



# Board Portal Buyer's Guide

How Governance Technology Can Better Your Board's Performance



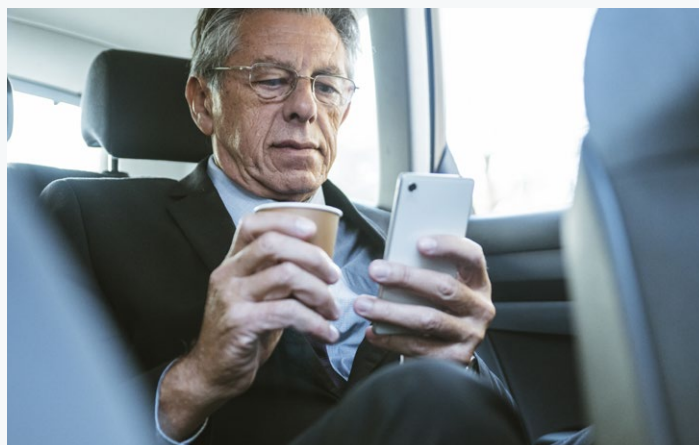
**Diligent**

You may already know what a board portal is and how digital board management software has gained more popularity in the boardroom. You also probably know that paper is heavy and hackers are a risk, and by now, you know that there are multiple vendors that offer board portals and other governance technologies. You may not realize that by making the right choice, a board can improve governance and efficiency while collaborating in a secure setting. The board portal industry is rapidly changing and you should be looking for a vendor that can provide full enterprise governance solutions instead of just a board portal.

Since boardrooms are rapidly transforming with the inclusion of technology, and this technology aids in accelerating processes, boards should be looking for an all-encompassing solution that can streamline every facet of the board member's experience. With lots of vendors to choose from, here are the most important questions to ask during your search, divided into five essential categories. For private, public, nonprofit and government boards alike, finding a fully integrated suite of governance tools and resources that excels across all five categories will lead to better electronic security and a more productive board.

### 1. SECURITY

Security is the #1 worry of boards adopting a new technology, and with good reason. Hackers work 24/7 to try to breach electronic security systems in order to gain access to an organization's systems. Often, hackers are able to do this without a company even knowing that its security has been compromised. Security should be top of mind, especially in today's digital environment. Board members have access to all of a company's most secure information and cannot risk having that information becoming public. Many companies have fallen victim to this and have been fined millions of dollars because of poor practices by board members and the use of insecure technologies, such as personal email accounts. Security should be the biggest concern in the boardroom and companies should be making sure that the vendors they are working with can ensure that there is no risk of a data breach. If you want a secure solution, you need state-of-the-art security methodologies and encryption, not just another file management system.



However, the most secure route must also be the most user-friendly, or board members may try to find a workaround, which is usually much less secure. It is important to make sure that vendors take security seriously and are continuously investing in it. Asking whether or not they are spending money to take advantage of the latest security trends will provide you and your board with the necessary peace of mind. When evaluating boardroom technology providers, you should ask the following of your potential vendors:

- **Has your company's security ever been breached?**
- **How did you alert users?**
- **How often do you conduct third-party penetration and security testing?**
- **Which third-party certifications do you have and how long have you had them?**
- **How will you protect our information and any notes we add on the app?**
- **How does security differ when the app is online vs. offline?**

#### What Type of Answers a Board Portal Vendor Should Provide:

- **Breaches:** Breach attempts are not unusual, but boards should look for vendors whose board portal software has never been successfully breached. If a vendor's platform has been breached, make sure they are forthright with clients and provide regular updates on what information has been compromised. Additionally, they should be open to sharing how they continuously improve their security to best protect boards' investment and all the sensitive information that boards will be storing within their product. A vendor should be transparent about security practices and provide ample details on the processes in place. Remember, all security is not the same and board materials should only be protected in the most secure environment possible. That is a major reason why boards are going paperless.
- **Penetration Testing:** Penetration testing should be conducted regularly at all levels. If a vendor is following best practices, it will conduct a full penetration test at least once a year and run automated application penetration testing at least monthly. Additionally, vulnerability scanning should occur at least weekly. Boards should also consider asking for a full security audit to make sure that their systems are secure and will provide them with the necessary peace of mind.
- **Independent Audits:** SSAE 16 and ISAE 3402 are the current service organization standard controls reports – a must for any technology vendor handling sensitive information. Additionally, exceptional vendors will also have ISO 27001 certification. All those letters and numbers mean the vendor is using a rigorous methodology for information security based on managing a multitude of tactics, from firewalls and virus control to legal protection and physical security. The longer an organization has had such certifications, the better.

- **Protecting Client Info:** A client's data should be encrypted in the data center, in transit and on users' devices, with at least 128-bit encryption. A vendor should ensure that encryption key handling and storage are provided with strong key management using Hardware Security Modules. Each customer should have a unique set of keys protecting their data.
- **Online vs. Offline Security:** When offline, some apps only provide users with access to PDF files, which can be more easily compromised, or in some cases, even removed entirely from the app, leaving the security of these documents to chance. Your board books should remain completely secure regardless of where and how users access the app.

## 2. ADOPTABILITY

If the app directors choose isn't adopted successfully, it's a wasted investment that may leave them less secure than they were before. For an application to be embraced by their board, it needs to be accessible from a multitude of devices, easy-to-use and accompanied by live support that is available 24/7/365. Directors should also make sure that their board portal experience is as similar to their paper-based experience as possible, allowing them to easily adapt the technology and to have a seamless experience. Directors will be looking for such features as having the ability to read and annotate board materials with the same ease that they could with a hard copy. Electronic board books should be as simple to flip through as paper board books, but with the added advantages of a digital environment, ensuring that the board will adapt and excel with the use of the board management software. Stability goes hand in hand with adaptability.

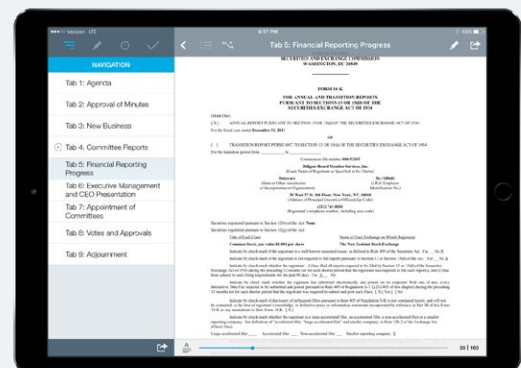
For many board portals, there can always be some downtime for maintenance and updates. However, any sort of downtime can have a long-term effect on the usefulness of board management technology. As part of their evaluation, directors should make sure that there have never been any instances of the software crashing or any overall downtime while updates are being implemented. To make sure that their board portal choice will be adopted by their board, directors should make sure that they ask the right questions of vendors:

- **How can you be sure your solution will be suitable for my business?**
- **What is your onboarding process? Do clients have a dedicated customer success team? How much training/onboarding support is included with the subscription?**
- **What percentage of clients ends up not adopting the solution? What percentage only partially adopts the solution (e.g., the board ends up using paper, in addition to the software)?**
- **What percentage of customers leaves each year?**
- **What kind of support do you provide your users?**

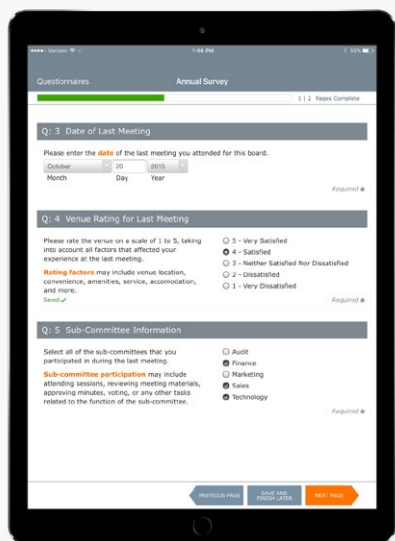
*Making board decisions isn't always easy; using the right streamlined governance technology should be.*

### What Type of Answers a Board Portal Vendor Should Provide:

- **App Suitability:** Whether their business is private, public, nonprofit, or a government institution or agency, directors should look for a robust board portal that provides and supports a flexible environment allowing them to improve upon their current governance practices by making it easier for them to streamline their duties and maximize their efficiency. A vendor should also have clients similar to those in the customer's industry. Small nonprofits should ask for references of a similar makeup. The same applies for Fortune 1000 companies.
- **Onboarding:** A smart vendor knows that adoption of any new technology is a challenge and the onboarding experience is critical to the long-term success of the app. Every onboarding experience should be customized not only for each customer, but for each individual end user. This means offering a variety of training types and styles, and most importantly, unlimited, one-on-one and/or in-person training. Board portal training should never be limited, and directors should look for a vendor that can support continuous training, especially as that vendor improves functionality and adds or adjusts features. Onboarding and training should not be a quick turnaround. Directors should be wary of vendors that can tell them that their solutions can be implemented in one day or one week; the process should never be rushed. A speedy implementation process can often mean that corners are being cut, which can lead to a bad experience and complaints from the board. Not only does this make directors look bad to their board, but it could also lead to them having to look for another board portal to meet their needs and those of their boards. However, directors must worry about the implementation process and make sure that it is as smooth as possible to ensure that their board is satisfied. To do this, directors should make sure that they can get as much information about the onboarding experience as possible and get details for what is included.



- **Adoption and Attrition Rates:** Find out how many customers have adopted the vendor's board portal and if it is being used by anybody else besides the board, such as committees or executive teams. Many companies can buy a board portal, but it is important to know how many have achieved the goal of going totally paperless and if it has driven success within the boardroom, especially in terms of communication and saving time for the corporate secretary and the general counsel in between meetings. Be sure to ask for the total number of customers who leave each year divided by the total number of customers overall. Companies have lots of tricky ways to make attrition rates look better than they are. If a company has a high cancellation rate, make sure to find out why and be wary – you want to work with a vendor that has a high retention rate. It is also helpful to find out what that high retention rate can be attributed to.
- **Continued Support:** Ongoing support is also critical to the sustained adoption of the tool. Support – whether via a quick phone call or in-depth training (or re-training) on a new feature – should be provided for the duration of your contract and never for an additional fee. The continuous support and training should include keeping clients updated on any new features and always providing them with support so that they understand how the product is evolving.



### 3. REPUTATION AND SERVICE

While there are dozens of electronic board apps to choose from, there are not many holistic, fully integrated governance management solutions on the market. However, how do directors know if the company they choose will actually understand their pain points and be able to solve their organization's problems? Excellent customer service is necessary at the outset to train the administrator and end users, but this should remain a vital component on a continued basis so that all users have the support they need to feel comfortable using the product.

In choosing board software, directors should ask vendors:

- **How many years has your company been in the governance and technology space?**
- **What awards/recognition have you won for customer service or app usability?**
- **Who are some marquee clients in our industry?**
- **What is the average wait time for support calls? Do you outsource your help desk?**
- **To what professional bodies and organizations does your company belong?**

#### What Type of Answers a Board Portal Vendor Should Provide:

- **Years of Experience:** Directors should work with a vendor that has at least 10 years of tenure in the corporate governance space so they can be sure that they understand the pain points of both directors and administrators and can properly address them. Additionally, they should look for a vendor with extensive experience with developing and creating innovative software that addresses the board's needs. Someone who is a thought leader in the industry will be able to fit these needs, especially one that puts corporate governance at the center of their product. Directors should always feel comfortable asking how much experience the vendor has with corporate governance and how their technology can aid in improving governance. Finally, when directors are effectively entrusting their boards to the hands of a vendor, they can never be too careful.
- **Awards:** Awards serve as an important independent benchmark for performance. Directors should look for a vendor that has been recognized for delivering the same world-class assistance they would provide their own board. Awards in customer service are very important because they will provide an indication on how well supported directors and their boards will be.
- **Clients:** A vendor needs to have a breadth and depth of experience within the company's particular industry. With an industry-experienced vendor, directors will receive a more customized implementation that reflects years of best practices and specialized support on how to utilize the app in ways that can maximize effectiveness.
- **Wait Time:** It is imperative for directors to find a vendor that understands the importance of their time. Due to the nature of board meetings, questions often arise at off-hours and are urgent. Directors don't want to get stuck with a company that does "callbacks" or that has hold times of more than a few seconds. That support should come from a true expert on the app: an in-house employee, trained to resolve problems efficiently and effectively. Support delays may introduce security risks, as board members may look for workarounds to solve an immediate need. Directors should look for a vendor that is available 24/7/365.

- **Professional Organizations:** A vendor should be actively engaged in the corporate governance community and readily share best practices with its client base through professional organizations like Boardroom Resources, The Society of Corporate Secretaries, the National Investor Relations Institute, the National Association of Corporate Directors, as well as other member organizations in their space. Directors should also be looking for a vendor that can enhance their board's experience by providing internal thought leadership – they should find out if there is an internal function in the app that can provide this or if there are other organizations with which the vendor works closely.

## 4. GOVERNANCE

Some portals provide solutions to improve governance and efficiency. From viewing and signing documents to having the ability to vote on items and share notes with colleagues, apps with governance-focused features can help boards collaborate productively and securely. Another goal: having a full suite of tools that covers each aspect of boardroom activity and allows for real-time collaboration anytime, anywhere to allow boards and board committees the ability to collaborate outside of board meetings, while also freeing up more in-person time for strategic work. Facilitating director evaluations on an app can also make that process less anxiety-inducing. Of course, a company that understands the laws in various countries is imperative. For example, discoverability is a major concern and a board app should be able to mitigate discoverability worries.

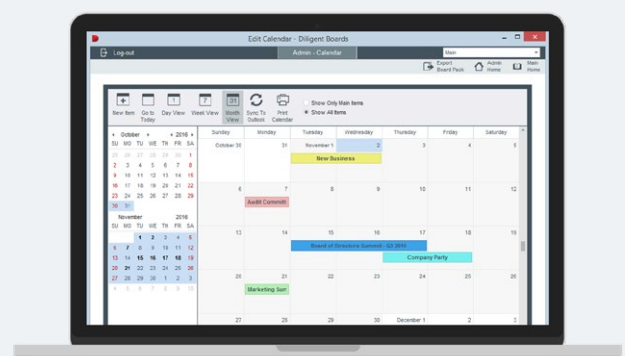
Directors' board portal vendor choice should be able to provide them with the right suite of technologies to improve their governance practices. They should be looking for a centralized suite of secure digital tools that help their governance leaders ask better questions, gain deeper insight and add value across the full scope of governance responsibilities. The board portal should make it simple to deliver board materials, conduct votes, distribute D&O questionnaires, conduct evaluations, easily take board meeting minutes and communicate securely – all from one location.

Thus, directors should make sure they ask the right questions to ensure this is possible:

- **What kind of governance-enhancing features will our board have access to with your governance technology solutions?**
- **What kind of governance library can clients build on your platform?**
- **What ability do users have to make real-time updates?**
- **How often do you add governance features to the solution? What new features have you launched in the past 12 months?**

## What Type of Answers a Board Portal Vendor Should Provide:

- **Governance Features:** Directors should look for a vendor that offers voting, consent signing, board minute-taking, and a robust survey module that allows for D&O questionnaires and board evaluations to be completed all within the secure app. The leading board portal vendors should also be able to provide directors with a secure communication tool so that they avoid risky solutions such as business and personal email and cheaper communication solutions such as WhatsApp.
- **Governance Library:** Directors should look for a vendor with enough storage to provide clients with the room they need to build a robust library of documents that board members may want to reference. This could include investor reports, press releases, earnings statements and other docs boards may want to see, all in one easy-to-find, secure location. These should all be easily searchable.
- **Real-Time Updates:** In order to allow directors ample time to review meeting materials in advance of or in between sessions, a solution should be flexible enough to allow for continuous updates to published materials. The process for administrators to make these updates should allow for quick and easy replacement of documents. When updates are made, directors should make sure that the app won't remove or misplace notes they have made in the documents.
- **Adding Features:** A vendor's job should never be finished. Directors should seek a vendor that is constantly working to improve the app, in both security and feature enhancements. Clients use the app to streamline the governance process so look for a vendor that is leading the pack by introducing new governance-related features every year. Directors should not just settle for a vendor who meets their needs at the current point in time. They should look for a vendor that is constantly investing in research and development. As their organization grows, the needs of their board will grow, too. They should look for a vendor whose board portal is variegated enough that it meets all of their governance needs and even their needs outside the boardroom. They should always ask more about a vendor's investment in their product to identify whether it is going to be the right fit. They can also check the app store to see if they are making updates to the platform, and this will help them differentiate vendors and their dedication to helping boards grow.





## 5. FUNCTIONALITY

Preparing for a board meeting is time-consuming, especially if directors sit on multiple boards. Documents are frequently updated, but it can be confusing for board members to keep track of changes and manage note-taking effectively. This process is even more difficult and time-consuming if directors are using paper board books. Now, imagine that they log into their preferred device to prepare for their board meeting and receive real-time notifications of any changes to their board book, along with any notes that may have been on edited or removed pages. Choosing if and how to share their annotations with others, or purge them, is another important capability. Basic functionality features, like accessing their board books online or offline, and working during a computer operating update, seem simple, but may not be offered by a potential vendor.

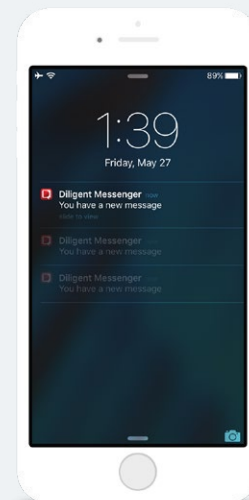
For a board administrator, it is also important to look for a solution that has enhanced communication practices, so that they can ensure an open channel between themselves and board directors, as well as between directors themselves. Additionally, the board portal should have a robust agenda management system and board meeting minutes capability to improve best practices for preparing for board meetings and during and after meetings.

Directors should ask the vendor:

- **What happens if board members serve on multiple boards?**
- **How many languages does the app support?**
- **How do you handle software updates (like IOS and Java) so they don't disrupt users?**
- **What kind of advanced features do you offer?**
- **How often are features improved and new ones added?**
- **Does the app have the ability to digitally shred the end-user notes after the meeting to limit discoverability?**

### What Type of Answers a Board Portal Vendor Should Provide:

- **Multiple Log-Ins:** Many directors serve on multiple boards. A sophisticated vendor will be able to give its clients the ability to access their multiple boards' board books. Accessing board books across all of their boards is conditional and only available if the other boards that they sit on also utilize the same client. Board members should confer with their directors. They will usually be able to provide some insight into what board portal they prefer and their overall experience with it.
- **Update Notes & Pages:** Changes to materials before or during a meeting are inevitable. A well-designed technology will allow directors to retain notes, even if pages of a published document are edited or removed.
- **Languages:** Vendors serving global clients need a few languages that users can choose from for the app, training and support.
- **Handling Updates:** An operating system update shouldn't leave directors without access to their board books. They should look for companies that can make iOS-style and other platforms as seamless as possible, so they don't suffer downtime in the app.
- **Advanced Features:** Some vendors offer additional features that allow for better governance practices. E-signatures and voting, D&O questionnaires, board evaluations, secure communication, board meeting minutes and governance insights will all afford your board members and board administrators more mobility and cut down on additional work. Other functionality, like note-sharing, can enhance collaboration, and global search and a document library can provide board members with a robust amount of information very quickly and in one location.
- **Digital Shredding:** A vendor should always provide its clients with the ability to completely wipe all user notes and annotations, leaving no digital record. The timing of this wipe should also be controlled by the client and can be automatic or done on-demand. Alternatively, the solution should be flexible enough to allow user notes to be archived, if necessary.



## Making the Business Case for Board Portals

For any board, there are many added benefits from switching to a digital solution and no longer using paper board books. The same could be said for switching from a board portal that does not meet directors' growing needs to one that serves the greater encompassing needs of an enterprise governance management solution. As mentioned before, the quickly changing ecosystem that is the boardroom demands that boards use the right solution that can meet their many needs, including such things as secure communications, director and officer questionnaires, and board evaluations. Many boards that have made the switch have done it to improve security, increase efficiency, streamline communication, get more support, and save money and time. There are also those boards that realize that they can't function any longer without a board portal. On the other hand, some boards realize that the board portal that they are currently using does not live up to expectations. For whatever reason they are evaluating a board portal, it is important that they can properly think through the process and understand the ins and outs of board portals and how not all board portals are created equal.

Making the wrong board management software choice can have some serious consequences. Boards should always be looking for the most advanced technology for their needs. Instead of an attitude of reactivity, board administrators should be proactive and apply this as a best practice. The attitude of complacency can be something that gets boards in hot water and instead of waiting for something bad to happen, boards should be looking to improve upon what they have and what they are using – such as avoiding using personal email accounts for communication. If an issue does happen, like a data breach with the vendor they are working with, it isn't an overnight process to make the switch to a new vendor; that is why directors should be very diligent when evaluating the differences between solutions and make sure that they are asking the right questions.

By remembering that one of the most important needs that boards have is to be able to communicate in real time, this buyer's guide with its five essential components and accompanying questions and answers should help directors cut through the clutter of governance technology companies and find the right fit for themselves and their board. Financial institutions, defense contractors, public and private businesses, nonprofits and governments require the best service, the most secure data and the easiest-to-use technology. To be efficient, boards of all sizes should be able to communicate between meetings in a secure environment, on a variety of devices, and be supported with live IT help that is only a phone call away without any wait times.

Making board decisions isn't always easy; using the right streamlined governance technology should be.



**For more information or to request a demo, contact us today:**

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