

## Case Study:

# Improved operational efficiencies through end-to-end financial reconciliation

### Overview

A Top 20 multi-line insurance company transforms enterprise financial reconciliation through automation.

This top 20 multi-line insurance company offers auto, home, commercial and life insurance to more than 4 million customers across multiple states. They have implemented Precisely Data360 to provide automated balancing and financial reconciliations to gain enhanced visibility into the integrity of their data throughout critical business processes.

### Business challenge

A strategic initiative to migrate from mainframe to distributed systems presented the opportunity to institute an enterprise data governance framework that expanded previously proven mainframe financial reconciliation controls to the disparate world of distributed systems. To minimize risk and control costs, there was a need for an automated system to monitor the balancing of transfers within an application and/or between systems ("interface balancing") and subsequent financial account balancing. Such capabilities are integral parts of the company's compliance with Sarbanes-Oxley (SOX) and Model Audit Rule (MAR) guidelines regarding internal controls and financial reporting. The interface and financial account balancing are important functions to ensure that financial information is complete, accurate, consistent, and reliable. The interface balancing needs to be done at regular intervals to ensure the operational and financial data moves within the application and from one system to another as expected.

The organization realized they had an opportunity to take an enterprise approach in automating end-to-end data quality to expand coverage and eliminate manual processes. In their current state, they had a solution for the mainframe and had established manual controls to address the distributed systems, but they were looking to vastly improve efficiency, gain enterprise visibility into their data quality metrics and expedite the remediation of identified issues across all of their distributed systems.

### Client

Top 20 U.S. multi-line insurance company offering auto, home, commercial and life insurance

### Industry

Insurance

### Challenges

Core system transformation from mainframe to distributed systems presented the opportunity to recalibrate how the mechanics of financial reconciliation processes could be improved to reduce process costs, increase speed, limit risk and improve accuracy.

### Solution

Precisely Data360

### Results

- Improved operational and audit efficiency to support regulatory compliance (i.e. SOX, NAIC MAR) by instituting a standardized and automated end-to-end data quality process to reduce errors and improve data quality.
- Reduced costs by streamlining and accelerating reconciliation process by automating processes, eliminating inefficiencies and providing enterprise dashboard visibility into the real time performance of financial reconciliation process to improve decision making.

"To speed up implementation we took a staged approach. Precisely consulted with us to create a roadmap of the discrete stages and identified gaps where staff augmentation and best practices would speed up each phase. This approach allowed us to accelerate business transformation and greatly reduced the organization's risk."

## Solution

### Analyze financial data across the enterprise

The objective was to implement an automated, standardized and cost effective interface balancing process solution, along with financial account balancing that would reconcile systems. The non-intrusive solution would have to complement the confidence derived from the existing mainframe controls and deliver efficiency results over the established manual controls process for the distributed systems.

Three guiding principles were identified as their primary requirements:

- Balance 100% of the data transfers between systems and identify “out of balance” exception transactions
- Balance and reconcile components of applications separately
- Identify and eliminate single points of failure in solution design

Additionally, the organization identified the following key technical requirements:

- Provide a central repository for control results
- Support both open systems and mainframe applications
- Support large volumes of data and balancing routines
- Provide user-friendly balancing rule maintenance
- Invoke workflows to notify appropriate business owners
- Provide an audit trail and supplementary details needed to research and resolve exceptions quickly

### Build it or buy it?

The organization began the selection process by conducting a thorough evaluation of internally developed vs. externally available solutions. Careful attention was given to the ability to meet the above requirements, along with consideration of necessary internal development costs relating to the existing systems architecture and future system architecture enhancements.

After a very intensive and thorough evaluation process, Precisely was the selected vendor, as it was determined that Precisely Data360 successfully met all of the established criteria and enabled the organization to meet their implementation schedule.

## Results

### Additional value

The implementation of Precisely is recognized as a true success and has provided a model for expansion into other core system projects within the insurance organization.

Application owners within the organization provided the following positive feedback:

- Precisely provides considerable detail on each balancing report and improves the ability to locate the source of problems. Our previous solution had far less detail, which often made finding the source of problems very time-consuming
- Precisely allows us to have visibility into file transformation – something we never had before
- The Precisely solution benefits our organization by:
  - Providing visibility into system-to-system file transfers of data
  - Quickly identifying and informing appropriate staff of exceptions
  - Reducing the risk inherent in manual balancing routines by replacing them with automated controls
  - Supporting financial reconciliation with accurate exception reports

Overall, the implementation of Precisely fulfilled every identified need and, more importantly, has ensured that the organization meets its compliance requirements to execute expedited audits and provide a strong foundation for all financial reconciliation activities.