



For the 19th World Continuous Auditing & Reporting Symposium

- Motivational, Aspirational and Irreverent Views**

PV Boccasam - November, 2009



MEETINGS

Any simple problem can be made worse if enough meetings are held to discuss it



AGENDA

About Approva

The First Decade (1990-1999): The “Sampling” Exercise

The Next Decade(1999-2009): The “Exception” Exercise

The Enlightened Decade (2009-2019): The “Everything” Exercise

Selected Customers Of Ours

Manufacturing and Transportation



Public Sector



Technology, Telecom & Media



Consumer Products & Retail



Energy & Chemicals



Pharmaceutical & Biotech



Entertainment



Approva Overview

Approva provides...

expertise in intelligently identifying and responding to business *exceptions* that impact performance.

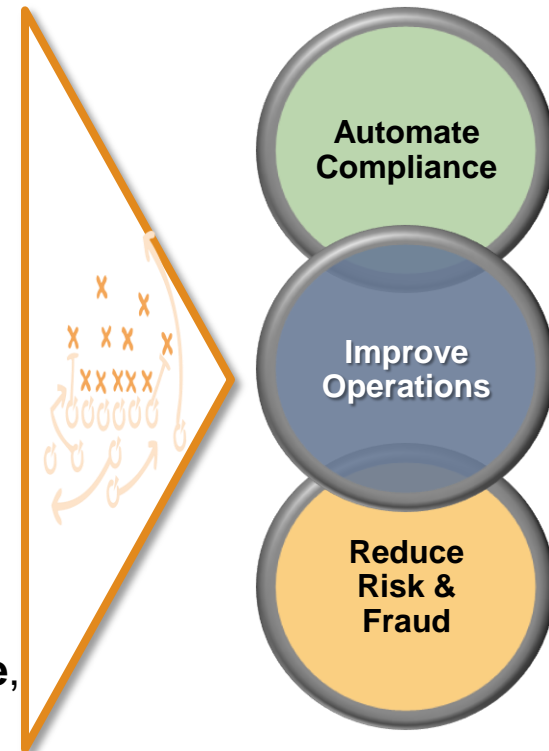
So that...

organizations can automatically identify, manage and prevent exceptions that result in...

- ... fraud
- ... risk
- ... inappropriate payments
- ... excessive compliance costs
- ... inefficient business processes.

We do this by providing...

a software system that continuously delivers **accurate**, **actionable** and **auditable** intelligence of control breakdowns across financial systems, processes and transactions.

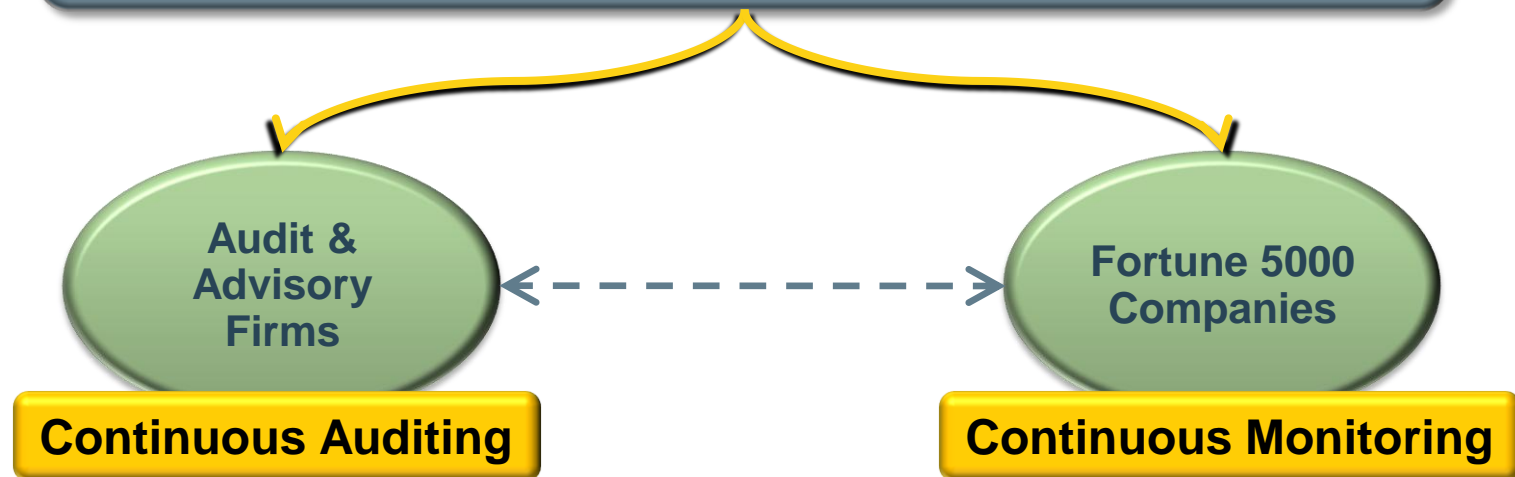


Auditors Have Always Been Core to Approva's Strategy



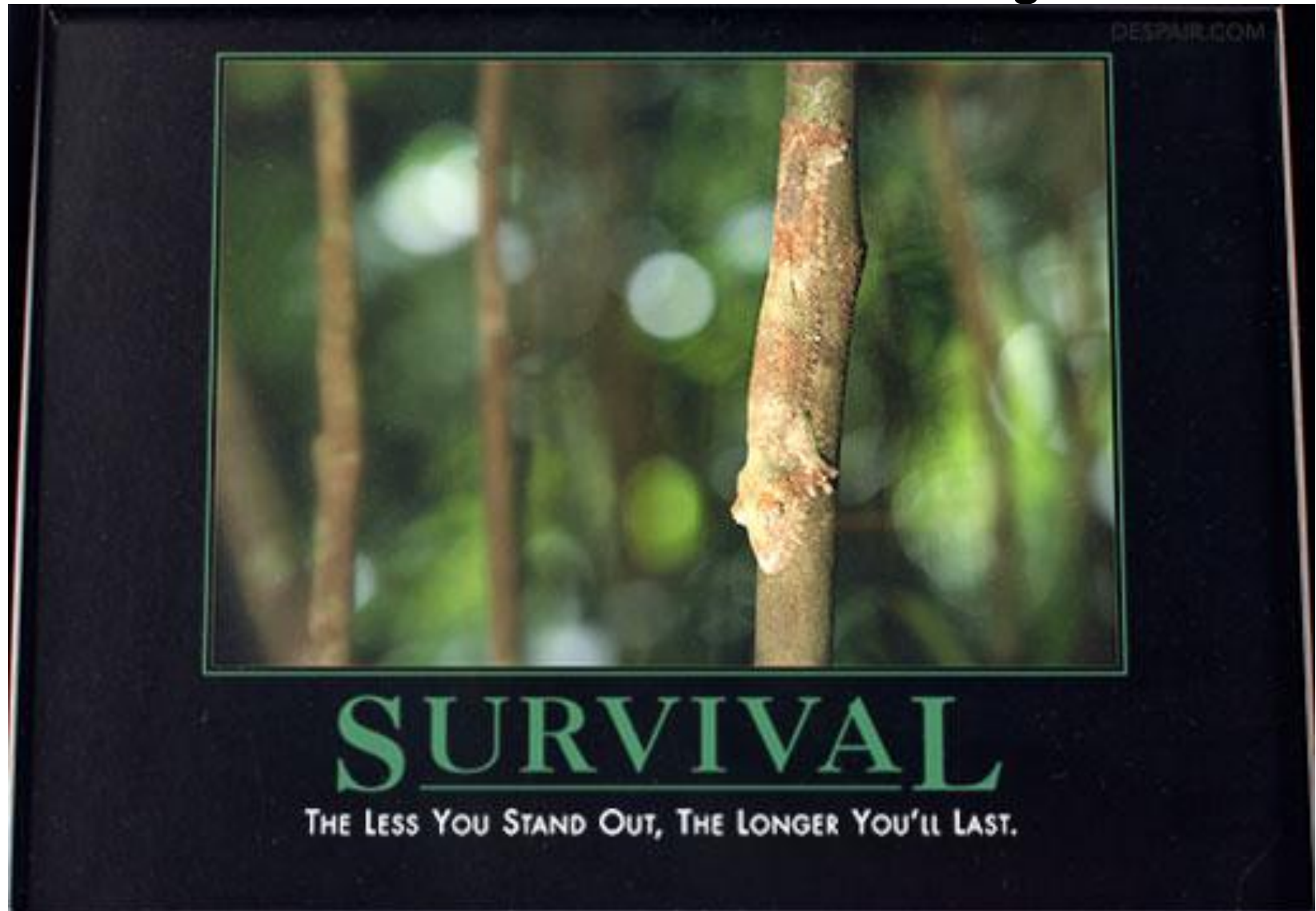
Our Strategy

Automate the way organizations **monitor** and **respond** to business exceptions.

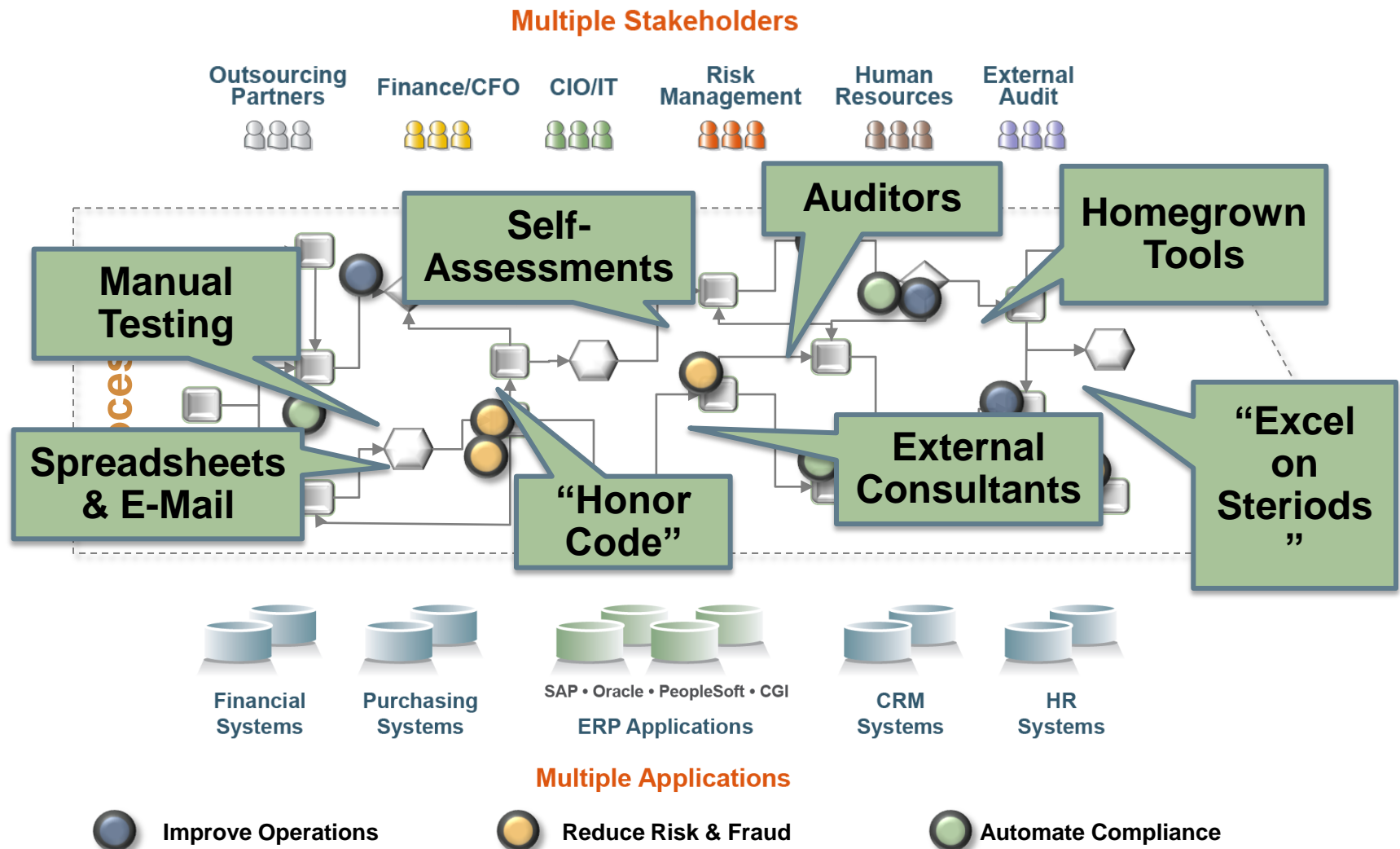


By serving these two distinct yet highly complementary markets we are able to maximize value for both audit- and non-audit customers.

My View of Vendors in the Continuous Auditing/CCM:



Organizations Currently Use a Patchwork of Approaches to Assess the Effectiveness of Processes & Controls



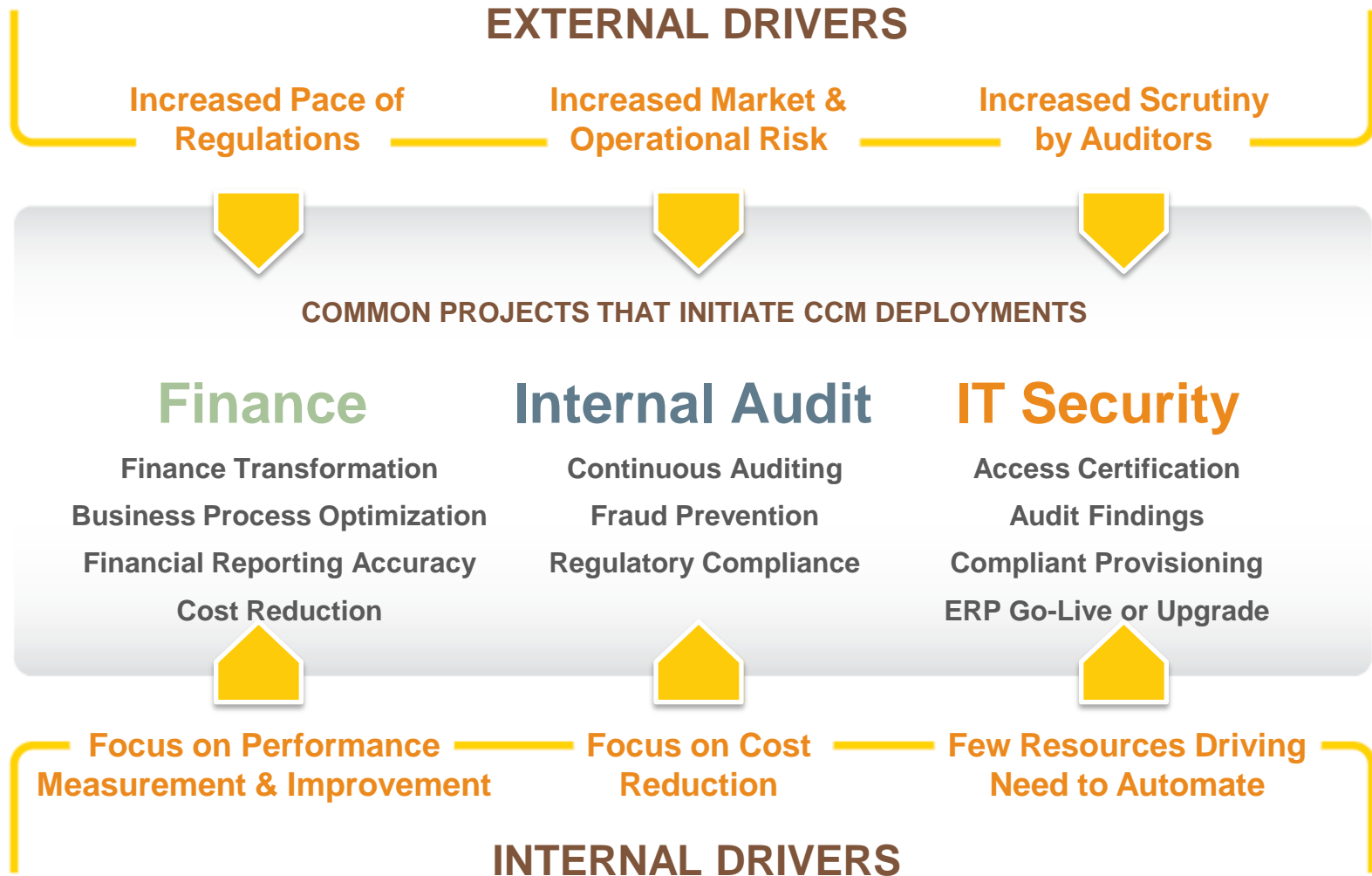


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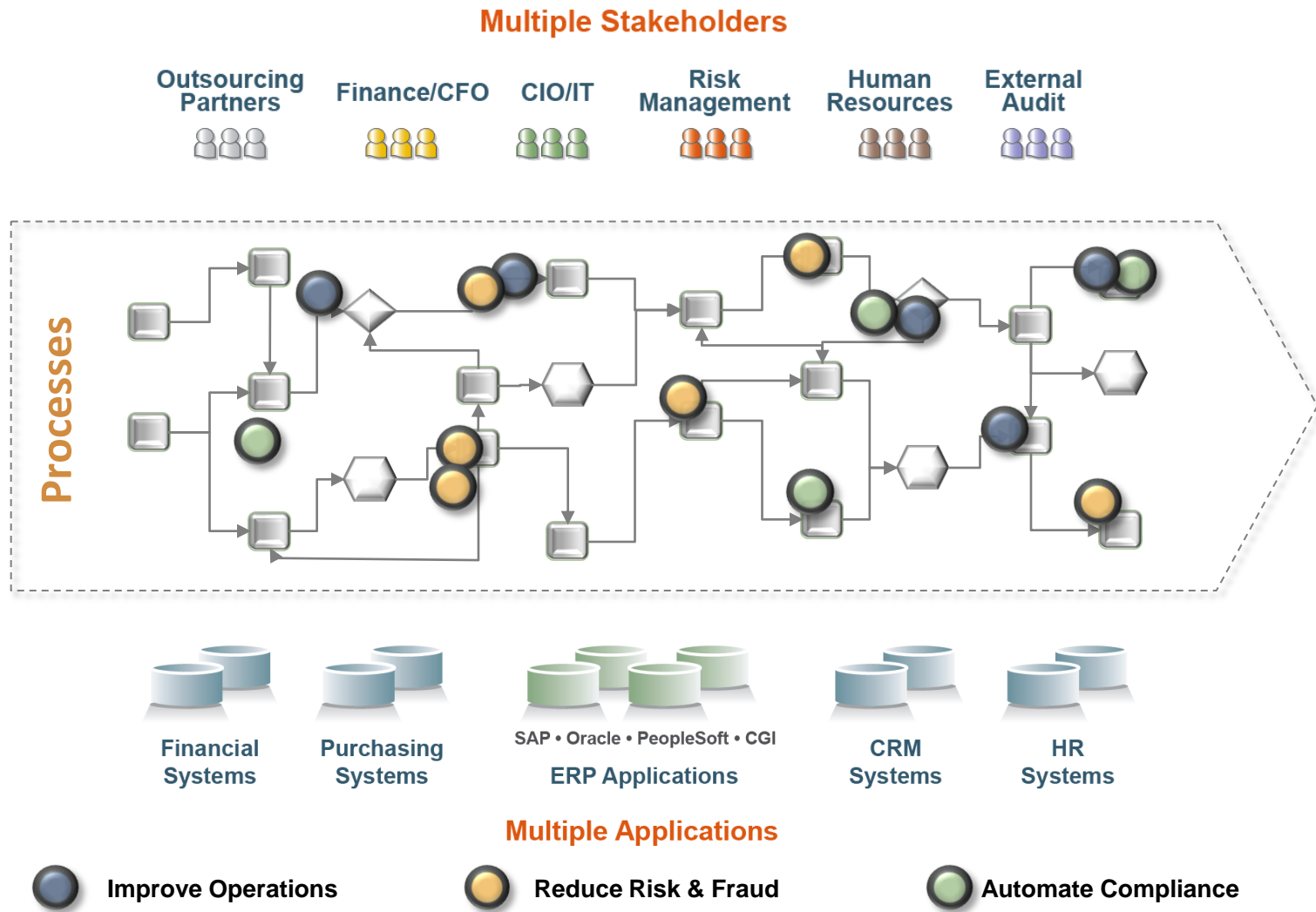
TRADITION

JUST BECAUSE YOU'VE ALWAYS DONE IT THAT WAY
DOESN'T MEAN IT'S NOT INCREDIBLY STUPID.

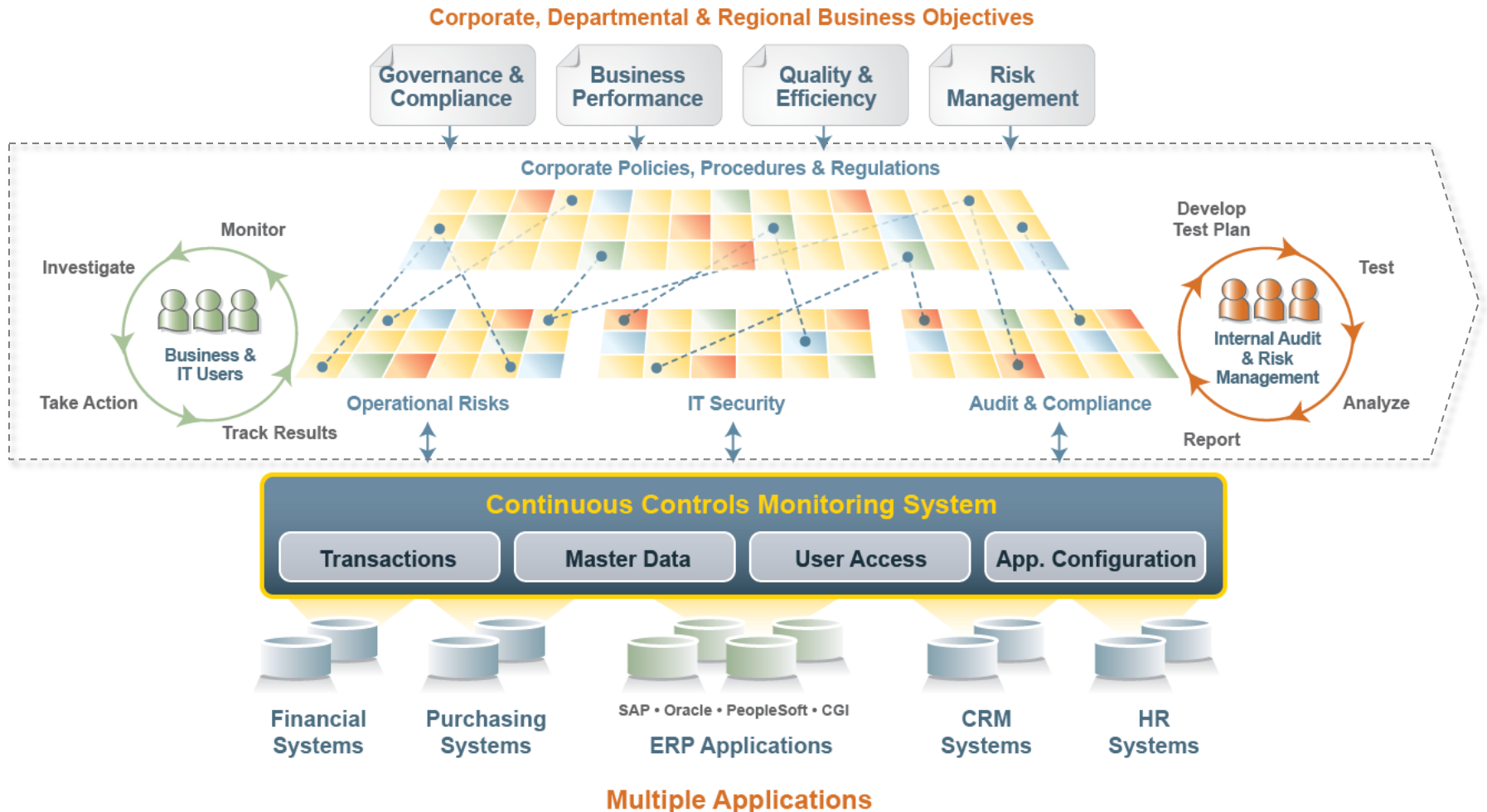
Several Factors Are Putting CCM/CA Front and Center on the Agenda for Finance, Audit & IT



The Controls Challenge: The Complexity of Multiplicity

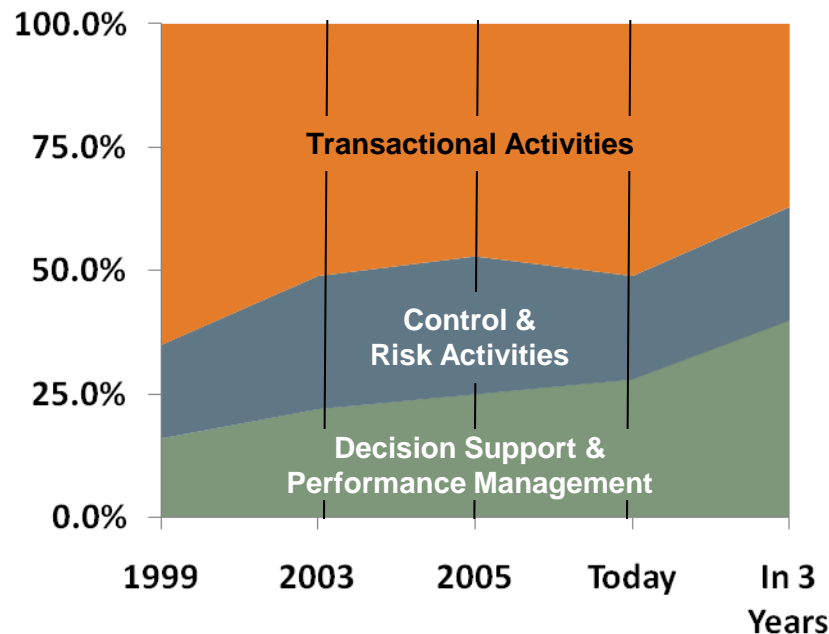


We believe CAM/Continuous Controls Monitoring Drives Unique and Immediate Value...



Finance Organizations Are Transforming Themselves From “Managing the #s” to “Managing the Business”

Evolution of Finance Organization Cost Structure
% Workload Distribution Based on



Key Priorities:

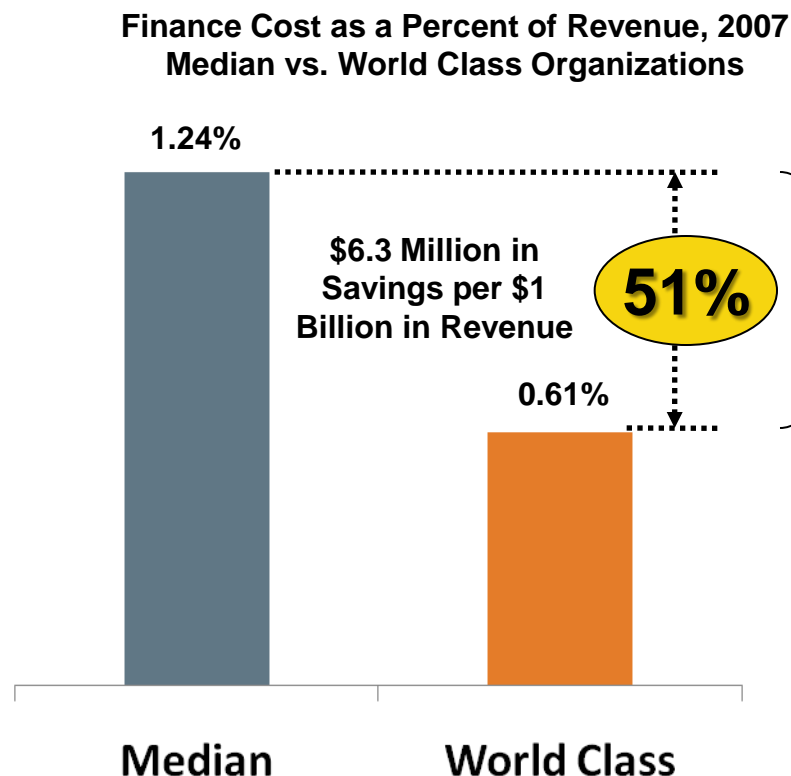
Reducing cost of routine finance functions

Identifying & managing risk

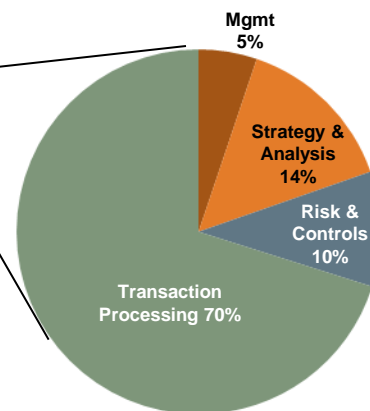
Improving analysis & performance management

Source: IBM Global Business Services, The Global CFO Study, 2008.

“World Class” Finance Organizations Operate With 51% Lower Cost of Finance



“World-class companies have a **93% lower exception rate** within their financial reporting processes.”

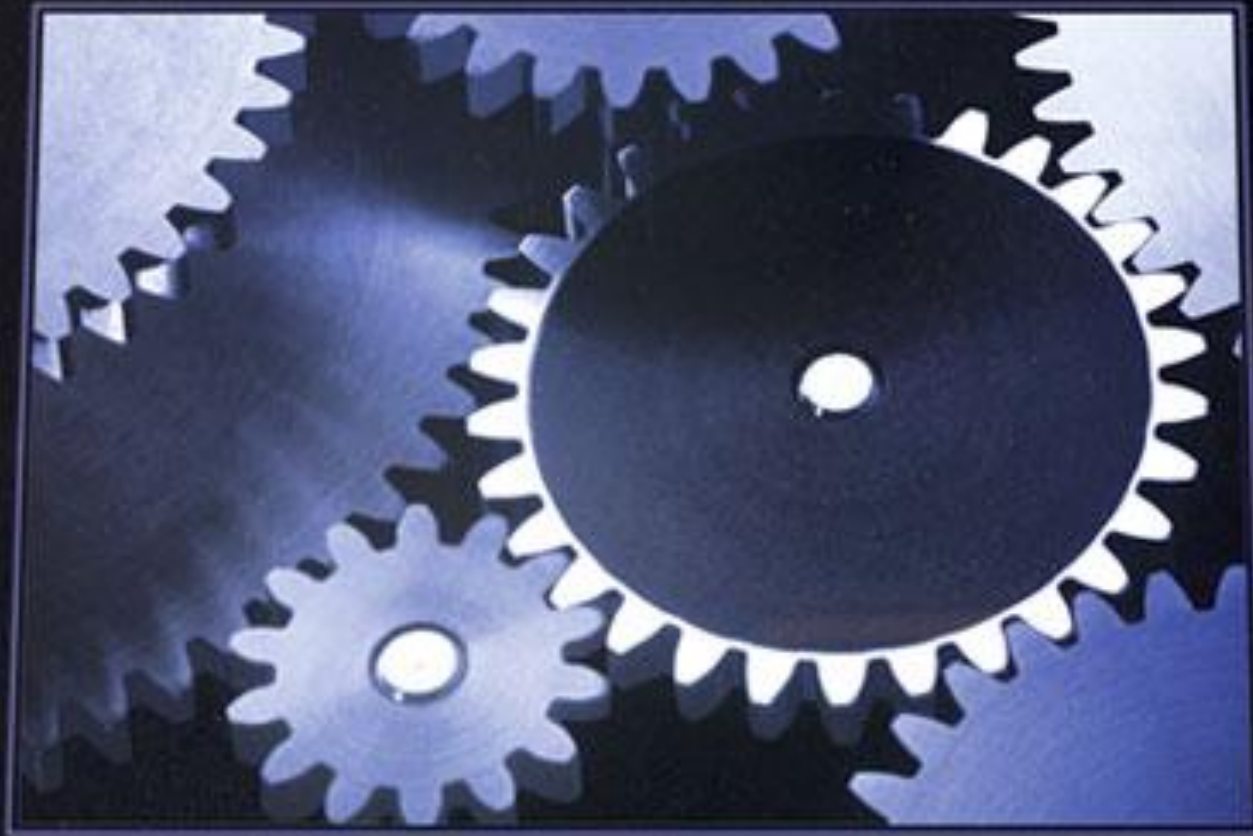


“World class companies operate in a more effective internal control environment with **control costs 45% less.**”

The Controls Challenge Poses Real Business Problems



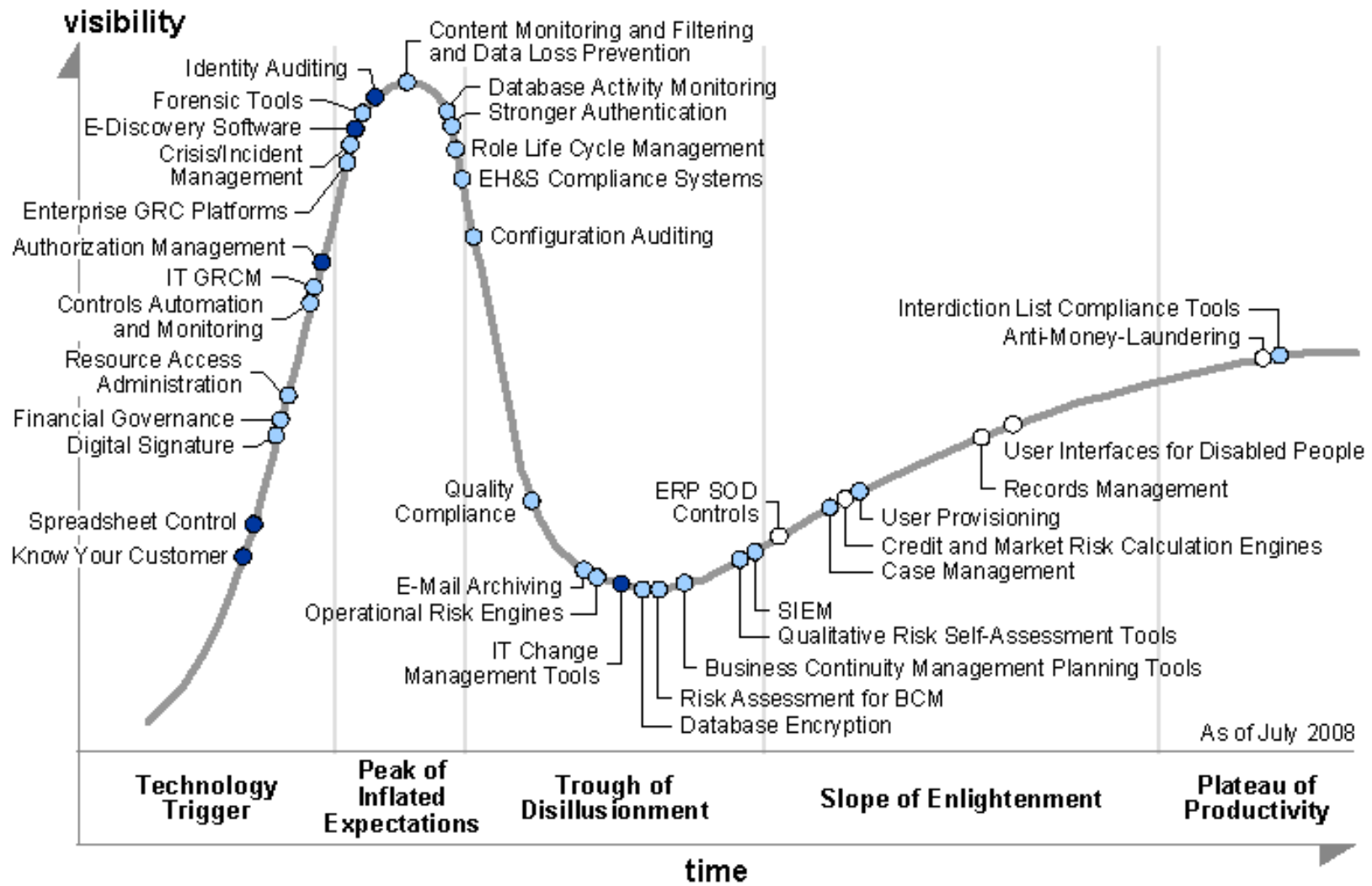
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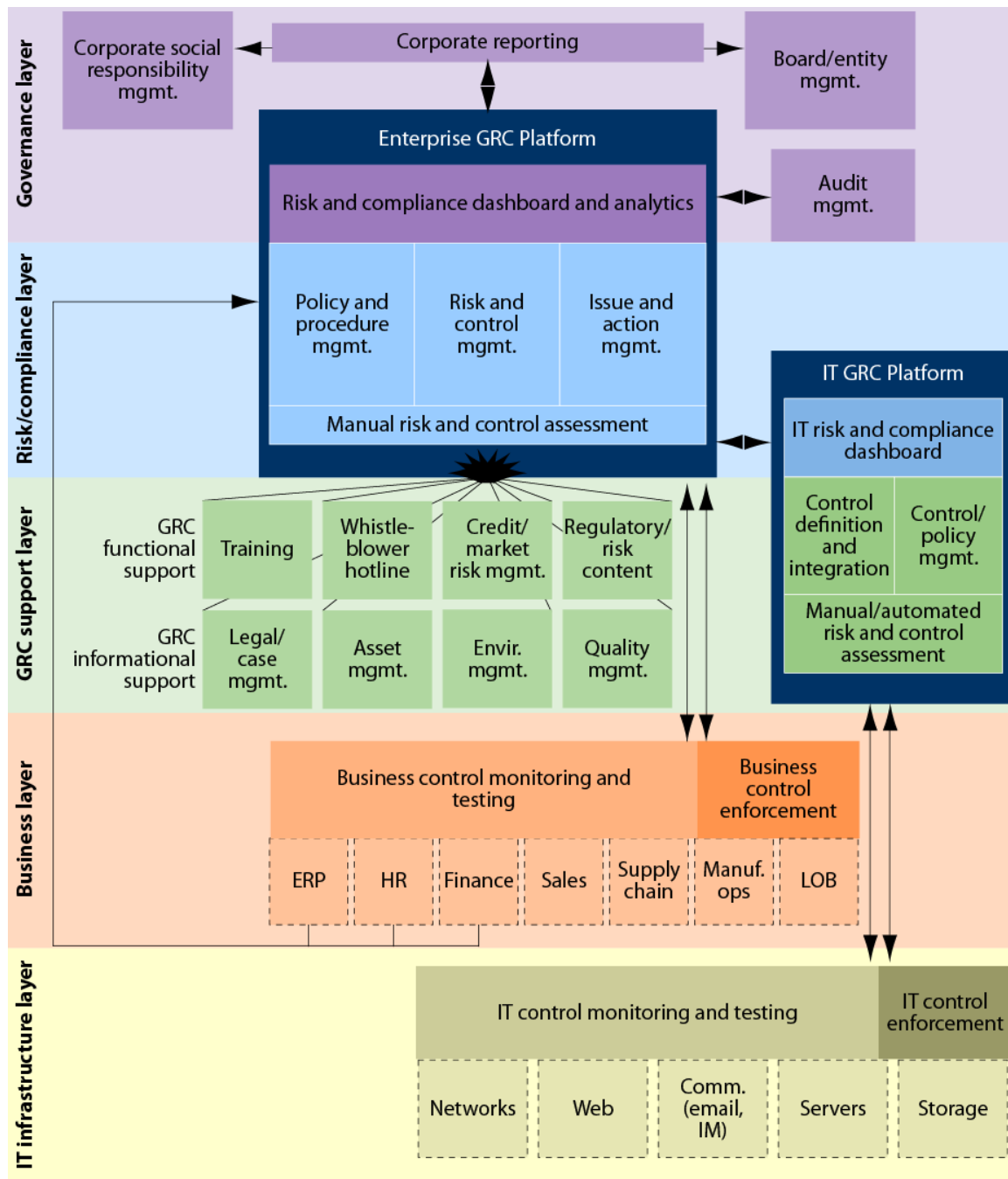
WORTH

JUST BECAUSE YOU'RE NECESSARY DOESN'T MEAN YOU'RE IMPORTANT.

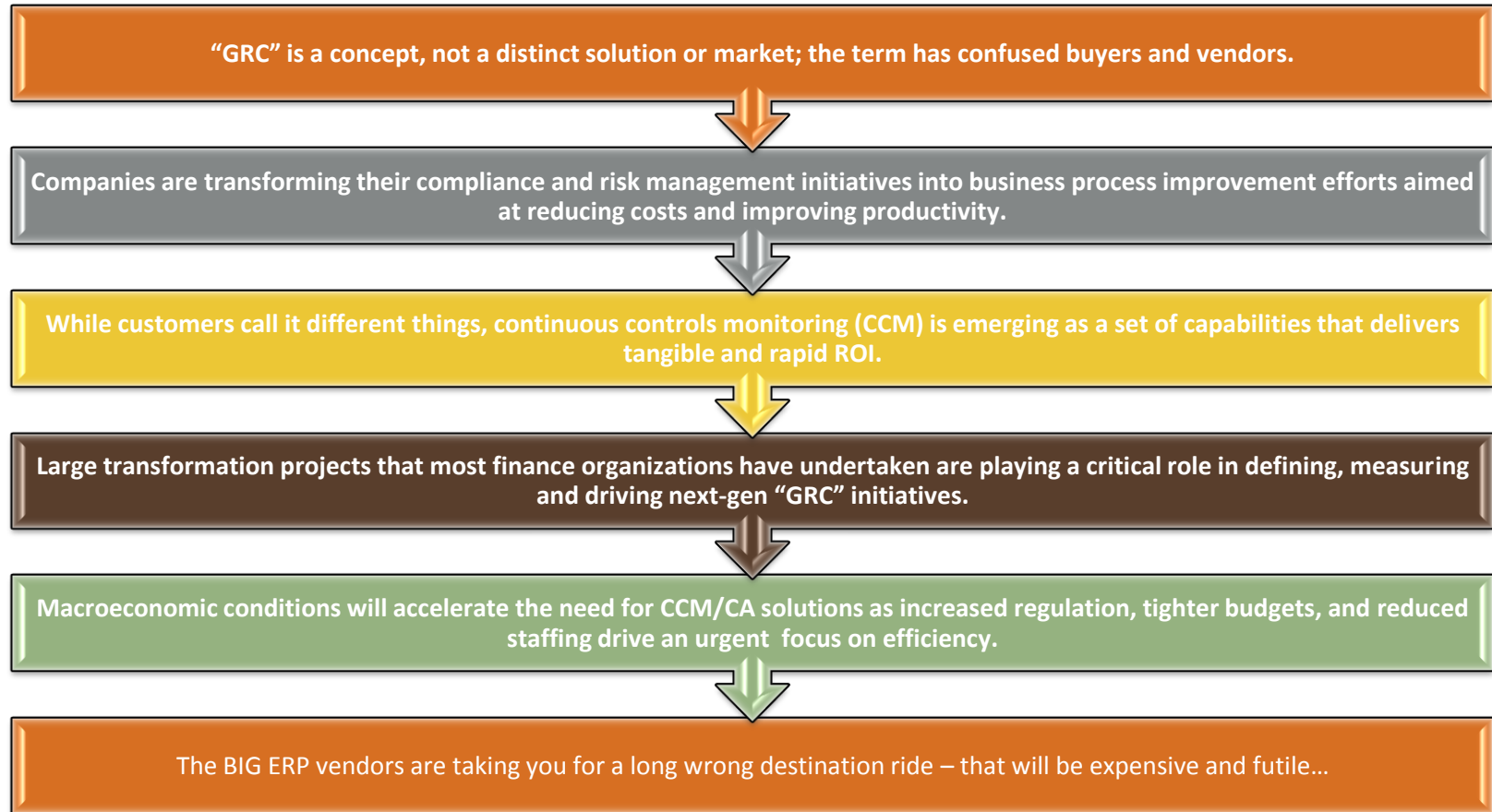
Gartner GRC Hype Cycle: July 2009



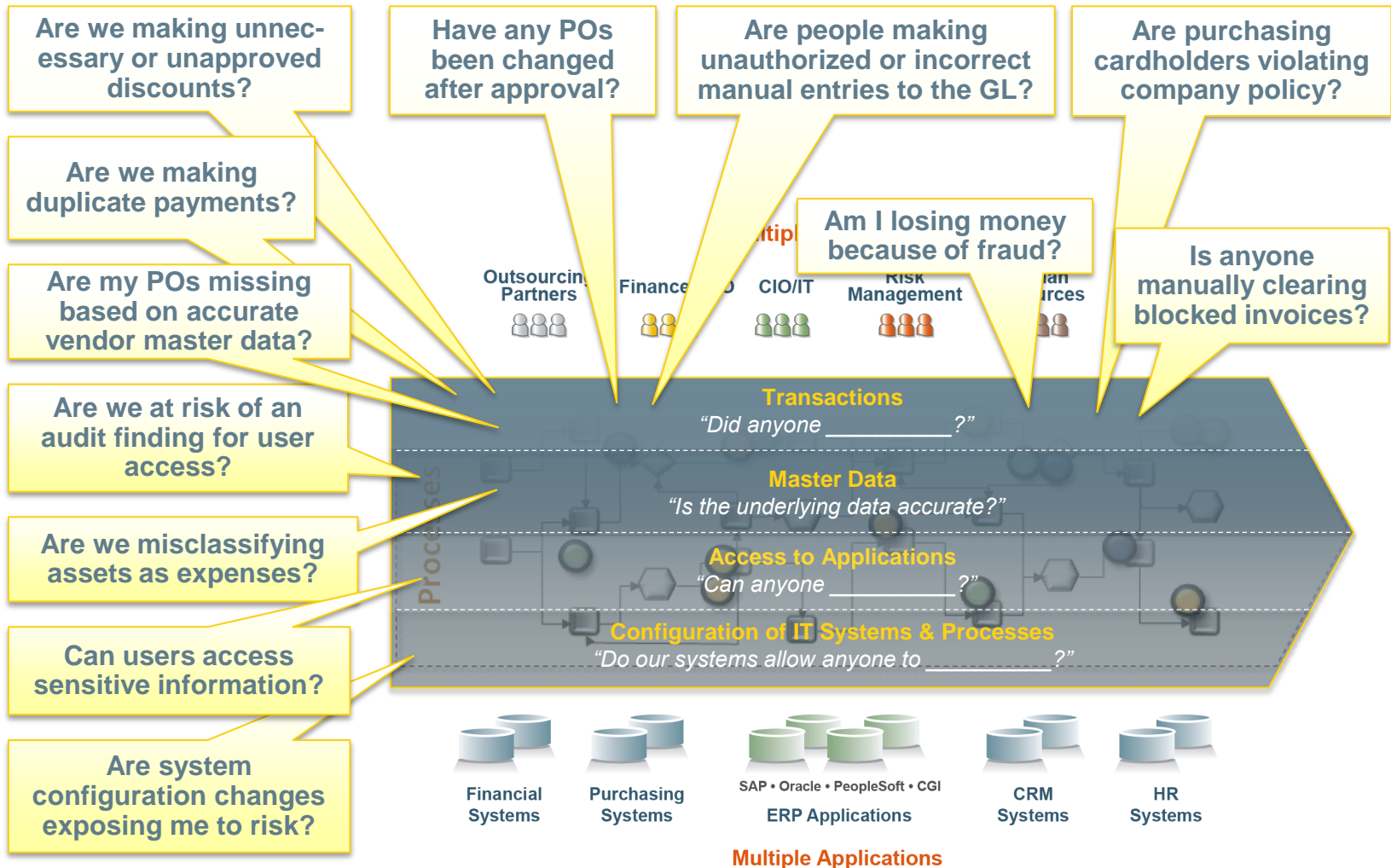
The Complete GRC Stack



Our Point of View on the Market:



So, Solve Real Business problems – ask the right questions





MISTAKES

IT COULD BE THAT THE PURPOSE OF YOUR LIFE IS
ONLY TO SERVE AS A WARNING TO OTHERS.

Presenting Impact of Exceptions in XBRL Taxonomy

Unusual Manual Journal Entries						
Income Statement	Account balance (\$K)	# of unusual manual journal entries	Total manual journal entries	Total amount (\$K) of unusual manual journal entries	Percent of account balance at risk	Risk Status
Net Sales	\$ 10,050	14	14	\$ 156	2%	Red
COGS	\$ 6,533	2	5	\$ 12	0%	Green
Gross Profit	\$ 3,518					
Depreciation	\$ 704	73	146	\$ 97	14%	Red
S,G,&A	\$ 1,608	38	166	\$ 15	1%	Yellow
Operating Income	\$ 1,206					
Interest Expense (Income)	\$ (100)	-	10	\$ -	0%	Green
Earnings before Taxes	\$ 1,306					
Taxes	\$ 457	-	28	\$ -	0%	Green
Net Income	\$ 849					
Balance Sheet	UK					
Cash & Marketable Securities	\$ 2,500	1	3	\$ 3	0%	Green
Accounts Receivable	\$ 603	28	244	\$ 11	2%	Red
Inventory	\$ 644	12	18	\$ 2	0%	Green
Total Current Assets	\$ 3,747					
PP&E	\$ 2,010	73	201	\$ 221	11%	Red
Other Assets	\$ 20	-	2	\$ -	0%	Green
Total Assets	\$ 5,777					
Accounts Payable	\$ 261	-	12	\$ -	0%	Green
Prepaid Expenses	\$ 101	13	13	\$ 4	4%	Red
Total Current Liabilities	\$ 362					
Long Term Debt	\$ -	-	-	\$ -		
Other Liabilities	\$ -	-	-	\$ -	0%	Green
Total Liabilities	\$ 362					
Shareholders Equity	\$ 5,416	-	-	\$ -	0%	Green
Total Liabilities & SE	\$ 5,777					

High-Level Approach to XBRL

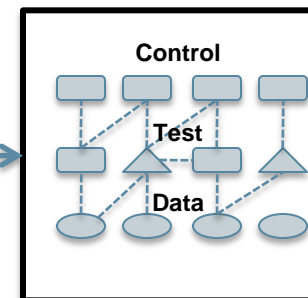
Present impact of exceptions standard XBRL-based financial statement

Universal Manual Journal Entries					
	Account balance (201)	Total amount (201)	Total amount (201)	Percent of account balance	Risk Status
Income Statement					
Net Sales	\$ 10,000	14	14	14%	Red
Costs	\$ 6,500	2	2	2%	Green
Gross Profit	\$ 3,500	2	2	2%	Green
Depreciation	\$ 300	21	180	60%	Yellow
C.G.S.A.	\$ 4,000	26	180	15%	Yellow
Operating Income	\$ 1,000	-	10	1%	Green
Interest Expense (Income)	\$ 4,000	-	20	0%	Green
Net Income	\$ 200	-	20	0%	Green
Balance Sheet					
Cash & Marketable Securities	\$ 2,500	1	2	0%	Green
Accounts Receivable	\$ 800	20	240	30%	Yellow
Inventory	\$ 500	10	10	2%	Green
Total Current Assets	\$ 3,800	75	201	5%	Yellow
PP&E	\$ 2,000	-	2	0%	Green
Other Assets	\$ 5,777	-	2	0%	Green
Accounts Payable	\$ 700	15	12	1%	Green
Prepaid Expenses	\$ 200	-	10	5%	Yellow
Total Current Liabilities	\$ 900	-	1	0%	Green
Long Term Debt	\$ -	-	-	0%	Green
Other Liabilities	\$ -	-	-	0%	Green
Total Liabilities	\$ -	-	-	0%	Green
Equity	\$ 3,000	-	-	0%	Green
Total Liabilities & SE	\$ 3,000	-	-	0%	Green

Enable drill-down to exception-level detail based on XBRL-GL taxonomy

General journal entries (the client will have [not shown])									
Journal Entry ID	Date posted	Posted by	Total amount of entry	Role	Account	Amount	Account	Amount	Account
12455	3/13/2009	McConnell	\$ 25	debit	1000	\$ 25	1000	\$ (25)	
12456	3/13/2009	McConnell	\$ 13	credit	1000	\$ 13	1000	\$ (13)	1000
12457	3/14/2009	McConnell	\$ 5	debit	1000	\$ 5	1000	\$ (5)	
12458	3/14/2009	DeWitt	\$ 10	credit	1000	\$ 10	1000	\$ (10)	
12459	3/16/2009	McConnell	\$ 10	debit	1000	\$ 10	1000	\$ (10)	
12460	3/16/2009	McConnell	\$ 10	credit	1000	\$ 10	1000	\$ (10)	1000
12461	3/16/2009	McConnell	\$ 9	debit	1000	\$ 9	1000	\$ (9)	
12462	3/16/2009	DeWitt	\$ 8	credit	1000	\$ 8	1000	\$ (8)	
12463	3/16/2009	McConnell	\$ 7	debit	1000	\$ 7	1000	\$ (7)	1000
12464	3/16/2009	McConnell	\$ 6	credit	1000	\$ 6	1000	\$ (6)	1000
12465	3/16/2009	McConnell	\$ 5	debit	1000	\$ 5	1000	\$ (5)	
12466	3/16/2009	McConnell	\$ 45	credit	1000	\$ 45	1000	\$ (45)	
12467	4/2/2009	DeWitt	\$ 5	debit	1000	\$ 5	1000	\$ (5)	
12468	4/2/2009	DeWitt	\$ 8	credit	1000	\$ 8	1000	\$ (8)	1000

Standardize the way controls are defined based on Controls XML



Financial Reporting Taxonomy

Global Ledger (XBRL-GL)

Controls XML (GRC-XML)

XBRL

Enabling Drill-Down to Exceptions Based on XBRL-GL

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Operating Income	\$ 1,206					
Interest Expense (Income)	\$ (100)	-				
Earnings before Taxes	\$ 1,306					
Taxes	\$ 457	-				
Net Income	\$ 849					
Balance Sheet	UK					
Cash & Marketable Securities	\$ 2,500	1				
Accounts Receivable	\$ 603	28				
Inventory	\$ 644	12				
Total Current Assets	\$ 3,747					
PP&E	\$ 2,010	73				
Other Assets	\$ 20	-				
Total Assets	\$ 5,777					
Accounts Payable	\$ 261	-				
Prepaid Expenses	\$ 101	13				
Total Current Liabilities	\$ 362					
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Other Liabilities	\$ -	-				
Total Liabilities	\$ 362					
Shareholders Equity	\$ 5,416	-				
Total Liabilities & SE	\$ 5,777					

Unusual manual journal entries that affect net sales (Drill down view)											
Journal Entry ID #	Date posted	Posted by	Total amount of entry	Rule violated	Details	Account #1	Amount (DR/CR)	Account #2	Amount (DR/CR)	Account #3	Amount (DR/CR)
	12345	3/13/2009	Moran	\$ 21	Unusual manual journal entries to sensitive accounts	3400	\$ 21	6301	\$ (21)		
2	12456	3/13/2009	McDonnell	\$ 13	Unusual manual journal entries to sensitive accounts	3400	\$ 13	6302	\$ (7)	6301	-6
3	12567	3/14/2009	McAuliffe	\$ 5	Unusual manual journal entries to sensitive accounts	3401	\$ 5	6303	\$ (5)		
4	12678	3/14/2009	Deeds	\$ 10	Unusual manual journal entries to sensitive accounts	3402	\$ 10	6304	\$ (10)		
5	12452	3/30/2009	Moran	\$ 10	Unusual manual journal entries to sensitive accounts	3410	\$ 10	6304	\$ (10)		
6	12314	3/30/2009	McDonnell	\$ 10	Unusual manual journal entries to sensitive accounts	3402	\$ 10	6304	\$ (7)	6301	-3
7	13121	3/30/2009	McAuliffe	\$ 9	Unusual manual journal entries to sensitive accounts	3402	\$ 9	6304	\$ (1)	6302	-8
8	18767	3/30/2009	Deeds	\$ 8	Unusual manual journal entries to sensitive accounts	3402	\$ 8	6304	\$ (8)		
9	19876	3/30/2009	Moran	\$ 7	Unusual manual journal entries to sensitive accounts	3402	\$ 7	6304	\$ (6)	6301	-1
10	15178	3/30/2009	McDonnell	\$ 6	Unusual manual journal entries to sensitive accounts	3402	\$ 6	6304	\$ (6)	6301	-5
11	12876	3/30/2009	McAuliffe	\$ 5	Unusual manual journal entries to sensitive accounts	3402	\$ 5	6304	\$ (5)		
12	19187	4/2/2009	Deeds	\$ 41	Unusual manual journal entries to sensitive accounts	3434	\$ 41	6305	\$ (41)		
13	16154	4/2/2009	Deeds	\$ 5	Unusual manual journal entries to sensitive accounts	3402	\$ 5	6302	\$ (5)		
14	12741	4/2/2009	Deeds	\$ 6	Unusual manual journal entries to sensitive accounts	3402	\$ 6	6301	\$ 6	6343	6
			\$ 156								

It may not be CA/CCM, but...noodle for next decade





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VISION

HOW CAN THE FUTURE BE SO HARD TO PREDICT
WHEN ALL OF MY WORST FEARS KEEP COMING TRUE?



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November, 2009