

Building Digital Trust

The confidence to take risks

December 2013





“Trust has become essential in the digital age. It must underpin how you organise and run your business so that you can be successful. With high profile international debates on data privacy and security it’s not difficult to see why.”

– Grant Waterfall, PwC Partner



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The new trust dynamic: Opportunity + Trust = Growth

By building trust you will be able to maximise your growth potential and manage the risks in the opportunities available in the digital age.



The trust dynamic that the digital age unleashes is huge – embrace it or miss the next digital growth opportunity

The digital age is here. The potential for you to be fast, agile and creative is as never before. Embracing the opportunities on offer is the only way to stay competitive.

As your reliance on IT systems grows and they become a fundamental part of your organisation, they mustn't fail. Technology is a key player in your success. But you – and your customers, shareholders and regulators – need to trust it.

Trust means your customers will buy your products on-line. It means they're confident you'll keep their data safe and secure. Trust means your suppliers know your systems won't fail them. And it means you have the confidence to move your business forward by embracing technology and the opportunities it has to offer.

Organisations need to build trust into the fabric of their digital operation. With trust in your data and security,

with resilience built into your systems, and with the knowledge that your digital transformations will succeed, you'll have the confidence to embrace your digital future, and enjoy the exponential impact it has on your growth.

Growth = opportunity + trust. It's the new equation for the digital age. Let us help you make it work for your business.

Our point of view

Tap into the trust dynamics unleashed by digital. Or get left behind.

We're in the decade of digital change in which only the fit will survive and thrive. And to be digitally fit, you need to be digitally trusted – by customers, suppliers, in fact by all the stakeholders in your business.

More than ever before, the growth of your organisation depends on your ability to embrace the new trust dynamic.

Barely a week goes by without another reminder of how the power of digital technology continues to disrupt the traditional way business is done and offers innovative opportunities to create new ways of creating value. Not embracing digital opportunities is no longer an option. But acting too quickly and being unclear on your direction is dangerous and could harm your business. You need to manage risk and build trust to feel secure in the choices you make.

We've identified seven key digital developments which are already changing the face of how your business operates. They're vital to the success story of your digital business, and they're all founded on trust.

Social media – Businesses can understand and interact with customers in new ways and can use social media to build knowledge.

Businesses with a clearly defined approach to social media and governance around its use will have an advantage. Social media interaction will increasingly form part of the trust relationship between a business and its stakeholders. Are you listening to them, engaging with them and driving the agenda to manage your reputation?

Mobile – smartphones offer new opportunities for businesses. Your customers and your own users are consuming information, transacting and communicating from the palm of their hand. Their mobile device has become an essential, everyday experience for them. Mobile payments will underpin the digital economy. Trust is essential for them to feel safe using it.

Analytics – data is everywhere, and its value to your business is on the increase. Learn to exploit data, share it, manage it and protect it or get left behind. You need to know what you can – and can't – do with it. And your staff must be well-versed in their data-handling responsibilities. Management need to trust the data and the analyses that are driving business decisions.

Cloud – by storing data and sourcing services and applications through cloud operators, you lose the sense of security of a defined physical location. Cost and convenience will drive the adoption of cloud services far faster than most businesses imagine. A cloud based 'internet of applications' is emerging and users will switch seamlessly and unknowing between in-house and cloud based applications. Trusting providers to manage your data and services requires new approaches to managing and sourcing services.

Hyper-connectivity – you operate in a connected world. You share data, your systems are accessed by your trading partners, transactions flow in and out with almost no intervention. Any collaboration of this type needs trust. You can't afford to get it wrong.

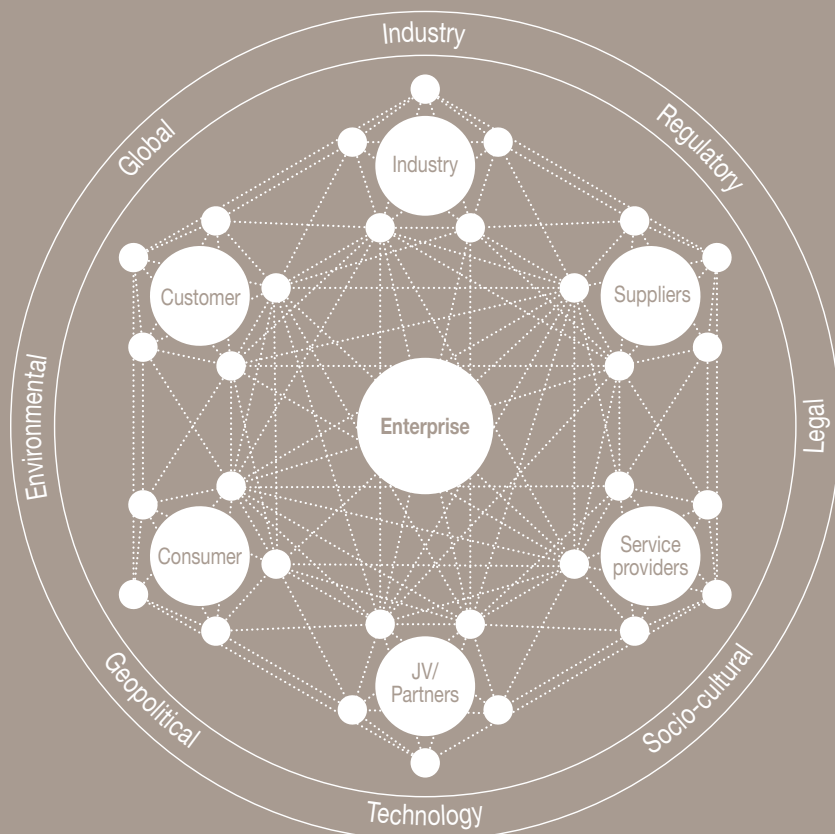
Digital identity – The next wave of digital relies on knowing who you are dealing with. In addition, customers will want more access to, and control of, their own data – their digital identity – as they share their consumption data and transact on line.

Emerging data protection legislation, rapidly evolving cyber security threats and issues of digital trust across international borders will drive this to the top of the agenda.

Speed of change – your business is becoming increasingly dependent on technology-driven transformation programmes. Only by seeking new ways of delivering your products and services will you stay ahead of the competition and maintain a strategic edge. You need a transformation process that will deliver on business outcomes. Businesses that are confident in their ability to deliver technology enabled transformation will have a distinct advantage in this new world.

Digital trust combined with a new attitude to risk will free you to unleash your potential in these areas. We'll help you develop a digital trust strategy for your business. It'll give you the confidence to make the right choices for your organisation, and drive profitable growth.

The new digital trust ecosystem – you're more connected than ever



Now:

- Connectivity and collaboration extend to all facets of business
- Integration with wide range of business stakeholders, competitors and trading partners, in a dynamic environment built on trust
- High risk, high opportunity

Then:

- Few strands of connectivity and collaboration
- Integration limited to supply chain/consumer
- Low risk, low opportunity

What does it take to succeed?

We can help you develop the confidence to be a leading player in the new, expanded digital trust ecosystem. First, you need to focus on three key priorities:

- **Get the right attention in the boardroom** – With digital opportunities and risks becoming so central to business strategy, boards and audit committees must have the digital expertise to set the level of risk that they are willing to accept. They must be able to ask the right questions and hold management to account.
- **Rethink your approach to technology risk** – In the digital age building trust will provide the context for managing technology risk. Our Digital Trust Framework helps businesses achieve this. Managing the risk in this ever changing world needs new and more dynamic approaches based on up-to-date understanding of the situation. Businesses should develop KPI's to help them understand and measure digital trust.
- **Develop a business strategy for the digital age** – What's certain is that you will need a business strategy for the digital age – not a digital strategy. Your organisation will need to foster more collaboration, greater innovation and faster decision-making than you've experienced before. As part of this you will need to master building digital trust to have the confidence to embrace your digital future.

Digital risk and the need to build trust should be treated as an enterprise issue for which boards need to develop a clear risk appetite to suit their specific business circumstances. Alongside this, there needs to be a clear action plan and frequent monitoring and assurance that the risks are appropriately managed.

How to build digital trust the right way

Managing risk and building trust underpins the digital agenda as digital platforms become increasingly central to the delivery of business strategy. To build trust you will need confidence in each of these five areas:



Confidence in your security

Confidence that systems are secure to protect customer and other data and that identity/privacy issues have been dealt with.



Confidence in your data

Confidence in the integrity of data and the ability to benefit from what it can reveal about a business.



Confidence in your systems

Confidence that business systems have the right controls and monitoring to ensure that they do what they are supposed to, whether they are in-house systems or are delivered as cloud based services.



Confidence to take risks

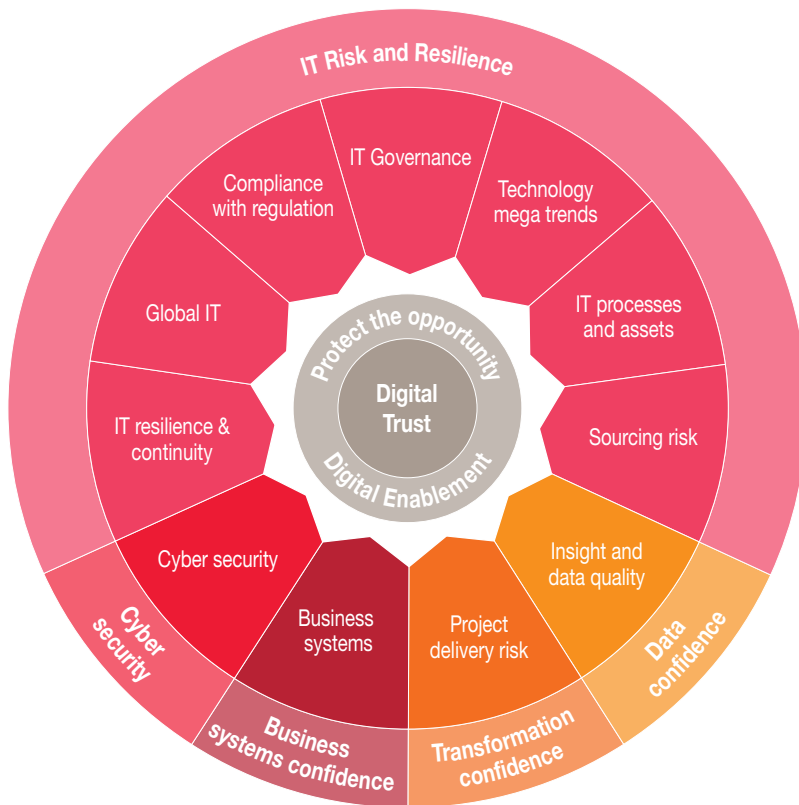
Confidence that technology risks are understood and well managed and that digital platforms will be available when required (24/7).



Confidence in your digital transformation programme

Confidence to embark on and deliver the next complex digital transformation programme in a way that delivers the expected benefits, on time and to budget.

Our Digital Trust Framework



No two businesses are the same. Our Digital Trust Framework gives us the flexibility to respond to the specific needs of your organisation. We'll address all the segments of the Framework to decide what help you need to protect your business and enable profitable digital growth.

Whether that means developing a cyber-risk strategy, optimising your control environment or reducing your overall IT risk profile, you'll receive the independent, expert insight you need to build digital trust and succeed in the digital age.

Insight and data quality

Data is the lifeblood of an organisation. It enables people to understand how well things are working and to decide what to do next? Manage your data well and this can drive competitive advantage. It can improve efficiency and create transparent processes for managing data which will deliver an enhanced reputation – creating the foundation of trust with your customers, suppliers and staff.

Project delivery risk

The volume, cost and complexity of IT projects is increasing. However, one quarter of all projects fail completely and half are delivered late or over budget. In the digital age, business success will become increasingly dependent on technology driven transformation and the speed of change increases.

Business systems

Businesses are becoming ever more dependent on globally integrated systems both for internal operations and for engaging with customers and suppliers. Most invest significantly in these but do not realise the promised benefits in terms of process best practice, standardisation and improved control. It is crucial that controls and security are embedded into these systems and monitored. Traditional enterprise systems will increasingly interface with cloud based web applications, introducing new risks.

Cyber security

Cyber attacks are accelerating at an alarming rate and businesses are not keeping pace. Governments are putting unprecedented effort into raising awareness with business. New approaches are required to deal with the evolving business and threat landscape. Breaches or leakages can be financially devastating and do significant damage to reputation.

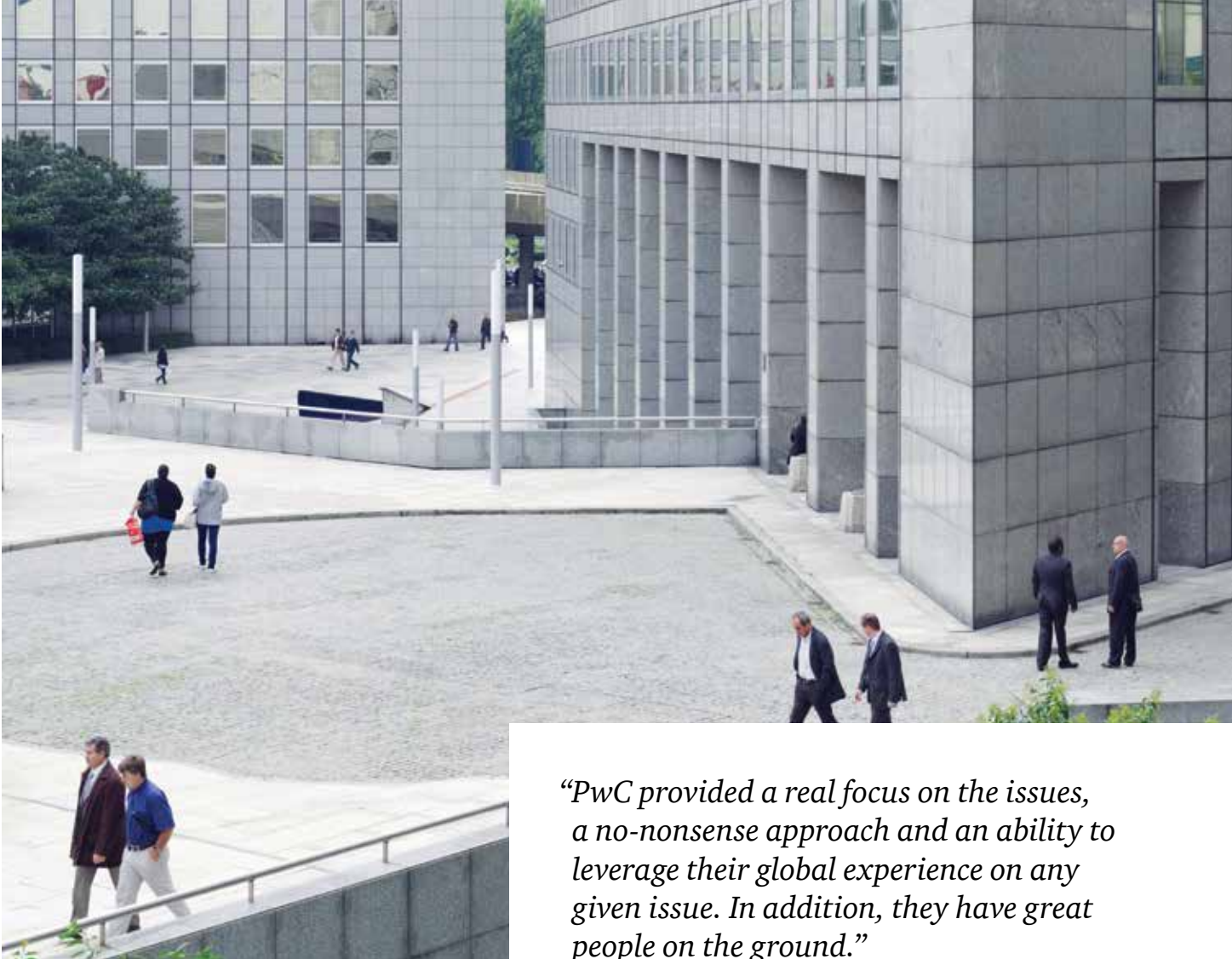
IT resilience and continuity

IT services are increasingly intertwined, with a complex combination of layers of infrastructure and service and process interdependencies, including legacy systems, mobile technologies and 3rd party vendors.

This complexity potentially leads to multiple and high impact IT outages resulting from the failure of a single component or process. Solutions for data storage or applications in the cloud bring new dimensions of risk.

Global IT

Operating a global IT system creates additional complexity and risk. Differences in local approaches and attitudes can create global system vulnerabilities. Inadequate global support can lead to high levels of downtime and reduced effectiveness. Complex global data protection legislation is increasingly a consideration for global IT.



“PwC provided a real focus on the issues, a no-nonsense approach and an ability to leverage their global experience on any given issue. In addition, they have great people on the ground.”

CEO, Digital TV broadcaster

Compliance with regulation

Often multiple compliance requirements are relevant, so a joined-up approach is essential. Otherwise, complexity can create inefficient overlapping controls or gaps that lead to non-compliance.

IT governance

Managing the structure and framework within which IT operates can have a critical bearing on overall corporate performance. An MIT study found that businesses with below average performance in IT governance were 25 per cent less profitable than their peers whose performance was ranked as good or above.

Technology mega trends

Analytics, big data, mobile, social media and cloud together represent consumer-driven forces that will impact every business and increase the need for digital trust. Having a business strategy for the digital age is important. Investments in technology can carry high risk exposure but not responding will cause loss of competitive advantage.

IT processes & assets

Robust and consistently applied IT processes form a fundamental part of IT hygiene. An incomplete IT asset inventory (hardware and software) can create problems for security, impair investment and result in financial and reputational damage from unlicensed software. For example, 90 per cent of all software licensing reviews carried out by PwC have identified non-compliance.

Sourcing risk

Cloud computing presents irresistible cost saving opportunities and a myriad of risks linked to where data is stored and how it is segregated and secured.

Outsourcing often goes wrong and companies are rethinking their approach to it. Some of the worst IT disasters in recent years have been partly caused by badly managed outsourcing. Data protection considerations are forcing businesses to rethink certain offshoring arrangements.



Cyber security

What does good look like?

- You continually monitor your risk profile. You understand what matters for the success of your business. You realise this changes as you move forward with your business.
- You understand in real time, the new threats within the digital landscape. And you're fully aware of the risks you're exposing the organisation to as you execute your strategic plan.
- You understand how digital is changing the fabric of your business, introducing new threats and changing your risk profile.
- Your eyes are fully open to digital threats.
- You recognise boundaries have shifted: your business architecture has changed, so have the risks within your digital supply chain. The threats come from within your organisation and outside.

How we help

Cyber security – confidence in your security. While cyber security risks have dramatically evolved, the approach businesses use to manage them has not kept pace. The traditional information security model – one that is technology focused, compliance-based, perimeter-oriented, and aimed at securing the back-office – does not address the realities of today. Cyber security isn't just about technology and computers. It's about people, information, systems, processes, culture and physical surroundings. PwC

will give you that confidence by helping you manage risks, while staying connected. We'll help you in shaping a broader strategic response to cyber risk by helping to understand current capability and putting in place a focused plan to target cyber security investment in the right places. Our specialists will help also you respond to actual cyber incidents. And they'll advise on the legal issues surrounding breaches, data privacy and protection. To target investment on what matters most we focus on the six areas outlined below:

You can't secure everything

We help you set the right priorities.

- Enterprise security architecture
- Protect what matters
- Strategy, organisation and governance
- Threat intelligence



Seize the advantage

We help you exploit digital opportunity with confidence.

- Digital trust is embedded in the strategy
- Privacy and cyber security legal compliance
- Risk management and risk appetite
- Threat intelligence



It's not if but when

We help you build an intelligence-led defence, enabling rapid detection and containment.

- Continuity and resilience
- Crisis management
- Incident response and forensics
- Monitoring and detection



Their risk is your risk

We help you understand and manage risk in your interconnected business ecosystem.

- Digital channels
- Partner and supplier management
- Robust contracts

Fix the basics

We help you use technology to your advantage, deriving maximum return from your technology investments.

- Identity and access management
- Information technology, operations technology and consumer technology
- IT security hygiene
- Security intelligence and analytics

People matter

We help you build and maintain a secure culture, where people are aware of their critical security decisions.

- Insider threat management
- People and 'moments that matter'
- Security culture and awareness

Cyber security services

Assess

Build

Manage

Respond

The benefits

Operate in the know

Our team will help you build a strong security foundation and an agile management framework integrated with your wider business plans, so you can operate knowing your risks and opportunities.

Be prepared

Every organisation will be breached at some point. Understanding this will help you prepare for the worst. Our team can help you prepare, prevent and protect what matters most to you.

Take control

Our team will help you take control and keep you up to date on regulatory and legislative changes. Our legal experts will also help you with your data privacy and protection concerns.

Feel confident

Your people are important, and their actions have a direct impact on your business and its security. We'll advise you on how to create the right culture where your people instinctively do the right thing.



Not all assets are equal.

Information, digital transactions and smart devices continue to proliferate at an extraordinary rate. Safeguarding all at the highest level is not realistic or possible. Incidents in some areas can be troubling; others can destroy key elements of your business.



Data confidence

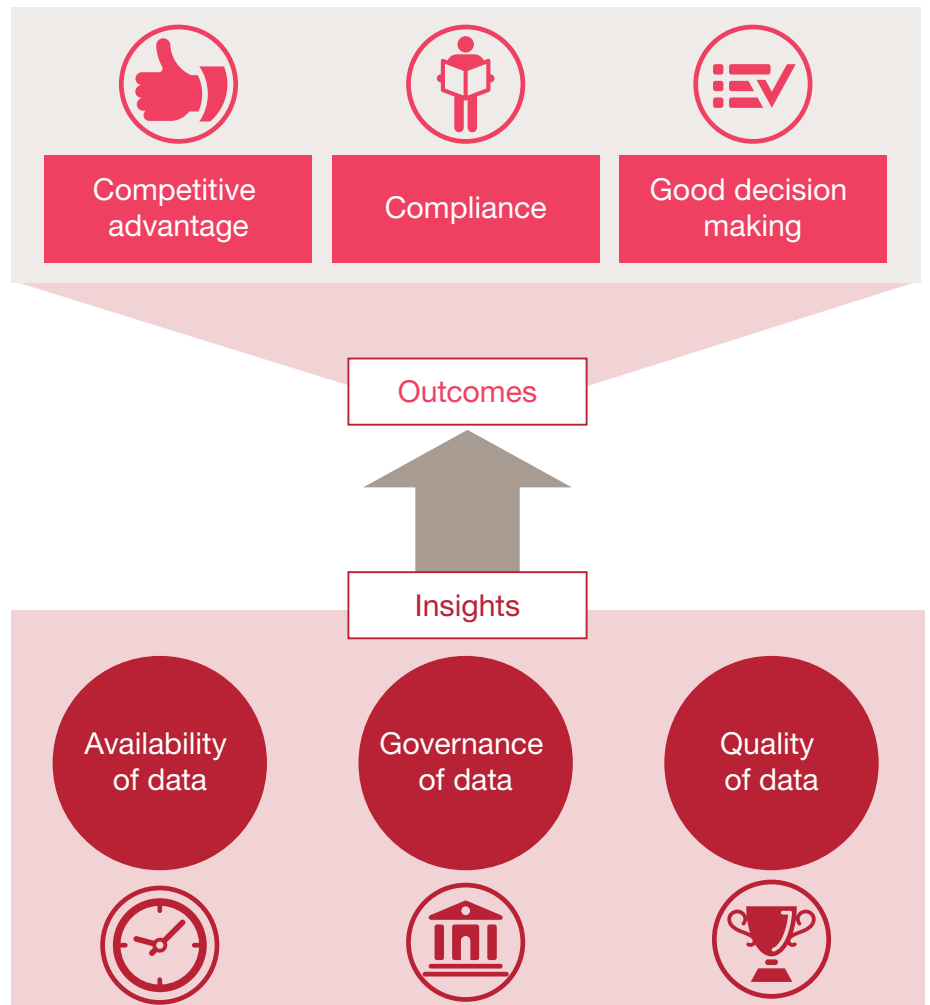
What does good look like?

- You know what data is important to you and you have the confidence to exploit it for competitive advantage.
- You understand how to use third party data, where it works and where it doesn't.
- You know the impact on your data of system change.
- Your staff know their responsibility to your data ensuring it is right for your business needs.
- You have the controls and processes to know when data quality is compromised and its impact on reporting, decision making and your customers.
- You know what data to secure and when to get rid of it.

How we help

Data confidence – confidence in your data is fundamental to an efficient and agile organisation. When you exploit your data and implement good governance, it provides the basis for others to trust you and want to do business with you. We can help you to know what data you need and how good it needs to be. We can ensure that you get your data right, focussing on what's important. We can help you embed good governance and also independently

test your systems and processes to ensure that your data is accurately processed and properly reported. For completeness we cover where data is stored, how long it is kept and who should have access. The result is a transparent and reliable governance process, enabling your employees and customers to make the right decisions.



The benefits

Peace of mind	Knowing your data meets your business needs.
Being systems-savvy	Understanding what your systems and processes are actually doing to your data, and knowing it's right.
Trusting your staff	You'll be confident your employees know their role in managing your data, from capture through to destruction.
Protecting the important data	Our team will help you prioritise the security and protection of the data that matters for your business.
Safeguarding your people	Having data governance at the heart of your change management process will ensure that the role of your employees is understood and managed.
Clear-headed decision-making	Confidence in your data, based on good governance, to make the right decision at the right time.
Changing data systems with confidence	You'll prioritise changes to the way you manage and protect your data.



We'll help you understand the value of your data, ensuring you focus your efforts on the data that matters.

With quicker, better informed decisions, your business will be agile, remain competitive and be trusted.



Business systems confidence

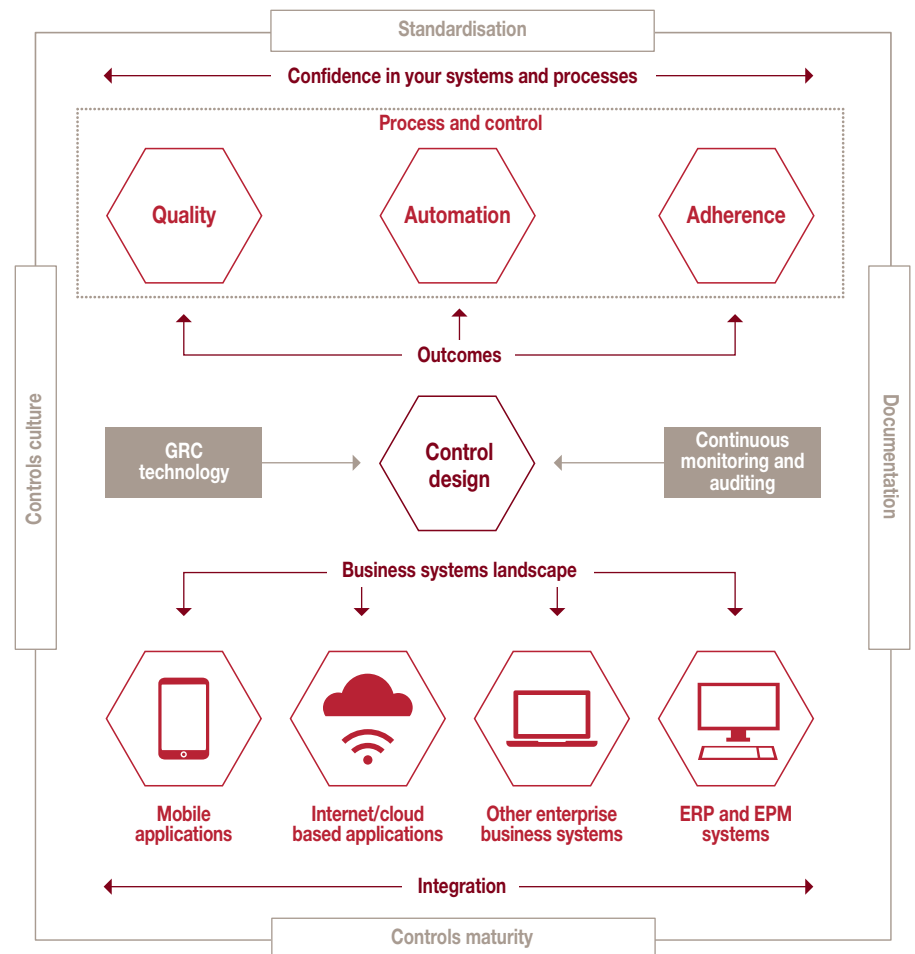
What does good look like?

- Your control environment provides you sustainable, reliable and cost-efficient management of your risks. It's efficient, effective and integrated with, underlying (ERP) and Enterprise Performance Management (EPM) systems, internet/cloud based and mobile applications.
- Management carries out real-time monitoring and periodic assessment of your systems, strengthening the ERP systems. Dedicated Governance, Risk and Compliance (GRC) technology provides vital support strengthening the ERP and EPM systems.
- You have thorough insight on performance, process adherence and compliance by continuously monitoring transactional data.

How we help

Business systems confidence – Confidence in your systems: design, strengthen, sustain. You need an integrated and holistic approach to designing, deploying, operating and optimising your control environment. As the business system landscape changes with users moving seamlessly between in-house systems and cloud based web services and mobile applications, a comprehensive approach to business systems control becomes even more important. You'll benefit from our deep technical expertise of the business

systems landscape, including a range of ERP, EPM and GRC technologies, and extensive experience in defining and deploying risk and control frameworks. This is how we've been able to help address financial and operational risk for clients across a whole spectrum of processes and industries. Working across the entire control life-cycle, we'll apply a 'risk and controls' lens to your processes and system design, strengthen your overall design, and help you increase the reliability and maturity of your existing control environment in a cost-effective and sustainable manner.



The benefits

The right focus	We'll help you understand which risks really matter so you can focus your efforts in the right places.
Prevention rather than detection	Our team will help you focus on preventing problems upstream, so you won't have to detect and correct them downstream.
Prepared for the worst	We'll help you arm your people with the skills and tools they need to respond in a crisis.
Demystifying technology	We'll help you cut through the complexity to express risk in simple business terms.
A fresh perspective	We'll provide a fresh and independent point of view, benchmarking you with peers.
Deep expertise	Our leading experts in industry, emerging technology and digital risk will complement your existing team.
Efficiency	We'll help you streamline and automate your IT governance, risk and compliance activities to deliver value for money.



Boards and senior management are demanding greater insight into the control and compliance culture of their organisations.

With our help, you can optimise your systems control, giving you better management of risk and improved decision-making.



IT risk resilience

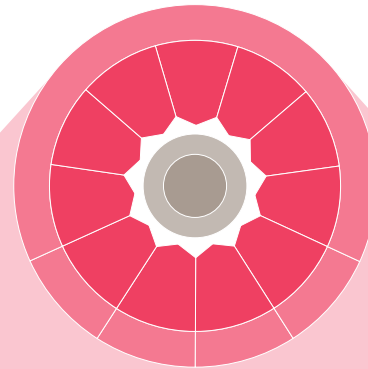
What does good look like?

- Your digital risks are proactively identified, assessed, owned, managed and monitored.
- The information you need to make risk-aware decisions is available at the click of a button.
- You are well placed to mitigate and avoid high impact system outages.
- When IT incidents or disasters do occur, you are fully prepared and able to respond quickly.
- You are fully compliant with regulatory requirements that are dependent on IT.
- Your total cost of compliance is reducing.

How we help

IT risk resilience – giving you the confidence to take risks. Businesses across sectors have recently been shaken by the impact of several high profile IT outages and glitches, eroding digital trust. IT services are increasingly intertwined with a complex combination of: layers of infrastructure, service and process interdependencies, including legacy systems, mobile technology and 3rd party vendors. This combined with fragmented understanding of the IT landscape, pressure to implement digital

changes faster at lower cost and an increasing need for real time data transfers means that approaches to managing risk and resilience must adapt fast. We'll help you identify a complete set of IT risks and to design the IT governance and risk management processes to better manage them. The PwC Risk Assurance Framework provides a comprehensive and proven approach to managing this process. Being good at this will give you the confidence to embrace the next digital opportunity.



IT risk is an implicit part of the risk landscape

Risk landscape

Risk



Strategic
commercial
reputational



Organisational
operational



Financial



Compliance
regulatory

Risk, control and assurance continuum

Approach



Risk
strategy



Risk
assessment



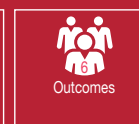
Design
implementation
management



Monitoring



Assurance



Outcomes

Lines of defence

Response



1st line: people,
process &
technology



2nd line:
management
& oversight



3rd line:
internal audit



4th line:
external assurance

The benefits

C-Suite insight	Deep insight for the C-Suite into how to improve technology-related investment decision-making.
Change delivery wellness check	You will understand how effectively your IT will be able to support and deliver a business critical change programme.
Management trouble-shooting advice	You will know where your weaknesses are and have a plan in place to monitor the effectiveness of your governance and IT risk resilience processes.
Identify and prioritise improvements	Our team will help develop a strategic improvement road-map – aligned with industry good practice, and benchmarked against peer organisations.
Unbiased risk resilience assurance	Independent assurance to the board and third parties on the effectiveness of your risk resilience environment.



We'll help you make more informed decisions in managing the risks and delivering business value from your IT and technology investments.



Transformation confidence

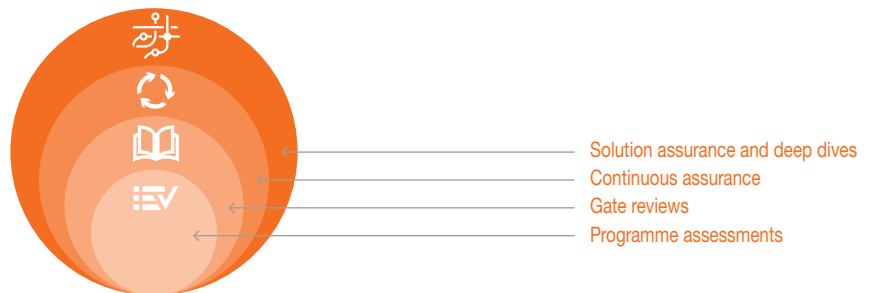
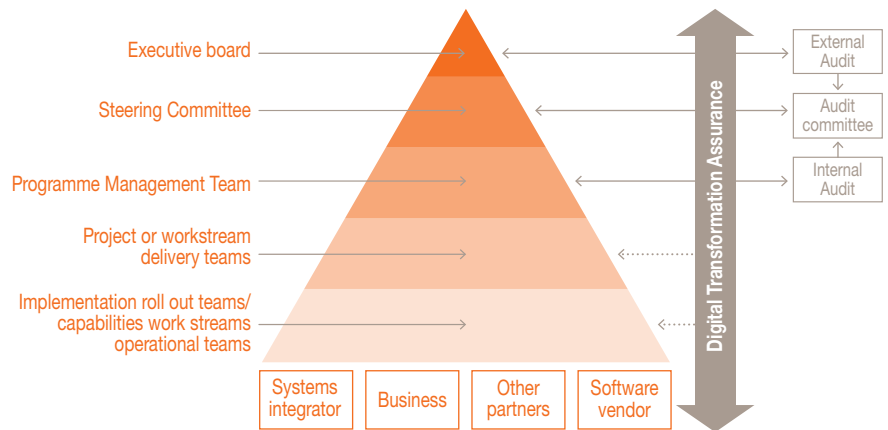
What does good look like?

- Technology-enabled transformation is complex but delivers strategic change to your business. You can realise the full extent of your investment and position yourself ahead of the competition.
- Shareholders and market analysts recognise your commitment to evolving or innovating your business and are confident in your approach to maximising value from your digital investments.
- Digital change agendas are delivered on time and to budget – and they achieve the outcomes your stakeholders want.
- Your organisation is focussed on the technology changes that will provide most value to your business, so you can commit your finite resources to game-changing solutions.

How we help

Transformation confidence – confidence in your digital transformation program. Your business is becoming increasingly dependent on technology-driven transformation programmes. You need to take the lead in these digital change agendas. Doing so will give you the strategic edge, competitive advantage, lower operating costs, and greater agility.

You need to focus on the right opportunities – and maximise your chances of achieving them by aligning your projects and programmes appropriately. Acting as your ‘critical friend’ we’ll give you insight and challenge to help you make those tough decisions and support you in realising your digital future.



‘Because many change programs fail to deliver the business outcomes, boards are left with the dilemma of knowing they need to change but not having confidence in their ability to deliver the outcomes.’

The benefits

An unbiased perspective	An independent view of the key technology programme activities and deliverables. Leadership will get impartial insight into the state of your digital transformation.
Focus on what matters	You'll learn to concentrate on the business reason for the change from inception to delivery.
Work towards a commercial outcome	You'll be equipped to concentrate on the business outcomes of the project.
Get a heads-up on risk	You'll be forward looking, and get early warning of the key issues and risks.
Expert enrichment	Our experts in industry, technology and digital transformation programme delivery will enrich your existing project team.
Top to bottom assurance	We offer the broadest coverage of assurance, guaranteeing you a high-performance technology transformation programme – from top to bottom.



Effective digital transformation assurance works as the conscience of the transformation.

We'll ensure everyone works together to deliver business outcomes not implement technology.

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