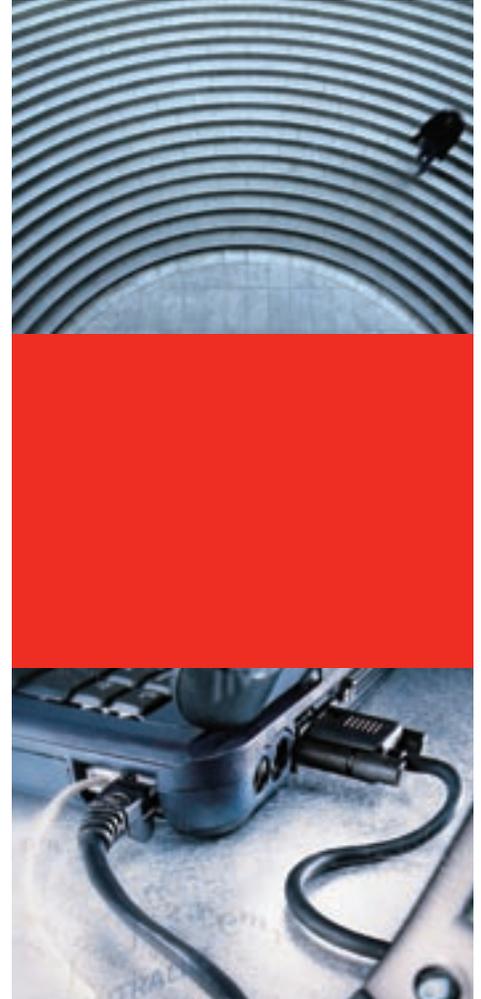


INFORMATION ENABLES

Compliance at Every Level

Oracle Compliance Architecture





ORACLE IS THE INFORMATION COMPANY

Embed Compliance into the Fabric of Your Organization

Companies need a systemic way to manage compliance requirements across the organization. Oracle's unified approach is more sustainable, cost-effective, and adaptable than ad-hoc approaches to governance and compliance.

It's a new world of disclosure and accountability for businesses, as governments and independent standards bodies impose stringent compliance requirements covering financial reporting, privacy, security, records retention, and more. No one expects that we have seen the end of these new industry and legislative compliance requirements—and no one expects the complexity of complying with them to decrease.

Until now, many companies have responded to the new compliance mandates as a series of individual projects—rather than as part of a proactive, comprehensive compliance program. This approach is costly: according to Gartner, "Companies that choose one-off solutions to each regulatory challenge they face will spend 10 times more on compliance projects than their counterparts that take a proactive approach."*

Keeping costs down is possible only if you approach compliance as a broad business requirement, implementing systems and processes that will handle the mandates effectively both now and in the future. Only Oracle delivers a complete compliance architecture that combines data and identity management, enterprise content management, business processes and controls, risk management, learning management, and performance management and reporting.

Oracle's approach to compliance delivers the control, visibility, and efficiency you need to support any compliance or governance mandate that comes your way.

*Gartner, Inc., Tom Eid, Joanne Correia, French Caldwell, "Corporate Governance Spending Disrupts Software Purchases," November 2004.



CFO Wish List for Compliance

When *CFO Magazine* asked CFOs to design their dream systems for compliance and performance management, their wish lists included a common database, dashboard capabilities, and embedded business intelligence.

Reduce Compliance Costs with a Comprehensive Information Architecture

By its very nature, compliance management involves information and processes that are distributed across the organization and affect the entire makeup of your company. You need a solution that supports all of your compliance processes—from records retention, electronic discovery, and online compliance training to monitoring and enforcing business rules and system controls and reporting to regulatory authorities.

That's why an ad-hoc approach isn't sustainable—and why integrating a variety of standalone solutions from niche providers is 10 times more costly than a truly unified solution. That's real money, particularly when you consider that compliance costs for International Financial Reporting Standards (IFRS) and Sarbanes-Oxley (SOX) Section 404 regulations alone average millions of dollars annually for most large corporations.

By embedding compliance into the fabric of your organization, you can drive down the cost of regulatory compliance and strengthen your reputation for business transparency.

Manage Risk More Easily

Companies that invest in technologies to enable repeatable, reliable compliance processes will ultimately spend fewer resources to comply—whether it's in time, money, or manpower. Oracle Internal Controls Manager provides a risk-management framework for managing internal-control, financial, operational, or environmental audits. It streamlines all compliance activities—including documenting, testing, monitoring, and certifying processes and controls—while managing enterprise risk. Oracle Internal Controls Manager catalogs and tracks risk factors that might affect financial statements. It also lets you submit audit findings, issue audit reports, and review the status of financial statements, reconciliations, and overall enterprise compliance.

Automate Controls Testing

Not having the proper segregation of duties within applications is a significant risk for every company, and yet most organizations have difficulty enforcing them. Employees change roles or leave the company, requiring companies to regularly monitor current-user and recommended permissions—a process they often do manually, by running reports and then comparing them.

Fact: Global spending on compliance initiatives will reach US\$80 billion between 2005 and 2009, with US\$6.1 billion of that total to be spent by companies in 2005 on Sarbanes-Oxley (SOX) compliance programs. (AMR Research, John Hagerty, Fenella Scott, "Spending in an Age of Compliance, 2005," March 2005)



"By using the application-controls-monitoring capabilities within Oracle Internal Controls Manager, ViaSat can effectively and efficiently look across the organization at critical setups to ensure that the automated controls we rely on aren't being compromised by various access or change parameters. From a monitoring aspect, it's a huge efficiency going forward."

Aaron Sager, Manager of Business Systems, ViaSat

Oracle Internal Controls Manager enables companies to automatically test segregation-of-duties and application controls, and to manage them from within a risk-management framework. The risk and

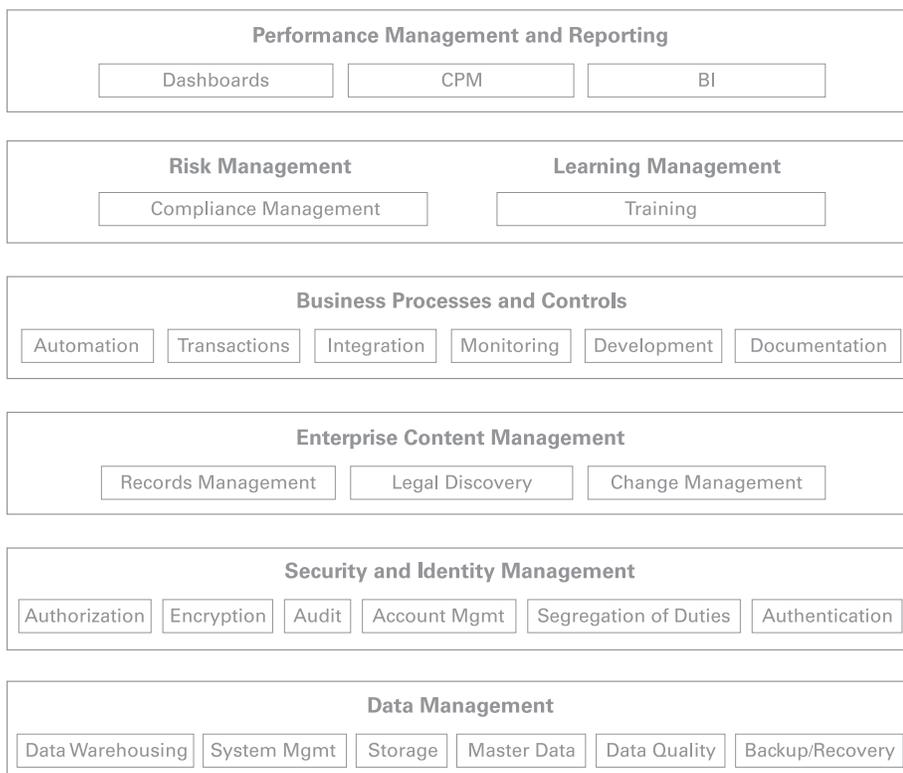
control library holds definitions for the segregation-of-duties conflicts, as well as for the application controls built into Oracle E-Business Suite. Oracle Internal Controls Manager continuously monitors changes to

Comprehensive, Sustainable Compliance

Only Oracle provides *all* the technology components companies need to achieve sustainable compliance—giving you a sustainable compliance system at reduced cost that can readily adapt to future changes (see diagram).

By embedding compliance into the fabric of your organization, you can drive down the cost of regulatory compliance and strengthen your reputation for business transparency.

Oracle compliance architecture: comprehensive, sustainable compliance





“Silicon Image just recently received our clean opinion from the auditors for our 404 Certification, and I believe a lot of that was a result of the embedded controls within Oracle.”

Krista Ladd, Oracle Applications Manager, Silicon Image



Silicon Image

Silicon Image is a US\$175 million company that designs, develops, and markets multi-gigabit semiconductor solutions for the secure transmission and storage of rich digital media. Two years ago, the company replaced its legacy systems with Oracle E-Business Suite, and recently became one of the first companies to standardize on Oracle Internal Controls Manager to support compliance with SOX 404.

According to Krista Ladd, Oracle applications manager, “One of the reasons that Silicon Image purchased Oracle Internal Controls Manager was for the integration it provides to Oracle Financials. We found that having Oracle Internal Controls Manager linked with the GL and being able to tie processes and risks and controls to natural accounts, would be very beneficial for us.”

the control settings within Oracle E-Business Suite to help companies detect unauthorized changes, prevent fraud, and minimize disruption to mission-critical systems.

Ensure Adherence to Policies and Procedures

Because compliance should be an enterprisewide initiative, keeping your employees “in the loop” is critical for achieving your compliance goals. But how can you streamline training and keep it up to date without devoting intensive, ongoing corporate resources to the effort?

Whether delivered as part of Oracle Internal Controls Manager or used alone, Oracle Tutor offers a selection of tools and an integrated set of procedures to help you and your employees quickly document, deploy, and maintain critical business procedures that support regulatory compliance. Even as your business processes change, Oracle Tutor keeps your documentation current—automatically updating the process diagram any time you change the procedure narrative.

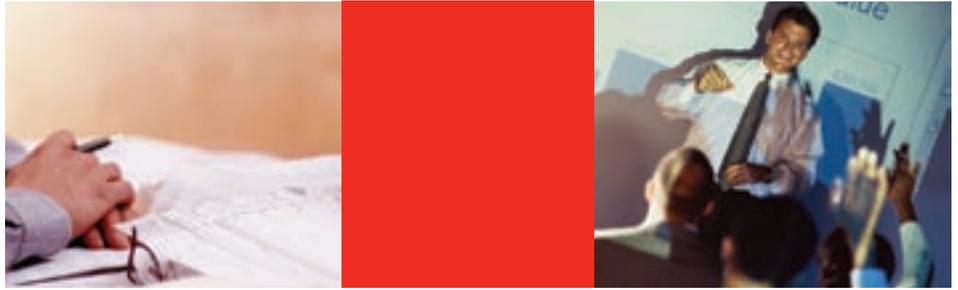
More than 1,000 Oracle Tutor customers worldwide use it to create, distribute, and maintain their business procedures, thanks to the familiar Microsoft Word-based format,

play-script format, Web-enabled remote access, and streamlined implementation.

Manage Electronic Records Securely and Cost-Effectively

The regulatory environment for auditing and retaining content has grown exponentially in the past decade. Now many regulations—including HIPAA, the EU Data Privacy Directive, and even the FDA’s 21 CFR Part 11 requirements on electronic communications—require companies to retain and securely manage their electronic content. While each regulation has its own characteristics and requirements for evidence discovery, certain aspects are universal: organizations must ensure rapid, reliable access to all content (electronic documents, e-mail, instant messages, physical documents, and so on); robust retention and disposition management; secure access control; comprehensive action tracking; full content analysis and classification; and well-defined, documented business processes.

Most companies, with the exception of financial services firms, lack an enterprisewide approach to managing electronic documents—and complying with new regulations has resulted in costly, time-consuming retrieval and storage.



“Right now, we’re saving about US\$50,000 on SAN disks that we do not need to buy. Our critical information is more organized, and because it’s all in one database, backup is a lot easier. So just the savings alone in terms of maintenance of the old Novell file servers has saved IT quite a bit of money.”

Glenn Cerny, VP and CIO, Lansing Community College (quoted about the college’s use of Oracle Files in “Tame Your Content,” David A. Kelly, *Oracle Magazine*, March/April 2005)

Oracle Content Services (formerly Oracle Files, part of Oracle Collaboration Suite) offers a unique architecture for effectively retaining, auditing, archiving, and supervising electronic content.

Built on the industry-leading Oracle Database and relying on Oracle’s unified data model, Oracle Content Services can effectively archive both structured and unstructured content. Backed by the documented security of Oracle Database, Oracle Content Services lets you search for and retrieve structured content stored in relational databases or unstructured content stored in electronic documents, e-mails, instant messages, calendars, Web conference proceedings, Web content, and interapplication transactions.

Maximize Control Through Automated Processes and Controls

Until Sarbanes-Oxley hit the scene, most companies tended to turn on only 30 to 40 percent of the controls embedded in their enterprise resource planning (ERP)

systems, opting to handle many internal controls manually. However, most auditors agree that application controls are more reliable and significantly easier to test than manual controls. Companies that take this opportunity to turn on the remaining controls within their business applications will be able to integrate internal controls into day-to-day activities and reduce the scope of future testing activities.

Enforce Compliance Across the Organization

Oracle applications offer a rich set of automated processes and controls that enable companies to enforce their business rules in every transaction, as well as to implement and enforce policies that meet the evolving requirements of global regulations. Oracle offers applications that are based on a service-oriented architecture (SOA), so your company can build the business processes it needs and you can adapt them when your business needs change.

Oracle Fusion Middleware—a family of products that includes Oracle Application Server and its related products and options, Oracle Data Hubs, and Oracle Collaboration Suite—automates human and



Fact: Only 25 percent of large companies have standardized on a global ERP system. The rest have fragmented systems, multiple general ledgers, and transaction-system interfaces that constitute some of the biggest barriers to meeting governance and compliance mandates.

(AMR Research, "The Enterprise Resource Planning Report, 2003-2008")

system workflows across applications and IT systems, eliminating costly, error-prone data reentry and manual approval procedures. Two members of the family, Oracle BPEL Process Manager and Oracle Business Activity Monitoring, are key components of a compliance-enforcement strategy.

Oracle BPEL Process Manager enables you to create, deploy, and manage end-to-end business flows by connecting all the necessary applications and implementing human-workflow activities. Oracle Business Activity Monitoring then lets you monitor your business processes across multiple applications and IT systems to ensure they are working as designed.

Oracle Financials, part of the Oracle E-Business Suite, delivers thousands of automated controls to enforce compliance across the organization. Examples include cross-validation rules for master data; journal processing to prevent inaccurate journals and entries of invalid account combinations; two-, three-, and four-way matching; sequential numbering; and the ability to set quantity and price tolerance limits during invoice processing. Oracle Internal Controls

Manager works with Oracle E-Business Suite to monitor internal business processes and underlying controls. It also makes it easy to audit and monitor changes to the application controls within Oracle E-Business Suite.

Maintain Data Integrity and Security

Only Oracle offers a compliance system based on the industry's most secure database. Oracle Database is the core of any compliance system, providing row-level security, fine-grained auditing, and transparent data encryption.

Regulatory compliance demands data integrity, and to provide this, Oracle Database delivers the network encryption that prevents anyone from reading or tampering with the data during transmission to or from the database. Its Oracle Advanced Security technology includes industry-standard algorithms and a FIPS-compliant (Federal Information Processing Standard) implementation of cryptography that simplifies the encryption process.

Oracle Advanced Security also lets organizations leverage existing security infrastructures—such as Kerberos, PKI (Public Key Infrastructure), RADIUS (Remote Authentication Dial-In User

“We will be able to use the dashboard in Oracle Internal Controls Manager to see how we stand at any given time in the 404 certification process, as defined by financial-statement line items and their associated business processes. We can also see when process owners have evaluated and signed off on the effectiveness of internal controls associated with a specific business process. Having that level of accountability really gives us that much more comfort in the entire process.”

Barry Goldfeder, Senior Director, Business Controls, Systems, and Processes,
Loral Space & Communications



Server), and DCE (Distributed Computing Environment)—for strong authentication services to Oracle Database. Additionally, you can provision Oracle Database users directly in the Oracle Identity Management repository or synchronize user data with a third-party repository and assign a security-clearance level. This simplifies administration by providing a central, enterprisewide repository that allows the sharing of security and privacy policies.

Achieve Accountability

Another critical requirement for compliance is a record of system activity that details user accountability. Any compliance system requires auditing capabilities that help deter unauthorized user behavior, ensure that authorized users do not abuse their privileges, and log data that may be useful for forensic analysis in a compliance investigation.

Oracle Database delivers these advanced audit capabilities through extensible, fine-grained auditing features. (Fine-grained, or “policy-based” auditing, allows organizations to define the specific audit policies that alert administrators to misuse of legitimate data-access rights so that the system can generate a record of it.)

Oracle applications also ensure accountability. To protect sensitive information and help prevent fraud, the user-security model in Oracle E-Business Suite provides role-based access control and user administration. Oracle Internal Controls Manager continuously monitors segregation of duties within Oracle applications and can help enforce accountability and strengthen compliance by enabling business-process owners to identify, document, and monitor internal controls for which they are responsible.

Oracle Identity Management extends these capabilities so that you can centrally manage user identities and their access rights for both Oracle and non-Oracle applications. This enables an organization to enforce segregation of duties by standardizing user access. Organizations can also restrict access by maintaining tight control over user permissions, privileges, and profile data, and by strictly controlling who has access to what and when. Oracle Identity Management automates access management by providing a workflow process for creation, approval, and issuance of privileges—something auditors routinely look for. Finally, organizations can demonstrate controls are in place and working through comprehensive aggregated-audit and reporting capabilities.

Oracle On Demand: Let Oracle Manage Your Compliance System

Even with all the advantages of Oracle’s compliance architecture at their disposal, many organizations find that they lack the resources to develop and manage their own compliance systems. That’s where Oracle On Demand comes in. Based on Oracle’s significant investment in the underlying delivery platform and processes, Oracle On Demand handles the compliance system for you, with Oracle doing the heavy lifting. You gain a single point of accountability and a faster time to deployment of a powerful, proven compliance system. The result: more control, with less risk.

Plus, Oracle’s processes are fully SAS 70 Phase II-compliant and meet the highest compliance certifications and standards. That gives you an immediate advantage in meeting requirements such as Sarbanes-Oxley.



Control Authorization Levels

While the user-security fundamentals of authentication, access control, and audit are built into Oracle Database and Oracle Application Server, many organizations still struggle with distinct user and authorization repositories. Oracle Identity Management solves this issue, with centralized user management across a heterogeneous IT environment.

Enterprise User Security, a feature of Oracle Database, lets you centrally administer database users in the Oracle Identity Management system. This not only reduces administrative costs but, through integration with Oracle Virtual Private Database and Oracle Label Security, can deliver a system that uses a method of least privileges—where users do not have access to more information than is required for their jobs—as a critical success factor.

Govern Employee Conduct

Ensuring compliance requires active engagement across the organization, with employees and managers following appropriate procedures and business practices. To address the human side of compliance, companies are turning

to online learning and survey tools to keep their workforce up to date on their corporate governance and compliance programs and to make employees aware of the penalties for noncompliance. Using Oracle Learning Management for online education and training, senior management can institutionalize policies and procedures and demonstrate employee knowledge of the company's business-ethics program.

Improve Visibility of Financial, Business, and Performance Data

Today's information economy has made IT systems an integral part of nearly every business process. The dependence on high-quality data, continuous service availability, system performance, and scalability to meet business and control objectives has seeped into regulatory requirements as well.

Companies have started to think about simplifying their information systems to easily produce transparent and consistent data. Some of the initiatives being undertaken in this regard are consolidating ERP systems;

Fact: Some 75 percent of companies still rely on multiple finance systems for their management and regulatory reporting, limiting visibility into financial results and exposing them to error, fraud, and the risk of noncompliance.



implementing financial-consolidation software to improve financial reporting; and adopting business intelligence solutions to gain a unified view into compliance, enterprise risk, and business performance. Oracle offers several products to help you achieve a single source of information and an integrated view of corporate performance.

Consolidate Information for a Single Source of Truth

Oracle's applications are engineered to work together by using a single information repository that provides an accurate picture of every customer, every product and service, and every transaction. Oracle's centralized data model helps break down information silos by cleansing and enhancing consolidated central data. Companies can eliminate data complexities and inconsistencies by using this single source of high-quality information for both transaction automation and business intelligence.

Because it is common for organizations to manage dozens of applications, Oracle offers enterprise data hubs that are built upon Oracle's integration technology. Oracle Data Hub products allow you to synchronize information in a single central

location, from all systems throughout your enterprise—for an accurate, consistent, 360-degree view of your company's data, whether it comes from packaged, legacy, or custom applications. Oracle Data Hubs ensure highest data quality by providing a real-time, consistent, single source of truth.

Deliver Uninterrupted Service

Oracle Enterprise Manager with Oracle Grid Control enhances system performance and scalability with a single, integrated interface for administering and monitoring applications and systems based on the Oracle technology stack. Oracle Enterprise Manager includes complete monitoring, performance management, distributed-database and application-server administration, enhanced diagnostics, automated tuning, and an architecture that allows administrators to manage from anywhere.

Oracle Real Application Clusters, an option for the Oracle Database, delivers the highest levels of availability by allowing you to run packaged or custom applications—without modification—in a cluster of low-cost servers. If one of the clustered servers fails, the application



“IDC sees emerging a compliance platform that has three layers: an information management layer that deals with intelligent storage and retrieval of both structured and unstructured information; a process automation layer, which serves to integrate compliance activities into operational processes or create new cross applications to support compliance; and a people enablement layer, to support information delivery as well as the use of collaborative technologies to proactively drive role-based compliance processes as part of day-to-day operations.”

Kathleen Wilhide, Research Director, International Data Corp.

continues to run on the remaining servers. Recovery is automatic, and interrupted transactions simply get resubmitted to a surviving node in the cluster.

And ensuring flexible scalability with Oracle Real Application Clusters is easy: you can add another cluster to increase processing power without taking users offline. Oracle automatically balances workload across the nodes in the cluster to maintain high performance levels.

Streamline Production of Consolidated Financial Statements

To help you meet accelerated filing requirements and other compliance mandates that require secure, high-quality financial data, Oracle recently introduced the Oracle Financial Consolidation Hub. This hub consolidates data from disparate sources and automates the production of consolidated financial statements—so you can roll up the results of a company and its subsidiaries as if it were a single company. The result is increased visibility into financial information and streamlined compliance with SOX, IFRS, and other financial-reporting mandates.

Gain a Unified View of Business Performance

Oracle believes that compliance provides a significant opportunity to improve information quality and operational performance. In fact, many companies benefited from the documentation exercise required by Sarbanes-Oxley, identifying flawed or inefficient processes and prioritizing reengineering efforts. Now is the time to focus on the risks that really matter, and align compliance with business strategy and goals. Companies that monitor key risk and performance metrics together are more likely to achieve their business objectives.

Oracle Business Intelligence addresses the entire spectrum of analytical requirements—including querying, reporting, analysis, data integration and management, desktop integration, and business intelligence application development—to help you understand your business performance. Oracle Warehouse Builder manages the full lifecycle of data and metadata for Oracle Database and enables the design and deployment of business intelligence applications, data warehouses, and data marts from start to finish.

Fact: More than 40 percent of all securities fraud class-action lawsuits filed in 2004 were tied to internal control allegations, second only to revenue recognition allegations. (CFO.com, August 4, 2004)



“Building a sustainable compliance framework can help companies improve their organization. Optimizing the people, processes, and technology that are necessary to embed compliance processes into day-to-day operations can help them manage risk across the business, gain visibility into company-wide performance, and reduce costs by eliminating complexity.”

Lee Dittmar, Principal, Deloitte Consulting LLP

The Oracle Corporate Performance Management (CPM) family of applications lets your organization achieve sustainable compliance and world-class performance by helping managers formulate strategies for profitable growth, align strategies with operational plans, actively monitor day-to-day operations, and collaborate across the enterprise. Well-defined business process functionality built within the applications lets you make timely decisions and increase accountability. A unified data model provides a single, accurate view of enterprisewide information, promoting transparency, actionable analysis, and rapid execution—benefits that help you support sustainable compliance.

Three applications in the Oracle CPM family—Oracle Enterprise Planning and Budgeting, Oracle Balanced Scorecard, and Oracle Daily Business Intelligence—are particularly useful for compliance management. Oracle Enterprise Planning and Budgeting automates real-time monitoring of execution against plans, and integrates performance management

with personal accountability. The result is that you can involve those closest to the business—from line employees to executives—in the planning and budgeting process, while holding stakeholders accountable for critical decisions.

Oracle Balanced Scorecard lets you create custom scorecards to proactively monitor key performance indicators; you can identify potential problems early and take corrective action. And Oracle Daily Business Intelligence delivers accurate, timely, actionable information to your executives, managers, and front-line workers, so results, deviations, and other critical information required for compliance are delivered to the people who need it.



Fact: The number of companies reporting estimated costs of more than \$10 million [for Sarbanes-Oxley compliance] nearly doubled from 2004.

(Business Roundtable Survey of Governance Practices, March 2005)

“I have come to view strong corporate governance as indispensable to resilient and vibrant capital markets. It is the blood that fills the veins of transparent corporate disclosure and high-quality accounting practices. It is the muscle that moves a viable and accessible financial reporting structure.”

Arthur Levitt, Former SEC Chairman

The Payoff: Sustainable Compliance at Lower Cost

Oracle’s complete information architecture and supporting applications can help you build a sustainable compliance system for your organization—at a dramatically lower cost than a series of niche solutions that address each compliance mandate singly. The benefits of the Oracle compliance architecture go beyond simply meeting requirements. When you embed a comprehensive compliance system into your organization’s business processes, you can

- Improve financial transparency and disclosure
- Enforce accountability for compliance and operational performance
- Protect and enhance shareholder value

The payoff for investing in Oracle technology to build sustainable compliance is not only lower compliance costs and better access to credit. A reputation for good corporate governance can attract top-tier management and board members to your organization, and provide an enhanced reputation for social responsibility that will keep employees and consumers loyal to your brand for years to come.

Oracle developed the industry’s most advanced road map to sustainable compliance. By relying on a comprehensive information architecture—that combines data security, scalability, and reliability with integrated business and compliance processes, embedded internal controls, performance measurements, and content and records management—you can realize the current and long-range benefits of embedding compliance into the very fabric of your organization.

CONTACT US

To learn more, call **+1.800.ORACLE1** to speak to an Oracle representative or visit oracle.com/solutions/corporate_governance.



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