

A technology-enabled cost-effective approach to integrated Governance, Risk and Compliance (GRC) management



Companies will spend more than \$32b on GRC initiatives in 2008, almost a fifth of that spend will be on SOX compliance alone according to the recent AMR^[1] study. Addressing GRC challenges in silos, rising costs of skilled staff and manual testing of transaction level non-critical controls have been the key cost drivers. Additionally, many companies have adopted a reactive approach to their GRC needs resulting in limited focus on strategic risks, unreliable anti-fraud controls and manually intensive processes.

Solution

We deliver engagements on a dual shore delivery model using our proprietary automated solution called InteRACt®. InteRACt® can help clients:

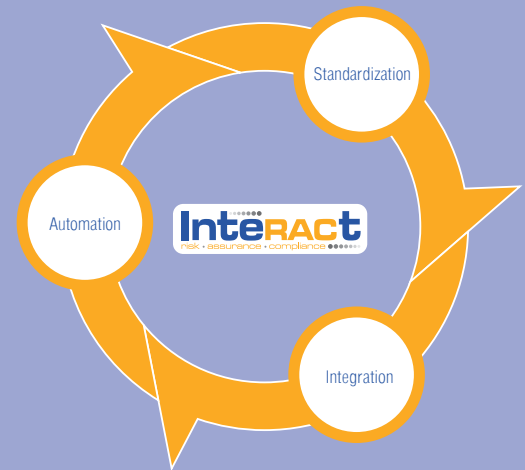
- > access a large India based talent pool
- > off-shore a bulk of routine audit tasks
- > collaborate real time with clients
- > monitor multiple GRC initiatives (portfolio view of risks)
- > automate controls testing and audit workflows
- > standardize routine audit tasks to enhance repeatability and reliability

Automated workflows and digitization of client's information help off-shore routine audit tasks

thereby enabling cost-effective monitoring. Additionally, features like continuous monitoring, data mining and automated controls testing help our clients analyze the entire population of critical transactions and detect erroneous/fraudulent transactions on a more frequent and timely basis .

Our solution includes a repository of best practices based on COSO and CoBIT frameworks. It provides a consolidated view of risks by consistently documenting, testing, remediating and reporting on controls across different locations and lines of businesses. Acting as a central repository of all GRC related activities, our tool helps clients maintain an "audit ready" environment.

Our team of 160+ experienced consultants comprising of CPAs, CAs, CIAs, CISAs, Engineers and MBAs help clients achieve GRC objectives using state-of-the-art methodologies and tools. We provide proactive support to clients in establishing and sustaining GRC functions. We have extensively worked with the senior management, compliance and risk management teams, and audit committees to review and institute GRC processes.



InteRACt®

InteRACt®, our proprietary tool, has a web-based interface and allows real-time collaboration between our offsite team, onsite coordinators and clients. The automated workflow feature of InteRACt® streamlines the flow of documentation to our offsite teams who perform routine audit tasks and identify gaps if any. Additionally, the automated controls testing feature of the tool can perform substantive testing of the entire population of transactions to provide a greater degree of assurance.

InteRACt® is powered by servers hosted at our secure operations facilities in India that are compliant with information security standard ISO 27001. We have obtained SAS 70 certification from KPMG that certifies the adequacy of controls built around our solution.

Additional key features include:

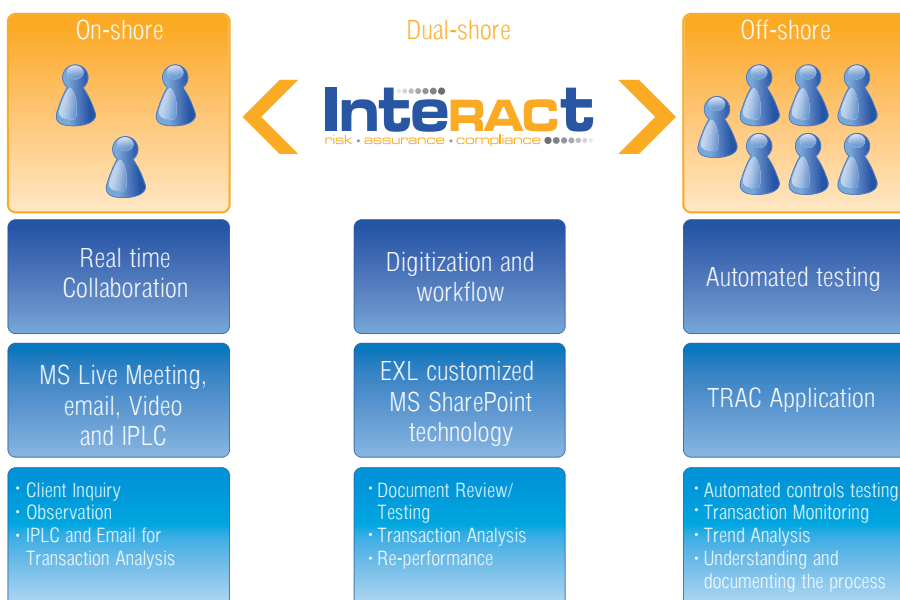
Real-Time Collaboration: Video conferencing, Live Meeting and robust telecom infrastructure;

Integration: Centralized GRC platform containing consolidated risk and control library

Standardization: Standardized audit work paper format and reporting templates to increase reliability on management's testing

Digitization: Centralized repository of all GRC related documentation enabling an 'audit ready' state

Our Dual Shore Delivery Solution



An integrated approach to Governance, Risk & Compliance (GRC), delivered on a dual shore basis

^[1] Governance, Risk Management, and Compliance Report, 2008-2009.



Potential Risks and EXL Enablers

Lack of direct interface with auditee

Our dual-shore delivery model allows our onsite and offsite teams collaborate with auditee. While onsite coordinators focus on work involving close interaction with the auditee, routine audit tasks are off-shored to our large India-based team of qualified and experienced auditors.

Information Security

EXL's facilities are compliant with stringent information security standards such as ISO 27001. Additionally, we have obtained SAS 70 certification from KPMG that certifies the adequacy of controls built around our solution.

Lack of Quality

While our on-site team is responsible for the quality of our deliverables, we have instituted a robust quality check process. Additionally, our standardized work templates are designed to reduce the scope for errors.

Lack of Transparency

Client has better visibility to the key controls operating across the organization through various dashboards and reports. Clients can independently login to InteRACt and drill down to the transaction level controls.

InteRACt® @ Work

EXL's dual-shore approach significantly reduced costs of evaluating General IT Controls in a complex IT environment

Situation

A US\$ 2 billion business services provider, with over 40,000 employees spread across the globe, had a heterogeneous IT environment comprising of diverse operating systems, databases, applications and a complex network

architecture. Diverse businesses within the company including staffing services, telecom services and management consulting added to the heterogeneity of IT infrastructure.

Action

Our team identified critical IT risks and evaluated the design of existing controls by benchmarking them against the COBIT framework. We customized our audit work programs to test the diverse and complex IT infrastructure.

By off-shoring routine audit tasks using our proprietary tool InteRACt and restricting onsite work to coordination with offsite resources and process owners, we could significantly reduce the cost of compliance.

Benefits to the client

- Reduced the cost periodic controls evaluation by 35% and external audit fees by 47%
- Streamlined ongoing SOX testing by reducing the total body of controls by 70%
- Streamlined external audit review using standardized templates and reporting formats
- Improved client's visibility of SOX compliance effort through dashboards available in InteRACt and web-based access
- Effective document management process with archival, version control and retrieval capabilities
- Enabled centralized repository of SOX documentation with efficient & effective document archival & retrieval
- Allowed management/ Internal audit to focus on operational risks as opposed to financial reporting risks

"... while EXL's re-assessment of existing controls allowed us to focus on the most critical controls, their dual-shore delivery model enabled by 'InteRACt' let us offshore routine audit tasks. The combination of their hard work, intellect and technology optimized our SOX compliance effort..."

- IT Audit Lead, US\$ 2 billion business services provider

About EXL

EXL Risk Advisory Service, a strategic business division of ExlService Holdings, Inc (NASDAQ:EXLS), is a leading provider of governance, risk management and compliance solutions. Headquartered in New York, EXL is also a leading provider of business process transformation and outsourcing services. EXL primarily serves Global 2000 companies in multiple verticals including, banking, financial services, insurance, utilities, healthcare, telecom manufacturing, transportation and retail. EXL has offices in New York, London, Singapore, Manila and in 3 locations in India with an employee base of more than 10,000.

Why EXL

EXL combines the expertise of seasoned risk advisory professionals with cutting edge technology, research, analytics, and process re-engineering capabilities to provide a complete suite of transformational services at competitive rates. We bring:

- Unparalleled insights from working with Global 2000 companies;
- Qualified and experienced team of risk advisory professionals (approx. 70% from Big 4 background);
- Solutions at 30-40% lower costs, leveraging our dual shore delivery capabilities; and
- 24x7x365 real-time support to clients

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