LEADERSHIP IN A DIGITAL AGE:
WHY NOW IS THE TIME
FOR BOARDS TO DIGITIZE

We live in a digital world. We socialize digitally. We shop digitally. We work – more now than ever – digitally. So why is it that digitization 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; digitization is now integral to thriving. Organizations that still rely on paper-based processes risk being left behind.

“Digital transformation is not just about adopting new technologies. Its significance, especially in the business world, extends to how technology can be used to create – and sustain – a competitive advantage.”

Deloitte, ‘Bringing Digital to the Boardroom’
The Risks of Paper and Legacy Processes

⚠️ 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 standardization of board practices hinges on a streamlined digital solution.

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

Andreas Grundsell, Pagero
The Benefits of a Digital Solution

A culture of strong digital governance sets the foundations for continued growth and success. The digitization 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 organization 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

**Responding to crises**

Quick, decisive action is required in a crisis, and working from a centralized 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 centralized 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 certain information, and provide a unified view across entities and departments

WHO BENEFITS FROM DIGITIZATION?

- **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. Utilizing 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 optimized and secured board operations, can drive more effective and more secure workflows throughout the organization.
- **Audit committees** can automate compliance activities to free up focus for more complex areas of risk management and oversight. They can also track organization-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.
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
- The ability 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. Utilizing 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 executive compensation and board composition
- Governance best practices

“69% of boards prioritize digitization.”

Amrop, ‘Digitization on Boards III: The View from the Frontlines’
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 organization to adapt to any challenge, crisis or opportunity with agility and strategic acumen. The right digital platform should include the following:

- **A centralized platform for boards** that allows for secure access to board materials, bulk uploads of important documents, online and offline document sharing, digitized 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 analyze 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 organization
- **Entity management systems** that consolidate subsidiary legal and compliance information into a centralized 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 Toward Modern Governance With Diligent

Organizations looking to digitize 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, drive good governance and position their organizations for greater success.

The Governance Cloud digitally transforms how boards and executive teams work while 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 solutions have everything organizations need in a digital solution.

The digitization 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 organization.

About Diligent

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