SAP GRC Overview

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SAP GRC
Managing Risk Is Everyone’s Job

Board, Audit Committee
Executive compensation issues

Compliance / Risk Office
Disconnected risk analysis

IT Operations
Data security issues

Procurement
Supplier “black lists”

Supply Chain

Executives & Managers
Incomplete global risk profile

Finance
Complex, international compliance requirements

Human Resources
Employee safety compliance

Sales, Service
High credit risk customers

Customers & Channel

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Unidentified risks impact performance

National Headlines

“US Imposes Record $100 Million Penalty for Export Control Violations”
March 27, 2007, Washington Post

“Data Theft at Nuclear Agency Went Unreported for 9 Months”
June 10, 2006, New York Times

“Bomb Scare shuts Port’s Terminal 18”
Aug 18, 2006, The Seattle Times

“Brand Name High Tech Manufacturer Violates E.U. Pollution Law”
Jul 06, 2006, CIO Tech Informer

Impacts Performance in the Market

- Failure in Operational Control
- Disrupts major operations
- Reduces Investor & Market Confidence
- Increases Business Costs
- Results in Closer Scrutiny
- Impairs Customer Service
- Increases Business Costs
- Results in Closer Scrutiny
- Impacts Performance in the Market
Overcome fragmentation, gain transparency with GRC

- Board, Audit Committee: Evidence for decisions & directives
- Compliance / Risk Office: Integrated risk analysis
- IT Operations: Secure IT infrastructure
- Procurement: Anti-terrorist trade practices
- Finance: Global financial reporting compliance
- Human Resources: Environmental health & safety compliance
- Sales, Service: Balanced credit profile
- Executives & Managers: Increased confidence in business results
- Supply Chain
- Customers & Channel

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A holistic solution for GRC Management

- Automates and embeds GRC processes into business processes
- Delivers transparency for balanced global risk profile
- Standardizes on common GRC content and rules
- Drives higher margins and shareholder value
- Promotes a culture which values effective GRC
GRC Business Drivers

Governance Risk and Compliance

Financial Compliance
- SOX mandate (Section 404 and 302)
- Segregation of Duties analysis & enforcement
- Reduce fraud and risk
- Certify the sign-off process for executives
  - Identify controls for organizations
  - Provide auditors with complete audit trail

Trade Management
- Enforcement is on the rise, esp. after 9/11
  - Companies need to strictly adhere to changing regulations such as ITAR and EAR or risk costly fines
  - Security initiatives requiring more internal control, record keeping and audit trail

Environment Regulations
- “Green” supply chain as competitive advantage
  - Corporations need to comply with environment laws and regulation such as RoHS and REACH
  - Mandate of Clean Air Act
- Streamline environmental reporting
- Health care risk assessment and prevention
- Worker safety and hazardous materials need to be documented and identified

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GRC Solution Overview

Governance Risk and Compliance

- Financial Compliance
- Trade Management
- Environment Regulations
- GRC Access Control Suite
- GRC Global Trade Services
- EH&S Environmental Compliance (EC) Compliance for Products (CfP)
- GRC Process Controls
SAP GRC Access Control
Sustainable prevention of segregation of duties violations

- Minimal Time To Compliance
  - Risk Identification and Remediation
    - Rapid, cost-effective and comprehensive initial clean-up

- Continuous Access Management
  - Enterprise Role Management
    - Enforce SoD compliance at design time
  - Compliant User Provisioning
    - Prevent SoD violations at run time
  - Superuser Privilege Management
    - Close #1 audit issue with temporary emergency access

- Effective Management Oversight and Audit
  - Periodic Access Review and Audit
    - Focus on remaining challenges during recurring audits

Risk analysis, remediation and prevention services

Cross-enterprise library of best practice segregation of duties rules
The framework for an integrated approach to ERM

SAP GRC Risk Management
Risk-adjusted management of enterprise performance

- Establish risk appetite and thresholds
- Collaborate and aggregate across the enterprise
- Balance cost of risk avoidance and opportunity
- Actionable role-based dashboards and alerts

SAP GRC Risk Management
Balance business opportunities with financial, legal, and operational exposure to minimize the market penalties from high-impact events

Risk Planning
Risk Identification and Analysis
Risk Response
Risk Monitoring

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SAP GRC Global Trade Services
Solving global trade challenges

Avoid delays at borders to ensure fast delivery to customers
Expedite customs clearance to reduce costly buffer stock
Make the most of international trade agreements
Take advantage of export refunds

SAP GRC Global Trade Services
Ensure full regulatory compliance, expedite customs clearance, mitigate financial risk of global transactions, take full advantage of international trade agreements

Export Management
Import Management
Trade Preference Management
Restitution Management
SAP GRC EH&S and Environmental Compliance
Solving environmental, health, safety challenges

Cross-Industry
- Occupational Health
- Industrial Health and Safety
- Hazardous Substance Management
- Product Safety
- Dangerous Goods Management
- Waste Management

Industry Specific
- Soil, Water, Waste Management
- Product Compliance
- Chemical Mgmt

SAP EH&S
Comprehensive and complete business solution for environment, health and safety management

Applications for EH&S Compliance Management
### Manage With Confidence
**Over 2200 customers worldwide rely on SAP Solutions for GRC**

<table>
<thead>
<tr>
<th>Company</th>
<th>Benefits</th>
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<tbody>
<tr>
<td><strong>Microsoft</strong></td>
<td>- Mitigate horizontal risks with SAP Global Trade Services and Virsa Access Enforcer for SAP</td>
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<td>- Extended core processes with GRC; over 1 M compliance screenings/month</td>
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<td><strong>Kimberly-Clark</strong></td>
<td>- Reduce compliance costs with Virsa Compliance Calibrator</td>
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<td>- Eliminated 4,800 Staff Hours annually; audit costs 23% below norm</td>
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<td><strong>Halliburton</strong></td>
<td>- Effectively manage increasing trade regulations with SAP Global Trade Services</td>
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<td></td>
<td>- Automated 99.9% of export processes; Reduced headcount (450 → 14)</td>
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<tr>
<td><strong>Applied Biosystems</strong></td>
<td>- Grow and stay compliant with multiple regulatory changes using SAP Global Trade Services</td>
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<td></td>
<td>- Reduced cycle times (5 → 2 days)</td>
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<tr>
<td><strong>CN</strong></td>
<td>- Improve occupational health with SAP Environment Health &amp; Safety</td>
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<tr>
<td></td>
<td>- Incident numbers and cost down; replaced 11 legacy systems</td>
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SAP Global Trade Services
SAP Global Trade Services manages all complexities of international trade including full regulatory compliance, interactions with customs and management of risk while trading on a global basis. It consists of separate modular components that enable companies to improve their supply chain and comply with international regulations.

- Export
- Import
- Trade Preference
- Restitution

More than Export Control

More than Import Control
**SAP Global Trade Services**

<table>
<thead>
<tr>
<th>Service</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export Management</td>
<td>Ensure full regulatory export compliance, generate and file customs documents, mitigate risk</td>
</tr>
<tr>
<td>Import Management</td>
<td>Ensure full regulatory import compliance, expedite customs clearance, mitigate risk</td>
</tr>
<tr>
<td>Trade Preference Management</td>
<td>Make the most of international trade agreements</td>
</tr>
<tr>
<td>Restitution Management</td>
<td>Take advantage of export refunds</td>
</tr>
</tbody>
</table>
SAP Global Trade Services (SAP GTS)
Driving Efficient Cross-Border Trade

Increased Productivity and Business Insight

Adaptable Business Processes Based on Flexible Technology Platform

Integrate Systems, Data and Business Partners

SAP Global Trade Services

Export Management
Import Management
Trade Preference Management
Restitution Management

SAP NetWeaver

Applications
- ERP
- SCM/SRM
- CRM
- Legacy

Data
- HTS, ECCN, etc
- Duty Rates
- SPL Data
- Rules Of Origin

Business Partners
- Customer & Supplier
- Banks
- Freight Forwarder
- Customs Agencies

Logistics/ Trade Team
Import/ Export Officer
IT Team
Legal/ SOX Compliance Team

Logistics/ Trade Team
Import/ Export Officer
IT Team
Legal/ SOX Compliance Team

Applications
Data
Business Partners

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Tight Integration With Logistics Outbound and Inbound Processes

**ERP System**
- **Export Process**
  - Sales Order
  - Delivery
  - (Pro-forma) Invoice

**SAP GTS**
- **Product Classification**
  - (HTS, ECCN, Schedule B, ...)
  - Export/Import Compliance Check
  - ITAR/EAR License Det
  - Letter of Credit (L/C) Check
  - Export/Import Compliance Check
  - Bonded Warehouse
  - Duty Calculation
  - Customs Communication
  - Export/Import Document Printing
  - L/C Compliant Printing

**ERP System**
- **Import Process**
  - Purchase Order
  - Shipping Notification
  - Goods Receipt

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Key Capabilities

Sanctioned Party List Screening
- Screen business partners
- Screen documents at every step (order-to-cash and procure-to-pay process)
- Comprehensive documentation
- Integration with Logistics, HR, Financial

Export/Import Control
- Manage export and import licenses (incl. Nested Licenses)
- Manage TAA and MLAs
- Automated assignment of licenses to a specific business transaction
- Ability to Interface with DDTC (D-Trade)
- Web Portal access to License Applications & Amendments (DSP-5,61,73,85,119)
- Track quantity and value depreciation
- Content provider for USML (partner solution)

Embargo Check
- Check for potential embargo situations

Benefits

Avoid costly fines and penalties through facilitating tighter national security

Shorter delivery times through automated trade compliance processes

Improve worker productivity via moving to management-by-exceptions

Secure your corporate brand equity by avoiding negative press

Be prepared for legal audits by having all required documentation at hand
**Product Classification**
Assign the correct USML numbers to your products

**Export License Determination and Management**
A single, central location for end-to-end license management

**Embargo Check**
Automatic screening of destination country to identify potential ITAR issues

**Sanctioned Party List Screening**
Screen business partner, employees and applications against official sanctioned party lists

**Government Communication**
Certified support for electronic communication with the US Government

**Auditing and Record Keeping**
Maintain a complete audit trail to show authorities
SAP GTS Has Significant Market Momentum

- SAP GTS is the leader in global trade management space
- Over 450 Customers in 20 countries, including business world’s best-known brands
- Business process knowledge and vast experience in 25 industries

Logos of various companies indicating their association with SAP GTS.
Why SAP for Global Trade Services?

“SAP is the new market leader, exhibiting strong growth since entering this space in November 2002. The company has over 170 clients using its GTM solution and is adding new functionality relatively quickly.”

Global Trade Management Solutions
Worldwide Outlook

(figure 3-2)
Conclusion

SAP GTS helps you reduce RISKS, TIME and COSTS

Accelerate Cross-border Transactions
- Expedite customs clearance
- Accelerate delivery times

Increase Efficiency
- Automated, standardized processes
- Tight integration into logistics processes

Reduce Risk of Non-Compliance
- Avoid costly fines and penalties
- Complete and accurate audit trail

Reduce TCO
- One central global trade solution
- Reduced software and hardware costs

Reduce RISKS, TIME and COSTS
Industry Value Networks
SAP's unique industry ecosystem initiative

- **INDUSTRY** ecosystems bringing together leading customers, partners & SAP
- Creating **VALUE** by focusing on priority industry needs & opportunities
- With strong **NETWORK** collaboration, combined expertise, resources & solutions
Thank you!

For further information, please visit: www.sap.com/grc

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