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Compliance Costs, Business Intelligence Benefits



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Compliance In a Nutshell

Legislated Common Sense or 'Better' Practices.

Sarbanes-Oxley

USA PATRIOT Act

HIPAA

GAAP

Gramm-Leach-Bliley Act

Compliance In a Nutshell

“Compliance with any business regulation means:

- 1) interpreting what it says,**
- 2) understanding where your organization currently stands,**
- 3) documenting a plan for achieving compliance,**
- 4) executing it, and**
- 5) devising measures and controls to prove that you've implemented the plan.”**

--Gartner

Compliance In a Nutshell

Most businesses are adopting a three-phase strategy for investing in IT support for compliance activities:

Phase 1: (reactive and one-off implementations) is just about complete.

Phase 2: (proactive, coordinated implementation) is under way and will continue through the end of 2007.

Phase 3: (automated processes and integrated compliance) will then follow and continue in best practice mode.

Sarbanes-Oxley Compliance

Section 404: Management Assessment Of Internal Controls.

Requires each annual report of an issuer to contain an "internal control report", which shall:

- (1) state the responsibility of management for establishing and maintaining an adequate internal control structure and procedures for financial reporting; and
- (2) contain an assessment, as of the end of the issuer's fiscal year, of the effectiveness of the internal control structure and procedures of the issuer for financial reporting.

Section 409: Real Time Disclosure.

Issuers must disclose information on material changes in the financial condition or operations of the issuer on a rapid and current basis.

Average Cost of Sarbanes-Oxley Compliance

Avg Sales in US\$	Avg Cost of Section 404 Compliance* in US\$
0 – 250 million	1.56 million
250 – 500 million	1.71 million
500 – 750 million	1.78 million
750 – 1 billion	2.03 million
1 – 2 billion	2.4 million
2 – 7 billion	Insufficient data
7 - 10 billion	10 million

* External Costs Only. Published by A.R.C. Morgan

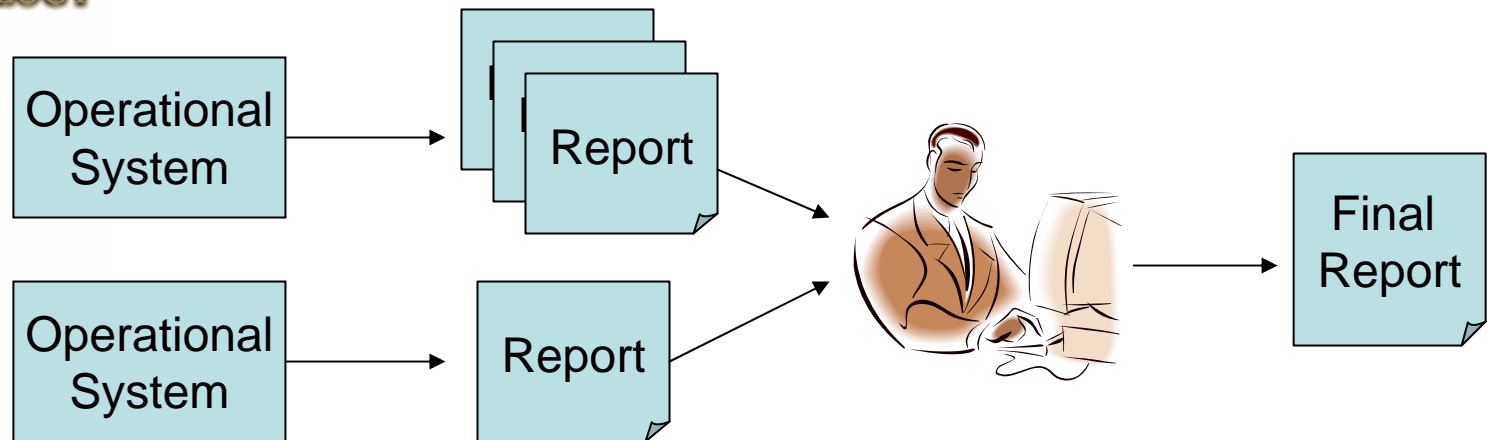
BI to Achieve Compliance

Common issues in existing reporting systems:

- Reliance on manual spreadsheets and other tools outside of an auditable data environment
- Inconsistencies in reporting definitions and calculation formulae
- Excessive length of time to collate data for existing reports resulting in slow end of period reporting
- Inflexibility of existing data structures resulting in long delays to meet new requirements
- Lack of data quality and integration

BI to Achieve Compliance

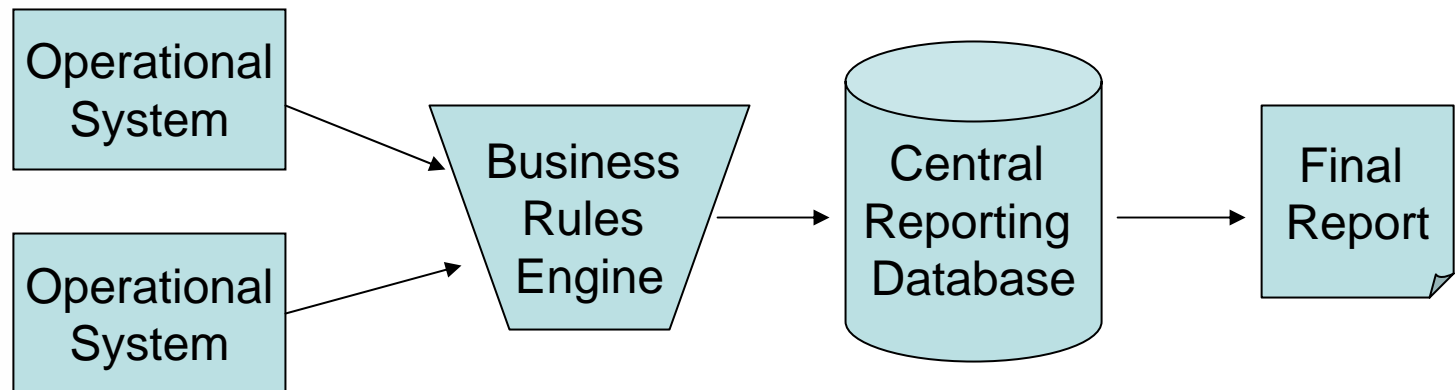
Typical process for generating executive management reports and financial audit reports.



Manual human intervention is error prone, difficult to document, difficult to audit, and therefore heavily scrutinized.

BI to Achieve Compliance

Better practice for generating executive management reports and financial audit reports.



Manual human intervention is replaced by an auditable business rules engine and all results are stored in a historical reporting database.

BI to Achieve Compliance

Data Integrator Designer - [DF_LoadDetail - Data Flow]

Project Edit View Tools Debug Validation Window Help

PROJ_LoadDWH
 + JOB_FlushAndLoad
 + JOB_LoadCoverageDimension
 + JOB_LoadDateDimension
 + JOB_LoadDetail
 - DF_LoadDetail
 + TRANSACTION_DETAIL_D
 + POLICY_TRANSACTION_F
 + Get_Transaction_Fact
 + Get_Transaction_Detail
 + Pivot_Debit_Credit
 + Get_Facts
 + DTLFACT(DWH_DEV_STAG...

Designer Monitor Log

Repository:
Microsoft_SQL_Server.(local).di_repository.di_user

Transform	Description
Address_Enhancement	IACE. Ad
Case	The Case
Date_Generation	The Date
Effective_Date	The Effect
Hierarchy_Flattening	The Hiera
History_Preserving	The Histo
Key_Generation	The Key_
Map_CDC_Operation	Maps CDC
Map_Operation	The Map_
Match_Merge	MCD. Mat

DTLFACT(DWH_DEV_STAGING.DBO)

Get_Detail_All

Get_Transaction_Detail

TRANSACTION_DETAIL_DIMENSION(D...

Get_Transaction_Fact

Pivot_Debit_Credit

Get_Facts

POLICY_TRANSACTION_FACT(DWH)

DTLFACT(DWH_DEV_STAGING.DBO)

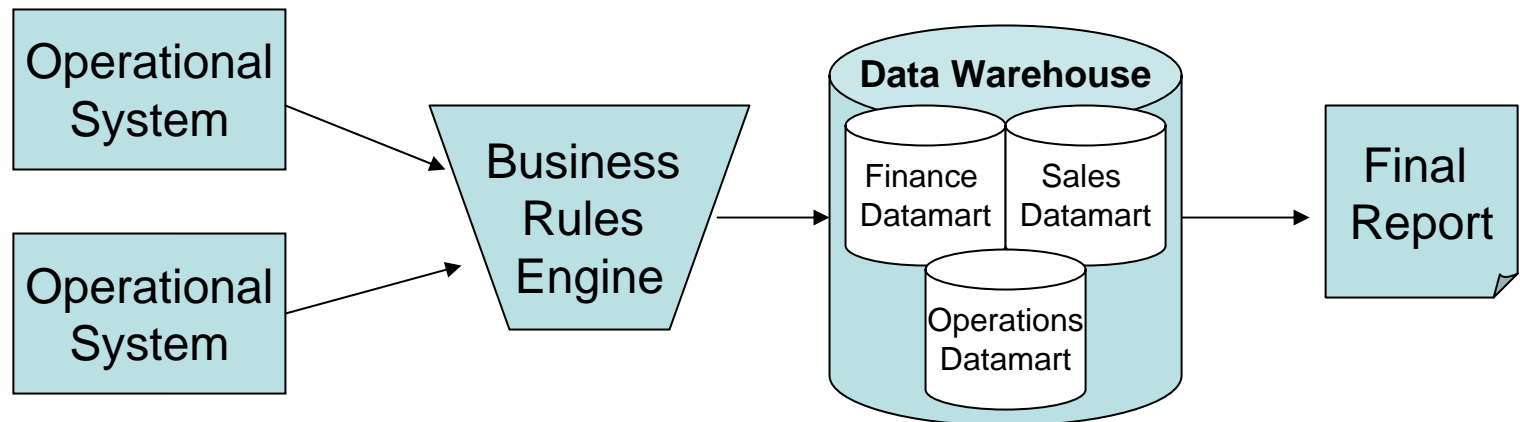
Update Records : 0

Column	Distinct Values	NULLS	Min	Max	Timestamp
D_BATCH_PROCESSING_KEY	0	0	<Blank>	<Blank>	<Blank>
D_ACCOUNT_NUMBER_WITH_SUFFIX	0	0	<Blank>	<Blank>	<Blank>
D_ACCOUNT_NUMBER	0	0	<Blank>	<Blank>	<Blank>
D_ACCOUNT_SUFFIX	0	0	<Blank>	<Blank>	<Blank>
D_FILE_IDENTIFICATION_CODE	0	0	<Blank>	<Blank>	<Blank>
D_COMPANY	0	0	<Blank>	<Blank>	<Blank>
D_CREATION_DATE	0	0	<Blank>	<Blank>	<Blank>

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BI to Achieve Compliance

Best practice for generating executive management reports and financial audit reports.

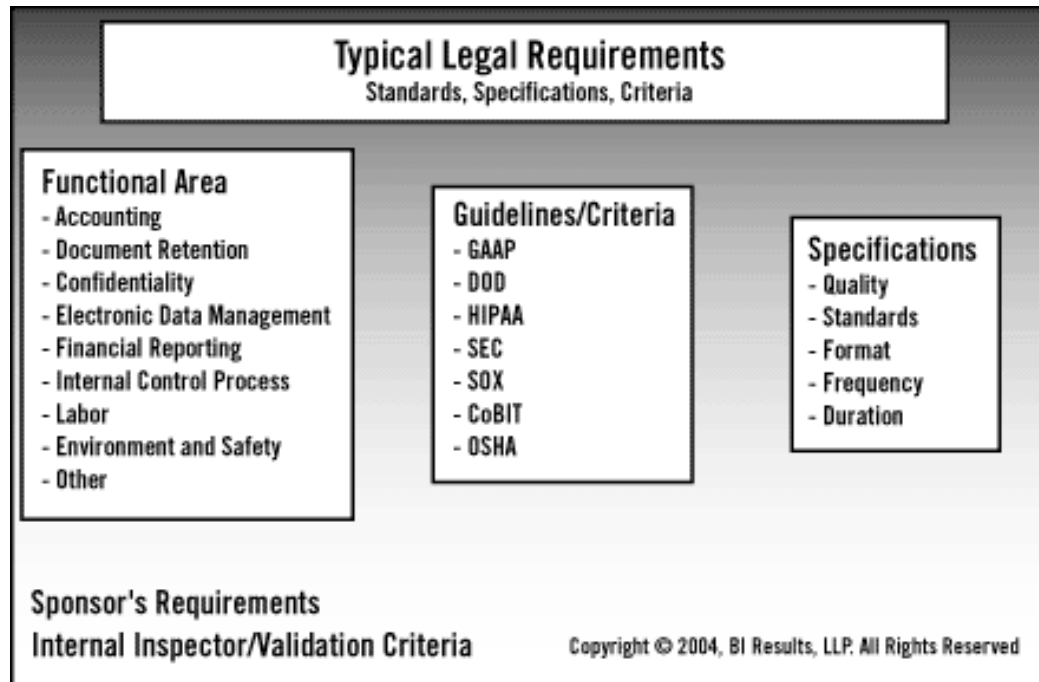


Subject-specific reporting database is enhanced to interconnect with other subject-specific data marts forming an integrated data warehouse.

BI to Monitor Compliance

Point solutions to compliance issues provide point reporting.

Build a compliance monitoring and reporting Infrastructure from the information collected.



BI to Monitor Compliance

Corporate Performance Dashboard with Alerting

Reporting Currency US\$			
As of 30-Nov-2000			
Liquidity	Actual	Last Year	Variance fav / (unfav)
Current Ratio <i>Current Assets/Current Liabilities</i>	1.1	1.0	0.0
Quick Ratio <i>(Current Assets - Inventory)/Current Liabilities</i>	1.0	1.0	0.0
Asset Management	Actual	Last Year	Variance fav / (unfav)
Asset Turnover Ratio <i>Annualized Revenue/Ytd Average Assets</i>	0.4	0.2	0.2
Accounts Receivable <i>Accounts Receivable Balance</i>	13,283,940	6,128,175	(7,155,766)
Accounts Receivable Turnover Ratio <i>Rolling 12 Months Revenue/Rolling 12 Months Average Accounts Receivable Balance</i>	5.0	6.6	(1.6)
Days Sales Outstanding <i>(Accounts Receivable Balance/Rolling 12 Months Revenue)* 365</i>	101 Days	73 Days	28 Days
Inventory <i>Inventory Balance</i>	5,820,576	3,931,080	(1,889,496)
Inventory Turnover Ratio <i>Rolling 12 Months Cost of Goods Sold/Rolling 12 Months Average Inventory Balance</i>	5.3	3.8	1.4

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Questions and Answers