

## FAQs

Sapphire 2009



Is your vision  
for compliance holistic, adaptable and feasible?

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## 1. Is compliance a burden on the CXO's shoulder to be carried forward year after year?

Compliance is an expensive, inevitable and ongoing activity. Companies while focusing on compliance often miss out the hidden opportunity of increasing the efficiency and become competent. If handled right this pain can be converted into an advantage.

Compliance is not a burden on the CXOs shoulder. With efficient compliance the cost/effort would come down year on year.

## 2. How are latest changes to PCAOB's directive affecting the course of compliance?

Auditing Standard No. 5 - "An Audit of Internal Control Over Financial Reporting That Is Integrated with An Audit of Financial Statements" (27th June 2007) states that

- Entity Level controls, depending how they are designed and operate, can reduce the testing of other controls related to a relevant assertion
- Entirely automated application controls are generally not subject to breakdowns due to human failure
- The auditor may use a benchmarking strategy for a automated controls in subsequent years' audits if general controls over program changes, access to programs, and computer operations are effective and continue to be tested
- Implementation and testing of Entity Level controls and Automated controls could help in reducing the amount of testing required for ongoing compliance

## 3. What are the typical challenges being faced by large multinationals in ensuring cost effective compliance? Are these challenges unique to any one company?

The challenges faced by multinational companies are not unique. Most of the companies share the common challenges. There might be challenges which are unique to a particular industry/geography. The typical challenges faced in ensuring cost effective compliance are:

1. Multiple regulations to be complied with
2. Lack of standardization in process/control across various geographies
3. Cost of compliance is going up continuously
4. Compliance not given importance during implementation/transformation
5. Getting user's confidence/buy in for implementing changes in the process/control
6. Increased number of stakeholders, which increases both the time and effort of decision making
7. Rapid changes in technology/process which makes standardization difficult

## 4. Is there one solution to challenges being faced by different companies? Can these challenges be converted in to opportunities?

There is no standard readymade solution for the challenges. The solution should be tailored to achieve the company's vision for holistic, cost-effective, multi-regulatory and central compliance. Yes, these challenges can be converted into opportunities. These challenges will help in

- Increasing process efficiency and control effectiveness
- Cost reduction in a long run
- Increase in share holder confidence
- Increase in brand value/market image thereby helping in becoming a market leader
- Help us to be prepared to take up the new challenges

## 5. What are the do's and don't's for ensuring compliance in a large transformation project?

Do's	Don't's
<ul style="list-style-type: none"> <li>Start early</li> <li>Have an integrated holistic approach</li> <li>Buy confidence of all stake holders</li> <li>Have a lean team/committee for compliance</li> <li>Use of tool for compliance automation / compliance monitoring</li> </ul>	<ul style="list-style-type: none"> <li>Don't aim for 100% automation</li> <li>Don't consider compliance as an one time activity</li> <li>Too many people involved in decision making</li> </ul>

## 6. Is automation the only solution to compliance?

No. Automation is not the only solution for compliance. Automation of control in itself will not make the company compliant. It is just an enabler to reduce the cost, time and effort for testing/monitoring the controls in the long run. Compliance is a combined effort of

<i>People</i>	Right people (CAs, CPAs, CISAs) with right knowledge to understand and appreciate the compliance needs of the company
<i>Process</i>	Efficient compliance process
<i>Technology</i>	a good GRC tool to enable efficient compliance

We need to have right mix of people, process and technology to make automation as success.

## 7. Should efficient compliance be attempted at during transformation program only?

Not necessarily. Any time is right time for efficient compliance. It can be either during implementation/ transformation or post implementation/steady state.

PROS	CONS
Efficient compliance attempted during implementation/transformation	
<ul style="list-style-type: none"> <li>The development/configuration of the ERP can be done to suit the compliance requirements. There by reducing the rework at the later point of time</li> <li>It is a proactive approach towards compliance</li> </ul>	<ul style="list-style-type: none"> <li>Too much depend on implementation track</li> <li>Changes to system development would require changes to compliance track too</li> </ul>
Efficient compliance attempted during steady phase	
<ul style="list-style-type: none"> <li>Reduces the on-going compliance cost as compared to the existing manual control environment</li> <li>Since the system is already implemented and customer is familiar with its features, requirement gathering or analysis becomes easier</li> </ul>	<ul style="list-style-type: none"> <li>Configurations/setup may have to be changed for compliance</li> <li>It is a reactive approach for compliance</li> <li>It is not cost-effective</li> </ul>

## 8. What are the drivers for efficient compliance in steady state scenario?

The key drivers for efficient compliance in steady state scenario are

- Continuous pressure to reduce cost of compliance. "Companies are spending 3-5% of their revenue on the compliance." (Gartner)
- Increased pressure from regulatory authorities and board to improve effectiveness of controls
- Increase in complexity of management of compliance due to globalization
- Compliance is an ongoing activity and not a onetime exercise

## 9. What is the approximate global spend on compliance? Can this be optimized?

The spending on Governance, Risk Management and Compliance for the year 2009 will be around \$33,538M globally.

2009		
Technology	Services	Head Count
\$11,054	\$9,357	\$13,126
2009 Total = \$33,538		
Growth 2008-2009 = 4.6%		

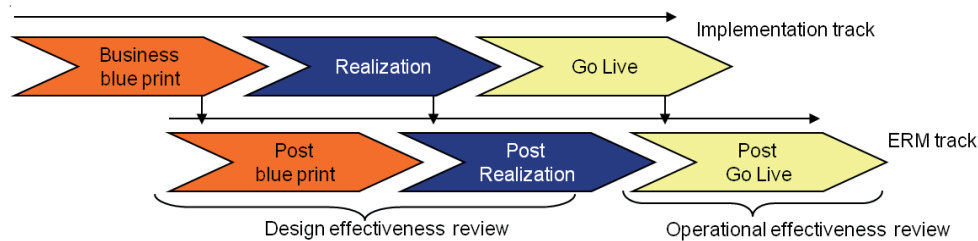
Source: AMR Research, 2008

## 10. What is Infosys' offer for meeting the compliance vision of our customers? (nature and scope of offering)

Infosys offers a holistic, central, cost-effective, scalable and efficient solution to meet the requirements of multiple regulations of the customers. This is achieved through realigning people, process and technology. This is done by forming Compliance Monitoring Cell (CMC). CMC will help the customers in standardization, automation, optimization and on-going monitoring of access, process and IT general controls.



Infosys has developed a unique three phased package implementation approach to achieve compliance during large transformation project.



## 11. How does Infosys' offering help our customers? What is the unique value proposition of Infosys Compliance offering?

Infosys services help our customers to achieve holistic, central, proactive, scalable and efficient compliance.

The unique value proposition of Infosys services are:

- One stop shop for end to end security solution
- Right people for right job
- Professional pool of consultants - CA, CISA's, CISSP
- Cost-effective compliance though
- Optimizing compliance by focusing on key controls - risk based top-down approach
- Pre-built control monitors and templates
- Setting up Compliance Monitoring Cell for large transformation projects
- Global Delivery Model for executing compliance engagements
- Prior experience in delivering efficient compliance can be leveraged to provide quick and effective solution to its customers

## 12. Are there any tools / templates / framework that Infosys will use to offer this solution to the customers?

Infosys has developed different tools, templates and frameworks to be used while offering solution to its customers. Few of them are listed below

- A4 methodology
- GRC Framework
- Knowledge repertoire of various templates, test plans, checklists, best practice documents from our xperience in various projects which can be used after customization to save time and costs.

## 13. What is the unique profile of Infosys resources which adds more value to the service?

Our expert knowledge lies in our professional pool of 40+ consultants. We have a techno-functional mix of people including Chartered Accountants (CAs) and Certified Information systems Auditor (CISAs) and have Big four audit firm experience. They have been also trained on various compliance tools like Approva, SAP GRC, Oracle ICM, Open pages etc besides exposure to ERP platforms like SAP and Oracle.

We have executed more than 80 projects across continents including US, Asia, China, Australia, Europe and Japan including some of them on 100% offshore model. We have published several whitepapers on compliance.

## 14. Has Infosys executed such assignments for customers?

For a leading Power and Automation Major in Switzerland, Infosys adopted a top-down risk based approach to implement a Compliance track that ensured

- Controls are automated as much as possible
- Processes are designed efficiently with few number of controls
- Controls are standardized across regions and business units as much as possible
- Roles and responsibilities are defined and reviewed
- SOX Documentation is completed as per customer's SOX program

For a Global leader in Storage technologies, Infosys implemented SAP GRC CC tool to identify and remediate SOD violations in FI, CO, MM and SD modules in SAP. Key benefits to the client includes

- Ensure SOX compliance addressing the issues relating to the Segregation of duties
- Reduce cost of compliance in the long run

For a leading Agriculture business company based in Basel, Infosys handled the SOX compliance track along with SAP ECC implementation and also the implementation of SAP GRC for Compliance automation. Infosys value add

- Achieved compliance efficiently by prioritizing control gaps and recommending compensating controls where cost of new control design exceeded the benefits from implementing new controls.
- Review and documentation of business process controls to ensure compliance with Global SOX program
- Standardization of processes and controls wherever possible
- Review of SAP Roles and User accesses to ensure SOD compliance

For more details write to  
[sap\\_mktg@infosys.com](mailto:sap_mktg@infosys.com)



For more information, contact [askus@infosys.com](mailto:askus@infosys.com)

#### About Infosys

Many of the world's most successful organizations rely on Infosys to deliver measurable business value. Infosys provides business consulting, technology, engineering and outsourcing services to help clients in over 30 countries build tomorrow's enterprise.

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