

Towards Successful Implementation of IFRS and Financial Transformation

Klaus Rieger, SAS Global Forum, 01.05.2019



Baloise Group

The **Baloise Group** is more than just a traditional **insurance company**. Changing security, safety and service needs of society in the digital age lie at the heart of its business activities. **The approx. 7,300 employees** of Baloise therefore focus on the wishes of their customers. The best possible customer service, combined with innovative products and services, makes Baloise the first choice for people who want to feel '**simply safe**'. Located at the heart of Europe, with its **head office in Basel**, the Baloise Group is a provider of prevention, pension, assistance and insurance solutions. Its core markets are **Switzerland, Germany, Belgium and Luxembourg**. In Switzerland, with **Baloise Bank SoBa**, the Group also operates as a specialized financial services provider, offering a combination of insurance and banking services. Baloise Group offers innovative pension products to retail customers throughout Europe from its competence center in Luxembourg.





Strategic order for IFRS 17/9 & Finance Transformation (FiT)

Finance is "Business Enabler, Simple and Efficient"

Baloise finance is simple, accurate, focused & efficient.

Our Baloise finance is harmonized and standardized. The Finance department is a partner, business enabler and navigator for the organization.

Our finance organization is efficient and provides added value to our customers and employees

The finance organization is "slim" and efficient, flexible and innovative and enables change within the Baloise organization. The finance organization focuses on added value, for both customers and employees.

Full IFRS17/9 reporting by 2021

The finance organization ensures the timely implementation of the IFRS17/9 standards – functional, process-related and technical.

We decided on the following target picture

One **common data model** for «finance» data over all members of Baloise Group

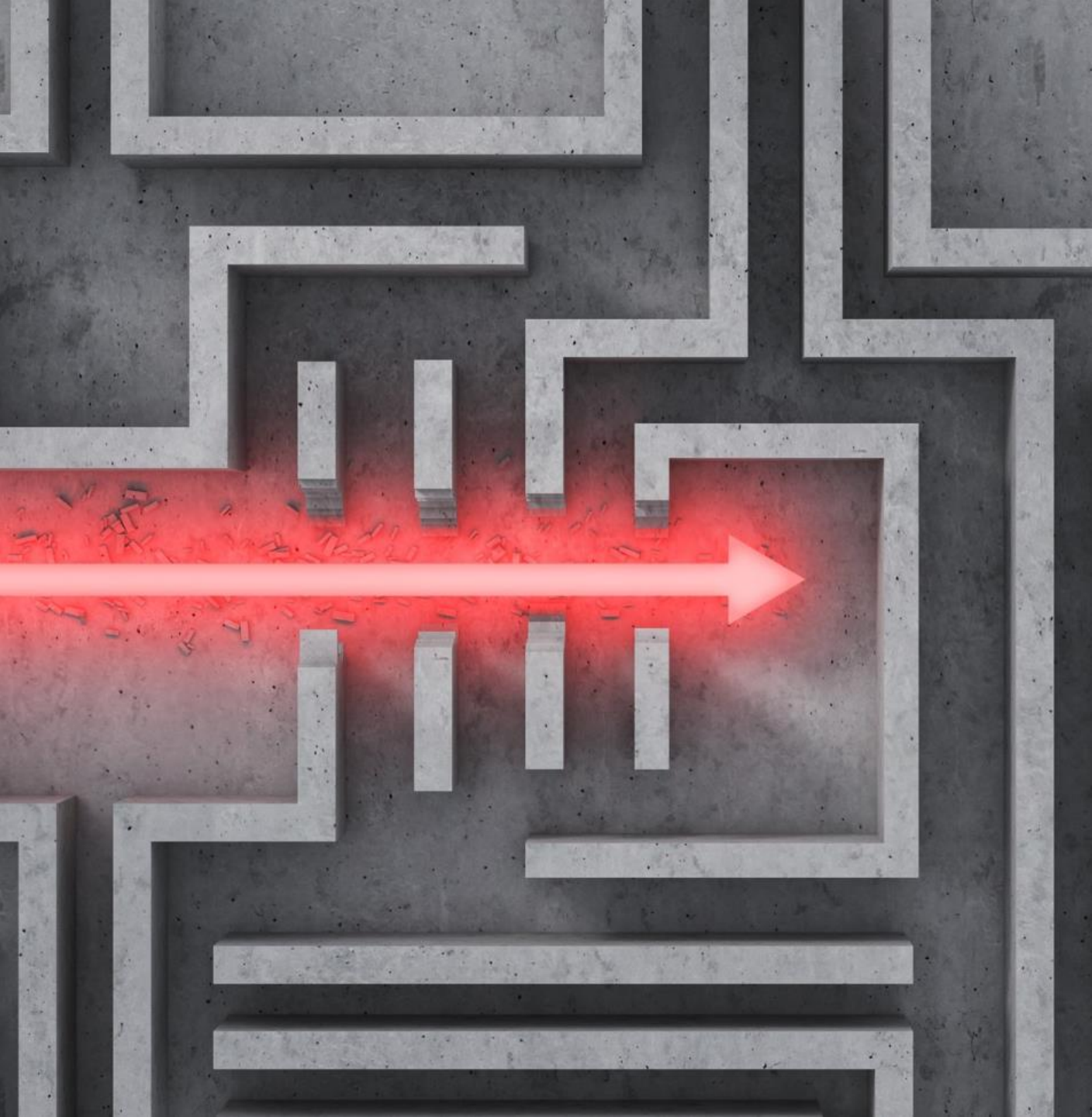
One common **S/4 HANA** finance system to generate a maximum of synergies within the financial organization

One **common operating chart of accounts** to reduce the complexity of consolidation and ensure traceability

One **common finance data hub** as a single point of truth implementation for finance data and documentation of processing

One mandatory and integrated **reporting calendar** all over the finance departments of Baloise Group





The way to meet our objectives

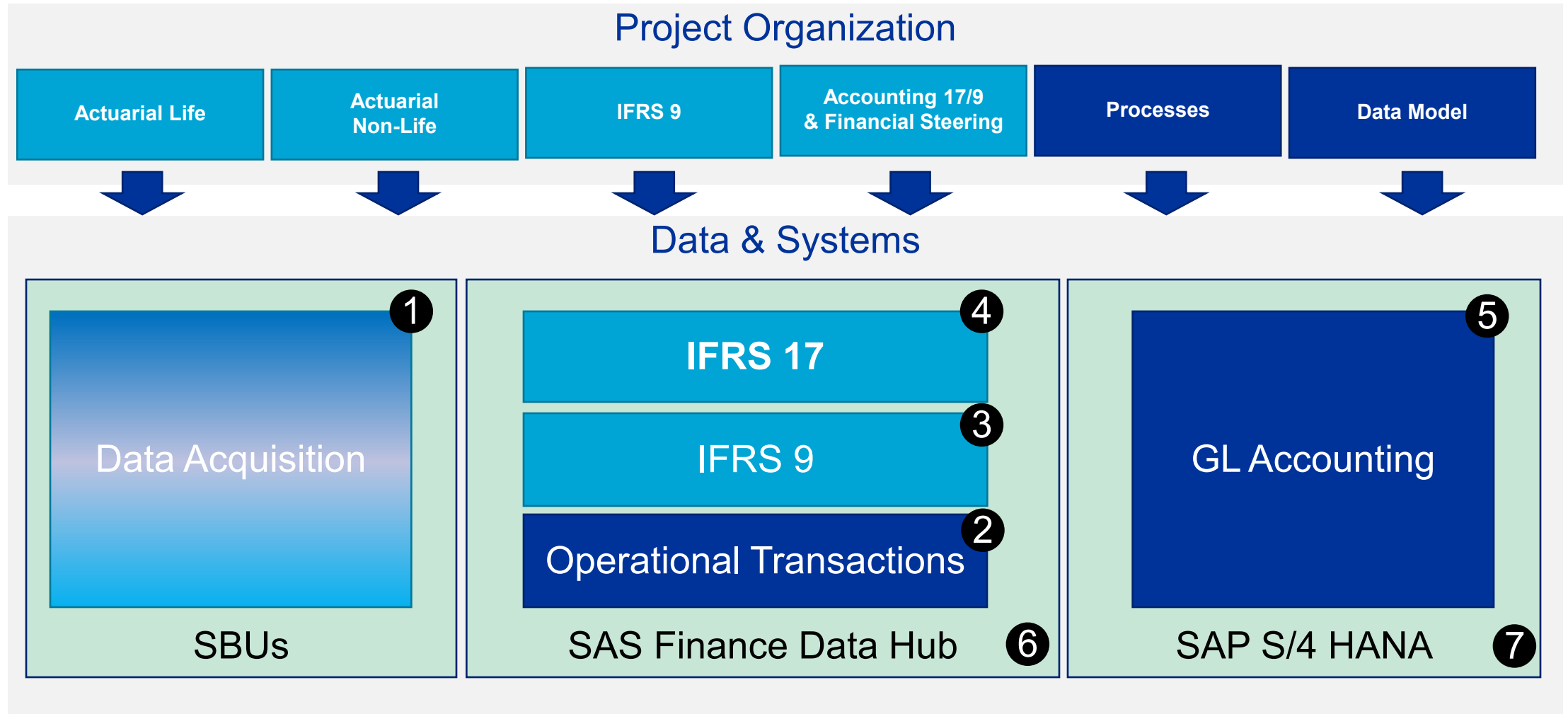
We implement the **IFRS 17/9** as far as possible in alignment with the **defined target picture**

We make **risk-conscious and transparent decisions** and take **responsibility** for our decisions

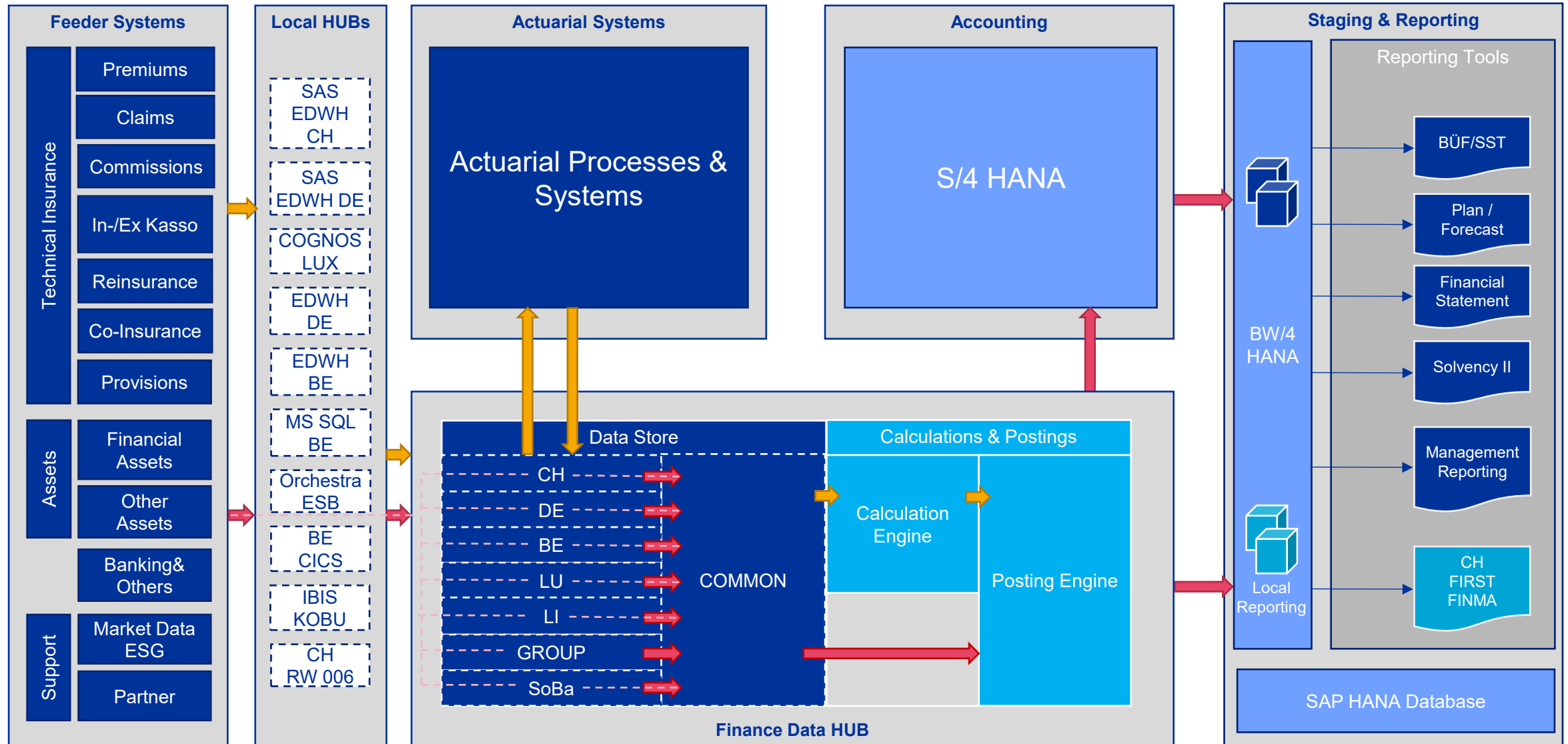
We are **forward-looking** and **solution-oriented** and work in alignment with our target picture

We take a **constructive** approach, hold **factual discussions** and are open to new ideas, appreciative and **respectful** in the interaction

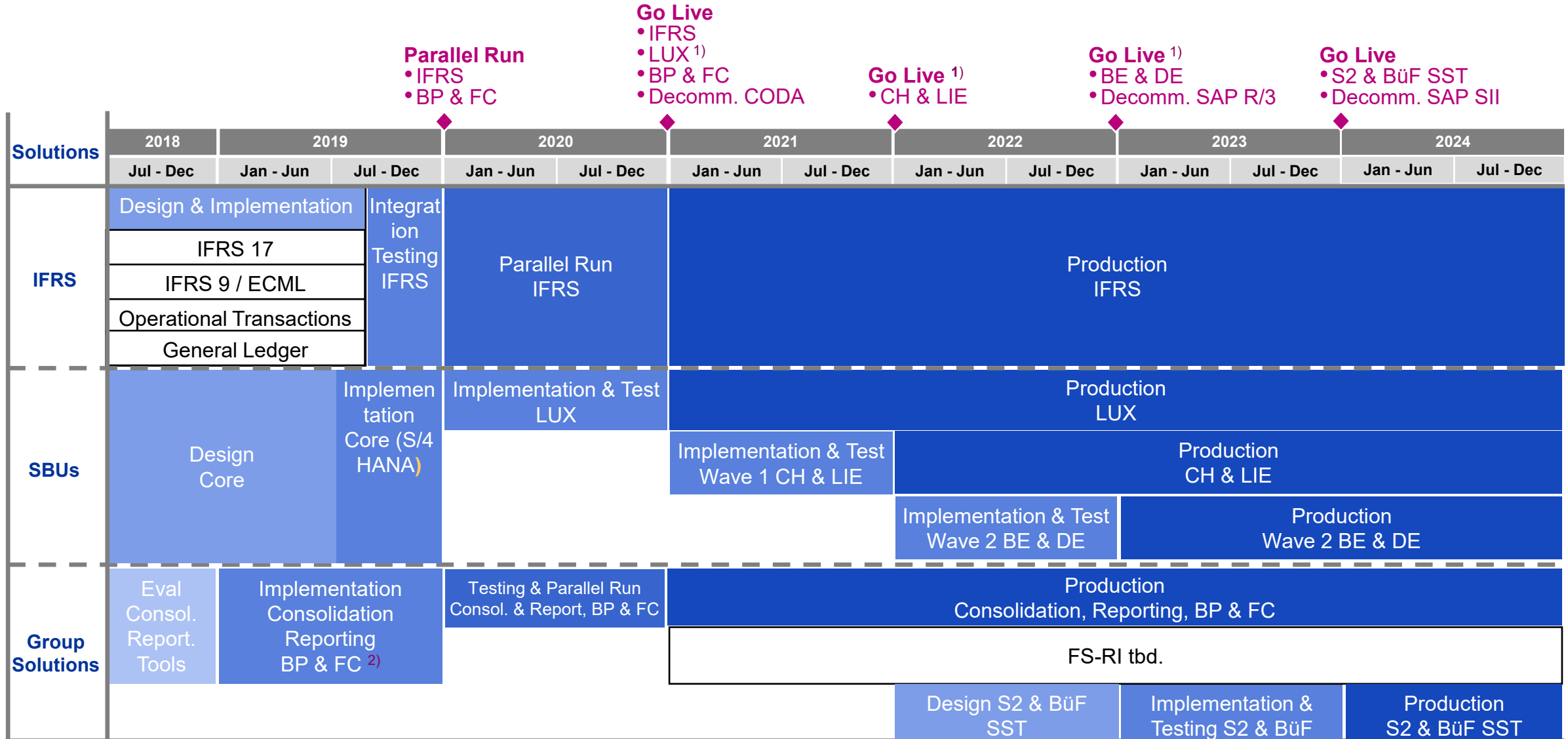
To realize this vision we divide the implementation into the following 7 areas



We realise the vision with the following Target Architecture



The IT Roadmap leads to full FIT Implementation



1) Go Live dates for SBUs to be confirmed

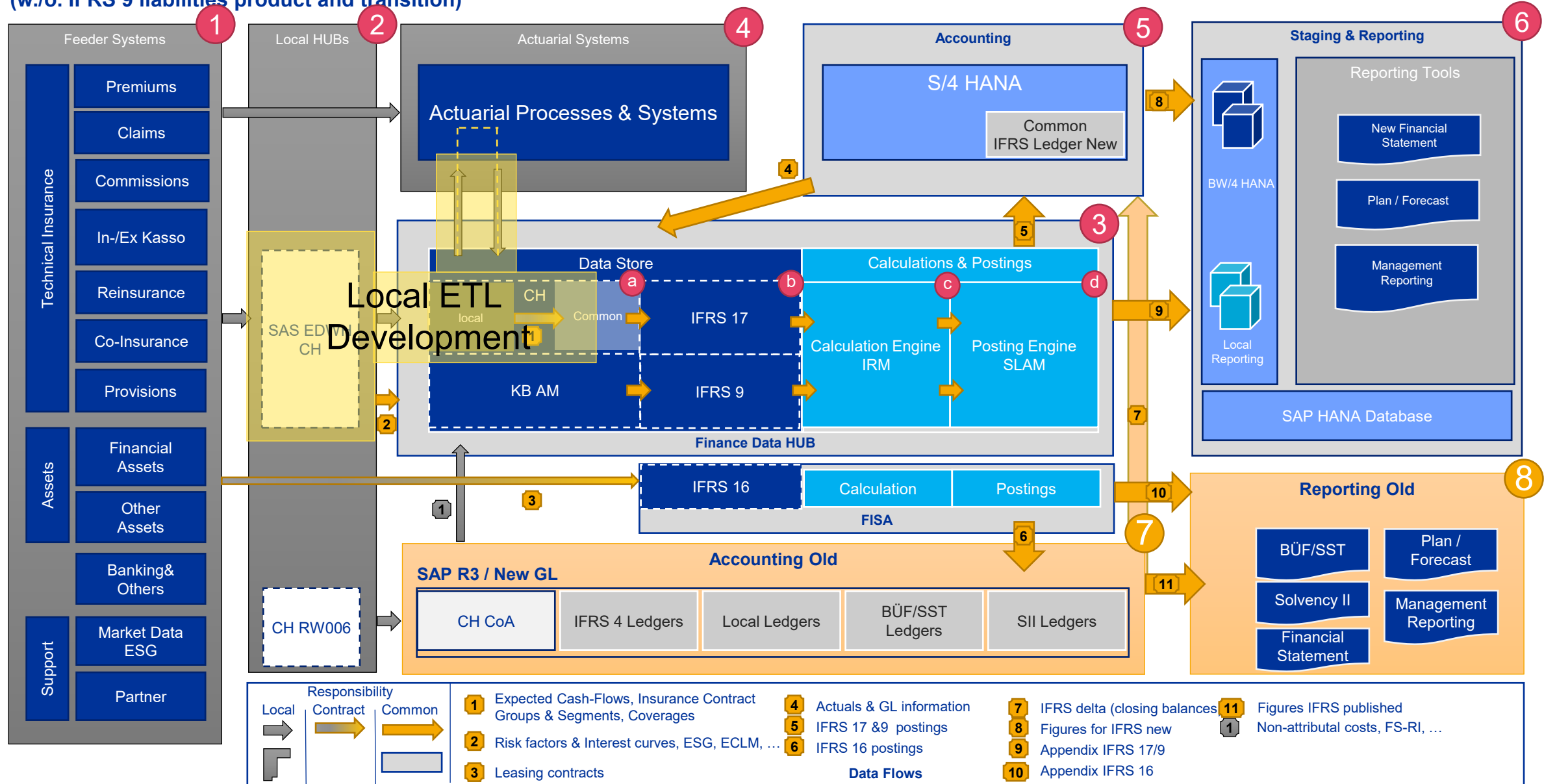
2) FC: Forecast, BP: Businessplan

Slide without pension funds



Architecture Closing Process Switzerland in 2020 *

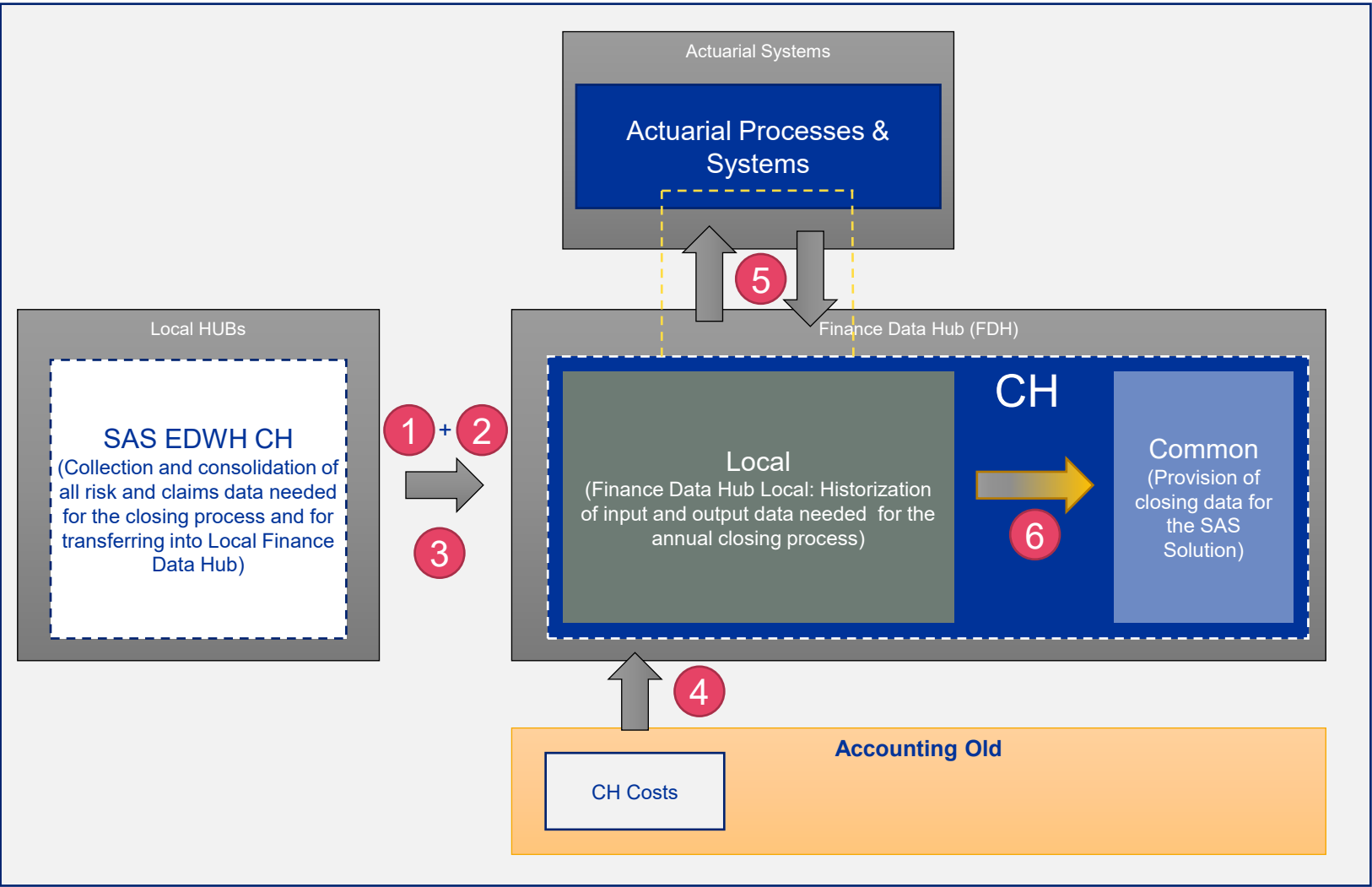
(w./o. IFRS 9 liabilities product and transition)





IFRS/FiT – eDWH als Local Hub für den Finance Data Hub

Technology for data transportation and transformation is provided by the BI domain within the ETL Suite SAS DI Studio




- 1 Delivery of risk data for life and non life
- 2 Delivery of non life claims data as an extension of "StaRec NL"
- 3 Analysis in progress – Extension of Operational Transactions (source general ledger interface)
- 4 Analysis in progress – Cost handling (Onerous-Test)
- 5 Historization of actuarial calculations and assumptions
- 6 Extension and provision of IFRS17 closing data for SAS Solution



Work items Kepler IFRS/FIT


Focus on six topics

Data delivery IFRS17




- Harmonization of cashflow calculations and classification (actuarial office)
- Enrichment
- Further analysis of pending points

Data delivery Operational Transactions




- Harmonization old and new general ledger interface
- Enrichment and actuarial calculations

Other Data




- CH: Data for financial reporting

StaRec Non Life




- Provision of risk and claims data (StaRec)
- Harmonized data from old and new general ledger interface

StaRec Life (individual life insurance)



- Assumption – decommissioning Core DWH Solution
- Additional data for StaRec EL (delta delivery)

StaRec Life (group life insurance)



- Assumption – decommissioning Core DWH Solution
- Additional data for StaRec KL (delta delivery)

How to agree on a Service Contract

The IFRS17 workstream has started with a so called Use-Case Team. This **Use-Case Team** took the IFRS17 calculation engine example inputs and applied Baloise specific data to the solution.

The Data and Systems Team took the **SAS IFRS17 Solution interface database scheme** as a basis for the interface to the solution. Configuration and user data was identified.

By bringing both components together, an **interface definition** could be agreed upon between finance, corporate IT and local IT. Furthermore **data to be delivered from actuaries** was identified by that process.





Challenges SAS IFRS 17 Solution

Challenges during **early use case phase** (input data, Infrastructure set-up and configuration, solution configuration, processing, problem solving strategy)

New SAS IFRS 17 solution with little **knowledge & documentation** available

The combination of **technology and solution** is different for each customer

Financial transformation with **business and technical** transformation at the same time

Simulation & implementation in the same timeline required, **requirements are not stable** yet and need to be adjusted using outcomes of simulations

Data management & acquisition

Lessons Learned SAS IFRS 17 Solution

Building up a **community & knowledge** base is a success factor

Go back to the already used **combination** wherever possible, i.e. VAAR instead of VA

Agile approach is a must

Apply the design principles: **separation of concerns & facade**

Wish to participate in SAS User Group(s) in order to

Share knowledge about IFRS 17 solution: issues, insights etc. - functional and technical

Forum to communicate our **requirements towards future releases**





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