Chartis RiskTech100® 2015
MetricStream Highlights
May 2015

About Chartis

Chartis is the leading provider of research and analysis covering the global market for risk management technology. Our goal is to support enterprises seeking to optimize business performance through better risk management, corporate governance and compliance. We help clients make informed technology and business decisions by providing in-depth analysis and actionable advice on the broad spectrum of risk and compliance technology offerings. Areas of expertise include:

- Credit risk
- Operational risk and governance, risk and compliance (GRC)
- Market risk
- Asset and liability management (ALM) and liquidity risk
- Energy and commodity trading risk
- Financial crime including trader surveillance, anti-fraud and anti-money laundering
- Insurance risk
- Regulatory requirements including Basel 2, Basel 3, Dodd-Frank, EMIR and Solvency II

Chartis is solely focused on risk and compliance technology giving it significant advantage over generic market analysts.

Chartis has brought together a leading team of analysts and advisors from the risk management and financial services industries. This team has hands-on experience of implementing and developing risk management systems and programs for Fortune 500 companies and leading consulting houses.

Chartis Research is authorized and regulated in the United Kingdom by the Financial Conduct Authority (FCA) to provide investment advice.

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Table of Contents

List of figures and tables

1- Introduction

MetricStream is a developer of enterprise-wide GRC and operational risk management solutions for global corporations in financial services and other industry sectors. Headquartered in Palo Alto, California and founded in 1999, MetricStream has 12 offices and over 1500 employees spread across four continents. MetricStream was a Category Leader for the *Chartis Operational Risk Management Systems for Financial Services* and *Enterprise GRC Solutions* reports. Category leaders are considered to be risk technology vendors that have the necessary depth and breadth of functionality, technology, and content, combined with the organizational characteristics to capture significant market share by volume and value.

The MetricStream risk management solution gathers data and processes information into a reusable library of risks and their corresponding controls and assessments, including KRIs, loss events and near-misses, and issues and remediation plans. The solution provides the users the capability to define advanced operational risk models using statistical functions and analytics, enabling the access of strategic objectives and performance metrics using risk intelligence. These solutions leverage the MetricStream enterprise GRC platform which provides integration with audit, compliance, vendor governance, IT GRC, among others. The solution also integrates with multiple systems within the IT infrastructure in financial institutions such as G/L, CRM, Core Banking, ERM, HRMS etc.

MetricStream has established GRC Communities, including Special Interest Groups, Customer Roundtables, and GRC Summits. This includes the Zaplet ecosystem of partners creating third-party GRC applications and digitally distributing them to customers. MetricStream has created GRCIntelligence.com, which provides curated information to subscribers on topics including regulatory compliance, vendor due diligence, IT GRC, social GRC, and audit and risk management frameworks, for industries such as financial services, CPG, hi-tech, manufacturing and healthcare.

"Recently MetricStream has focused on differentiators in the Cloud, Mobile and Platform-as-a-Service areas: a majority of MetricStream's new customer base are leveraging cloud based deployments for faster time-to-value at lower total cost of ownership. MetricStream's mobility solutions are providing users with a pervasive GRC experience with multiple modes of access from mobiles and tablets, including an Offline Briefcase to access information in the absence of network connectivity. MetricStream's cloud based Platform-as-a-service solution Zaplet is being leveraged by a number of partners and customers to develop, deploy and manage their own content-rich apps which can help satisfy any niche or industry specific requirement."

2- RiskTech100® research methodology

The rankings in Chartis's RiskTech100® report reflect our analysts' considered opinions, along with research into market trends, participants, expenditure patterns, and best practices. The data collection for this study started in January 2014 and the analysis has been validated through several phases of independent verification. This study is the most comprehensive of its kind and is a core element of Chartis's annual research cycle.

Table 1: RiskTech100® research methodology – 2015

• Performed market sweep of 32,000 risk technology buyers globally (80% financial services, 20% non-financial services)
• Collated 1,217 completed questionnaires from risk technology buyers and end-users
• Collected data on expenditure priorities and vendor preferences
• Collated 318 completed questionnaires from risk technology vendors
• Conducted 118 interviews and product briefings with risk technology vendors
• Conducted 115 interviews with risk technology buyers to validate survey findings
• Conducted 55 interviews with independent consultants and systems integrators specializing in risk technology
• Applied RiskTech100® assessment criteria to filter top 150 vendors
• Reviewed data with 20 independent consultants and 110 risk technology buyers
• Interviewed 35 ex-employees of top 25 risk technology vendors to validate findings
• Undertook final data validation with 108 vendors – received 80 completed questionnaires and 50 vendor briefings
• Concluded final top-100 rankings, category winners and report write-up

3- How to read the RiskTech100® rankings:

The RiskTech100® assessment criteria comprise six equally weighted categories:

- Functionality

- Core technology

- Organizational strength

- Customer satisfaction

- Market presence

- Innovation

Within each category, a number of sub-categories are weighted according to the level of importance that end-users and systems integrators attach to these aspects of risk technology provision.

Table 2: RiskTech100® assessment criteria (sub-category weightings are shown in brackets)

Functionality	
	• *Depth of functionality* (0.5) – The level of sophistication and detailed features in the software product. Aspects assessed include: innovative functionality, practical relevance of features, user-friendliness, flexibility, and embedded intellectual property. High scores are given to those firms that achieved an appropriate balance between sophistication and user-friendliness. In addition, functionality linking risk to performance is given a positive score. • *Breadth of functionality* (0.5) – The spectrum of risks covered as part of an enterprise risk management solution. The risk spectrum under consideration includes treasury risk management, trading risk, market risk, credit risk, operational risk, energy risk, business/strategic risk, actuarial risk, asset-liability risk, financial crime, and compliance. Functionality within and integration between front-office (customer-facing) and middle-back office (compliance, supervisory, and governance) risk management systems are also considered. High scores are given to those firms achieving (or approaching) integrated risk management – breaking the silos between different risk management functions.

7

Core technology	• *Data management* (0.35) – The ability of enterprise risk management systems to interact with other systems and handle large volumes of data. Data quality is often cited as a critical success factor, and ease of data access, data integration, data storage, and data movement capabilities are all important factors. • *Risk analytics* (0.35) – The computational power of the core system, the ability to analyze large amounts of data in a timely manner (e.g. real-time analytics), and the ability to improve analytical performance are all important factors. • *Reporting* (0.30) – The ability to surface information in a timely manner. The quality and flexibility of reporting tools and ease of use are important for all risk management systems.
Organizational strength	• *Sales execution* (0.25) – The size and quality of sales force, sales distribution channels, global presence, focus on risk management, messaging, and positioning are all important factors. • *Financial strength/stability* (0.25) – Revenue growth, profitability, sustainability, and financial backing. (The ratio of license to consulting revenues is key to business scalability.) • *Implementation and support* (0.25) – Important factors include size and quality of implementation team, approach to software implementation, and post-sales support and training. • *Thought-leadership* (0.25) – Business insight/understanding, new thinking, formulation and execution of best practices, and intellectual rigor are considered important by end-users.
Customer satisfaction	• *Value for money* (0.4) – Price to functionality ratio, total cost of ownership versus license price. • *After sales service and support* (0.4) – Important factors include ease of software implementation, level of support, and quality of training. • *Product updates* (0.2) – End-users consider frequency of updates, keeping pace with best-practice and regulatory changes to be important.
Market presence	• *Market penetration* (0.4) – Number of customers in chosen markets, rate of growth relative to sector growth rate. • *Market potential* (0.3) – Brand awareness, reputation, and the ability to leverage current market position to expand horizontally (with new offerings) or vertically (into new sectors). • *Momentum* (0.3) – Performance over the last 12 months, including financial performance, new product releases, quantity and quality of contract wins and market expansion moves.

Innovation	•	*New product development* (0.4) – New ideas, functionality and technologies to improve risk management for target customers. Chartis assesses new product development, not in absolute terms, but in relation to the vendor's closest competitors.
	•	*Exploitation* (0.4) – Developing new products is only the first step in generating success. Speed to market, positioning of new products and translation to incremental revenues are critical success factors.
	•	*New business models* (0.2) – Innovation is not limited to the product dimension. Some risk technology vendors are also actively working toward new business models for generating profitable growth.

4- MetricStream ranking per category

Table 3 details specific rankings of MetricStream for each RiskTech100® category and supporting explanations.

Table 3: MetricStream ranking per category

Assessment category	MetricStream ranking	Explanation
Functionality	**25th**	*Depth of Functionality:* MetricStream has strong functionality in the areas of GRC and operational risk management. The solution can document and assess operational risks, define controls, manage audits, and implement recommendations and remediation plans. MetricStream's GRC platform is delivered via three specific focus areas: GRC Adoption, GRC Layering and GRC Contextualization. Each of these are translated into a series of key initiatives. Pre-packaged solutions providing functionality for ERM, ORM, IT Risk Management, Vendor Governance, Internal Audit, Regulatory and Corporate Compliance, Business Continuity, Quality Management and EHS led to a high score in this area.
Core technology	**16th**	MetricStream's highest score is in its core technology. It provides a flexible GRC data model based on common libraries for risks, controls, processes, policies, assets, organizations, regulations, standards and other infrastructure. This is user-configurable, based on the AppStudio functionality, enabling changes to data attributes, forms, workflows, reports and dashboards. Significant investments in cloud, mobile and platform-as-a-service capabilities by MetricStream are seen as key improvements by Chartis given the demands of the risk marketplace.
Organizational strength	**24th**	*Sales execution:* MetricStream has established global direct sales and marketing teams supported by experienced product management professionals, targeting large and mid-sized firms. An important differentiator is ComplianceOnline.com, a portal and online community for governance, risk, compliance and quality. *Financial strength and stability:* MetricStream is a growing firm which has recently completed rounds of strategic financing. *Implementation and support:* MetricStream has a growing professional services team primarily based in North America, Europe and the Middle East, with secondary target geographies in Asia Pacific, South America and Africa. Cloud-based and on-premise deployment models are offered. *Thought leadership:* MetricStream's focus on Thought Leadership is enabled by internal domain experts, Special Interest Groups, Customer Roundtables and GRC summits.

Customer satisfaction	31st	It should be noted that the implementation times and more sophisticated multiple application deployments make it more difficult for "one-stop shop" enterprise vendors like MetricStream to receive high satisfaction scores than it is for vendors with point solutions and a smaller customer-base. As more firms attempt enterprise transformation projects, managing their expectations becomes increasingly critical. However, MetricStream remains consistently within the top 1/3rd of firms surveyed for customer satisfaction.
Market presence	25th	MetricStream has a strong market presence, with a particular focus on larger and mid-sized banks, financial institutions, and corporations. This includes a distribution relationship with FIS for mid-market banking. The firm is continuing to increase its outreach to Fortune 500 firms and to the mid-market. Momentum is a particularly important factor to consider, as MetricStream has greatly expanded its influence and sales presence in recent years. Geographically, MetricStream's footprint spans 13 locations.
Innovation	23rd	It provides a highly flexible and extensible GRC data model for designing a federated GRC approach based on a common set of libraries for risks, controls, processes, policies, assets, organizations, regulations, standards and other infrastructure & operational elements. Big Data Analytics includes plans for Infolet-based integration of Hadoop and MongoDB Big Data as well as R-analytics engine architecture frameworks with MetricStream GRC Platform which simplify aggregation and analysis of vast and complex data to enhance risk and compliance management. Zaplet ecosystem of partners is considered to be a differentiator in MetricStream's distribution process.

5- Further reading

- RiskTech100® 2015

- Conduct Risk Management Systems 2014

- Solvency II Technology Solutions 2014

- Enterprise GRC Solutions 2014

- Competing on Risk and Compliance: A New Path for Emerging Market Banks

- Model Risk Management Solutions 2014

- Operational Risk Management Systems for 2014

For all of these reports see: www.chartis-research.com