



Synergy of BPM & Compliance Management

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What are the challenges facing businesses subject to compliance rules?

It is unfortunate that compliance issues tend to impact small and middle-size firms the most. Implementing the procedures necessary to adhere to various different regulations represents a particularly great expense burden. Even though many of these companies have international operations, they do not have the human resources depth to be able to create a dedicated compliance officer position. What's more, the Sarbanes-Oxley Act is taking on increasing relevance for us Europeans as well, as it affords smoother interaction with U.S. investors and fills a void of comparable European Union regulations that will soon be introduced. Companies that have thus far "come away unscathed" will undoubtedly have their first encounter with compliance the next time they apply for a loan, if not sooner. The Basel II guidelines are of key importance in this regard. It is thus a subject of concern to nearly every business enterprise.

In what ways does compliance have to do with business processes?

The discipline of risk management, one related to compliance, has long played an important role in the six sigma method, the goal of which is the minimisation of errors. Issues of process optimisation are thus only one logical step removed, as efforts to ensure compliance are integrated simultaneously into cost-cutting. Thus, those who take the opportunity to optimise their own processes instead of merely responding to mandatory compliance rules can benefit doubly.

What is the trend among companies in this regard?

Many companies are already focusing on optimising their processes. These companies frequently employ centralised databases that allow business processes to be mapped in three dimensions. This management tactic is now adapting to meet the new compliance requirements. Yet even those firms that have not yet engaged in optimisation will have no problems with regulations like Sarbanes-Oxley as long as their processes have been properly documented.

How is iGrafx positioning itself in this area?

For one, we provide support in transitioning over to compliance management to those companies that have already documented their processes – be it through the use of third-party products with which we can interface, or using our own proprietary solution, the iGrafx FlowCharter. Our new software package, iGrafx Enterprise Central, is tailored specifically to risk and compliance management concerns and helps alleviate the problems described above. But even those who only now are just starting to document and analyse their business processes can obtain important support from us. We do not view analysis as an end in itself, but rather as a valuable opportunity to streamline convoluted processes. This provides for cost savings and increased customer satisfaction.

Watchword Basel II: What sorts of difficulties are businesses likely to encounter?

Unlike previously, it no longer suffices simply to have your historical figures in order. Internal rating procedures now also integrate

forward-looking elements such as economic outlooks and market trends as well as soft factors like management and staff quality. In other words, in addition to sales, target-versus-actual comparisons and cash flow, corporate strategy is also relevant along with managerial competency and staffing and tactical/operational planning. If a company fails to invest enough in IT, it represents a risk; if it invests too much, the cost/benefit ratio is unbalanced. This is one of many points to which banks pay particular attention. The question comes up particularly with regard to IT investment, as many firms are now having to upgrade their infrastructure, replacing prior investments

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