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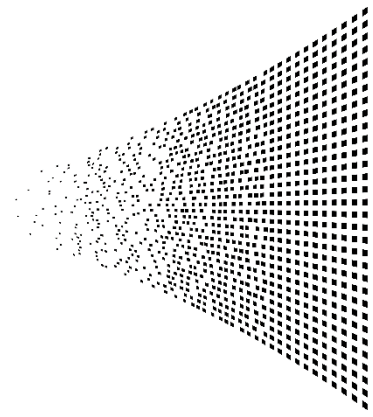# Your Company's Data is Telling A Story…

Are you listening?

White Paper

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Overview

The average company has a wealth of data that originates from various sources. Data considered separately might not be useful. However, when the data is aggregated and intersected, data can be a powerful tool. Data viewed holistically can assist company leaders in making sound financial, ethical, and legal decisions without jeopardizing the organization's strategic and business operational goals.

One mistake frequently made by companies is directing their data collection, management, and aggregation processes based on specific external government reporting requirements.   Think of external reporting as a first level of defense. Whereas meeting a specific reporting requirement and deadline can prevent the company from paying fees or fines, it presents challenges:

- Reporting requirements are valid for a point in time. Taking a limited view of the data may leave a company vulnerable when new state, federal or international laws are passed or if company is confronted with a regulatory or legal inquiry.

- External reporting is oftentimes narrowly focused on how much was paid for a particular service and who provided the service. Little attention may be given to understanding the relationships and data intersections behind the activity and payment, thereby reducing the company's reputational risks.

The intersection between the data points is imperative for providing transparency into potential ethical risks and providing the metrics needed to monitor against policy and procedure violations. This is the next level of defense!   In addition, an enhanced view of the data can also show which departments or organizations require additional training to change non-compliant behavior. Finding your company's name on the front page of a major newspaper for receiving an ethics or policy violation can damage and/or destroy the trust with current and potential customers and investors for years to come. S3 Comply can help bring together people, processes, policies, and data from your systems to provide transparency into your relationships with your external experts and supporting 3rd party vendors.

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Chapter 1

Understanding Relationships

Understanding your company's full relationship with external vendors and suppliers is key to monitoring and preventing potential financial and/or reputational risks. Recognizing data relationships and intersections can provide management a magnified view into just how fair and objective your company's relationship is with a particular vendor or external expert.

For example, a Biotech or pharmaceutical company can be associated with many different types of vendors such as healthcare professionals, Contract Research Organizations (CRO's), hospitals, universities, medical private practices, event planning companies, and health-oriented non- profit organizations. Concomitantly, they pay third party vendors for several different activities such as consulting, clinical trials, education, medical writing, grants & donations, royalties and license fees, drug supply, logistics, event activities (travel, food & beverage, lodging) and advisory board expenses.

The associations with vendors typically cross company organizational lines based on different services and solutions provided to different departments making it difficult to answer basic questions. What are some of the key questions that should be asked and answered via a close look at company data?

- Why was a specific expert utilized?

- Could the work have been spread around to ensure fairness and objectivity?

- Was the payment amount determined by using Fair Market Value?

- How can geography affect what experts are utilized?

- Does it make sense to contract with experts across international borders?

Chapter 1 (cont.,)

Additional Questions:

- How was a CRO selected for a specific purpose?

- Are preferred vendor status provisions in place for target vendors?

- What are the third-party payment terms? Are these terms consistent across the company or specific to a department?

- What is the company's track record receiving timely and accurate vendor billing and documentation?

- Are payments made by third party vendors to healthcare providers on behalf the company and therefore may be reportable?

- Are the grants made to institutions of higher education consistent with the mission and objectives of the company?

- Are donations made by the company and by the company on behalf of individual employees tracked and monitored?

- What provisions are in place to ensure data protection and privacy?

- In situations that warrant, is consent obtained to report data? How is consent recorded and tracked?

These are questions that can be answered if you are carefully listening to the all the aggregated and intersected data points.

The benefits of understanding these relationships help the company achieve success and avoid pitfalls. The outcomes help avoid financial and reputational risks and/or litigation, prevent non-compliance with global internal and external policies and procedures, and decrease waste and unnecessary spending on activities with limited value and not aligned to business goals.

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Chapter 2

Data Aggregation: Best Practices

The goal is to aggregate and intersect company data so it can be easily accessed to meet evolving business needs. Data that is collected, verified, conscientiously managed, and available to company stakeholders, managers, and operational teams will allow the company to address inquiries, manage business functions, meet new reporting requirements, and alert management of potential risks, fraud, and abuse that required investigation.

Careful consideration should be given to the company's accounting and financial management structure. This structure is generally organized around industry and functional requirements. For example, biotech and pharmaceutical companies engaged in Research and Development, must take into consideration the following accounting aspects when defining their accounting framework:

- Payments made to conduct research

- Fixed-fee contract research arrangements

- Research and development reimbursed by a third party

- Recording a milestone payment

- In-licensing agreements to manufacture compounds, products, etc.

- Treatment of trial batches in development

- Third party development of intellectual property

- Donation payment for research

- Fixed asset purchases used in research and development

The first step is to understand the framework and attendant details of the company finance and accounting systems. The next step is to understand how the company's accounting and financial solution, in turn, interacts with various operational systems that support running the business.

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Chapter 2 (cont.,)

How do business leaders access data to make decisions – via system reports delivered periodically or on-demand or from a data warehouse solution? If the latter, how current is the data upon which they rely?

Even with the most sophisticated data warehouse solution, the company still may be at a disadvantage. If the enterprise account code structure does not capture data in sufficient detail to provide flexible reporting, they may still fall short of reporting requirements.   *For example, are all consultant expenses (hopefully tagged with unique vendor identifiers!) lumped into one account code/object code? Or does the company break vendor-specific expenses into separate account codes for fees, meals, travel, and accommodation cross referenced by event? Are vendors stratified by category?*

Why is this important?

On the one hand, aggregation by specific vendor enables an organization to assess the overall commitment to a vendor. Tagging by category of vendor enables the company to compare across like vendors. In the Life Sciences industry, for example, being able to quickly disaggregate data into separate account codes supports operational reporting as well as compliance with HCP/HCO transparency reporting. This is where some companies struggle and are forced to rely upon cumbersome collection of supporting documentation input to spreadsheets or custom applications to provide sufficient detail to meet internal and external reporting needs.

Moreover, when we rely upon third party vendors to reimburse consultants on the company's behalf, they must meet the same stringent data requirements. To guarantee compliance, data requirements (detail and frequency) must be included in contracts. Without reliance on contracts, third party vendors are less likely to donate time and resources to extra reporting!

Finally, proactively monitoring the data can help identify categorization errors before the expense is posted to the general ledger which is more productive that waiting for the financial system monthly close. Likewise, reviewing data reflected in the operational systems for exceptions and inconsistences can avoid inaccuracies that can lead to bad decisions or bad reporting.

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Chapter 3

Data Aggregation Technology

Using technology to help collect, aggregate, manage, and report data is beneficial. Key benefits include:

- Identifying and managing payments and interactions that are outside of monetary restrictions or in violation of internal and external policies and regulations.

- Reviewing and driving cost/value for each service

- Providing ad-hoc, standardized and customizable reporting

S3 Comply powered by the "HCP HUB" software is your Data Aggregation & Relationship Expert. The first step is collecting the data. Our proprietary system can accept data in a variety of ways -- from machine-readable files such as spreadsheets downloaded from company systems to Application Programming Interfaces (API's) available with many Software As A Service (SAAS) applications. More tailored custom integrations are also very achievable. In cases when accounting structures are not specific enough, the system can even accept machine-readable vendor invoice copies capturing transactional _and_ descriptive data that answers specific questions required for operational or compliance reporting.

Once data is received our S3 Comply HUB can aggregate, determine intersections, and use proactive and predictive analytics to transform data into trusted, reliable, and useful information. Our diverse, visually pleasing dashboard provides your senior management team with an array of views, details, and reports so they can stay on target with current activities while determining the viability of future activities with external experts and supporting 3rd party vendors. Our team of experts offer experienced consulting services and will help set up and configure the system to meet your specific needs. From importing data to periodic reporting in accordance with US and International laws and regulations -- and all the steps along the way -- you are supported by a role-based, configurable "workflow" that fits your company requirements.

   We will let you take the day-to-day lead or S3 Comply can provide the staffing to accomplish your short- or long-term projects and deliverables while company employees attend to their "day jobs".

To explore how we can help e-mail us at: info@S3Comply.com