



SUCCESS STORY

Accounting automation enables compliance

Axway helps automate and secure monthly
closing processes to meet new regulatory rules



Axway Solution

- Axway Accounting Integration Suite (AI Suite)
- Axway Sentinel

Headquarters

Moscow, Russia

Industry

Life Insurance

Challenges

Automate and secure the company's monthly accounting closing process to replace a manual system that was labor-intensive and subject to operational risks and had a burdensome audit trail. Implement a new chart of accounts mandated by the Russian Central Bank.

Benefits

- 80% reduction in workload for monthly accounting closings through automating and optimizing business processes
- Comprehensive audit trails implemented with a direct link between business systems and the accounting system
- Greater agility with posting rules easier to modify, and the ability to implement a new chart of accounts
- Ability to manage multiple ledgers including international and Russian standards

Providing insurance products for bank customers

A profitable business on the Russian market

Société Générale Insurance Russia, part of the Société Générale Group, specializes in "bancassurance" in the Russian market, selling life insurance, property and casualty insurance to retail customers of the three Société Générale banks in Russia: Rosbank, Rusfinance Bank and Delta Credit Mortgage Bank. With one million clients, Société Générale Insurance Russia is a profitable subsidiary of a large French company.

Deploying a new accounting integration solution

Replacing a manual system

Société Générale Insurance Russia wanted to automate and secure its monthly accounting closing process to replace a manual system that was highly labor-intensive and subject to operational risks and a burdensome audit trail. Moreover, the company needed to change its chart of accounts to comply with radical changes mandated by the Russian Central Bank, effective January 1, 2017. But the company's existing system could not be modified to comply with the new requirements, particularly given the time constraints. For all these reasons, the company decided to deploy a new accounting integration solution.



Superseding an inflexible system

Automating and optimizing the process

Under its existing process for monthly accounting closings, the company used a manual system for transferring information from its business databases to the accounting system. More than 80 Excel spreadsheets were used to collect information on insurance policy transactions. The Excel files were sent from one team of employees to another to be filled in. Then, complex Excel macros were used to trigger the generation of accounting postings for the general ledger.

This approach generated the following challenges:

- **Operational risks were high.** Extensive manual checks had to be carried out, and generating the audit trail was a burdensome process.
- **Posting rules were hard to change.** Any change in posting rules for a transaction was time-consuming and complex to implement because parameters had to be manually changed throughout the system.
- **Compliance issues.** The new chart of accounts could not be implemented to comply with pending regulations from the Russian Central Bank. Likewise, the system could not handle growing needs for multi-ledger capabilities.

“Under the old system, the monthly accounting closing process was extremely time-consuming, and quite unstable,” said Arnaud de la Hosseraye, head of Société Générale Insurance Russia. “We estimated the workload at over 500 man-days per year. Our processes were far too complicated — and we had a regulatory deadline to meet. It was absolutely essential to secure this process and optimize it.”

A decision was made to deploy a new accounting integration solution that would:

- Automate the transformation of business events into accounting entries
- Enable the easy customization of posting rules, and the modification of the chart of accounts
- Manage the company’s multi-ledger needs, including the Russian accounting standard and the International Financial Reporting Standard (IFRS)
- Generate comprehensive audit trails
- Decrease the implementation time for any future modification of accounting rules

“We chose Axway Accounting Integration Suite because of its proven track record. We chose quality, reliability and security. Those were our main considerations.”

The winning bid

Axway Accounting Integration Suite

To select the solution, Société Générale Insurance Russia issued a call for tender and established a selection committee. The committee included representatives of the Russian company as well as of Sogecap — their French shareholder, bancassurance specialist and fellow subsidiary of the Société Générale Group.

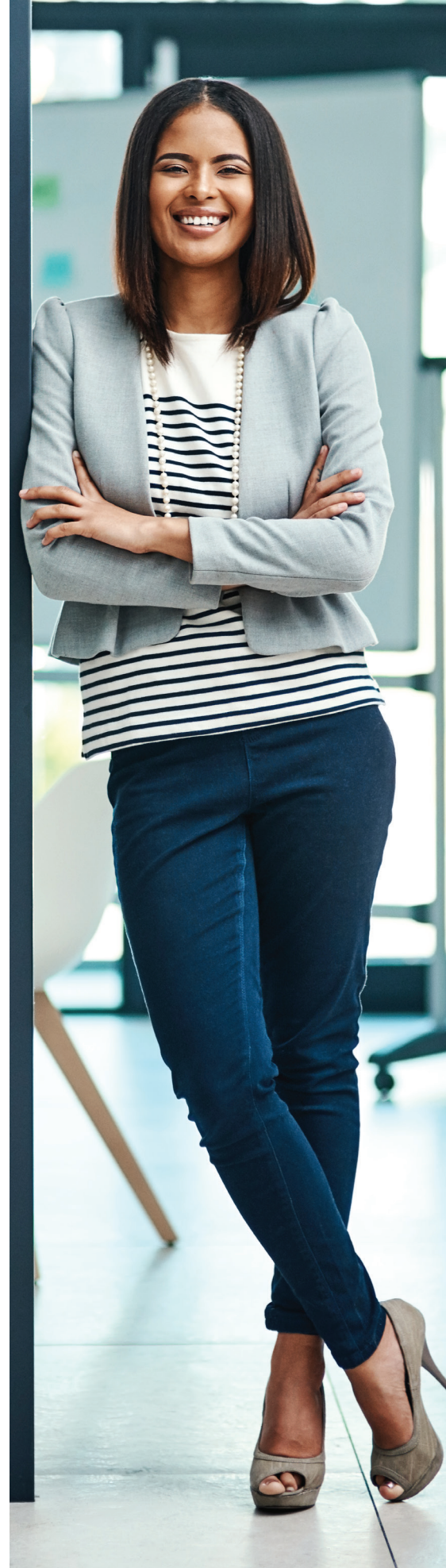
After examining three proposals, the committee selected Axway's solution, including Axway Accounting Integration Suite (AI Suite), Axway Sentinel, and professional services provided by a local integrator.

"We chose Axway Accounting Integration Suite because of its proven track record in deployments elsewhere at Société Générale and Sogecap," said Mr. de la Hosseraye. "We chose quality, reliability and security. Those were our main considerations."

"Axway and the local integrator worked very well together. Axway trained the local team, which implemented the solution together with our own IT staff," said Mr. de la Hosseraye. "From our standpoint, it was a very successful collaboration."

Project kick-off was in January 2015, and the solution launched nine months later.

The project went very well. It was completed on time, and on budget — a very positive result indeed.





Solution architecture

At the core, an accounting and financial rules engine

In simplified form, the solution architecture can be described as follows:

- **Inputs.** Input events come from seven different data flows, including extractions from contract databases, as well as manual inputs via the Axway AI Suite Interplay module, where users can enter data in Excel files.
- **Processing.** At the core of the solution is an accounting and financial rules engine that controls all inputs, transforms each business event into an accounting entry, and generates the audit trails.
- **Outputs.** The two types of outputs are accounting entries, which are sent to the general ledger, and comprehensive audit trails, including business events, accounting postings, and payments, which are sent to the Axway AI Suite Datastore archive.
- **Supervision.** All of the solution's processes are monitored by Axway Sentinel.

Meeting the customer's goals

Delivering on promises

After just a few months in production, Société Générale Insurance Russia used KPIs to measure the effectiveness of the new solution and confirmed a massive improvement in performance. These were the results:

- **80% reduction in workload.** Under the old system, monthly accounting closings required a massive deployment of labor. "With Axway's solution, we have already reduced the workload by 80% — a very powerful result — and we expect further improvement as we gain experience with the solution," said Mr. de la Hosseraye.
- **Comprehensive audit trails implemented.** "All of our security-related goals have been met, including error reduction and enhanced reliability and stability," said Mr. de la Hosseraye. "Today, we have a direct link between our business systems and the accounting system, with the ability to match individual accounting entries against the insurance policy transaction that generated it," he said.
- **Greater agility, with posting rules much easier to modify.** "Previously, it was excessively time consuming to modify a set of posting rules," said Mr. de la Hosseraye. "Now we can do the same job in just 20% of the time. Looking ahead, we're confident that the transition to the new chart of accounts will also be a success."

In summary, said Mr. de la Hosseraye: "The project went very well. It was completed on time, and on budget — a very positive result indeed."

Next steps

A new chart of accounts — and more

The next project, which has already begun, is to transition to the new chart of accounts required by the Russian Central Bank. The three-month project will involve major modifications to parameters in Axway AI Suite. “We have a tight timetable, but we’re right on target,” said Mr. de la Hosseraye. An extensive series of tests and trial runs is also planned, prior to live launch on January 1, 2017.

To enable Société Générale Insurance Russia to be increasingly autonomous, Axway is continuing to transfer knowledge to the company’s IT staff, a key part of the project.

Further ahead, the company is hoping to exploit other capabilities of the solution. “Currently, we are using the Axway solution as an accounting interpreter,” said Mr. de la Hosseraye. “But Sogecap is using other capabilities of the solution, too, and we may follow their lead.”

“Our experience on this project was very positive, and I consider Axway to be a long-term partner for our company,” concluded Mr. de la Hosseraye.



Looking to automate,
optimize and secure your
accounting processes?

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