

Nu Skin, a Multi-Billion Dollar Personal Care Company

This case study explores Nu Skin's decision to improve its internal controls environment by addressing its greatest risk: heavy reliance on unmanaged spreadsheets. It explores the company's assessment of the risk, potential solutions to addressing this risk, and ultimately the decision to select Apparity as their ECM software solution.

BACKGROUND

As a publicly traded company with offices in over 50 markets, Nu Skin understands the importance of strong internal controls. The personal care company is beholden to regulatory requirements across multiple countries, which requires a significant amount of additional effort from the company's employees. After a few internal controls failures, Nu Skin decided to prioritize the strengthening of their internal controls environment. This led to the 2015 hiring of Chris Ericson, former Assurance Senior Manager of PricewaterhouseCoopers, as the Director of Global Controls. His ultimate goal was this: to transform the company's internal controls from a rudimentary framework to a robust and comprehensive environment.

After analyzing the state of Nu Skin's internal controls, Ericson concluded that massive reliance on user maintained spreadsheets posed the greatest and most persistent risk to the company. Excel's platform allows users to create custom applications to suit their exact needs, which makes spreadsheets ubiquitous across the organization, but also allows users to make modifications without oversight. Nu Skin, like many other companies, tried to mitigate this risk by using the tools available in Excel (passwords, locked and hidden content, etc.) and manual controls. However, manual controls such as physical signoffs, user-maintained change logs and email correspondences leave gaps in the process that can result in overlooked and unreported errors. Furthermore, it is a burdensome process for the end user to manage manual controls in addition to daily tasks. If Nu Skin wanted to achieve a more secure internal controls environment, the company could not continue rely upon spreadsheets maintained in this manner. Addressing this deficiency became the focus for Ericson and he began looking for a solution.

ALTERNATIVES

Ericson relied heavily on his experience working for PWC to find a solution to Nu Skin's predicament. He knew of companies that had reduced reliance on spreadsheets by replacing them with extensive Enterprise Resource Planning (ERP) software, but rolling this out in Nu Skin would be both disruptive for employees and costly for the company. If Nu Skin wanted to keep utilizing existing spreadsheets and improve internal controls, they would have to find an Enterprise Content Management (ECM) software to make it possible.

Nu Skin spent nearly a year looking at potential software vendors. One promising front-runner had an impressive interface but was eliminated from consideration because it would require users to learn a new, extremely involved system and require extensive training. Another solution lacked the ability to create meaningful reports that could be used by both management and regulators. The ideal solution needed to be flexible and user-friendly while still providing the level of security and oversight required. After an Apparity demonstration, Ericson knew that he had found exactly what Nu Skin needed.

SOLUTION

The decision to select Apparity as Nu Skin's ECM software was multi-faceted. Ultimately, it was Apparity's controls strength, ease of reporting, user-friendliness and system compatibility that solidified their choice.

Controls Strength

Of paramount importance was the ability of the software to introduce robust and reliable controls to Nu Skin spreadsheets, and Apparity satisfied this requirement by implementing Version, Access and Change Controls.



ENTERPRISE CONTENT MANAGEMENT FOR END USER COMPUTING

A Case Study of Nu Skin, a Highly Regulated, Publicly Traded Company that Transformed a Lacking Internal Controls Environment through Robust Spreadsheet Management

SOLUTION

Controls Strength, Continued...

Once a spreadsheet is monitored by the Apparity software, a comprehensive Version History is retained in a collapsible pane that allows users to perform a variety of actions on the identified versions (restore, view, export, etc.). All retained versions are marked with a comment indicating how the version was created, a time/date stamp indicating when the version was created, and a modifier indicating who created the version. If a user accesses the file without the Apparity software, thus preventing the identification of 'modifier', a tamper alert is sent to the next recognized Apparity user to flag potentially unwanted modifications. Changes to the file can be analyzed by selecting any two versions in the Version History pane and running a change log, which captures and displays all significant changes within the file (macros, formulas, worksheets, etc.). Change logs can be submitted to a reviewer for approval, who can analyze the changes and determine whether or not the changes are appropriate. Through Version, Access and Change Control, Apparity was able to provide the level of spreadsheet oversight Nu Skin needed to introduce.

Ease of Reporting

In addition to providing robust controls, Apparity offers a reports feature that presents various metrics Nu Skin found beneficial. These reports provided the oversight that they lacked previously. Compliance in certain regions, departments, and other Nu Skin-specific groups can be ascertained by simply running a report. Requests by audit can be fulfilled quickly and accurately, which is a vast improvement over the collection of emails, signatures and manual change logs previously required. Apparity enabled Nu Skin to confidently comply with regulatory requests.

User Friendliness

Getting users to embrace new processes and technologies can be difficult, but Apparity's design facilitated greater user acceptance. Apparity is an Excel add-in, so users are able to maintain controls entirely within the Excel

environment. There is no need for users to access a separate application. Spreadsheets can be onboarded to Apparity without changing their fundamental structure or behavior, so there is no need for extensive remediation or time-intensive preparation. Furthermore, Apparity's patented fingerprint technology allows Apparity to track files regardless of where they are stored or what they are renamed, eliminating the potential for a file to become de-linked. Users do not need to change the way they open, close, save, copy, or rename files and can continue to interact with their files the same way they have always done. Apparity's design prevents the software from being overly intrusive and cumbersome, which was greatly appreciated Nu Skin's employees.

System Compatibility

In addition to end-user appeal, Apparity satisfies certain practical requirements that Nu Skin needed to consider when implementing new software. Apparity is equipped to handle files of all sizes, ensuring all spreadsheets can benefit from Apparity management. The software manages files on the Nu Skin shared drives, which means there is no need to move files to a new repository to be monitored. The Apparity server is kept within Nu Skin's network, giving them the comfort of keeping information secure. It is these attributes that gave Nu Skin the confidence they needed to finalize their decision.

CONCLUSION

Nu Skin has been extremely satisfied with Apparity's ability to efficiently and accurately facilitate spreadsheet controls. Confidence in the integrity of spreadsheets has risen as controls have tightened and users report a greater time savings. Ericson, now VP of Internal Audit, reports that Nu Skin is likely to expand use of the software globally as other teams have expressed their interest. Apparity has helped transform Nu Skin's internal controls and is proud to be an industry leader in this regulatory environment by continuing to meet and exceed the challenges it presents.