

# iin CHAIRMAN'S UPDATE



## The Year in Review 2002-2003

Welcome to the first International Innovation Network (IIN) Chairman's Update — it is a look back at our first year and a measurement of how we have done against the IIN's strategic plan. The past year saw many important milestones: we formed our organizational structure, launched our Web site, began licensing products and services, and saw the beginning of collaborative product development by members. Many of you attended our meetings this year in Sydney and Rome and contributed to the stimulating discussion during which several new concepts were explored. Thank you for making the past year a success!

### Our Mission — A Collaborative Global Network

Helping professional accountants meet customer expectations and stakeholder needs is not confined by country borders. The IIN was formed to help our profession achieve this goal. The overall mission of the IIN is to provide leadership in developing and sharing ideas for products and services for the benefit of the global accounting profession AND a vehicle for collaboration between network members.

The IIN helps the broader accounting profession fulfill its public interest mission by adapting advisory and assurance business models to serve the public interest. The IIN provides a forum in which members exchange ideas and information, collaborate on product and service development, and market products to a global network of over one million professional accountants worldwide. The IIN is not a standard setting body but rather an organization designed to promote products and services that support those standards and the unique needs for our members.

Since collaboration is a key objective, the network continues to provide leadership in developing and sharing ideas and solutions, best practices and benchmarks. Effective interaction between accountancy institutes can improve the profession's speed to market for products and services that meet particular marketplace needs — the network allows us to collectively roll out solutions in a more timely manner to a much broader audience than any one IIN member can do alone.

### The IIN Strategic Plan — Short-Term Mission and Objectives

Following the IIN's official establishment in July 2002, we moved quickly to lay the foundation for future development by setting up management arrangements; defining our short-term mission; and beginning to implement a strategic plan to meet the mission.

The short-term mission of the IIN is to achieve "quick wins" in order to establish credibility and also to lay the foundation for the IIN's future products and services. Four key objectives were defined:



The Americas:

Canada  
United States

Europe/Africa:

Austria  
Belgium  
England & Wales  
France  
Germany  
Ireland  
Italy  
Netherlands  
Scotland  
Spain  
Sweden

Asia Pacific:

Australia  
Hong Kong  
India  
Japan  
New Zealand

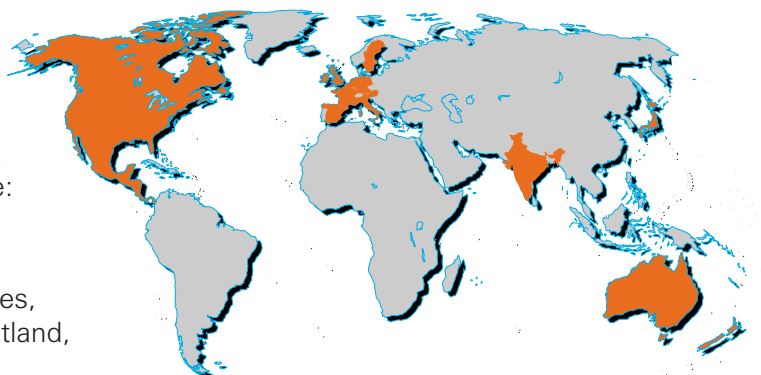
- To facilitate the deployment of market-driven products to network members;
- To provide tools and services to the professional accountant members of network members for use with their clients or employers; and
- To establish affinity relationships with key partners to lower the cost of services to accountants worldwide;
- To serve as a channel and catalyst for initiatives affecting the global accounting profession.

Strategies used to accomplish these core objectives will include: gathering data on existing and planned products and services; achieving licensing and income milestones; communicating success internally; defining models of doing business; providing information on bringing products to market; and evaluating our success.

## Success Metrics — How Have We Done?

### **Master License Agreement Signed**

The IIN finalized its Master License Agreement at the July 2002 meeting in New York City. The Master License was signed by 18 accountancy institutes and serves as an operating framework for the IIN. Founding members of the IIN include:



**The Americas:** Canada and the United States

**Europe/Africa:** Austria, Belgium, England & Wales, France, Germany, Ireland, Italy, Netherlands, Scotland, Spain and Sweden

**Asia Pacific:** Australia, Hong Kong, India, Japan and New Zealand

IIN Members have been grouped in three regions so that representatives can be chosen for a Coordination Committee to manage decisions related to the IIN. The Coordination Committee meets monthly to discuss strategic issues.

### **Individual License Agreements Signed by IIN Members to Provide Products and Services to Their Members**

Trust Services were developed by the AICPA and the CICA and are now being offered to IIN members for licensing and will soon include the Enterprise Wide Privacy service. The CICA has also begun licensing its innovative *CA Source* product to members. The Association of Certified Fraud Examiners and the AICPA created a Fraud Reference CD ROM which is now available free of charge to all network members.

New product offerings in the information technology and corporate governance areas were demonstrated by many of our members this year and will be available soon for licensing.

### **New Task Forces Formed**

In January 2003, the IIN agreed to form the *Small and Medium Practitioners Task Force* chaired by Cairine Wilson of the CICA. The mission of this task force is to explore current products and services offered by IIN members for use by small and medium accountancy firms. In July 2003, David Smith of the ICAA agreed to chair the newly formed *Products to Markets Task Force*. It will assist IIN members by defining models of doing business and provide more information and guidance about getting products to market. Also in July,

John Morrow of the AICPA agreed to chair the new *Members in Business Task Force*. This task force will explore how to create new products to better serve this important constituency of many IIN members.

### ***IIN Membership Survey Completed — Products, Services and Tool Inventory***

One of the major priorities of the last year was the development and gathering of information of individual IIN membership that could be shared with other IIN members for the purpose of helping to accelerate product and service development and collaboration. The survey was designed to capture information about the organizational structure of each member, general economic conditions and business growth of each respective country, legislative and accountancy issues, estimated timing of approval process of license agreements, membership numbers, products and services offered by each institute and market potential. The survey will be continually updated and provided to IIN members.

### ***Retained Resources to Manage Day-to-Day Operations of IIN***

The IIN's headquarters is located in the United Kingdom and the ICAEW has generously provided support services to the IIN. In addition, Alison Portlock, was hired by the IIN in November to provide day-to-day operational, management and administration services to members.

### ***IIN Web Site Launched in April 2003***

One of our priorities during the past year was the establishment of a Web site for the general public and our IIN members which went live in April ([www.iinonline.com](http://www.iinonline.com)). As well as providing information about IIN to the accounting community, members can now access a password protected section of the site for minutes of meetings, contact information of members, details about IIN events, reference materials, license agreements, product information, rules and procedures, communications materials, budget, and other information.

## **IIN Administration and Finances**

The members of the IIN made 2002 the year in which we matured into a fully operating, non-profit organization. Our achievements this past year helped us lay a solid foundation for focusing our efforts on member products and services as well as growing membership in future years.

IIN began fiscal 2002 with zero net assets and ended on April 30, 2003 with a modest surplus of €71,369 in net assets. Turnover of €108,000 consisted of dues from 18 member accountancy institutes. Administrative expenses totaling €39,791 this fiscal year were dominated by fees for Web site design; professional management and administrative services; and legal fees from non-recurring costs of drafting and finalizing the corporate structure and dealing with intellectual property protection matters.

## **Enhanced Business Reporting Solutions**

As a result of accounting scandals around the world, many IIN members are working on initiatives to enhance business reporting solutions. We hope as these different schools of thought are being formulated, the IIN will serve as a global platform and channel that accounting bodies can utilize to promote enhanced business reporting models to better serve the needs of decision makers and to better protect the public interest.

## Looking Ahead: New Markets, New Products and New Members

In the coming year, more product and service license agreements between IIN members will be signed. The following highlights just some of the products and services being offered by individual IIN members for license agreement consideration:

**From India** — “Online IT Training Product” — an online training project to assist individual accountants.

**From Scotland** — “Business Advisory Toolkit” — a small member business advisory practice tool; “Practice CAre” — a practice development service for small accountancy firms.

**From Canada** — “CA Source” — an online employment service that accountancy institutes can offer that matches potential employees with accounting firm needs.

**From Germany** — “Audit of Internal Controls of Financial Reporting in an IT Environment” — a product that accountancy firms can offer to clients.

**From the United Kingdom** — “Educational Tool for International Accounting Standards” — an online learning development tool.

**From the United States** — “MAP Survey” — an online survey to gauge best practices on members in public practice.

**From Ireland** — “Practice Link” — a service that helps firms sell/merge their accountancy practices.

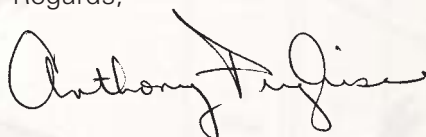
**From Italy** — “MAP” — a training and learning service offered through satellite communication.

**From Japan** — “Public Sector Maturity Level Assurance” — an assurance service accountants can offer in the public sector.

The IIN continues to outreach to other accountancy institutes around the world. During 2004, we anticipate new jurisdictions will join the IIN.

We had an exciting year and achieved many important milestones and made steps towards achieving our short-term mission and objectives. I look forward to working with everyone in this coming year and to expanding our network and collaborating on new products and services. See you in Edinburgh in February!

Regards,



Anthony Pugliese, CPA  
Chairman, IIN  
Vice President, Member Innovation, AICPA  
July 2003

### Future International IIN Meetings

The IIN meets twice annually and since its inception in July 2002 has met in New York, Sydney and Rome. Before its legal inception, the IIN also met in Paris, London, San Francisco, Toronto and Hong Kong. The next two IIN meetings are scheduled as follows:

- February 2004  
Edinburgh, Scotland
- July 2004  
Vancouver, Canada