

Compliance And Procurement Sentiment Report

*Professionals cite convergence & positive sentiment,
but highlight headwinds*



EXECUTIVE SUMMARY

Welcome to the first-ever Dun & Bradstreet 2018 Compliance and Procurement Sentiment Report. I am pleased to share the results from the survey with you.

More than 600 respondents from the US and UK answered a range of questions on confidence, concerns, risk, technology and priorities. This premier edition of the report examines the current state of compliance and procurement and provides a sentiment score for these professionals.

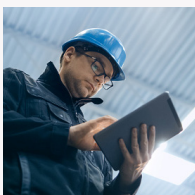
In my conversations with compliance and procurement professionals across the globe, their objectives remain unchanged: mitigate risk, reduce costs, and create world-class, advanced due-diligence programs. These areas of focus are not mutually exclusive and cannot be done in silos. There are external and internal factors, often outside the compliance and procurement professional's scope of responsibility, that impact success.

In this sentiment report, we dig a little deeper into some of those factors. We uncover areas of success and concern, both short-term and long-term. Here are a few of the standout observations:



Procurement and compliance professionals are optimistic about the future of their disciplines today. There is an overall positive sentiment in both the current and future effectiveness of their respective areas as a function.

While the overall sentiment is positive, respondents continue to be concerned with regulations. As the regulatory landscape in the US and UK becomes more complex, compliance and procurement organizations need to have comprehensive due diligence programs in place. They also need to be nimble enough to respond to change quickly, while meeting regulatory requirements.



The convergence between supply risk management and compliance continues. Both disciplines have similar, overlapping needs, and in some companies we are seeing one executive responsible for both. In those cases, professionals who hold dual roles tend to have better business outcomes and are more successful.

Many organizations have adopted technology as part of their compliance and procurement programs, but there is still room for improvement. As technology changes and solutions like artificial intelligence and predictive analytics come into play, an organization's due-diligence program can benefit if the technology is adopted correctly. However, technology was highlighted by numerous respondents as a possible barrier to their success.



Our goal is to provide insight into the challenges supply and compliance professionals face, as well as the issues that are most important to them. This view gives procurement and compliance professionals a voice, while also providing important market information for these disciplines.

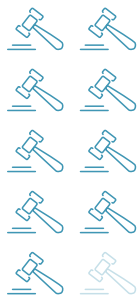
The inaugural report creates a baseline sentiment score that Dun & Bradstreet will continue to monitor and update during 2018 to identify changes and trends for these crucial business functions.

Thank you,

Brian Alster
Global Head of Supply & Compliance
Dun & Bradstreet

9 IN 10
(93%)

decision-makers are confident in the current effectiveness of compliance and procurement



65%

OF RESPONDENTS said existing regulation has increased the risk to their business in the last 3 months



53%

OF RESPONDENTS said existing regulations and regulators are preventing them from doing their jobs effectively



KEY SENTIMENT REPORT FINDINGS

Effectiveness of compliance & procurement function



Impact of regulations to business



60% US



61% UK

TOP 4

CONCERNS IN NEXT 6 MONTHS:



1. Customer/vendor due diligence
2. Internal training to ensure understanding of regulations
3. Ongoing supplier and vendor monitoring
4. Implementing a risk-based approach

36%

OF RESPONDENTS believe that technology is still one of the barriers preventing them from doing their job effectively



78%

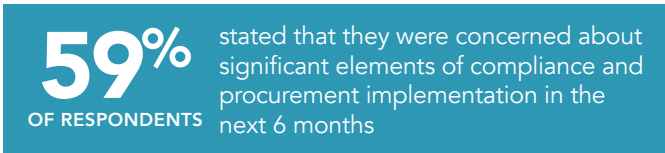
REPORT that they are familiar with artificial intelligence



SENTIMENT: POSITIVE, BUT PROFESSIONALS
WARY OF HEADWINDS

Compliance and procurement professionals are positive about the current and future effectiveness of their functions; more than 90% registered a positive sentiment. Clearly, compliance and procurement professionals believe that their function is and will continue to make a positive difference in the organizations in which they work.

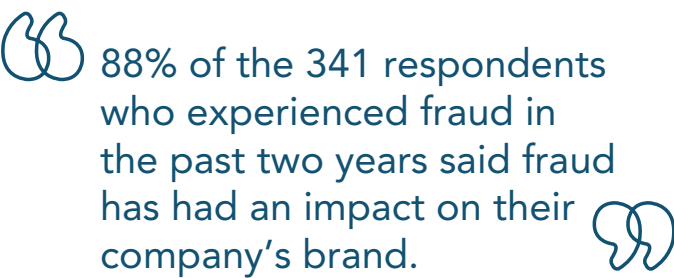
Respondents expressed concern about the impact of core due-diligence activities on their business in the next six months, such as vendor/customer due diligence and environmental and social governance. It may be surprising to learn that the second biggest concern highlighted by respondents is internal training.



FRAUD CONCERNS REMAIN

Fraud remains a major issue of concern to corporations in all sectors. More than half (55%) of professionals surveyed reported that their organizations have been subject to an incident of fraud in the last two years. In an indication of the ongoing risks faced by compliance and procurement professionals from crime, we learned that 18% experienced fraud in the last 3 months alone. The overall impact of fraud can have significant implications.

REPORTS OF FRAUD	
DATE RANGE	NET PERCENTAGE
PAST 3 MONTHS	18%
PAST 6 MONTHS	30%
PAST 12 MONTHS	42%
PAST 2 YEARS	55%



THE CONVERGENCE BETWEEN SUPPLIER RISK
MANAGEMENT AND COMPLIANCE

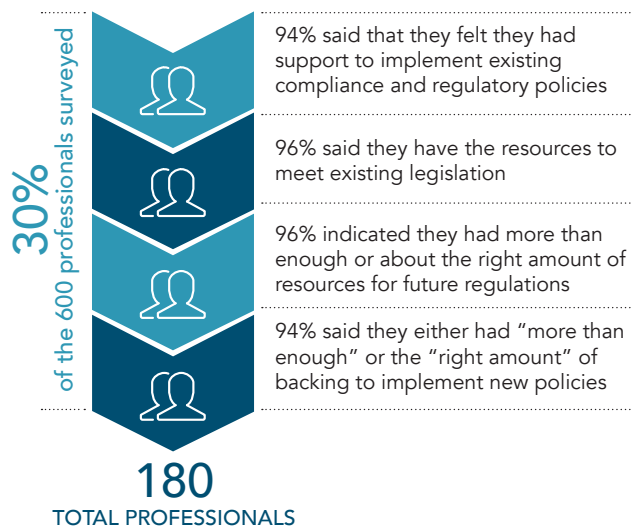
It is no secret that the challenges facing procurement and compliance professionals are very similar, and the lines are blurring. The two functions, while treated separately within some organizations, are both focused on similar processes and priorities, such as onboarding third-parties, mitigating risk exposure, and reducing costs. At Dun & Bradstreet, we have seen the convergence of responsibilities and focus become more obvious as we look at market trends.

The convergence between the two functions was seen across several questions in the survey. Compliance and procurement professionals share similar points of view around regulations, artificial intelligence and resources.

	Compliance	Procurement
More than enough or about the right amount of backing to implement regulatory policies/best practices	86%	90%
Have, or are planning to introduce in the future, an automated or artificial intelligence (AI) function	68%	68%
Existing regulation has increased the risk to their business in the last 3 months	68%	62%
Concerned about the impact of regulation on their business in the next 6 months	59%	63%
Resources are a barrier to doing their job effectively	47%	41%
Very familiar with artificial intelligence in compliance/procurement	44%	43%
Technology is a barrier to doing their job effectively	39%	33%
On average, those that are not concerned about the impact of regulation in the next 6 months	9%	3%

CROSS-FUNCTIONAL PROFESSIONALS HAVE BETTER OUTCOMES

Close to one-third (30%) of the professionals surveyed indicated their focus spans both procurement and compliance. An overwhelming majority (94%) of respondents with blended functions are key decision-makers. They report having a more positive experience within their corporation related to internal stakeholders and resources, according to the research.



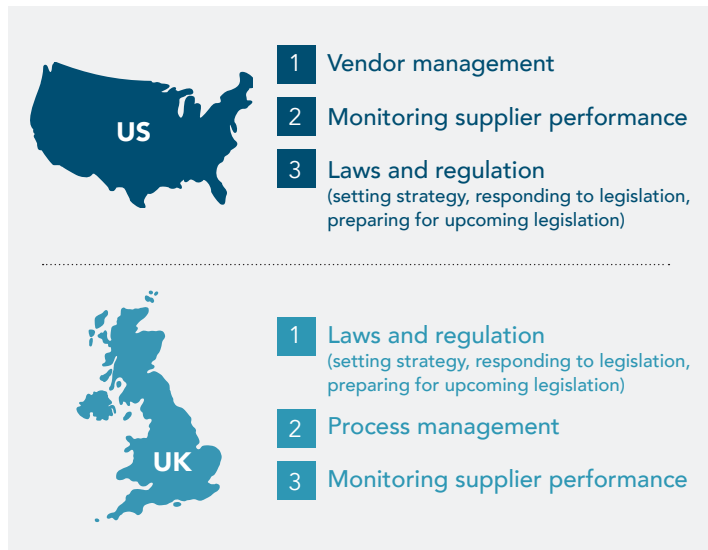
DIFFERENCES REMAIN AMONG DECISION-MAKERS WITH CROSS-FUNCTIONAL RESPONSIBILITIES

Despite the growing convergence, there are some areas where compliance and procurement decision-makers diverge in their responses based on different priorities. These are worth highlighting:

- **PROCUREMENT decision-makers** are more likely than compliance decision-makers to say that winning new business (69% vs. 56%) and delivering existing business (71% vs. 63%) have a positive impact on the compliance/procurement process.
- **COMPLIANCE decision-makers** are more likely than procurement decision-makers to say that policies and procedures within their organization have a positive impact on the compliance process (70% vs. 59%).

PRIORITIES FOR COMPLIANCE AND PROCUREMENT PROFESSIONALS IN THE US AND THE UK

Compliance and procurement professionals continue to face similar pain points within their organizations. Developing comprehensive programs that mitigate risk, reduce costs, and accelerate due diligence are goals by which these departments are measured. Those top-of-mind objectives are directly tied to the top priorities identified by the compliance and procurement professionals in the survey. An effective, comprehensive program needs to include a focus on both vendor management and performance, as well as laws and regulations.



TECHNOLOGY IS A STRATEGIC DRIVER AND
A BARRIER TO SUCCESS

Technology has played a crucial role in ensuring businesses are able to mitigate risk, reduce waste, and make faster decisions. The survey confirmed that technology has become an important strategic driver for compliance and procurement decision-makers.

Improvements in technology can be made

Despite the move to automated intelligence and automation, there is much room for improvement, according to survey participants. Two hundred sixteen of the respondents noted that technology is still one of the barriers preventing them from doing their job effectively.

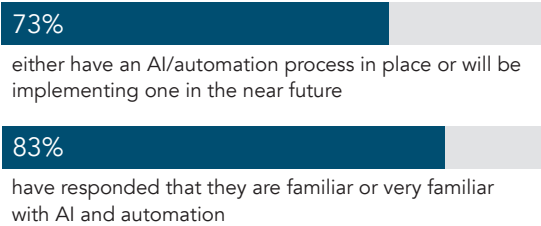
Of those 216 respondents, 71% have experienced fraud in the last two years, which has also damaged brand. The feedback from these respondents highlights the need for an effective technology infrastructure to support a risk-based approach and aid decision-making.

As technology evolves, it is imperative that organizations leverage efficiencies gained from technology to keep up with changing regulations and the complexities of third-party relationships. Technology like artificial intelligence and predictive analytics can save compliance and procurement functions both time and money.

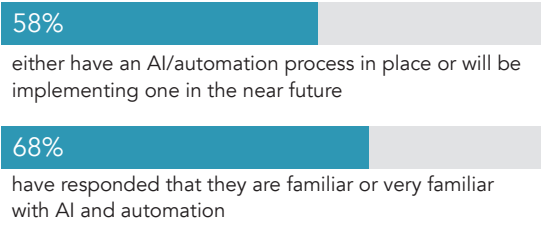
The majority of respondents in the US and the UK said their organizations either have AI and automation in place, or they will be implementing it in the near future. A majority in both countries said they are familiar with AI and automation. And while both the US and UK have an overall positive response to technology as it relates to procurement and compliance, the US tends to be slightly ahead.



US



UK



ABOUT THE PARTICIPANTS



618 compliance and procurement professionals took part in the survey
• 200+ US & 100+ UK for each focus



70% of all respondents are the actual decision-makers in their organization



11 major industries represented: Auditing, Legal, Oil & Gas, Manufacturing, Utilities, Logistics, Retail, Government, CPG, Pharma, and Fast-moving Consumer Goods



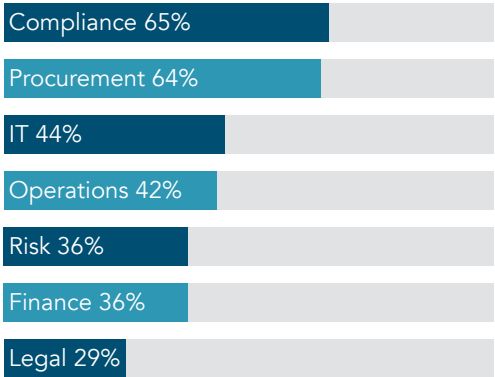
Participants worked in different departments (survey participants could cover more than one department)



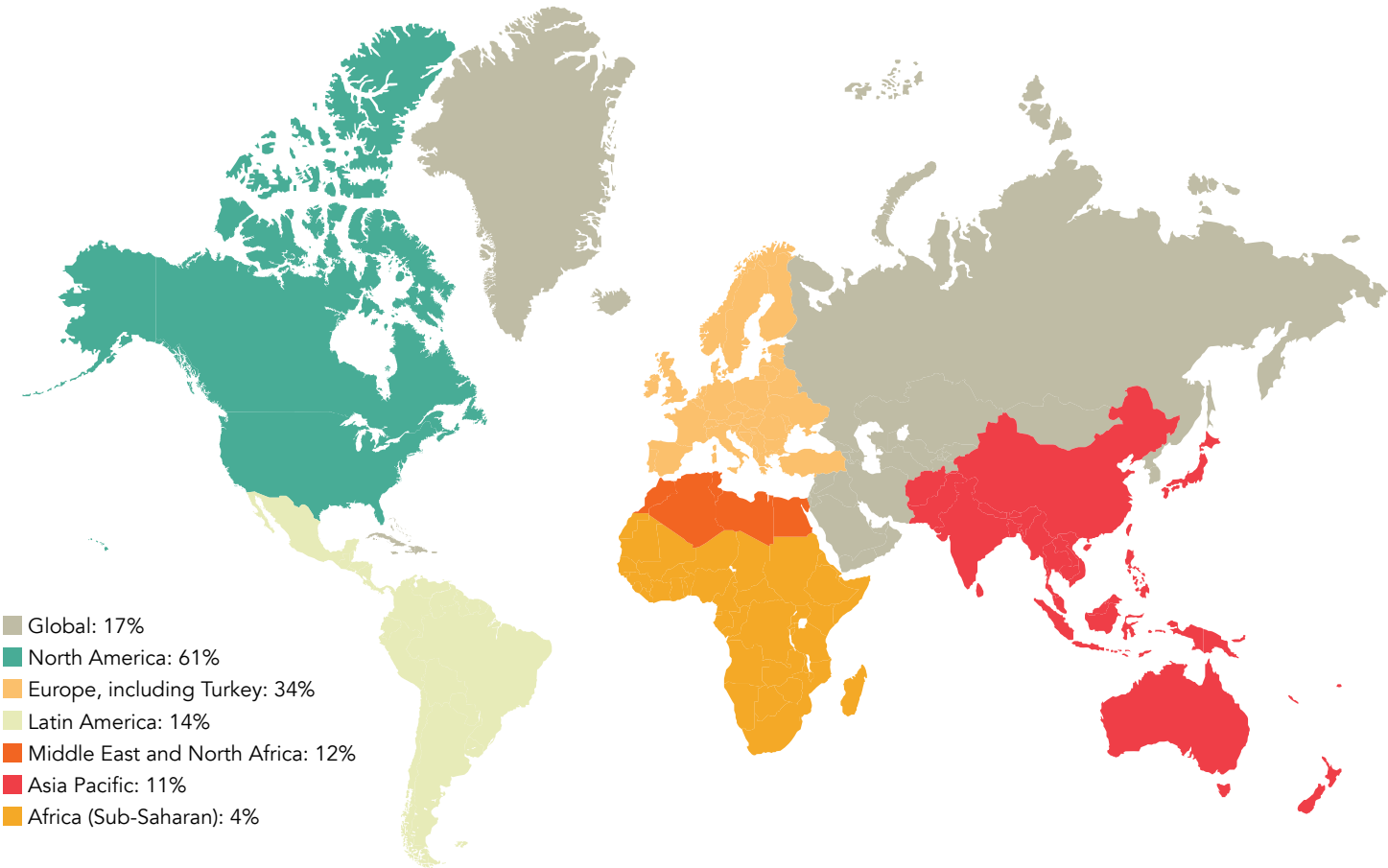
Annual company income: 56% above \$10M, 36% between \$1-10M, 4% under \$10M



The majority of respondents represent large corporations (47% with more than 1,000 employees)



LOCATIONS SUPPORTED IN ONBOARDING ACTIVITIES



METHODOLOGY

The Sentiment Index score is calculated by summing the percentage of positive respondent replies and half of the percentage of neutral ones and is based on the answers to questions regarding:

- The current and future effectiveness of the compliance and procurement function
- The impact of existing regulation on the risk to the business in the last 3 months
- Concerns on the impact of certain regulatory items on the business over the next 6 months

ComRes interviewed 618 Compliance and Procurement decision-makers online between February 5th and 21st, 2018 with knowledge of and/or responsibility in the decision-making process for their company's compliance/procurement function. To ensure the correct respondents were participating in the research, participants were pre-screened, targeting those in compliance and procurement decision-making roles. Screening questions were included within the questionnaire itself, asking respondents about their current role, and screening them out if they did not select compliance or procurement. Given that respondents were able to select multiple responses to this, some chose both compliance and procurement roles. Respondents were then routed to either compliance or procurement questions, but not both, to achieve the appropriate respondent base for each function.

The second screening question queried respondents on their knowledge of—or responsibility in—the decision-making process for their company's compliance and procurement function, screening out all those who were not involved in the decision-making. Following the completion of field work, data was then reviewed to ensure its validity. This involved reviewing the raw data to ensure that no survey was completed too quickly, and that any fill-in text answers contained valid responses. In this way, ComRes achieved a robust sample of more than 600 completes among compliance and procurement decision-makers.

Data results were not weighted. Full data tables can be found at www.comresglobal.com.

ComRes is a member of the British Polling Council and abides by its rules www.britishpollingcouncil.org). This commits the researcher to the highest standards of transparency.

ABOUT DUN & BRADSTREET

Dun & Bradstreet (NYSE: DNB) grows the most valuable relationships in business. By uncovering truth and meaning from data, we connect customers with the prospects, suppliers, clients and partners that matter most, and have since 1841. Nearly ninety percent of the Fortune 500, and companies of every size around the world, rely on our data, insights and analytics. For more about Dun & Bradstreet, visit DNB.com.