

By Anna Snider

Bridging the tech chasm

Intense regulator and shareholder scrutiny is driving a revolution in the way boards and management communicate. Traditional methods, such as the paper boardbook are no longer viable to manage the volume of information and compressed deadlines companies face. Interactive, electronic information portals are taking over and starting to become the data management tool of choice.

The leading technology in the new world of board communication is the customized online portal. The platform allows 24-hour access to current and past board materials and a host of supporting documentation and can be updated almost instantly. Access is possible anywhere in the world and features the highest levels of security encryption. Because of the interactive nature of the tools they go far beyond being just another data management tool but are becoming a virtual meeting place where directors and other important officers can communicate on an ongoing basis between board meetings.

'The technology has moved from the very early adopters to companies looking at it more as a strategic tool,' says William Bremner, director of sales at Datacare Software Group. Take-up, which was slow in the early years, is

growing significantly. About 20 percent of companies reported using board portals in the 2006 Benchmarking Survey by the Society of Corporate Secretaries and Governance Professionals, up from 11 percent the year before.

Using IT to advance board communication is a logical response to increasing demands on directors. 'We want to provide features to board members to make their lives easier,' says Jeff Dunmall, a principal at iMason, technology and market consultants to Datacare.

A quality portal can be tailored to the needs of specific users and can be made to 'look and feel' like the existing boardbooks, but moving to a web-based platform opens more possibilities. Common setups include internal e-mail and discussion groups plus mechanisms for voting on routine items and for tracking sign off on company releases. The company's other financial reporting and entity-management programs can feed straight to the portal to deliver greater content to directors.

The transition to an online platform means taking a mental step away from paper in the boardroom. 'Directors are comfortable with their four inches of paper,' Dunmall says. 'When you give someone a laptop, there can be an emo-

Board portals - beginning to end

Reasons for take-up: Accurate and fast distribution of materials minimizes regulatory filing risks; Streamlines and accelerates workflow process for directors and senior management; Improved ability to respond quickly to strategic challenges; Superior security compared to hardcopy mailing

Features to look for: Look and feel of user interface - ease of use; Level of security; Integration with entity management systems; Scalability - room for growth

Important challenges: Not an 'all or nothing' solution - hardcopy can still be used if needed; Access permissioning - controlling who can view certain information; Education and ongoing training for directors and officers; Auditing of access - proof of distribution

tional reaction because it's different to what they are used to. The board needs to get used to the idea and the benefits. They need to ask, 'Would we still be comfortable [with a boardbook] if we thought it was out of date?'

Technology holdouts can still have the papers printed for them directly from the board portal, but in general, even novice users have a high comfort level. 'If they can browse the internet, they can use this technology,' says Andrew Moore, VP for group sales and marketing.

A web-based platform allows for deeper archives so boards can make better references and comparisons. Directors are finding they are more

effective if they get more detailed material earlier, Dunmall says.

Most often it is the board itself that asks for a technology platform, but corporate secretaries are typically the point people for the implementation. 'The corporate secretary is the ideal person to know what the requirements are, what board members like, what their appetite is for additional features,' Moore says. 'And at the end of the day, it comes out of their budget as well.'

IT staff are a vital element as well, helping the company determine whether it is best to deploy the program on its own network or a hosted server. Some concerns exist regarding security when portals are

hosted at a third party vendor but, in reality, the risks are minimal because most good systems utilize SAS70 security at standards set by the American Institute of Certified Public Accountants.

There is a growing understanding of the direct relationship between the quality and quantity of communication and a board's effectiveness. Delivery through a board portal is an idea that has 'now become mainstream,' Moore says.

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