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— Tressa Johansen, Deputy Chief Ethics and Compliance Officer, Allianz Life



Mastering the Business of Compliance

Allianz Life is transforming compliance into a source of business efficiency and value

For many financial services firms, the goal of compliance is to avoid the inopportune: failed audits, financial penalties, higher risk exposure. Allianz Life, a U.S.-based leader in life insurance and retirement solutions, is approaching compliance from a very different angle.

Allianz is transforming compliance from a source of complexity and expense into business advantages. Even in the face of ever-increasing compliance challenges and rapid growth in its customer base, its partner network, and its geographical presence, the company is transforming compliance tasks into automated, streamlined, accelerated workflows.

And in the process, Allianz Life is mastering the business side of compliance while creating new business value and new sources of competitive advantage.

From fragmentation to automation

The compliance transformation initiative at Allianz Life started in 2012. At that time, the company was focused on improving the efficiency of IT service management (ITSM), not just compliance. The IT work model was characterized by fragmented manual processes.

Key workflows such as incident management, service requests, and change management used everything from email and spreadsheets to taps on the shoulder to move tasks forward.

Allianz Life implemented the ServiceNow platform to help increase efficiency and productivity. Using a single cloud-based platform, the company was able to bring unrivaled capabilities to ITSM and create intelligent, automated workflows. By implementing a unified platform, Allianz was also able to increase collaboration among employees and improve visibility into workstreams.

Based on the early successes of the Now Platform® in ITSM, Allianz Life executives began recognizing additional opportunities for extracting business value—and compliance was a prime example.

“We knew that if we could work more efficiently, we could engage with the business more effectively and serve broader business objectives,” said Tressa Johansen, Deputy Chief Ethics and Compliance Officer, Allianz Life. “With ServiceNow, we saw a way to transform the work model for compliance.”

Highlights

Allianz Life builds on previous success with ServiceNow ITSM to streamline and automate compliance processes, help reduce costs, avoid risks, improve the client experience, and align with the company’s business objectives.

Business

Insurance

Headquarters

Minneapolis, MN

Challenges

- Bringing the efficiency, consistency, and quality of ITSM practices into compliance
- Making it easier and faster for employees to interact with compliance department
- Improving reporting and risk assessment capabilities

ServiceNow Solutions

- The Now Platform
- Integrated applications and data, one reliable source of truth
- End-to-end visibility into core ITSM and compliance workstreams
- Broad extensibility, ITSM, compliance, and other business functions

Results

- Increased efficiency and productivity from ITSM and compliance staff
- Cost reduction and risk avoidance through streamlined agent risk assessment process
- Flattening of hiring requirements despite growth in the business
- Ability to align business goals with technical capabilities in ITSM, compliance, and beyond

Allianz Life recognized that the Now Platform could help them:

- With business process optimization and bring efficiency to daily business practices
- Make it easier for employees to interact with the compliance department
- Improve reporting and risk assessment capabilities

Launching a compliance transformation

To further explore the opportunities, Allianz Life executives collaborated with ServiceNow Inspire—an executive advisory program made up of former CIOs and industry consultants.

“It was about leveraging an existing investment, but more than that it was about exploring how compliance processes could actually contribute to business goals, not just improve technical capabilities,” said Ms. Johansen. “They showed us how their solution could conform to our business, not the other way around.”

The Allianz Life leadership team identified two strategic drivers behind managing the business of compliance: 1) automating workflows to accelerate results; and 2) improving the client experience when engaging with the compliance department.

These strategic drivers were then mapped to specific business outcomes that could be accomplished. They included automating processes related to regulatory incidents, reducing resource requirements to perform tasks, managing approvals, tracking records through defined workflows, and so on.

In particular, the value of automation was clear. With its current projected growth rate, the compliance department would have to hire additional employees over the next five years. However, with automation of compliance processes the required staffing increase could flatten, resulting in significant savings—immediately and in the years ahead.

In all, more than two dozen compliance disciplines were identified that could contribute business value on the compliance transformation journey. “The next question was where to begin,” said Ms. Johansen.

Key milestone on the journey: Agent Oversight

Allianz Life executives determined that the primary business objectives initially would be cost reduction through the elimination of manual effort, and risk avoidance. With those goals in mind, the compliance department focused on a project that could deliver on both by employing Agent Oversight—a key component of sales practice risk management.

Like many insurance companies, Allianz Life does much of its business through independent sales agents. These agents’ activity is monitored on a regular basis to identify potential risks they represent to Allianz Life. Referrals of potential high-risk agents are sent to the Agent Oversight team for further review. The Agent Oversight team also receives event-based referrals from various departments at Allianz Life for further review. This referral and review process was time-consuming and inefficient.

“The Agent Oversight process was an opportunity to reduce costs and risks at the same time, which made it a good test case for ServiceNow in compliance,” said Chief Distribution Compliance Officer Linda Burm. “We had substantially manual processes for agent assessments. It was tedious pulling together an agent profile and we could only do a limited number of them each year.”

The compliance department partnered with ServiceNow and Gamma Partners (for UI and visual design) to implement an Agent Oversight solution. The initial focus was automating the workflow for referrals, developing an Agent Risk Profile and managing

the decision and follow-up processes. The immediate goals were to increase the number of agents reviewed, minimize staff growth, accelerate the assessment process, and reduce risk.

“The Agent Oversight solution gives us total visibility into what’s going on with an agent at any point in time,” added Burm. “You don’t have to be a technical expert or a compliance professional to understand what it’s telling you.”

This solution was implemented in December, 2017. “We anticipate the team being able to handle increased volumes going from manual processes and spreadsheets to the automated capabilities, including reporting. We will be measuring the results in the months ahead,” said Burm.

One platform, infinite possibilities

Next up on the compliance transformation to-do list: migrating compliance policies to the ServiceNow platform so they can all be managed in a central repository. Allianz Life also intends to automate approval processes for policies, further increasing efficiency and cutting manual labor costs.

The list of possibilities for leveraging the platform continues to grow—within the compliance department and beyond. Of the 25 compliance disciplines that have been identified as candidates for delivering substantial business value, seven are already in planning stages, including Issue Management, Gifts and Entertainment, and Maturity Assessment.

Equally compelling are the broader business implications for Allianz Life. The company is now exploring opportunities for additional improvements across other business processes. And the value of the company’s initial investment in the platform only increases as deployments build on prior deployments. For example:

- Deployment costs decrease by leveraging the growing foundation:
 - Service Portal
 - Service Catalog
 - Knowledge Management
 - Workflow Automation
 - Notifications
- Having metrics for the execution of compliance activities supports measurable, fact-based, continuous improvement
- A common platform and common data promotes analysis and development of best practices
- A holistic picture, with supporting metrics, helps demonstrate the strength of the overall compliance posture

“We’ve started seeing compliance as a way to solve business problems, not just avoid risks,” said Chief Ethics and Compliance Officer Steve Koslow. “We’re charting a transformation journey that harnesses compliance to enable and achieve our business goals.”