

Nationwide Background

- A diverse financial services company with insurance, health productivity and banking lines.
- Over \$100 billion in assets
- Over \$1 billion in annual income
- Based in Columbus, Ohio
- Over 35,000 associates
- Nationwide slogan, 'ON YOUR SIDE'



Pre-FOCUS Architecture

Prior to Nationwide's FOCUS effort, the Finance function at Nationwide operated using a decentralized model, with very little economies of scale and corporate reporting capabilities. Some of the pre-FOCUS limitations were:

- 11 individual PeopleSoft ERP instances
- No corporate level reporting
- No central data or report governance
- Allocations performed by business units and not centrally managed and maintained
- Corporate consolidations efforts intensive and time consuming
- No single expense budgeting capability for company

Pre-FOCUS Realities

Current State

- **Non Standard Technology**
 - 14 general ledgers
 - 20 charts of accounts
 - 17 financial data repositories
 - 12 reporting tools
- **Excessive Use of Spreadsheets (300,000+)**
- **Inconsistent Data Definitions**
 - Inconsistent product and channel information
 - Inconsistent profitability definitions
- **Limited Breadth and Depth of Information**
- **Transactional Focus** – 75% of finance resources are dedicated to transactional activities and data compilation; 25% to analysis and decision-support.



Implications

- **Lack of a Single Consistent View Across the Organization** – Lack of a “single version of the truth” limits managements’ ability to effectively deploy resource across the organization.
- **Surprises/ Data Integrity** – Inaccurate and inconsistent source information leads to “surprises” in financial reports.
- **Insufficient Analysis & Insight** – Extensive “data custodian” burdens have distracted finance from analysis to support the business.
- **Lack of Flexibility** – Legacy financial systems are costly and labor intensive, hindering the organization's ability to easily integrate acquisitions and respond quickly as the organization changes.

FINANCE VISION

Finance wanted its business partners to view them as:

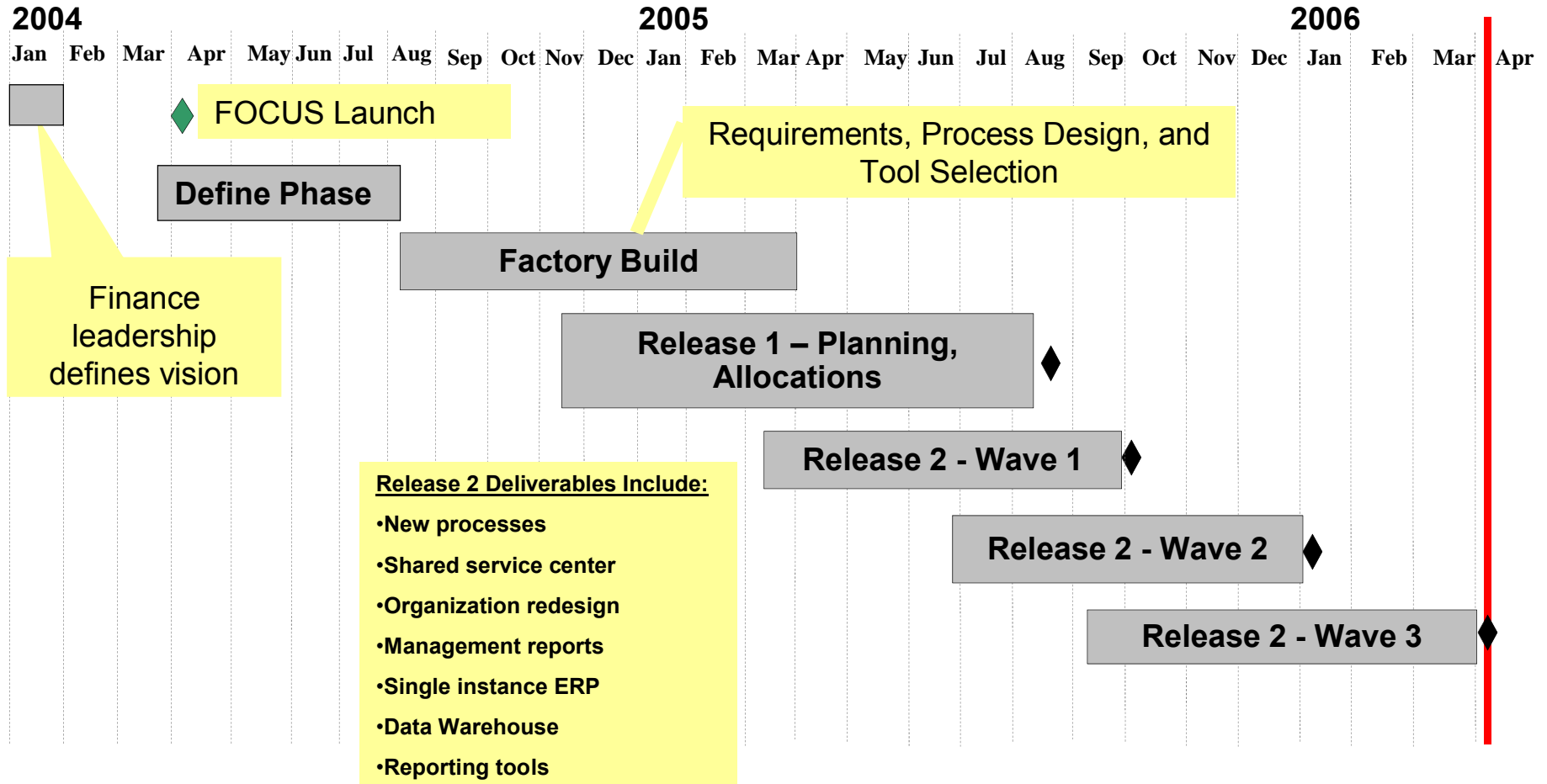
- **Valued business partner and strategic advisor** that helps align strategic objectives, reflects risk considerations, and focuses on value creation
- **Analytical “Centers of Excellence”** with world class planning, analysis, capital management, risk management, and decision-making support capabilities
- **Source of management talent** for both finance and Nationwide overall
- **Effective, efficient** Finance operation

FOCUS Goals

In January, 2004, Nationwide's Finance Council decided to reinvent the operating model of the finance function to enhance its contribution to Nationwide's future success. The 24 month goal of the FOCUS effort was to reinvent Finance's operating model to reflect Shared Business Model core principles:

- **Information** – Finance will supply a common set of financial information in a timely, comparable, and accessible manner.
- **Technology** – Finance will utilize a single data and technology architecture with a common set of financial systems, applications and tools.
- **Process** – Processes, measurements, and reports will be standardized and streamlined wherever valuable.
- **People** – Financial talent will be managed and developed to balance enterprise as well as business unit needs.

Roadmap - 24 Months from Launch to Conclusion



◆ Indicates timeframe upon which the first transaction will be processed in the new environment.

Program Facts

- Team Size 280 Members
 - 60% / 40% Internal / External
 - 50% / 50% Business / IT

- Program Hours 600,000

- Physical Data Model 1,000 + Elements

- Concurrent Environments 10 +

- Interface Count 200 +

- Monthly Volume 250 million + rows

Our Challenges and Approach

Challenges

- **Dimensionality and Level of Granularity** – consensus on Dimensionality and level of granularity for management reporting
- **Single version of the truth** – integration and reconciliation between General Ledger finance functions (thin GL) and management reporting layer (detail)
- **Data Quality** – master data management process leveraged for enhanced data quality and consistency
- **Volumes** – estimated 250 Million rows of data and 200+ Interfaces daily, which will continue to grow over time – solution must be scalable
- **Aggressive Timelines**- 24 month delivery roadmap set prior to detail requirements / design completion



Approach

- **Collaboration with Business on Dimensionality and Granularity** – determined early in the project based on management's needs to support insight and decision-making
- **Master Data Management** – Master data management tools and processes built to ensure single version of the truth and improve data quality
- **Leverage the best toolset available** – build with the end in mind - ensure toolset can handle large volumes, scalable, ease in maintenance
- **Prove technology can integrate prior to build** – conduct a Factory Test to ensure toolsets can work together as planned
- **Performance Testing**– conducted extensive performance testing to ensure environment could handle load

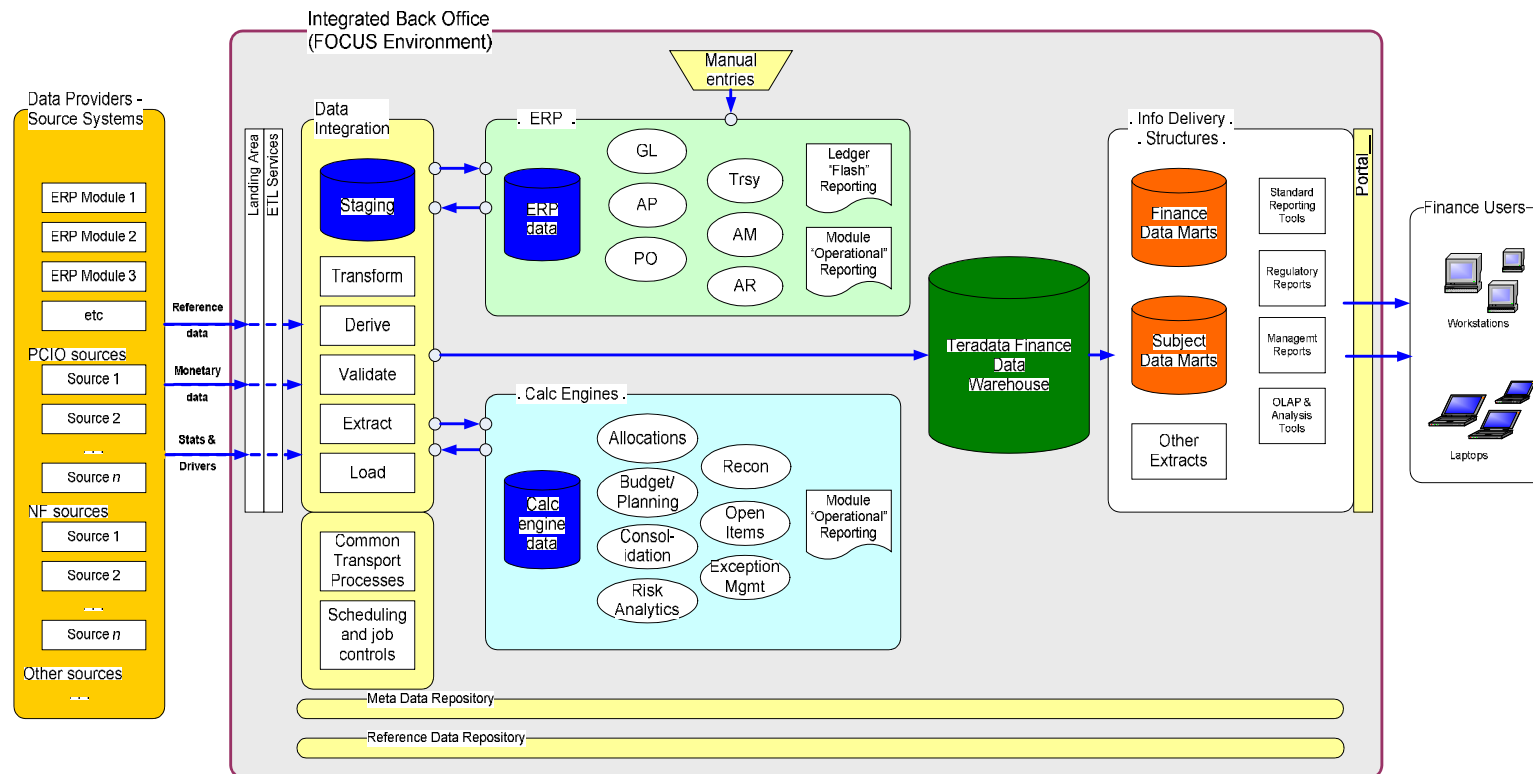


FOCUS results

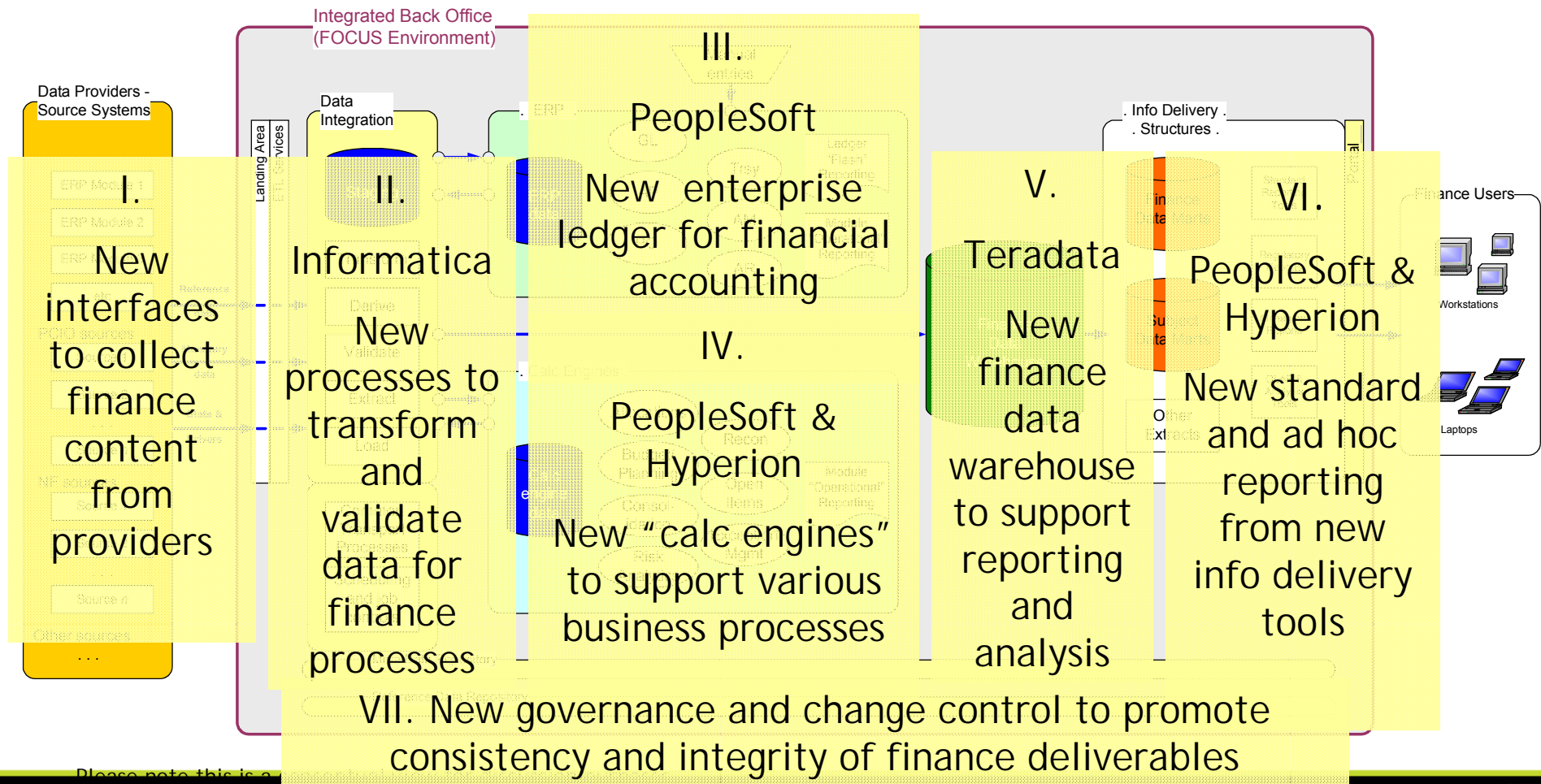
- 24 month effort, consisting of 200+ business and IT associates, located together during effort
- Using Teradata's data warehouse and data mart capability, introduced a "single version of the truth" for finance information within Nationwide's Finance organization
- Introduced a single ERP, allocation, and global consolidation solution for all Nationwide business units
- Centralized "watermarked" reporting created for Nationwide Finance
- 2007 was spent optimizing and stabilizing the FIBO environment

Business view of FOCUS Architecture

The 'Integrated Back Office' provides a controlled environment for financial reporting and analysis. This environment should be considered to be a single integrated finance environment.



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Please note this is a

Where we are today

- Reduction in annual close from 2006's 28 days to 18 days
- Goal is to reduce close to 5 to 10 days by 2010
- Second goal is to increase data reliability and timeliness
- Forecasting and Planning are being streamlined
- More emphasis on forward looking strategy and less on backward looking results