Analytics that Delivers Insights into Corporate Spend and Operational Transactions – Uncovering Corruption and Compliance Violations

About Oversight Systems:
Oversight Systems is a leading operational analysis technology company. Oversight Insights On Demand™ is a web-based application to assist T&E, P-Card, and accounts payable programs in tracking company spending for policy violations, potential fraud and misuse, and compliance errors. With every organization needing to ask questions of their data, Oversight Insights On Demand answers those questions, and help users drive actionable, cost-effective results at the front lines of business.

Oversight makes a difference within the companies it serves, and has the experience to prove it; analyzing $1.9 trillion in expenditures annually at Fortune Global 5000 companies and government agencies. Oversight also boasts partnerships with Concur, Oracle, SAP and TSYS. www.oversightsystems.com.

Interview conducted by: Lynn Fosse, Senior Editor, CEOCFO Magazine

CEOCFO: Mr. Taylor, what is the concept at Oversight Systems?
Mr. Taylor: The concept of Oversight Systems is to deliver actual analysis. Yes, we have great analytic techniques and data visualization capabilities, but what we really focus on is taking a client’s data, applying those analytic techniques, and delivering a turnkey product, so that our customers can focus on making a difference within their organizations. 

“"The concept of Oversight Systems is to deliver actual analysis. Yes, we have great analytic techniques and data visualization capabilities, but what we really focus on is taking a client's data, applying those analytic techniques, and delivering a turnkey product, so that our customers can focus on making a difference within their organizations. We provide insights that give visibility into corporate spend and operational transactions in plain-language alerts that show not just what happened, but why – and what to do about it, making it possible for customers to uncover misuse, fraud, corruption, and compliance violations.”" - Patrick Taylor

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CEOCFO: *Do most companies realize that they should be looking for a company that provides results rather than a company that gives you the tools?*
Mr. Taylor: I would say, people know they should be applying analytics and that an upside to applying analytics exists. Just turn on the TV you will see advertisements about a smarter planet and the power of analytics. We often hear prospects say, “we’ve been discussing how we can do more forensic analysis for T&E and accounts payable.” The part we keep working toward is making people aware that there is a cost effective turnkey way to get those kinds of answers, at a high level of quality. To make them aware that we are better, faster, and cheaper than using a tool themselves or hiring a consultant.

CEOCFO: *What do you understand about the analytics process that perhaps others do not or do not understand as well?*
Mr. Taylor: The first thing that Oversight brings is the idea that there is no one magical analytic; whether that is a statistical technique or a particular query. In fact, you really have to apply multiple different analytic techniques with each producing pieces of evidence. Second, like forensic detectives on a crime TV show, we know how to pull the evidence together to find a particular insight. Those are unique attributes that we bring to market and prove valuable to companies.

CEOCFO: *What might you look at that others do not realize is important in the analytics process?*
Mr. Taylor: Looking for patterns of activity across time. A great example of that is in corporate travel and expense. Most travelers have to buy things out of pocket. Often there will be a receipt threshold where companies won’t require a receipt for anything below twenty-five dollars. One of the interesting things we will look for and find is; while it is okay that someone spent twenty-four dollars and seventy-five cents, is there actually a pattern over the last two months that a specific person has turned in a statistically unusual number of expenses just below that receipt limit? That kind of pattern of activity deserves a closer look. It would be odd that every cab ride, every lunch, every breakfast and every one of those out-of-pocket expenses are all clustered just under twenty-five dollars. Those expenses do not make sense when you see the pattern. That is a great example of the kind of analytics we have developed that look beyond the surface.

CEOCFO: *What is the common thread among the companies who are using your service? Is it size, type or geography?*
Mr. Taylor: The common thread, first, would be size. We mainly serve companies that have revenues of $500M and above; companies with enough activity that no one person or even a dedicated team of people could actually keep up with everything that is going on. The second characteristic that our customers share is that they are all motivated to make a difference. They are trying to improve the travel program, the purchase card program or the procure to pay process. They typically have a continuous improvement mindset within the organization. Therefore, our customers are interested in making a difference and are large enough companies that cannot figure it all out by eyeballing data.
Bring those two characteristics together and we have an ideal prospect for our service.

**CEOCFO:** *How do you reach out to potential clients?*

**Mr. Taylor:** We use demand generation representatives who call prospective customers to set up twenty to thirty minute “meaningful interactions”. That is an initial phone call with someone who we believe to be a target buyer. During the meaningful interaction we explain what we do and understand enough about the prospect to determine if we are even qualified to help them and if they have all of the things in place that we would need to be successful. We also participate in conferences and events and interact with our customers, partners and prospects on social media and through our blog, where we discuss many of the pain points and challenges our customers are facing as well as the opportunities for extracting value from data and practical tips on where and how to get started. We are partnering with others in the industry to make it easy to import data into Insights On Demand™. For example, we have many clients that use Concur’s expense management product and we participate in their regional user groups, and we also leverage email marketing, along with other communications channels, sharing relevant content, benchmark findings and educational information about data analysis.

**CEOCFO:** *What has changed, if anything, in your approach since you started? What have you learned along the way?*

**Mr. Taylor:** That is a great question! We have learned two big lessons. The first one is that we once would approach prospects and say, “We have a library of best practice analytics; let us talk about customizing those to make them work in your corporation.” It was a very consultative approach. When we launched Insights On Demand™ just over a year ago was became more prescriptive. Now we say, “Here are six issues that you should be looking for in your travel expense data. Here are six issues that you should be looking for in accounts payable data. We have analytics to look for those. Are you interested in those issues?” It is a much more prescriptive approach. The second thing that has evolved for us is that four years ago we would have been pounding the table to do continuous real time analysis. “Let me find problems as quickly as possible so that you can go nip them in the bud.” That is all intellectually correct. However, when we launched Insights On Demand we instead said, “Okay, we can do this analysis for you every day, every week, every month or every quarter.” We discovered that almost everyone wants to get the analysis once a month. When we were saying “monitor continuously”, we were imposing a whole new process. We were imposing a burden of change on our prospects and not everyone was ready to go through all of that. However, when we started giving them the flexibility to choose; and with that, our analysis began melding more naturally into the cadence of their business and that has made it easier for people to see how they could work with us.

**CEOCFO:** *What might be different a year from now for you?*

**Mr. Taylor:** A year from now we will have scaled significantly. Insights On Demand is working fabulously as an overall business. The value equation is better for our clients and that leads to more growth. That being said, a year from now, if you are in a corporation above $500M, you are probably going to know someone who is using Insights On Demand. We will have more leads via word of mouth. People will know that they should be using analytics and more specifically they will know that this is best delivered as a cloud analytical service. A year from now
more people will know that they have the choice of high quality turnkey analysis and more will be making that choice.

**CEOCFO: How does an implementation work? What are the steps when you start working with a company?**

**Mr. Taylor:** That is one of the things that has changed a lot for us, basically by lowering what a customer has to do. The real key for us is first setting up the means to get their data. If a customer is using a cloud-based application like Concur®, we have partnerships so customers can enable us via an administration screen and we are automatically able to get their data. Another example is our partnership with TSYS, the credit card transaction processor. If the bank that provides a company’s corporate purchase card uses TSYS, then they can give us permission and we can automatically get their data. We drive as many partnerships like that as possible, just to take the friction out of the data acquisition process for our customers. Our customers also complete a survey that gives us more insight into exactly how their business works. For example, what is the out of pocket receipt threshold? Is it twenty-five dollars or fifty dollars? That is an interesting number for us to know. We actually go ahead and provide the default answers, because most of them are the same in corporations. However, any one particular thing could be different. Therefore, we will have customers go through the survey and look at default answers and make any changes. Once we get their data and survey answers, we can deliver very high quality results with a small effort from our customers. Another thing that makes the solution achieve even higher levels of quality over time are machine learning capabilities we have built in that observe how and what customers do with the insights, such as which ones they dismiss because they are not meaningful to the organization.

**CEOCFO: Are your clients typically surprised at what you find or do you feel that many of them had an inkling what was wrong and just could not quite put their finger on it?**

**Mr. Taylor:** Oddly, the answer is yes to both of those. Generally, customers are going to have an idea that there is something worth looking at in their data. If they really believed that everything was perfectly pristine, they probably would not engage with us. However, invariably we are going to find things that are surprising, whether those are specific people that are cheating or places where an entire division is not paying attention to the travel policy, etc. When looking at all of the transactions as thoroughly as we do, there are going to be surprises.

**CEOCFO: Where does the human element come in, or does it? You do all of the statistics and the data and you have figured out what to look for. Is it then technologically automated? Is there input from what you have learned or what you know as well?**

**Mr. Taylor:** We really count on there being a human in the loop. Let me describe why that is. Ultimately, we are looking for needles in a haystack. The vast majority of transactions are frankly, okay. What our analytics are very good at is going through that haystack and getting that down to a very small pile of sharp things. Then we count on the person using our case management system to very efficiently go through that small pile of sharp things and actually get to real needles.

**CEOCFO: Why use Oversight Systems today?**

**Mr. Taylor:** First, we will do a diagnostic on 90 days of data free of charge so that our prospects can see that we are going to be able to provide value. That being said, there is really no reason to not give us a
try. It is a very low risk way for a company to engage and improve their programs. Give us a try. There is nothing to lose and a lot to gain!

**BIO:**
Patrick J. D. Taylor is an authority in the convergence of business analytics, information security and the implementation of technology to boost organizational performance. As a thought leader in predictive business analytics, Patrick has spoken at a wide variety of conferences. He has held leadership positions at Internet Security Systems (ISS) and Symantec as well as ORACLE, Red Brick Systems, GO, Air2Web and Fast-Talk. Patrick has a bachelor of mechanical engineering degree with honors from the Georgia Tech and an MBA from Harvard Business School.