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A portrait of Ryan Meade, a middle-aged man with short, light-colored hair, wearing a dark suit jacket, a light blue dress shirt, and a patterned tie. He is smiling slightly and looking directly at the camera. The background is a blurred interior space with a wooden railing and some framed pictures or artwork on the wall.

Meet Ryan Meade

Director, Center for Compliance Studies
Loyola University Chicago School of Law

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by Lisa Hawke, JD, CCEP, PMP

Compliance at a tech startup

- » If you are considering joining an early-stage startup in a compliance role, make sure you know why they are hiring for this role and whether you have the support of the CEO and team.
- » Do not assume that the staff understands your compliance role and why you are there—be approachable, explain what you are doing, and learn about their roles.
- » The importance of spending time with the team in order to establish camaraderie, trust, and credibility can't be overstated.
- » Don't be afraid to reflect the company culture and tone in the materials you create as part of the compliance program; observe what is effective in other business contexts.
- » Be prepared to do a bit of everything!

In July 2016, the health technology company Theranos made news when it hired a chief compliance officer and created a Compliance and Quality committee after being sanctioned by federal regulators.¹

It is a familiar outcome for companies on the wrong side of a government



Hawke

investigation, and a situation that many of our compliance colleagues find themselves addressing as the professionals brought in to get the house in order. As the Director of Policy and Compliance at a Berkeley, California-based startup company, I'd like to share my perspective about developing a compliance program at a technology startup and offer some tips to others who may join startups in the future.

Everlaw is a legal technology startup dedicated to developing cutting-edge technologies that improve the practice of law, including a litigation platform that combines intuitive design and advanced computer science to help lawyers win their cases. In January 2016, Everlaw landed \$8.1 million in Series A funding led by Andreessen Horowitz. I joined as employee number 25 in May 2016,

and now we are up to a staff of 34. In this article, I will share my experience in creating and implementing a compliance program at a small but growing tech company.

I built my career in the oil and gas industry, serving in regulatory, compliance, and project management roles at Direct Energy and BP.

Getting into the tech industry

When I joined Everlaw, I didn't come from another startup or larger tech company. I built my career in the oil and gas industry, serving in regulatory, compliance, and project management roles at Direct Energy and BP. Although software development and the SaaS business model were new to me, I had lots of experience working as a functional partner in a fast-moving business faced with the challenges that many compliance leaders and teams grapple with—tone from the top and compliance culture (or a lack thereof),

internal and government investigations, and developing strong relationships with commercial teams while maintaining the necessary independence of a compliance professional.

So, if you are interested in getting into the tech industry in a compliance role, it is likely that your “old guard” industry experience will be applicable if you are game for learning a new business model. If you are considering joining an early-stage startup, my first tip is to make sure that you know why they are hiring for the role and establish whether you will have access to external resources (e.g., outside counsel, independent auditors) when required. Is the position open to fix something that is already broken, or is it a proactive move in support of growing the business the right way?

In my case, it was the latter. Although some corners of the tech industry have a temerarious reputation, it is not the case with all startups. Everlaw had already successfully become certified by an independent auditor as SOC 2 Type I compliant in Security and Availability (an evaluation concerning policies and procedures in operation at a specific moment in time).² By hiring a compliance director, the company would be able take the next step in the SOC 2 framework of testing the operational effectiveness of its security policy infrastructure, as well as broadening the compliance program in support of its business goals.

What about the tone from the top? I knew that whether or not I could be successful in starting a compliance program from the ground up would be dependent on the CEO and his view on compliance. Everlaw’s CEO (and my boss), AJ Shankar, made it quite clear that the new role was squarely tied to the company’s established values. In an Everlaw policy, Shankar states:

We do not “move fast and break things.” We don’t release a feature before it’s ready. We don’t overpromise to make a sale. This is a normative position. It’s a stance that puts us in contrast to most startups—most successful startups, even. But we’re in a space where the challenges and the customers demand long-term attention. Long-term planning makes good business sense, reduces the variance in our outcomes, and gives us the deep satisfaction of building something of lasting value.

I also met with four additional team members prior to starting and was able to sense-check their interpretation of Everlaw’s values. I encourage anyone considering joining a tech startup to talk to as many potential team members as possible to better understand their commitment to company values, how they observe the values operating on a daily basis, and their openness to improving policies and procedures.

OK, I’m here for the right reason.

Where do I start?

Once you’ve determined that a compliance role in a startup in tech aligns with your interests and expectations, there are a few things you can do to set yourself up for success.

Get to know the team

This is really important. At an early-stage technology startup, there are a few things to remember. First, most of the staff are probably going to be engineers. Other functions likely to be up and running are operations and sales teams. As a department of one, you will be heavily reliant on your wider team to learn the product, industry, and company culture.

Many of your colleagues may not know what goes into a compliance program,

because they haven't been exposed to a compliance team before. This is the biggest difference from a large company where your colleagues see you coming and have notions about what the Compliance department will ask of them (for better or worse). The importance of spending time with the team in order to establish camaraderie, trust, and credibility can't be overstated. It will be tempting to want to hit the ground running and start delving into how you'll build the program, but my advice is to first focus on relationships with the team.

Take every opportunity you can to ask questions and learn from everyone, ask for their input regarding your plans and ideas, and eat lunch with them as often as possible! This will help you communicate the value of setting up the compliance program to the broader team, as well as provide you the opportunity to gain support. At Everlaw, I learned quickly that just mentioning what I was working on over lunch garnered interest in compliance and risk management in general (especially from those very early in their careers) and also led to team members volunteering to assist me with audit preparation and other documentation tasks.

Take advantage of the ability to design from the beginning

If you've ever thought that you would have done things differently when setting up a compliance program—well, at a startup, this is your chance. Although it may seem daunting at first, it is a really exciting

opportunity for a compliance professional to create a new program from scratch. If you have many years of experience, you will be able to draw on and use it. If you are newer to the field or entering a new industry, it is a great opportunity to do research on what has and hasn't worked for other companies and use your network for ideas. I was already a SCCE member, but I recently

joined Tech Ladies and Women in Security and Privacy (WISP) to expand my network in the tech, security, and privacy fields.³

Once you've spent some time with your colleagues learning about what they do, the product, and how the business operates, you'll be ready to

start brainstorming. In my case, Everlaw had some short-term priorities, including a SOC 2 Type II certification audit, as well as pre-existing policies and procedures that I could use as a starting point. One thing that really helped me get started in the program design process was a 30/60/90-day plan that AJ asked me to put together prior to starting at Everlaw. Of course, it changed drastically as I got going and learned the business and regulatory environment for SaaS providers, but it functioned as an overarching framework that I could return to and helped me focus and prioritize all of my ideas.

Know your risks and make a plan

Many resources can provide guidance on how to set up a compliance program, including *Compliance 101* by Debbie Troklus and Sheryl Vacca. I drew upon my past

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experience as well as referencing *Compliance 101* and other SCCE resources, but quickly determined that a risk assessment needed to be my first step. In previous roles, I had experience contributing to risk registers, rankings, and responses, but never led the assessment.

At a startup, you learn by doing! When it comes to assessing risks, what is important is that you have the right people in the room to discuss potential and actual vulnerabilities and risk response actions. At Everlaw, I include the heads of each department in the assessment meetings (e.g., Engineering, Sales, Operations), but also make sure the whole team has the opportunity to raise and document potential risks. I tailored the risk register to our business, and each quarter we reassess the risks we've recorded as well as the assessment method so that it can grow and change with the business.

The initial risk assessment helped me to clarify Everlaw's critical needs and the "nice to haves." It led to several policy and procedure updates, as well as creation of new policies, procedures, and training documents. We recently had our first face-to-face team compliance training, which highlighted all the new and updated information. I also sit down one-on-one with each new hire for a policy and compliance onboarding session. There is still a lot to do, but now we have a compliance roadmap.

Be prepared to wear all the hats

If you are a regular reader of this magazine, you've heard before that compliance requires a working knowledge of about seven or eight professions (e.g., audit, education, risk, legal, investigations, ethics, policy development). At a startup, expect to do all of that and more, and come ready take initiative and be a leader. It will be up to you to chart a course, educate the team, and gain the

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support you need to implement your plan. My role at Everlaw includes privacy and information security, as well the "traditional" side of corporate compliance. This is a great opportunity to grow your own subject matter expertise, but remember to speak up when you need help and make

it clear when you need assistance from external resources such as outside counsel.

In addition to spending time with the team in order to learn before you do, don't be afraid to reflect the company culture and tone when you are designing and implementing the compliance program. Everlaw's values of Attention to Detail, Belief in Process and Commitment to Growth, Deep Not Broad, Respect for Users, and Egoless Communication and Mutual Respect align with my goals and objectives for the compliance program, and it was easy to weave them into educational materials. Instead of the types and methods of training I had experience with at my previous company, I used my observations on how

the Everlaw team takes in and learns new information to develop the material, which consists of a mix of conversational, written narratives with examples, and also face-to-face meetings with a gaming element. Would I have taken this specific approach at a bigger company? Probably not, but it is effective here, and that is what matters!

Conclusion

In my first eight months at Everlaw, I developed the risk assessment and register, updated our information security policies and procedures, created a Security Wiki website, created new business policies and investigation guidelines, developed and rolled out training, presented to our board of directors, completed a third-party independent audit, created an online system for tracking compliance and audit documentation, and learned how to play

One Night Ultimate Werewolf.⁴ I now have a plan and roadmap, and although I have a lot more to do at Everlaw as we continue to grow, we believe that building in a robust compliance program early can be a strategic advantage for a startup.⁵ By having a scalable program in place now, we will be able to adapt as we grow, respond to the security and compliance needs of our clients, and respond to the changing regulatory environment for cloud-based SaaS companies. *

1. Gilbert Carrillo, and Edmund Tyrrell: "Theranos: New Compliance Program Hopes to Save the Company" *Inside Compliance*, Loyola University School of Law, October 3, 2016. Available at <http://bit.ly/loyola-blog>
2. For more information on SOC 2, see: <http://bit.ly/aicpa-report>
3. For more information on Tech Ladies and WISP, see: www.hiretechladies.com and www.wisporg.com.
4. For more information, see: <http://bit.ly/ult-werewolf>
5. Patricia Fletcher: "What Your Compliance Program (or Lack of It) Says About Your Startup" *Inc.*, July 21, 2015. Available at <http://bit.ly/patricia-fletcher>

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