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Goodbye Briefing Books

A paperless board meeting? It's starting to happen.

By **JACLYNE BADAL**
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For Bruce Crockett, board meetings used to be a test of strength. The briefing books prepared for directors on the mutual-fund board of financial-services firm AIM Management Group Inc. came in a 20-pound box, says Mr. Crockett, who chairs the board. "You get a hernia going to these meetings, lugging around the paper," he says.

Then, in May, the AIM directors started running paperless meetings. All the information they need is now stored on a Web site, just a mouse click away on each director's laptop. "It was really cool," Mr. Crockett says. "You can just say, 'Click on page 42,' " and everyone can follow along.

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For a growing number of boards, the hefty stacks of briefing books sent to directors before meetings and given to them at gatherings have been replaced with a laptop and an Internet connection. Companies are posting briefing materials to a secure Web site, called a board portal, that not only saves directors the trouble of lugging books around but also can get information to board members sooner, make corrections easier and provide better security than printed material.


About one in five companies uses board portals, according to the New York-based Society of Corporate Secretaries and Governance Professionals, though not all of those have eliminated paper briefing books entirely. Most develop the site internally, the society says, with the rest turning to specialty vendors or technology consultants to create and host board portals for them. **The third-party products typically range in price from \$3,300 per year for a basic portal from InfoStreet Inc. of Tarzana, Calif., to more than \$100,000 annually for a portal from BoardVantage Inc. of Menlo Park, Calif., that can serve dozens of company subsidiaries.**

Standard features include secure hosting, to ensure that the information on the site is accessible only to those it's meant for; 24-hour phone support; communication tools such as email and discussion boards; and calendar synchronization, so that scheduling done on the site automatically registers on directors' personal electronic calendars. Some sites allow board members to vote on routine agenda items before meetings, saving directors time when they get together.

Most programs allow corporate secretaries to upload documents in any format, and to generate an indexed briefing book that can be printed with one click -- for those who aren't quite ready for the paperless meeting but still want the information to be available online ahead of meetings.

Frederick Leech, a practice leader at the Pittsburgh law firm Reed Smith LLP, uses a portal from New

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York-based Diligent Board Member Services LLC to create online briefing books for the firm's clients in the financial-services industry. The financial sector often has some of the largest briefing books, ranging up to 9,000 pages or so for the most important meetings.

Mr. Leech still supplies paper briefing books for his clients' meetings. But the portals save his firm time on preparation, because compiling books electronically is easier than doing it by hand.

More Secure

Standard procedure for most companies is to send advance copies of briefing books out to directors ahead of meetings. But advance books aren't sent until all of the information is compiled; with a portal, information can be posted as it becomes available, giving directors more time to study it. Also, corrections often have to be sent out to the directors after the advance books are shipped -- sometimes whole new advance books are sent out if there are enough revisions to be made. With a portal, corrections can be posted immediately on the site, again getting the information out faster and saving the hassle and expense of production and shipping.

Mr. Leech says that when he started looking into board portals, he had some concerns about the security of the information being posted online. And he wondered if portals would increase the liability risks for directors, since their activity on a portal could potentially be traced, opening them up to accusations that they didn't make themselves aware of crucial company information. He eventually decided that both risks could be managed by picking the right provider.

Analysts and attorneys say board portals usually are more secure than shipping a paper book to directors who may or may not adequately limit access to the information or shred the papers before throwing them away. Most portal vendors advertise their compliance with the SAS 70 security standards established by the American Institute of Certified Public Accountants.

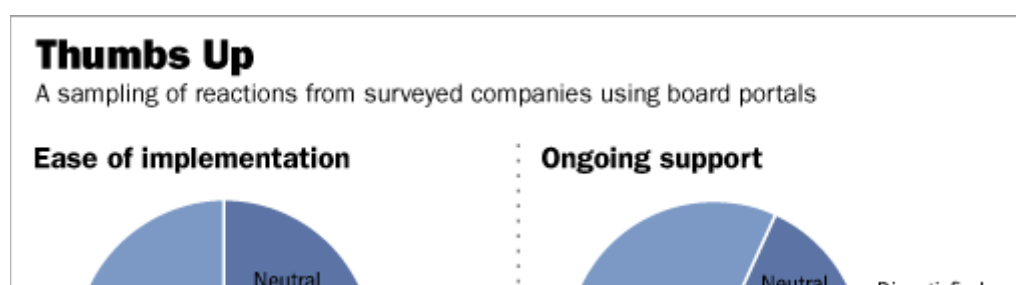
Also, in most cases, the board can choose to disable a tracking mechanism that shows whether directors opened each document. This can cut back on the risk that portal activity will be used to try to show director negligence.

A Dated Concern?

Nicole Silsby, a partner at accounting giant Deloitte & Touche LLP who specializes in governance, says corporate secretaries -- the people who usually prepare briefing books and otherwise act as company liaisons with directors -- often are eager to make the switch to board portals, but worry that directors won't be comfortable operating so extensively online. Ms. Silsby thinks that's a dated concern.

"Every meeting I go to, the minute we break, directors are pulling out their BlackBerrys," she says.

Stephen Gutman, a 63-year-old trustee for the AIG SunAmerica Mutual Funds unit of **American International Group Inc.**, says people should give directors more credit for their technical savvy. His board started conducting paperless meetings about four years ago. The directors who weren't comfortable with computers learned quickly, with the help of vendor technicians who were on-site for the transition.



Mr. Gutman, who can spend 60 hours or more reading his briefing books before a meeting, says the portal has given him more flexibility. As he reads,

he uses his portal to type electronic notes to himself on the pages of documents, and queries other directors using the portal's email system. "No one uses the hard copy unless, for some reason, their computer is down," he says.

Beyond the Briefing

Companies often use portals to post information in addition to the briefing books -- perhaps an archive of company press releases, or a selection of newspaper and magazine articles about the company. With so much information online, some people worry that directors will read only what the company posts on the site and not seek other information that might give them a broader perspective.

BoardLink, a portal offered by the Thomson Financial LLC unit of Toronto-based publisher **Thomson Corp.**, addresses that concern by linking a research tool to the portal. In addition to company-provided information, directors using BoardLink have access to Thomson's data and research on thousands of companies. Board members can easily compare financial-performance measures, such as earnings per share, for a company and its competitors. Directors also can find analyst reports, filings with the Securities and Exchange Commission and transcripts of a company's earnings announcements, complete with questions from analysts.

A director is often needed to champion the idea of a board portal. The expense can be an issue for some companies. Most services cost at least \$20,000 a year. Many companies phase in the use of board portals, continuing to provide paper copies of documents even after everything is posted online. That can be frustrating for corporate secretaries who may feel they're duplicating work while directors grow familiar with the new technology.

Erica Driver, a principal analyst at Forrester Research Inc., of Cambridge, Mass., says companies on the fence may want to experiment with collaboration tools they're already using. For instance, **Microsoft Corp.**'s SharePoint or a similar product offers basic collaboration software, giving directors shared access to documents online. And these products can perform some of the other functions that board portals offer, like calendar synchronization or email or the ability to vote on agenda items, when linked with another program, such as Outlook.

Other companies may already have an unused board portal that came packaged in a broader governance tool. Leaders 4, created by 80-20 Software Pty. Ltd. of Melbourne, Australia, helps companies automate their compliance with certain sections of the Sarbanes-Oxley rules on corporate governance, and it includes a board portal.

If a company does decide to go with a specialty service, or to develop a site internally, then it's important to start by defining how the board will use the portal.

The feature-rich products from BoardVantage, Thomson and others will appeal to board members who enjoy working extensively online. But if directors will be using the product only to access briefing materials ahead of meetings, or to conduct paperless meetings, a more streamlined portal that will cost less may be more appropriate. The portal from Diligent Board Member Services may be the easiest to use. The Diligent layout looks like a paper book. A binding coil and divider tabs are drawn onto the screen, and directors "flip" pages with the click of a mouse.

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