

LISTRAK, INC.

SOC 3 REPORT ON THE DIGITAL MARKETING SYSTEM
RELEVANT TO SECURITY

FOR THE PERIOD
MAY 1, 2017 THROUGH OCTOBER 31, 2017



McKONLY & ASBURY

LISTRAK, INC.

TABLE OF CONTENTS

	<u>Page</u>
I. Independent Service Auditor's Report on a Description of a Service Organization's System and the Suitability of the Design and Operating Effectiveness of Controls Relevant to Security	1
II. Management's Assertion	3
III. Listrak's Description of Software as a Service System	5

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

INDEPENDENT SERVICE AUDITOR'S REPORT

The Management Team
Listrak, Inc.
Lititz, Pennsylvania

We have examined management of Listrak, Inc.'s (Listrak) assertion that Listrak maintained effective internal controls to provide reasonable assurance that the Listrak Digital Marketing System was protected against unauthorized access, use, or modification to achieve Listrak's commitments and system requirements during the period May 1, 2017 through October 31, 2017 based on the criteria for security in the *American Institute of Certified Public Accountants' TSP Section 100A, Trust Services Principles and Criteria for Security, Availability, Processing Integrity, Confidentiality, and Privacy*. Listrak's management is responsible for its assertion. Our responsibility is to express an opinion on management's assertion based on our examination.

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 the examination to obtain reasonable assurance about whether management's assertion is presented in accordance with the criteria, in all material respects. An examination involves performing procedures to obtain evidence about a management's assertion, which includes (1) obtaining and understanding of Listrak's relevant security policies, processes and controls; (2) testing and evaluating the operating effectiveness of the controls; and (3) performing such other procedures as we consider necessary in the circumstances. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Because of the nature and inherent limitations, the internal controls at a service organization may not always operate effectively to meet the applicable trust services criteria. Also, the projection to the future of any evaluation or conclusions about whether the controls will meet the applicable trust services criteria is subject to the risk that the system may change or that controls at a service organization may become ineffective. In our opinion, Listrak management's assertion referred to above is fairly stated, in all material respects, based on the aforementioned criteria for security.

McKonly & Asbury, LLP

Camp Hill, Pennsylvania
December 12, 2017

II. MANAGEMENT'S ASSERTION

LISTRAK, INC.

INFORMATION PROVIDED BY MCKONLY & ASBURY, LLP

MANAGEMENT'S ASSERTION

We, as management of, Listrak, Inc. (Listrak) are responsible for designing, implementing and maintaining effective controls over the Listrak Digital Marketing System (System) to provide reasonable assurance that the commitments and system requirements related to the operation of the System are achieved.

Because of the nature and inherent limitations, the internal controls at a service organization may not always operate effectively to meet the applicable trust services criteria. Also, the projection to the future of any evaluation or conclusions about whether the controls will meet the applicable trust services criteria is subject to the risk that the system may change or that controls at a service organization may become ineffective.

We have performed an evaluation of the effectiveness of the controls over the System throughout the period May 1, 2017 to October 31, 2017, to achieve the commitments and System requirements related to the operation of the System using the criteria for security (Control Criteria) set forth in the *AICPA's TSP section 100A, Trust Services Principles and Criteria for Security, Availability, Processing Integrity, Confidentiality, and Privacy*. Based on this evaluation, we assert that the controls were effective throughout the period May 1, 2017 to October 31, 2017, to provide reasonable assurance that the system was protected against unauthorized access, use, or modification to achieve Listrak's commitments and System requirements based on the Control Criteria.

Our attached description of the boundaries of the Listrak's Digital Marketing System identifies the aspects of the Listrak Digital Marketing System covered by our assertion.

 /s/David Lechlitner

David Lechlitner

Director of Information Technology

III. LISTRAK'S DESCRIPTION OF THE SOFTWARE AS A SERVICE SYSTEM

LISTRAK, INC.

LISTRAK'S DESCRIPTION OF THE SOFTWARE AS A SERVICE SYSTEM

OVERVIEW OF LISTRAK, INC. OPERATIONS

Listrak is a privately-held eCommerce/digital marketing and SaaS company. Listrak helps marketers unlock the power of their customer data to create personalized, 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 solutions, including essential elements of marketing automation and CRM tools that unify, interpret, and personalize data to create unified profiles and reach customers on the right channel and device. Listrak currently serves over 1,000 clients and works with leading brands. The company has been offering its services and solutions since 1996.

Once known for its proprietary email marketing technology for retailers, Listrak has expanded into additional verticals, including the travel and hospitality and media and publishing industries.

For more information, visit 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

LISTRAK, INC.

LISTRAK'S DESCRIPTION OF THE SOFTWARE AS A SERVICE SYSTEM

- Human Resources
- Product Management
- Professional Services
 - Creative Design
 - Project Management & Implementation
 - Client Support
 - Quality Control
- Finance
 - Enterprise Resource Planning
 - 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.

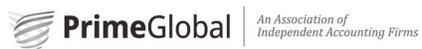
CHANGE MANAGEMENT

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.

BEST PLACES
to work in **PA**

Honored to be named a **Best Place to Work in PA**
and nationally as a **Best Accounting Firm to Work for**
by *Accounting Today!*

Member of:



MEMBERS
AMERICAN AND PENNSYLVANIA
INSTITUTES OF CERTIFIED PUBLIC
ACCOUNTANTS

www.macpas.com