



Diligent News

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Compliance Issues Drive General Counsel's Use of Technology

Diligent Identifies Five Key Issues

By Alex Sodi

NEW YORK, Feb. 5, 2008 – Increased number of rules, regulations in the wake of Enron and other corporate governance scandals, is driving the growing use of technology within corporate law departments, according to a new white paper.

The white paper, released by Diligent Board Member Services, states that these issues include accountability and security. Record retention, costs and efficient management a growing number of compliance issues were the other issues.

What's interesting says Alex Sodi, president and CEO of Diligent, which markets and produces Diligent Boardbooks, a web portal that enhances companies' board communications, is that technology has never been mandated by any regulatory agency – but in short order has become a vital part of many solutions.

Technology companies have been quick to understand the challenges facing in-house legal professionals – including the general counsel, corporate governance officer and corporate secretary – and responded with solutions to meet their needs.

“Sarbanes Oxley, for instance, makes no distinct mention on technology, and the Securities and Exchange Commission itself, which is responsible for enforcing much of the act, does not prescribe the use of specific technology tools or methodologies,” says Sodi. “Corporate law departments, though, understand the growing number of risks facing their corporations and are using technology to help manage the workload.”

The popularity of board portals or digital boardbooks is just one example. Board portals, basically non-existent in 2001, are now used by more than 20 percent of publicly traded corporations, according to a survey by the National Association of Corporate Directors.

Diligent Boardbook's board portal allows corporate counsel to more effectively and efficiently create and distribute board materials, while providing corporate directors more timely access to materials. The result, says Sodi, is corporate counsels and directors are better equipped to carry out their fiduciary duties.

Five Key Issues:

The Diligent Board Member Services white paper, which is available on the company's web site (www.diligentboardbooks.com) outlines the five key compliance issues driving technology among corporate counsels:

- 1. Accountability:** Sarbanes Oxley and other regulations have heightened accountability among corporate executives, and their boards, leading to the use of technology to ensure processes and methodologies are in place.
- 2. Security:** The safeguarding of sensitive corporate information is always a priority, and this includes the protection of financial and other records from tampering.
- 3. Efficient Management:** Post-Enron, companies have increased their own scrutiny and put safeguards in place, resulting in more layers, more paper and more work.
- 4. Costs:** Safeguards, whether self-imposed, or handed down by governmental organizations, means more work and more costs. Various technologies have helped bring down the cost of these protections.
- 5. Record Retention:** e-Discoverability is an industry to itself as the need to retain and quickly locate electronic records has skyrocketed over the past several years.

“The new job requirements of corporate counsels, whether required by law or merely by good business sense, are driving the creation of new technologies,” said Sodi. “General counsels are in a unique position in that they are not only responsible for themselves, but need to make sure corporate directors are also on track. With the increased responsibilities and pressures facing corporate directors, it behooves general counsels to make sure they have the tools to perform their duties.”

About Diligent Board Member Services, Inc.

Diligent Board Member Services, Inc., is a full-service provider of digital boardbooks to corporations and non-profit organizations in North America and throughout the world. Headquartered, in New York, Diligent's Boardbooks solutions is used by general counsel, corporate secretaries, and boards of directors to better enable compliance, good governance and seamless communications. Diligent Board Member Services has global offices in Toronto, Canada, as well as London, and Christchurch, New Zealand. Diligent is traded on the New Zealand Exchange under the symbol DIL.

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