



## Dow Corning: Streamlined Data Analysis for a Global Business Arena

*"We believe ACL is at the forefront of data interrogation programs and the Direct Link tool ensures Dow Corning is a world leader in business technology. ACL offers an effective means for us to devise audit tests which are global in nature and rigorous enough to pinpoint the specific details that we need in each audit location."*

Aaron Rylance  
Business Process Auditor  
Dow Corning Corporation

### Dow Corning

- Dow Corning is a worldwide leader in silicon-based technology with over US \$2.61 billion in annual sales. Of the company's multiple objectives, two directly impact the Dow Corning Audit Services Group: cost containment and international growth. With those objectives in mind, the audit team has faced critical challenges to maintain costs while expanding its scope. In addition, internal audit is integrating business process changes to meet Sarbanes-Oxley compliance requirements. Dow Corning chose ACL data analysis software, including *Direct Link*<sup>™</sup> for SAP<sup>™</sup> R/3<sup>®</sup>, to maximize the reach and effectiveness of its global audit programs. With *ACL*, Dow Corning continues to save time, money, and valuable corporate resources – while gaining powerful data coverage and a deeper understanding of its international business operations.

#### CUSTOMER PROFILE:

Established in 1943, Dow Corning is owned equally by Corning, Incorporated (formerly Corning Glass Works) and The Dow Chemical Company. A global innovator in silicon-based technology, Dow Corning provides more than 7,000 products and services to over 25,000 customers worldwide. More than half the company's US \$2.61 billion in annual sales are registered outside the United States. Based in Midland, Michigan, Dow Corning has approximately 8,200 employees worldwide and holds 4,224 active international patents. Industry expertise includes: automotives, healthcare, paints and inks, electronics, beauty and personal care, household and cleaning, construction, and power and utilities.

#### APPLICATIONS:

Dow Corning relies on ACL software and the complementary *Direct Link*<sup>™</sup> for SAP R/3 application in every business process audit program including: planning and scheduling; inventory and delivery execution; procurement; customer service; asset management; product costing; and payroll.

#### BUSINESS CHALLENGE: *Reliable Data Coverage in a Dynamic Business Environment*

As a multinational company with numerous industry involvements, the Dow Corning Corporation strives to balance growth through international expansion and acquisitions with cost containment measures geared to improve bottom-line results. This two-part mandate means Dow Corning's internal auditors must cover ever-increasing business territory with speed and efficiency. Legislative changes, such as the Sarbanes-Oxley Act, have further broadened the scope of internal audit operations and responsibilities.

The internal audit team at Dow Corning must develop rigorous, well-defined audit test plans and programs that can be modified for the specific needs of business units worldwide. Pressures to contain costs through reduced travel expenditures and shorter fieldwork time periods further magnify this challenge. To ensure effective review of key financial and operational processes, the Dow Corning audit group has committed to a risk assessment approach. While this provides an effective audit planning mechanism, risk assessment programs can be extremely time-consuming and resource-intensive.



### **SOLUTION:** *Full Spectrum Data Analysis with Significant Cost Savings*

With *ACL*, Dow Corning auditors can quickly respond to global business and legislative changes. "The *ACL* development process is both dynamic and continuous within Dow Corning," explains Aaron Rylance, Business Process Auditor for Dow Corning. "As we are informed of new changes in the business operations, *ACL* test scripts can be quickly revised and updated to incorporate new elements."

The flexibility of *ACL* data analysis software also helps the audit group manage growing workloads to meet corporate review requirements. Dow Corning uses an enterprise resource planning (ERP) system to manage its business processes. With *ACL*, the internal audit group has an effective monitoring mechanism with global reach that can easily access data from the company's SAP R/3 system. Before implementing *ACL*, as part of standard review processes, internal auditors would spend a full week generating reports in the SAP system, downloading and manipulating data with spreadsheets, before beginning to search for exceptions to business rules. With the *ACL Direct Link* software, this process now takes only minutes.

The auditors enter several initial parameters, such as the plant number to be audited or a specific date range for examination. *ACL* software is used to extract data subsets of SAP tables, then to manipulate, analyze, and produce reports from the data based on audit staff specifications. In less than half an hour, *ACL* downloads the data for approximately 10 to 15 investigations, performs the tests, and outputs the reports. This methodology allows Dow Corning to enhance the current risk assessment approach for selecting areas for strategic audit analysis.

Given Dow Corning's global presence, *ACL* software allows the audit group to follow a resource-efficient "virtual auditing" approach. Incorporating *ACL* technology into the internal audit programs has significantly cut fieldwork time, enabling the team to gain greater analytic coverage without additional staff. The time savings directly benefit the bottom line, and free up audit resources to concentrate on pinpointing weaknesses or controls compliance issues.

### **RESULTS:**

Dow Corning auditors have harnessed the power of *ACL* to:

- Reduce fieldwork time and maximize audit productivity without increasing staffing costs
- Streamline and enhance audit programs – enabling deeper, more meaningful data analysis and significant time savings, while supporting a global risk assessment model
- Institute "virtual auditing", enabling auditors to conduct global reviews with reduced travelling time to the business location
- Pinpoint areas of weakness or inconsistency, using timely exception reports based on reliable information
- Quickly locate specific data tables in the SAP environment and fully automate data tests and output reports – all in a matter of minutes

#### **ACL Headquarters**

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