DESCARTES™

Performing Effective and Comprehensive Denied Party Screening Within Salesforce CRM

Did you know that there may be sanctioned parties hiding within your Salesforce Customer Relationship Management (CRM) system?

With sanctions fines in the billions of dollars, pinpointing sanctioned parties within Salesforce CRM is a must.

This white paper discusses the challenges of sanctions screening within Salesforce, explains the consequences of transacting with denied parties, and how to mitigate risk.

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Export compliance and denied party screening

Performing Denied Party Screening within the Salesforce Customer Relationship Management (CRM) System

Denied party, sanctions, and third-party screening is fundamental to ensure that business is not conducted with bad actors worldwide. In an environment of heightened security, ever-changing regulatory regimes, rising fines, and complex sanctions ownership requirements, proper due diligence is a must.

At the core of compliance screening is a review of information as it flows into and out of a business. Since most companies operate on centralized platforms such as Customer Relationship Management (CRM) systems, most prominently Salesforce, screening data within these systems can go a long way towards minimizing an organization's risk exposure profile.

Key questions and challenges of implementing denied party screening within the Salesforce CRM include:

- How can businesses perform screening within Salesforce without draining resources?

- How can companies pinpoint bad actors given the potentially complex ownership structures of sanctioned entities?

- How can screening be performed across global operations, multiple departments, and various business units? How can a sanctions screening audit trail be created without adding labor?

- If a denied party "hit" is identified, what are the best practices to mitigate risk?

This white paper answers these questions and more to help you reduce risk while keeping productivity at its peak.

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The Basics: What Is Denied Party, Sanctions, and Third Party Screening?

Compliance screening is a due diligence review of transactions, employees, partners, contractors, subcontractors, prospects, and more to ensure business is not conducted with entities included on a government restricted, debarred or sanctioned party list. A denied party list is a broad term that can include watch lists, sanction lists, concern lists, restricted party lists, embargoed countries, among others.

A large number of entities maintain denied party lists, which can include individuals, companies, foreign government agencies, and locations. Companies conducting business with any of the listed persons or entities could be subject to civil and/or criminal prosecution, fines, denial of export and/or import privileges, and closure of financial processing. Beyond this, it is critical to maintain an audit trail and keep records of compliance efforts to hedge against risk.

This necessity to screen demands a comprehensive compliance and screening process, implemented at the relevant parts of the sales and procurement processes. Given the ongoing and daily changes to most denied party lists, it is also necessary to conduct repeated screening for every entity, since their status with respect to any given denied party list may change without notice at any given time.

CONTINUOUS CHANGES

Watch lists can change daily. It is essential for businesses to keep pace with frequent updates to minimize risk.

NUMBER OF LISTS

With the scope of compliance spanning beyond traditional sanctions, being able to automatically review multiple lists simultaneously is required.

HISTORICAL SCREENING

The need to periodically review previous sanctions compliance is critical to minimize the potential of fines.

AMOUNT OF DATA

The volume of information and records that must be screened calls for an automated solution.

TOP REASONS WHY COMPANIES SCREEN FOR COMPLIANCE IN SALESFORCE CRM

LARGE PENALTIES

Average penalties are on the rise, and recent fines have been the largest on record.

AUDIT TRAIL

To help prove their due diligence, leading businesses need solutions that include an audit trail.

REVIEW OF FINANCIAL TRANSACTIONS

U.S. dollar transactions are subject to sanctions. Noncompliance has led to penalties into the millions of dollars.

ECOMMERCE

With the growth in ecommerce, it is critical to screen online transactions and shipments.

Inadequate screening is not an option

As government enforcement and penalties rise, companies that employ inadequate compliance screening procedures place themselves at serious risk.

For example, in April 2019, a British company agreed to pay $1.1 billion for sanctions violations. In this case, U.S. and British authorities discovered that the business transacted with sanctioned parties in Cuba, Iran, Sudan, and Syria. The scope of the violations was substantial, with transactions flowing into and out of the company's ERP systems.

In 2018, a French company was fined nearly $1.3 billion for breaching U.S. sanctions. The company engaged in more than 2,500 Cuba-related deals that should have been blocked or stopped by screening within its ERP platform or internal processes. Here too, this penalty illustrates the heavy cost of sanctions violations and the need to monitor ERP systems as part of a robust compliance process.

The largest fine on record remains the $8.9 billion penalty of 2014. In this case, another French business was penalized for violating U.S. sanctions against Sudan and other countries.

A German company was fined $258 million in 2017 for helping Russian investors move $10 billion through branches in London, Moscow and New York. Again, sanctioned party data was housed within the company's ERP system, but was not flagged or was overlooked.

Apart from potentially hefty monetary penalties, there are also other factors for organizations to consider, such as the damage to reputation and brand, and adverse media coverage. Not being setup to properly adhere to compliance regulations, including denied party screening and sanctioned ownership guidelines, can also lead to further negative outcomes for an organization, including significant logistical disruptions and missed market opportunities in new jurisdictions.

33%

Percentage of queried companies that have a defined compliance and third party screening in place.[*]

Key questions and challenges of a compliance review within internal systems include:

- Companies outside of a given country or location can face international fines
- Third Party compliance must be comprehensive and cover global lists
- A review of the information housed within ERP and other business systems like Salesforce CRM is critical to minimize risk since these are the central platforms of information flow

Source: Descartes Visual Compliance

Denied Party Screening and Salesforce CRM

Customer Relationship Management (CRM) platforms such as Salesforce often act as the centralized platform for sales, marketing, and other departments. The contact and lead records within CRMs change at a rapid rate since sales and marketing are continuously prospecting and initiating campaigns.

Although high degrees of due diligence may be performed when a prospect becomes an account, it is often not practical to screen leads before they convert.

This is why denied party screening in solutions such as Salesforce can be critical in reducing your organization's exposure to risk. Screening of a lead before it becomes a contact can help serve as an added measure of risk management before business is formally transacted.

Here is a practical example. Let's say a sales representative is in negotiations with a lead. The representative has allocated bandwidth to interact with the prospect, prepare contracts, and may have even travelled to the lead's location. If such an opportunity is later found to be on a sanctioned party list, the sales representatives will have not only lost valuable bandwidth, but the interactions may have cost the company money.

However, if there is a screening match within Salesforce as soon as the prospect's name is entered, the sales representative already knows not to pursue the lead and allocate any time or resources to it until the match is resolved by the compliance team. This kind of screening at multiple points in the sales cycle can be implemented seamlessly and help reduce disruptions. Since it is also automatic, it means that very little extra effort or human action is needed to initiate the screening, other than inputting a name that would already have to be entered into the Salesforce CRM system. Additionally, this can also reduce the chances of oversight or lapses that can occur when screening is left entirely to human initiative and intervention.

As in all compliance endeavors, it is essential for Salesforce CRM screening to have an audit trail. In the unlikely event that business is inadvertently executed with a sanctioned party, the risk may be minimized or the fine may be reduced if a company has clearly demonstrated reasonable care.

Screening within Salesforce and other CRMs is critical since sales and marketing are often the first point of contact with external entities. A review of a lead before it becomes a contact can help serve as an added measure of risk management before business is formally transacted.

Why Salesforce?

Why Salesforce is the ideal CRM to integrate with your denied party screening process

As discussed, integrating denied party screening and third party compliance processes into your existing CRM system is a great way of extending the reach and effectiveness of your organization's compliance initiatives.

Of those CRM platforms, Salesforce is particularly well-suited to integrating with denied party screening modules and solutions. Salesforce is the leading CRM platform, meaning many organizations already have it deployed in some capacity, and therefore do not need to implement an entirely new system.

Salesforce's ubiquity, in turn, means that third party extensions for it of all sorts are very common, and there are several denied party screening applications that can be integrated with it that are readily available, such as Descartes' Visual Compliance suite of denied party screening and third party compliance solutions.

It also helps that Salesforce makes it extremely easy to extend its functionality by simplifying and streamlining the deployment of extensions and applications within its operating environment. Applications can easily be added via 'Managed Packages' and integration with Salesforce can take less than a day, often with only the support of a company's Salesforce Administrator, highlighting again the suitability of the Salesforce platform as a base for your compliance and screening processes.

Properly integrated Salesforce screening solutions can help:

- Screen automatically, and at multiple points in the sales and procurement processes
- Automatically rescreen against changes made to government and international denied party lists
- Maintain a comprehensive audit trail of screening activity

Why Descartes Visual Compliance?

Descartes Visual Compliance is an industry-leading suite of denied party screening and third party risk management solutions. With over four decades of experience providing premier screening tools for organizations across the world and industries, Descartes Visual Compliance is also the Salesforce screening solution of choice for many companies of all sizes.

Descartes Visual Compliance solutions are flexible and modular, allowing organizations to pick the specific and exact functionality and content they need for their particular compliance needs and scale up later as and when necessary. This means organizations are not paying for functionality or content that is irrelevant to them, and that they are not getting inundated with information that is irrelevant to their business, reducing the static and noise in their screening and compliance processes. Descartes Visual Compliance strives to deliver the latest and most up-to-date denied party lists and screening content, helping organizations ensure they are screening against accurate and relevant information.

They are also easy to implement and integrate with Salesforce. Descartes Visual Compliance solutions can be integrated within Salesforce extremely quickly, sometimes in under an hour. In turn, this means there is minimal disruption and friction, and organizations can have a fully fledged screening process up and running within their Salesforce environment with very little delay.

Descartes Visual Compliance's Salesforce module is also extremely full-featured. Once implemented, it seamlessly takes care of screening at defined trigger points in the sales and procurement cycles, making the process automatic and invisible for sales and customer service representatives. Organizations do not have to waste time or resources training personnel on new functionality or solutions, since it is automatic and happens in the background.

The comprehensive nature of Descartes Visual Compliance's Salesforce application also means that organizations get robust compliance coverage – for instance, an audit trail is automatically maintained for every screening action within Salesforce (automatic or otherwise), helping demonstrate proof of due diligence in the unlikely event of a government audit. Descartes Visual Compliance can also rescreen previously screened names upon entering into new transactions with them automatically, helping organizations stay ahead of potential changes to denied party screening lists.

About Descartes Systems Group

Descartes (Nasdaq:DSGX) (TSX:DSG) is the global leader in providing on-demand, software-as-a-service solutions focused on improving the productivity, performance and security of logistics-intensive businesses. Customers use our modular, software-as-a-service solutions to route, schedule, track and measure delivery resources; plan, allocate and execute shipments; rate, audit and pay transportation invoices; access global trade data; file customs and security documents for imports and exports; and complete numerous other logistics processes by participating in the world's largest, collaborative multimodal logistics community. Our headquarters are in Waterloo, Ontario, Canada and we have offices and partners around the world.

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Uniting the People & Technology That Move the World.