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How Global Enterprises Can Reduce the Risks of Collaboration Platforms

Considerations for managing regulatory compliance, cybersecurity, data privacy and more

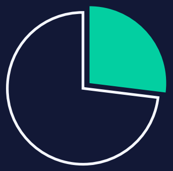
New communications technology is a true “equalizer” for organizations, bringing together people from multiple geographies and across demographics. Workers are no longer tethered to a single office, device or time zone. In the post-pandemic world, collaboration and conferencing tools (e.g., Microsoft Teams, Slack, Zoom, etc.) have replaced desk chatter, watercooler conversations and even email.

There are measurable benefits to the digitization of the workplace. Take Microsoft Teams — even before the pandemic, businesses reported:

- Savings of up to 8 hours per user, per week, by having communications and collaborative features in one platform
- 17.7% improvement in time-to-decision, translating to a 3-year total savings of over $450K
- Microsoft Teams payback period of less than six months following initial deployment

A Forrester Total Economic Impact™ Study Commissioned By Microsoft

For some companies, including Microsoft, Facebook and Salesforce, moving to a remote work model has pushed leadership to rethink the office model altogether.[1] These organizations have taken the opportunity to update processes and infrastructure to support a work-from-anywhere culture.



Of 100 global organizations surveyed by KPMG, only 27% plan to require employees to return to the office as soon as regulations allow.[2]

Not so fast...

Regulated organizations like financial services firms have seen the benefits of collaboration tools. But adapting to a virtual business model overnight — like what happened in 2020 — is no easy feat. Collaboration tools present unique challenges for compliance and IT departments. Visibility into employee conduct is reduced when people aren’t working from a centralized location and the lines between business and personal communications are blurred.

At the start of the pandemic, regulated firms unaccustomed to supporting remote work and digital communications platforms might have chosen to prohibit the use of convenient collaboration tools before they could be securely rolled out. Or, they had to abruptly start using collaboration platforms without the necessary compliance and security protections in place.

Either way, workers are on home networks, potentially using personal devices, or interacting — unwittingly or not — through unauthorized communication apps. This makes the identification and mitigation of risk, and the management of regulatory compliance, exponentially more complex.

[1] https://www.flexjobs.com/blog/post/companies-switching-remote-work-long-term/
[2] https://advisory.kpmg.us/content/dam/advisory/en/pdfs/2020/return-to-work-infographic.pdf

Modern communication platforms are useful, but they must be diligently managed to avoid potential risks:

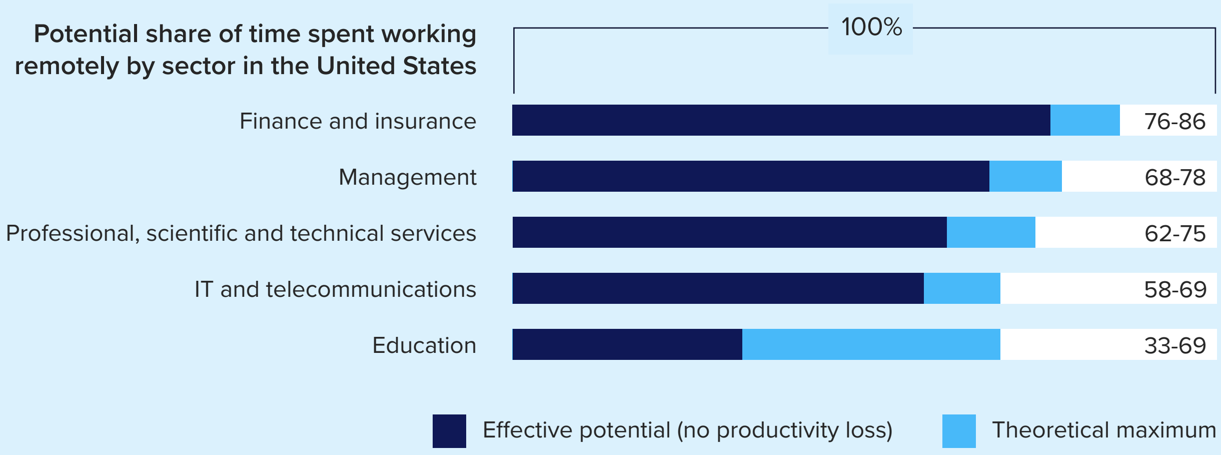
- **Cybersecurity risks:** The use of unsecured home networks and unauthorized devices creates blind spots for IT and security teams, paving the way for increases in fraudulent activity
- **Regulatory risks:** When communications tools are downloaded or deployed before policy controls can be implemented, compliance gaps exist if those communications are not being archived or monitored
- **Data privacy risks:** Privacy complications can arise if collaboration tools are not used exclusively for business purposes
- **Internal policy risks:** New platforms provide a new place for employee misconduct to occur

For financial firms, a distributed workforce isn't merely inconvenient; it's risky. These risks can result in wide-reaching consequences such as loss of intellectual property, regulatory violations, data privacy or legal sanctions, and even reputational or brand damage.

This guide will help you navigate the benefits and risks of collaboration platforms and how to adjust your policies, technology and employee training to enable the future of work and stay ahead of risk.

Financial services and insurance have the highest potential (i.e., lowest productivity loss) for remote work.

Top 5 Sectors for Remote Work Potential



McKinsey Global Institute: *What's next for remote work: An analysis of 2,000 tasks, 800 jobs, and nine countries*

What’s so great about collaboration platforms?

Collaboration tools such as Slack and Microsoft Teams help organizations stay more connected, interactive and responsive to business needs. These platforms take elements of instant messaging, audio/video conferencing, file sharing and social media, and bundle them into a single, cohesive, easy-to-use package. The ability to interact with colleagues and clients is easier and instantaneous, facilitating internal collaboration and enhancing customer service.

These benefits have proven invaluable for companies in the work-from-home era. Executives support the use of collaboration tools because they enable productivity, efficiency and quick decision-making, which translates to a return on their investment. Employees like them because they can communicate with coworkers and clients in real time and across devices while working remotely.

Technology moves quickly, and new communication channels are introduced every day. But many of these tools are not built with the retention and oversight needs of highly regulated industries in mind. Requirements for collecting, preserving, supervising and producing communications are made more difficult when the content that’s generated:

- Includes different types of messages: private chat, group chat, channel messages
- Incorporates file sharing: internal documents, images, contracts, video
- Includes activities that generate contextual metadata: edits, deletes, joining or leaving a conversation
- Is created through multiple devices: work computer, personal computer, mobile devices, etc.

All these elements are critical to understanding the context of conversations and are uniquely challenging to capture, preserve and supervise.

Do you prohibit the use of these tools and hope to avoid risk, or do you enable collaboration tools and manage risk?

Competitive organizations may not have a choice anymore. Employees need to be productive. That means enterprises must embrace these technologies and new ways of working. New challenges for managing risk and meeting ongoing regulatory obligations will be profound — and inevitable.

Adopting a new channel to meet employee and customer preferences does not come with a simple on-and-off switch. An organization now needs to be able to manage many communications sources and data to ensure they meet their legal, technical and regulatory obligations. It takes a strategic approach that encompasses:

1 **Policies and governance**

2 **Unified, future-proof technology**

3 **Ongoing education and training**

Let’s explore recommendations for each of these areas of risk mitigation.

RISK MITIGATION TIP #1

Strategic policies and governance

To stay ahead of compliance risks, firms must develop policies and procedures for collaboration platforms that have been thoughtfully considered, and then follow those guidelines. We recommend starting with the following policy and governance practices:

Install a cross-departmental communications governance council

Involving stakeholders from cross-departmental functions (legal, compliance, IT, etc.) is one way to collectively make decisions about communications technology and the implied risk across the business. Each new tool requires a thorough assessment of its impact. This requires an understanding of the platform itself, which functionality will be supported, how and where electronic communications data is being archived, how it is being secured, and how it could be accessed in the event of a legal or regulatory inquiry.

Implement communications policies

Regulated firms are required to establish Written Supervisory Procedures (WSP) for the use of electronic communications. To support compliance with WSPs, we also recommend outlining internal usage policies and code of conduct guidance. These include a list of permissible communications methods and an explanation of the possible consequences of noncompliance. Include guidance for every channel your employees are permitted to use — be specific. Consider communications etiquette guidance, and whether to include confidentiality and non-disclosure clauses to ensure the security and confidentiality of customer records and information.

Define mobile policies

Whether your company uses company-issued mobile devices, or you enable a bring-your-own-device (BYOD) policy, employees should be aware of and understand how content generated on their phones or mobile devices is governed. Rules should be updated to account for any new mobile applications that employees are using to communicate. Document your mobile device policies, be explicit about which mobile applications are allowed or prohibited and share mobile policies with staff regularly.

Update supervision and content monitoring practices

Be prepared for regulatory examinations to include requests for content generated through collaboration platforms. Assess your organization's practices, policies and procedures to confirm they address regulatory obligations for investment advisors and registered representatives working remotely. Check and double-check your systems for vulnerabilities and to ensure the communications are being captured for retention, with a particular focus on mobile devices.

Don't forget data privacy

Across the world, laws and regulations to protect consumer data are being established. Multi-national organizations must contend with differing requirements across regions. Compliance with data privacy protections requires a comprehensive understanding of existing and emerging regulations and requisite policies to avoid fines, litigation or a loss of consumer trust.

LEARN MORE

Managing Global Data Privacy Laws and Communication Regulations in Financial Services

RISK MITIGATION TIP #2

Unified, future-proof technology

Every day employees are requesting to use applications like Microsoft Teams, Slack and other collaboration tools for work. Prohibiting the use of these tools doesn't mean they won't be used. One result of prohibition policies is that you won't be able to preserve and monitor communications on those platforms. Technology to manage compliance and cybersecurity can help you enable employees and customers to communicate through their preferred means.

Install a robust archiving solution

To keep up with evolving electronic communication demands and exponential data growth, large financial organizations should implement context-aware, scalable, cloud-based solutions for capturing, preserving, supervising and producing large volumes and types of communications content. It should work reliably across all global regions with no downtime, with high-availability and disaster recovery functionality. Having a powerful archiving solution doesn't mean you have to allow every content channel that's requested. But with an enterprise-first solution, you can support and monitor all the channels employees and clients across the world want to use — and manage risk.

Take advantage of AI/machine learning for supervision and surveillance

One of the biggest challenges with today's supervision systems is separating real risk from "noise." Review teams are required to sift through a vast and often unmanageable number of false positives to get to relevant and targeted content. Many systems rely exclusively on a lexical approach to risk identification. This approach is suitable for a limited set of risk scenarios. However, in most cases, supervision systems lack the ability to consistently filter out less precise matches, creating a large volume of irrelevant alerts. Supervision can be enhanced with AI and machine learning capabilities to drown out noise, make review queues more precise and make the process more efficient. Surveillance for employee misconduct is also a major concern for global organizations. A combined supervision and surveillance solution provides a proactive, single line of defense for regulatory inquiries and misconduct issues.

Echo Cancellation from Smarsh can reduce review effort by 20% with 100% precision.

ECHO CANCELLATION

SOLUTION BRIEF

Address compliance and security risks together

A rising tide of cyberattacks should sound the alarm and push financial services organizations to strengthen cybersecurity efforts to secure their networks, applications and customer data. By enforcing proper network security and adopting foundational tools such as access management, encryption and multi-factor authentication across the enterprise, you can minimize the risk of being fined or putting your data, or your customers' data at risk.

RISK MITIGATION TIP #3 Ongoing education and training

The importance of employee training that is specific to new collaboration tools cannot be understated. Clear, unambiguous guidelines that are updated at a regular cadence are critical to keeping employees informed and aware of their role in minimizing risk.

Develop a training program

Explicit training should define acceptable and prohibited uses of communication channels and devices for every job role across the organization. This is a great chance to share your newly minted communications, mobile and supervision policies. Require signed attestations from employees at the end of each training session. Include training in onboarding processes for all new staff, calling out specific guidance for registered reps.

Share rollout plans for new communications tools

This will be most effective with reinforcement from your communications governance council. Once you've gone through due diligence for a new communications tool and have documented appropriate use policies, update employees with your rollout plans. Pay close attention to the use of these tools and provide opportunities for feedback from staff.

Update policies and training on a regular cadence

Once scalable technology has been adopted, and compliance and supervision policies and procedures are in place, ongoing staff training is key to maintaining efficiency and ROI — especially as new platforms emerge. Regularly engage with users to stay on top of new tools that best equip staff to do their jobs. Stay up to date on cybersecurity and data privacy issues and what's happening in the regulatory landscape to keep policies and training fresh.

For wealth management firms under the watchful eye of regulators, employee involvement in unauthorized outside business activities (OBA) like the GameStop debacle could have serious consequences. In fact, in FINRA's 2021 Examination and Risk Monitoring priorities letter, OBA was elevated as a critical issue to which firms should be paying careful attention.

Recommended Reading: *How to Inspect Communications for Outside Business Activities*

Enabling communication today to manage risk in the future

Ultimately, this examination of new collaboration technologies is not just about mitigation of risk. It's about enabling your employees to be more effective in the way they engage with clients and each other. We've gotten used to the many features of collaboration and conferencing tools — gathering with multiple people, sharing links or documents we would have once emailed, even moving from desktop to mobile device — all during a meeting.

Communication is fluid, and the tools that people use to collaborate will continue to evolve. This puts regulations and resulting data capture, archiving and supervision needs in an ongoing state of flux. Lessons learned from 2020 can serve as a guide to prioritize updated policy, technology and training — and better prepare for the next set of features and collaborative networks that continue to emerge.

HOW SMARSH CAN HELP

Smarsh has worked with many of the largest financial services organizations for 20 years. As communications preferences have drastically changed and the regulatory landscape has evolved, Smarsh has made ongoing innovations to help clients manage compliance, mitigate risk and stay competitive. Smarsh capture, archiving and supervision solutions are purpose-built to adapt to the latest methods of communication, scale as business and technology require, and help enterprises efficiently and effectively manage compliance and supervision processes.

Enterprise Archive™

The Smarsh Enterprise Archive is specifically designed for today's communications and positions your business for the future. Using modern, web-scale technologies, it can ingest, search and export your content orders of magnitude faster than legacy archives. All content is retained in full context, reducing review costs and increasing productivity. The Enterprise Archive is built to scale as data volume grows, with no impact on platform performance. It can be hosted on your choice of leading cloud infrastructure providers almost anywhere in the world and is fully enabled to feed downstream applications.

Enterprise Supervision™

Enterprise Supervision is a specialized supervision application, built to suit the complex compliance needs of large, regulated organizations. With the ability to ingest content in full context from over 80 communications channels, review is easier and more effective. Compliance teams are then able to build customized and granular supervision policies with the help of AI/machine learning to reduce false positives and return flagged content more precisely.

Digital Reasoning

A **smarsh** Company

Digital Reasoning Conduct Surveillance delivers integrated alerts from all electronic communications data to reveal the hidden behaviors and intentions behind conduct risk. Built in collaboration with some of the largest global banks, the solution's capabilities address the specific needs of the industry: agile AI model training, human-centric monitoring, and seamless workflows that significantly increase your firm's surveillance scope with the same staffing. Through the application of proven Artificial Intelligence and Natural Language Processing, you can now proactively surface risks before they become fines, penalties or headlines.

For additional assistance and consultation, we have a team of professional services experts that are highly attuned to the regulatory challenges global financial organizations are facing. The **Smarsh Services** team provides a wide range of services including data management services, audit assistance, policy-tuning and ongoing consultation. They partner directly with firms to manage the complexity of modern compliance and to maximize the value of their investment in technology solutions.

The business world has reacted to a worldwide pandemic by abruptly shifting to a remote work environment. Smarsh can help global financial services organizations navigate this shift, protect their business and lay the groundwork for a "work-from-anywhere" future.

smarsh®

Smarsh® is the recognized global leader in electronic communications archiving solutions for regulated organizations. The Smarsh Connected Suite provides innovative capture, archiving, e-discovery, and supervision solutions across the industry's widest breadth of communication channels.

Scalable for organizations of all sizes, the Smarsh platform provides customers with compliance built on confidence. It enables them to strategically future-proof as new communication channels are adopted, and to realize more insight and value from the data in their archive. Customers strengthen their compliance and e-discovery initiatives, and benefit from the productive use of email, social media, mobile/text messaging, instant messaging and collaboration, web, and voice channels.

Smarsh serves a global client base that spans the top banks in North America and Europe, along with leading brokerage firms, insurers, and registered investment advisors. Smarsh also enables federal and state government agencies to meet their public records and e-discovery requirements. For more information, visit www.smarsh.com.

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