

# Impact of change technologies on corporate governance and control practices

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## Theses and structure of consideration

- Impact of change technologies factors on GRC (Governance, Risk, Compliance/Control)
- Understanding the impact “chain” (predicting the sequence of changes)
- Examples of disruptive technologies impact in risk identification, control development
- Changes in corporate governance
- Preparation for implementation of technologies in a GRC division

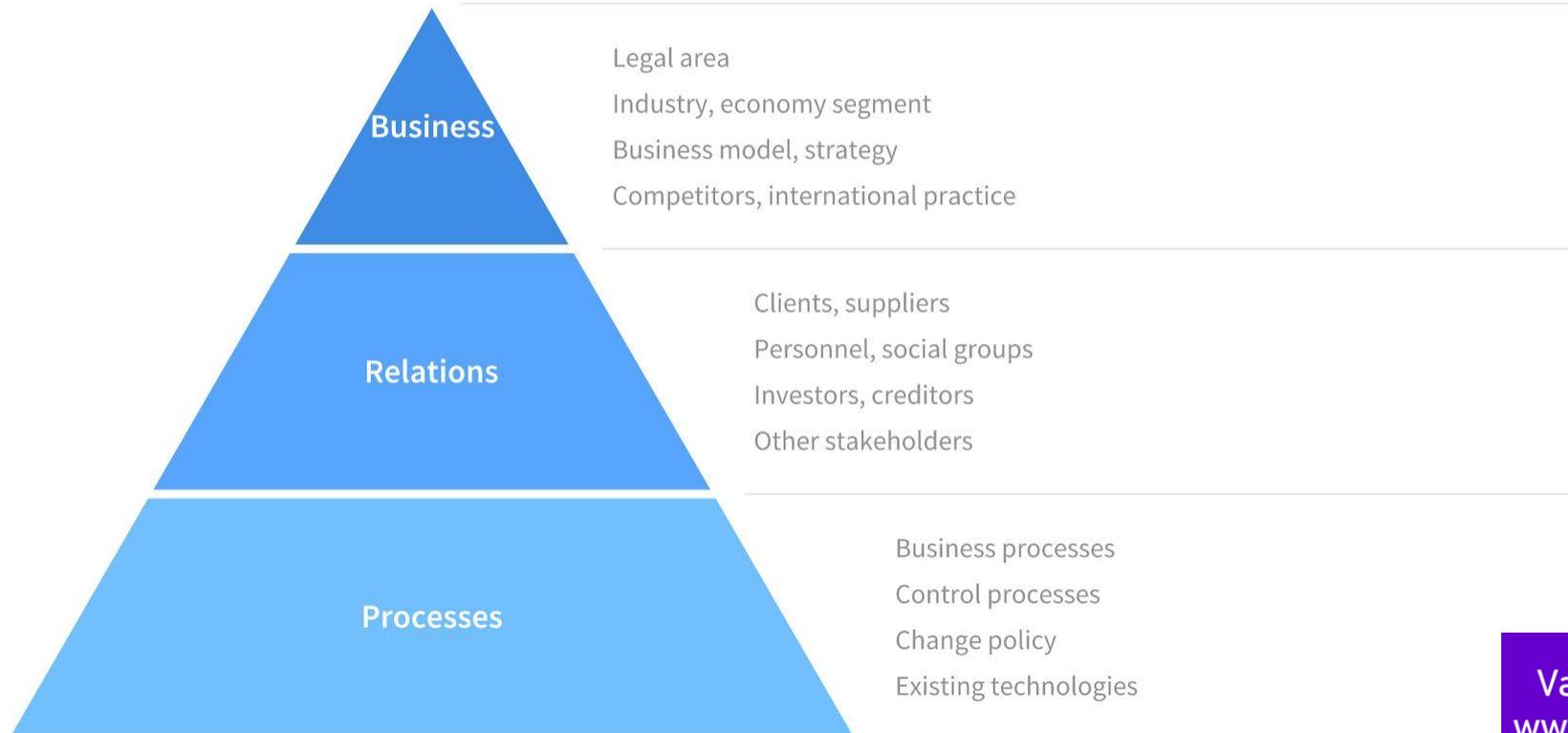
# Disruptive technologies



- **Transform business models**  
(supplant existing business models)
- **Create new markets**  
(while disrupting existing markets)
- **Other value sets**  
(that ultimately and usually unexpectedly outperform existing markets and models)

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# Impact factors





# Technology impact on GRC tasks

Objects of comparison, development areas

\* GRC - Governance, Risk, Compliance/Control



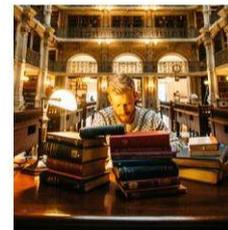
Personnel



Processes



Equipment



Knowledge

# Understanding impact chain

of technology development to corporate governance and control processes

## 1 | Industry impact study

(expert analysis, information search, forecasts, trends, subject matter conferences)

## 2 | Future insight

(future scenarios, vision, near-term technology)

## 3 | Actualization of present and leading practices

(assembly of examples, analysis of applicability, time correction)

## 4 | Current state analysis

(as is, in the context of “people”, “processes”, “technology”, “knowledge”)

## 5 | Development of a time causal chain

(building a chain of technology development in the industry and profession, “visualization” of the impact chain)

— 1-2 weeks, methodology expert —

# Standards

1 Lack of standards for GRC

2 Finding information and understanding application - creative approach

3 Studying technology standards, communicating with subject experts

# Disruptive technologies and impact on GRC



- **Information**

Artificial intelligence

Big data

Predictive analytics, mood (intention) monitoring

- **Robotization**

Information search technologies

Process robotization, “human substitution”

Ethics matters

Sorting hotline signals

- **Distributed interaction**

Blockchain as a means of control

Distributed ledgers (registers)

Internet of things, fog computing

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# Risk identification disruptive approach example

- 1 Connection to company systems and bases
- 2 Initial development of search algorithms and context
- 3 Search bot
- 4 Assembly of documentation (files)
- 5 Initial machine based or dependent analysis
- 6 Algorithm and search context adjustment
- 7 Deep search
- 8 Machine dependent sorting
- 9 Viewing and primary identification of risk events and factors
- 10 Classification, expert discussion, final risk identification

# Mood monitoring, an example of predictive anti-fraud

- 1 **Definition of criteria for atypical reactions**
- 2 **Assembly of activity information from nodes (work stations) of company systems**
- 3 **Interpretations based on data base analysis**
- 4 **Identification of atypical reaction locations**
- 5 **Understanding fraud factors**
- 6 **Response development**

# Use of conversational AI in search and development of controls

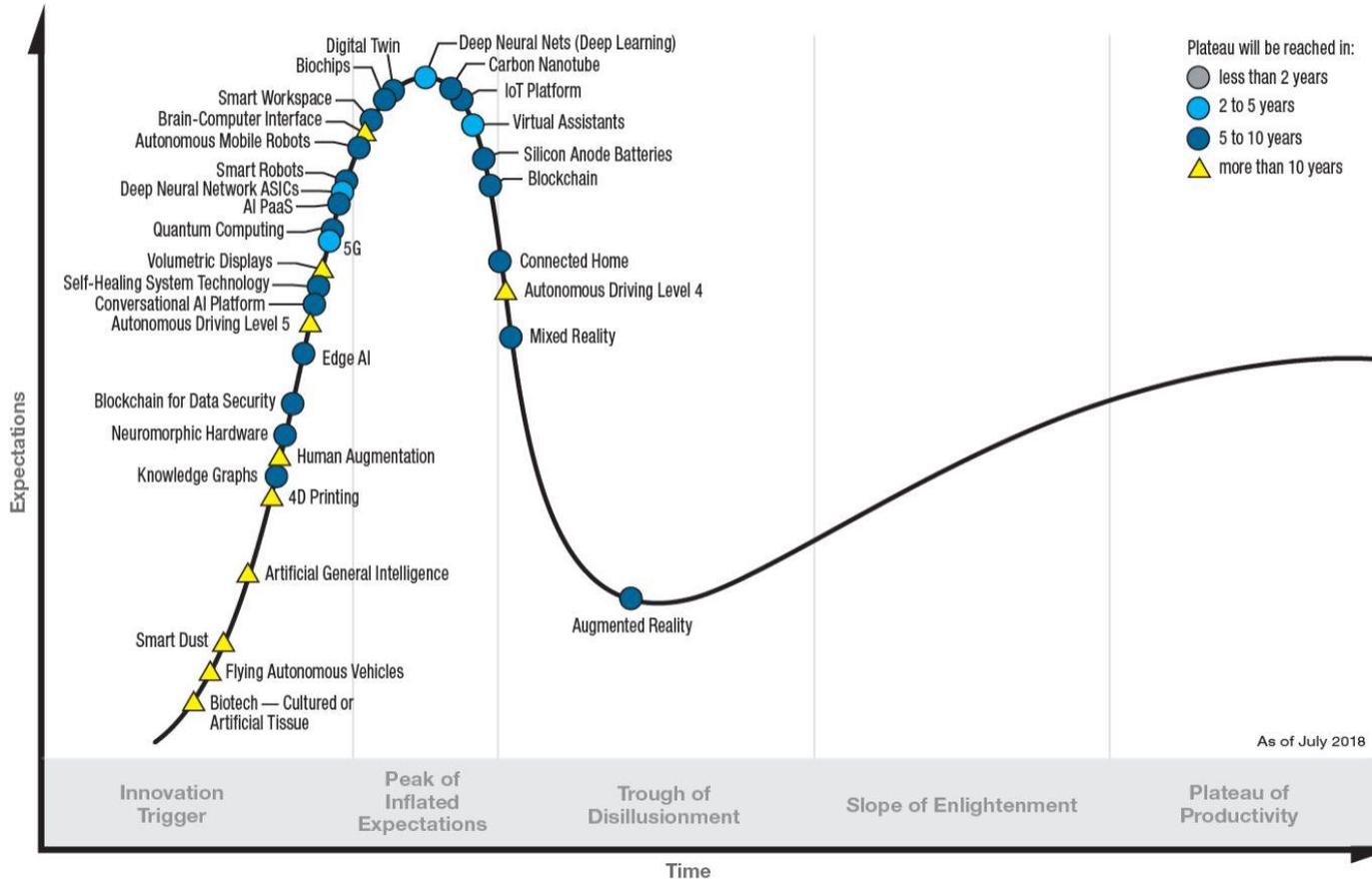
(effective in compliance)

- 1 **Connecting an intellectual machine to databases, constantly replenishing databases with new materials**
- 2 **Elaboration of questions and keywords**
- 3 **Asking questions based on the results of a risk assessment**
- 4 **Response processing**
- 5 **Machine learning**

# Corporate governance, influence areas of modern disruptive technologies

- Implementation of traditional corporate governance methods in disruptive technology companies
- Expertise in supervisory boards' work
- Financial markets
- Using blockchain in corporate actions
- Enhancing corporate governance and financial reporting
- Ethics matters, company reputation
- Major threats associated with disruptive technologies and discoveries

# Hype Cycle for Emerging Technologies, 2018



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# Role of insight (insightful expertise)



- Perception of disruptive technologies in their true purpose
- Providing the organization with hints (understanding) how to constructively use their “destructive” power
- Protection of company value by providing risk-based objective assurance, recommendations, insightful expertise

# Contact information

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- Risk management and internal control
- Internal audit
- Fraud prevention, compliance
- Investigations

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