

## RISK-BASED CONTINUOUS COMPLIANCE

### COMPLIANCE MANAGEMENT FOR ALIGNMENT, AUTOMATION, AND INSIGHT

The notion of internal audit is uncomfortable at best for most employees of public companies. Executives are focused on corporate performance and view compliance as an unproductive but necessary obligation. Managers with primary responsibility for testing and monitoring controls do not have enough time or headcount to address an ever-increasing set of regulations. For global enterprises, new market expansion adds another layer of complexity. Additionally, unprecedented market dynamics are driving a proliferation of new regulatory requirements. Organizations must reevaluate strategic initiatives and quickly adhere to new regulations while increasing efficiency in compliance management across all business processes.

In many organizations, inconsistent and disparate manual control monitoring and testing results in late or missed detection of deficiencies, leading to costly audit and remediation cycles. Compliance and risk information are insufficient for optimal decision making. Control test results are frequently dispersed across multiple systems. In the most serious cases, companies can experience a direct impact to financial performance, including product recalls, fraud, financial misstatements, and noncompliance fines.

Global businesses seeking an approach to address these challenges are looking at ways to integrate compliance activities with corporate strategy and risk management. The risk-based internal control functionality in SAP® BusinessObjects™ governance, risk, and compliance (GRC)

solutions offers a transparent view across heterogeneous environments to continuously assess and prioritize areas of key risk exposure. At the same time, the functionality lets you automate control creation and monitoring needed to mitigate those risks. A closed-loop process synchronizes control testing and monitoring of results with risk management in one centralized repository for increased insight. With this integrated approach, you can report, certify, and approve corporate results with confidence and improve overall performance.

#### Align Enterprise Risk with Compliance

Using functionality in the SAP BusinessObjects Risk Management, SAP BusinessObjects Process Control, and SAP BusinessObjects Access Control applications, you can align enterprise risk with compliance initiatives. This enables you to prioritize compliance resources and focus controls on key risk areas. Compliance teams face an insurmountable variety of regulations, including the Sarbanes-Oxley Act; Financial Instruments and Exchange Law, often referred to as J-SOX; Foreign Corrupt Practices Act; FDA regulations; regional and environmental requirements; and many more. For companies in heavily regulated industries such as pharmaceuticals and oil and gas, industry-specific requirements only compound the problem. You can face considerable duplication of cost and effort as your organization attempts to deal with the requirements of multiple regulatory agencies across your operations.

Global businesses must address the complexities of regulation while reducing cost and risk. Risk-based internal control functionality in SAP® BusinessObjects™ governance, risk, and compliance solutions helps align enterprise risk with compliance by prioritizing risks and focusing controls on key risk areas.



Addressing this increasing volume of requirements calls for a more strategic method to compliance that is synchronized with your overall corporate objectives. A risk-based approach allows you to manage top compliance risks on the basis of enterprise risk. With functionality in SAP BusinessObjects Risk Management, SAP BusinessObjects Process Control, and SAP BusinessObjects Access Control, you can identify risks associated with regulations or policies and propose controls to mitigate those risks. And because all information and history is maintained in a central location, managing compliance initiatives using central catalogs also reduces compliance activity redundancies and leverages reusability of controls. These applications work together to let you document, test, and perform assessments and remediate compliance issues and help reduce your total cost of ownership. Risk-based compliance accelerates your ability to adapt to changing

regulatory requirements and can reduce overall enterprise risk.

### Use Automated Controls to Increase Efficiency

By streamlining and automating the compliance process, functionality in SAP BusinessObjects GRC solutions helps organizations with limited compliance resources do more with less. You can perform tests, monitor controls, report results, and remediate issues in a consistent manner across heterogeneous environments. Replacing manual processes and labor-intensive tasks with automated control testing and monitoring allows you to leverage fewer, more-effective controls. You can also analyze the risk impact of segregation-of-duty and access-policy violations as a result of integration with access-policy and control monitoring. Accelerate implementation by leveraging predetermined rules and comprehensive content on

the basis of industry-specific best practices. Automated control testing and rule creation can reduce monitoring costs per control. Moreover, with improved productivity, your enterprise can realize additional cost savings as a result of reduced headcount.

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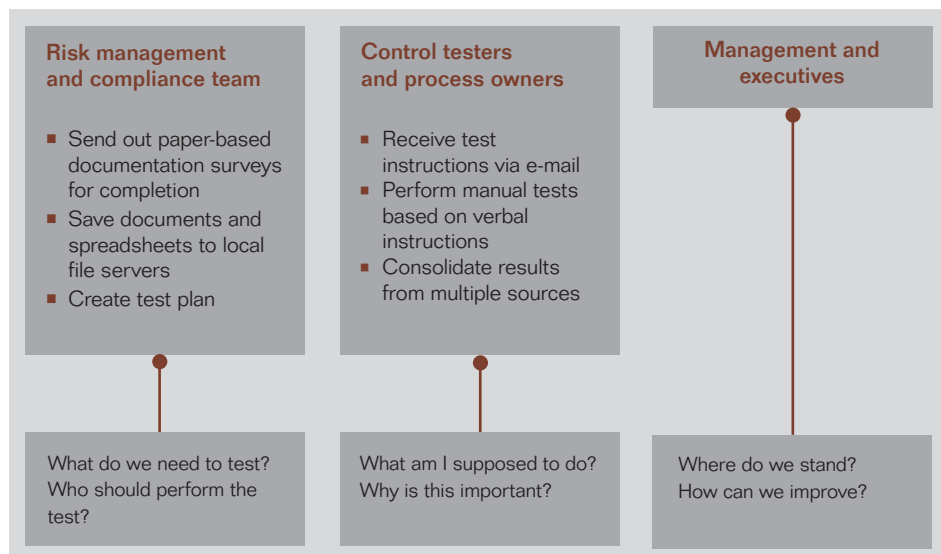


Figure 1: Problems with Manual Processes for Internal Controls

### Confidently Report with Continuous, Cross-System Insight

A compliance program can no longer be viewed as an ad hoc project to prepare for an audit or verify financial results. Visionary companies are developing a culture of continuous compliance across all departments as a part of daily business processes. Monitoring controls continuously allows you to proactively address new risks and avoid costly, inefficient audits. Using risk-based internal control functionality in these applications from SAP enables continuous, proactive monitoring of compliance processes, giving executives insight and confidence in managing risk.

Continuous control monitoring closes the loop in the compliance process, allowing you to analyze issues, identify exceptions, determine root causes, and designate ownership. By performing necessary remediation, you can achieve greater accountability and improved decision making for risk mitigation. Confidently report, certify, and sign off with continuous insight into results. SAP BusinessObjects Risk Management, SAP BusinessObjects Process Control, and SAP BusinessObjects Access Control integrate with major enterprise resource planning (ERP) software, including that from SAP and Oracle Corporation and the former

risks associated with new market expansion and lower overall cost of ownership.

### A Strategic Approach for Risk and Compliance Management

The strategic approach of integrating risk and compliance can help your company maximize performance by letting you cost-effectively manage regulations while proactively mitigating business risks. Implementing continuous monitoring and testing of controls into business processes gives you confidence in the effectiveness of your compliance initiatives. You can take action on the basis not just of

Continuous control monitoring closes the loop in the compliance process, allowing you to analyze issues, identify exceptions, determine root causes, and designate ownership.

allows you to manage initiatives including risk catalogs, access to assets, and remediation plans from one central location for a comprehensive, transparent, cross-system view. As a result, your organization can reduce costs and improve the efficiency of compliance management while mitigating key strategic risks.

You can realize the following benefits:

- Improve efficiency of compliance activities
- Align compliance initiatives with enterprise risk
- Automate continuous control testing and monitoring
- Reduce compliance costs
- Proactively monitor controls
- Mitigate risk by obtaining a single view across major ERP software and business processes

Find Out More

For more information, visit us online at [www.sap.com/manage-risk-and-compliance](http://www.sap.com/manage-risk-and-compliance).

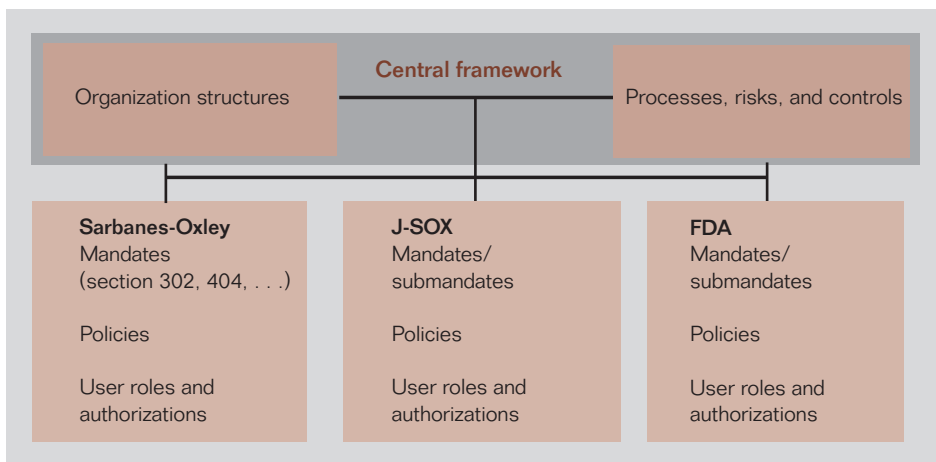


Figure 2: Centralized Management and Multicompliance in SAP® Software Functionality

PeopleSoft Inc. This supports full, cross-system, continuous monitoring. And you can leverage your IT investment with a single, centralized location for managing all global regulatory requirements and risk initiatives. You can add controls for new regulations and extend controls to new regions without building separate systems. This can reduce

alerts but also of detailed data and dashboards that give you real-time reports on risk status. The integration of SAP BusinessObjects Risk Management, SAP BusinessObjects Process Control, and SAP BusinessObjects Access Control can assist your organization with risk-based internal control. Functionality in these applications

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## Summary

Manage compliance with risk-based internal control functionality in SAP® BusinessObjects™ governance, risk, and compliance solutions. The functionality aligns enterprise risk with compliance by prioritizing compliance risks and focusing controls on key risk areas. Reduce compliance costs and increase efficiency with automated control testing, proactive monitoring, and streamlined compliance processes that leverage fewer, more-effective controls.

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## Business Challenges

- Address the growing number of compliance requirements with limited resources
- Ensure controls are in place to address key risk initiatives
- Reduce the cost and inefficiency of manual testing and control monitoring
- Manage inconsistent, manual, and fragmented compliance processes dispersed across numerous systems
- Continuously monitor controls to proactively address new risks

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## Key Features

- **Alignment** – Align enterprise risk with compliance to prioritize resources on key risk areas for greater efficiency
- **Automated control testing and monitoring** – Leverage predetermined rules and comprehensive content on the basis of industry-specific best practices
- **Rapid creation of new rules** – Create automated, risk-based rules on the fly to improve efficiency
- **Integration with access control** – Analyze the risk impact of segregation-of-duty policy violations
- **Continuous monitoring across systems** – Manage all initiatives in a single location

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## Business Benefits

- **Improved compliance efficiency** because of focused attention on key risk areas
- **Reduced enterprise risk** as a result of aligning compliance initiatives with enterprise risk
- **Improved productivity and consistency, and reduced compliance costs**, through automated continuous control testing and monitoring and reduced headcount
- **Real-time, transparent compliance management** through proactive control monitoring
- **Insight to mitigate risk**, with compliance reports and dashboards across major enterprise resource planning software and business processes

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## For More Information

Call your SAP representative or visit us online at [www.sap.com/manage-risk-and-compliance](http://www.sap.com/manage-risk-and-compliance).

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