

Following are excerpts from an article printed recently in *THE WALL STREET JOURNAL* based on interviews conducted by WSJ Staff Reporter, Jaclyne Badal, with **THREE DILIGENT BOARDBOOKS CLIENTS: Bruce Crockett from AIM Management Group, Fred Leech from Reed Smith, and Steve Gutman from AIG SunAmerica**—regarding their experiences with online digital boardbooks.

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Goodbye Briefing Books

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

BY JACLYNE BADAL

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.

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. ...

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

over...

times 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. ...

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A Dated Concern?

Nicole Silsby, a partner at accounting giant Deloitte & Touche LLP who specializes in governance, says corporate secretaries—the people who usually pre-

pare 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. ...

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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.

MS. BADAL IS A STAFF REPORTER FOR THE WALL STREET JOURNAL IN SOUTH BRUNSWICK, N.J.

We appreciate **Mr. Crockett, Mr. Leech, and Mr. Gutman** taking the time to share their experiences as users of Diligent Boardbooks with Ms. Badal of THE WALL STREET JOURNAL.