

New Momentum's GRC: Increasing Revenue and Reducing Risk in the Electronics Industry



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Stu Clifton is an enterprise software entrepreneur and the head of New Momentum, which has recently released a governance, risk, and compliance (GRC) application for the high tech manufacturing industry. In response to New Momentum's move into the SAP market as a partner in SAP's GRC vision, industry analyst Joshua Greenbaum asked Stu Clifton about his company's role in the burgeoning GRC market.

Q: What are some compliance challenges facing high tech companies, and how is New Momentum assessing those challenges?

Globalization and outsourcing, as well as new compliance regulations, have added to the normal volatility that high tech companies face. In particular, all high tech companies struggle with parts inventory — they either have too many of some parts or too little of others, and no way to understand the value of what they have or the right price for what they may need to buy. These companies also need help with brand protection, inventory valuation, and regulatory compliance as they buy electronic parts and sell finished products in the global market.

When New Momentum looked at the software and processes available to mitigate some of these issues, we saw that the missing ingredient was data from the global, open market. Most companies have little visibility beyond their own walls or those of their suppliers and customers.

Q: What does this global data look like, and how has New Momentum made it operational?

We have aggregated a large database of global market information and packaged it into a set of strategic and tactical applications for use in GRC. For example, our *Component Part Management* solution minimizes the impact of shortages, helps locate hard-to-find parts, and supports compliance with government regulations such as Restriction of Hazardous Substances (RoHS). Our predictive pricing and trending information also gives companies the ability to anticipate decreases in supply or increases in prices. As a result, they can head off a shortage crisis before it happens.

Our *Excess Inventory Management* application addresses the reverse situation by disposing excess inventory at a price that won't reflect negatively on the balance sheet. And our *Price Management* application provides market price validation — a key risk aversion tool in ensuring compliance with outsourced procurement vendors.

Q: How can these applications work for an SAP customer?

Let me give you an example of a Fortune 500 electronics manufacturer that purchased our brand protection applications. Because our market intelligence database can identify

where our clients' parts are sold and who is selling them anywhere in the world, it is simple to differentiate between their authorized distribution channel partners and anyone attempting to sell parts in the open or gray market. In the first 30 days of using our solution, this customer was able to see 500-plus potential market transgressions that would have otherwise gone unidentified.

Q: How do you think GRC will affect existing IT operations and the SAP market?

Our job at New Momentum is to make sure that people are getting what they need, when they need it, in a format that makes sense. That means we work with what they already have, by interfacing closely with their existing SAP systems.

GRC solutions won't just be about staying in synch with regulatory requirements. These solutions will also help enhance revenue, solidify supply chains, and support customer — and partner — satisfaction. GRC solutions will become part of the normal course of business for the SAP customer.

For more information on New Momentum's offerings for the GRC market, please visit www.newmo.com. ■