Module 702:
Compliance Transformation in Central Europe:
Will Integrity Management and Digital Compliance Bring Us the Future of Sustainable Compliance Programs?

7th European Compliance and Ethics Institute, 12 March 2019, Berlin/Germany
Markus Jüttner, Vice President – Compliance, E.ON SE
Andreas Pyrcek, Partner Forensic & Integrity Services, EY

Your Speaker today

Markus Jüttner
Vice President Compliance E.ON SE
E.ON SE
Essen, Germany
Tel: +49 (0) 178 553 7074
E-mail: markus.juettner@eon.com

Andreas Pyrcek, CCEP-I
Partner
EY Forensic & Integrity Services
Düsseldorf, Germany
Tel: +49 (0) 160 939 26881
E-mail: andreas.pyrcek@de.ey.com
Our topic today

Compliance Transformation in Central Europe: Will Integrity Management and Digital Compliance Bring Us the Future of Sustainable Compliance Programs?

- The future of compliance in Central Europe, especially the role of values and ethics; compliance needs more than good policies and procedures—will the future bring in more behavioral ethics and technology?

- How can employees experience integrity, ethics, and compliance as part of the daily business and not as a burden? What are the challenges and opportunities in building value-based compliance and ethics programs in a European context?

- How does the digital transformation enable organizations in a cultural change—but also impact the role of the compliance office, the compliance program, and the way we as professionals manage new and emerging risks?
Digital transformation refers to changes impacting day-to-day life, business and society as a result of the use of digital technologies and techniques as well as their effects.

What is digital transformation?

What exactly are innovation and disruption?

The future will require new ways of working:
- Our industry is becoming more professional
- New inspiring ideas are becoming an important currency
- Working with multiple perspectives is critical

Cultural economy and workplace of the future are more than buzzwords:
- Professional service model requires a refresh
- Acceleration of the pace of change is tangible
- Higher interconnectivity and need for purpose are fundamental
INTERNET COMPANIES DISCOVER THE INDUSTRIAL SECTOR AS A GROWTH AREA

A selection of Google’s industrial projects and investments

- Investment in Uber and pilot project for Citylogistik
- Pilots for various drone projects (Project Wing, Titan Logistics)
- Purchase of eight robotics companies and testing of automated production lines
- Lens for automatic measurement of blood sugar levels
- Investments in 23andme and Calicio
- Development and testing of autonomous vehicles for mass use
- Realtime navigation with Google Maps
- Development of drones (Titan Aerospace) and balloons for the transmission of radio signals
- Investment in satellite manufacturer Skybox
- Purchase of Nest, a producer of adaptive thermostats

Source: Roland Berger

But what does that have to do with the issue of Compliance?

Business opportunity
Organizations are becoming faster as well as more agile, dynamic and creative.

Business Competition risk
New competitors are entering the market, which is exerting pressure on margins and market share.

Regulatory risk
Business models are growing increasingly complex, which involves the refining of laws and provisions and the creation of new regulations.

Generational Transformation
Employees are changing – Generation Y will become the predominant age group in the workplace.

But what does that have to do with the issue of Compliance?
How is Compliance preparing for the digital transformation? With all its opportunities and risks?

10 principles of digital transformation and compliance management

Digital transformation Integrity & and compliance
1) Digital transformation means more data and thus greater transparency, more opportunities but also other risks
2) Digital transformation and corporate values – Increasing integrity via improved employee understanding
3) Digital transformation involves a different way of dealing with risks and the compliance risk analysis
4) Digital transformation and compliance prevention – Are the rules, policies and processes up to date?
5) Digital transformation and compliance training – Revolution in the classroom
6) Digital transformation and third-party compliance diligence – Are databases a cure-all?
7) Digital transformation, compliance and human resources – A new and strong partnership on the data front?
8) Digital transformation and compliance audits and reviews – Is the auditor going digital?
9) Digital transformation and compliance reporting – Implementation for full transparency at last?
10) Digital transformation and the compliance office – The future of the compliance organization
Small World

Compliance in a Small World wants Virtue Land

All have to be Saints!
Ethical leadership
Moral values, moral compass,
Moral self-governance
Compliance methods in a Small World

Rational and Moral organizations & employees

Looking for Big Data and tracking activities & process

Risks, Probability and Serverity

Behavioral prevention = education of employees

Zero tolerance concept

... but Real World is Little-Sinners-Land

On average, people solved four problems but reported solving six

Nearly 70% cheated

Only 20 out of the 40,000 were “big cheaters”
... but Real World is Little-Sinners-Land

Deviation from a given pedestrian way:

If the short cut is > 25% shorter than the given way

... but Real World is Little-Sinners-Land

what are other words for work-to-rule?

protest, stoppage, industrial action, strike, walkout, work to rule, mutiny, picket, boycott, go slow

Thesaurus.plus
... but Real World is Little-Sinners-Land

Distinction between

Organizational Deviance & Individual Deviance
(Misconduct in Company interest) (Misconduct against Company)

Compliance Data in the Real World

Quality not Quantity

1. Identify the problem that you want to solve or the business goal you want to achieve.
2. Ask smart questions that will help you solve your problem and refine data & questions.
3. Assess your data: What data sources are available and what do you already have? How accurate is each source?
4. Collect / Ingest the data you need.
Compliance methods in the Real World

- Rational
- Bounded rationality
- Moral satisficing
- Predictive Analytics
  - Small but precise data of root cause metrics
- Uncertainty
- Behavioral
  - Situational prevention
  - Employee

THANK YOU