

## A SimCorp Case Study

### SAMPENSION

Leading Danish investment manager, and SimCorp Dimension customer, SAMPENSION (see back page) introduces innovative products to retain and strengthen its market position. At the same time it must ensure continued compliance with regulatory requirements while seeking to improve business efficiency. e.Spreadsheet is a vital tool for SAMPENSION in accomplishing these objectives and is central to two key operational processes.

#### **NEW PENSION PRODUCT – NEW SYSTEM**

In May 2007 SAMPENSION launched 3-in-1 Livspension, a new, defined-contribution pension product. Operational support for the new product had to be established quite quickly and, naturally, costs needed to be sensibly contained.

One requirement of 3-in-1 Livspension, which SAMPENSION's Group Accounting function must satisfy, is to calculate allocations of yields held in the company's investment management system, SimCorp Dimension, and to apply these to individual pension contracts. Figures generated are used within the business and also over the internet by retail investors, so accuracy and transparency of audit trail are paramount.

The yield allocation process involves complex calculations based on data from three SAMPENSION systems: SimCorp Dimension; its insurance system; and its general ledger system. Various ways to accomplish the process were evaluated and, but for one problem, a spreadsheet based approach appeared most attractive. As Elisabeth Petersen, CFO – Group Accounting at SAMPENSION, puts it: "The calculations are a natural spreadsheet application, the only drawback being that spreadsheets are not a naturally secure environment".

#### **SOLUTIONS IDENTIFIED**

At this point, SAMPENSION became aware of e.Spreadsheet. This tool is designed to solve exactly

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For the 3-in-1Livspension project, SAMPENSION was awarded the *Partner Excellence Award 2008* by Actuate Corporation, originator of e.Spreadsheet

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the problem Elisabeth Petersen identifies. It offers all the features of Microsoft Excel®, yet combined with workflow control and a full audit trail, if necessary down to cell level.

Implementation of e.Spreadsheet was actually more straightforward than expected. With support from local e.Spreadsheet distributor ReportSoft, SAMPENSION established the solution in less than three months, with only part-time allocation of staff to the project. Data is automatically transferred from the source systems and users notified when available in e.Spreadsheet, which saves time and obviates the need for error-prone manual uploads. Furthermore, as Elisabeth Petersen notes, “Everyone knows Excel”, so end-user training was restricted to the new business workflow; users had no new technology to learn.

Use of e.Spreadsheet for the yield allocation process is a great success for SAMPENSION. Cleanly interfaced with SimCorp Dimension and other systems, deployment was quicker and simpler than anticipated and licence and running costs are low. A complex new business process is now supported using intuitive tools and, perhaps most importantly, SAMPENSION can prove the integrity of the process. “The workflows based on e.Spreadsheet are transparent, especially with respect to new regulatory reporting requirements”, says Petersen: “We have received a blank auditors’ report and that is reassuring for us and our customers”.

#### **RECONCILIATION AND REGULATORY REPORTING**

With confidence high after the success of using e.Spreadsheet in 3-in-1 Livspension workflow, SAMPENSION decided to use the tool to support reconciliation of the investment sub-ledger, held in SimCorp Dimension, to the general ledger. Discrepancies can arise between the two because of, for example, the timing of accounting entries in the two systems or non-matching adjustments. Ensuring the accuracy of general ledger data is fundamental

for regulatory reporting, here to the Danish Financial Supervisory Authority, so this is a crucial business process.

This particular regulatory reporting is quarterly. However, the same reconciliation and data transformation processes support monthly internal reporting and also semi-annual spot-checks by auditors, who expect results within 24 hours of notification. Furthermore, during periods of unusual financial turbulence, SAMPENSION's management naturally requires daily updates. Until mid-2008 these processes involved extensive manual work, such as line-by-line comparison across all accounts. Consequently, unpredicted reporting demands could stretch Group Accounting resources. SAMPENSION has introduced e.Spreadsheet into these downstream reporting processes in two steps, with impressive results.

## RESULTS

The first step deals with the actual reconciliation process. This imports data passed from SimCorp Dimension and the general ledger into e.Spreadsheet, where non-reconciled account balances are revealed. Users can then focus on just these, rather than checking the whole ledger. This simple application saves considerable time, but the key benefit of using e.Spreadsheet derives from its secure environment. Elisabeth Petersen explains: "We have more time to complete the process and have more confidence in the data as we can see where, when and by whom any changes are made. Our auditors have always been comfortable with our processes but they can see now that we have achieved a whole different level of control."

The second step is to transform the reconciled account data into precise formats required for particular reports. This still involves manual intervention to include supplementary figures from 3-in-1 Livspension and real estate investment departments. However, reports produced have detailed back-up available on

demand, with full audit trail provided automatically, thanks to e.Spreadsheet's secure environment.

## NEXT STEPS...

Given SAMPENSION's success with e.Spreadsheet, it is unsurprising that further business processes have been identified that may be improved using the tool. For example, unit-linked product workflows in Group Accounting are under review. Elisabeth Petersen sums up why: "Using e.Spreadsheet we have been able to pull data together for further processing from several systems, including SimCorp Dimension, into a robust, controlled environment. We have flexible, scalable workflows, which result in high quality reporting output and it was easier, faster, required less training and cost far less than any alternative approach we could find."

## BENEFITS ACHIEVED

By using e.Spreadsheet with SimCorp Dimension and other systems, SAMPENSION:

- Created a complex new business process quickly and inexpensively – and continues to save both time and money
- Can produce key management information very rapidly, thus reducing risk, especially in times of financial turbulence
- Has a fully transparent process, which provides reassurance to auditors, management and clients alike

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SAMPENSION, a leading management company for pension funds in Denmark, manages labour market pension schemes for about 240000 employees. It is responsible for investing assets that total DKK 95 billion, or about EUR 12 billion, in equities, bonds, property and other assets. SAMPENSION has direct contact with employers and insured employees and offers consultancy in all pension scheme matters. SAMPENSION aims to offer one of the market's best and most flexible pension products that balances principles of common investment purpose with individual freedom of choice.

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