



Company: Major High Tech Manufacturer

Company Size: Billions in annual revenue

Project Scope: Global deployment across 5,000+ users in more than 15 different countries

Software Deployed:

Prodiance ERM System including:

- eDiscovery
- Audit & Control Manager
- Spreadsheet Compare
- Spreadsheet IQ

Microsoft Office SharePoint Server 2007

Driving Principled GRC Performance with Sustainable and Automated Spreadsheet Controls in High Tech Manufacturing

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- Corporate Governance Manager
Major High Tech Manufacturer

Enterprise Wide Needs Drive Global Deployment

In high tech manufacturing, the use of spreadsheets, Access databases, and other end-user computing (EUC) applications can deliver the power of instant results, and the flexibility to adapt to global requirements at a low cost. This manufacturing leader’s finance, accounting, and corporate governance operations are spread across more than 15 different countries around the world, including North and South America, Asia, Australia and Europe. Like many companies on the cutting edge of technology, the flexibility and the use of EUCs have been critical to their overall decision making process.

To this end, the company’s EUC population has grown rapidly to support a variety of financial processes including consolidation, management reporting, revenue accounting, and financial reporting. Along with this growth, the company foresaw potential challenges and risks in the accuracy, security and overall integrity of critical EUC data and models. As a proactive measure, they implemented an EUC control policy in early 2008 and manual control procedures to reduce the risk of any material errors. However, as the project got underway, they quickly realized that a manual approach would not be sustainable in the long term.

Manual Control Costs Drive the Need for Automation

Under the new EUC control policy, end users were required to provide additional documentation for critical spreadsheets, track and report on changes to spreadsheet and EUC logic, document and update the EUC inventory, and perform periodic logic reviews. This additional work threatened to increase the cost of compliance with SOX 404 mandates for EUCs and decrease overall productivity. In addition, the company observed a lack of continuity in spreadsheet control methodology across various business units. Due to the complexity of their spreadsheet models, they also recognized that there was a high probability for undetected errors in formulas, macros, broken links and other

logic issues. At that point, the company knew it needed to get its arms wrapped around the EUC control environment by implementing an automated and sustainable solution based on a proven methodology. They simply could not afford a breakdown in manual controls, or the possibility of inaccurate financial reporting. An automated solution and methodology was needed.

Automating the EUC Lifecycle

To address their EUC control and compliance needs, the company set out to automate existing manual controls over mission critical spreadsheets and EUCs by leveraging spreadsheet control technology. This new control methodology was based on best practices and auditor guidance. It incorporates the following internal control points:

- **Inventory** – Ensuring designated mission critical spreadsheets and EUCs are identified, incorporated into an updated master inventory, and reported on across the business.
- **Risk Assessment** – Risk ranking all inventoried EUCs based on materiality and complexity.
- **Control** – Establishing a controlled environment for all mission critical/high risk EUCs with automated access control, version control, change control, review and approval workflows, and backups.
- **Logic Review** – Performing routine diagnostic checks on all controlled EUCs to ensure data integrity, accuracy and completeness, and to proactively identify any fraudulent or suspicious activity.
- **Reporting** – Continuous reporting on key controls and all activities for controlled spreadsheets and EUCs.

The Integrated Prodiance – Microsoft Solution

To automate each of these controls, the company performed a thorough analysis of available software solutions. The Prodiance Enterprise Risk Manager (ERM) system was selected through a formal RFI process and a series of detailed demonstrations. “We evaluated several vendors, and at the end of the day Prodiance far surpassed

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our expectations, while meeting all of our functional requirements,” said the project lead and corporate governance manager.

It was determined that Prodiance eDiscovery software would automate the initial and ongoing inventory and risk assessment of all critical spreadsheets and EUCs across the company’s corporate network, including designated file shares and Microsoft SharePoint document libraries. A risk assessment methodology was implemented to categorize EUCs into various risk levels, and those deemed critical (e.g. high risk) would be migrated into a controlled environment which is continuously monitored by Prodiance Audit & Control Manager (ACM). High risk EUCs were designated as those having a direct impact on financial, regulatory, or management reporting within the company.

A key decision was made during the project to manage all critical spreadsheets in Microsoft SharePoint, which is integrated with Prodiance ACM. SharePoint provides comprehensive document and workflow management and collaboration capabilities, and Prodiance ACM complements SharePoint through added controls including cell level auditing, change control, reporting, policy checks, and additional security.

After risk assessment, Prodiance Link Manager was used to migrate critical EUCs into a Microsoft SharePoint environment, where they were placed under automated version control and role-based access control. Prodiance Link Manager also ensured that any external links between spreadsheets were preserved during and after migration. Once the files were migrated, they were automatically placed under cell level auditing and change control with Prodiance ACM. Prodiance ACM is natively integrated with SharePoint, so that any files added to SharePoint document libraries by end users would automatically be monitored.

Prodiance Delivers Proven ROI

The Prodiance ERM system was implemented in a phased approach. Users in the US went live in early 2009, and by mid-summer users in Asia Pacific and Europe were brought online. Since then, Prodiance software has helped drive down the cost of compliance by significantly reducing the manual work required to compile and update spreadsheet inventories, perform logic reviews, and error detection and correction. In addition, the company has experienced a combined return on investment through sustainable compliance, risk reduction and process efficiency gains.

- **Sustainable Compliance** - Prodiance has helped sustain compliance with spreadsheet management initiatives by embedding controls for access review, logic review, and inventory into everyday business processes.
- **Risk Reduction** - Through proactive monitoring of changes affecting spreadsheet and EUC logic and diagnostics, there is a reduced chance of material errors impacting financial reporting.
- **Process Efficiency** - Manual processes have been automated for spreadsheet base-lining, inventory, risk assessment and design reviews. Automated workflows have been implemented to electronically route spreadsheets and EUCs for routine approval of changes.

In their *GRC Capability Model "Red Book" 2.0*, the Open Compliance and Ethics Group (www.oceg.org) suggests Principled GRC Performance is achieved by "defining 'right' for your company, then doing the 'right' things the 'right' way - not only to create value in the traditional view, but to protect value, address uncertainty and help the organization stay within its customized boundaries of conduct." By sustaining compliance, reducing risk, and driving new process efficiencies across the company, this high tech manufacturer has demonstrated Principled GRC Performance.

"As a result of implementing Prodiance to automate our spreadsheet controls, we have gained a robust product with cutting edge technology, which allows us to provide very detailed analytics on all of our key spreadsheets while enforcing key controls to satisfy compliance mandates. Prodiance technology has helped us significantly reduce the cost of compliance while proactively mitigating the risk of material errors in critical spreadsheets."

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