

September 2006



IBM Customer Reference: Sketchers USA Inc.

Overview

A leading footwear retailer increases productivity and meets the federal regulations of the Sarbanes-Oxley Act by implementing IBM Lotus Workplace R2.1 for Business Controls and Reporting software running on IBM eServer xSeries servers.

Location: Manhattan Beach, California, United States

Industry: Consumer Products

URL: <http://www.vascroft.com><http://www.dsv-gruppe.de>

Customer Background:

Founded in 1992, SKECHERS USA is an award-winning international company that designs and markets a variety of footwear, including sport, casual, dress and dress casual shoes for men, women and children. SKECHERS sells its products in over 100 countries and territories through 30 major global distributors. SKECHERS also directly distributes its product to Canada, the United Kingdom, France, Spain, Italy, Switzerland, Austria, Belgium, the Netherlands and Luxemburg.

SKECHERS' objective is to grow its worldwide operations through its 11 strong product lines, innovative advertising and diversified distribution channels, including department, specialty and athletic stores, the Internet and company-owned retail stores. Headquartered in Manhattan Beach, California, SKECHERS is traded on the New York Stock Exchange under the symbol SKX.

Business Need:

In 2002, the U.S. federal government passed the Sarbanes-Oxley Act, requiring publicly traded companies with annual revenue exceeding US\$75 million to audit and monitor business processes with more stringent controls. In particular, the act mandates that companies certify in writing that not only are its financial disclosures complete and accurate, but also that it has enacted disclosure controls and procedures. Companies are required to:

- Establish and maintain adequate internal control structure(s)
- Assess the effectiveness of those internal controls for financial reporting.

SKECHERS had no tools in place for Sarbanes-Oxley compliance, nor did it have the ability to audit its compliance with the act. The company needed to manage, assess and improve business processes, controls and reporting with one easy-to-use solution.

Solution:

IBM Software Services for Lotus (ISSL) was engaged to implement and customize the IBM Lotus Workplace for Business Controls and Reporting solution. The ISSL team was at the customer site for two weeks evaluating the organization's needs, assisting in the installation, integration and customization of the

application, and providing knowledge transfer to enable the Skecher personnel. To meet the expectations of the Sarbanes-Oxley Act, SKECHERS implemented IBM Lotus Workplace R2.1 for Business Controls and Reporting software. The software package provides knowledge and information management, as well as the portal and collaboration infrastructure to help address internal business controls and reporting requirements. The Lotus Workplace software runs on three IBM eServer xSeries servers connected to an Intel network. SKECHERS chose xSeries servers because of their reliability and response times.

The IBM offering provided SKECHERS document management, collaboration, audit trails, and archiving functions in an integrated solution. Lotus Workplace for Business Controls and Reporting offers role-based workplaces, which provide the repository for controlling and sharing control documents such as organizational charts, policies and standard operating procedures. The software's process-flow capabilities allow processes to be standardized, automated and verified by SKECHERS and its auditor for attestation.

Content related to internal controls, documents defining policies and procedures and compliance processes are stored in the software, and can be accessed by SKECHERS' internal staff, auditors, external legal counsel, and others as required. This ensures that SKECHERS can meet the challenges of the Sarbanes-Oxley Act.

The Lotus software allows SKECHERS to:

- Utilize a standard, Web-based user interface across the entire organization
 - Easily access integrated data from disparate applications and business processes
 - Monitor business controls
 - Gather information about controls in an organized and automated fashion
 - Utilize a robust repository for a broad set of business-critical assets (documents, images, audio, video, e-mail, etc.).

SKECHERS has approximately 40 users for this solution.

Benefits of the Solution:

SKECHERS now has an integrated solution for meeting Sarbanes-Oxley auditor attestation expectations while at the same time increasing its productivity. The Lotus software allows for automated retrieval processes, roles-based security and an audit trail that complies with federal regulations. And personnel are more productive since processes for monitoring and gathering information about business controls are more automated.



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