



SOXwise™

Cost-effective, risk-based SOX compliance managed services for emerging companies

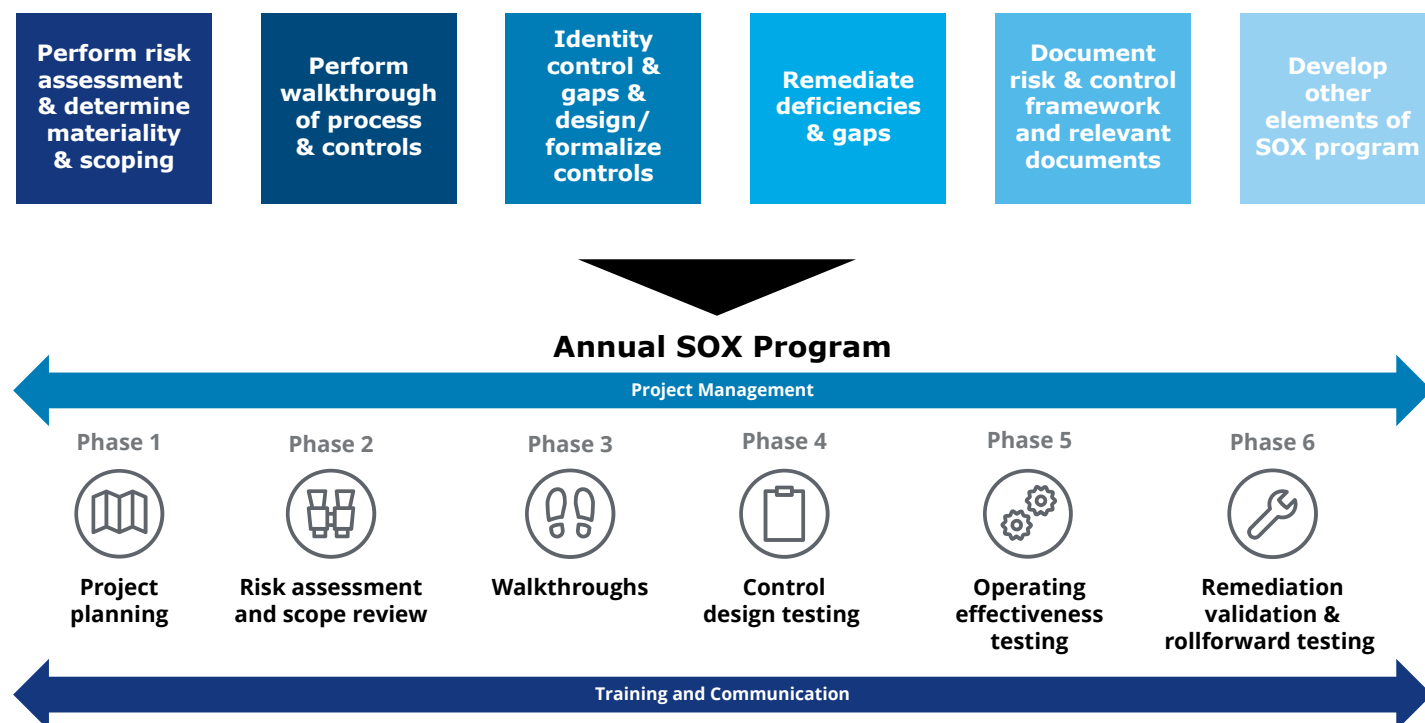


Taking the reins of compliance

For almost 20 years, SOX compliance has been a fact of life for many public companies. But you're establishing a new SOX compliance program. Given the complexities of SOX compliance, why not take a critical look upfront at an approach that best fits your organization in its current state—and can grow with as your organization does? A managed services approach just might provide that flexibility, bringing effectiveness and operational efficiency from the get-go while supporting the expectations of management, auditors, and regulators.

What is SOX readiness?

Basic SOX readiness program



Complexities of SOX compliance

Four compliance-related issues can distract emerging companies from their core business objectives.



Changing regulations.

Standard-setters, such as the Public Company Accounting Oversight Board (PCAOB), are increasing oversight and mandating change at a steady clip. They then pass oversight along to external auditors, raising the amount of effort it takes for organizations to comply with SOX.

Consideration(s)

Do you have the internal resources to keep pace with expectations? How do those expectations align with the risks your organization faces? How will you reconcile differences?



Skill gaps. Effective SOX compliance work demands strategic thinking, technical capability, and deep-seated SOX insights—a combination of skill sets that are stubbornly scarce and which some may perceive as a career with little upward mobility.

Consideration(s)

Are the short-term and ongoing expenditures of time and money necessary to have such skills in house consistent with your organization's vision and mission?



Process agility. SOX compliance processes and approaches often rely upon frequent changes and tight turnaround times that can prompt ad hoc adjustments via labor-intensive, error-prone manual processes.

Consideration(s)

Will the program your organization establishes be nimble enough to address these challenges? Will your organization be willing to reinvest continually to keep the program aligned with the changing dynamics and risks of your business?



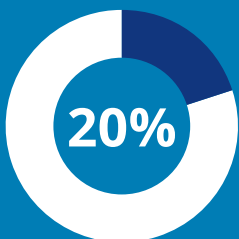
Technology costs and currency. Automation, analytics, and continuous control-monitoring tools can enhance the way SOX compliance professionals work and generate insights in the process. However, building that technology infrastructure in house can be a significant expense for an emerging company. Plus, the technology landscape is constantly changing and rapidly advancing.

Consideration(s)

Is keeping pace with that really where you want to direct scarce resources and budgets?

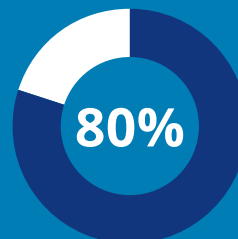
Not all risks are the same

Many companies approach medium- and low-risk areas with the same mindset as high-risk areas. This doesn't have to be the case. Standardization can make shorter work of compliance by removing unnecessary steps from the process, while still maintaining high levels of compliance rigor and quality.



High-risk areas

A control failure in a high-risk area is more likely to result in a material weakness or significant deficiency, which an organization would then have to disclose to the public or the organization's audit committee. This could bring the negative perception that often accompanies financial restatements, additional scrutiny by regulatory agencies, or even potential fines. High-risk areas merit extra attention, a robust controls approach, and additional testing and monitoring.



Medium-to-low-risk areas

Medium- to low-risk areas are the ones where failure is unlikely to result in a significant issue. For example, accounts payable transactions are similar in most organizations from a SOX compliance perspective. These transactions don't require an extraordinary amount of testing or documentation, and they tend to look the same from one organization to another. As such, the controls around accounts payable could in many cases be standardized to create a more streamlined approach.

SOXwise—a new approach for the digital economy

Deloitte's SOXwise solution is a managed services approach that offers:



Rapid deployment. A standardized framework and infrastructure, form-fit to your organization's objectives and risks and implemented faster than building an in-house compliance program.



Predictable and repeatable processes. Continually improving processes and exploring new technologies to help you deliver predictable outcomes year over year and focus your internal resources on high-value core-business initiatives.



Scalability. Keeping pace with your organization's growth and the increasing regulatory demands, costs, and risk exposures that accompany it.



Regulatory experience. Helping keep your organization informed, out front of emerging trends, and focused on high-quality SOX compliance outcomes.

Elements of well-designed SOX Program

A well-designed and intelligently implemented sustainable framework can potentially:

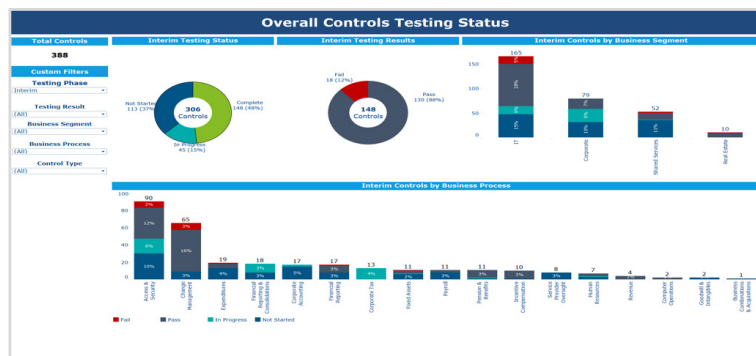
- Reduce the cost of compliance
- Enhance controls and related processes
- Integrate financial reporting and internal control processes
- Redirect compliance efforts away from risk aversion and toward risk intelligence
- Improve accountability throughout the organization
- Enhance market competitiveness
- Allow for strategic focus on emerging risk areas

Enabling technologies—a key SOXwise advantage

A critical element of our approach is the role of technology and the interplay between technology and standardization.

Basic SOX readiness program

SOXwise automatically generates interactive and real-time dashboards, with multiple views from summary to detail, for various stakeholders—C-suite executives, internal audit, management, staff, and consultants. It also provides real-time reporting for the risk and controls matrix, controls testing results, and digital workpapers.



For illustrative purposes only

Analytics. The advent of powerful analytics tools has turned massive data volumes into potential sources of intelligence that can further the interests of the business. With SOX compliance process and controls standardization in place, organizations can turn analytics from a series of point solutions into a single version of the truth across the SOX compliance life cycle.

Continuous controls monitoring, enabled by RPA.

Continuous controls monitoring (CCM) uses technology, such as robotic process automation (RPA)—software robots that mimic the way people interact with applications to carry out routine business processes—to keep track of financial transactions in

real time, without having to rely on statistical sampling. CCM, on top of a common set of embedded controls, can be an efficient way to improve business processes, detect risks, and check on compliance across multiple business units or locations within an organization. A common set of controls enables the design of a single software bot to run a test repeatedly throughout the organization.



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Five benefits of SOXwise

Deloitte's managed services approach to SOX compliance offers these potential benefits:

- 1 Speed to compliance.** Building a SOX compliance program can be distracting and time-consuming for key resources throughout your organization. A rapid deployment of SOXwise managed services can help accelerate time to compliance, stay on track with other strategic objectives, and sustain your organization's forward momentum.
- 2 Lower total cost of ownership.** Maintain consistent high-quality outputs by leveraging tools that can yield high-quality results at a reduced cost.
- 3 Reduce risk profile.** Deloitte's deep SOX experience, along with our flexibility to scale enables your organization to meet current and future regulatory demands and risk exposure.
- 4 Alignment among stakeholders.** By leveraging Deloitte's knowledge, experience, and resources, your organization can—from day one—establish effective communications, clearly define roles and responsibilities, and articulate the compliance strategy to stakeholders, including management, external auditors, internal audit, and the audit committee.
- 5 Leading practices.** Specific challenges of SOX compliance are often common across many companies. We've seen many of them over the years and used the lessons learned in building our managed services, so your organization doesn't have to reinvent the wheel.

Let's talk

To learn more about Deloitte SOXwise, contact:

Adam Nelson

Partner | Deloitte Risk & Financial Advisory

Deloitte & Touche LLP
adnelson@deloitte.com
 +1 612 692 7069

Abhishek Patel

Senior Manager | Deloitte Risk & Financial Advisory

Deloitte & Touche LLP
abhpatel@deloitte.com
 +1 612 224 4495

Patty Salkin

Managing Director | Deloitte Risk & Financial Advisory

Deloitte & Touche LLP
psalkin@deloitte.com
 +1 609 806 7279

Sandra Teixeira

Senior Manager | Deloitte Risk & Financial Advisory

Deloitte & Touche LLP
sateixeira@deloitte.com
 +1 914 564 4040

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