

# Intellectual Property Protection

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## I. Overview

Insigma Hengtian Software Ltd. (Hengtian), a professional outsourcing service provider, has successfully completed more than 100 development projects for clients from USA, Canada, Australia, and China. As a financial software provider, Intellectual Property (IP) is always our first concern, and perfect protection becomes our core competitiveness. During the past several years, Hengtian has developed a system of comprehensive measures to protect clients' IP.

This whitepaper includes six parts: overview, organization structure, department responsibilities, project-related operation, physical infrastructure, and conclusion.

## II. Organization Structure

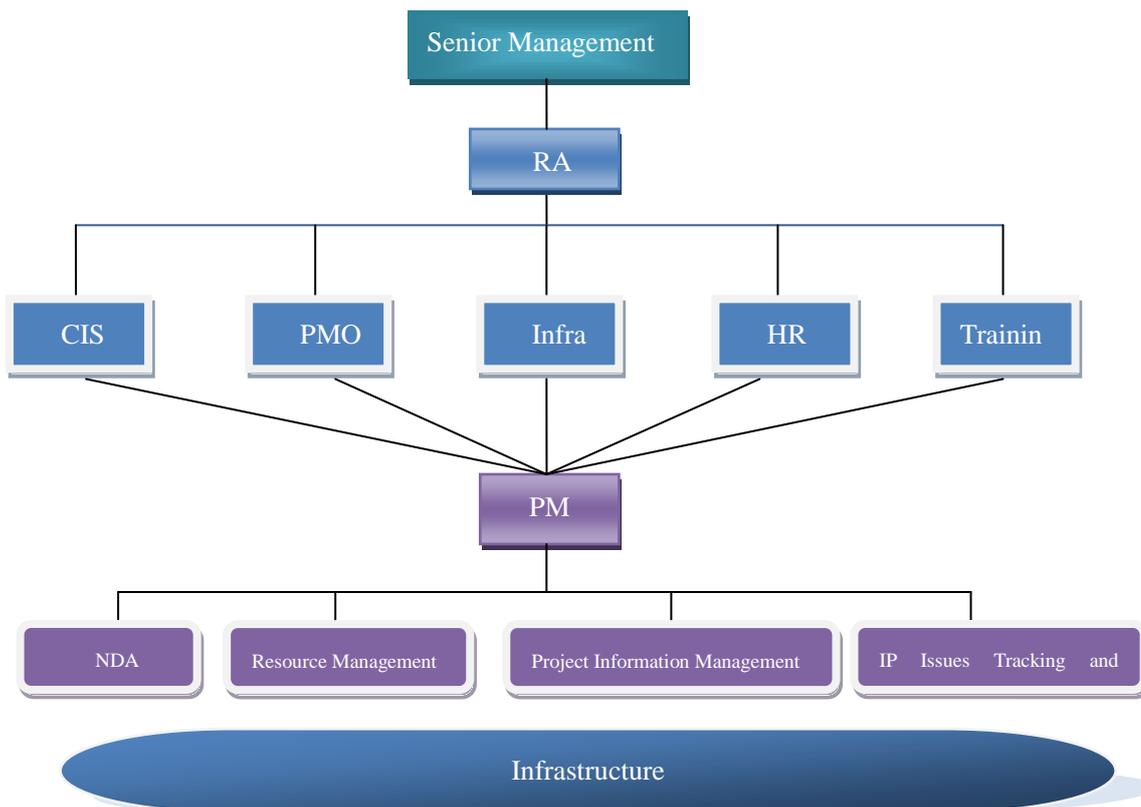


Figure 1: Organization Structure

Hengtian's IP protection system (*Figure 1*) is comprised of five levels. The top level, Senior Management supervises 6 functional departments in the third level through Risk Administration (RA). Corporation Information Security (CIS), Project Management Office (PMO), Infrastructure (Infra), Human Resources (HR) and Training are five basic departments in the third level, which also support other daily issues, and Project Manager (PM) is in the fourth level, which directly manages the project procedure by communicating with the five basic departments. Physical infrastructure, such as equipment, guarantees all the four levels above.

## III. Department Responsibilities

Each department is responsible for one aspect of IP protection.

### 1. Risk Administration

- Collect and analyze IP information from the market/clients
- Monitor IP risk in the daily work of other departments and report to senior management
- Audit the implementation of IP protection regulation
- Send regular monthly risk reports and emergency risk reports to all employees through e-mail
- Adjust IP protection regulation with senior management's approval if necessary

### 2. Project Management Office

- Divide all information/documents about clients into one of the five levels: high confidential, confidential, limited access, company internal and general
  - **General** - Information that has been determined by Hengtian and its customers to be available for public distribution or is already available in the public domain
  - **Company Internal** - Non-public information that bears no material risk if disclosed to employees or authorized third parties
  - **Limited Access** - Information that can be accessed only by those who "need-to-know"
  - **Confidential** - Information which is designated as such by a business unit or to which access is required by law, statute, contract or regulation to be limited to authorized individuals; it is proprietary in nature and/or highly sensitive so that disclosure may cause legal or financial ramifications
  - **Highly Confidential** - Corporate information which, if disclosed to unauthorized persons (internal or external), could cause material harm to the corporation. Examples of highly confidential information include but are not limited to, earnings and merger & acquisition information and any information that could result in the loss of competitive advantage or reputation. Information with this classification may only be sent to named individuals who have been designated as a recipient of the particular highly confidential information
- Ensure that all information is appropriately labeled, distributed, stored, disposed of and even discussed according to its classification

### 3. Corporation Information Security

- Ensure employees using ID access to Hengtian's appropriated system and/or facilities, and ceasing the password every 90 days
- Ensure employees locking the desktop before leaving
- Disable mobile devices from connecting to Hengtian networks without approval
- Review open resources software installed into desktops and laptops in the corporation
- Install and update a standard anti-virus/firewall software into all computers (desktops and laptops) and Windows servers
- Ensuring printed documents being locked in a drawer when employee leaves

### 4. Infrastructure

- Record every visitor's detailed personal information by safeguards, and ensure that the visitor must be escorted by employees in the corporation

- Ensure Doors access to work area being locked and every employee using the magnetic card to access work area
- Limit the right of employees to access special floors/work area

## 5. Human Resource

- Investigate potential employees' background before sending offers
- Ensure that employees fill a detailed personal information form and sign a confidential statement prior to beginning employment
- Record project experiences of technologic employees and monitor the employee arrangement
- Ensure that relative departments revoke all the assets, such as computers, documents and magnetic cards, employee ID from leaving employees

## 6. Training

- Orient new employees to learn the regulation of IP protection & CIS and test them before allowing them working
- Spread new regulations of IP protection by centralized training

## 7. Project Manager

- Manage and supervise the project procedure, which is described in details in next section

# IV. Project-related Operation

PM is the principal in the process of a project, who will take charge of all the issues of IP protection.

## 1. Agreement with Clients

- Non-Disclosure Agreement

The first step that Hengtian takes, to assure its clients of Hengtian's commitment to protecting their IP, is the Non-Disclosure Agreement (NDA). As an act of assurance that Hengtian will treat its clients' intellectual property with the utmost care, it is Hengtian's policy to sign an NDA with all its clients at the start of a business relationship. This NDA sets out the rules and responsibilities of both parties, and is strictly followed by all Hengtian employees. In addition, the details of the content, in relation to which IP protection is assured, are also included in the contract

## 2. Resource Management

- Member Choice

- For this part, Hengtian have standardized Resource Request Process. This document standardized the resource request procedure with detail description on the procedure flow, associated with roles, responsibility and constraints. The resource request must be approved by senior manager and checked by PMO which is the department that defines and maintains the standards of process, generally related to project management, within the organization
- When a new project builds, firstly AM (Account Manager: appointed person responsible for account management of the project in Hengtian) presents the resource request form to PMO and inform HR, and with approved by Senior Manager, HR will check if there is some special

requirement for this project resource to avoid choosing the employees who have the experience in the competitive relation projects. After that, HR will search in the resource pool and coordinate with related AM to find out the available resource. If there is no available resource, HR initiates external recruitment procedure and find out the available resource. For external recruitment, HR has taken a strict background check procedure to assure that no related project experience employee going into the new project (*Figure 2*)

- In addition, when the project needs some extra member to assist or support during the project process, the member also need strict background check. It can be started after approved by PM and informed to client

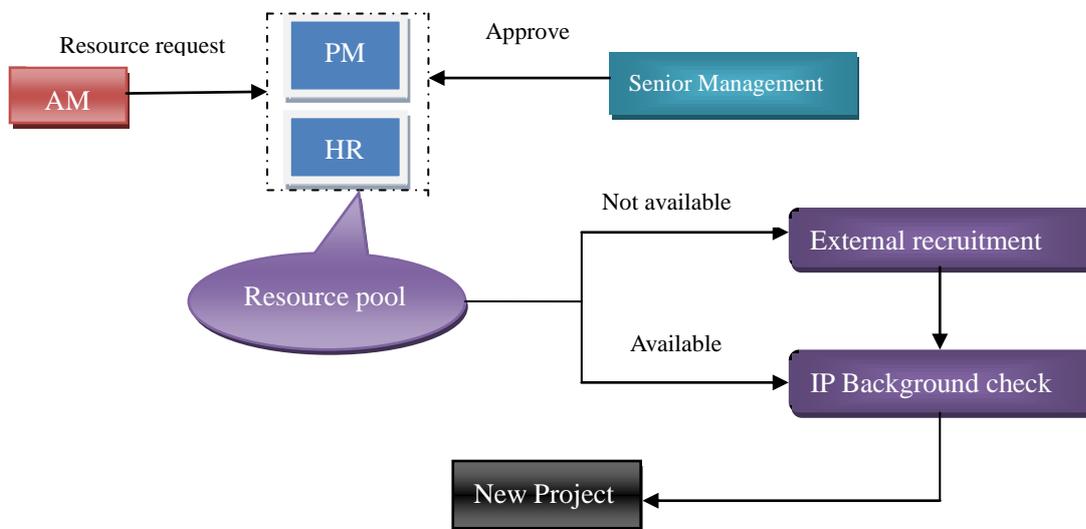


Figure 2: Member Choice Process

- Work Area Choice

To protect IP of clients, with the different clients, Hengtian will take a different arrangement and management for the work areas

### 3. Project Information Management

During the project, PM takes the responsibility to

- Manage and divide the project-related documents as PMO department requires
- To make sure that high confidential information in digit and paper is managed by one specific employee, and only spread among the necessary people
- The information can only be printed for limited copies with serial number. Access employees must be recorded

- All information above general level is not allowed to share with the third party without informing clients
- Try to limit the spread range if these documents are required by some organization, such as audit and judicial organs

#### 4. IP Issues Tracking and Report

Beside the above three responsibilities, during the project PM should also track the new IP issues which may happen caused by some reasons: such as the special application needs of the project or other particular cooperation features and so on. Under these circumstances, PM will inform the detail to RA firstly. Secondly RA department will report to senior management to get adjustment approval, and then inform related departments to do some adjustment (Figure 3).

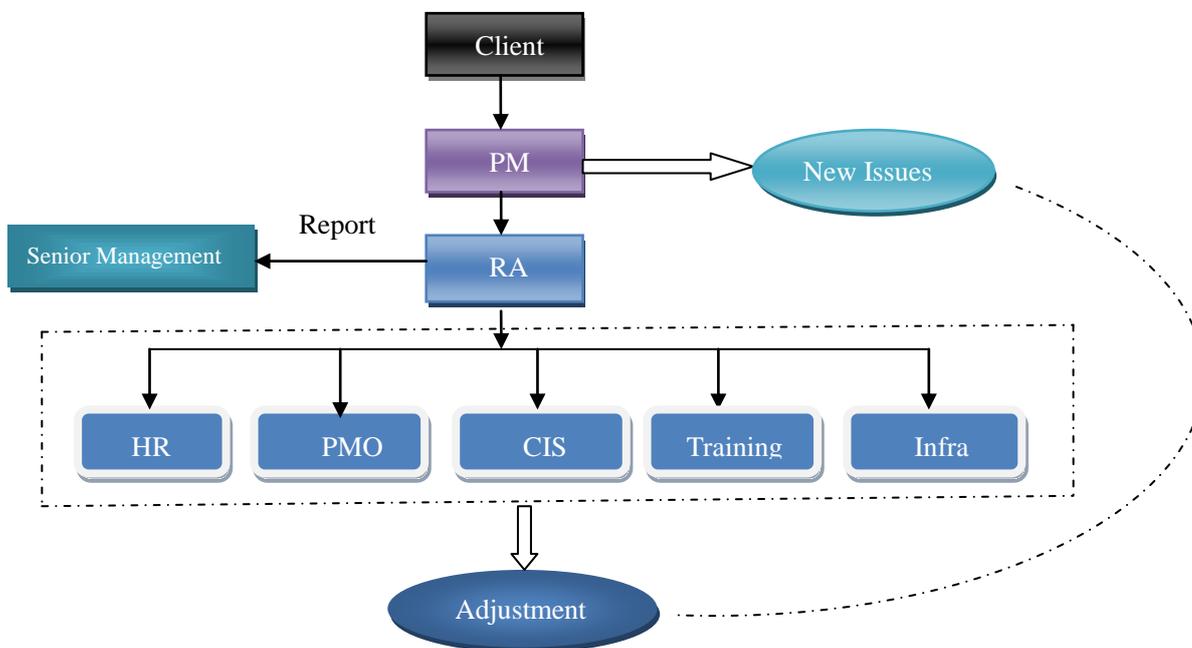
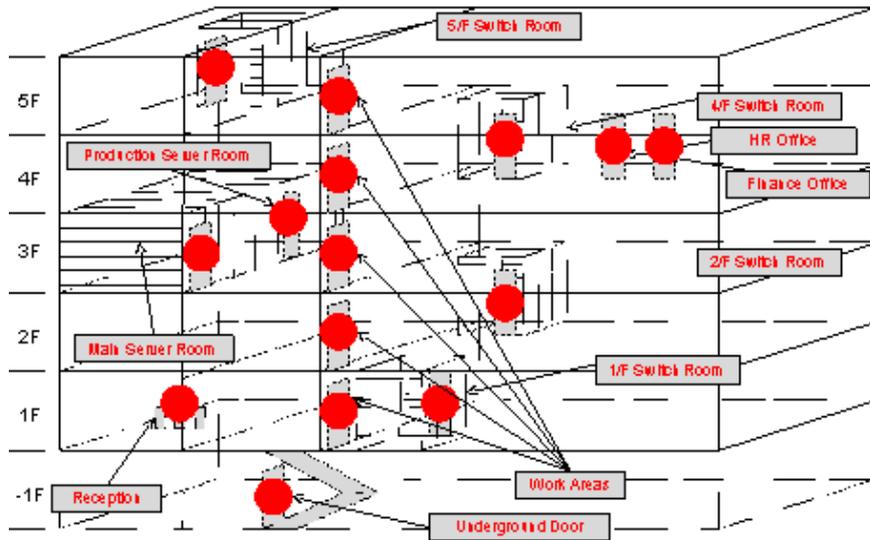


Figure3: IP Issues Tracking and Report Process

## V. Physical Infrastructure

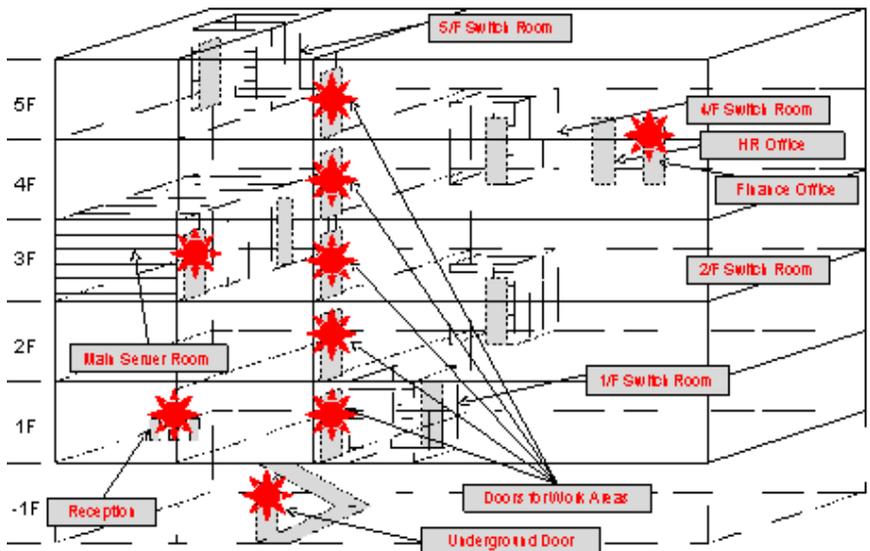
### 1. Badge System

Hengtian badge system controls every entrance and every door in the whole building.



## 2. Camera System

Hengtian Camera System monitors the reception and entrance of data center, finance department and each floor.



### 3. Certificate

Hengtian has got ISO 27001 management system certificate:



## VI. Conclusion

Intellectual Property protection plays a crucial role in motivating and attracting Hengtian's clients, and it has already been indispensable to Hengtian's long-term development strategy. In Hengtian, IP doesn't just mean patents, trademarks and copyrights, but significantly is the processes, techniques, methodology and talent. Hengtian supports strong intellectual property protection and understands the vital importance of intellectual property to its clients' business development.