

# Compliance and risk management through technology

**Executives of The Keane Organization provide a look into their innovative businesses that focus on managing business risk**

## How do you do more with less and minimize risk?

**Flynn:** I was invited to speak at this summer's Shareholder Services Association (SSA) annual meeting on the topic of "Risk and Compliance Management, Privacy and Security Fraud." We shaped this discussion of risk with specific regard to the unique challenges shareholder services organizations face managing shareholder data in an increasingly regulated environment. It is a common question that is being asked in virtually every industry conference we attend. From corporate secretaries and governance professionals to investor relations, the questions about risk and how to manage it are intense. What drives you and your Board of Directors is risk mitigation and fraud prevention through a set of operational controls — controls that will bring you not just into compliance, but beyond compliance to the point where you're creating new efficiencies and building business value.

In 2005, we tied our risk management approach to compliance. We knew then that the market for risk management was going to collide with compliance initiatives. The result is a good thing for businesses: a risk management approach to

compliance that uses a business principles thought process. In short, that means taking a risk-based approach to decision-making, which involves three basic tenets.

- **Measure:** Can I first identify the risks in my business today and quantify my total cost of risk and compliance? This creates a benchmark statistic from which a business can improve.
- **Manage:** How can I implement risk-mitigation or compliance processes? The goal is to avoid or reduce the identified risks in the future and make sure management systems are transparent across the organization.
- **Monitor:** Who needs to know what we have done? The essential third component is to have continuous reporting, testing and benchmarking of risk and compliance activities.

We launched Keane's Strategic Command of Risk Elements ("SCORE") technology as our foundation. We have embraced this risk-based approach and it is woven into every aspect of our company. Today we are a global service provider with four business divisions and nearly 150 employees. We are innovating by introducing fresh



*CEO Dorothy Flynn*

perspectives and pioneering the development of new risk management programs for the world of shareholder services. Below are two clear examples of returns that you can expect from these innovations.



*Jim Keyser, President, Investor Communication & Retention Solutions*

## How do I control data quality?

Based on audience reaction and inquiries following Dorothy's presentation at the SSA meeting, data quality is certainly an important issue. This is perhaps not surprising

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given that the ability to communicate effectively and efficiently — driving quality and cost — is founded on the integrity of the shareholder records. To help our clients address this issue, Keane changed the standard of data quality in the securities industry with the launch of our Investor Data Quality (IDQ) program back in August of 2006. With this innovation, we empowered shareholder services teams to be able to identify and develop mitigation strategies to address hidden risks within their registered shareholder files.

Not surprisingly, response has been tremendous. We have analyzed the records of more than 200 companies in the last 8 months alone and helped them systematically isolate and report on data anomalies that introduce risk. The entire process is managed within the SCORE risk management framework to ensure our client that data is secure and that processes have been conducted in a timely manner.

Based on the feedback and testimonials from our clients, improving the integrity and accuracy of investor data produces a variety of almost-immediate benefits:

- Reduced postage, administrative, and printing costs
- Protection against fraud, compliance headaches and privacy violations
- Improved communication with valued investors

### How can you be innovative in unclaimed property compliance?

**Warner:** Risk management is **not** a new concept for the Unclaimed Property Solutions Division (UPSD). We have been helping clients establish policies, implement controls, and follow compliance procedures long before we were introduced to the SCORE technology. Today, as it has always been, it is the knowledge and experience of our consultants and the skill of our operations group that fuels our strong client satisfaction ratings. However, by applying technology to our traditional services and offering a new suite of technology-based solutions, we are helping our clients reach a new level of compliance and confidence.



*Gail Warner, President, Unclaimed Property Services Division*

Our new UP3 Technology Suite is a great example of how we are raising the service-level bar. The suite

consists of three new services based on the SCORE technology. Each service automates, simplifies and adds transparency to different phases of the unclaimed property compliance process. The result is the unique ability to help our clients:

- Track and update policies and procedures
- Conduct faster and more in-depth assessments across multiple business entities
- Seamlessly embrace process changes driven by legislation or new internal controls
- Benchmark compliance levels against peers in the same business sector
- Manage the annual reporting process with increased transparency

The two bottom line benefits of this approach are measurable cost savings and peace of mind knowing that risks and compliance concerns are constantly monitored.

We are far from finished with this process. As the environment changes and demands change, we will be adding to and expanding our SCORE-based services and offering new risk reduction strategies to our clients.

*The Keane Organization is headquartered in suburban Philadelphia, with offices in Baltimore, Atlanta, Cleveland, Seattle, Miami, and London (UK). Visit us at [www.keaneco.com](http://www.keaneco.com)*



# Keane

Beyond compliance.<sup>SM</sup>