

# Aviva-COFCO Life Insurance Strengthens Financial Management with Centralized System



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AVIVA-COFCO

Aviva-COFCO Life Insurance Co.,  
Ltd  
Beijing, China  
www.aviva-cofco.com.cn

## Industry:

Financial Services

## Annual Revenue:

US\$141 million

## Employees:

More than 900

## Oracle Products & Services:

Oracle Financials  
Oracle Internet Expenses  
Oracle Assets  
Oracle Property Manager  
Oracle Procurement  
Oracle Inventory Management  
Oracle Database

## Oracle Partner:

BearingPoint (Shanghai)  
www.bearingpoint.com

*“The Oracle-based financial system improved accounting efficiency, shortened the procurement process, and gave us deeper insights into our performance. The system will support our goal of becoming the top-ranked insurance company in the country.” – Yu Ning, Project Director, Aviva-COFCO Life Insurance Co., Ltd*

Aviva-COFCO Life Insurance is a joint venture between U.K.-based Aviva Insurance Group, the world’s fifth largest insurance company, and China National Cereals, Oils, and Foodstuffs Import & Export Corporation, a major state-owned organization. Established in 2003, Aviva-COFCO has won a significant chunk of the Chinese insurance sector by offering a wide range of high-quality products and comprehensive financial services.

As the company expanded to a greater number of cities and regions, it became increasingly difficult for staff in the Beijing head office to maintain tight financial control over its nationwide operations. Technology costs were also spiraling as the company bought new hardware and software for each office.

To address these issues, Aviva-COFCO decided to implement a centralized financial management system based on a range of Oracle E-Business Suite applications. This enabled the company to standardize data formats, streamline workflows, and undertake regular business reporting and profitability analysis. The improved financial management reduced costs, enhanced decision-making, and provided robust support for further growth.

## Moving to a Shared Services Model

In the past, each branch office maintained its own financial management system. In addition to high maintenance fees, new hardware and software had to be purchased each time Aviva-COFCO opened an office or hired new staff. The lack of standardized data formats resulted in conflicting information that hindered analysis and decision-making.

**Key Benefits:**

- Reduced costs and complexity of managing disparate systems by implementing a shared financial services platform
- Improved accounting accuracy and guaranteed the authenticity of financial information
- Strengthened cost management by enabling costs to be tracked against budgets
- Boosted efficiency and released financial staff to work on high-value tasks
- Enabled senior staff to monitor internal expenditure
- Streamlined procurement by automating approval process
- Assisted informed decision-making by enabling in-depth reporting and analysis

To reduce costs and improve efficiency, the company decided to adopt a shared services model where a single, centralized system is made available to staff at all offices. This would eliminate data inconsistencies and give head office staff greater control over financial operations.

In 2006, Aviva-COFCO replaced its Sun accounting systems with an integrated platform based on a range of Oracle E-Business Suite applications. The Oracle system included functions such as accounts receivable, accounts payable, asset and capital management, procurement, inventory, budget management, online reimbursement, and reporting.

The centralized system helped Aviva-COFCO streamline workflows; improve risk management; and standardize data formats, financial calculation rules, internal control principles, regulatory policies, and reports. Senior managers can now undertake multi-dimensional profitability analysis to inform decision-making.

**Greater Accounting Accuracy**

Before deploying the Oracle system, staff had to manually consolidate data and compile financial reports, which was time-consuming and prone to human error. Now, data is entered once and stored in a central repository. The new system draws on this information to generate reports based on a standard set of accounting rules. As a result, Aviva-COFCO improved reporting accuracy, ensured compliance with regulatory requirements, prevented unlawful behavior, and guaranteed the authenticity of the company's financial information.

**Improved Cost Management**

Budget management was previously a manual process, where managers were required to sign-off on all submissions. This was not an effective way to control expenses, as it was difficult for managers to track budgets against project costs on a daily basis. With Oracle, budgets can be submitted and approved online. The system also allows staff to compare fixed asset costs against budgets, and sends an automatic alert when costs are close to exceeding budgets. In addition, staff can check the original and net value of fixed assets, as well as track depreciation. The result is improved cost management.

### **Increased Efficiency**

Aviva-COFCO has experienced significant efficiency improvements as the Oracle system automated many previously manual processes, such as checking account balances. Tasks such as budget preparation, performance evaluation, and data analysis now follow set workflows. Month-end closing time was reduced from 10 days to four days. A clear audit trail was established, ensuring the company can demonstrate regulatory compliance.

As finance staff was released from painstaking accounting work, they were retrained and promoted to other duties, strengthening financial control and risk management.

### **Internal Fee Control**

To manage internal spending, Aviva-COFCO established an online fee control system that allows staff to submit expenditure details according to a number of categories. The system then checks the validity of the claim and authorizes the reimbursement. This has sped up the claims process and enabled the company to keep an eye on expenses across the organization.

### **Streamlined Procurement Processes**

Procurement is now a quicker, simpler process than in the past. The Oracle system allows procurement requests to be submitted online for approval. If the request is approved, a purchase order is generated and sent to the accounts payable department. This automated process shortens the procurement process and allows Aviva-COFCO to track and manage expenditure.

### **Enhanced Business Understanding**

The Oracle system includes a range of customized and ad hoc reports to support in-depth analysis. These reports provide accurate, up-to-date information on Aviva-COFCO's financial performance that help the company uncover areas for improvement. Staff can analyze customer profiles, market trends, and the profitability of its product range. Decision-makers can use the results to adjust marketing strategies, enhance the profile of profitable products, and withdraw low-performing products from the market. These strategies ensure Aviva-COFCO maintains competitiveness, boosts revenue, and expands market share.

### Why Oracle?

As a company with global operations and affiliations, Aviva-COFCO must support multiple currencies and comply with international accounting rules. Oracle enabled the company to fulfill these requirements. Oracle also had a strong track record in the Chinese insurance sector, which convinced Aviva-COFCO of the software's capabilities. A second winning point was the solution's flexibility, which ensured Aviva-COFCO could adjust the system to meet the changing demands of the insurance sector. Oracle's open interfaces also made it relatively easy to develop a shared services platform in a short timeframe. The user-friendly tools and low development costs were additional benefits.

### Implementation Process

Aviva-COFCO engaged Oracle Certified Advantage Partner BearingPoint (Shanghai) to design, implement, roll out, and test the Oracle system. The implementation team developed detailed project plans according to Aviva-COFCO's requirements.

Deployment began in January 2006 and was completed in two stages. In the first stage, the general accounting, capital allocation, and online reimbursement functions were implemented. These functions went live at the end of September 2006. Stage two of the project was completed in November 2006 and went live in December.

*Established in 2003 through a joint venture, Aviva-COFCO Life Insurance Co., Ltd offers a range of insurance products and services. The company has offices in Beijing, Fujian, Guangdong, Hunan, Shandong, and Sichuan.*