

«Finally. Finally we are actually managing risks – and (not just) the system»

*Stefan Schütt, Head of Group Operational Risk  
BMW Group Financial Services*



## BMW Financial Services operates a well-understood, evaluated and actively managed Operational Risk, thanks to The Avanon System

The Avanon System offered BMW Financial Services an excellent fit to address the high standards and requirements for the firm's group operational risk management framework.

Together with IBM Consulting, Avanon staff worked closely with BMW's corporate team to deploy a global solution that reaches across 30 countries and is safely managed from a single, central source. Beyond this, the same platform has delivered support for Audit Finding Management.

BMW Financial Services is a wholly owned subsidiary of the BMW Group, and is represented in over 54 countries. Today, with assets exceeding \$75 billion EUR, BMW Financial Services is one of the world's leading financial services companies.

BMW Financial Services has grown swiftly to become one of the largest automotive financiers and today

provides innovative leasing, finance, and insurance products tailored to suit the needs of vehicle owners. With hundreds of thousands of customers and a broad network of dealers, BMW Financial Services provides value, service, and professional advice seldom matched in today's market.

### Management Attention

Operational Risk Management at BMW Financial Services goes well beyond the tasks and requirements for legal compliance. It also contributes to the broader strategy for business excellence as a sound foundation of profitable growth.

Mistakes will always happen and while the firm does not pursue a culture of blame, the concealment of errors or failure to escalate issues is not tolerated. The goals are clear, namely to protect the earnings of BMW's existing business and their reputation as a key driver of future success.

## Case Study



### Selection

BMW Financial Services engaged IBM Consulting to provide advisory input on best practice and assist with vendor selection. After a detailed series of presentations and a well-structured proof-of-concept phase, the Avanon System was judged to have best matched the given requirements.

Among the various reasons given for selecting Avanon OpRisk was the completeness of relevant functionality, web-based scalability to serve 30 countries from a single, central point. Consistent look and feel, speed-to-delivery and support for BMW's corporate branding standards was also key. Following a series of on-site meetings at companies using the short-listed vendor tools and careful analysis of priceperformance, the evidence and a decision pointed clearly to the Avanon product.

### Specific Requirements

The management-approved and well-crafted company-wide framework for BMW Financial Services operational risk issues covered all aspects of the Basel II standards and went further, to include both strategic risks and business risks.

Combining the two distinct styles of assessment, i.e. company level (CCA) and risk self assessment (RSA), together with a set of action plans, company-specific event data collection forms, links to key indicators and reporting features, the Avanon solution was quickly configured to match all specifications.

After parameterising the environment, testing and accepting a «production-ready» environment, a clean set of corporate training material was developed to support on-site delivery.

### Global Delivery

BMW's deployment team prioritised countries based on their size and complexity. In most cases, the on-site visits were brief, with only 2 to 3 days per large site to ensure complete understanding and inclusion in the group process. Smaller countries were addressed via web conferencing, which provided a cost-effective delivery option. The pure web architecture of the Avanon System also ensured low cost of ongoing updates and general maintenance of the platform.

BMW Financial Services' Team was literally and figuratively in the driving seat for implementation. The very capable, small team engaged early, taking on



#### INDUSTRY

- Financial Services

#### LOCATIONS

- Headquarters in Munich
- 15 branches across Germany
- 30 countries across the world

#### PROJECT SCOPE

- Group-wide and integrated management of operational risk and audit matters
- Meet group and local regulatory requirements

#### IMPLEMENTATION HIGHLIGHTS

- Production-ready in 6 weeks
- Rollout to all group companies
- Users: currently approximately 500
- Strong support from senior management

#### BENEFITS

- Standard application
- Centralised, low total cost of ownership
- Rapid views of key, firm-wide information

board the advice of IBM's Consulting Team. Decision-making was rapid, with healthy dialogue and pre-agreement of priorities. Avanon's project team aligned well, rapidly delivering the various configurations and updates when asked for.

#### Results

Across the entire organisation BMW Group Management can now pro-actively identify potential

risks of all types, trigger and track mediation action plans, test controls. Key risk and controls indicators are used to monitor overall status and progress.

Additionally, each of the local entities are independently able to deliver information to their country-specific regulators. And lastly, action plans generated by regular internal audit findings are also addressed within the same platform.



**Avanon AG has developed and successfully delivered a solution for a wide spectrum of risk management disciplines since 1999. For many years the Avanon System has been widely recognized as a leading vendor by international market research firms. Avanon Solutions are deployed globally by financial services firms and industry.**

The modular application supports consistent capture, monitoring and control of potential risks before the actual losses occur. The Avanon System is recognized as a leading application because of its well-designed integration of all functionality. A high degree of flexibility provides extended support for individual client requirements. The Avanon System can be deployed module-by-module or as a complete package, so allowing for incremental activation of functionality whenever it is needed.

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