



Integrated GRC Solutions, 2024

Aravo

Executive Summary

In a crowded governance, risk management and compliance (GRC) ecosystem, Aravo has distinguished itself with an architecture and go-to-market approach anchored by its comprehensive process management and risk domain coverage. Chartis ranks the company as a category leader in its RiskTech Quadrants® for GRC Analytics Solutions and Third-Party Risk Solutions (see Figure 1).

Key Considerations

- GRC solutions are increasingly driven by technology, as workflow solutions become more sophisticated.
- Vendors like Aravo are stepping up to be a powerful force, as the rapid evolution of technology brings new possibilities, options and choices.

Figure 1: Aravo's Positioning, Integrated GRC Solutions, 2024



Methodology

Chartis Research ('Chartis') is a research and advisory firm that provides technology and business advice to the global risk management industry. Chartis assesses risk technology vendors using consistent, objective methodology, regardless of business relationships.

Chartis' RiskTech Quadrant® has been used to explain the structure of the market. It employs a comprehensive methodology of in-depth independent research and a clear scoring system to explain which technology solutions meet an organization's needs. The RiskTech Quadrant® does not simply describe one technology solution as the best; rather, it has a sophisticated ranking methodology to explain which solutions would be most suitable for buyers, depending on their implementation strategies.

Chartis evaluates vendors on both current and future dimensions: completeness of offering and market potential.

- **Completeness of offering** criteria include coverage, data integration, risk analytics, process management, and ease of use/package.
- **Market potential** considers business model, market penetration, financials, customer satisfaction, and growth strategy.

Chartis uses detailed evaluation forms, customer surveys, expert interviews, vendor briefings and other research sources to assess solutions. This rigorous methodology provides an independent view of solutions and vendors.

Overview and Market Context

GRC is no longer just about audits and controls. It's become a core operational function, driven by technology, and embedded across the organization. The front office, control teams and risk teams all play a crucial role. This evolution is creating demand for new GRC solutions and vendors.

The modern GRC ecosystem places technology at the center, with advanced tools for workflow, analytics and control. The vendor landscape is vast and constantly evolving, offering a variety of solutions powered by artificial intelligence (AI), process mining and advanced databases.

- **Expanding role of control functions.** The control function is no longer solely focused on audits and organizational control. It now plays a strategic role in business optimization, working closely with the front office to develop and manage processes. This strategic shift is reflected in the rise of the Chief Control Officer (CCO) position.
- **Integration of technology and risk.** Advanced technology is enabling a new operational and quantitative framework for GRC. This framework allows for dynamic, real-time and automated process control, facilitating business optimization. The risk function is also undergoing a transformation, taking on a deeper role in managing and quantifying operational risk across the organization. Technology risk and operational resilience are becoming increasingly intertwined, demanding a centralized and strategic approach from organizations.
- **Emergence of new tools and technologies.** The development of new digital tools empowers firms to monitor and manage operations and processes at a granular level. Technologies like statistical and linguistic AI, process mining and advanced database systems are transforming GRC across various areas like IT risk, third-party risk and operational risk.

Market Context

GRC Analytics Solutions

GRC analytics is now a broad area that covers not only the overarching quantification of risk, but also the specific methods, models and techniques that can be used to analyze risk, including visualization and statistical techniques.

Many aspects of the GRC process are oriented toward leveraging data that is unstructured or textual, and which requires conversion. Even highly quantitative areas, such as cyber risk quantification, involve elements of data translation, transformation and conversion. A key consideration in our analysis, therefore, is the data foundation: the tools and mechanisms used to ingest data and convert it into information that can be processed and explored by analytical and visualization frameworks.

Many vendors now offer a broad range of tools, including packaged tools to quantify, measure and visualize one specific type of risk (such as data privacy). Some of these tools allow low- or no-code extensions to an existing environment, and the growing availability and extendibility of these tools is another strong trend in the GRC analytics space.

Third-Party Risk (TPR) Solutions

Following several years of supply chain disruption, third-party risk has taken on an increasingly pertinent regulatory dimension. The European Union, for example, has prescribed very specific rules for managing third parties under legislation such as the General Data Protection Regulation (GDPR).

The variety of vendors in the TPR space reflects the many different dimensions currently concerning end use of TPR management systems. Some vendors focus only on corporates, for example, some users need relatively lightweight solutions, while others need what is in effect a procurement-oriented enterprise resource planning (ERP) system with an embedded risk component.

Aravo – Category Leader

Our analysis of Aravo is included in the Chartis report [Integrated GRC Solutions, 2024: Market Update and Vendor Landscape](#), published in April 2024. The report also includes other providers of GRC solutions; specifically: Acin, Archer, AuditBoard, BCT Digital, Brainwave GRC/Radiant Logic, CALPANA (CRISAM), Camms, CareEdge, Certa, CIMCON Software, ComplianceCow, Datricks, Diligent, Dun & Bradstreet, Fintellix, Fusion Risk Management, Hyperproof, IBM, KPMG, LexisNexis Risk Solutions, LogicGate, MEGA, MetricStream, Mitratech, MyComplianceOffice, NAVEX, OneTrust, Onspring, OwlIn, Prevalent, Protecht, PwC, RadarFirst, ReadNow, RiskLogix, RiskXchange, S&P Global, SAI360, SAP, Secureframe, ServiceNow, Star Compliance, SureCloud, TCS, The Analytics Boutique, Venminder, Wolters Kluwer and Workiva.

Chartis has named Aravo as a category leader in the 2024 RiskTech Quadrants® for GRC Analytics Solutions and Third-Party Risk Solutions. Other subsegments analyzed in the report are Internal Audit Solutions, IT Risk Solutions, Conduct Risk and Control Solutions, Enterprise GRC Solutions and Operational Risk Solutions.

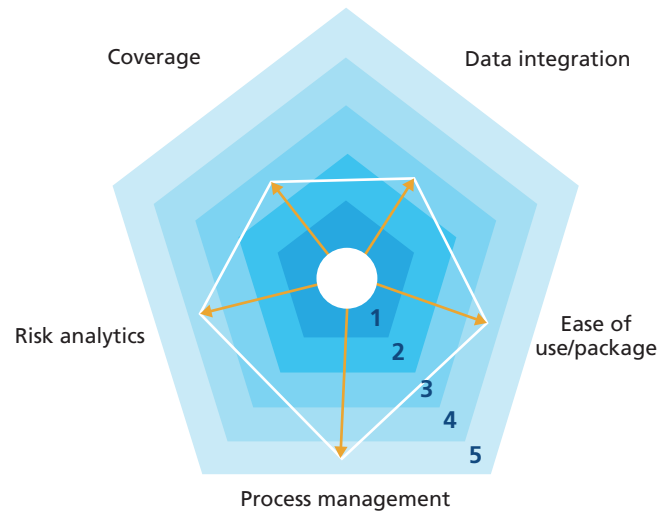
Aravo's competitiveness in the overarching GRC category can be traced to its meeting the necessary requirements for completeness of offering and market potential. The fact that it has evolved its technology through close partnerships with the complex and highly regulated circumstances presented by such clients as CVS and Citi has given it an edge and a full vision for the future.

That said, Aravo distinguishes itself in the TPR category with best-in-class process management, as well as industry-leading capabilities with its risk analytics and ease of use (see Figure 2).

Coverage (3 stars: advanced capabilities)

Aravo demonstrates advanced capabilities in coverage by providing a robust platform that assesses a wide variety of risks. Aravo effectively addresses inherent risks, environmental, social and governance (ESG) and climate risks, cyber/IT risks, financial crime, geopolitical and physical supply chain risks, and consumer privacy concerns. The platform's ability to offer unified visibility across multiple risk domains and various segments of third-party relationships, including suppliers and downstream providers, ensures comprehensive risk management. This capability is essential for industries with complex supply chains, such as pharmaceuticals. Aravo integrates advanced AI and predictive analytics, enhancing its ability to provide real-time metrics and insights that inform decision-making. In addition, the company's Strategic Alignment Framework and comprehensive ecosystem orchestration ensure that TPR initiatives are not only operationally efficient but also strategically beneficial. While Aravo's platform covers a broad spectrum of risks and provides significant insights, there is potential to enhance its sophistication by adding even more detailed and quantifiable risk scoring mechanisms and furthering the reliability of data sources. Striking a balance between providing high-level actionable insights and detailed, granular data would further enhance the platform.

Figure 2: Aravo's Capabilities, Third-Party Risk Solutions, 2024



Data integration (3 stars: advanced capabilities)

Aravo's platform supports comprehensive data management systems and robust data integrations, ensuring seamless governance across both internal and external datasets. Aravo's ability to provide unified visibility across multiple risk domains emphasizes its strength in integrating diverse data sources into a cohesive framework. This is particularly beneficial for organizations requiring a holistic view of their third-party risks. Aravo's platform is designed to be flexible, responding effectively to user requirements and facilitating data integration in a manner that accommodates various customer needs. Additionally, Aravo has shown capability in integrating with application programming interfaces (APIs), which enhances its data ingestion processes and allows for more dynamic and real-time data updates. This flexibility is crucial for maintaining up-to-date risk assessments and ensuring that all relevant data is incorporated into the risk management processes. Some potential improvements could include incorporation of advanced functionalities such as data aggregation, unstructured data management, and enhanced data governance.

Risk analytics (4 stars: industry-leading capabilities)

Aravo's risk analytics capabilities significantly enhance TPR management. Aravo excels in providing a comprehensive risk analytics framework that integrates various elements of the supply chain process, fostering high-quality risk and control monitoring. The platform effectively quantifies risks, which is crucial for accurate and actionable risk assessments. This is achieved through the orchestration of third-party intelligence and the use of graph analytics, offering deep insights into the relationships and dependencies within the supply chain. Aravo's approach to risk analytics is characterized by its ability to deploy risk scores at different stages of the supplier risk management lifecycle, creating risk assessments that are relevant and timely. Aravo's analytics go past surface-level assessments, delving into financial risk quantification. Although the market for comprehensive financial risk quantification in TPR management is still maturing, Aravo stands out by incorporating these advanced analytics capabilities.

Process management (5 stars: best-in-class capabilities)

Aravo exemplifies best-in-class capabilities in process management, fully aligning its functionalities with the supplier risk management lifecycle and offering comprehensive support beyond onboarding and monitoring. The platform integrates TPR processes into supply chain workflows, including inventory management, controls assessment, contract management, exception management, remediation management, and vendor profile view. This holistic approach allows for effective and efficient management of all TPR aspects. A standout feature is its support for workflow development and process automation, enhancing operational efficiency and risk mitigation. The platform's ability to integrate contract assessments ensures that controls are implemented and monitored throughout the supplier lifecycle. Aravo also incorporates generative AI and advanced process automation technologies, automating complex processes, reducing manual intervention, and increasing the accuracy and speed of risk assessments. The use of no-code solutions allows users to customize and optimize workflows without extensive technical expertise, maintaining flexibility and responsiveness to changing risk landscapes. In addition, Aravo's emerging capabilities include integration with initial and alternative sourcing workflows, indicating a forward-thinking approach to TPR management and allowing organizations to assess and mitigate risks from the beginning of the sourcing process. Overall, Aravo is positioned as best-in-class for process management thanks to its integrated, automated and intelligent approach to managing third-party risks throughout the supplier lifecycle.

Ease of use/package (4 stars: industry-leading capabilities)

Aravo's third-party solution is industry-leading for ease of use and packaging, offering a comprehensive and user-friendly experience tailored to diverse client needs. The platform provides unified visibility and control across multiple risk categories and third-party segments through a single interface, enhancing efficiency. Key aspects include advanced compliance reporting that enables effortless generation of regulatory reports, as well as business intelligence features that provide data-driven insights for informed decision-making. Aravo's customization allows users to tailor the platform to specific requirements, integrating various risk domains seamlessly into existing workflows. Also, the platform's ecosystem of orchestration and professional services, such as the Strategic Alignment Framework, supports the entire TPR management process through structured guidance and collaboration. Aravo excels in compliance reporting, business intelligence and customization, distinguishing its ease of use and packaging features as industry-leading.