



# Altus

clear thinking for Financial Services

## Product Modelling

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You have to be an actuary to really understand Financial Services 'products' don't you - all that jiggery-pokery with spreadsheets, tables and models doesn't make them very tangible or accessible does it?

But what happens when you want to evaluate potential new administration systems, compare your product range to that of a potential acquisition target or rationalise your product offering - clarity is essential then isn't it?

If you rummage through your architectural toolkit you'll probably draw a blank for a decent product model - and finding one for Financial Services products is rarer than rocking horse droppings. Trying to re-use one of your existing architectural artefacts won't adequately represent the subtleties of your products and if you do manage to overcome these odds then how do you communicate your findings to a lay audience in a meaningful way?

In solving these very real issues for our Financial Services clients, Altus has devised a focussed method to represent Financial Services products practically and graphically. It's reliable, repeatable and consistent and the end result is intuitive and powerful - perfect for taking the mystery out of product specification and facilitating direct comparison between the products, their features and the administration systems that are used to support them.





### What is a Product Model?

The best analogy is to think of a product model as akin to the parts catalogue that big car companies keep, listing all the chassis platforms, engines, switches, seats, radios, etc that they use to build all their models of car - ie. the product model lists all the potential components which could be found in a company's suite of products.

Just like a car company's parts catalogue, it's important that the product model covers all the features that a company has available for inclusion in making products. For VW, designing a new model is all about picking the components required from the 'parts' list and similarly a Financial Services product is designed by picking the features required to produce an appealing product.

### The Issues

Trying to identify the building blocks of Financial Services products is complex and fraught with issues — issues which can be summarised in 5 C's:

- Concept** *ensuring the right level of aggregation or breakdown of features.*
- Consistency** *ensuring features work across the whole product range, rather than for one product AND ensuring the features themselves are set at a uniform level.*
- Completeness** *ensuring the model reflects the full picture of all products and all their attributes.*
- Customer** *ensuring the model reflects the 'language' and experience of the customer.*
- Clarity** *ensuring the model is understood by multiple audiences.*

### The Altus Approach

Altus take a structured but tailored approach to developing your Product Model starting with a clear agreement on the product groupings you want to model and compare. That could be traditional market groupings (eg. pensions, investments, etc), a suite of products supported by a legacy or target administration system or comparisons between your products and those of a competitor, etc.

The analysis phase is all about developing a detailed spreadsheet model of the target product set and the key data source for this analysis will be Product Specification documents. A typical product spec will include structural/actuarial rules, parameters, attributes, etc to inform the structure of the model, and Altus will look for the segmentation, terminology and conventions in the document in order to structure the template for the new model.

By re-using your own familiar classifications we can improve the engagement with key stakeholders - accelerating validation, buy-in and socialisation of the finished model.

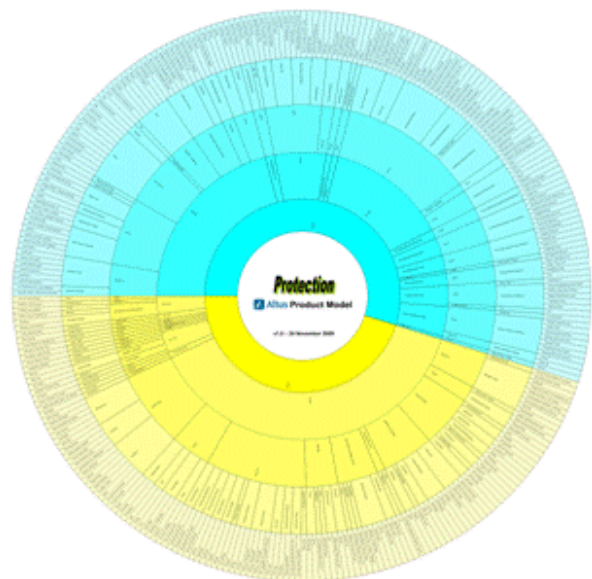


Figure 1—Altus Protection product Model

### The Graphical Model

Having compiled the spreadsheet template and populated it for your product set, Altus then draw a graphical representation to bring the model to life.

In true Altus fashion the graphical model is presented in its own unique style to ensure instant recognition and speed visual perception — see figure 1 for an example of our protection reference model. The model is arranged in a series of concentric circles — each ring represents a layer of detail in the hierarchy of product features and the level of granularity increases with the distance from the centre of the circle. The features in each ring have a consistent level / meaning - the inner rings describe the structure of the features and the outermost level shows the actual features themselves – essentially the building blocks of the product.

The model can be drawn to reflect the requirements of different audiences and is entirely customisable for different levels of detail.

The baseline picture makes an excellent reference model but the real benefit comes when you use it to overlay the results of other product related questions and literally see the answers. How similar is our product to its competitors? How well does this system support our product range? How often does that feature get used? The answer to all these questions can be graphically illustrated using an Altus Product Model—see figure 2 for an example.

### The Tool

Recognising the difficulty of producing and managing this type of visualisation, Altus have developed a unique tool for drawing and flexing the product model presentations. It enables us to take the drudgery out of drawing the initial models and help with any ongoing maintenance if products and/or

features change over time.

The real power of the tool though lies in its ability to generate comparison pictures from raw data by 'lighting up' the components of the model pertinent to a particular:

- Product / subset of products (*eg. new product variant*)
- Admin system (*eg. system selection, decommissioning*)
- Software component (*eg. new payments engine*)
- Change impact (*eg. legislative change impacts*)
- Competitor (*eg. due diligence comparisons, synergies*)
- Cost profile (*eg. cost per policy profile*),
- etc (*the sky's the limit*)

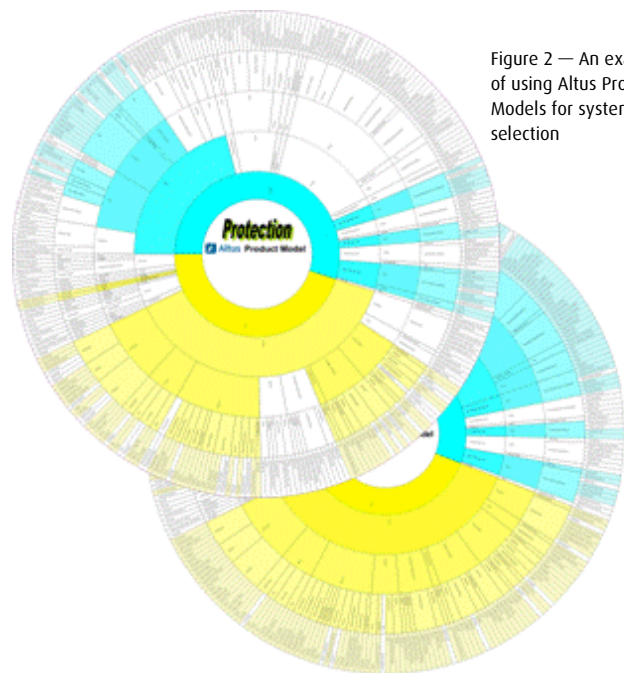


Figure 2 — An example of using Altus Product Models for system selection

### The Benefits...

...are plain to see; these simple pictures can convey extraordinary richness and complexity of detail yet are easily assimilated by audiences of all levels.

So, there you go: bucket loads of detail for those actuary chaps and simplicity for the Board!




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Altus understand Financial Services - the products, the processes, the people and the systems that make the whole thing tick. With years of experience in complex change programmes, we understand that successful solutions begin with the business.

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