

**LISTRAK INC.**

SOC 3 REPORT ON THE DIGITAL MARKETING SYSTEM  
RELEVANT TO SECURITY

FOR THE PERIOD  
MAY 1, 2018 THROUGH OCTOBER 31, 2018



**McKONLY & ASBURY**

# **LISTRAK INC.**

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**I. INDEPENDENT SERVICE AUDITOR'S REPORT  
PROVIDED BY McKONLY & ASBURY, LLP**

## INDEPENDENT SERVICE AUDITOR'S REPORT

The Management Team  
Listrak Inc.  
Lititz, Pennsylvania

### Scope

We have examined Listrak Inc.'s (Listrak's) accompanying assertion titled "Assertion of Listrak Inc.'s Management" (assertion) that the controls within Listrak's Digital Marketing System (system) were effective throughout the period May 1, 2018, to October 31, 2018, to provide reasonable assurance that Listrak's service commitments and system requirements were achieved based on the trust services criteria relevant to security (applicable trust services criteria) set forth in TSP section 100A, *2016 Trust Services Criteria for Security, Availability, Processing Integrity, Confidentiality, and Privacy (AICPA, Trust Services Criteria)*.

### Service Organization's Responsibilities

Listrak is responsible for its service commitments and system requirements and for designing, implementing, and operating effective controls within the system to provide reasonable assurance that Listrak's service commitments and system requirements were achieved. Listrak has also provided the accompanying assertion about the effectiveness of controls within the system. When preparing its assertion, Listrak is responsible for selecting, and identifying in its assertion, the applicable trust service criteria and for having a reasonable basis for its assertion by performing an assessment of the effectiveness of the controls within the system.

### Service Auditor's Responsibilities

Our responsibility is to express an opinion, based on our examination, on whether management's assertion that controls within the system were effective throughout the period to provide reasonable assurance that the service organization's service commitments and system requirements were achieved based on the applicable trust services criteria. Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform our examination to obtain reasonable assurance about whether management's assertion is fairly stated, in all material respects. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination included:

- Obtaining an understanding of the system and the service organization's service commitments and system requirements.
- Assessing the risks that controls were not effective to achieve Listrak's service commitments and system requirements based on the applicable trust services criteria.
- Performing procedures to obtain evidence about whether controls within the system were effective to achieve Listrak's service commitments and system requirements based the applicable trust services criteria.

Our examination also included performing such other procedures as we considered necessary in the circumstances.

### **Inherent Limitations**

There are inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention of controls.

Because of their nature, controls may not always operate effectively to provide reasonable assurance that the service organization's service commitments and system requirements were achieved based on the applicable trust services criteria. Also, the projection to the future of any conclusions about the effectiveness of controls is subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, management's assertion that the controls within Listrak's digital marketing system were effective throughout the period May 1, 2018, to October 31, 2018, to provide reasonable assurance that Listrak's service commitments and system requirements were achieved based on the applicable trust services criteria is fairly stated, in all material respects.

*McKonly & Asbury, LLP*

Camp Hill, Pennsylvania  
December 14, 2018

## **II. MANAGEMENT'S ASSERTION**

# **LISTRAK INC.**

## **MANAGEMENT'S ASSERTION**

### **ASSERTION OF LISTRAK INC.'S MANAGEMENT**

We are responsible for designing, implementing, operating, and maintaining effective controls within Listrak Inc.'s (Listrak's) digital marketing system (system) throughout the period May 1, 2018, to October 31, 2018, to provide reasonable assurance that Listrak's service commitments and system requirements relevant to security were achieved. Our description of the boundaries of the system is presented in Section III and identifies the aspects of the system covered by our assertion.

We have performed an evaluation of the effectiveness of the controls within the system throughout the period May 1, 2018, to October 31, 2018, to provide reasonable assurance that Listrak's service commitments and system requirements were achieved based on the trust services criteria relevant to security (applicable trust services criteria) set forth in TSP section 100A, *2016 Trust Services Criteria for Security, Availability, Processing Integrity, Confidentiality, and Privacy* (AICPA, *Trust Services Criteria*). Listrak's objectives for the system in applying the applicable trust services criteria are embodied in its service commitments and system requirements relevant to the applicable trust services criteria. The principal service commitments and system requirements related to the applicable trust services criteria are presented in Section IV.

There are inherent limitations in any system of internal control, including the possibility of human error and the circumvention of controls. Because of these inherent limitations, a service organization may achieve reasonable, but not absolute, assurance that its service commitments and system requirements are achieved.

We assert that the controls within the system were effective throughout the period May 1, 2018, to October 31, 2018, to provide reasonable assurance that Listrak's service commitments and system requirements were achieved based on the applicable trust services criteria

/s/David Lechlitner

David Lechlitner

Director of Information Technology

### **III. LISTRAK'S DESCRIPTION OF THE DIGITAL MARKETING SYSTEM**

# LISTRAK INC.

## LISTRAK'S DESCRIPTION OF THE DIGITAL MARKETING SYSTEM

### OVERVIEW OF LISTRAK INC. OPERATIONS

Listrak Inc. (Listrak) is a privately-held eCommerce/digital marketing and SaaS company. As an industry-leading marketing cloud, focused solely on retailers, Listrak delivers results for its clients with the power of 1:1 interactions that drive incremental revenue, engagement, lifetime value, and growth. Fueled by artificial intelligence, actual human intelligence, machine learning, and predictive analytics, the Listrak platform boasts a comprehensive set of marketing automation and CRM solutions that unify, interpret, and personalize data to engage customers across channels and devices.

Listrak serves more than 1,000 clients, and works with leading brands. The company has been offering its services and solutions since 1999.

For more information, visit [www.listrak.com](http://www.listrak.com).

### THE CONTROL ENVIRONMENT – ORGANIZATION AND MANAGEMENT

The control environment at Listrak provides employees with the company's overall philosophy on professional conduct and operating style. It provides the framework for other aspects of internal control. The control environment at Listrak involves the following areas:

- Employee Handbook.
- Organizational Structure.
- Policies and Procedures.
- Job Descriptions.

Listrak maintains offices in Lititz, Pennsylvania and Newport Beach, California. It also has approximately twenty employees working remotely, primarily in a sales function. The organizational structure is designed along functional lines, which provides an adequate segregation of duties or the effective application of mitigating or compensating controls, as well as clearly defined areas of responsibility relating to the control environment components. The functional areas are included below.

- Executive Team
- Sales and Marketing
  - o Inside Sales Team
  - o Account Management/Client Services
  - o Sales Management
  - o Sales Operations
  - o Sales Engineering
  - o Strategic Partnerships
  - o Marketing Operations
  - o Corporate Communication
  - o Learning and Development
- Engineering and Operations
  - o Product Development
  - o Information Technology
  - o Human Resources
  - o Product Management

## **LISTRAK INC.**

### **LISTRAK'S DESCRIPTION OF THE DIGITAL MARKETING SYSTEM**

- Professional Services
  - o Creative Design
  - o Project Management & Implementation
  - o Client Support
  - o Quality Control
- Finance
  - o Enterprise Resource Planning
  - o Reporting/Accounts Payable/Accounts Receivable/Billing
- Facilities

### **LOGICAL AND PHYSICAL ACCESS**

Listrak maintains logical and physical access controls throughout the company. The logical access policies and procedures are in place and communicated to all Listrak employees and external users. The policies and procedures that have been implemented are in place to limit the risk of unauthorized access to the Listrak network and applications. In addition, Listrak has implemented physical access controls to all Listrak facilities. The physical access policies and procedures restrict physical access to Listrak facilities, as well as monitor access to the facilities on the 24x7 basis.

### **SYSTEM OPERATIONS**

Listrak's system operations policies and procedures have been adequately designed and implemented to ensure that the operations environment is functioning appropriately. Listrak's system operations policies and procedures include evaluation of vulnerabilities, disaster recovery and data backup, and system patches and upgrades to allow for efficient system operations.

### **CHANGE MANAGEMENT**

Listrak has established controls including policies and procedures surrounding change management of application, system, and infrastructure changes. The policies and procedures for change management includes evaluating, tracking, developing, quality assurance testing, and post implementation reviews for all application, system, and infrastructure changes. The process ensures that all changes occurring to the Listrak application, system, or infrastructure environment have followed the appropriate quality controls process.

#### **IV. PRINCIPAL SERVICE COMMITMENTS AND SYSTEM REQUIREMENTS**

## **LISTRAK INC.**

### **PRINCIPAL SERVICE COMMITMENTS AND SYSTEM REQUIREMENTS**

Listrak designs its processes and procedures related to the Listrak Platform to meet its objectives for its digital marketing services. Those objectives are based on the service commitments that Listrak makes to user entities, the laws and regulations that govern the provision of digital marketing services and the financial, operational and compliance requirements that Listrak has established for the services.

Security commitments to user entities are documented and communicated in Service Level Agreements (SLAs) and other customer agreements, as well as in the description of the service offering provided online. Security commitments are standardized and include, but are not limited to, the following:

- Security principles within the fundamental designs of the Listrak Platform that are designed to permit system users to access the information they need based on their role in the system while restricting them from accessing information not needed for their role.
- Use of encryption technologies to protect customer data both at rest and in transit.

Listrak establishes operational requirements that support the achievement of security commitments, relevant laws and regulations, and other system requirements. Such requirements are communicated in Listrak's system policies and procedures, system design documentation, and contracts with customers. Information security policies define an organization-wide approach to how systems and data are protected. These include policies around how the service is designed and developed, how the system is operated, how the internal business systems and networks are managed, and how employees are hired and trained. In addition to these policies, standard operating procedures have been documented on how to carry out specific manual and automated processes required in the operation and development of the Listrak Platform.

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