

## New Horizon for Board Data Management

By *Brendan Sheehan*

Effective communication and timely distribution of documentation can make or break a board, and even an entire corporation. Managing these documents and preparing board communications has become almost a full-time job for the corporate secretary and it is unlikely the burden is going to be reduced with the passing of time.

As board members become more aware of their responsibilities, they are demanding greater information to perform their tasks of ensuring compliance and providing strategic oversight. With this task generally falling to the already heavily burdened corporate secretary, they are looking to technology to lighten the load.

One area of technology that is gaining in acceptance is the online board portal. Several years ago when these products first started coming onto the market there was very little interest. According to Chris Quimby, product manager of compliance and governance at CSC, 'The level of interest has completely changed over the past twelve to 18 months and there is now a significant appetite for this type of product among the corporate community.' Because of this, CSC is preparing to release a new web-based board portal in early 2007.

While virtual board communication tools are on the rise, the number of providers is actually falling. 'A few years ago there was a plethora of competition in the virtual boardroom space. There are now perhaps three or four main players in the market. One of the reasons is that many of the companies had virtual rooms as the *only arrow in their quiver*,' explains Quimby.

CSC and Quimby believe board portals are far more effective when they form part of an integrated suite of services and this is something that seems to resonate with their customer base. As such, the new boardroom product will be incorporated into CSC RecordsCenter, their comprehensive entity and records management solution.

One of the major advantages for having the boardroom as part of a wider solution is the savings achieved by avoiding data entry redundancy. 'Driving from a centralized repository means director and officer information, calendaring functions and a great deal of other corporate information is already in place and can be drawn directly into the virtual boardroom,' explains Quimby.

Duplication of data entry is an intensive

exercise and a complete waste of employee time. Apart from the time and cost savings achieved by not having to re-enter existing information, using a central depository greatly reduces the risk of data entry errors.

Effective use of web-based board portals and other electronic information systems is resulting in a 'dual paradigm shift' in the way boards, legal departments and corporate secretaries perform.

The corporate secretary and others responsible for the administration of board meetings are currently mired in a world of paper. They have to compile board packets and distribute these to directors who may be dispersed around the globe. Delivering a package via courier can be difficult because the director may be traveling or maintain a number of different residences worldwide. With the need for timely receipt of information, this method is becoming less and less viable.

With a totally web-based product this problem is resolved because directors and others involved can access the site at any time without the need for paper. The user and administrator have 24-hour global access. Changes or amendments to documents can be filed instantly and directors are able to post comments and discuss issues in a real-time environment. Apart from the increased efficiency achieved, the reduced need for printing and mailing hardcopy documents results in a significant monetary saving that, at a larger company, can run to

hundreds of thousands of dollars over time. Because the boardroom uses a pre-existing central repository, it is possible to set up member groups and committees, post calendar events and send documents all in a matter of minutes, explains Quimby. This is a huge advantage for the corporate secretary in time-savings alone.

The second shift is getting the board of directors, many of whom may not be particularly tech savvy, to adopt web-based environments. There is often some resistance at the board level to this type of technology and often the corporate secretary or general counsel needs to apply some tactical pressure to ensure the tools are accepted. In most cases it is the corporate secretary driving this process because benefits are realized so quickly.

The best way to achieve widespread adoption of an electronic boardroom, according to Quimby, is by using a gradual implementation. 'We are very conscious not to intimidate the board with too much technology. It would have been possible to build collaborative workspaces, public/private chat rooms, balloting and voting initiatives but, based on market testing, we decided to start with basic functionality that includes receiving e-mails and documents, going to the calendar, and attending board or committee rooms to click on documents. The rest can be phased in later.'

A lack of technological comfort is not the only reason put forward for the slow adoption of

online boardrooms to this point. Both directors and corporate secretaries often raise security as a concern. ‘There is a lack of understanding with security,’ explains Quimby. Security should not really be an issue because any good service will have the highest level of dual firewall protection, encryption and detection software. In fact, distributing information in this way is more secure than sending hardcopy documents through a courier service. As time passes and people become more comfortable with the technology and the companies providing it, security fears will continue to diminish.

Document storage and recovery is also another important consideration and something that use of online technology can help improve. All the data in the boardroom is backed up and stored in electronic format and can be easily recovered (often in minutes) if the need arises to query or investigate the minutes of past meetings, for example.

One significant advantage is the range of users that can access information via the web-based system. Apart from the board members and corporate secretary, it can also be used by tax and audit departments, the legal team, and other internal groups that may need to post or access data. Each of these users can be given individual levels of access so they can see only those parts of the site that they need to perform their duties.

As the demands placed on board directors increases and the level of scrutiny of corporate

data and disclosure continues to become more intense, the need for more effective management of information is clear. The adoption of web-based technology in the boardroom and among those who administer data and support the directors is likely to be the next step in creating a better and more efficiently governed corporation.

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