A.R.P.A.
(Analisi Redditività Prodotti Aziendali)

From Data to Analysis using an EDWH and the SAS Financial Management Solutions

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Agenda

- Cisalpina Previdenza Capitalia’s bancassurance company
- The Business Scenario
- Starting point:
  - F.A.R.O. (Financial Analysis & Reporting On line)
- Second Step:
  - A.R.P.A. (Products Profitability Analysis)
- Main results
- Demo of the system
- Time & Efforts
- Sas tools
- Lessons Learned
Cisalpina Previdenza: Capitalia’s bancassurance company
Cisalpina Previdenza

Human Resources: Internal 54
(11 of them IT)

Technical Reserves (Assets under management)
(C/000):

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
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<tbody>
<tr>
<td>1997</td>
<td>54.041</td>
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<tr>
<td>2000</td>
<td>2.002.131</td>
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<tr>
<td>2001</td>
<td>2.553.511</td>
</tr>
<tr>
<td>2002</td>
<td>3.025.544</td>
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Products Lines

- Index-linked
- Unit-linked (Single Premium/Recurring Premium)
- Traditional Products: Term Insurance, Long Term Care, Individual Pension Plans
The Business Scenario

POTENTIAL THREATS
- Increase of uncertainty of the market
- Products more and more complex
- Different sales networks with different and complex distribution agreements
- Growth of competition based on reduction of management costs

BUSINESS REQUIREMENTS
- Adaptability to changing group scenario (merging & integrations)
- Need of prompt data analysis & reporting required by Management Group (FinecoGroup / Capitalia)
- Monitor the profitability of the products and sales networks

EXISTING CONSTRAINTS as of 2001
- Office tools inadequate to comply with this scenario
  - Lack of an homogeneous information basis, which should be: certified, time comparable, easily accessible by management in a multidimensional view
  - Lack of reliability, scalability, portability, ...

Starting Point DWH
F.A.R.O.
(Financial Analysis and Reporting Online)
DataWarehousing General Schema

OMETADATA

ODS

STAGING AREA (ODS)

DWH

1° Livello (detailed data)

DATA MART

2° Livello (Aggregatai Data)

INTRANET

Analysis tools

Server SAS

Server ORACLE

Server SAS

Server WEB

Portfolio VIS

Financial SOFIA

BLOOMBERG

FinEco

Seugi21 - 18th June 2003
Starting point

Achievements

BUSINESS VIEW
- Multidimensional architecture & historical data base available for technical/insurance data analysis & reporting
- Efficient and Effective Answers to Instantaneous questions coming from Management
- Users fully involved to business analysis and not to IT issues

IT VIEW
- Establishment of an EDWH architecture (supported by SAS WarehouseAdmin)
- Multichannel reports (Multidimensional Reports, HTML pages, Excel sheets)

...but some improvement is still needed
- A monthly profit and loss account analysis for products lines and sales network - some financial data was not considered (i.e. costs, commissions, financial results...)
- Data were collected from a management point of view not from an accountancy one
- Integrate different type of data

Second Step

A.R.P.A.
Products Profitability Analysis

CFO Vision® software

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ARPA: a products profitability analysis

1. Loading and processing input data from operational systems

2. Loading of additional data from different data sources (excel files)

3. Automatic processing of profit loss account

4. First control on results by Management Control Office

5. Web control panel for corrections and completions

When the process is completed ARPA allows a multidimensional navigation of financial data

CFO Vision® software
ARPA: a technical view of the monthly process

STAGING AREA SAS

ORACLE

Historical Data

CFO Vision® software

Hist. Data + new month data

Multidimensionale environment

Financial Components (SOFIA)

Order of payments (VIS)

Premiums (BC)

STAGING AREA SAS

ORACLE

Historical Data

CFO Vision® software

Hist. Data + new month data

Multidimensionale environment

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ARPA: dimensions

- Net premiums
- Mathematical Reserves
- Claims, maturities, surrenders
- Operating costs
- Acquisition and general expenses
- Other technical income and charges
- Net investment income
- Net Profit from sale of assets
- Other income and charges
- Interest charges on financial debt
- Extraordinary income and charges
- Tax on operating income
Main Results

- A complete management reporting system for:
  1. a deep knowledge of the products profitability
  2. comparing Actual vs Budget figures
  3. continuous monitoring of Revenues and Expenses trends
  4. profitability analysis
     - by financial year and months,
     - by product,
     - by sales channel,
     - by insurance funds,
     - by frequency of insurance premium,
     - by country.

- Permissions based access to ARPA (accordingly to different users & security categories)
Time & Efforts

6 months of work: from April to September

8 people involved:
- nr 3 Users (from Management Control Office)
- nr 2 IT
- nr 3 Consultant SAS

Go Team!
SAS tools

SERVER side
- SAS/Base ® software
- SAS/CONNECT® software
- SAS/MDDB® server
- SAS/IntrNet® software
- SAS/OLAP ® software
- SAS/Access to ORACLE
- SAS/Graph ® software
- CFO Vision® software

BUSINESS CLIENT side
- CFO Vision® software

ICT CLIENT side
- SAS/Base ® software
- SAS/AppDevStudio ® software
- SAS/Wareh. Adm ® software
- SAS/Share ® software
Demo
Lessons Learned

1. **Obtain a strong commitment from the Management**
   - Defines priorities to get the right resource availability

2. **Establish a strong relationship with the vendor**
   - Share goals within the project
   - Link payments to intermediate milestones/delivery
   - Users/Vendor/IT involved from the beginning of the project life cycle

3. **Timely and Continuous project management control**
   - Formal Project Phase Approval
   - Frequent “Checkpoints” to anticipate problems/manage warnings / constraints / criticisms

4. **Deliver incremental releases**
   - Formal Use Case Approval for testing phase
   - Post Implementation Review / Follow up from users