

Decision Support through Financial Intelligence

Ross McEwan

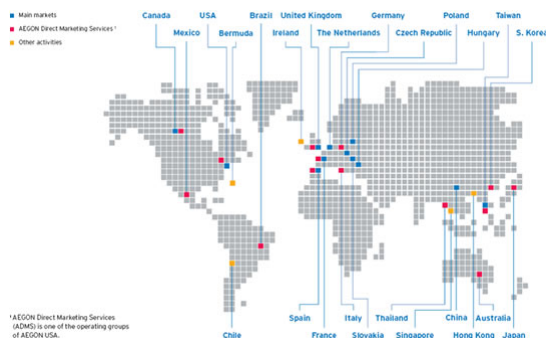
Head of Finance Business Solutions, AEGON UK plc



Who AEGON are

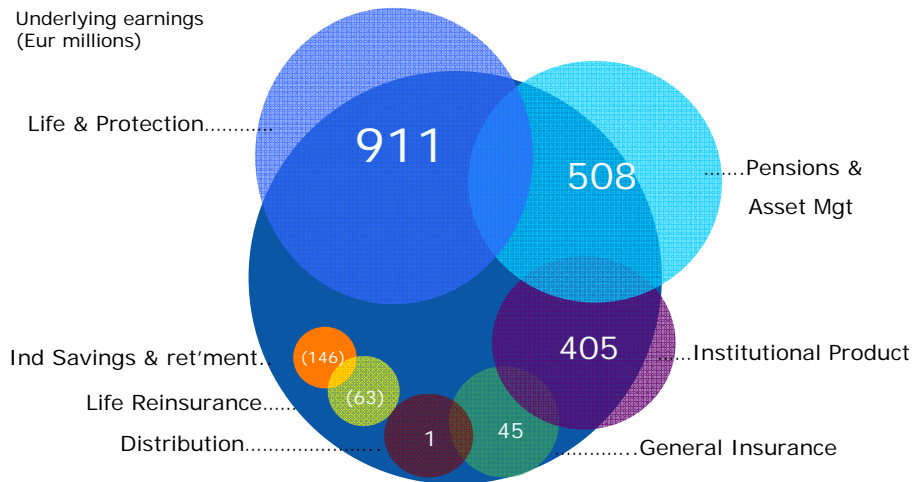


- Employ approx 31,500 people
- Major operations in US, Netherlands and UK
- 7.5bn Euro market cap approx
- 350bn Euro assets approx



AEGON

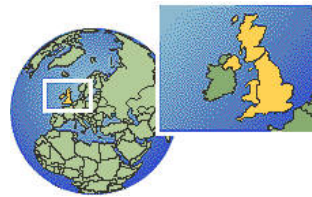
Underlying earnings
(Eur millions)



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AEGON UK plc



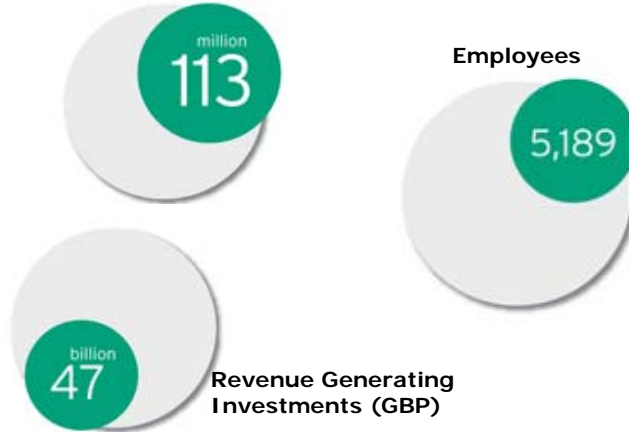
- HQ Edinburgh, Scotland
- over two million customers
- around 4,900 employees
- £47.1 billion assets under management

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AEGON UK plc

Underlying Earnings before tax (GBP)

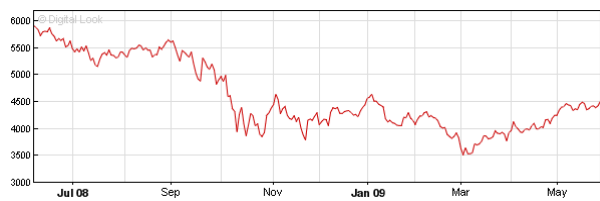


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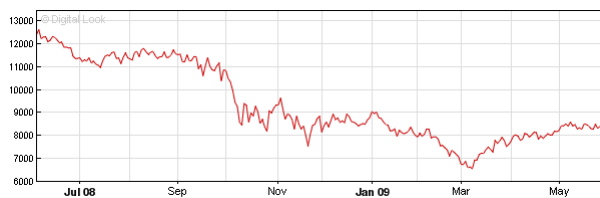


The business climate...

FTSE 100



DJIA



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Decision Support through *Financial Intelligence*

Decision Support

Decision Support Systems (DSS) are a specific class of computerized information systems that supports business and organizational decision-making activities. A properly-designed DSS is an interactive software-based system intended to help decision makers compile useful information from raw data, documents, personal knowledge, and/or business models to identify and solve problems and make decisions.

- *Wikipedia*

Decision Support

Benefits of DSS

- Improves personal efficiency
- Expedites problem solving
- Facilitates interpersonal communication
- Promotes learning or training
- Increases organizational control
- Generates new evidence in support of a decision
- Creates a competitive advantage over competition
- Encourages exploration and discovery on the part of the decision maker
- Reveals new approaches to thinking about the problem space

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Financial Intelligence...

Financial Intelligence involves scrutinizing a large volume of transactional data. Alternatively, data mining or datamatching techniques may be employed to identify particular activity.

In AEGON, FI is the exploitation of Finance Data and Skills to the wider benefit of the organisation

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...not Business Intelligence?

Business intelligence (BI) refers to skills, technologies, applications and practices

BI is the means to deliver effective decision making support and capability utilising appropriate toolsets and procedures!

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AEGON toolset

Business Intelligence & Performance Management

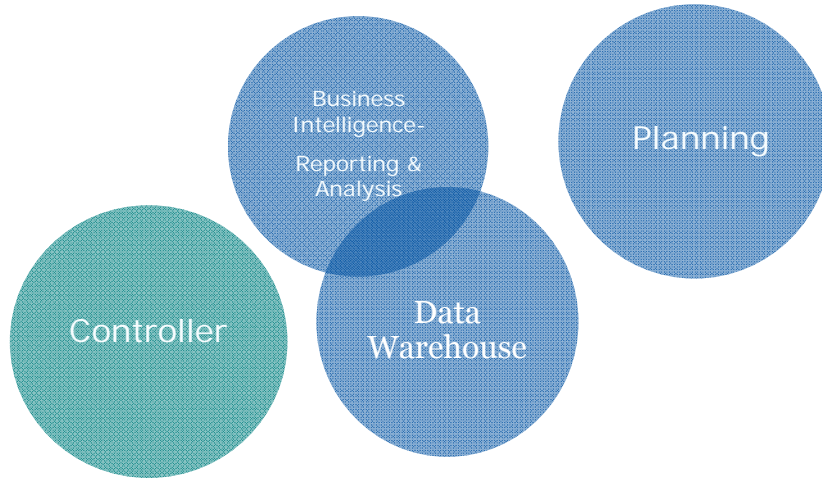
- 1999: Frango Consolidator
- 2002: Frango Controller
- 2005: Cognos BI
- 2007: Cognos Planning

Business Intelligence, Budgeting, Forecasting, and Scorecarding

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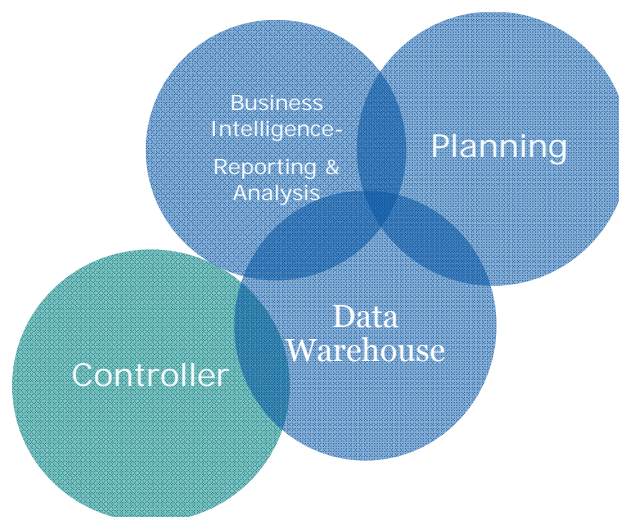
AEGON toolset 2007



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AEGON toolset now

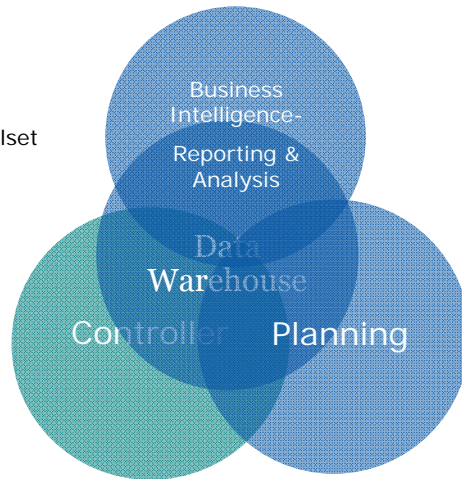


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AEGON toolset 2010

Fully integrated
Performance
Management Toolset



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Decision Support through financial intelligence

This session promised an insight into...

- a practical, benefits driven approach
- successes delivered
- views on successful; cost effective delivery of BI

So...

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AEGON “business case”

“There are known knowns. These are things we know that we know. There are known unknowns. That is to say, there are things that we know we don't know. But there are also unknown unknowns. There are things we don't know we don't know.”

We need to know what we don't know!

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AEGON “strategy”

- ...”Best of Breed”. Coincidentally, this brought together Controller with Cognos BI
- ...identification that we had an analytical and reporting need.
- ...acceptance that our existing toolsets were not appropriate for the job (didn't provide the agility, flexibility or analytical intelligence)
- ...acceptance that spreadsheets only achieve so much (time consuming, data errors, industry in production)

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AEGON “strategy”

- Business Case based on pragmatism, not an easily challengeable cost benefit approach; but,
- key attention to cost of solution .
- Acceptance that the ‘lead players’ have similar capability – so focus on fit to need.

...and we needed to focus on very powerful analytical capability with good reporting ability
- Scalability at reasonable cost
- Commitment to technical evolution and integration

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AEGON “strategy”

- Tackle priorities
- Create capability to interrogate the ‘unknown unknowns’
- Leverage existing data
- Leverage existing data experts
- Start small...and don’t run
- Don’t over-promise
- Don’t call it a ‘STRATEGY’

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Practical

- Priority driven
- Early – easy – successes combined with complex delivery
- Regular, frequent delivery success
- Initial small target user base/audience
- Acknowledge the technical delivery issue – we outsourced the technical delivery and hosted the application

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Practical

- use delivery to tackle and resolve data ownership
- ‘conform’ your data
- necessary to enforce warehouse approach
- Exploit the individual capabilities of the applications to prove benefits, then exploit joined up capabilities
- Work VERY closely between development team and customers
 - It is not, and must not be seen as a technical project ... it’s a business project

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Practical – what?

- started simple (?)
- grown complexity
- combined power of integrated applications
- reporting & analysis power – different needs for different issues
- distribution and direct access benefits
- keep users and delivery team very close...and if possible bring end-users into delivery team

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- **successes delivered**
- views on successful; cost effective delivery of BI

So...

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Delivered

Phase 1: (Local)

- Highly structured data (ERP / Core Financials)
- High volume and many dimensions (Actuarial Margin)
- Low volume, simple structure (HR/Payroll)

Phase 2: (Local with wider business engagement)

- High volume, regular data (Unallocated cash)
- High volume, key business measures (Commission/Agency)

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Delivered

Phase 3: (True Business Performance measurement)

- Many data sources, combining financial and operational - key new product business development
- Combining planning & analysis capability (workflow forecasting and cost allocations)

Phase 4: (Building the snr mgmt & exec audience)

- Exploiting data commonality across performance measures
- Dashboards, portals
- Acceptance across business of the strategy

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Delivered

- New Business MI reporting and executive pack
- Banking analysis/fraud detection
- Product Charges v Expected Charges Analysis
- Commission / Agency Analysis
- Incident management
- EV Margin by product analysis
- ERP Accounting data reporting
- Payroll analysis
- Cognos Performance monitoring
- Persistency Analysis
- Retention Analysis
- Sales MI
- Unallocated Cash analysis/dashboards
- Workload planning & forecasting

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Delivered - philosophy

“There is nothing we can't do...there's just things you can't afford”

-Ross McEwan

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So...

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Benefits driven

- **Priorities**
- **Simple MI first**
- **Areas requiring greatest control or oversight**
 - Unallocated cash (and therefore shareholder risk)
 - Commission spend (largest business outlay)
 - Operational expense
 - Product profitability / margin
- **Internal marketing to demonstrate value and create demand**

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Successes

- **Single view / conformity of data**
- **Integrity**
- **Demand creation**
- **Integrated Financial and Operational performance**
- **First integrated dashboards with drill-downs**
- **Empowerment – data at hands of managers and decision-makers**

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Cost effective

- Single installation
- One warehouse, multiple data marts
- One way to do 'it'
- Up front infrastructure investment
- Incremental license approach driven by each project delivery
- Outsourced infrastructure management / delivery
 - Speed of change
 - Service Levels
 - Availability
 - Flexibility and responsiveness to change

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Approach

- Creation of a FICC
- Allow us to drive the corporate BI debate
- Pseudo master data management – acknowledge the issues of a 'brownfield' site
- AGILITY focus
- Flexibility of infrastructure to grow with us
- A local partner to provide resource & advice

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Approach - FICC

Financial Intelligence Competency Centre

- Pseudo-BICC!
- *"...ensures that information and best practices are communicated and shared through the entire organization so that everyone can benefit from successes and lessons learned "*
- ...but do it practically
- exploit existing resources

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Approach - FICC

- Data Standards
- Data Ownership
- Data Stewardship
- Define best practice in development
- Define standards for Training and what that training permits
- Create and deliver a 'Roadmap'

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Key Messages

Its expensive – so do it right...not necessarily the way the book says!

Focus on:

- AGILITY
- INTEGRITY
- COMPLETENESS
- ACCURACY

Combined with....

QUALITY – outputs and capability

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Key Messages

Ownership; Advocacy; Champion...

- Close to data owners/analysts/interpreters!
- Gartner & Forrester recommendation
- Working closely with IT as technical enablers

Proof of concept approach

'Art of the possible' regular follow-ups

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Next...?

- 8.4 Cognos (10g Oracle db)
- revisit all of our Controller reporting – exploit capabilities
- Enterprise Planning – extend into greater exploitation of workforce/resource planning
- Enterprise Planning – tackle the budgeting cycle and look to rolling forecast capability
- greater exploitation of Metrics and deploying via Portals...targeting Executive audience
- international cooperation and best practice sharing

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Thank you....



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