



THE AXA

*"Delivering
Organisational Promises
- from Strategy to
Reality"*

PLAN.

Key Messages

- AXA has established EPM and programme delivery capabilities
 - Strong executive support for change programme
 - Annual strategic planning cycle and route-map development
 - Developing a business architecture capability
 - PMBOK based project delivery lifecycle

- This presentation demonstrates how these capabilities have been used to deliver a key organisational change within AXA

- Key to success were
 - Strong sponsorship and governance
 - Time spent to develop future architecture and route-maps
 - Learning lessons from past experiences

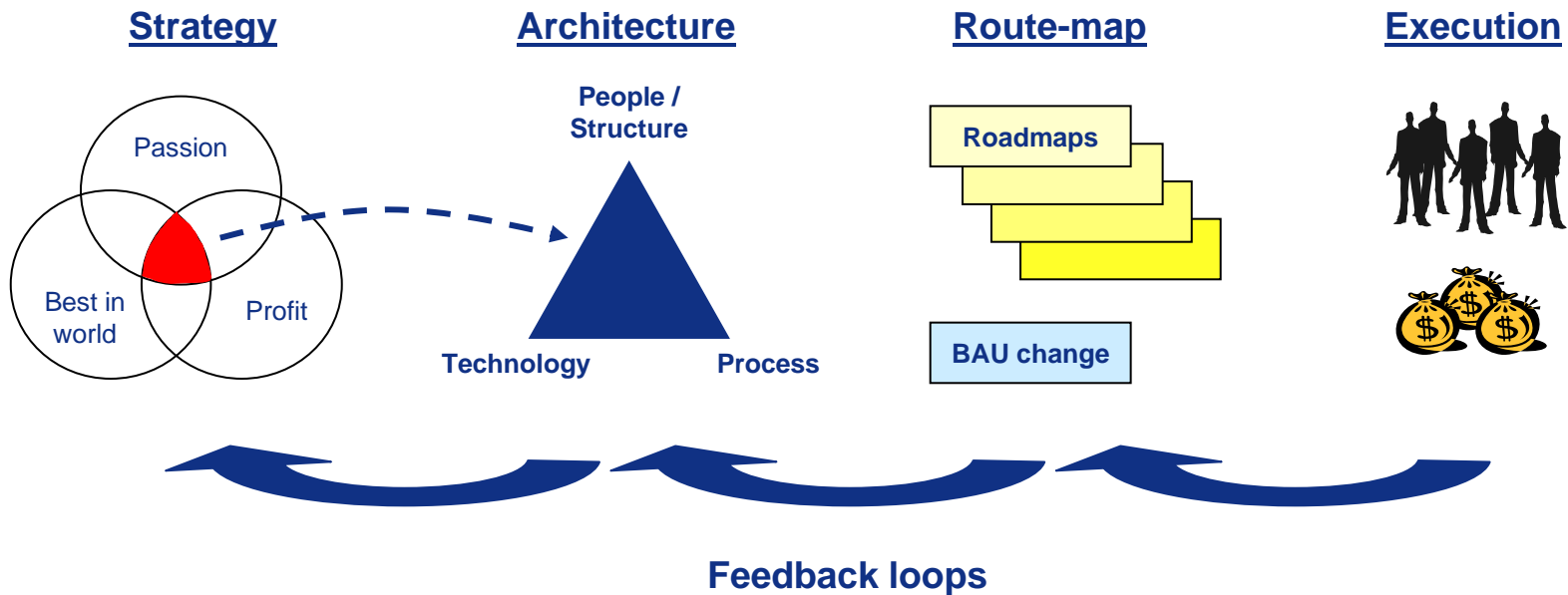
- We didn't get everything right – but you don't have to...



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EPM at AXA

- Execution capability is a long term strategic differentiator for AXA Australia.
- EPM provides the framework to support an end to end organisation-wide execution capability.



AXA's Strategy

Ambition 2012 Strategic Imperatives

- 1 Use deeper customer insights to deliver a leading customer experience
- 2 Put ease of doing business at the forefront of our service for customers and advisers
- 3 Position ourselves as the partner of choice for financial advisers
- 4 Regain our leading position in financial protection and bring our risk management skills to wealth management
- 5 Better leverage our leading investment capability in providing solutions to customers
- 6 Simplify our business to reduce cost and risk
- 7 Build a culture that supports a winning company



— The Life Confident —

- AXA has published Ambition 2012 targets that describe success for the organisation
- Key initiatives required to achieve success are articulated in seven strategic imperatives
- AXA's Ambition 2012 programme is the primary way organisational change is achieved
- Ambition 4 is to reduce the cost to income ratio by 1/3rd
- The aligned strategic imperative is to simplify our business to reduce cost and risk

... a simpler business will enable AXA to sharpen its focus on newer growth oriented opportunities



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Strategy - AXA EPM Environment

- This is not the first time AXA has attempted business simplification...
- In early 2007 AXA appointed a General Manager for Business Simplification
- AXA has strong executive commitment to projects as a way of doing business
- Significant funding was prioritised to initiate a change programme
- Key experienced resources (both business SMEs and projects) were assigned to enable success.
- Started with “strategic” projects that aimed to develop routemaps
- Implementation initiatives were only started as the strategic analysis components reached maturity



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Strategy - Simplification Challenge

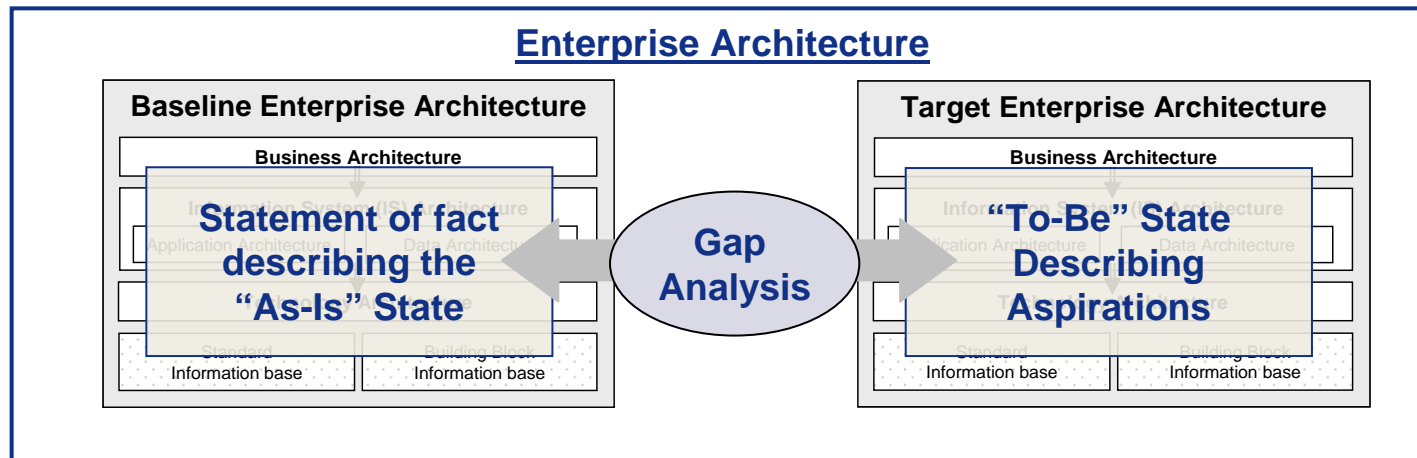
	Group Risk	Individual Risk	Conventional	Business Super	Personal Super	Retirement Income	Personal Savings	Unit Trusts	PAS / Platform
RIPA	X								
LIPS		X							
CLAS		X			X		X		
OPUS		X	X		X		X		
COMPASS				X					
FLEXIPLAN					X	X	X		
TALISMAN								X	
SUPER 1.0									X



Architecture

Strategy → **Architecture** → Route-map → Execution

- Enterprise architecture describes the business including its products, systems, process and people
- A target architecture defines a future state business design that will deliver the strategic objectives
- Key to success of any change programme is obtaining stakeholder commitment to this future state



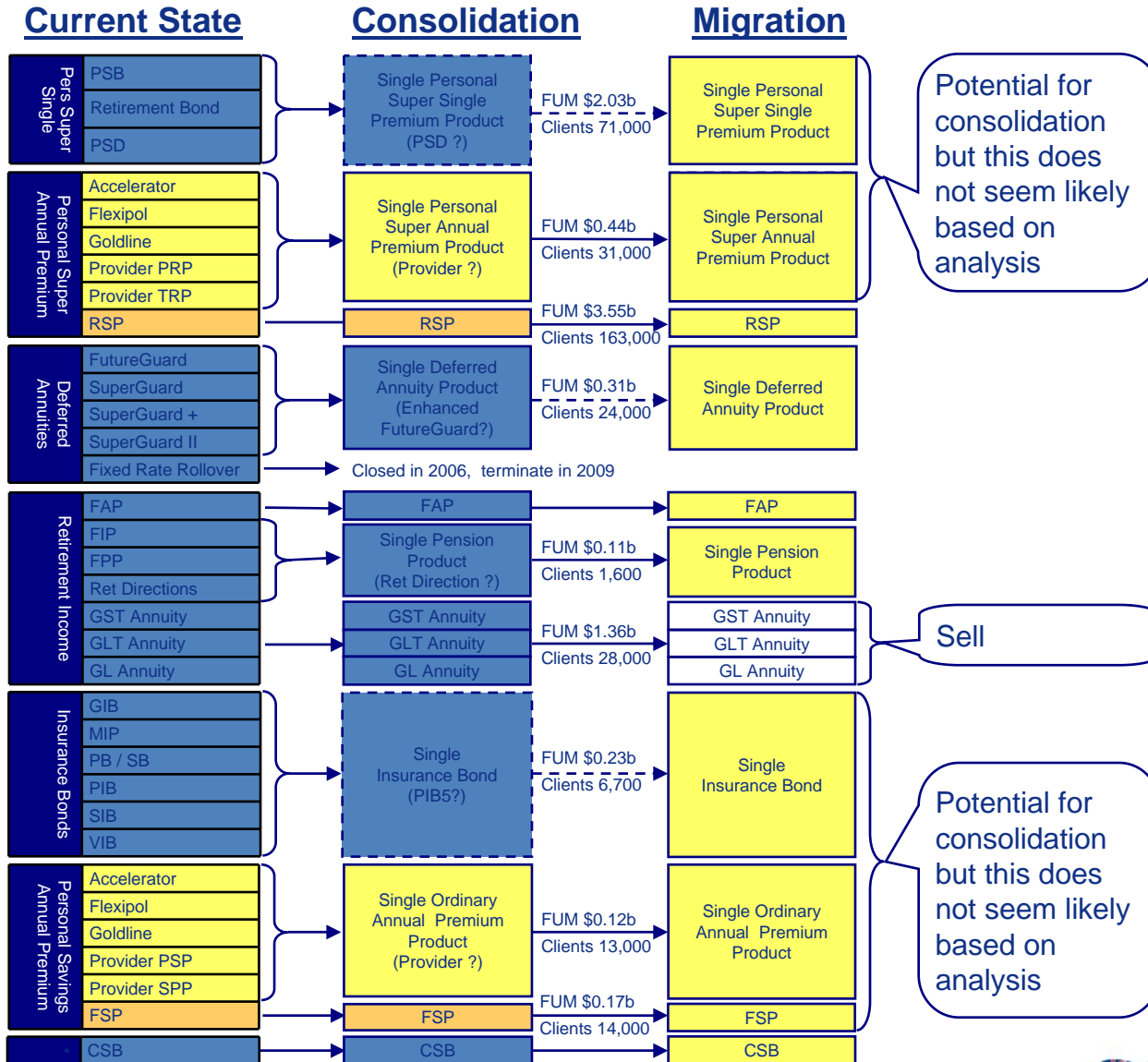
Architecture – Target Future State

	Group Risk	Individual Risk	Conventional	Business Super	Personal Super	Retirement Income	Personal Savings	Unit Trusts	PAS / Platform
RIPA									
LIPS									
CLAS	X	X	X		X	X	X		
OPUS									
COMPASS				X					
FLEXIPLAN									
TALISMAN								X	
SUPER 1.0									X

The target future state for AXA after simplification involves:

- Removal of four systems
- Rationalisation of approximately 70% of product variants
- Reduction in cost to income ratio of approximately 5%

WM Architecture



Key Benefits

- 27 current non-retirement income products on 3 systems consolidated to 8 products on a single system
- Builds scale within off sale products while minimising any revenue loss

Colour Legend for Administration System

Flexiplan
CLAS
OPUS



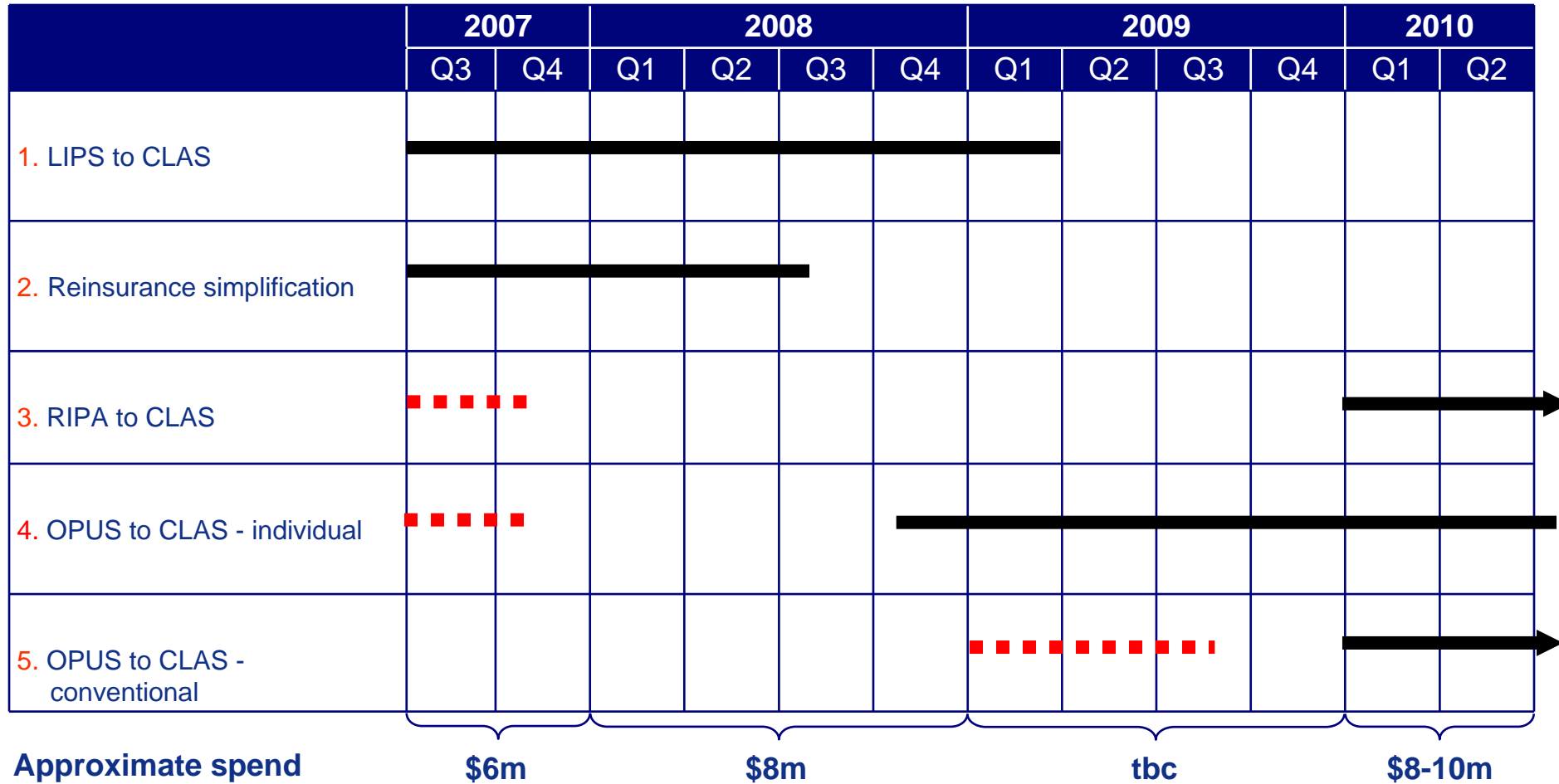
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Routemap - Process



- Initiatives required to achieve strategic goals are identified
- Benefits and KPIs are estimated, and linked back to AXA's strategic goals
- Project bids are generated and prioritised within each Functional Unit
- Bids are assessed by the ALT, and a funding allocation for approved projects is granted for the year ahead
- Resources for successful projects are then forecast and tentatively reserved
- Individual projects are then initiated and business cases submitted for approval through a gating process

Routemap – FP Simplification



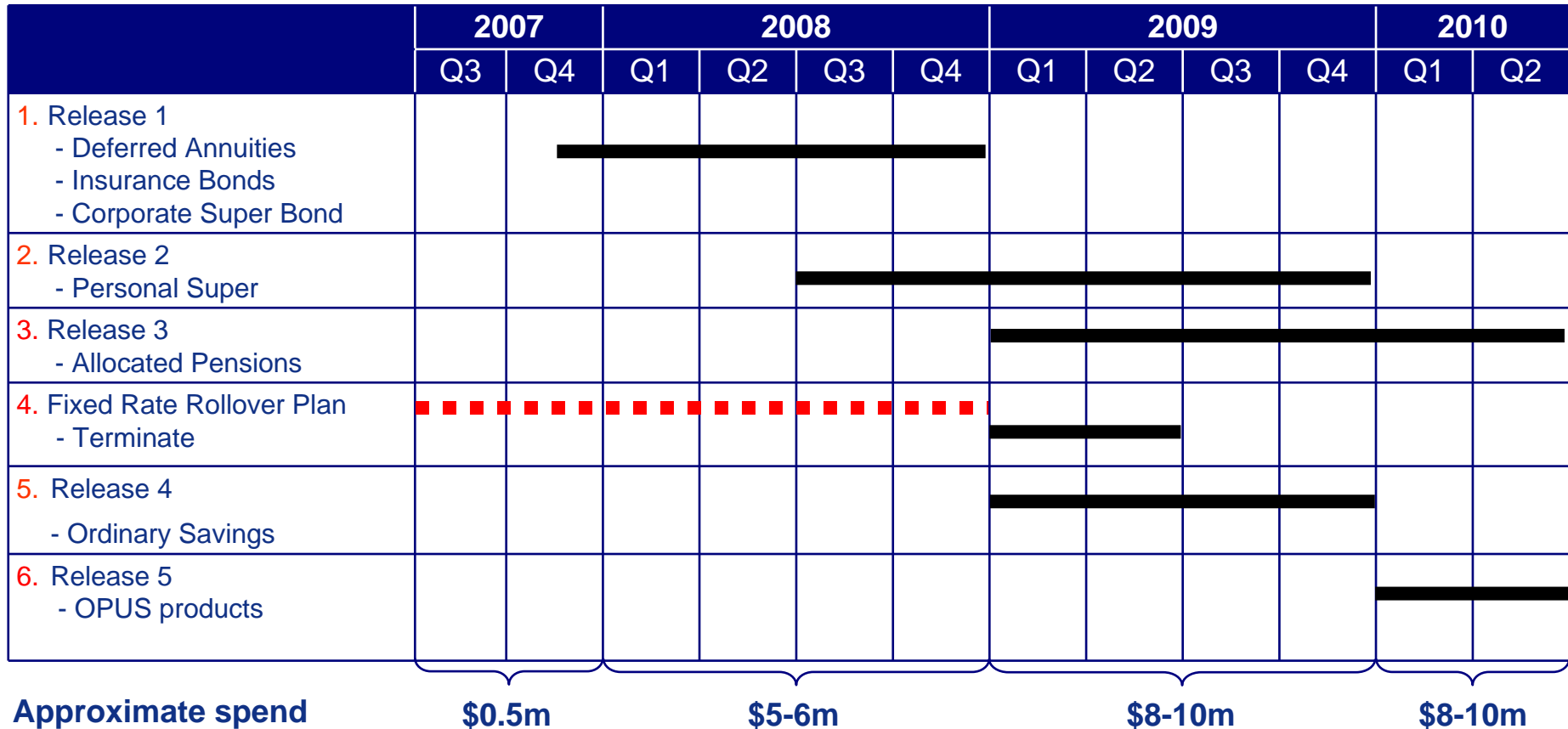
 Pre Gate 1 solution validation

 Implementation



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Routemap - WM Simplification



■ Pre Gate 1 solution validation

■ Implementation



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Execution



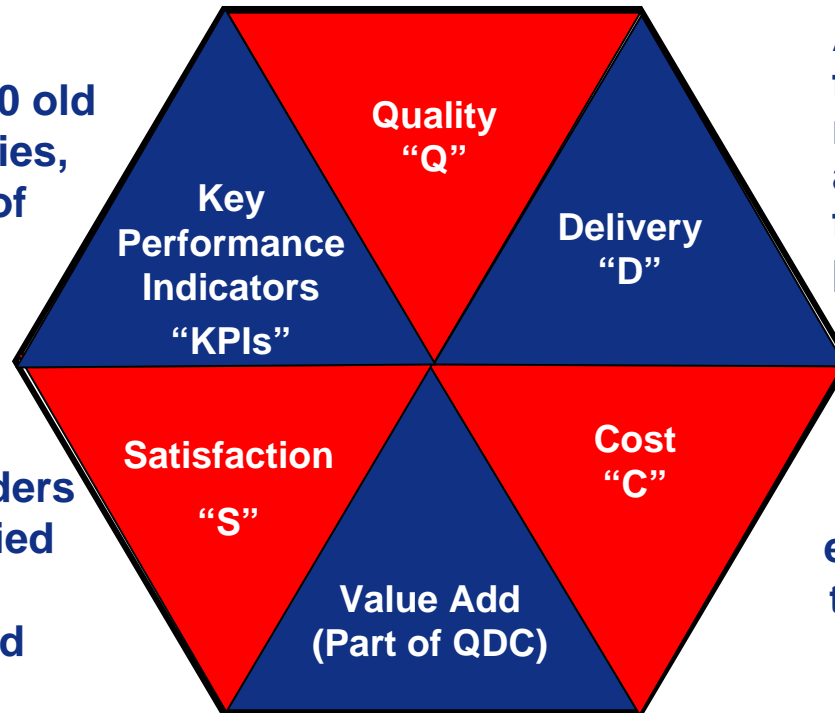
- **LIPS to CLAS.** Initiated in Q1 2007 and to implement in Q1 2009. It will migrate all off-sale AC&L financial protection business of the LIPS system onto CLAS, and completely remove the AC&L brand.
- **Reinsurance Simplification.** Initiated in Q2 2007 and implemented in Q3 2008. It was established to simplify AXA's reinsurance treaties through recapture and revision of terms. Additionally the project was to deliver a new reinsurance administration system, which would be a key enabler for the LIPS to CLAS project.
- **WM Simplification Release 1.** Initiated Q3 2007 and to implement during 2009. It will consolidate and move the legacy product groups Deferred Annuities, Insurance Bonds and Corporate Super Bond from the Flexiplan system on CLAS.
- **OPUS to CLAS & RIPA to CLAS.** Analysis initiated Q2 2007 and closed Q3 2007, with recommendations to recommence the planning and implementation of both projects in 2009/2010 once LIPS to CLAS has been embedded.

Execution - Benefit Realisation

Simplification of reinsurance contracts reducing the number of treaties from 80 to <20, and number of inclusive terms from 400 to 100

Recapture of over 40 old Reinsurance Treaties, leading to ease of administration

Key stakeholders highly satisfied with both process and outcomes



A single more functional, automated reinsurance administration system for the AXA financial protection business.

"Clean up" of ex-AC&L policy terms and data

Removal of old AC&L product types with less than 40 remaining clients



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Execution - Lessons Learnt

- AXA's emphasis on projects as a way of doing business is key to the strength of its project execution capability
- Strong executive leadership made the Business Simplification Programme possible, and a clear governance structure which included members of the company's executive enabled road blocks to success to be efficiently cleared
- Prioritisation and consideration of sequencing and do-ability through route-mapping was critical to ensuring the programme commenced the right projects at the right time, and didn't over commit.
- Access to the right people to work within the programme, those holding both high levels of skill and AXA experience, has been and remains key to the programme's success
- An EPM tool was not required for the programme to be successful. Capability was far more important, and ensuring the programme was driven by strategy, not driving strategy