

DILIGENT BOARDBOOKS IN THE NEWS



Board Meetings in Pajamas

Portals are taking directors online and into the virtual boardroom

by Matt Perkins

Get ready to start attending board meetings in pajamas. Using what have been dubbed “board portals,” either created in-house or by outside providers, some directors are virtually moving the board process online.

With all of the necessary information in one central location, portals can cut down on travel, eliminate mailing and delivery hassles, increase communication among members, and make board materials easier to read. But like many technologies, the “always-on” aspect of electronic tools also makes it harder for directors to separate their

board lives from their other jobs or “retirements.” And the need to remember passwords and navigate complex security measures can add frustration to the process.

For corporate secretaries and general counsels who traditionally compile board books and other materials, portals make life a little easier. They not only reduce the time it takes to organize materials, they allow content to be uploaded and edited in a fraction of the time it would take to sort, staple, and mail. (Portals can reduce the cost of office supplies, too.)

A cottage industry of portal providers has cropped up in recent years to fill the need for virtual boardrooms. These providers not only supply software and/or websites for companies to move board meetings online, they also offer training to help directors adapt to the service. Most have staff on call around the clock, providing help for those directors who aren't as computer-savvy as they would like to be.

After a slow pace of implementation when portals first began to hit the market a few years ago, the rate of adoption for board technology is now growing steadily. A survey conducted last year found the percentage of companies using portals or websites for communications grew to 26 percent, from 12 percent in 2005, according to the Society of Corporate Secretaries and Governance Professionals.

James Long, vice chairman of Wackenhut Services, says board portals are a great way to avoid the abundance of paper materials that can weigh down directors at board meetings. "Directors like the idea that they don't have to lug hard copies to a meeting. Previously, they would have a laptop and six pounds of paper."

Diligent's Boardbooks officially rolled out to the board-portal market in 2001. Designed for ease-of-use and to ensure its clients are able to adhere to compliance and legal mandates down the road, Boardbooks currently serves more than 100 boards. Like most board portals, Boardbooks uses an Application Services Provider (ASP) model so there is no software, just a secure online website, and updates can be accessed from any computer. The portal has hosting centers from New Jersey to Toronto, and offices in New York, Australia, and the United Kingdom that provide customer support when a director is traveling.

Unlike other portals that tend to have a traditional website layout, Boardbooks strives to make the transition from paper to the flat screen almost seamless for clients. In keeping with the spirit of the traditional board book, the design for Boardbooks is just that—a virtual book. "It has to be intuitive and easy to use, and since we've all learned to read from paper books, everybody's comfortable," says Marc Daniels, COO of Diligent's board-member services. "Having a book-like interface really drives acceptance and ease-of-use."

Boardbooks also allows directors to download the entire portal as an encrypted database to a laptop so they can read while on the road. This allows the portal to be viewed without connecting to the Internet, but with the same security features as if they were connected.

To ensure security—an important factor for all vendors—Diligent offers the use of what are called RSA SecurID tokens, which are like virtual ATM cards. Tokens carry PIN codes that directors need to log on to their portals in addition to their usernames and passwords. The tokens aren't mandatory for directors to use, as they're tangible devices that could be lost as easily as a set of keys, but the feature provides an extra layer of security. "Everything is encrypted, so there's never a chance that anybody could be snooping on the lines," Daniels says.

But clients reassured about security aspects may not be as comfortable about completely abolishing traditional hard copies. James Long says Wackenhut's board, which has used the Boardbooks portal for the past two years, continues to use paper as well. Other clients such as Mechanics Bank are on their way to going completely paperless, giving them environmentally friendly bragging rights.

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