

Doing It Online: Audit & Compliance at Internet Businesses

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Zynga

Head of Internal Audit



COMPLIANCE WEEK 2013
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About Zynga

Zynga Inc. (NASDAQ: ZNGA) is the world's leading provider of social game services with more than 250 million monthly active users playing its games, which include *Words with Friends*, *Farmville / Farmville 2*, *Zynga Poker*, and *Draw Something / Draw Something 2*. Zynga's games are available on a number of global platforms, including Facebook, Zynga.com, Apple iOS and Google Android.



Founded in 2007

2012 Revenue of \$1.28B

Went public in December, 2011



Zynga Internal Audit

Focused on both global SOX compliance and building world-class Internal Audit

Small team founded in 2011 with initial goal of driving SOX compliance

Successful SOX year 1 completed with February 10K filing (12/31 year-end)

~90% of 2012 hours focused on SOX compliance

Completed (and updated quarterly) Internal Audit risk assessment and 3 Internal Audits in 2012

Moving towards 50% SOX / 50% Internal Audit in 2013

Partner with Chief Compliance Officer (Legal), IT Security etc.

Zynga's Complexity

Free-to-play business model – small portion of payers

Complex analysis of big data

Revenue recognition models for virtual goods

“Hit-driven” business



Complex cloud computing architecture

Significant investments in creative and engineering personnel/
equipment

Rapidly changing business model

Growth of mobile, international and advertising revenue

Real money gaming – April, 2013 launch of “white label” Zynga PlusPoker
and Zynga PlusCasino with Bwin.party in UK and 2012 application for
Nevada gaming license bring new set of compliance requirements



What's Next For Internal Audit?

Partner with Finance and IT to rationalize controls and “operationalize” SOX as ongoing process

Expand on Internal Audit risk assessment and roll-out Enterprise Risk Management program

Partner with Legal and Accounting teams to enhance controls in international locations through ongoing country audit program

Partner with AC Chair and CFO to roll-out RMG compliance committee



Audit & Compliance at Internet Businesses

Inder Gulati

Head of Internal Audit



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The world's largest professional network

225M+¹

Members Worldwide

Growing at more than two members per second



88%²

Fortune 100 companies use LinkedIn Talent Solutions to hire



>2.9M

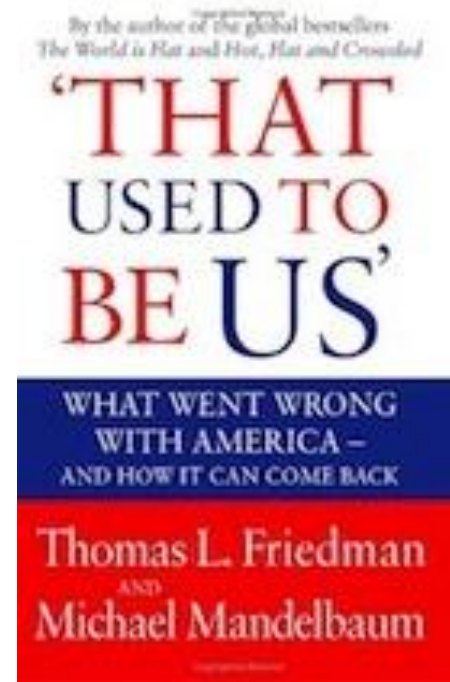
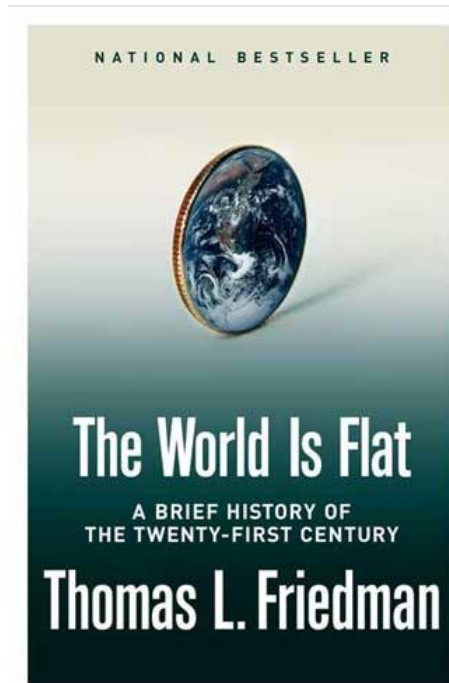
Company Pages

LinkedIn[®]

¹ As of May 2, 2013

² As of March 31, 2013

Connected to Hyper Connected



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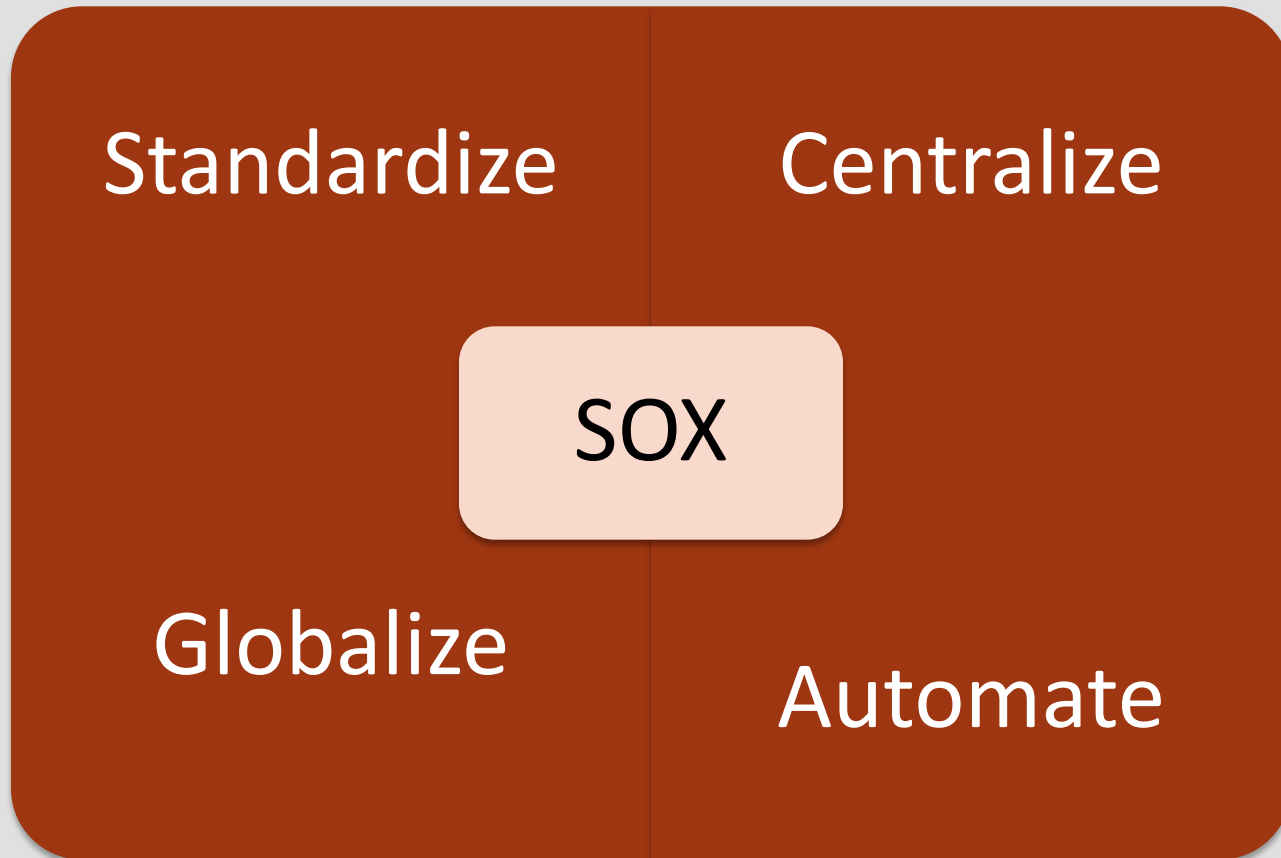
LinkedIn connects talent with opportunity at Massive Scale



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Building a scalable SOX Program from scratch



Audit Function for a Hyper Growth Company

Build a world class organization

- Build advanced internal expertise in critical areas, such as Information Technology, Compliance, Financial and Operational areas

Risk Management

- Establish a Risk Management Framework, providing proactive visibility of key risks (Business Process, IT & Compliance) to the Senior Management.

SOX Compliance

- Ensure annual compliance with SOX 302 & 404 program

Internal Audit

- Establish and execute a risk based audit plan for financial, compliance and operational areas
- Continuous Controls Monitoring

Compliance

- Establish a risk based compliance program globally to ensure compliance with policies and procedures

Transformation

- Establish a streamlined, standardized, centralized and global process and controls framework.
- Structured approach to back office and shared service operations

Managing Data as a Corporate Asset



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Mark Milne

Go Daddy

Director, Internal Audit



Go Daddy at a Glance

Build your dream.
Start with a domain.

Search for a new domain



- **3,400+ Employees** (growing workforce by 10% in 2013)
- **11MM Customers**
- **55MM+ Domain Names under management**



Go Daddy

Website Builder™

- **2.8MM hosting customers**
- **5.6MM websites published**
- **2.8MM WordPress installs**
- **4MM+ Hosting Connections installs**



Go Daddy

Web Hosting™

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Internal Audit Drivers

1997 - 2010

- Founded in 1997
- Rapid growth (\$1.3B Revenue in 2012)
- Increasing requirements for compliance
- Decentralized management of compliance activities (legal, IT, accounting)

2010-2013

- Established internal audit
- Set cadence for performance of annual risk assessment and audit plan development
- Point of contact for 3rd party audits (WebTrust, PCI, SSAE16 / SOC, financial audit)
- Added responsibility for Governance, Risk, & Compliance (2013)

Audit & Governance



Building Internal Audit

Positioning – Establish a Brand

- Announcement from the CFO
- Internal audit charter
- Intranet page
- Building relationships
- Regular communication
- Engaging with established committees
- Finding a way to say 'Yes'

Building The Team

- Internal, co-source, out-source?
- Patience
- Finding the right balance of skills
- The accidental auditor
- On boarding
- Culture
- Training and development

Opportunities

There are no challenges,
only opportunities...

- Organizational growth
- Acquisitions
- Globalization
- SOX readiness