Architecture as an enabler for sustainable Business Transformation

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The start

- Our Finance, Risk and Capital management team (FinRisC) faced a challenging question:
  - Are the right people
  - doing the right things
  - at the right time
  - for the right reasons
  - in the right way and,
  - could we do them better?
Setting the scene - Old Mutual plc

- Old Mutual is a leading international long-term savings, protection and investment Group
- We are a FTSE100 listed company
- Staff compliment of 54,000 across 5 continents & 34 countries
- Funds under Management of £309.3bn (2009: £291.1bn)
Old Mutual South Africa

- Old Mutual is the largest and most well-established financial services provider in Southern Africa
- The company’s core business includes:
  - Life Assurance
  - Asset Management
  - Investments
  - Corporate Solutions
  - Savings
  - General Insurance
Our finance function was large and complex
47 finance functions, across 5 clusters
Approximately 500 financial and actuarial people
We were burdened with
- federated processes
- non-standard technology
- multiple governance & risk structures
- multiple people & skill set approaches
- no common view of who did what when why and how
The daily challenge

With the aim of producing useful information, at any given point during their working day, each person in Finance is executing a process that is guided by a policy or standard, and uses data that resides within an application that requires infrastructure. All this while having to control risks, manage people, deliver a value adding service, and manage client expectations.
Internally driven Change

- Changes to the enablers of finance
- Staff changes result in loss of valuable intellectual property (particularly where processes are largely manual and poorly documented)
- Changes to operational processes result in changes to feeds of financial information
- Technology refreshes and operational system changes result in application changes
- Business changes
- Products, services, corporate actions, Restructures, M&A and internal
- Changes in reporting requirements
Externally driven Change

- Constantly evolving financial reporting standards
- Increasingly demanding regulatory reporting requirements in regulated industries
- International Financial Reporting Standards (IFRS)
- Sarbanes Oxley
- Basel II / Solvency II / SAM
- Cross-geographic inconsistencies between financial and regulatory reporting
- Increasingly complicated tax reporting requirements
- Peer pressure on reporting standards
New challenges

- Finance is also expected to be changing its role from scorekeeper to business partner
- Traditional finance services like record-keeping and financial statement production are taken as a given
- Finance is now being expected to provide business intelligence, forecasting and predictive modelling

And...

- Like all other areas of the business, finance is also expected to provide more, faster, with greater reliability and at lower cost
Finance mirrors the business

- Finance needs to
  - Maintain a strategic focus
  - Optimise the use of its resources
  - Continually improve its processes
  - Expand its range of services
  - Build agility to manage change

- In short, the same pressures that could apply to any function within an organisation
We targeted a new operating model

- Well developed finance process architecture
- Standardised, optimised & highly automated processes
- Shared service centre operating model
- Specialised services
- Small business partner teams
- Well-defined finance data architecture
- Rationalised technology driven by business requirements
- And definitive answers to the questions, who does what, when, why and how?
Architecture as an enabler for sustainable Business Transformation FinRisC

VISION & STRATEGY

DRIVES

BALANCED SCORE CARD

OWN

CONSUME & TRANSFORM

USES

INFORMATION

CONTROL

RISKS

MITIGATED

APPLCATIONS

APPLICATIONS RUN ON INFRASTRUCTURE

EXECUTE

MANUAL & AUTOMATED

Process

INFRASTRUCTURE APPLICATIONS RUN ON

REQUIRE

AUTOMATE

RESIDES ON

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VISION & STRATEGY

BALANCED SCORE CARD

ORGANISATION DESIGN

ESTABLISH

MEASURE

GUIDE

PARTICIPATE / EXECUTE

Process
Manual & Automated

RISKS

CONTROLS

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**VISION & STRATEGY**

- SERVICES
- PERFORMANCE MEASURES
- BALANCED SCORE CARD
- ORGANISATION DESIGN
- APPLICATIONS
- INFRASTRUCTURE

**Process**
Manual & Automated

**REQUIRE**

**EXECUTE**

**OFFERS**

**AUTOMATE**

**OWN**

**PARTICIPATE / EXECUTE**

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In this understanding

- Interconnectedness is key

- Acknowledge different points of interests for different audiences

- Process is the most convenient component that can link all the other components

- Governance holds all the relationships together
How did a Value Chain help us?

- End-to-end representation of the organisation
  - Core Processes
  - Enabling Processes
- It provides a structured, consistent view of the organisation
- It has proven to be a successful, collaborative mechanism
- Through facilitation, it gave the business the opportunity to help build it
- Process-centricity holds the model together
Where did we start?

- Finance could not be seen in isolation
- With a range of relevant reference frameworks, e.g. APQC Process Classification Framework®
- Adapted to the long-term savings, protection and investment industry
- We developed a value chain and process framework for Old Mutual South Africa
- We facilitated the definition of the process framework - by the business
- CRITICAL SUCCESS FACTOR: THE BUSINESS MUST OWN ITS PROCESSES
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FinRisC

Process name & definition

Inputs

Suppliers

Initiating events

Business Service

Business Rules

Responsible Roles

Accountable Org Units

Evidence

Legislation

Policies

Standards

Outputs

Customer

Controls

Notifying events

Key Performance Indicators

Risks

Business Rules

Critical Success Factors

Objective

Notifying events

Key Performance Indicators

Risks

Business Rules

Critical Success Factors

Objective

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How did we model?

Level 0  Value Chain

Level 1  Business Domains

Level 2  Processes

Level 3  Activities

Level 3  Activity Workflow

Level 4  Task Workflow

Context Diagram
Expanding the operating model

Modeling our processes using a consistent process methodology enabled us to build all the supporting hierarchies of the operating model – applying principles of re-use and associations:

- FinRisC’s vision, purpose, strategy and culture
- Products & services
- Governance (Policies, Procedures & Business Rules)
- Change (initiatives, measurement)
- Organisation & roles
- Processes
- Applications
- Data & information

And many more...
From questions to answers
Reaping the benefits of the operating model

- Common Language
- Understand where they fit into bigger picture
- Understand the interdependencies
- Enables a sharing culture
- It is dynamic
- More informed decision making
- Effective use of organisation resources (e.g. applications, information, time, etc.)
- Understand the rationale behind processes and reason to follow and use them
Key lessons along the way

- Skilled and experienced resources are essential
- Integration is difficult but essential
- A disciplined principles-based approach improves efficiency
- There can never be enough communication, education, reiteration... and patience
- Stakeholder engagement and change management are vital for sustainability
- Systemic thinking yields unexpected rewards
- Re-use speeds up design and adds robustness
- Identifying integration points adds robustness
Key lessons along the way

- Creative opportunities arise when people ask the right questions
- Language precision - what we say, and how we say is very important
- Fine balance between the theory versus the practical representation of reality
- The importance of process integration & analyst forums (5 design teams and 20-30 Business Analysts)
- Projects can implement without an architecture
- Knowledge raises the level of discourse
- Always be ready to answer the question “so what?”
Looking ahead...

- Taking design to execution
- We have followed a disciplined and rigorous approach to design
- Approach has enabled us to answer some key questions
- The answers will enable us to take the processes to execution
- A catalyst for change
- Other programmes to leverage our foundation
- The more the merrier!
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