

## ACHIEVING SUSTAINABLE SOX COMPLIANCE AT VIPNET

### Challenge

Compliance with the Sarbanes-Oxley Act (SOX) is a must for any company that's listed on the U.S. stock exchange. The aim is to improve investor confidence. As part of the Mobilkom Austria group, Vipnet was obliged to comply with SOX. This meant making business processes transparent as well as proving the efficiency of its internal control system in accordance with SOX requirements.

### Solution

Vipnet used process management as a valuable starting point and ARIS Audit Manager (now ARIS Risk & Compliance Manager) as the tool to provide support in SOX implementation.

### Benefits

- Internal control of financial reporting now in place through processes, controls and by testing plans and results in a consistent database
- Improved ability to correct and detect process weaknesses
- Dependable and effective internal control system
- Substantial decrease in financial risks
- Improved documentation quality
- Significantly leaner processes and more effective controls



In just one year, Vipnet became the leading Global System for Mobile Communications (GSM) operator in Croatia. The company also is one of the most successful companies in Croatia as a result of its progressive network expansion and continuous investments in development. The company credits its success to a high level of international knowledge and experience in mobile communications and the enthusiasm of its partners. Vipnet is owned by Mobilkom Austria AG.

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**“If we have to do the SOX implementation, let’s use it as a benefit to improve internal control system and to support corporate governance. Appropriate tools can make it better structured and paperless.”**

Nevenka Crneka-Čudina | Business Process and SOX Manager | Vipnet d.o.o.

## Initial situation

In 2005, Vipnet learned it needed to assist Telekom Austria with SOX compliance. There was a lot of uncertainty about how to comply with the U.S. law’s precise requirements. It was clear, though, that compliance depended on defining, establishing and testing significant accounts, processes and controls. This would lead to new tasks and obligations, costs and resources associated with internal control improvements.

A customer-oriented company, Vipnet is known for being innovative and passionate. The company provides an exceptional customer experience with easy-to-use, quality products and services and unique customer service. The company already implemented process management to improve customer-related processes as well as processes that support strategic goals and make the company more agile.

To become SOX compliant, however, Vipnet needed to a financially oriented approach to process management.

There were many challenges to address. First, controls weren’t specifically defined (if they even existed at all). Controls weren’t regarded as part of a business process repository so they couldn’t be mapped as part of a process flow. That meant process mapping was insufficient. As a result, any external audit process documentation couldn’t be used. Additionally, controls weren’t tested.

Processes already were defined in detail using ARIS and published on the company’s Web site using ARIS Web Publisher. That gave the company a head start.

## Two phases to compliance

During a “dry run” in 2005, Vipnet organized the compliance project with strong support from top management. Developing the right process meant supporting the company’s existing process management concept and tools. The greatest focus was needed in the areas of finance and support for Control Objectives for Information and related Technology (COBIT) requirements.

Vipnet’s already-defined processes were used to map Major Classes of Transaction (MCOT) required by SOX. Additionally, Vipnet established an additional process view—the so-called SOX or MCOT view. Before Vipnet could establish the MCOT definition, it needed to define risks within its significant processes.

Risks were detected and mitigated using appropriate controls. Control effectiveness needed

to be proven by explicitly defined testing. This involved not just risk description but also control description, frequency, responsible people and executors as well as testing steps and the sample sizes.

Data was defined in a user-friendly way for process/control owners in an Excel spreadsheet, which Vipnet wanted as the “interface” to the business user. Using import/export scripts, the captured data was saved and maintained in ARIS attributes of a risk object, which were clearly defined within processes and available on the Web.

Control testing, including on documentation, has to be done on a regular basis. For this purpose, Vipnet used ARIS Audit Manager (now ARIS Risk & Compliance Manager). The tool supports Vipnet employees with this challenging task by planning, triggering and tracking tests of Vipnet’s installed



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controls. Results of these tests, including risk descriptions, control descriptions and test descriptions, are stored in an audit-proof manner.

To test the documented workflows, data is transferred into ARIS Audit Manager directly from ARIS attributes.

At the beginning of 2006, the SOX project was handed over to the operational-line organization in order to achieve compliance. All ineffective controls, which had caused deficiencies, were detected and remedied during the “dry run” and then retested in ARIS Audit Manager by internal and external auditors and testers. External auditors got results directly from the tool.

SOX implementation is a demanding and huge task, usually a strategic project with the involvement of top management. At Vipnet, the project phase was rather short, and SOX compliance became one of the management processes in regular business and line organization. It took a lot of effort and commitment from Vipnet’s management, process owners, controllers and new bodies, like the SOX Steering Committee and SOX Competency Center.

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### How Vipnet benefits

By the end of 2006, SOX final testing was performed by internal audit and independent testers within the company as well as by external auditors. The result confirmed that Vipnet had established effective internal control of financial reporting. The main goal—achieving compliance with SOX requirements—was met based on the group materiality and scope definitions provided by the holding company.

In achieving this goal, Vipnet also:

- Created transparency across the entire process landscape, including having stakeholder-specific views
- Improved processes by identifying and mitigating weak controls
- Decreased financial risks

Additionally, using ARIS Audit Manager led to:

- Paperless documentation and transparency of the processes and controls

- Lower maintenance costs and improvement of the processes, risk and controls
- Increased quality assurance through IT supported control testing workflows
- Improved real-time quality reporting of all test cases and their results
- Less paperwork and consistent data for final reports
- Less auditing interactions

### ARIS at work

Process management at Vipnet is supported entirely by the ARIS Platform. Vipnet is a fast-growing company and insisted on data consistency within the company. Therefore, the organizational structure documented in ARIS is updated by the relevant database in Human Resources (HR) and supported by a semi-automatic link established through the ARIS HR Link module. Processes are published by ARIS on the company’s Web site according to the authorization level defined by the process owner.



As SOX compliance requirements appeared, ARIS Audit Manager (now ARIS Risk & Compliance Manager) was chosen to have a consistent solution for process management and risk management. Risk objects covered all data needed to describe not only risks within the processes but included controls and tests as well. Through the appropriate choice of attributes, data needed for planning of testing activities can be predefined.

The transfer of data from ARIS Toolset to the ARIS workflow engine is accomplished using scripts. They're started in ARIS Toolset and finalized in ARIS Audit Manager, which creates test cases according to the required frequency, assigns them to the appropriate group of testers and delivers these test notes via e-mail.

ARIS also warns testers if they are about to miss a due date and closes the test case after passing the due date. Testers can then assess the control by performing the test and then save the test results and comments. Accompanying documentation can be linked to those results. Testing findings and statistics are all available directly from the tool as a read-only report for the auditors.

## KEY COMPONENTS

**ARIS Business Architect** is a collaborative process design tool that's easy to access and easy to use. Virtually anyone can design agile processes to improve business performance, from product development to sales and service.

**ARIS Business Publisher** is a process tool that guarantees flexible, low-cost availability of process information or IT architectures.

**ARIS Risk & Compliance Manager** is software that takes a process-focused approach to efficient Governance, Risk & Compliance (GRC). Companies use it to implement and efficiently operate an enterprise-wide compliance and risk management system.

Take the next step to get there - faster.

### ABOUT SOFTWARE AG

Software AG is the global leader in Business Process Excellence. Our 40 years of innovation include the invention of the first high-performance transactional database, Adabas; the first business process analysis platform, ARIS; and the first B2B server and SOA-based integration platform, webMethods.

We offer our customers end-to-end Business Process Management (BPM) solutions delivering low Total-Cost-of-Ownership and high ease of use. Our industry-leading brands, ARIS, webMethods, Adabas, Natural, CentraSite and IDS Scheer Consulting, represent a unique portfolio encompassing: process strategy, design, integration and control; SOA-based integration and data management; process-driven SAP implementation; and strategic process consulting and services.

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