

How EY Virtual optimizes compliance analytics for Honeywell

Data-driven digital scorecards provide a consolidated, centralized view of compliance for Honeywell International

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The better the question

Can a digital scorecard green-light compliance improvements?

Honeywell needed to provide compliance information to stakeholders faster.

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For years, well-known multinational conglomerate Honeywell International, which specializes in aerospace, building technologies, performance materials, and safety and productivity solutions, invested heavily in compliance efforts. The company was looking to take the next step in becoming leading practice from a compliance perspective. Honeywell had a variety of manual processes that it wanted to automate and digitize to provide a more holistic view and to enhance transparency on its overall compliance performance worldwide, with the ultimate goal of delivering information more quickly to stakeholders.

“There needed to be a way to effectively communicate to the board, and to our most senior stakeholders, the effectiveness of our compliance system and status on a regular basis,” says Vic Miller, vice president, deputy general counsel, corporate secretary and chief compliance officer at Honeywell. “However, the tools we had at our disposal at the time weren’t effective in achieving that goal. They looked at individual data points, but they didn’t provide an overall comprehensive view of compliance.”

Eager to adopt a more proactive approach to achieving leading practice compliance, Honeywell teamed up with EY professionals to develop a more comprehensive compliance framework. The result: an entirely data-driven scorecard that not only provides a consolidated, centralized view of compliance for communicating effectively with senior leadership but also enables Honeywell to drive year-over-year improvements in its compliance efforts.

This case study examines the strategies Honeywell employed to produce a powerful digital solution consisting of a compliance scorecard assessment and the role that strong leadership, a knowledgeable consulting collaborator, proper prioritization and immediate action played in sustaining positive change.

Learning the universal language of compliance?

Honeywell identified several key areas of compliance within its organization.

2

As part of an effort to assess its risk exposure, Honeywell identified compliance areas ranging from anti-corruption to cybersecurity to insider trading. However, each area had its own regulatory structure and challenges, making it difficult to consistently assess exposure to risks across the business.

Eager to establish a single set of standardized metrics, Honeywell looked to the U.S. Department of Justice and its guidelines for evaluating corporate compliance programs. Honeywell borrowed these guidelines and added one of its own – digital transformation – a set of distinct measurement criteria for determining the adequacy and effectiveness of its compliance initiatives. In addition to digital transformation projects, they include audit, culture, investigations, mergers and acquisitions, policy and procedure, resources, risk assessment, third-party management, and training and internal communications.

Honeywell's next step involved populating its assessment framework using accurate and high-quality data. Aggregating the data needed to effectively drive the risk assessment required accessing a wide range of sources and several million data points from across the organization. To start, Honeywell asked compliance area directors to complete a tailored online survey to identify their most pressing compliance issues and their perceived risks of violating industry regulations.

Honeywell also solicited responses from employees via one-on-one interviews. The comments from the surveys and interviews were captured in our technology platform EY Virtual. In addition, documents describing Honeywell's compliance processes and procedures were analyzed within the platform and provided important information. EY subject-matter resources were another valuable asset. They collaborated with Honeywell IT teams and data source owners to determine the feasibility of extracting meaningful insights from various data sources.

After obtaining valuable and insightful data sources, Honeywell cleaned and scrubbed data sets gathered from online surveys, employee interviews and program manuals, seeking the highest levels of consistency, reliability and accuracy. And because many organizations want to compare their compliance program elements, structures and processes with those of their industry peers, the EY team augmented Honeywell's internal data with publicly available industry data and its own wealth of perspectives from around the world.



Making sense of all that data

With help from the EY team, Honeywell reaps the benefits of assessment.

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“By having a partner with a broad understanding of the marketplace, we gain access to peer data that allows us to know where we stand and how we can improve our compliance efforts,” Miller says. “That’s extremely valuable in terms of driving focus.”

Honeywell’s current risk assessments rely on more than 40,000 aggregated data points. By analyzing these fully integrated internal and external data sources, Honeywell can assign ratings to each of the company’s 10 distinct measurement criteria in the form of a digital scorecard.

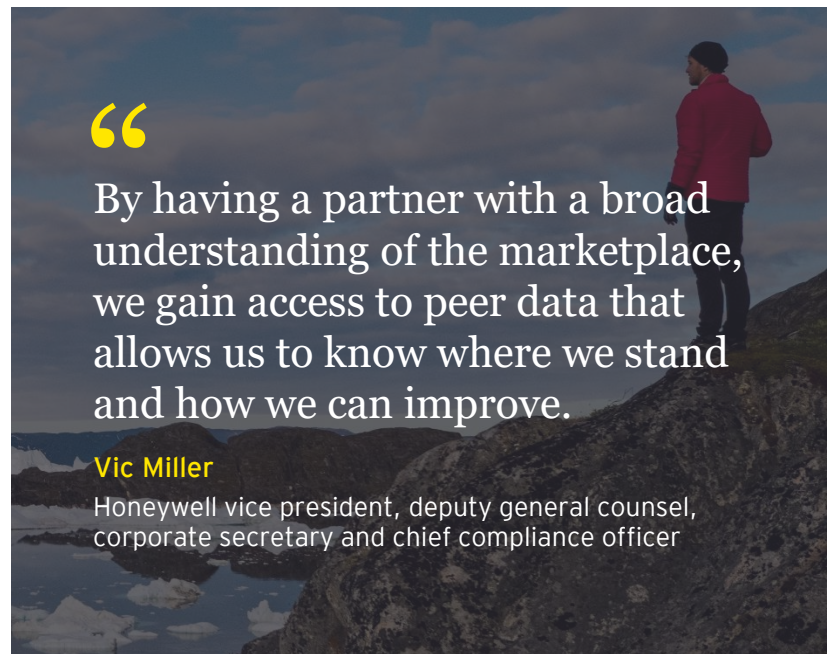
Activating digital scorecards within EY Virtual provided easy-to-decipher, integrated dashboards to display the effectiveness of corporate compliance initiatives through a heat map based on performance success. The color-coded heat map uses a simple red (basic), orange (evolving), yellow (established) or green (leading) box depending on performance success.

“The initiative offered a major improvement over digging through onerous and complex spreadsheets,” says Jeremy Osinski, principal in EY LLP Forensic & Integrity Services practice, who concentrates on forensic data analytics and data science. “Honeywell’s digital scorecards really help make the data consumable and quickly actionable to users – both senior-level executives and representatives from various Honeywell business groups who are seeking to dive into their specific data in detail,” Osinski says.

To date, Honeywell has created more granular, data-driven modules featuring dashboards focused on two of its compliance areas: anti-bribery and anti-corruption, and integrity and compliance. As a result, the company is already experiencing significant benefits, including enhanced communication with key stakeholders and the ability to chart year-over-year progress.

Less tangible, but equally as significant, is the potential impact of Honeywell’s scorecards on raising awareness around compliance risks among nonlegal departments. “Scorecards are a credibility-enhancing project for our department,” Miller says.

Looking ahead, Honeywell plans to continue creating dashboards to better communicate its compliance initiatives with cross-functional teams across the organization. Honeywell is also examining scorecards in the context of corporate culture, brand reputation and employee education.



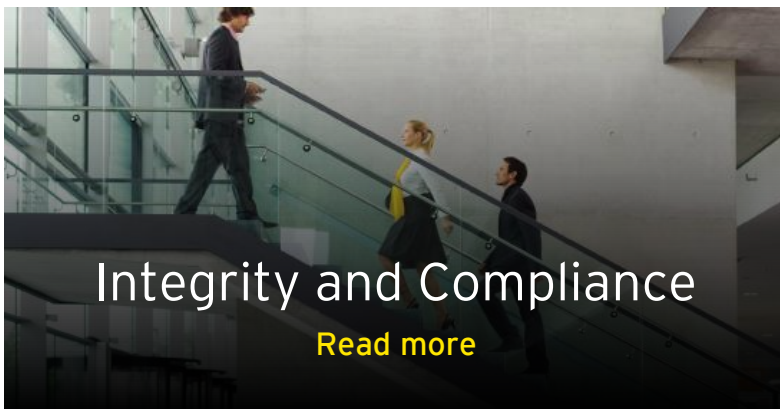
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By having a partner with a broad understanding of the marketplace, we gain access to peer data that allows us to know where we stand and how we can improve.

Vic Miller

Honeywell vice president, deputy general counsel, corporate secretary and chief compliance officer

How EY can help



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