hours per user	2	2	1	20%

Source: IDC's Business Value Research, March 2022

Drilling down further into the audit function, IDC identified key tasks and major improvements in the auditing process as shown in **Figure 3**. Interviewed companies experienced 27% less frequent duplicative audit findings and completed 20% more audits. In addition, they needed 15% less time to complete the full audit cycle.

FIGURE 3

Audit Team Efficiencies by Task

(% of improvement)

n = 8; Source: IDC's Business Value Research, March 2022

Another important area that IDC evaluated was business resiliency. Business resiliency represents the ability of companies to quickly marshal the necessary resources to bounce back from and withstand major disruptions in normal operating conditions. Interviewed organizations had dedicated teams of professionals working in this area. The Archer Business Resiliency offering enabled these teams to identify critical processes and systems and then develop detailed disaster recovery plans.

As shown in **Table 9,** after adoption of Archer, these teams were 33% more productive. This translated into an average annual productivity-based business value of more than $458,000 for each organization.

TABLE 9

Business Resiliency Staff Impact

	Before Archer	With Archer	Difference	Benefit
Business resiliency staff, FTEs required for equivalent workloads	20	13	7	33%
Salary cost per year per organization	$1.4M	$913,900	$458,100	33%

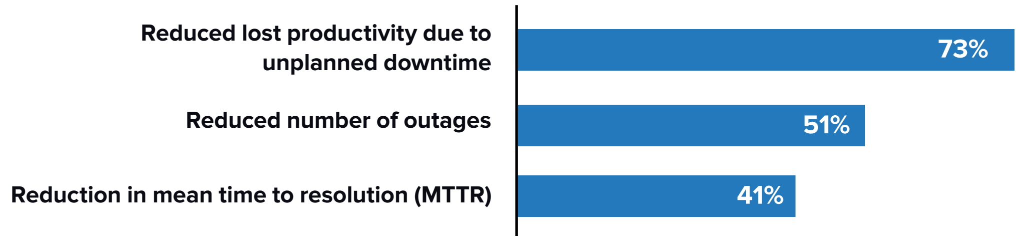
Source: IDC's Business Value Research, March 2022

An important aspect of business resiliency is the ability to reduce unplanned downtime. Study participants reported that they were able to reduce these impacts for both end users and customers. **Figure 4** shows that lost productivity was reduced by 73%, with the overall number of outages occurring reduced by 51%. When outages did happen, the ability to mitigate them (mean time to respond [MTTR]) improved by 41%.

FIGURE 4

Unplanned Downtime Impact

(% of improvement)



n = 8; Source: IDC's Business Value Research, March 2022

Business-Related Improvements

Companies interviewed reported that when risk management was simpler, there were direct benefits on their business operations that manifested in a variety of ways. They noted that improved risk visibility helped their executives better manage business processes through real-time risk reporting and executive dashboards that linked risk and financial impacts. In addition, end users in various business units benefited from this increased visibility and from real-time alerts to situations needing immediate attention. Study participants also called out reputational benefits such as the ability to maintain their public profiles in good standing.

They commented on these and other related benefits:

- **Better risk visibility for executives in managing business processes, European financial services:**
  "With Archer, we're seeing improved real-time risk reporting. We now have direct alerts to our executives as well as executive dashboards for individualized views of risk and financial loss tracking. Because everybody has access to the application, we are able to embed risk as part of the daily language for how we run the business. With single sign-on, new users don't need a preapproved account to raise an event if something goes wrong. I can report on how frequently users are interacting with the data. We have a much broader picture of how we manage risk, and we can feed this into the appraisal process. We can also see who's logging in regularly and who isn't, giving us increased accountability."

- **Improved understanding of risk profile among business users, North American manufacturing:**
  "I think business users are able to see their risk profiles a lot better and understand where there are potential impacts or things that they need to take action on. This has been beneficial in being able to use a language that they can understand ."

ROI Summary

IDC's analysis of the financial and investment benefits related to study participants' use of Archer is presented in **Table 10** (next page). IDC calculates that interviewed organizations will each achieve a total discounted five-year benefit of $20.4 million ($84,600 per 1,000 internal users) based on improved risk management team productivity and improved functionality. These benefits compare with projected total discounted investment costs over five years of $3.2 million ($13,200 per 1,000 internal users) on a per-organization basis. At these levels of benefits and investment costs, IDC calculates that these organizations will achieve a five-year ROI of 540% and break even on their investment in 9 months.

TABLE 10

Five-Year ROI Analysis

	Per Organization	Per 1,000 Internal users
Benefit (discounted)	$20.4M	$84,600
Investment (discounted)	$3.2M	$13,200
Net present value (NPV)	$17.2M	$71,400
ROI (NPV/investment)	540%	540%
Payback	9 months	9 months
Discount factor	12%	12%

Source: IDC's Business Value Research, March 2022

Challenges/Opportunities

The expanding risk landscape presents new challenges to organizations in their efforts to proactively address risk and mitigate against potential loss and disruption. The first challenge is providing a unified view of risk, which harkens to the debate over integrated risk management versus siloed risk management. Organizations have begun the migration to a more unified risk management structure; however, most organizations are still moving across multiple GRC solutions, resulting in a potential disconnect of information.

The concern with information silos becomes more complicated as the breadth of risk grows and the number of affected departments and personas increases. In the current GRC environment, IT and security risk must be considered in combination with compliance, operational risk, third-party risk, business resiliency, and now ESG management as well. Successful solutions will need to provide a view of cross-organizational risk areas, and while there are multiple risk owners, an integrated platform should provide a consolidated risk view.

The value of a GRC platform is largely dependent on access to data, and the more complete the data, the more accurate the risk analysis. To meet these goals, organizations must implement GRC platforms that offer low-level integrations with a myriad of systems and minimize manual evidence gathering. User interfaces should also encourage engagement, with dashboards based on personas and tools that enable the first line-of-business users to spontaneously capture risk data.

GRC solutions are being tasked with providing a great deal of specialized risk analysis across very diverse areas. This dual challenge of broad, yet specialized, risk coverage and the ability to capture and represent risk metrics in a digestible way will be a key differentiator among GRC solutions. Risk quantification is an increasingly critical component in enabling actionable risk intelligence. It helps organizations prioritize emerging issues and see those risks that pose the greatest threat so that the necessary adjustments to strategy, product, investments, or culture can be determined and implemented.

Conclusion

Governance, risk, and compliance tools are devised to help companies identify and manage risk more effectively. Specifically, these solutions help detect and prioritize risk events so that companies can remediate quickly, avoiding a catastrophic event. In the current environment of an expanding risk landscape and escalating consequences to undetected risk events, these capabilities are of increasing importance to organizations. GRC platforms identify risk as well as automate the processes to remediate against those risks. Information flow is a leading inhibitor of risk response, as is the lack of mobility to respond to events spontaneously. The workflows and first line-of-business enablement in best-of-class GRC platforms help ensure the efficiency and efficacy of a risk management program. Unmitigated risk is highly charged with organizational costs, including financial expenses, internal resource drain, and reputational damage, and organizations will continue to invest in those solutions that aid in this cost avoidance.

This study evaluated how Archer customers were able to improve their GRC operations. Organizations reported that having Archer enabled them to improve their visibility into their GRC structure while also allowing these organizations to create better action plans to approach any potential GRC issues. These changes led to improved GRC-related processes across the entire organization, leading to several business benefits. When these benefits are combined, IDC determined the organizations interviewed should see a more than 6:1 ROI over five years.

Appendix

Methodology

IDC's standard ROI methodology was utilized for this project. This methodology is based on gathering data from current users of Archer.

Based on interviews with these organizations, IDC performed a three-step process to calculate the ROI and payback period:

1. **Gathered quantitative benefit information during the interviews using a before-and-after assessment of the impact of using Archer.** In this study, the benefits included IT cost reductions and avoidances, staff time savings and productivity benefits, and revenue gains.
2. **Created a complete investment (five-year total cost analysis) profile based on the interviews.** Investments go beyond the initial and annual costs of using Archer and can include additional costs related to migrations, planning, consulting, and staff or user training.
3. **Calculated the ROI and payback period.** IDC conducted a depreciated cash flow analysis of the benefits and investments for the organizations' use of Archer over a five-year period. ROI is the ratio of the net present value (NPV) and the discounted investment. The payback period is the point at which cumulative benefits equal the initial investment.

IDC bases the payback period and ROI calculations on a number of assumptions, which are summarized as follows:

- Time values are multiplied by burdened salary (salary + 28% for benefits and overhead) to quantify efficiency and productivity savings. For purposes of this analysis, IDC has used assumptions of an average fully loaded salary of $100,000 per year for IT staff members and an average fully loaded salary of $70,000 for non-IT staff members. IDC assumes that employees work 1,880 hours per year (47 weeks x 40 hours).
- The net present value of the five-year savings is calculated by subtracting the amount that would have been realized by investing the original sum in an instrument yielding a 12% return to allow for the missed opportunity cost. This accounts for both the assumed cost of money and the assumed rate of return.
- Because Archer requires a deployment period, the full benefits of the solution are not available during deployment. To capture this reality, IDC prorates the benefits on a monthly basis and then subtracts the deployment time from the first-year savings.

Note: All numbers in this document may be inexact due to rounding.

About the Analysts

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Harsh V. Singh is a Senior Research Analyst for IDC's Business Value Strategy Practice, responsible for developing return-on-investment and cost-savings analysis on enterprise technological products. Harsh's work covers various solutions that include datacenter hardware, enterprise software, and cloud-based products and services. Harsh's research focuses on the financial and operational impact these products have on organizations that deploy and adopt them.

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Amy Cravens is Research Manager for IDC's Security and Trust Group responsible for the Governance, Risk, and Compliance Technology (GRC) practice. Ms. Cravens will be responsible for research related to the innovation and transformation of Governance, Risk, and Compliance software including analyzing technologies aimed at solving fraud, third-party risk, and other types of risk across the enterprise.

More about Amy Cravens

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