Building a Global Business Architecture Function

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Global Life Architecture
Presentation Objectives

Explain the journey to build a Global Life Business Architecture and Function from inception in 2010 to now.

This will cover:

• Business Context

• Architecture Remit

• Approach

• Results

• Lessons Learned
Before we start...a story

A Business Architect

“You will only know one, when you see one....”

Business Architecture is about delivering an integrated way of working to achieve strategic objectives within accepted constraints.
Zurich Insurance Group – A global business

60,000 employees in over 170 countries

USD 4.1 billion business operating profit (2012)

USD 34.5 billion shareholders’ equity (2012)

Global Corporate business offers international reach for our corporate customers

Europe: Our presence is anchored by major operations in Germany, Switzerland, the United Kingdom and other European countries.

The Americas: We are a leading player in North America, the largest commercial insurance market in the world; strategic alliance with Banco Santander expands our presence in Latin America.

Asia-Pacific, Middle East and Africa: We made key acquisitions in Southeast Asia in 2011, where young professionals and high net worth customers make up a fast-growing segment for our life business.
Zurich Insurance Group has clear aspirations

Mission

to help our customers understand and protect themselves from risk

Aspiration

to become the best global insurer as measured by our customers, our shareholders and our employees

Targets

BOPaT ROE target of 16 percent over medium term

Strong cash flow generation driving sustainable dividends

Driven through 3 business segments supported by global functions

- Global Life
- General Insurance
- Farmers
Global Life’s role is to deliver our part of the Zurich Group aspiration

Global Life Mission

To provide our customers with financial protection when they need it most

Global Life Aspiration

Global Life’s role is to deliver our part of the Zurich Group aspiration to become the best global insurer as measured by our customers, shareholders and employees

Global Life Targets

Rank Top 5 of European-based global peers by New Business Value

30% of new business value from APME and LatAm

Remain cash-positive while self-funding organic growth
Geographic diversification further enhances future growth profile

Global Life Strategy determines what we do and how we do it

What we do

Improve **portfolio** value by focusing on core insurance business in **mature markets** and expanding into **developing economies**

Transform Global Life to a **customer-driven** business delivering great customer care; grow **distribution footprint** and leverage key **partners**

Develop **products & services** that deliver a **distinct value proposition** to our chosen segments; manage the **product mix** focusing on **unit-linked and protection**

How we do it

Evolve our **culture** to a more collaborative, results-orientated, caring and customer-focused mindset; attract, develop and retain appropriate **talent**

Enable customer experience and improve efficiency by consolidating, simplifying and enhancing **business processes & systems** and reducing complexity

Enhance customer value and create competitive edge by **sharing best practices**
The Remit – starting 2010

Working for the Chief Operating Officer to implement the Global Life Business Strategy, including to:

- Design a global approach to Operations to deliver the “Enablers” element of the strategy
- Design the required Operating Model and transformation journey
- Build a global Business Architecture team to support implementation
- Govern key elements of implementation
The Design Challenge
Defining global standards and reuse

Vision:
To manage all of our operations as if they are part of a single global network, as easy as if everyone is working in the same room.

Core Elements:
Core Product Components, Standard Processes, Common Platforms

- Create the standards “vision”
- Design the high level approach combining core elements of product, process and platform
- Create the required Business Architecture based on standards and reusability across Product, Process and IT
- Adapt the “Vision” to reflect changes in implementation approach as gained delivery experience
Creating the Architecture

The Industrialisation approach is underpinned by three key business architecture artefacts:

1. **The Activity Framework:**
   The set of Capabilities required to run an Insurance Company – defined to 2 levels of detail

2. **The Process Framework and Methodology**
   The Standard Process Model and methodology required to deliver the standards

3. **The Business Architecture Model**
   The layers in the Business Architecture and key components that align with IT application landscape
The Architecture: Activity Framework has multiple uses

- Scoping & Assessment
- Configuration (Org Design)
- Detailed Decomposition
The Architecture: Design & implement Standard Processes

• Defined a Process Framework and methodology

• Defined 100 Standard Processes

• Tested global application of standard processes across 4 regions

• Created implementation approach including procedure management to make it real to staff

• Governing the development and reuse of processes across 4 regions
The Architecture: Business Architecture Model aligned to IT

- Purpose of the model is to define key layers in the architecture
  - Customer Access
  - Channel Interaction
  - Manufacturing and Processing

- Identified key components within each layer (red dots)

- Aligned components with type of IT applications.

- Created a regional view of the IT application landscape that fitted to IT architecture of Global, Regional and Local applications.
Designing the Target Operating Model

- Worked with the Business Transformation team to define the Target Operating Model. This included:
  - Define key business functions
  - Produce detailed RACI (based on AF) to explain role of functions
  - Develop detailed Function Operating Models
  - Create High level configuration diagrams (see AF) to show new organisation design
  - Support redefining management governance
Implementation: Building a global team to implement in four regions

Formed Team mid 2011
Used an existing Business Integration / Delivery group

• Recruited Regional Lead Architect end 2010
• Built team of 3 by end 2011 – 2 internal and 1 external recruit

Global Life Business Architect and European Regional Architect (London / Dublin)

• European Team formed early 2010
• Recruited existing staff into the function
• Further recruitment in 2011 (internal and external)
• Reduced in size end 2012 due to change in organization structure and direction

NA Regional Business Architect (Seattle)

LATAM Regional Business Architect (Buenos Aires)

• Business Architect / Project Mgr recruited Mid 2010
• Additional recruit end 2011, but left within 2 weeks of starting

Asia-Pacific Regional Business Architect (Hong Kong)

• Recruited Regional Lead Architect end 2010
• Built team of 3 by end 2011 – 2 internal and 1 external recruit

• Recruited existing staff into the function
• Further recruitment in 2011 (internal and external)
• Reduced in size end 2012 due to change in organization structure and direction
Implementation: Managing and governing a combined Architecture

• Business Architecture cannot work in isolation – need to actively partner with Proposition Architecture and IT Architecture

• Like many close families – we do not always agree!

• Governance is via a working group (Architecture Review Board) and a formal Executive Design Authority

• In practice the bulk of architecture work is directly with Projects and Business and IT Directors / Managers
The Results

Successes

• Established a Global Business Architecture Function
• Established an approach for global standards
• Proved the ability to reuse processes across regions, aligned to products and IT platform
• Designed an agreed Target Operating model and developed an approach that supported business transformation
• Supported implementation across multiple projects in multiple regions
• Worked effectively with Proposition and IT architecture teams to create a coherent combined architecture approach

Challenges

• Delivery challenges
• Keeping team in Europe - when expense pressure really took hold
• Maintaining methodology such as Activity Framework – need to adapt
Lessons learned

• Need a strong sponsor – actively manage any change in sponsorship

• Know your stakeholders and communicate clearly

• Only Architects are interested in Architecture - Business Managers are interested in the results and benefits

• Keep it Simple – the more complex the challenge (and required architecture) the simpler the explanation and approach needs to be

• Know how to implement the architecture - be adaptable

• Strategy changes – keep involved

I will always be an Elephant.
Keep justifying the Business Architecture Function
**Value of Business Architecture**

Increasing capability and reuse whilst contributing to cost management, quality and risk

- **New Capability / Reuse**
  - Identify and design new capability for the organization
  - Limit the development of processes by application of standards
  - Maximizing reuse of our standard capability (products, process and platform) by networking with Propositions and IT
  - Maximizing the reuse across the investment portfolio, not just individual programs
  - Minimizing the cost of project design by reusing processes and functionality.
  - Align strategy and create required governance to deliver benefit

- **Cost Management**
  - Increase productivity and drive down unit costs by application of standard processes, exploiting economies of scale
  - Ensure a continuous improvement approach is integrated into process development (lean)
  - Avoid the cost of duplication of function within the operating model
  - Diagnose areas for further investigation via improved measurement, performance mgt and benchmarking

- **Customer Care / Quality**
  - Enhance quality by using proven processes and procedures
  - Ensure the customer is considered in all aspects of operational and process design
  - Ensure an integrated, consistent and coherent approach operations across multiple disciplines (Proposition, Operations, IT)
  - Provide cross functional governance to support design and implementation

- **Risk Management**
  - Create globally consistent approach to key requirements and regulation
  - Enhance the implementation of the Internal Control Framework by aligning to the design and implementation of the standard processes (risk points)
  - Support improved programme risk management and change control
And finally.....

Learn to KISS an Elephant