



FAST REGULATORY COMPLIANCE AND MILLIONS IN COST SAVINGS ACHIEVED USING ARIS

Challenge

W&W Group's management knew that their Internal Control System (ICS) would not be able to support their high standards for risk management much longer and that it also made it difficult for them to comply with ever more stringent regulatory requirements. Furthermore, the lack of good-quality documentation and a process-related overview of risks increased the chances that they might have shortcomings in their process controls and risk assessments. W&W wanted to standardize their alert and escalation management processes, and needed to be able to provide status reports on the performance of the ICS itself in order to meet new German regulatory requirements.

Solution

In a joint project with IDS Scheer Consulting, W&W radically redesigned its ICS based on the ARIS Platform, using the ARIS Solution for Governance, Risk & Compliance (GRC) Management as the foundation. Innovative requirements for automated, workflow-based risk management incorporated into the new ICS have enabled them to link people across the W&W organization with relevant company-wide data for activities, controls and risk management.

Benefits

- Implemented new regulatory requirements (MaRisk VA) in only a few weeks
- Realized cost savings of €2.5 million annually
- Results are immediately available for audit purposes
- Supports more than 50,000 tests and controls, over 1,000 sub-processes and provides auditable documentation
- Calculated ROI over 150 percent upon project completion
- Significantly improved risk management control by eliminating many manual tasks and automating alerts



Merged in 1999 from long-established firms Wuestenrot and Wuerttembergische, the Stuttgart-headquartered company, now known as the W&W Group, rests on two strong pillars: insurance and a savings and loan association. W&W is a one-stop source for all their customers' financial service needs, and is "the financial specialist" for building wealth, home ownership and providing comprehensive financial and risk protection. Based on the expertise, commitment and proximity of their 6,000 field service partners, the W&W Group has earned the trust of over six million customers.

Get There Faster.™

“Using the ARIS portfolio and working in cooperation with IDS Scheer Consulting, we have elevated our ICS to the next level—and a powerful ICS is the mark of a good organization.”

Dr. Jan Martin Wicke | CFO and CRO | W&W AG, Germany

Managing risks is their specialty

The deepest economic crisis of the postwar period has made people aware once again of the importance of consistent and comprehensive risk management. However, for the Wüstenrot and Württembergische (W&W) Group, risk management has always been an integral part of their business model. As “the specialist” among German financial services providers, W&W has over six million long-term savings and loan and insurance customers relying on it.

In order to adequately manage their business processes and initiate countermeasures when needed, W&W’s Internal Control System (ICS) plays an ongoing key role. “Naturally, it is in our best interests to manage and minimize risks,” notes Dr. Jan Martin Wicke, who as CFO and CRO is responsible for W&W Group’s risk management. “For us, ICS is clearly a management tool, not just a compulsory exercise to fulfill the many regulatory and legal requirements.”

Broader view for better risk control

It was evident to W&W’s management that their Excel-based ICS would not be able to support their business needs for much longer, in terms of both regulatory requirements and their own standards of excellence. Project manager Josef Kirschbaum, from W&W’s Financial Program Management office (RF3), cites the “Minimum Requirements for Risk Management (MaRisk VA)” directives from BaFin, the German financial regulatory authority, as a prime example of where change was needed.

“The MaRisk VA directives effective at the beginning of 2009 required that insurance companies be able to test and adjust their risk management to the practices outlined in the directive,” said Kirschbaum. “Appropriate controls

must ensure all components of the risk management system are functioning properly, and this needs to be reevaluated at least once a year to eliminate shortcomings.”

“To explicitly monitor the function and effectiveness of the controls themselves was not possible with our Excel-based ICS,” Kirschbaum explained. “We could document our types of risk and controls, control objectives and our risk management processes and steps on a departmental level, and our auditors could assess the quality of our controls. However, we didn’t have a broader, process-oriented view.”

Kirschbaum continued, “We also needed more levels of detail for our documentation, so we could fulfill changing audit requirements and generate status reports for management on the ICS itself. Plus, we wanted to employ a standardized, tool-based alert and escalation management process.”

Automated workflows link W&W

For their new ICS design, W&W applied the guiding principles of the Sarbanes-Oxley Act (SOX) as a best practice. This included centralizing operational control of the ICS across the W&W Group using a corresponding administrative department. They automated their workflows using the ARIS Solution for Governance, Risk & Compliance (GRC) Management as a core ICS component.

W&W chose ARIS as the foundation for their new ICS, in part, because of the performance of the GRC solution itself, and also because they had been using ARIS Business Architect and ARIS Business Designer for their modeling and process design for many years. This enabled W&W to directly relate their process and risk management, not just documenting their ICS, but now they were

able to establish a direct connection across their process landscape, linking relevant information such as activities, risks, controls and individuals responsible.

Regulatory compliance in just a few weeks

Not only was their first new ICS workflow using ARIS Risk & Compliance Manager up and running in just a few weeks, but it also already provided W&W the evidence it needed to prove the effectiveness of their controls as required by MaRisk VA. Automatic E-mail notifications alert employees when control verifications are needed, and the process leads them through the proper sequence of activities to be performed. Because the results can be easily audited by internal or external auditors at any time and W&W can now grant read-only access rights for independent third parties, they have been able to significantly reduce their auditing costs.

Integrating controls with risk management

Besides supporting workflows that run on frequent intervals, ARIS Risk & Compliance Manager is used to conduct an annual “test of effectiveness,” which can also be run on demand. This enables W&W to “control their controls” to check required functions, assess deviations and make timely corrections. ICS process owners can validate defined processes and controls, test effectiveness, update risk assessments and modify the processes and controls, as needed.

Kirschbaum especially emphasized W&W’s “double workflow” requirement which integrated control steps for those people responsible into the workflows along with the actual effectiveness testing. If a risk is identified that cannot be surmounted, for example, a separate workflow will automatically be sent to the person responsible for further evaluation.

Quick and comprehensive risk management

“We found that implementing the ARIS Solution for GRC was particularly fast and accurate,” Kirschbaum noted. “This quickly gave us comprehensive coverage over our risk management tasks and controls, management can respond to audit queries readily and our documentation is both reliable and easily audited now. Even in the early stages of the ARIS-based ICS solution, we already saw a tremendous savings and positive ROI potential.”

“We have already over one thousand processes and sub-processes mapped in the new ICS, such as the conclusion of a life insurance or a savings and loan contract, or planning and supervising the consolidated financial statements preparation,” said Kirschbaum. “Ongoing risk monitoring requires that these processes undergo various controls several times a year, annual tests of effectiveness and various audits by internal and external auditors.”

Effective automation brings faster ROI

Kirschbaum continued, “The ARIS Solution support for workflow automation meant we could completely eliminate or at least greatly minimize many of our previously manual ICS tasks, such as document handling and agreements on controls—and this saves W&W around €2.5 million annually. Furthermore, our detailed analysis shows that ROI for licenses, maintenance and project costs combined will be 153 percent after the three-year project is completed.”

“All in all,” Kirschbaum said, “the ICS solution we implemented using ARIS uniquely combines comprehensive, highly effective risk management with significant and clearly calculable savings.”

KEY COMPONENTS

ARIS Solution for Governance, Risk & Compliance (GRC) supports W&W’s entire risk management lifecycle—from identifying risk-related processes and affected material costs to defining risks, designing controls and tests, plus implementation, documentation, monitoring and testing measures for compliance and improvement. Using ARIS Risk & Compliance Manager has enabled W&W to create an auditable ICS environment with an audit workflow that can be monitored and optimized on an ongoing basis.

IDS Scheer Consulting worked directly with W&W to plan, design and implement their new ICS solution based on the ARIS Platform, ARIS Solution for GRC and a variety of tried and tested templates and objects, including the ARIS Value Engineering for GRC Management process model.



Figure 1: ARIS Risk & Compliance Manager provides W&W Group control over their ICS processes.

ABOUT SOFTWARE AG

Software AG is the global leader in Business Process Excellence. Our 40 years of innovation include the invention of the first high-performance transactional database, Adabas; the first business process analysis platform, ARIS; the first B2B server and SOA-based integration platform, webMethods. We are unique in offering the world's only end-to-end—and easiest to use—business process management (BPM) solutions, with the lowest Total-Cost-of-Ownership.

Our industry-leading brands, ARIS, webMethods, Adabas, Natural and IDS Scheer Consulting, represent a unique portfolio for; process strategy, design, integration and control, SOA-based integration and data management, process-driven SAP implementation, and strategic process consulting and services. Our comprehensive software and services solutions allow companies to continuously achieve their business results faster.

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