

## Allianz New Europe

### Summary

To improve the efficiency, effectiveness and harmonization of its finance and accounting operation Allianz New Europe established a Shared Service Center in Bratislava, Slovakia to provide financial accounting, regulatory and corporate reporting, and management accounting support services for its companies across Eastern Europe.

The establishment of the Shared Service Center is a major achievement in the Allianz Group's strategy to transform Allianz' finance function and to improve data quality & consistency, reporting speed & efficiency of its finance departments worldwide. The Shared Service Center for Allianz New Europe is the first such center for the Allianz Group and the first multinational Shared Service Center for Finance and Accounting in the insurance industry.

Lodestone was the delivery partner for the definition and implementation of the Shared Service Center. Allianz was looking for a partner to help it successfully establish the new center. Lodestone was chosen because of its deep industry, business processes and technology expertise combined with its well proven program, system and business performance management methods enabling Allianz to realize business value with minimum risk.

Lodestone supported Allianz in designing and implementing an operating model, new processes, organization and systems (SAP) for the Shared Service Center. With Lodestone, Allianz achieved its goals to establish an efficient center including all infrastructure, processes, finance accounting and reporting applications based on SAP, workflow and document management systems with less than one year project duration.

For Allianz this project is a cornerstone in achieving world class accounting and reporting. The Shared Service Center in Bratislava will not only enable Allianz New Europe to achieve its growth and efficiency targets but also be a model for other Allianz regions worldwide. Lodestone is proud that Allianz turned to Lodestone to help ensure that the effort was not only successful, but also serves as an industry-leading example of business transformation.

## Global Reporting Program at Allianz

### Global Finance Transformation for Allianz

The Allianz Group is one of the leading global services providers in insurance, banking and asset management. With approximately 178,000 employees worldwide (as of September 30, 2007), the Allianz Group serves more than 80 million customers in about 70 countries. On the insurance side, Allianz is the market leader in the German market and has a strong international presence. In fiscal 2006 the Allianz Group achieved total revenues of over 101 billion euros. Allianz is also one of the world's largest asset managers, with third-party assets of 764 billion Euros under management at year end 2006.

### Allianz GRP Program

In spring 2002 Allianz initiated a Global initiative to transform the finance function in terms of processes, content and applications. The objective of the Global Report Program was to enhance the efficiency of the finance function together with an increase in data quality and reporting reliability.

One of the pillars of the program is a global SAP roll-out combined with best practice finance processes and harmonized reporting requirements. Shared Services are a key enabler to reach the ambitious goals of Allianz. Allianz New Europe was the first Region to adapt this strategy and decided to conduct a major finance transformation project by building a Shared Service Center and implementing a common SAP solution covering the core accounting functionalities, procurement processes as well as a Business Intelligence solution.

### Initial Situation

Allianz New Europe («AZNE») has local companies in eight Eastern European countries (Bulgaria, Czech Republic, Croatia, Hungary, Poland, Romania, Russia and Slovakia).

The entities in each country were used to operate independently on an operational basis. Each country had separate accounting, controlling and reporting departments and used a variety of different applications. The region was centrally managed and well coordinated but harmonization in terms of processes, reporting structures and contents and applications was limited.

A business case revealed substantial benefits by implementing a shared service center for the Region. In addition to monetary benefits the management also counted very much on the increase of accounting and management reporting quality.



## The Solution

Allianz New Europe decided to implement one common Shared Service Center for the whole Region. A new Company, Allianz Business Services («ABS»), was established to provide services for accounting, controlling and reporting (among other services such as Re-Insurance, voice and comm., infrastructure hosting) for the insurance companies in the AZNE Region. The first wave of countries went productive after only 9 months of project work. The accounting, controlling and reporting processes were centralized and harmonized for all countries. Operational accounting (e.g. invoice booking, payments, report creation) is performed by the SSC for the operational entities. Exchange of all necessary documents between the SSC and the local entities is handled by a workflow application. The solution also includes a regional controlling concept which allows a harmonized reporting for the complete region. One core component was the definition of one common chart of accounts for all countries.

Key components of the Solution include:

## Establishment of a new Shared Service Center Organization

- Establishment of a new SSC company (Allianz Business Services, ABS)
- Transfer of operational accounting and reporting processes to the new company

## Implementation of harmonized Accounting Processes

- Implementation of harmonized accounting, controlling, reporting processes for all countries
- Limitation of local specialties to legal requirements

## SAP and Workflow Implementation

- Implementation of a common finance, accounting, reporting platform on SAP for all countries
- Integration of all feeder system through an interface hub, 'central rules engine'
- Connection of all countries to the SSC via a scanning, achieving and workflow solution

## Implementation of a common Chart of Accounts and Controlling Concept

- Implementation of one common operational Chart of Accounts for all entities
- Implementation of a harmonized controlling concept for all entities
  - Common philosophy
  - Common structures, hierarchies
  - Common cost accounting routines

### Lodestone Management Consultants AG

Obstgartenstrasse 27, Kloten, 8058 Zürich, Switzerland  
Phone: +41 44 434 11 00, Fax: +41 44 434 11 01, www.lodestonemc.com

## The Benefits

The project has achieved numerous benefits:

- Clear improvement in data structure and consistency, improved consistency between local and IFRS standard
- Extensive review and re-design of accounting processes leads to quality improvements
- Improved reporting and controlling in compliance with Group reporting, quicker reaction to Group reporting requirements
- Starting point for centralization activities for better coordination and cost savings
- Common technological platform in the region
- Local accounting focusing more on accounting policies, analysis and decision support
- Minimize number of accounting processes outside SAP ledgers
- Flexibility to support growth – simplified inclusion of new companies and new business

While cost savings were not the primary objective of the project substantial efficiency gains could be achieved and further savings are expected.

**The implementation of Allianz Business Services is a big step forward for the entire Allianz Group. It's the first Shared Service Center focusing on accounting, controlling and reporting in the Group and a role model not only within Allianz but for the entire Financial Services industry. The implementation was very successful and delivered the results we were expecting. Lodestone played a key role in the success of the project delivering not only SAP technical expertise but very deep industry and process knowledge. The ability of Lodestone to speak «our language» was quite unique when compared to other providers and was the reason for our fruitful long term relationship.**  
(Marcin Halberszadt, CEO Allianz Business Services)

## Lodestone's Contribution

### Project Management:

Project Management of the SSC implementation. Management of the Process as well as the SAP and Workflow work streams. Overall strategic and operational support to the project.

### Process and SSC Design and Implementation:

Definition and implementation of new, harmonized processes for the SSC.

Definition and implementation of regionally harmonized controlling concepts following Allianz Group requirements.

### SAP Implementation:

Implementation of a common SAP (FI/CO, MM, SD, BW) and workflow solution.

## Why Lodestone

Lodestone was chosen because of its deep industry, business processes and technology expertise combined with its well proven program, system and business performance management methods enabling Allianz to realize business value with minimum risk.