

## Enterprise Risk Management Assessment Guide

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Whitepaper**

## BRONZE ALEXANDER HAMILTON AWARD IN TECHNOLOGY

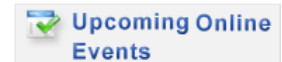
*Tyco International Ltd. is the bronze winner in technology.*

By Staff Writer

Even after surviving one of the biggest accounting scandals in history, the future of Tyco International Ltd. as a thriving organization was in no way assured in late 2003, when its treasury staff began to address lessons learned from the prior year's credit crisis and the lack of visibility into Tyco's contingent liability portfolio. Tyco's decentralized global structure meant there was little uniformity in gathering information and reporting on letters of credit (LCs) and bank guarantees involving more than 400 Tyco subsidiaries and 100 banks. And, the overly manual processes then in use would not stand up to new reporting requirements.

The answer: Work with software developers at Exigis LLC to develop a contingent liability Web portal. Treasury also retooled an existing risk management interface used for insurance certificate issuance. The resulting portal centralizes and controls the request, approval and issuance processes, guarantees that delegation of authority and audit trail procedures are met and gives treasury more global visibility. More than 3,000 Tyco employees and 36 external bank employees use the system for the company's \$1.3 billion in outstanding LCs and bank guarantees. "It's a tool that's been given to operations to empower them to approve their requests and centralize them," says David Fischer, senior manager of trade finance and banking at Tyco.

In the system's first nine months of operation, the time from request to issuance has been more than cut in half. The Web portal has also allowed Tyco to slash bank fees by automating the bidding process for LCs and bank guarantees, lowering average commission fees to banks by more than 25 basis points in six months. As a result, annual bank fees for fiscal year 2006 are expected to fall by \$2 million and at least \$1.7 million per year after that.



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