

National Foundation For Corporate Governance

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Thank you for this opportunity to speak on the subject. I will keep the presentation brief and give you perspective from the listed companies’ point of view.

The key factors that we have seen are very important in Corporate -Governance are transparency, accountability, risk management being a very important area that investors and stake-holders are increasingly demanding and of course paramount is the regulatory compliances; all these together drive the perception that the external stake-holders have one how company is run – how well or not so well it is run and what more needs to be done to improve the level of governance in these organizations.

Historically, we perceive that many organizations were essentially business driven to reduce turn-around time, to become competitive and to be early in the market to bringing up new products, and, of course, to be profitable. But today’s scenario is very different if we look at a recent survey done by IDC last year – the survey result showed a very high percentage of CEOs of corporations rely on IT for not just business needs but also meeting the changing regulatory and stake-holders requirements. The demand sinless for this essentially bring stake-holders interests, the need for available relevant of information online, need for speedier transactions to be reflected in real-time basis and of course, due care has been taken in terms of processes that are implemented in the organization. It is essential that organizations and the people who staff them, they put down the processes but more important that they have to demonstrate that due care has been taken in setting those processes.

Errors will happen, mistakes will happen but there must be a structure in place which is to be demonstrated. It is obviously, very important in doing all this without IT internal control. We can not assess whether they are working or not working and in terms of regulatory compliances, the amount of data that is required to be maintained, stored and disseminated, for example in the Indian Act there is a lot of IT requirement for filing information, maintaining data, it is completely inter- linked with good governance.

Today, what is engaging boards, CEOs, CFOs is the requirement to certifying all these-others were totally different things several years ago. It has to testify that internal controls are robust, that your risk management procedure are intact, that you have mapped your weaknesses in the organization and these are completely in different paradigm. This cannot be done without extensive use of processes laid by information technology.

There's a lot of other things. These organizations today can be several thousand crores with ten thousand, twenty thousand employees. It's virtually impossible to keep tabs on everything. But the best way possible is IT led processes which can in a sense instigate the risk, in a sense define the process and then it becomes easier to catch hold of aberrations and deal with them on a sample basis.

Stakeholder is demanding, as I mentioned, that the companies put down specific programmes on risk management we at HCL have done quite a bit of work on this and so have many companies. So, risk management, BCP, information security, performance measurement, much of these are standard and have been done by many companies. All these require extensive use of IT and I'll very briefly cover these points. Risk management for instance is one area is clearly of information security, information leakages, threats coming in and this is entirely IT-driven; how we can limit leakages and control information security. Let's say in a bank or in a credit card system or anywhere IT is a first kind of defence against many of these frauds that happened and increasingly stakeholders are demanding, very extensive and robust practices around this where a holistic approach using IT needs to be taken on accountability and what action needs to be taken on information security.

So, looking at the IT leveled enterprises of today, all these need to be automated and which at the end of it is what it has delivered – delivered reliable timely information to all the stakeholders which essentially many of our regulators also to achieve.

This enables the company to find information on time, accurately, audited as per various laws; without this it is completely impossible. As Malik has stated, companies off load results of static format these days – there is move to more dynamic method like SBRL, so that data can be shared, started, collated, without re-entry makes it much easier to compare and analyze. There are many measures that are being taken in terms of investor needs and how we can facilitate them-which of course while of course is very long list but many of these are now gaining acceptance all through the use of information technology. Some examples I have given here of IT enabled e-governance as well which have been talked about earlier in the day but essentially the common denominator in extensive use of processes from information technology.

I would like to look at a tale of two dolphins-one called governance and the other is technology both fuel each other, one is not possible without the other and governance in fact, norms drive developing solution based IT as governance is driven by MCA norms and the entire IT solutions. In a sense IT further enhances governance as well.

Thank you and best wishes.