



The Dimensions of the AXA IM Company Repository



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From business process modeling to building a company repository

AXA Investment Managers used MEGA tools to model its business processes and to implement its company repository. This enterprise architecture served as a basis for various applications within the company, such as Business Continuity Planning, Outsourcing and Business Process Improvement.

“It was our view of the company’s landscape that changed: our ‘perceptual looking glasses are constantly being polished,’” stated Michael Jameson, Head of Organisation, Paris and AXA Way Leader within AXA Investment Managers. This multinational subsidiary of AXA with multiple specializations in the field of asset management discovered the importance of business processes by focusing on the value chains that were most relevant to the company. *“Fund management is a network of players who exchange information, products and services with one another through business processes.”* *“The execution of such processes makes all the difference”.*

The approach begins by establishing the definition of a business process, which can be expressed four different ways or in four different steps: as a series of interrelated activities; as the process of transforming input from suppliers into output for customers; as a stream of inter-departmental activities within the company; or as a logical combination of operational components. This definition involves calling every aspect of the company into question: *“The result of this transformation is added value that comes closer to the customer’s expectations. It is a matter of establishing the boundaries of our operational scope; that is, where the process begins and where it ends. The value chain includes customer and supplier activities,”* explained Michael Jameson, who insists on the importance of the «process owner» who takes responsibility for the process from start to finish and promotes it: *“No process without a process owner.”*

Once the business processes are defined and situated and the responsibilities are attributed, AXA IM uses the enterprise architecture, as developed with MEGA, as a frame of reference. *“A concept that is both easy to understand and relayed by many of the consulting firms,”* Michael Jameson pointed out. *“In order to go from conceptualization to implementation, you need a meta-model of the enterprise architecture.”* This meta-model is shared by the three process layers: business, application and technical infrastructure, reflecting the organization of AXA IM around the processes. The business (Organization) is responsible for the “business and organizational architecture” layer, whereas the IT (department) is in charge of modeling “data and applications” and “technical and operational architecture” layers. Between the two teams, there is a joint steering committee, known as the “Business Modeling” team who manages the



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evolution of the meta-model. Each of the players in the company can navigate through the maps using this meta-model. Thus, the organization that owns the business processes “drills down” to the application components managed by the IT department. Conversely, in case of an incident occurring within lower layers, the information system people can “drill up” to the consequences for the business processes.

Business process modeling and establishing the company repository are the prerequisites for three major projects conducted by AXA IM: Business Continuity Planning (BCP), Outsourcing and Business Process Improvement.

Business Continuity Planning: “resilience” is an asset

The BCP, or business continuity planning, is the way in which the company plans (or does not plan) disaster recovery. Indeed, for AXA IM, risk management of force majeure events is a mandatory part of fulfilling regulation requirements and its commitments to its customers. Michael Jameson insists on the notion of “resilience”, that is, the ability to handle, withstand, and recover from major unexpected events: *“A company’s ability to get back on its feet and get up and running again after a major crisis is critical to its survival. Disaster recovery is the height of “resilience”.* Various contingency strategies can be pursued, the most elementary of which consists of improvisation along the lines of “we’ll wait and see”. AXA IM’s attitude, like that of any responsible company, is completely different and follows the lines of thinking that “this could happen to us, so we should prepare ourselves for it.”

This preparation consists in:

- Framing the right questions: What is critical for our business?
- not focusing on the details, but on the most stable aspect of the company: the business processes;
- identifying the minimum levels of service to be produced within the next 24 or 48 hours or the next five business days.

We believe that, as a general rule, a company consists of approximately 15-20 processes (or sub-processes) that are truly critical. For the purposes of the BCP, AXA IM identified seven major ones (cash management, trading, delivery settlement and fund valuation, among others). *“The key is choosing the people well to identify THE process, which will lead to producing a specification sheet for the required technical and office standby facilities,”* said Michael Jameson.

After identifying the business needs, you must establish the means, and then test them periodically. *“The business modeling repository has served to formalize and validate our critical business processes, to document in one single place our backup plan (the mini-BCP), and to test our recovery plan (testing protocol),”* Michael Jameson summarized. Mini-BCPs are information-gathering tools in the form of documents that outline the needs of each AXA IM team. They are updated regularly, as the content in the repository changes.



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Outsourcing: for better flexibility and lower costs

AXA IM decided to outsource the entirety of its back-office activities. The company had grown by leaps and bounds, which was why there was a certain mix between back-office and front-office activities. In order to separate these two parts of its operative system, AXA IM mapped out the various processes: in the front-office, in the back-office, front-to-back and back-to-front, in order to *“take everything that was part of the back-office out of the front-office, which was hindering our flexibility and increasing front-office costs, and to establish the new operating model between back-office and front-office,”* Michael Jameson explained.

The mapping clearly defines the functional scope of outsourced activities and the detail of the expected inputs and outputs. *“Deliverables entrusted to our partner and those for which we are responsible for are outlined in the contract,”* he added.

The exercise of defining and agreeing on the outsourcing scope was facilitated by the construction of an intranet by AXA IM specifically for the partner. Created using the MEGA repository, this tool enabled the partner to learn intelligently about the activities and the structure of AXA IM. It introduced the teams, expertise, and procedures, all of which was supplemented by comments explaining how operations are performed with browsing and drill-down capabilities.

Business Process Improvement: choose the right processes and measure them

Why Improve? To gain a competitive advantage, this is essential in the highly competitive business in which AXA IM operates. This is an ability that results in innovation, quality, effectiveness, reputation, expertise and spirit. The improvement of a company occurs through the improvement of its processes: *“Processes are vehicles for completion; they are factors of differentiation,”* commented Michael Jameson. Just like for the other two applications (BCP and Outsourcing), you must choose the right processes. In this case, the ones that are the most critical are those that offer the most quality to customers, the most added value: *“Get the right process right.”*

MEGA'S OFFERING

A pioneer in the field of modeling, MEGA is an architect of modern companies that structure their management around value creation mechanisms. Its enterprise architecture solution, is intended for the executive management of major organizations. The consultants specialized expertise and the MEGA software Suite, enable them to anticipate and assist with complex decision making that impacts the organization and the information system, by offering a clear, general overview of the activity and resource architecture for which they are responsible, using a company repository. This service offering, which is unlike any other on the worldwide market, has given MEGA its global leadership position in the field of company repositories.



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In order to improve the business processes, you must be able to measure them, i.e. how well are they performing?. Measurements and improvements can pertain to various aspects: customer dissatisfaction, lack of employees' motivation, dysfunctions (breakdowns or recurring incidents), the presence of «re» (re-do's, reconciliations, re-calculations, re-validations, re-initialization, etc.), indicating wastes of energy and time. *“At this stage, customer expectations, our objectives and internal performance evaluations must be included in the mapping,”* said Michael Jameson.

It is not a matter of going directly from what one thinks is the current situation (without specific mapping in support) to what one thinks it should be ideally. First you must take the time to fully understand the process as it really is (gathering the facts), and in order to do this, evaluate and analyze it, before aiming at the first target, that is, what it should be: the implementation of the improved process must consider the return on investment (for the customer and for the company).

Choosing MEGA

To build its single repository, support for business processes and a tool to facilitate dialog between process owners, AXA IM selected MEGA. *“It was the only solution offering a consistent and simple meta-model. In the finance industry, there are major players who are already using MEGA, and we have benefited from the advice of these companies so that we would not commit their errors. The pilot projects enabled us to assess our ability to use the tool on our own after a limited amount of time had elapsed (less than one year),”* Michael Jameson explained. *“We watched the cost curve decline and the utility curve rise, which would not have been possible if we had been dependent on a consulting firm.”*

AXA IM

AXA Investment Managers is a multi-specialist asset manager within the AXA Group which devises clever investment solutions for its range of clients: distributors, institutional, companies

The company has been in constant growth for the last ten years. It gathers today more than 2000 employees in 13 countries and has reached 345.3 Billion euros under management as at 31st December 2004.

AXA IM offers a broad range of expertises: Active Fundamental and Judgemental Equities, Active Technology Based Equities (AXA Rosenberg), Fixed Income, Money Market, Structured Finance, Balanced and Structured Solutions, Private Equity (AXA Private Equity), Real Estate (AXA REIM), Hedge Funds, Multimanager (AXA Multimanager).

In-depth fundamental research: AXA IM believes that it is key to strong investment performance. As such, the company has three dedicated research areas: equities, fixed income and investment strategy.

Structured investment processes with a risk management focus: responsibilities are clearly defined at each stage of the investment process.

AXA IM's organization and ambition are client focused: the sales teams are dedicated and specialized by client type so that they have a clear understanding of the client's local and specific requirements. Through this relationship the company offers the client both outstanding and customized investment solutions backed up with a service adapted to its genuine needs.