

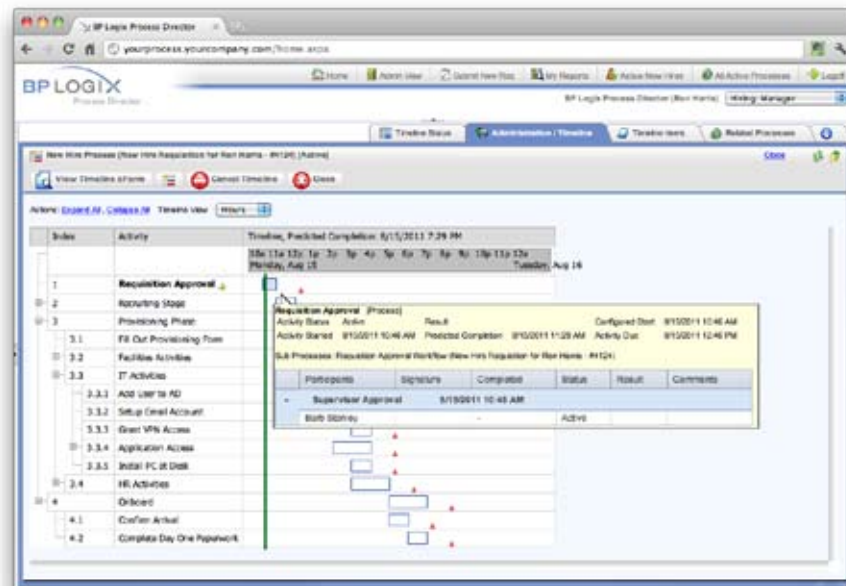
Business Process Management: A Compliance Perspective



Executive Summary

Future business historians might well view the 21st century as the dawn of the age of compliance. A new focus on governance and accountability has arisen in the wake of corporate scandals, market volatility, and economic decline. Businesses in every sector are under increasing scrutiny, challenged not only to follow government regulations and their own internal policies, but also to provide documentation of their compliance on demand.

Never a black-and-white issue, compliance drives the organization's exposure to risk along a continuous spectrum, with low compliance/high risk on one end, and high compliance/low risk on the other. The better an organization understands how to manage that risk, the less exposure it will have to litigation, fines, and shareholder unrest. Unfortunately, it is the rare business indeed that can claim to operate in full compliance—and can produce the documentation and records to back that up.



As anyone who has undergone a SOX audit can tell you, compliance is, above all, about process. Regulation lays out what an organization is supposed to do, policy describes what it plans to do, but processes are what it actually does. Policy matters, but at the end of the day, adherence to policy is both more important and more difficult to demonstrate.

Fortunately, business process management (BPM) solutions can be leveraged to address

these issues. Increasingly popular across virtually every public and private sector, BPM has traditionally been deployed as part of an effort to improve efficiency and reduce expense. Now it can also be an important weapon in the fight to overcome the ever-expanding compliance burden weighing down an organization's productivity.

This paper will review the major challenges faced by regulated organizations, and identify ways that Process Director, the innovative BPM solution from BP Logix, can help to overcome them.

Challenge #1: Universal Regulatory Compliance

The Problem

The weight of government regulation does not rest evenly on the shoulders of all businesses. Still, there are regulatory requirements that are nearly universal for all but the smallest organizations. We'll touch on the special problems of highly regulated industries below, but we'll begin by reviewing the problem of working within the rules that apply to almost everybody.

As noted earlier, when it comes to compliance, business processes are where the rubber meets the road. Not only do the processes have to be designed in a way that satisfies policies and regulations, but each time a process is executed—each time an invoice is issued, or an expense report is submitted, or a new employee is hired—the actors, actions, and documentation comprising that process must also be within guidelines.

In order to build and operate business processes with due attention to regulatory compliance, organizations must:

- Translate often obscure regulatory language into concrete activities
- Ensure accountability of all process actors
- Apply rules consistently across a variety of processes
- Respond in a timely fashion to new policies and regulations

The degree to which a business is successful in these efforts will dictate the favorability of its position along the compliance/risk spectrum.

The Solution

Process Director is uniquely suited to the needs of organizations striving to meet the demands of regulatory and internal compliance. Its patent-pending Process Timeline™ model enables business users to easily create

Replicate Permissions to All Child Objects

Add Permissions

All Authenticated Users Anonymous Users Object Creator Process Users

Grant Permissions To:

Specific User

Specific Group ...

Permissions To Be Granted: View Modify Delete Run View Children Modify Children Delete Children

Add New Permission

Name	View	Modify	Delete	Run	View Children	Modify Children	Delete Children	Commands
No records found								

Close

understandable and intuitive processes using a Microsoft Project-like interface. While traditional process modeling techniques often result in indecipherable, spaghetti-like flow diagrams, Process Timeline is simple to create, simple to modify, and simple to understand.

This simplicity not only minimizes the effort required to translate requirements into working processes — it also guarantees the flexibility needed to enable fast response to emerging regulations, requirements, or business conditions. Underlying that capability is Process Director’s zero-programming paradigm: not one line of code is needed to create or modify deeply complex processes, highly dynamic forms, or richly detailed reports.

Other Process Director features that help organizations meet their typical regulatory needs include:

- Direct integration with your in-house authentication system, such as Active Directory, ensuring that process actors are who they say they are.
- Encapsulation of business rules into reusable business rule objects that can be shared across all processes, supporting consistent policy enforcement.
- Easy identification of all activities explicitly associated with a given user, resulting in accountability and easy verification of privilege levels.

Challenge #2: Industry-Specific Regulatory Compliance

The Problem

While certain rules are common across many sectors, the majority of any given organization’s regulatory compliance burden may be specific to its particular industry. The enormous number of government regulators, such as OSHA, FDA, SEC, and others, along with the demands of self-regulating industry bodies such as FINRA, combine to create a sometimes bewildering array of regulations, policies, and best practices. Few businesses can claim to have tamed the regulatory beast.

Re-authentication Required

User ID

Password

The very nature of this category makes it hard to create generalized solutions that work as well for a bank, for example, as for a pharmaceutical company. As a

result, vertical solutions have flourished, adding cost and resource burdens to already overloaded IT departments.

BPM solutions, however, are unique in their ability to bridge sectors and cut across silos to create highly customized, focused business solutions. It seems reasonable, then, that BPM might also provide a common platform for



addressing the wide range of industry-specific regulations, freeing regulated businesses from the expense and effort of procuring and deploying specialized solutions.

The Solution

Process Director Compliance Edition was created to assist highly regulated businesses in meeting their compliance challenges. In combination with other basic and optional components, Process Director Compliance Edition offers:

- Multi-factor authentication, providing extra assurance of user identity in compliance with a wide variety of regulations in pharmaceuticals, financial services, and more.
- Field-level data encryption, protecting your business from expensive and embarrassing unauthorized disclosure of sensitive information.
- Digital signatures and automatic electronic form “snapshots”, supplying clear and undeniable evidence of what action was taken, and by whom.
- Automated document and object disposition rules, ensuring that no data are kept longer than required by corporate policy.

These elements, combined with Process Director’s robust mechanisms for review and approval, delegation, and process intelligence, supply the building blocks for the creation of fully-compliant processes in even the harshest of regulatory environments.

Challenge #3: Routine Audits

The Problem

Few common business activities are less fun than an audit. Nonetheless, auditing is simply a fact of life for business units, and even more so for IT organizations, which often must support business unit audits while undergoing audits of their own processes as well.

The best way to minimize the pain and disruption of an audit is to be prepared. Auditors are laser-focused on three questions:

- Are the organization’s documented policies compliant with regulations and consistent with accepted best practices?
- Are the organization’s documented processes consistent with those policies?
- Can the organization demonstrate that it has been following those processes?

Audit Process Oversight Form
Audit # 4182

Barb Starley Audit Team - In Progress : Please add the appropriate observations to this audit form.

Audit Information

Division:	Centers	Audit Launched:	8/23/2011
Lead Auditor:	Ran Harbo	Audit Completed:	From 8/23/2011 to 9/22/2011
Audit Team Members:	Barb Starley	Control(s) to be Tested:	VPN user security

Observations and Remediation

# - Auditor	Observations	Recommendations	Responsible Person(s)
1 - Barb Starley	at 281 users failed had passwords older than 90 days	update password aging	Travis Stant

Overnight Comments (Included in Final Report)

User	Date	Comment
Barb Starley	09/22/2011 6:28 PM	Updated good results

Preparing for an audit can be a significant challenge. Too often, process documentation is either non-existent or obsolete. Some of the most important parts of the process, such as exception handling, may exist only in employees' heads: "Oh, yeah, when that document is missing we always call Tina. She knows how to find it." And, once a process is complete, it can be difficult or even impossible to reconstruct exactly what occurred.

The Solution

Process Director addresses the audit problem in several unique ways:

- Documentation for each process "instance"—that is, each separate occurrence of a process—is indefinitely maintained and searchable, making it easy to satisfy detailed audit document production requests.
- Process intelligence records not only what path was taken within a particular process, but also who participated, and what actions they took (for example, attaching documentation, indicating approval, etc.).
- Processes and electronic forms can be configured to automatically attach any relevant policy documents, creating a permanent link between that version of the policy and that process instance. As a result, an auditor can easily see what policy was in effect at the time a particular action was taken.
- A complete audit trail is available, recording every change and enabling a detailed investigation into the history of data entered into any form.
- Electronic signatures are collected in the course of the process, providing full accountability for every participant.

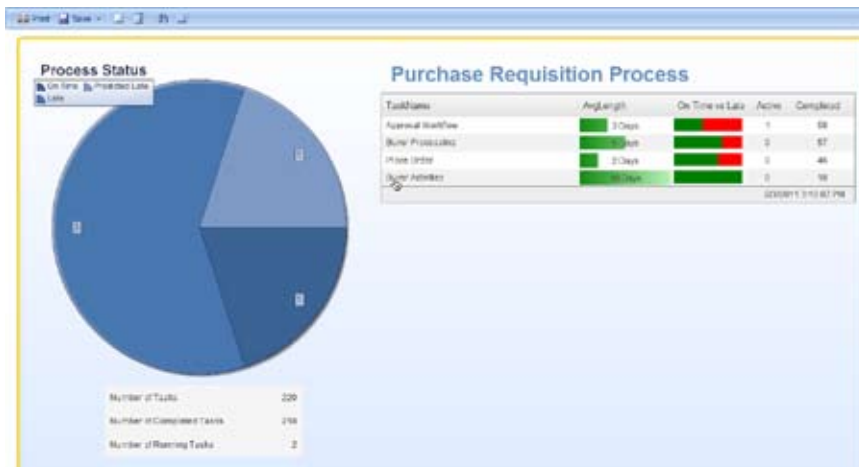
In short, Process Director offers automatic creation, retention and searching of important records, resulting in document production swift enough to satisfy the demands of even the most zealous auditor.

Conclusions

No product can magically ensure that your business is and will remain fully-compliant. It is up to the business to create a strong ethical culture and to develop clear and consistent rules in line with legal regulations and corporate

values. Where technology can help is in turning culture and policy into compliant, robust processes.

A portion of any businesses' success is realized through risk management, accomplished in part through a steady and ongoing commitment to the rules of the game. Process Director helps organizations easily build



and operate fluid, reliable, and dynamic processes while at the same time ensuring that they don't run afoul of auditors and regulators.

Strong, compliant processes are the best predictor of a healthy and growing business. With Process Director as a key partner, organizations can flourish even in the face of ever-changing regulatory and business conditions.

About BP Logix

Founded by a team of successful information technology industry executives, BP Logix has been building robust enterprise software solutions since 1995. Its customers include the National Institute of Mental Health, research leader NEC Laboratories, healthcare giant Abbott Labs, marketing trailblazer Leo Burnett, and many other successful and innovative organizations.

In 2011, BP Logix was named by KM World Magazine to its list of 100 Companies That Matter in Knowledge Management. Later that same year, KM World Magazine again saw fit to honor Process Director with its Trend Setting Product award. First released in 2010, Process Director won that year's Network World Best Products and Services Award for Best in Software as well as the Product Innovation Award from Network Products Guide.

BP Logix is based in San Diego, California, with international sales offices in London, England and Tokyo, Japan.

