Magic Quadrant for Enterprise Governance, Risk and Compliance Platforms

The EGRC platform market has expanded from a tactical focus on regulatory compliance to a strategic focus on enterprise risk management. Many vendors are looking toward the next market phase, which includes adding or integrating with business performance management and scorecarding capabilities.

WHAT YOU NEED TO KNOW

This Gartner Magic Quadrant for enterprise governance, risk and compliance (EGRC) platforms (see Note 1) presents a global view of Gartner's assessment of the main software vendors that should be considered by organizations seeking a technology solution to support the oversight and operation of enterprisewide risk management and compliance programs, with the overall objective being improvements in corporate governance and the ability to achieve business objectives.

Note 1. Defining the Relationship of Governance, Risk Management and Compliance

"Governance," "risk management" and "compliance" are general terms that can apply to a wide range of products, IT initiatives and business requirements. These three terms have many valid definitions throughout the Gartner client base. These definitions illustrate the relationship of the three terms:

- **Governance** – The process by which policies are set and decision making is executed.
- **Risk Management** – The process for ensuring that important business processes and behaviors remain within the tolerances associated with those policies and decisions, going beyond which creates an unacceptable level of uncertainty. Risks are addressed with a balance of mitigation through the application of controls, transfer through insurance, and avoidance or acceptance through governance mechanisms.
- **Compliance** – The process of adherence to policies and decisions. Policies can be derived from internal directives, procedures and requirements, or external laws, regulations, standards and agreements.

Buyers should evaluate vendors in all four quadrants. Most of the vendors from the Niche Players quadrant have recently met the inclusion criteria for the Magic Quadrant by either meeting the revenue and customer criteria or having added additional functionality. They bring some unique approaches to the market that can be of value to many companies. Vendors in the Visionaries quadrant are driving innovation in the market through integration with business process modeling, continuous controls monitoring, and other advanced capabilities beyond

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the core functions required to be in the Magic Quadrant. Leaders too are innovating with advanced capabilities, have large customer bases, have solid capabilities in the core platform functions – audit management, compliance management, risk management and policy management – and have executed across several industries, with support for multiple professional roles. Challengers have executed well, but lag the Leaders in advancing their range of advanced GRC capabilities for specific industries or professional roles, or they have a functional or architectural challenge that should be closed.

The placement of the vendors and commentary in this Magic Quadrant (see Figure 1) are based on multiple sources. Customer perceptions of each vendor's strengths and challenges are derived from EGRC-related inquiries with Gartner and an e-mail survey of vendor customers conducted in June and July 2010. The evaluations also have drawn from vendor briefings, a vendor-completed questionnaire about their EGRC platform strategies and operations, scripted product demonstration sessions with vendors, and other publicly available and proprietary financial, product and vendor information.
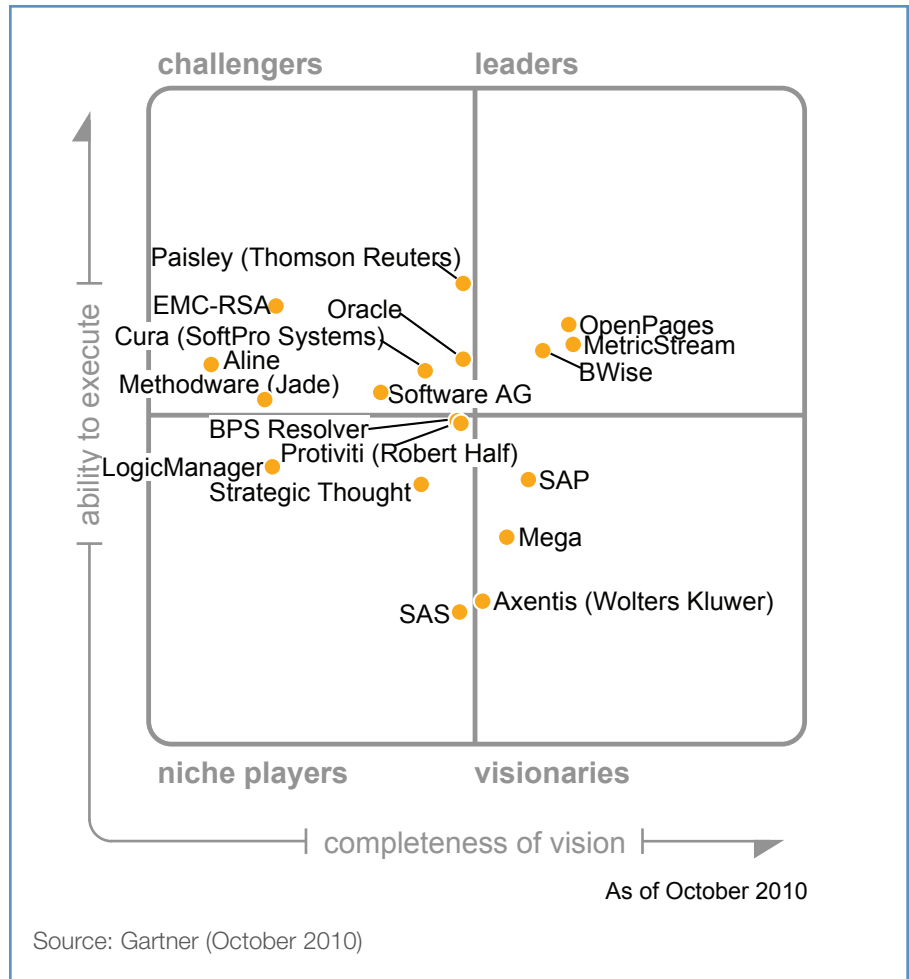
MAGIC QUADRANT

Market Overview

The Enterprise Governance, Risk and Compliance Platform Market

Figure 1. Magic Quadrant for Enterprise Governance, Risk and Compliance Platforms

Source: Gartner (October 2010)

The EGRC platform market derives from the need for many entities to improve the oversight of corporate governance – including financial reporting compliance, enterprise risk management (ERM) and related audits. Many organizations also want to consolidate other GRC activities into a common platform. Therefore, an EGRC platform must solve the immediate GRC management (GRCM) needs associated with corporate governance and also enable an enterprise to pursue future consolidation and integration of a diverse set of GRC activities.

GRCM is defined as the automation of the management, measurement, remediation and reporting of controls and risks against objectives, in accordance with rules, regulations, standards, policies and business decisions. Many enterprises typically consider a GRCM application to satisfy a specific requirement, such as Sarbanes-Oxley compliance, an industry-specific regulation or operational risk management (ORM) for a business process. However, enterprises often have other GRCM activities in mind, such as audit management, additional regulations, IT governance, remediation management and policy management, which they

eventually may integrate into a more consolidated EGRC approach. During the past 18 months, ERM has overtaken compliance as the leading reason for implementing an EGRC platform. Related to ERM, there is an emerging demand to link GRCM to business performance objectives.

Most enterprises are also looking for solutions that support their strategies for more controls automation, which falls outside the scope of GRCM, but the reporting from continuous controls monitoring of ERP and other controls automation in the IT infrastructure needs to be integrated into the EGRC platform. Although they may have an immediate, specific GRCM requirement in mind, many enterprises are concerned that point solutions will impede their holistic visions. In response, there is a slow trend toward the convergence of IT GRCM and EGRC platform solutions. Some EGRC platform vendors are also starting to add content and capabilities to meet operational GRC needs, such as environmental, health and safety (EH&S)

compliance and business continuity planning. Overall, EGRC platform vendors are adding capabilities across a wide spectrum of financial, IT, operational and legal needs.

IT GRCM Offerings of EGRC Platform Vendors

EGRC platforms serve organizations that take an enterprise approach to compliance and risk management, and that want to have all business units, including the IT organization, on the same GRCM solution. Most vendors with EGRC platforms offer modest IT governance automation functions. At a minimum, EGRC vendors offer the capability to document, survey, and report IT risks and controls, but some may lack IT-specific content. Some vendors also provide support for an IT asset repository, IT policy management, and the automated collection of IT controls data. Organizations with a primary interest in IT-centric GRCM requirements should be aware that most EGRC platforms balance finance, operational and IT requirements at the expense of IT-centric depth.

Gartner is monitoring the potential convergence of IT GRCM and EGRC functions, such that this differentiation would become generally irrelevant to the market; however, this has not yet happened in 2010. The most significant limiting factor is the divergence of requirements between top-down and bottom-up approaches (see Note 2). In many cases, organizations are buying two separate tools, indicating that this difference is more substantial than just vendor marketing and different buying centers.

Note 2. Top-Down and Bottom-Up Approaches to GRC Management

- A top-down approach implies that multiple controls categories will be measured and reported, including IT, financial and operational requirements. A top-down approach usually requires less-detailed requirements for gathering general computer controls data, such as configuration and patch data, but places a premium on higher-level reporting to executives. A top-down approach is more appropriately addressed with EGRC platforms than with IT GRCM.
- A bottom-up approach implies greater detail in IT controls for an IT-centric audience. Many organizations use IT GRCM to organize their vulnerability scan, patch and configuration controls data. Traditional IT GRCM tools are more appropriate for IT-specific requirements.

This divergence is based on the differences in management and reporting requirements for top-down versus bottom-up approaches. Top-down requirements tend to be led by ERM teams addressing business executive requirements, as opposed to bottom-up requirements, which are typically led by IT or information security operations teams. The vendors continue to add functions that overlap top-down and bottom-up requirements, but convergence will only happen when organizations stop buying multiple tools to address diverging requirements, and agree on one tool to address both approaches comprehensively.

Four EGRC platform vendors qualify as IT GRCM vendors in the IT GRCM MarketScope. BWise, MetricStream and OpenPages are EGRC platform vendors that have added IT GRCM capabilities. EMC-RSA is also an EGRC platform vendor, but it started in the IT GRCM market.

Other Trends in the EGRC Platform Market

Demand for GRC solutions is highest in the U.S., where corporate governance regulations are the most stringent. However, as other countries, such as Canada, Japan, India, Australia, South Africa, and members of the European Union, have begun to enforce similar regulations, demand has increased globally. For a list of corporate governance codes and regulations, see the "Appendix for Corporate Governance Reforms" in the University of Michigan study "Cross-Border Target Selection and Investor Protection Disparity."

Although compliance with new regulations as a result of the financial crisis and increased enforcement of regulations requiring more transparency in business relationships (such as the 2010 U.K. Bribery Act and the U.S. Foreign Corrupt Practices Act) are emerging as new drivers of GRC solutions, ERM has emerged as the most significant driver. With the proliferation of regulations and concerns over corporate governance and transparency, ERM is seen by many regulators and business leaders as a strategic approach to achieve improved corporate governance, more transparency in the decision making of the board and senior executives, and improved performance against business objectives. A 2010 Gartner survey of 60 customer references from EGRC platform vendors showed that ERM (58.3%) and ORM (51.7%) have overtaken compliance with Sarbanes-Oxley and similar laws (46.7%) as the largest use cases for the EGRC platform.

Consolidation in the EGRC platform market picked up in 2009 and continued into 2010. In September 2010, IBM announced its plans to acquire OpenPages. In early 2010, Archer was acquired by EMC-RSA, and BPS and Resolver merged to form BPS Resolver. Paisley was acquired by Thomson Reuters in early 2009, and in the third week of July 2009 alone, three acquisitions were announced: IDS Scheer by Software AG, Cura by SoftPro Systems, and Axentis by Wolters Kluwer. None of these acquisitions have had immediate impact on current customers; however, over the long run, it is important to ensure that the goals of the acquirer are in line with the original rationale of the solution buyer. Also, when the acquirer has other related GRC software and services, there is often a challenge in integrating them with the acquired EGRC platform.

Market Definition/Description

GRC as a marketplace can be broadly divided between GRCM products for the oversight and operation of risk management and compliance programs, and other GRC products for the automation and monitoring of controls. For a comprehensive description of the GRC marketplace, see "A Comparison Model for the GRC Marketplace, 2008 to 2010," which addresses the EGRC platform and its relationship to other GRCM markets, such as IT GRCM, ORM and financial governance. Each of these markets demands functionality that is inherent in the EGRC platform. Instead of acquiring separate solutions for finance, IT and other business units, many enterprises are choosing to use a single EGRC platform and, when necessary, integrating the many point and functional solutions to satisfy specific GRC needs. Reporting and managing through a single platform gives executives, auditors and managers a holistic view of the enterprise's risk and compliance postures, as well as views sorted by requirement, entity and geography.

The primary purpose of the EGRC platform is to automate much of the work associated with the documentation and reporting of the risk management and compliance activities that are most closely associated with corporate governance and business objectives. The primary end users include internal auditors and the audit committee, risk and compliance managers, and accountable executives. The key functions of importance to these groups are:

- **Audit management** – Supports internal auditors in managing work papers, and scheduling audit-related tasks, time management and reporting.

- **Policy management** – Includes a specialized form of document management that enables the policy life cycle from creation to review, change and archiving of policies; mapping of policies to mandates and business objectives in one direction, and risks and controls in another; and distribution to and attestation by employees and business partners.

- **Compliance management** – Supports compliance professionals with the documentation, workflow, reporting and visualization of controls objectives, controls and associated risks, surveys and self-assessments, testing, and remediation. At a minimum, compliance management not only will include financial reporting compliance (Sarbanes-Oxley compliance), but also can support other types of compliance, such as ISO 9000, Payment Card Industry, industry-specific regulations, service-level agreements, trading partner requirements and compliance with internal policies.

- **Risk management** – Supports risk management professionals with the documentation, workflow, assessment and analysis, reporting, visualization, and remediation of risks. This component focuses on general ORM, but may collect data from specialized risk analytics tools to provide a consolidated view of ERM. Many industry-specific risk management requirements may not be supported. For example, many banks require highly specialized capabilities for Basel II compliance. Only a few EGRC platform vendors support the ORM needs of banking, and most vendors prefer to integrate the platform with specialized solutions from other vendors.

The EGRC platform can integrate with business applications, business intelligence, enterprise content management, controls automation, monitoring solutions (such as segregation of duties), IT technical controls (such as server configuration auditing) and continuous controls monitoring for transactions. The EGRC platform also integrates with specialized GRCM solutions, such as EH&S compliance; quality management; and industry GRCM applications.

For a comprehensive market description, see "The Enterprise Governance, Risk and Compliance Platform Defined."

Inclusion and Exclusion Criteria

Vendors were included in this Magic Quadrant if they met these criteria:

- Ability to deliver the four primary GRCM functions: audit management, compliance management, risk management and policy management.

- Credible presence in the marketplace: defined as at least $10 million in annual revenue from EGRC platform software, at least 50 customers, and customers able to be referenced for corporate-governance-related GRC activities, such as financial reporting compliance and ERM.

Vendors were excluded if they did not meet the functional, revenue and implementation criteria; did not have adequate referenceability; or were an industry-specific or highly specialized solution. Exceptions were made for vendors that have a credible presence in the market, despite not having all the functionality.

Added

- EMC/RSA acquired Archer Technologies.

- BPS Resolver was formed through the merger of two smaller EGRC platform vendors.

- LogicManager is a 100% software-as-a-service (SaaS) EGRC platform vendor with a low-cost option.

- SAP has begun to integrate GRC point solutions into a common EGRC platform.

- Software AG acquired IDS Scheer.

- Strategic Thought originally focused on risk management. It has added additional audit management and policy management to provide a comprehensive EGRC platform.

Dropped

- Archer Technologies was acquired by EMC/RSA.

- IDS Scheer was acquired by Software AG.

Evaluation Criteria

Ability to Execute

Vendors are assessed on their ability and success in making their vision a market reality. The following six Gartner criteria for Ability to Execute were considered:

- Product/Service – Core goods and services offered by the provider that competes in/serves the defined market. This includes current product/service capabilities, quality, feature sets and skills, whether offered natively or through OEM agreements/partnerships as defined in the market definition and detailed in the subcriteria. Vendors were evaluated primarily on effective provisioning of the four primary functions – audit management, compliance, risk management and policy management. Ability to support IT GRCM was also an element.

- Overall Viability – Includes an assessment of the overall organization's financial health, the financial and practical success of the business unit, and the likelihood of the business unit to continue to invest in the product, offer the product and advance the state of the art in the organization's portfolio of products. Overall company revenue and revenue from the EGRC platform were the key determinants.

- Market Responsiveness and Track Record – Ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. A key metric was sales performance in 2009 and the first quarter of 2010, a very challenging period for the IT industry.

- Sales Execution/Pricing – The technology providers' capabilities in all presales activities and the structure that supports them. This includes deal management, pricing and negotiation, presales support, and the overall effectiveness of the sales channel. For sales execution, a key metric was the size of the EGRC platform customer base, and for pricing, key metrics were transparency and ease of calculation of the pricing model.

- Customer Experience – Relationships, products and services/ programs that enable customers to be successful with the products evaluated. Customers were asked a variety of questions to determine their experience with the vendor and the EGRC platform, including whether the product met, exceeded or failed to meet expectations, areas where the vendor should improve, and overall level of satisfaction with the vendor. Key metrics included overall satisfaction, breadth of use, ability to meet performance expectations, and negative comments from reference customers.

- Operations – The ability of the organization to meet its goals and commitments. Factors include the quality of the organizational structure – including skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently on an ongoing basis. Key metrics were the experience of senior management, and turnover of senior management.

In 2010, the weighting for product/service was lowered to reflect the fact that most vendors have the core platform functions. This change resulted in some shifts in the Ability to Execute position of some vendors (see Table 1).

Table 1. Ability to Execute Evaluation Criteria

Evaluation Criteria	Weighting
Product/Service	Standard
Overall Viability (Business Unit, Financial, Strategy, Organization)	Standard
Sales Execution/Pricing	Standard
Market Responsiveness and Track Record	High
Marketing Execution	No Rating
Customer Experience	Standard
Operations	Low
Source: Gartner (October 2010)	

Completeness of Vision

Vendors are rated on their understanding of how market forces can be exploited to create value for customers and opportunity for themselves. The following six criteria for Completeness of Vision (see Table 2) were considered significant for the EGRC platform market:

- Market Understanding – Ability of the provider to understand buyer needs and translate these needs into products and services. Vendors that show the highest degree of vision listen to and understand buyer wants and needs, and can shape or enhance those wants with its added vision. Vendors understood major EGRC platform trends, particularly the relationship of ERM to business performance.

- Marketing Strategy – A clear, differentiated set of messages consistently communicated throughout the organization and externalized through the website, advertising, customer programs and positioning statements. EGRC platform vendors were evaluated on whether their strategy was clearly consistent and aligned with market direction.

- Offering (Product) Strategy – A provider's approach to product development and delivery that emphasizes differentiation, functionality, methodology and feature set as they map to current and future requirements. EGRC platform vendors were evaluated on whether they were closing any significant product gaps, the ability to address a variety of use cases with core and advanced capabilities, and their GRC content strategy.

- Vertical/Industry Strategy – The provider's strategy to direct resources, skills and offerings to meet the specific needs of individual market segments, including vertical industries. EGRC platform vendors were evaluated on whether had differentiated offerings for two or more highly regulated industries, could meet the ORM needs of the financial services industry, and had content and capabilities for industry-specific needs.

- Innovation – Direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, and defensive or pre-emptive purposes. The primary metrics for EGRC vendors were R&D investment and significant noncore capabilities.

- Geographic Strategy – The provider's strategy to direct resources, skills and offerings to meet the specific needs of geographies outside its native geography – directly or through partners, channels and subsidiaries – as appropriate for that geography and market. The primary metrics were direct sales and support presence in multiple geographies, and reseller and services partner support.

Sales strategies and business models were not considered. Because the market is consolidating and competitive pressures are increasing, marketing strategy was added in 2010. Due to pauses in development in advanced capabilities or a shift in strategy due to an acquisition, some vendors that were in the Visionaries and Leaders quadrants in 2009 have moved to the Challengers and Niche Players quadrants.

Table 2. Completeness of Vision Evaluation Criteria

Evaluation Criteria	Weighting
Market Understanding	Standard
Marketing Strategy	Standard
Sales Strategy	No Rating
Offering (Product) Strategy	High
Business Model	No Rating
Vertical/Industry Strategy	Standard
Innovation	Standard
Geographic Strategy	Low
Source: Gartner (October 2010)	

Leaders

The EGRC platform market is starting to consolidate, and the vendors in this market have had time to develop their products and strategies. Customers are looking for Leaders to provide additional functionality, such as support for chief risk officer, integration with advanced business intelligence and corporate performance management applications, business process modeling, more-flexible and ad hoc reporting, planning and resource management for internal audit, and content and specialized capabilities for risk management and compliance beyond the core functions. They will also expect support across multiple geographies. The large vendors should be best positioned for these requirements, yet smaller vendors are in the Leaders quadrant because of continued viability, more-advanced functionality and market understanding.

Challengers

Challengers have proven viability, demonstrated market performance and the ability to exceed customer expectations on technical functionality. Challengers need to focus on their product road maps, as well as their sales, marketing, geographic and vertical industry strategies to move into the Leaders quadrant.

Market consolidation has resulted in many vendors moving into the Challengers quadrant. In some cases, vendors have moved from the Leaders to the Challengers quadrant due to their vision and the development of advanced capabilities not keeping up with the market direction and expectations. This misalignment can often occur after a large vendor that has a broad array of products and services acquires an EGRC platform vendor. Due to the improved viability after an acquisition, some vendors have moved to the Challengers quadrant from the Niche Players quadrant. Others have moved from the Niche Players quadrant due to ongoing growth in customers and revenue. The bottom line is that, as the market has grown and matured, the number of Challengers has increased.

Visionaries

Visionaries have a solid understanding of the market, as demonstrated by domain expertise and responsiveness to customer expectations. They are actively executing against an aggressive product road map that expands support to additional regulatory and nonregulatory compliance and risk management needs, including support for the integration of GRC with business performance.

Niche Players

Niche Players often have a unique approach to the market. Vendors could also be in the Niche Players quadrant because they have to improve the core platform functions. Niche Players may also target a specific industry vertical or the needs of particular professionals. All vendors in the Niche Players quadrant are successful in the market with competitive solutions.

Vendor Strengths and Cautions

Aline

Aline offers Aline GRC, a SaaS solution. The release demonstrated became available in April 2010. Aline moved from the Niche Players quadrant to the Challengers quadrant this year based on ongoing customer growth and a significant increase in 2009 revenue. Its approach to include performance management on the platform is visionary for buyers looking for an ERM solution. Aline is positioned to the left due to some product gaps in audit management and policy management, with no clear road map to close them and no vertical/industry strategy.

Strengths

- Market Understanding and Strategy – Aline has a solid understanding of the relationship of business performance management to ERM, demonstrating a clear understanding of market direction. The performance management/risk management linkage has been a consistent and clear message from Aline for three years.

- Product – Compliance management is strong with good scoping features. Aline is one of the few vendors with a dedicated business performance management module – business performance controls are provided by the American Productivity and Quality Council.

- Market Responsiveness – Aline has shown consistently high growth in customers and revenue. The 100% SaaS delivery model is attractive to many companies seeking to minimize upfront costs, especially small and midsize businesses, many of which are just entering the market.

- Customer Experience – Customers are very satisfied, and had few negative comments.

- Operations – The management team is experienced and stable.

Cautions

- Product Strategy – Significant gaps in audit management and policy management are not being addressed.

- Vertical Industry Strategy – There is no evidence of a vertical industry strategy.

- Innovation – R&D investment remains below the average for small vendors.

- Geographic Strategy – Aline is beginning to move beyond the U.S., but direct product support outside normal U.S. business hours is limited.

- Product – Audit management is weak, policy management is almost nonexistent and data collected from surveys cannot be automatically pulled into dashboards. Integration with Microsoft Office productivity tools exists, but there's no drill-down from graphs and charts created in them. No quantitative risk management exists.

Axentis (Wolters Kluwer)

ARC Logics is the GRC software division of Wolters Kluwer. It offers three GRC-related products – Axentis for general compliance management and policy management, TeamMate for audit management, and Sword for ORM. The demonstration was centered on Axentis Enterprise, version R-10, released in March 2010. Elements of TeamMate and Sword were also included in the demonstration. ARC Logics is migrating all three products to a common platform, but continues to market them separately. Aspects of each can be exposed through the platform, which shares common functions, such as workflow and reporting. In the 2009 Magic Quadrant, Axentis was in the Challengers quadrant. This year, Axentis is in the Visionaries quadrant. Its low position on the Ability to Execute axis is due to slow sales growth of Axentis and the ongoing challenges of evolving the platform that integrates the three products. While the execution against the product strategy for an integrated platform delivering GRC software and content is proceeding, the marketing strategy could be hampered by the three brands. The September 2010 announcement by Wolters Kluwer of plans to acquire banking compliance and risk management vendor FRS Global was not considered in this evaluation.

Strengths

- Market Understanding and Strategy – Wolters Kluwer set up ARC Logics as a separate software division with its three GRC software products – Axentis, TeamMate and Sword – to improve its GRC positioning. ARC Logics is strong in audit management, risk management for financial services, and policy-based compliance, such as anti-fraud rules and corporate integrity agreements.

- Product Strategy – ARC Logics is integrating its GRC software solutions on a common platform. Integration is going in stages and will be complete in 2011. It is using its strengths in content to differentiate its GRC solutions from competitors.

- Vertical/Industry Strategy – It is strong in healthcare, life sciences and financial services. Its anti-fraud capabilities could also be applied to industries most affected by anti-corruption regulations.

- Innovation – ARC Logics has made significant R&D investments to bring together the strengths of its three GRC solutions.

- Product – With TeamMate, ARC Logics offers a very strong audit management capability. Sword offers strong capabilities in ORM for financial services. Axentis is strong in policy management, and ARC Logics is the only vendor with an integrated e-learning solution to support policy training and attestation. Axentis has traditionally been offered as a 100% SaaS solution, but an on-premises application is being developed.

- Customer Experience – References were very satisfied and stated that Axentis exceeded expectations in policy management.

Cautions

- Market Understanding and Strategy – Business performance management is not a focus. The three GRC solutions are positioned much stronger individually than as an integrated EGRC platform.

- Product – Compliance management for Sarbanes-Oxley, privacy and other regulations was not as strong as that for policy-based compliance, such as anti-fraud and corporate integrity agreements.

- Sales Execution – Products are mostly sold separately, rather than as an integrated platform solution.

- Pricing – The pricing model for the integrated platform is not yet determined.

- Market Responsiveness – Axentis is experiencing slow customer growth. Its strategy has shifted to address larger customers.

- Overall Viability – Axentis' overall viability is fair. The primary GRC product, Axentis, has had limited new customer growth in two years, but having been acquired by Wolters Kluwer, financial viability is not an issue. Future viability depends on the ability to execute against aggressive technology and marketing road maps, leading to a fully integrated EGRC platform that includes all three GRC products managed by ARC Logics.

BPS Resolver

BPS Resolver demonstrated BPS Resolver GRC Suite, version 6.2, released in May 2010. BPS Resolver provides good capabilities in all the core functions, and its audit management is above average. This is the first time that BPS Resolver has been in the Magic Quadrant. Its position in the Niche Players quadrant is due to just meeting the minimum requirement on revenue, work required to fully integrate the two existing products, and a limited geographic strategy. However, it is addressing all three issues with good customer growth, integration work that is progressing, and new partners to reach into more geographies.

Strengths

- Market Understanding and Strategy – BPS Resolver has a good understanding of customer needs for ERM, as well as some specialized industry compliance requirements.

- Product Strategy – Primary EGRC platform capabilities are in place. Its focus during the next several months is on architecting a common platform for existing BPS and Resolver products, and broadening the range of GRC activities supported by the platform.

- Vertical/Industry Strategy – BPS Resolver targets multiple vertical industries and has developed specialized capabilities for some compliance challenges in healthcare and utilities. Specific support for healthcare compliance exists, particularly with Centers for Medicare and Medicaid Services (CMS) and Recovery Audit Contractors (RAC). BPS Resolver also supports electrical utilities' compliance with NERC-CIP.

- Innovation – It has some innovative solutions, such as electronic meeting balloting, which can be used for risk assessments. It has a high budget for R&D.

- Product – BPS Resolver is addressing the integration of its two systems. With the data and reporting layers being complete, the user experience already is mostly one of an integrated platform. Content includes a stock library of risks. It offers excellent reporting through a spreadsheetlike matrix that can be taken offline.

- Customer Experience – In the customer reference survey, there were no negative comments regarding BPS Resolver, and respondents were overall satisfied.

Cautions

- Market Understanding and Strategy – Although BPS Resolver has some business performance capabilities, business performance is not an explicit element of its GRC strategy.

- Product – The underlying architecture for a combined implementation of BPS and Resolver is based on two products for now.

- Geographic Strategy – BPS Resolver has no direct presence outside North America, but it is adding partners in several regions.

BWise

BWise demonstrated version 4.1 SP-1, which was released in May 2010. BWise's position in the Leaders quadrant is based on a mature EGRC platform, to which BWise continues to add more-advanced capabilities, a large customer base and relatively high revenue, an experienced management team, and an innovative product strategy. It is the only vendor besides the large ERP vendors to offer an organic continuous controls monitoring solution that integrates with its EGRC platform. BWise is also included in the IT GRCM MarketScope.

Strengths

- Market Understanding and Strategy – BWise has a solid understanding of the market for integration of risk management and performance management, and a strong business process orientation.

- Product Strategy – Its road map emphasizes improvement in audit management and quantitative risk analysis, with consideration for customers needing credit and market risk management capabilities. BWise is adding an e-learning capability, which will boost support for compliance with ethics and anti-corruption/anti-fraud rules.

- Vertical/Industry Strategy – BWise is well-positioned for financial services. It also has a risk library targeted at other vertical industries, such as energy, government and transport.

- Innovation – BWise is challenging the large ERP vendors by adding continuous controls monitoring to its EGRC platform.

- Geographic Strategy – It is continuing to expand beyond its home base in the Netherlands, with a large presence in North America and additional capability in the U.K. and German-speaking countries. Other geographies are covered through partnerships.

- Product – BWise has strong capabilities in compliance management and risk management, with both qualitative and quantitative capabilities. It has solid loss event and root-cause analysis, with an integrated Monte Carlo engine from a partner, Rogue Wave Software. Its platform includes a business process modeling capability to document and visualize business processes, risks and controls. An optional continuous controls monitoring capability is also available.

- Operations – BWise has a stable, experienced management team.

Cautions

- Product – Audit management planning and scheduling are limited; however, that gap is expected to be closed in the next release by the end of 2010. Although content management is typically a strength of BWise, during the demonstration, policy management was not well-presented.

- Sales Execution – Outside of Europe and North America, direct sales and support are limited.

- Market Responsiveness – BWise has a large customer base, but it experienced flat revenue growth in 2009.

Cura (SoftPro Systems)

SoftPro Systems demonstrated Cura Enterprise, version 3.5, which was released in March 2010. Cura has moved from the Visionaries quadrant to the Challengers quadrant. Its overall viability has improved significantly due to the acquisition by SoftPro Systems, which has invested in accelerating the product road map and adding to the direct sales force. Cura's move to the left in the Magic Quadrant reflects challenges in clarifying its marketing strategy and the need to continue executing on its road map toward better platform integration.

Strengths

- Product Strategy – The acquisition by SoftPro Systems has enabled more investment in R&D, enabling Cura to advance its road map. A rearchitected platform with better integration between components and improved reporting will be available in early 2011.

- Vertical/Industry Strategy – Cura has good support for financial services and process industries that have a lot of investment focused on major projects.

- Geographic Strategy – Cura has direct support in North America, Europe, South Africa and Australia.

- Product – It is very strong in risk management, with solid capabilities for qualitative and quantitative analysis, including Monte Carlo simulation. Cura is capable of broad ERM and ORM for financial services, and is particularly well-suited for project risk management. It provides a lot of content in its knowledgebases. In South Africa, Cura has teamed with LexisNexis to provide regulatory content feeds.

- Market Responsiveness – It has a large customer base and ongoing growth year over year.

- Pricing – Its very practical per-module and per-user pricing model is easy to calculate and compare.

- Customer Experience – References indicate that Cura exceeds expectations for ERM.

Cautions

- Marketing Understanding and Strategy – Cura's marketing message is confusing and diffuse. The acquisition by SoftPro, while providing more investment, so far, has not helped Cura to develop a more focused marketing strategy.

- Product – Reporting has been an issue. Some evidence exists of challenges in supporting roll-up and reporting for large multientity enterprises. Recently, adding integration with BusinessObjects is beginning to close the gap.

- Customer Experience – The customer references were primarily focused on risk management.

EMC-RSA

EMC-RSA offers the RSA Archer eGRC Platform. The release demonstrated was version 4.5.2., which became available in April 2008. EMC-RSA moved from the Visionaries quadrant to the Challengers quadrant. EMC-RSA's acquisition of Archer has improved its overall viability, and there has been ongoing growth in customers and revenue for EGRC purposes. Its solution is rated highly in the IT GRCM MarketScope. It moved to the left in the Magic Quadrant due to ongoing delays in the release of the next version, and gaps in audit management that are to be addressed in the next version.

Strengths

- Product Strategy – The RSA Archer eGRC Platform enables EMC-RSA to support a breadth of use cases beyond the standard risk management and compliance cases, through customer self-development and sharing between customers in the Archer Exchange community, and through the development of new capabilities by RSA. Content is a strength of Archer's, and RSA is adding additional content to support more vertical industry and compliance needs.

- Product – RSA Archer has functional capabilities in the four core EGRC platform functions. Advanced capabilities include loss event and root-cause analysis features that are helpful in optimizing risk management and compliance processes. They are suitable for nonfinancial services applications, but are not intended to support financial services' specific requirements for ORM, such as Basel II. Incident management supports a basic investigation capability – it suits ethics and other HR-related investigations well.

- Overall Viability – The overall viability is much improved due to the acquisition of Archer by EMC-RSA in early 2010.

- Market Responsiveness – It has strong year-over-year growth in customers and revenue.

- Pricing – It has an easy-to-understand pricing model and per-module annual license for unlimited enterprise use.

- Customer Experience – Customers use RSA Archer for a very wide range of GRC activities.

Cautions

- Market Understanding and Strategy – For EGRC, RSA needs to present more emphasis on the relationship of risk management to strategic objectives and business performance. RSA Archer is rated highly for IT GRC.

- Product Strategy – RSA Archer has been slow to close some gaps in audit management, which it states will be addressed in version 5.0.

- Innovation – RSA Archer has not met release dates for its next version. Investment by EMC-RSA is expected to improve its ability to meet release dates.

- Product – Some gaps in audit management exist, specifically with respect to scheduling and resource management. RSA Archer is rated highly in the IT GRC management market. However, customers would like to see improvements in data collection from automated controls.

LogicManager

LogicManager demonstrated version 3.2, released in December 2009. LogicManager is a 100% SaaS offering and has a strong focus on the integration of ERM with business performance. LogicManager is well-positioned to take advantage of growing interest in enterprise GRC platforms by small and midsize companies. This is LogicManager's first time in the Magic Quadrant. Its position in the Niche Players quadrant is based on some gaps, primarily in compliance and policy management, and in revenue, which affect its overall viability score.

Strengths

- Market Understanding – LogicManager supports a risk-based approach, with a strong linkage to performance management.

- Product Strategy – Performance management is a focus of its strategy.

- Product – The linkage of risk management to performance management is a key differentiator.

- Sales Execution – LogicManager has a very large customer base; however, based on estimated revenue, most sales are very small.

- Market Responsiveness – LogicManager has good ongoing growth in its customer base. The 100% SaaS delivery model is attractive to many companies seeking to minimize upfront costs, especially small and midsize businesses – many of which are just entering the market.

- Pricing – It has a simple-to-understand, per-user SaaS pricing model.

- Customer Experience – We didn't receive any negative comments, and customers were reasonably satisfied with applying the product to several different GRC activities.

Cautions

- Product – Although LogicManager has a strong focus on risk management and performance management, audit management and compliance are not as well-developed, and workflow for policy management is weak.

- Product Strategy – No evidence exists in LogicManager's road map that it is closing gaps in core functionality.

- Geographic Strategy – The company is focused on North America only.

- Overall Viability – LogicManager would not share revenue information. This lack of transparency in small vendors can be cause for concern.

Mega

Mega demonstrated its Mega Suite, version 3.1, which was released in February 2010. Mega remains in the Visionaries quadrant. As a business process analysis and enterprise architecture vendor, Mega offers the ability to align GRC activities with business objectives and processes. This alignment provides a solid foundation for enterprise and operational risk management. As noted by references, time to deploy the solution can be long for customized implementations.

Strengths

- Market Understanding and Strategy – Mega's strong alignment of risk management to business process analysis complements well the market direction of risk management as a key component of business performance.

- Product Strategy – It is improving the integration of its GRC offering with its business process analysis and enterprise architecture offerings. Mega plans to add CCM capabilities through an OEM partner. All this is consistent with a focus on business performance.

- Vertical/Industry Strategy – Mega has a heavy focus on financial services.

- Innovation – It has a comprehensive road map backed with solid investment. It has been innovative through integration with organic and partner capabilities to improve the business performance and ORM focus of their GRC platform.

- Geographic Strategic – For a relatively small vendor, Mega's direct sales and support coverage in multiple geographies is extensive. It uses a solid network of reseller partnerships to add more coverage.

- Product – Mega has very complete audit management functionality and is adding offline capability. It has excellent ORM capability, with organic qualitative and quantitative analysis, including a Monte Carlo simulation capability. Content and software partnerships with specialty risk management vendors and content providers extend ORM and add credit and market risk capabilities.

Cautions

- Vertical/Industry Strategy – Mega has limited specialized vertical support beyond financial services. Its focus is on ORM in support of business performance and compliance with risk-related regulations, such as Basel II and Solvency II.

- Product – Mega is weak on policy management.

- Customer Experience – The length of time it takes to implement is sometimes an issue.

Methodware (Jade)

Methodware, owned by Jade, demonstrated Enterprise Risk Assessor (ERA) version 7.1, released in April 2010. Methodware offers a low-priced platform that is robust in audit, compliance and risk management capability. Methodware has good customer growth and a solid product. However, with a narrowly focused strategy and not much emphasis on the integration of GRC with business performance, it has shifted to the left in the Challengers quadrant.

Strengths

- Vertical/Industry Strategy – Methodware has a strong focus on the financial services industry.

- Geographic Strategy – It has a direct presence in North America, Europe, Australia and New Zealand, with partners for several other geographies.

- Product – It is strong in audit management and risk management, and has reasonable compliance management. Scoping for audit and compliance is superb. It has very strong loss event and root-cause analysis through integration with a partner's Monte Carlo simulation (Palisade@RISK). It has good integration with Exchange for alerts and remediation tracking.

- Product Strategy – The next version will include improvements in workflow and navigation, and in advanced quantitative analysis. Users will be able to develop quickly tailored workflows. The road map also includes plans for closing the gap in policy management.

- Sales Execution – Methodware has a large and growing customer base.

- Market Responsiveness and Track Record – It continues to be a good value for small and midsize implementations, and is adding larger implementations as well.

- Pricing – Methodware has one of the least-expensive solutions.

Cautions

- Market Understanding and Strategy – Methodware has little emphasis on integrating risk management and business performance.

- Vertical/Industry Strategy – Although Methodware has customers in a large number of vertical industries, beyond financial services, there is little vertical-specific focus.

- Product – It has poor policy management.

MetricStream

MetricStream demonstrated the MetricStream GRC Platform, version 6.0, which was released in March 2010. MetricStream offers a highly competitive offering, with all the core functionality, and several advanced capabilities as well. The vendor also appears in the Gartner IT GRCM MarketScope. MetricStream has moved upward within the Leaders quadrant because of high customer growth throughout the past year. It is continuing execution against an aggressive road map.

Strengths

- Market Understanding and Strategy – MetricStream has a very good market understanding and strategy, with an integrated risk management and business performance orientation. It has a clear and consistent message, and targets organizations that are trying to meet multiple GRC objectives.

- Product Strategy – Its ongoing focus is on improving usability and navigation, business process integration, integration with CCM and automated IT controls, and content.

- Vertical/Industry Strategy – MetricStream targets highly regulated vertical markets with industry-specific content and functionality.

- Product – There are no gaps in its primary functionality for an EGRC platform. It has very strong audit management and above-average workflow throughout.

- Market Responsiveness and Track Record – MetricStream is very competitive, with solid, ongoing customer growth. Its development team is quick to create new capabilities based on market demand.

Cautions

- Geographic Strategy – MetricStream has new customers in multiple geographies, but most of its direct presence is concentrated in North America and India. Recently, it established a sales presence in Europe.

- Product – The product supports Oracle Database only.

- Customer Experience – One reference reported that some of the functionality demonstrated was not available out of the box, but that MetricStream provided customization for relatively little expense.

OpenPages

OpenPages demonstrated the OpenPages Platform, version 5.5.2, released in November 2009. OpenPages has developed a strong brand and has been the benchmark to which many competitors measure their own progress. The vendor is also in the Gartner IT GRCM MarketScope. The OpenPages platform has all the core functions, good support for ERM and ORM; it continues to execute consistently on a well-planned road map. OpenPages remains in the Leaders quadrant. The announcement in September 2010 that IBM plans to acquire OpenPages was not considered in this evaluation.

Strengths

- Market Understanding and Strategy – OpenPages has a very good understanding of emerging markets for integrated GRC and business performance management. It has a comprehensive approach targeting multiple roles within the enterprise.

- Product Strategy – No significant gaps exist in OpenPages' product strategy. It is focused on reporting enhancement, including risk and performance metrics reporting, adding content, improving IT GRC support, and ORM improvements, including integration with IBM's Finance and Integrated Risk Management (FIRM) solution.

- Vertical/Industry Strategy – OpenPages targets the banking, insurance, energy and utilities markets, with specific industry capabilities.

- Product – No significant gaps exist regarding its products. OpenPages has excellent loss event analysis for banking, and it has a partnership with Operational Riskdata eXchange (ORX).

- Pricing – It has a straightforward pricing model, with three tiers of per-user pricing – administrative, business and survey users.

- Operations – OpenPages has an experienced, established management team.

Cautions

- Geographic Strategy – Its direct presence is limited to North America and Europe; however, there are partnerships and customers in several other geographies.

- Market Responsiveness and Track Record – Its number of new customers in 2009 was relatively low, although a focus on larger implementations has maintained good sales growth.

- Customer Experience – OpenPages is meeting, but not exceeding, the expectations of reference customers.

Oracle

Oracle demonstrated Oracle Enterprise GRC Manager, which was released in December 2009. Oracle places emphasis on the integration of its platform with Hyperion and other performance management capabilities. Oracle also offers CCM products that integrate with the platform. Sales growth is high, and although the platform is often included as part of an ERP sale, many times, Gartner clients are comparing it in competitive enterprise GRC platform bids. Oracle has shifted from the Leaders quadrant to the Challengers quadrant primarily because of a lack of clarity in its GRC strategy.

Strengths

- Market Understanding and Strategy – In evidence of a strong business performance orientation, Oracle promotes the ability to integrate its EGRC platform with Hyperion Financial Manager and Enterprise Performance Management.

- Product Strategy – Oracle is emphasizing its "GRC blueprints," which enable the rapid development of targeted solutions on the EGRC platform through its customer base and software partners. Oracle's vision includes automation to integrate core GRC activities into operational processes, such as active risk monitoring and automated auditing.

- Geographic Strategy – Oracle is a large vendor with global presence and support.

- Product – It has strengths in risk management and policy management. Oracle has good qualitative risk management. Its quantitative risk management includes Monte Carlo simulation, which is available through integration with Oracle Crystal Ball. Oracle has the exceptional ability to map policies to authoritative sources, such as regulations, and to risks and controls. Its data-driven navigation is excellent.

- Sales Execution – Oracle has the second-highest number of sales of any EGRC platform vendor.

- Market Responsiveness and Track Record – Oracle experienced very large sales growth in 2009 and into 2010. In the past, almost all the sales were noncompetitive within the Oracle customer base. In the past year, there has been a very significant increase in Oracle being included in competitive bids against best-of-breed vendors.

Cautions

- Product Strategy – Oracle has a large number of GRC-related product development initiatives, but the road map's focus and prioritization are not clear.

- Product – The data-driven navigation is excellent and works well for knowledgeable and experienced users, but the navigation can be confusing for newer or less-expert users. Workflow is below average as compared with competitors and needs significant improvement to make the navigation and usability more intuitive.

- Customer Experience – Customers were mixed in their reviews. All were satisfied, but they cited areas for improvement, including workflow, audit management and security.

Paisley (Thomson Reuters)

Thomson Reuters owns Paisley, which demonstrated Paisley Enterprise GRC version 4.0, released in July 2009. Paisley also offers a SaaS version called GRC on Demand, and an audit-management-only version called AutoAudit. The Paisley platform has all the core functions and has strengths in audit management. Paisley has placed a lot of effort in converting users of its legacy products to the newer rearchitected versions, and maintains a large and growing customer base. Paisley's move from the Leaders quadrant to the Challengers quadrant is due to a road map that is focused on incremental improvements, but does not emphasize support for the integration of GRC with business performance or advanced capabilities.

Strengths

- Product Strategy – Thomson Reuters has been very successful with its SaaS delivery model, and also offers a traditional on-site implementation. Thomson Reuters plans to use its strength as a content provider to differentiate the Paisley enterprise GRC platform. Its road map also shows planned improvements in reporting, workflow and risk data collection, and an ongoing focus on audit management.

- Vertical/Industry Strategy – Thomson Reuters has a wealth of legal, financial, audit and industry-specific content, such as Westlaw and Complinet, that can be integrated with the Paisley enterprise GRC platform.

- Innovation – Thomson Reuters has the highest percentage of revenue invested in R&D of any EGRC platform vendor.

- Geographic Strategy – Thomson Reuters is a global vendor with a direct presence in multiple geographies. Paisley-specific sales and support are focused on North America and Europe, with partnerships in other geographies.

- Product – Thomson Reuters is very strong in audit management and compliance, with reasonable support for risk management.

- Sales Execution – Thomson Reuters has the largest customer base of any EGRC platform vendor. Its clients have been steadily migrating to the latest version delivered on the SaaS, Java EE and Windows platforms.

- Market Responsiveness and Track Record – Thomson Reuters has experienced ongoing growth in new customers. It has been successful with a strategy to convert customers from the legacy to a new platform, offering sometimes exceptionally low prices for the upgrade. The upgrade is a significant effort because there is no automatic migration capability. Also, it has an optional SaaS delivery mode that is attractive to many companies seeking to minimize upfront costs, especially small and midsize businesses, many of which are just starting to enter the market.

Cautions

- Market Understanding and Strategy – The audit management market has been the focus of Thomson Reuters' EGRC platform marketing, and the trend toward the integration of GRC with business performance is not evident in its strategy.

- Product Strategy – Thomson Reuters has a lot of GRC-related content offerings, and also a number of other GRC-related products that it has offered from individual business divisions without an overall corporate GRC strategy. Thomson Reuters has just begun to develop a more cohesive GRC product strategy. A product strategy to integrate or enable the integration of these other offerings with the EGRC platform could give Thomson Reuters a dominating role in the EGRC platform market.

- Vertical/Industry Strategy —For Paisley, the challenge regarding its vertical industry strategy has been that it is owned by Thomson Reuters' Tax and Accounting business, and much of the vertical-specific content is managed by other Thomson Reuters' businesses. As noted above, a true cross-business Thomson Reuters' GRC strategy is emerging.

- Customer Experience – Thomson Reuters received mixed reviews from customers, with most saying that the vendor has met expectations.

Protiviti (Robert Half)

Robert Half owns Protiviti, which demonstrated its Governance Portal version 3.7, which was released in February 2010. As a global GRC consulting firm, Protiviti has superb domain expertise. Protiviti moved from the Visionaries quadrant to the Niche Players quadrant. Because of its focus on audit and financial services, there remain some capabilities (such as policy management) that need improvement. As it works to address other capabilities, it has developed a superb workbench for individual auditors that can be used offline or online, and it has integrated with banking content provider Complinet.

Strengths

- Market Understanding and Strategy – Protiviti benefits from the domain expertise of its global risk management and compliance consultancy, and its product marketing is aligned well with its services.

- Product Strategy – Protiviti has focused on improving its audit management with an extremely user-friendly internal audit workbench that can work offline. The road map indicates a robust investment strategy, adding new capabilities and further improving audit management functionality first. Protiviti has also worked on a very complex integration with Complinet, a banking industry content provider. The integration includes integrating Complinet's risk and controls taxonomy.

- Vertical/Industry Strategy – The Complinet partnership indicates a focus on the banking industry.

- Geographic Strategy – Protiviti has a global strategy with offices in multiple geographies.

- Product – Its internal audit workbench is extremely user friendly.

- Pricing – The per-user pricing model is easy to understand and is tiered based on heavy, moderate and casual users.

- Customer Experience – Customer references were satisfied and consistently state that Protiviti meets expectations.

Cautions

- Product – Capabilities in risk management and policy management are basic. Document management functionality to support policy management is limited.

- Product Strategy – Protiviti has made investments in financial services that will need to be met by further advancements in ORM. Its road map also needs to address policy management.

SAP

SAP offers several GRC-related products as part of the SAP BusinessObjects GRC portfolio. For this evaluation, it demonstrated Process Control/Risk Management version 3.0, released in May 2009, which integrates its risk management solution with its compliance solution, Process Control, thus providing a functional EGRC platform. This year is the first time for SAP to be included in the EGRC platform. It enters as a visionary based on a strategy that includes GRC-related products that are integrated to provide the applications for risk management and compliance programs, the ability to integrate GRC and performance management, the ability to integrate the reporting from its CCM tools with the EGRC platform, and the ongoing investment to improve the functionality of its EGRC platform.

Strengths

- Market Understanding and Strategy – SAP has developed a good understanding of the strategic direction of the GRC market, including the effects of risk management on business performance and decision making.

- Product Strategy – SAP's strategy includes the integration of continuous controls monitoring and a partner strategy to enable a wide array of GRC capabilities. SAP has committed the resources to, by December 2010, rearchitect its platform to support better integration of GRC.

- Vertical/Industry Strategy – SAP has specialized solutions for EH&S and trade compliance that can be integrated with its EGRC platform. It is also maintaining a network of partners that provide specialized industry software and content, including partnerships with Novell, CA, Greenlight and SenSage.

- Innovation – SAP has demonstrated forward thinking through demonstrable integration of risk management and performance management solutions, and is investing heavily to deliver a rearchitected EGRC platform.

- Geographic Strategy – SAP is a large vendor with global presence and support.

Cautions

- Market Understanding and Strategy – Until mid-2009, when it released Process Control/Risk Management 3.0, SAP focused mostly on continuous controls monitoring, particularly segregation of duties. That strategy did well for sales for its segregation-of-duties product, but it did not position SAP strategically in the GRC marketplace.

- Product – Audit management functionality exists today in the platform, but is not suitable for a large internal audit organization; however, it is included in the license as part of SAP's EGRC platform. The look and feel across the platform are inconsistent, and require more steps than it should to navigate between functions in the product. The rearchitected platform to be released in December 2010 is expected to resolve much of the navigation and integration difficulties of the current platform.

- Customer Experience – The customer references did not have sufficient experience to validate the functionality of SAP's platform.

SAS

SAS demonstrated SAS Enterprise GRC version 4.2, which was released in May 2010. SAS has well-known strengths in ORM and risk analytics, including Monte Carlo simulation. Its platform supports compliance well also. This is SAS's first time in the Magic Quadrant, and it is in the Niche Players quadrant because of product gaps. It is working to develop its own audit management and policy management. In the meantime, it is filling the gaps through partnerships with BPS Resolver and Qumas.

Strengths

- Market Understanding and Strategy – With its background in business analytics and ORM, SAS's strategy is aligned well in support of the trend toward risk management in support of business decision making.

- Product Strategy – SAS plans to use its core capabilities in analytics to market an EGRC platform that provides a much greater degree of analytics capability than others available on the market.

- Vertical/Industry Strategy – SAS has targeted banks, insurance firms and electrical utilities. Its operational risk losses database includes publicly reported losses from banks and other industries. SAS also has a library of key performance indicators and key risk indicators for the electrical utilities sector.

- Innovation – SAS has a lot of GRC-related capabilities that can be integrated in the EGRC platform, including solutions for reputation management, case management, and credit and market risk management. The integration with business analytics promises very advanced support for the integration of GRC with business performance.

- Geographic Strategy – SAS is a large vendor with global presence and support.

- Product – SAS has highly advanced capabilities to evaluate a broad spectrum of risks, including risks to strategic business objectives. Visualization of relationships among risks, controls, business objectives, mandates, policies and other entities is exceptional.

Cautions

- Product – Its platform does not support audit management and is very limited on policy management. Until these capabilities are available (they are scheduled for December 2010), SAS is counting on integrating with partners' solutions to meet these needs.

- Market Responsiveness and Track Record – Sales growth has been fairly slow but steady. SAS has recently rebranded its platform to increase market awareness and response.

Software AG

Software AG offers the ARIS Solution for GRC. It demonstrated ARIS Risk and Compliance Manager version 3.1, SR 3, and also included ARIS Business Architect 7.1 and ARIS PPM 5.0. Software AG acquired IDS Scheer earlier this year. It has moved from the Niche Players quadrant to the Challengers quadrant based on the acquisition, which improved the overall viability of the product. Software AG fully supports a GRC strategy and has injected new momentum. Software AG's road map includes advanced capabilities for a closed-loop process of automated remediation of process risk.

Strengths

- Market Understanding and Strategy – Software AG places a heavy emphasis on maximizing the role of business process management in GRC. Its vision is for a fully automated system for identification, monitoring and remediation of risks associated with business processes.

- Product Strategy – Software AG has recently released very advanced business risk simulation capabilities, including basic quantitative analysis, enabled through a partnership with Lanner. The strategy also includes the potential for adding continuous controls monitoring capabilities through integration of webMethods into the EGRC platform, and advanced capabilities for automated process risk remediation. Software AG is adding capabilities to improve ad hoc reporting through "mashups" that are easily configured dashboards.

- Product – Software AG is very strong on compliance. Modeling capabilities enable a strategic governance-oriented approach to the analysis of risks, controls and business processes.

- Overall Viability – The acquisition of IDS Scheer by Software AG has injected new momentum and resources into GRC development.

Cautions

- Product Strategy – With plans for many advanced, automated, process-oriented capabilities, some basic functions, such as audit management, are not effectively addressed in the road map.

- Vertical/Industry Strategy – Software AG has some specialized capabilities for financial services, healthcare and telecom, but, in general, it doesn't have an overt vertical industry strategy.

- Product – Audit management has not been a focus for Software AG.

Strategic Thought

Strategic Thought demonstrated Active Risk Manager version 4.0, which was released in November 2009. Strategic Thought has strong capabilities in ORM, including quantitative risk analytics and Monte Carlo simulation, and it focuses on industries with heavy infrastructure investments. Strategic Thought also has good capabilities in the other core functions. This is the first time for Strategic Thought in the Magic Quadrant. With exceptional and advanced functional capabilities, improvements in the content strategy will help it to move beyond the Niche Players quadrant.

Strengths

- Market Understanding and Strategy – Strategic Thought has a practical, risk-based, closed-loop process approach that is focused on risk-adjusted investment decision making and risk evaluation for other corporate business objectives. Its market approach is very much in line with the trend toward ERM in most industries.

- Product Strategy – Strategic Thought is very focused on ongoing improvement of risk management functionality and integration with other enterprise applications to collect data in support of risk-based decision making or risk intelligence. It can address a large number of compliance use cases, but is directed toward the operational compliance needs of heavy infrastructure industries.

- Vertical/Industry Strategy – Strategic Thought addresses the needs of manufacturing, aerospace and defense, nuclear, construction and engineering, and mining industries, as well as government agencies that are aligned with those industries through contracting or oversight. The vendor intentionally is not focused on banking.

- Product – Strategic Thought has good overall functionality for the primary EGRC platform functions, with strength in risk management. It offers quantitative risk analysis, including a Monte Carlo simulation engine for risk scenario analysis and investment decision making. It has a closed-loop process for the analysis of insurable losses, root-cause analysis and optimization. The process includes calculating ROI from risk-adjusted corporate performance. Strategic Thought has one of the better integrations of performance management and risk management capabilities.

Cautions

- Product Strategy – Strategic Thought offers no vendor-provided or licensed content and has no plans to do so.

- Vertical/Industry Strategy – Strategic Thought specifically avoids financial services, but with its focus on managing insurable risks, it is starting to work with insurance firms. Avoiding the financial services industry is not a long-term viable strategy for the EGRC platform market, and interestingly, it has the functionality to support ORM for financial services.

Vendors Added or Dropped

We review and adjust our inclusion criteria for Magic Quadrants and MarketScopes as markets change. As a result of these adjustments, the mix of vendors in any Magic Quadrant or MarketScope may change over time. A vendor appearing in a Magic Quadrant or MarketScope one year and not the next does not necessarily indicate that we have changed our opinion of that vendor. This may be a reflection of a change in the market and, therefore, changed evaluation criteria, or a change of focus by a vendor.

Evaluation Criteria Definitions

Ability to Execute

Product/Service: Core goods and services offered by the vendor that compete in/serve the defined market. This includes current product/service capabilities, quality, feature sets and skills, whether offered natively or through OEM agreements/partnerships as defined in the market definition and detailed in the subcriteria.

Overall Viability (Business Unit, Financial, Strategy, Organization): Viability includes an assessment of the overall organization's financial health, the financial and practical success of the business unit, and the likelihood that the individual business unit will continue investing in the product, will continue offering the product and will advance the state of the art within the organization's portfolio of products.

Sales Execution/Pricing: The vendor's capabilities in all pre-sales activities and the structure that supports them. This includes deal management, pricing and negotiation, pre-sales support and the overall effectiveness of the sales channel.

Market Responsiveness and Track Record: Ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. This criterion also considers the vendor's history of responsiveness.

Marketing Execution: The clarity, quality, creativity and efficacy of programs designed to deliver the organization's message to influence the market, promote the brand and business, increase awareness of the products, and establish a positive identification with the product/brand and organization in the minds of buyers. This "mind share" can be driven by a combination of publicity, promotional initiatives, thought leadership, word-of-mouth and sales activities.

Customer Experience: Relationships, products and services/programs that enable clients to be successful with the products evaluated. Specifically, this includes the ways customers receive technical support or account support. This can also include ancillary tools, customer support programs (and the quality thereof), availability of user groups, service-level agreements and so on.

Operations: The ability of the organization to meet its goals and commitments. Factors include the quality of the organizational structure, including skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently on an ongoing basis.

Completeness of Vision

Market Understanding: Ability of the vendor to understand buyers' wants and needs and to translate those into products and services. Vendors that show the highest degree of vision listen to and understand buyers' wants and needs, and can shape or enhance those with their added vision.

Marketing Strategy: A clear, differentiated set of messages consistently communicated throughout the organization and externalized through the website, advertising, customer programs and positioning statements.

Sales Strategy: The strategy for selling products that uses the appropriate network of direct and indirect sales, marketing, service and communication affiliates that extend the scope and depth of market reach, skills, expertise, technologies, services and the customer base.

Offering (Product) Strategy: The vendor's approach to product development and delivery that emphasizes differentiation, functionality, methodology and feature sets as they map to current and future requirements.

Business Model: The soundness and logic of the vendor's underlying business proposition.

Vertical/Industry Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of individual market segments, including vertical markets.

Innovation: Direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, defensive or pre-emptive purposes.

Geographic Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of geographies outside the "home" or native geography, either directly or through partners, channels and subsidiaries as appropriate for that geography and market.