

Case Study:

Target Operating Model: A German Twist

FRIENDS LIFE

KEY METRICS

PVNB ~ £7,000m

Employees ~5,000

BACKGROUND

Celebrating over 200 years of history, Friends Life was looking to build on its core UK business, based on 2.5 million customers, by continuing the successful expansion of its international business. As part of its strategy, Friends Life had identified Germany as a market with plenty of opportunity. The challenge was to take their award-winning UK propositions and service and deliver them with sufficient “twist” to be successful in the German market.

Developing a strategic vision is one thing but delivering it is quite another. The German market had opened up considerably under the EU’s Financial Services Action Plan, but plenty of pitfalls still lay in wait for the unwary. Friends life understood the importance of a clear Operating Model to navigate by, but needed support to develop that model from someone who had travelled that road before.

ALTUS ENGAGEMENT

At Altus we specialise in translating our clients’ strategy into operational plans. Add to that our hands-on experience of helping other UK life-offices expand into Germany and it’s not hard to see why Friends Life turned to Altus.

In a nutshell, our task was to help Friends Life translate their strategic aims for the German market into a target architecture capable of driving and governing all operational aspects of the new proposition.

“The insight Altus have brought into issues around the operation of a life-office in the German market has been invaluable.”

Tim Blaxall

Head of Business Architecture

Find out more

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FriendsLife

A TOP-DOWN PROCESS

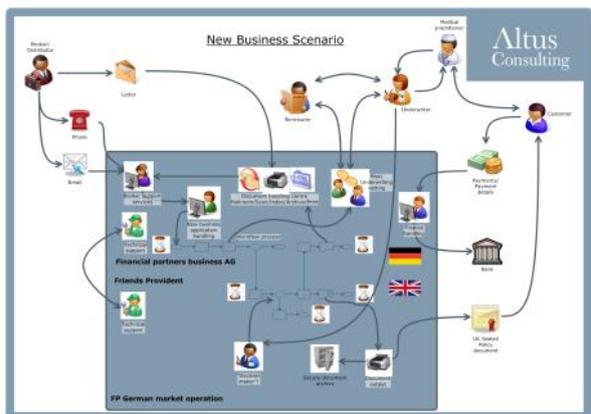
Friends Life's Enterprise Architects were clear from the outset that the process to arrive at a German Target Operating Model (TOM) had to be driven top-down and from a business perspective. What they needed from Altus were recommendations on the best way to go about this and what should be factored in specifically for Germany.

Our response was to lay-out a clear process through which the TOM could be defined, tested, matured and documented - and which provided a basis for all our subsequent work. That process covered the usual TOM outputs (People, Process, Systems) but crucially put consideration of German market constraints at its heart.

Altus identified the key source materials required, the steps involved in production, the dependencies between them and illustrated the whole process in an easy to understand graphical lifecycle that could be delivered to key stakeholders.

CONSTRAINTS FRAMEWORK

The foundation for the market constraints work was the Altus Constraints Framework which classifies the types of constraint that impact an operating model and maps them to an organisation's activities.



Using our knowledge of the German market and through consultation with the Friends Life team and their legal advisors, Altus populated this framework with all the key

“The Altus Constraints Framework gives us a clear basis on which to make some very important business decisions.”

Mike Waterman
Programme Director

regulatory and market constraints that the Friends Life proposition in Germany would face.

Those constraints were then mapped to Friends Life's existing Activity Framework to highlight where challenges would impact the operation. The result is a tool which enables Friends Life to focus on the really significant questions about how to approach the German market and get the overall structure right from the outset.

TARGET OPERATING MODEL

“The Altus consultants were quickly up to speed with our position, were well received by staff across our team and were willing to go the extra mile when working to tight deadlines.”

Irfana Patel
Lead architect—German TOM

Having established the broad shape of the Friends Life proposition, Altus then worked with lead business architects at Friends Life to refine and document the key design principles that would guide the target operating model right down to the business process level.

Using simple, non-technical pictures, Altus helped Friends Life to explore the information flows between all the parties involved and to understand what would be needed to support those flows.

That work guided both the negotiation of service agreements with business partners and the design of high-level systems interactions. With our pedigree in systems architecture and our involvement in various technology projects in Germany, Altus were able to provide valuable input to Friends Life's plans for IT development.

THE RESULTS

The Target Operating Model we helped to build now provides a solid foundation on which Friends Life are implementing their German strategy. It's testament to the benefits of our structured approach that Friends Life are keen to assimilate several core elements of the Altus method into their own architecture practice.

And we don't just stop at the high-level pictures. Altus are now helping Friends Life to fill in the detail; working with internal business analysts to design the business processes that will make the whole thing tick.