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OnBase[™]

a Hyland Software solution



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OVERVIEW OF THE SARBANES-OXLEY ACT

The Sarbanes-Oxley Act of 2002 is the single most important piece of legislation affecting corporate governance, financial disclosure and the practice of public accounting since the U.S. securities laws of the early 1930s. It is, moreover, a law that came into effect as a result of much publicized fraud in corporate America surrounding the accounting scandals of Enron, WorldCom, Tyco and others that cost investors and hard-working employees millions of dollars.

With Sarbanes-Oxley legislation, corporate executives are now held accountable for the accounting and internal controls of their companies. Executives who do not implement strong internal controls will be held accountable if a material misstatement occurs and could even be at risk for jail time. The Department of Justice has already opened more than 150 investigations into allegations of corporate fraud since the Enron scandal. Public companies not prepared to sign off on the adequacy of their internal controls could also face the wrath of Wall Street in the form of ratings downgrades and market sell-offs. Complying with Sarbanes-Oxley thoroughly and effectively is the only way to protect a company from such repercussions. The task is ominous and costly, however, software tools and compliance methods exist to help ensure compliance while reducing the cost.

THE ONBASE® SOX SOLUTION FOR SECTION 404

Section 404 is the most time consuming and costly section of Sarbanes-Oxley. The section requires companies to document and test their internal controls (controls which number in the hundreds — or even thousands in some cases) over financial reporting and assert as to the effectiveness of those controls.

Many companies have initially documented their internal controls in spreadsheets, word processing files and flowcharts or purchased software tools from accounting firms that act as a repository for this documentation. These spreadsheets, word processing files and tools, while functional, are short-term solutions because they are cumbersome to update and review on an on-going basis. The tools from accounting firms are not typically supported, as developing software is not a core competency of the accounting firms and most firms do not intend on-going development. The long-term solution should be based on a proven enterprise content management (ECM) platform, which is easy to implement, flexible and designed specifically for Sarbanes-Oxley compliance.

To help companies comply with Section 404, the OnBase SOX Solution allows companies to document their internal control structures, as well as the audit steps to test the controls and the results of those audit steps. The OnBase SOX Solution has a flexible reporting capability, as well as the ability to import and export data. In addition, the OnBase SOX Solution can be implemented within a company's existing infrastructure or accessed through a hosted option that is supported by Hyland Software's data

centers.

Once a company has documented its controls in the OnBase SOX Solution, the company will have identified processes that have weak internal controls or may be manually intensive. Utilizing the OnBase SOX Solution enables a company to automate such processes in Workflow, which will strengthen the internal controls, reduce paper costs and streamline the process.

By utilizing the OnBase SOX Solution to automate a process, companies can reduce the cost to test the internal controls of that process (a Sarbanes-Oxley requirement every year). Workflow can also be configured to automatically test the controls that are being performed in a given process and enable real-time auditing of controls. As companies will be testing their controls every year, and in many cases on a quarterly basis, having the ability to auto-test controls on a real-time basis will be a tremendous advantage that will reduce the time and cost to test these controls.

Depending on a company's desire to automate this process, the OnBase SOX solution can be utilized in a variety of ways. The OnBase SOX Solution can help facilitate the actual process of documenting and testing the controls and can also be implemented to automate and strengthen internal control processes that are deemed to be manually intensive and

weak from a control perspective.

Complying with Sarbanes-Oxley will become a rigidly controlled process performed annually. To reduce the time and expense of compliance, a company needs to leverage technology with ECM functionality, which combines integrated document management, business process management and records management. OnBase has the functionality companies can leverage to reduce Sarbanes-Oxley compliance costs.



Benefits of the OnBase SOX Solution

- Facilitate the process of documenting and testing internal controls
- Automate compliance and audit processes
- Retain, retrieve and distribute control-related documents
- Automate and strengthen internal control processes
- Provide document retention, document retrieval and a solid audit trail
- Expand the usage of document management across the enterprise

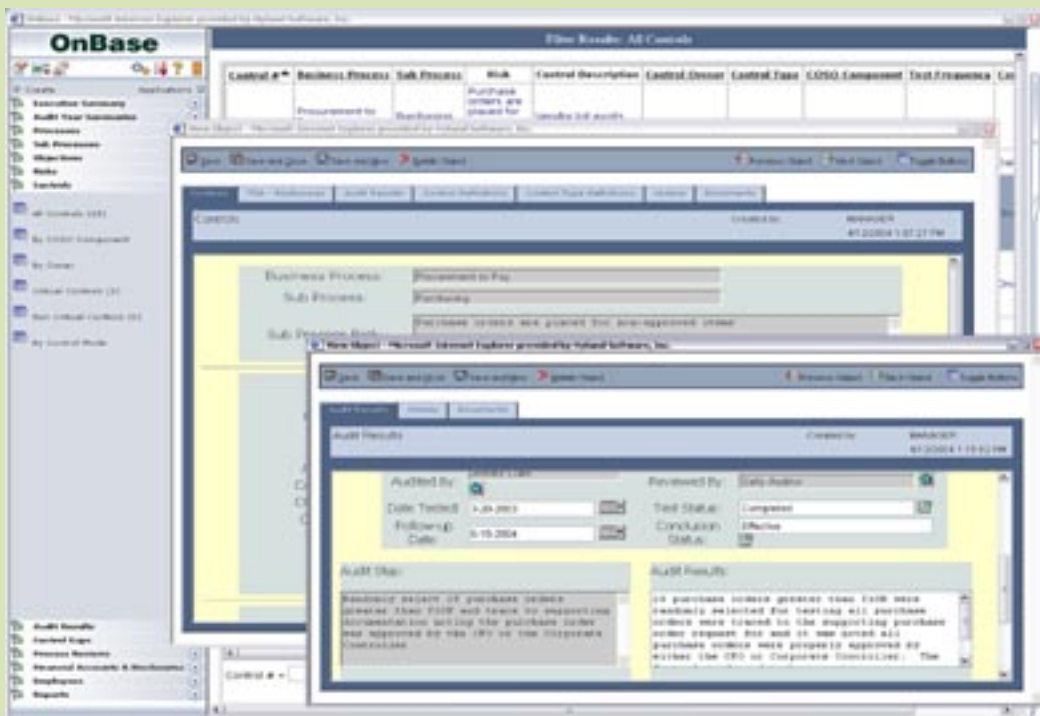
ECM: A CATALYST TO MANAGE COMPLIANCE INITIATIVES

Sarbanes-Oxley has changed the way companies are viewing compliance projects, as well as software installation initiatives. In the past, companies dealt with governance, risk and compliance (GRC) at a departmental level, and specific software tools were developed to assist with specific compliance requirements. Today, the strategy is changing. Driven by the magnitude, visibility and costs associated with Sarbanes-Oxley compliance, companies are taking an enterprise-wide approach to governance and looking for technology solutions that will best assist them in this endeavor. Companies are embracing Sarbanes-Oxley as a catalyst for enterprise-wide initiatives and the OnBase enterprise content management (ECM) solution is poised to enable companies to meet these initiatives.

Compliance at its basic level involves creating, reviewing and storing content to support adherence to applicable laws or requirements. Controlling content in the business world enables a company to control risk. OnBase can provide companies with the technology needed to help meet their compliance requirements.

Imaging and archiving documents is another opportunity to reduce the cost of internal control testing. The majority of time and resources related to Sarbanes-Oxley work after Year 1 will be spent testing the internal controls. Much of the testing will be manually intensive and related to pulling and retrieving supporting documents (e.g., invoices, HR documents, packing slips, credit memos, etc.). As companies look to image documents, they can reduce the time to audit the related internal controls.

OnBase is an ECM solution that will assist with compliance and also significantly reduce the cost of compliance and strengthen a company's internal control structure. Responding to Sarbanes-Oxley is more than just adhering to compliance laws. Corporations should view Sarbanes-Oxley as a catalyst for improving internal controls and streamlining their back-office operations, as well as other corporate initiatives.



Designed by CPAs, the OnBase SOX Solution's intuitive interface steps users through the stages of documenting and testing internal controls.

ABOUT HYLAND SOFTWARE

Hyland Software, established in 1991, is a leading provider of rapidly deployable enterprise content management software. Hyland develops OnBase, enterprise-class software that combines integrated document management, business process management and records management in a single application. OnBase allows organizations to manage digital content, including scanned paper documents, faxes, print streams, application files, electronic forms, web content, multi-media files and emails. OnBase also authorizes organizations to automate business processes, reduce the time and cost of performing important business functions, improve organizational efficiency and address the need for regulatory compliance through the management, control and sharing of digital content with employees, business partners, customers and other constituencies. Visit www.onbase.com for more information.





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