

# Affecto

- **Faster  
Corporate  
Reporting**

- **A Knock-Out  
Cocktail for the  
Financial Executive**



## **Improved HR Processes for Lithuanian Oil Refining**



- NEWS 4
- HOW TO IMPROVE YOUR CORPORATE IQ 5
- CHIPS GOAL: FASTER AND MORE EFFECTIVE REPORTS 6
- A KNOCK-OUT COCKTAIL FOR THE FINANCIAL EXECUTIVE 10



- ADDED VALUE THROUGH IMPROVED EFFECTIVENESS 16
- A WIND TUNNEL FOR TESTING THE FUTURE 18



- NEW FACES FROM AFFECTO 21
- FASTER CORPORATE REPORTING 22
- LEADERS CHOOSE LEADERS 24
- SMOOTHER SAILING WITH SUCCESSFUL IT PARTNERSHIP 26

# editorial

## Decision-making Support on All Organisational Levels

**E**specially today, when the world is facing financial crisis, representatives of businesses and organisations are required to make quick decisions. They must be able to see quickly how their business is doing, where the potential bottlenecks in the organisation are or which operations require more resources.

Strategic planning or decisions on the budgeting basis also need to be made faster than before. In the accelerating pace of business, the quality of information and management of business processes has become increasingly important.

Future Business Intelligence solutions, or BI 2.0 solutions, offer businesses simple and visual user interfaces to support decision-making, in parallel with existing solutions. The new BI solutions operate in real time, are interactive and accessible to a larger number of employees. Ideally, BI is a daily tool for the entire organisation and not just a strategic tool for top management. The next generation BI solutions can genuinely function as part of strategic planning and strategy implementation in organisations.

Among the topics covered in this issue are the challenges businesses face in terms of risk management and forecasting, and the quality of information. BI is already offering excellent opportunities to manage all of these. Nonetheless, I believe that information management in organisations will go even further in the future – from truly analysing past operations towards anticipating that which is yet to come.

I hope you enjoy the articles.

**Pekka Eloholma**  
CEO

# riaal



**Growth Figures in the Third Quarter 2008**

Affecto showed growing figures in its third quarter interim report. According to the CEO, Pekka Eloholma, the figures were as follows:

- The third quarter operating result of 2.4 MEUR grew by 8 percent compared to last year and was 8 percent of net sales. Profitability was good, especially in Finland, Norway and Denmark. As a result of last year's Component Software acquisition, total growth in net sales was 35 percent, with net sales reaching 29.3 MEUR. Organic growth in the third quarter was approximately 6 percent.

- The weakened economic climate is expected to impact investment decisions by customers, which makes reliable forecasting more difficult. Due to the Contempus divestment and the weakened general economy, net sales in the fourth quarter are expected to remain below the level in Q4/2007 (38 MEUR).

The stock exchange release in its entirety is published in the Investors section on the website, [www.affecto.com](http://www.affecto.com).



Mika Kainu

Juha Teljo of Cognos, an IBM company, Mika Salminen of Hyperion/Oracle, Mika Ovaskainen of Business Objects, an SAP company, Antti Kirmanen of Microsoft and Stefan Saari of SAS Institute participated in discussion of how the changes of Business Intelligence will meet future customer needs at Affecto Forum in Helsinki in October.

**Affecto Company Name Taken in Use in Latvia**

Since October 2008 Affecto's operations in Latvia have been conducted under the company name SIA Affecto Latvia. Previously it was known as Mebius IT. Affecto's Latvian operations were started in 2002 and incorporated in Affecto

Group in 2004. Affecto Latvia is a stable enterprise of young programmers. - Currently all over the world strong globalization trends are evident: small enterprises are being merged, while large system developers are globaliz-

ing access to all systems. Our company is keeping up with the times. Changing the name to SIA Affecto Latvia constitutes a step towards globalization, says **Arvils Freipičs**, Managing Director of Affecto Latvia. •

**The Largest Business Intelligence Project in Affecto's History**

Affecto will deliver the largest Business Intelligence project in its history to the Danish Tax Authority (SKAT). As subcontractor to the KMD/CapGemini consortium Affecto will deliver a new common debt collection IT system EFI to SKAT. The total value of Affecto's services will be approximately

EUR 3 million. This is the largest Business Intelligence project in Affecto's history.

The SKAT EFI project is a single common debt collection system for public services in Denmark. The system automates debt collection by using analytical information from the SKAT

Data Warehouse. The SKAT Data Warehouse platform is based on tools from Informatica and Business Objects. The SKAT EFI solution is phase 2.2 of the system modernization program in SKAT, providing new business solutions on a service oriented architecture (SOA) platform. •

# Affecto from A to Z

Text: Dario Bezzina, Solution Architect  
– Affecto Sweden



## HOW TO IMPROVE YOUR CORPORATE IQ

Today many decisions, both private and professional, are based on our gut feeling. According to **Ari Riabacke**, Ph.D in Business Intelligence, surprisingly many leaders still depend on their gut feeling when making critical business decisions, instead of using information from their Business Intelligence systems. So why do

we trust our intuition more than our information? – One of the major reasons is that applications for decision analysis are highly dependent on accurate and quality assured information, says Riabacke. You've probably heard it before; if you feed your Business Intelligence systems with low quality information your decisions will

be less intelligent!

So how can you improve your Information Quality – How can you improve your Corporate IQ?

Today, more and more companies are starting to realise that high quality information is a must if you want to make correct tactical and strategic business decisions. Numerous examples show

that companies lose huge amounts of money, many times due to poor information quality.

In this article we will present a summary of our "7 step self-help program to improving your Corporate Information Quality". For the full version please visit

[www.affecto.com/webmagazine](http://www.affecto.com/webmagazine)

### STEP 1: SELF AWARENESS

You would be surprised if you knew the number of companies that are in denial about their low information quality. The first step to self awareness is to identify the pain in the organisation. Find out which manager has nightmares because his critical business process is not working optimally.

### STEP 2: THE VALUE OF INFORMATION

Compared to a company's key assets – money, people, buildings and equipment – information is, in many cases, not seen as a key asset and therefore not managed as one. Convince management that information is your most valuable asset and therefore should be managed accordingly.

### STEP 3: FINDING THE BUSINESS CASE

Build a business case to quantify the costs associated with poor information quality. This should answer questions like: How many working hours are spent every year on reconciling bad data? How many customers do we fail to invoice because of missing address information?

Continue by analysing the potential business benefits associated with better information quality. Benefits could include shorter time-to-market, increasing customer satisfaction or expanding into new markets. There is nothing more convincing than hard economical facts when proving that you have information quality problems.

### STEP 4: OWNERSHIP

Ownership of information quality is sometimes debated. While the business typically owns the information they expect the IT/IS organisation to handle the quality. Today many IT/IS organisations get blamed for incorrect data when in fact they are only responsible for delivering it to the business.

### STEP 5: ESTABLISHING A DATA QUALITY MANAGEMENT FUNCTION

A good way to start defining the ownership of information quality is to establish a Data Quality Management Function. This is where a data quality process would be housed together with other data centric functions. DAMA International (The Data Management Association International) is releasing their Data Management framework during 2009 with information on how to setup such a function.

### STEP 6: USE THE RIGHT TOOLS FOR THE JOB

As we all know, the tools don't make the craftsman, but you wouldn't build a house with just a screwdriver, would you? Data quality software is great for creating awareness and supporting the data quality process with its advanced cleansing and matching functionality.

### STEP 7: YOU CAN'T MANAGE WHAT YOU DON'T MEASURE

As the old saying goes "You can't manage what you don't measure". Measuring will give you the proof that identifying and solving information quality problems really has an impact on the bottom line!

• **At Affecto, we take information quality seriously. This is why we offer a wide range of knowledge and services to our customers within this field.**

• **How can you improve your Corporate IQ?**

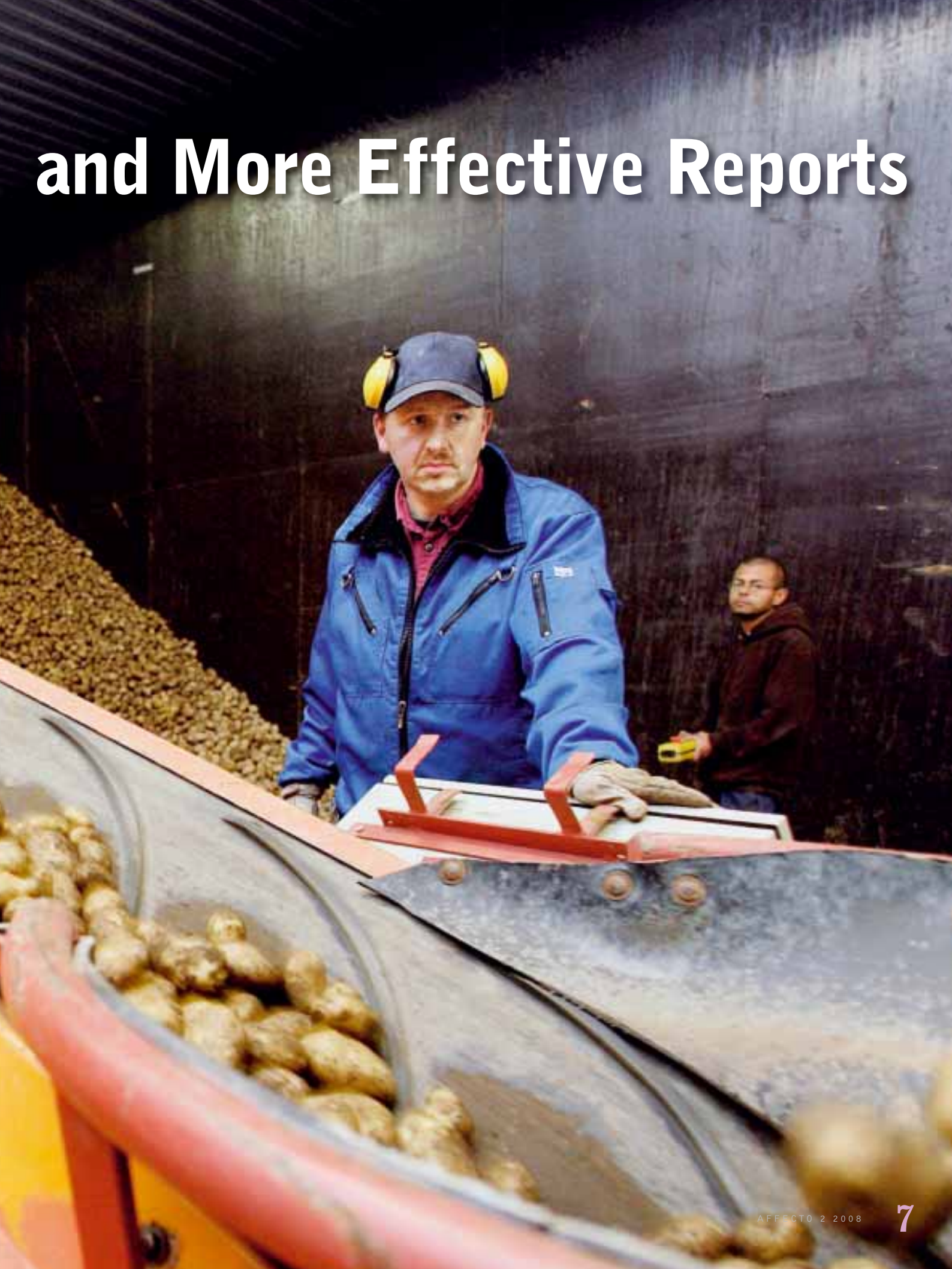
Text: Tiina Ruulio | Photos: Robert Jansson

## Tour de Force

# Chips' Goal: Faster

The modernisation of the IT system continues at Chips Ab. A new reporting and planning system, designed and project-managed by Affecto, was completed in November.

# and More Effective Reports





**T**he headquarters and potato chip plant of Chips Finland, the manufacturer of the Taffel chips, are located about 20 kilometres from the province capital Mariehamn in Åland. The Åland archipelago is an autonomous province of Finland.

Currently, there are five production lines in the plant, operating in three daytime shifts.

A section of the Orkla-owned Chips returned to Åland-based ownership when the foodstuffs company Chips Food Oy separated from the Group to form the Chipsters company. Chipsters was established by a group of majority owners from the “old” Chips.

The office of the company’s IT Manager **Ingegerd Johansson** is located in a beautiful stone building on Strandgatan in the centre of Mariehamn. Johansson is eager to shift the IT philosophy of the company from Excel to Business Intelligence solutions.

– A traditional spreadsheet application is too cumbersome and slow a way to generate the information needed. In addition, making forecasts is difficult, says Ingegerd Johansson.

### Accurate Forecasting

Collaboration has long been close between Cognos, one of the world’s leading Business Intelligence technology suppliers, and Affecto, the largest BI solution supplier in the Nordic countries.

The new Cognos planning tool purchased by Chips is primarily aimed at sales and marketing but it also benefits financial administration and the production plants. For example, the company’s financial management becomes more focused when the planning, forecasting and comparing over time of sales and marketing are easier.

– With the help of the new Business Intelligence system we can, for example, forecast with greater accuracy how much of various raw materials need to be ordered for the plants. We are able to run various types of reports daily, if needed, says Johansson.

The most important raw material for Chips is the potato, and the Chips production plants consume well over 100,000 tonnes of them yearly. Seasonings and oil are also needed in large amounts in production: the yearly consumption of oil alone is over 10,000 tonnes.





Chips has an extensive product selection as well as customer base, and production plants in several countries.

– It is very important to us that from now on we can generate sales reports and forecasts by customer. Previously, this information was available only by product number.

The new system is also very useful when organising different kinds of promotional campaigns.

– Until now, compiling information from the IT systems that can be compared and used in the campaigns has been very difficult and slow, says Johansson.

She truly knows what she is talking about: originally she started her career with Chips as an external IT consultant in 1995, and introduced the first Cognos system to the company.

– I must say I knew the company's IT systems inside out even before I became an employee here, Johansson says and laughs.

The joint IT project of Affecto and Chips was launched in January. – First of all, we knew exactly what we wanted. Secondly, the IT project run by Affecto progressed smoothly. It was crucial that the project had been planned so meticulously. Planning accounts for over 50 percent of the success of any project, says Johansson.

This way the project costs, schedule and employee contribution stayed under control.

– We cannot designate a large number of staff to IT projects. That is why it is important that the projects progress exactly according to plan.

### Integration Is Never Easy

Chips is continuously upgrading its IT systems. Last summer, the monitoring of the IT systems and servers was automated. – I receive a message on my mobile phone automatically if there are issues with, for example, the servers.

Next came the modernisation of the inventory and laboratory systems of the production plants. – I want to simplify the company's IT infrastructure, says Johansson.

The integration of the new reporting and planning system with the rest of the IT environment was at its final stages at the beginning of November.

– Integrating the system with our existing Enterprise Resource Planning system or the old reporting system is very demanding, but now everything looks good.

### THE LEADER OF THE NORDIC POTATO CHIP MARKET

- The turnover of the Chips Group was EUR 250 million in 2007. The company employs 800 people in four Nordic countries and Latvia.

- The Group became the largest snacks manufacturer in the Nordic countries in 2000, when it joined forces with the Norwegian diversified group Orkla. Orkla gained full ownership of Chips in 2005.

- Currently, Chips dominates the Finnish snacks market with the Taffel chips and its 45.7 percent market share. Its market share in other Nordic countries and Latvia are similar.



Ingegerd Johansson

The Affecto and Chips joint IT project was implemented in Helsinki where the Group's sales and marketing department is located.

Ingegerd Johansson travels between Helsinki, Stockholm and Mariehamn. The company's Managing Director mainly works in Stockholm, but also frequents Mariehamn where the 15 administrative employees are based.

– As a consultant I was on the road all the time, and even today, it is hard for me to sit still in one place for long.

The Chips IT Manager thinks it is essential to have end user representation in the IT project teams as well. This is what was done in the project lead by Affecto.

– The project progress must also be communicated regularly within the company so that the staff know what is going on.

Thanks to the regular communication, the psychological threshold to start using the new system does not get too high. – I am sure that everyone will like the new system. It is very user-friendly.

The new system has one administrator but Ingegerd Johansson believes this will benefit the entire organisation. User rights to the system will be distributed very freely. •

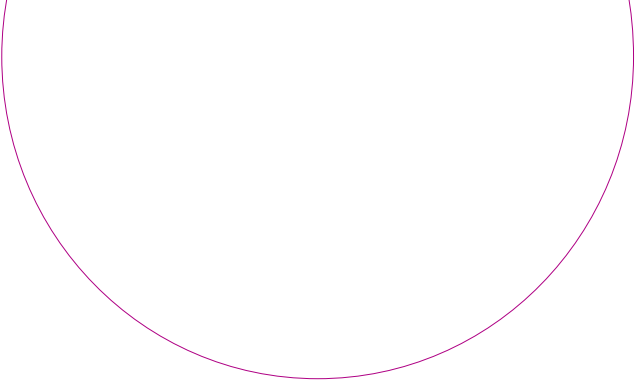
# A Knock-Out Cocktail

Innovation mixed with speed and growth makes a potentially lethal cocktail for any financial sector executive. The credit crunch has shown why financial engineering is best enjoyed in moderation.

– To find out how we got to this point, we need to look at developments in financial markets in recent years, says Lani Bannach, Director of Risk Management at Affecto Denmark in her article.

# for the Financial Executive





**I**nnovation is not just for engineers and rocket scientists – it happens in the financial sector, too. Financial companies have their own rocket scientists and in the last few years they have created new products at break-neck speed.

As a rule, financial engineering is good for the world economy, because ever more sophisticated instruments allow both households and businesses to manage financial risk more efficiently. People and companies are healthier when they have a greater choice of tailored financial products for protection, borrowing and saving.

But in the last few years, the sheer pace and scale of innovation has created a new risk environment that is virtually impossible for economists to quantify and manage. Or put in another way, innovation mixed with speed and growth has resulted in a lethal cocktail of complexity with the potential to knock out even the most competent financial executive.

Financial rocket scientists do not work in laboratories under controlled conditions, but with real money and in real markets. The evaporation of liquidity in recent months shows – in a very practical way – what can happen when things go wrong in these real markets.

The ferocity of the credit crunch was largely unforeseen by economists, and the fall-out has been global and unprecedented. By the time this article goes to print, equity markets have plummeted, several financial institutions have gone bankrupt, central banks have intervened and rescue packages have been issued by governments across the world.

### How Innovation Exploded

To find out how we got to this point, we need to look more closely at developments in financial markets in recent years. Figures gathered by Bank of International Settlement (BIS) very clearly illustrate the vast increase in traded financial instruments (see illustration on page 14).

The availability of new financial instruments has increased dramatically in recent years, across all types of contracts, including interest rate, foreign exchange, commodities, equity and credit default swaps (CDS).

Corporate bonds used to lead CDS's when it came to trading credit risks in the market. But in the three years from 2004 to 2007, the CDS market grew explosively to reach five times the size of the corporate bond market.

As another example, by the end of 2007 the outstanding value of commodity derivatives stood at \$9 trillion, an incredible 22 times more than in 1998.

The scale of the innovation has been matched only by the pace. Within just ten years, the outstanding value of derivatives such as interest rate swaps has grown from \$75 trillion to a staggering \$600 trillion or around 11 times global GDP. In 2007 alone the global derivatives market expanded by 50 per cent.

Two important developments have helped innovation take off in this way. Firstly, financial markets have been deregulated and integrated, allowing different financial operators to compete directly against each other. And barriers to international trade have been removed or lowered, creating truly global financial markets. Like innovation itself, this increased competition has benefitted companies and households, by broadening product choice and bringing down prices, making it cheaper and easier for businesses and households to manage financial risk.

Secondly, advances in information technology (IT) have made it technically possible to run vast and liquid financial markets on a global scale. IT has also helped lower the cost of many financial products, including instruments that require frequent fast calculations, such as index arbitrage transactions. This has helped to spur the growth in financial instruments even further, as barriers to market entry have been lowered.

### A Web of Interconnections

However, significant market changes have followed in the wake of increased innovation. Financial institutions and investors in individual countries and markets have become much more sensitive to what happens in other countries and markets. This web of interconnections is vast and complex, which has made it very hard for anyone to calculate financial risk.



Innovation may be beneficial in itself if it happens as a response to real customer need and if the potential financial consequences of using the new products are known and understood. Partnered by increased competition between banks and other financial institutions, it can ease and broaden the access to funding for businesses and households.

But if the connection between innovation and demand is lost, and the consequences of dealing in the new financial products are poorly understood, disaster can ensue, as we have seen.

Not only can events spin dangerously out of control for financial companies and their regulators. When liquidity vanishes, the web of interconnections in the global market is now so complex that even central bankers and governments struggle to respond effectively.

The credit crunch shows us just how much financial market structures and mechanisms have been altered by the scale and pace of financial innovation in recent years. Today, it is obvious that the increased complexity of market interconnections has unleashed potentially destructive forces.

Warren Buffet called derivatives “Financial weapons of mass destruction”. In spite of what some people may have thought at the time, it now turns out he wasn’t exaggerating.

### Information Is Key

**Nigel Jenkinson**, the Bank of England’s Executive Director of Financial Stability, is not alone in pointing to the “market imperfections and frictions” that have been highlighted by the credit crunch. The frictions have proved to have a major and unexpected influence on global financial sys-

tems, and – in Jenkinson’s view – they have taken away from the strong benefits brought by financial innovation.

– The frictions appear more powerful than market participants and financial authorities previously judged, he told a Reserve Bank of Australia conference in July 2008.

Jenkinson believes that incomplete information, or a lack of transparency, is one of the main causes of the problem. Complete and efficient risk markets require complete and efficient information, but the complexity of market interconnections has made this kind of overview very hard to come by.

These days, participants in the financial markets need to understand, not only the details of highly complex contracts, but also how they may be affected by market interconnections and the exposure of all the other participants in the economy. This is an almost impossible task.

As stated recently by **Christian Noyer**, Governor of the Bank de France, the potential has opened up for financial sophistication to move faster than risk management practice.

Another major problem arises from the fact that financial instruments have been created by chains of participants without equal economic interest in their performance. As interest lessens down the chain, so does the incentive for participants to screen and monitor performance, and the risk of failure grows. The potential consequences have been clearly illustrated by the credit crunch.

*“The sheer pace and scale of innovation has created a new risk environment that is virtually impossible for economists to quantify and manage.”*

- The level and speed of calculation required for financial instruments, as well as the amount of data, is such that no one should attempt to manage their risk without adequate IT support.

### More Speed, Less Haste

Although there is likely to be a post-credit crisis call for 'going back to basics', it would be wrong to attempt to scale back innovation completely.

It is impossible to deny the very obvious benefits delivered by financial innovation in recent years. The broadened range of financial products has helped both companies and households improve on their risk management and become more financially efficient, and these benefits should not be lost.

We can no more turn the clock back than we can unwind progress. But it is important to remember that not all the financial market innovation that we have witnessed in the last few years can be classified as progress.

It is not progress, when the speed of innovation is so rapid, and the growth so staggering, that financial institutions, regulators and governments no longer understand the scale of the risks that are being taken in the market or the potential consequences when things go badly wrong.

For this reason, what must happen now is a slow-down of development, where "more speed, less haste" is the watchword. We need to re-establish the link between financial products and real customer demand. We also need to regain control of market complexity and make sure that essential information can be accessed equally by all market participants.

### Rethinking Risk

There needs to be profound shift in the way financial institutions, as well as regulators and governments, understand and view risk. It is no longer enough to be fully

aware of what is happening in your own little corner of the world. Because of the complex web of interconnections, you need to be fully aware of what is happening to any participant, anywhere in the world, at any time.

For regulators, central banks and governments the task is to facilitate more cooperation and transparency, when it comes to setting policies, supervising markets and intervening when things go wrong. National macroeconomic intervention, such as monetary policy, has become ineffective, as has been shown.

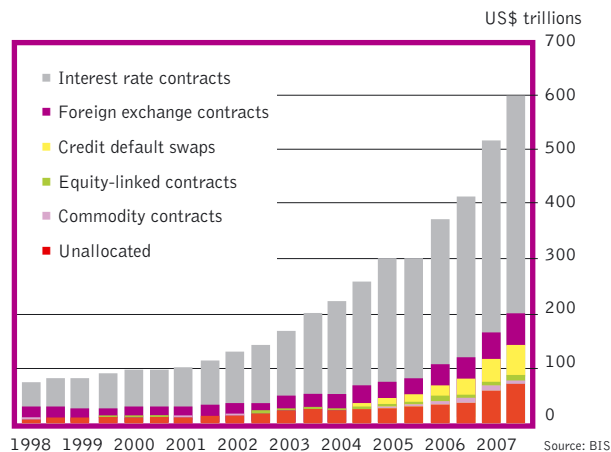
Responses must now be collective and global. And as markets grow in complexity, so must the solutions we apply when liquidity dries up. The era of quick monetary market fixes is over, and there is no going back to the old days.

Risk officers in financial institutions share the responsibility for keeping markets open and transparent and must work with regulators to regain control of market complexity. They are likely to come under increased pressure to disclose more information on their level of financial exposure as part of a general regulatory push for more transparency. And there will be a general call for more information on the risks attached to individual financial products.

The turbulence caused by the global credit crunch will eventually die down, changes will occur in market regulation, financial instruments may become more standardised for a period or disappear altogether in favour of new ones.

The credit crisis will serve as a reminder of how extreme and unpredictable the fall-out can be when liquidity dries up in markets that are interconnected and global, and

**Chart 1 Outstanding Notional Amounts of Derivatives**



## AFFECTO

Afecto differentiates itself in the field of risk management in the financial sector by having seasoned financial specialists with in-depth knowledge and experience. The Afecto specialists use leading edge, tailor-made software to develop solutions which will help you stay abreast in the complex world of risk control, including risk modelling, risk regulation, scenario and stress testing and risk reporting.

where the complexity is not sufficiently understood by the participants. But the complexity itself is unlikely to disappear.

## Taking Control

It is not only financial executives who must ask themselves how they can protect their assets in this new complex and interconnected world of risk. The financial supervisory authorities, too, face a considerable challenge in regaining lost understanding and control.

As we saw earlier, advances in IT have helped foster financial innovation, which in turn has helped households and businesses manage their risks more efficiently.

It must be clear that IT also holds part of the answer, when it comes to understanding the increased complexity that has followed in the wake of innovation. It is safe to say that adequate risk control – whether by a financial company or a regulator or a government – is impossible without a solid and advanced IT infrastructure, sophisticated risk control systems and familiarity with leading edge financial innovation. The level and speed of calculation required for many financial instruments, as well as the sheer amount of data, is now such that no one should attempt to manage their risk without adequate IT support.

Risk control systems must be able to answer the following questions at any time: Is there sufficient capital? Has the capital been calculated correctly? What is the company's liquidity? Is all vital information available and have the relevant correlations been adequately assessed?

Powerful IT systems are now a must for any risk officer, regulator or central banker who wishes to monitor a risk position, understand the dynamics of the financial markets, and stay alert to the unexpected.

## From Data to Wisdom

However, even IT systems have their limits. For rocket scientists and risk officers they can and must not take the place of lateral thinking. The information extracted from the IT systems has to be used and interpreted by people who understand it. And financial companies and regula-

## Lani Bannach

• Lani is a Director of Risk Management at Affecto in Denmark. She has more than 27 years experience of international risk management and has held a number of senior executive positions in large, global companies in the financial services industry.

She was managing director and head of global liability risk control at UBS, where she spearheaded key developments in risk control and capital management. Lani holds a number of non-executive directorships and is a former Goodwill Ambassador of Copenhagen. She has a strong academic background with an MA in Law from the University of Copenhagen, combined with a B.Comm in accounting, several insurance qualifications and an MBA.



tors must collaborate with each other to avoid the “silo” mentality of the past.

If not, we will all too soon be back where we started and the experience of the credit crunch will be repeated.

If we have learnt nothing else from the credit crisis, we ought to have learnt this:

Data becomes information when presented in a structured and transparent way. Information becomes knowledge when it is interpreted and used. Knowledge becomes experience when you have seen the various results and outcomes of your decisions. And experience becomes wisdom, when you learn, that no matter how much knowledge and experience you have, the past doesn't equal the future.

While financial executives may in due course be tempted to sip once more from the lethal cocktail of innovation, speed and growth, they should know by now that the hang-over hurts, is expensive and lasts a very long time. •

### SOURCES:

Centre for Economic Policy Research, London, UK – Macro Policy: "The implications of financial innovation." Professor Ian Cooper, London Business School

Nigel Jenkinson, Executive Director, Financial Stability, Bank of England: "Financial Innovation – what have we learnt?"

Christian Noyer, Governor of the Bank of France: "Challenges of financial innovation for the conduct of monetary policy."

## Added Value through Improved Effectiveness

Affecto delivered a solution designed for standards management to the Finnish Standards Association SFS. The new FINSTA system was deployed at the beginning of 2008. The decision on the upgrade was made in 2005, and it is the largest and most important IT system upgrade SFS has implemented.

– We already had a FINSTA system but it had been installed in 1998–99. The system ran on the dated Windows NT operating system, and we needed a system that still had technical support, says **Antti Karppinen**, Technical Director at SFS.

The system upgrade was also driven by the change in the data transfer format.

The European Standards Organisation (CEN) switched from the previous VSAT file format to using XML-based metadata. In addition, the aim was to add metadata from the International Organization for Standardization (ISO) in the system. The SFS system was upgraded to the new technology platform to support the modern data transfer format.

– The four most important aspects of developing the

The extensive revamping of the FINSTA system at SFS caused a significant cultural change in the company and forced everybody to adjust.

system were adding an interface for trade federations (TAY), increasing information, developing usability in terms of ergonomics and improving the transparency of operations, Karppinen lists.

Previously, the standards were on CD-ROMs and the 13 Finnish trade federations obtained them from SFS by means of copying, transferring or e-mailing. Now the standards and standard proposals as

well as their history data are transferred to the document management system that is accessed through FINSTA. The standards contain links to documents that can also be opened and printed.

All 13 cooperation partners are now active users of the system. They have access to a shared database and each one of them is in charge of their own industry. The goal was to make FINSTA as user-friendly as possible. The users perform the operations in the programme and can hence control the process.

All users add information in the system themselves so the system stays updated well.

– During these 10 months, the user feedback has been



Antti Karppinen, Technical Director at SFS, thinks the user interface design was the most successful part of the FINSTA revamping project.

relatively good, although there has also been criticism.

There were two user training days. – In the beginning, users were not reading the instructions carefully enough. Some information did not get entered and administrative procedures had to be reviewed. However, now it seems like everyone has learned to use FINSTA the right way, says Karppinen.

– The system contains plenty of new features. This has been a huge cultural change and everyone has had to adjust.

Transparency means that in addition to SFS, now all the trade federations can access the standards in FINSTA. They can also monitor whether the standards are being circulated for comments, being voted on or already confirmed. The system also shows what comments the other trade federations have provided during the circulation.

– The system is significantly more horizontal now, and the standards contain lots of references to standards the other trade federations are in charge of. For the work to be more effective, it is important to be able to access the proposals of all the trade federations. Previously, data was not accessible to others, so this change truly offers significant added value, says Karppinen.

The international and European data in the system is updated once per week.

The FINSTA project was not a regular upgrade but the system was also expanded significantly. The basis for the trade federation interface (TAY) that was added to the system was the Access-based interface used by the metal industry trade association, benchmarked for SFS's needs.

– The system prototype was designed in three stages. Users tested the system and provided their comments, after which we implemented changes.

According to Karppinen, a positive thing about this approach was that all users had the opportunity to participate in the development of the system. A downside was that the approach took too much time and the project ended up lasting longer than expected.

Further development of the system is being initiated. The FINSTA system will be developed on the basis of user experience in terms of, for example, the interface and reports. Investing in the system was, however, not optional for SFS, since a system upgrade was badly needed.

– We invested approximately 300,000 euro in this project and expect it to produce results in the future, says Antti Karppinen. •

# A Wind Tunnel for Testing the Future

Text: Virve Airola | Photos: Mari Männistö

Everything physical takes time, whereas money and information move around almost with just a mouse click. When different realities break too far apart from each other and enough happens simultaneously, the tension becomes almost unbearable. The situation may blow up in one's face if it has not been rehearsed.

– Scenarios are like wind tunnels. They help us rehearse situations in which things do not go as planned, says **Tarja Meristö**, Research Director, whose areas of specialisation include corporate futurology, in particular scenario planning and visionary leadership.

## Seizing Opportunities

A scenario is like a manuscript for a play depicting the future, a plan for reaching the objectives, or carrying out the plot. It outlines the future operational environment for a company and, in that, is like the stage and setting in a theatre. It also outlines the actions of the company and its competitors in this environment.

– When creating a scenario, it is important to imagine something that does not yet exist, to expand one's information base. If we create future scenarios using only documented, verified and proven factual data, the end results are mechanistic, slightly modified extensions of the present.

Leeway for actions is created by following indicators, or navigation marks. Rather than ponder whether things appear nonsensical or unlikely, one should think about the consequences and what they mean for us. A good navigation mark tells you what lies ahead, not what you just sailed by. In a well-designed scenario, navigation marks monitor various things and variables.

– It is possible to build an intelligent monitoring system. If the initial setting, coded green, means that e.g. 80 percent of papers are Finnish-language, the colour changes to orange when the ratio of the English-language papers reaches 50 percent. When it increases to 80 percent, the

code changes to red, indicating an alarm, Meristö explains.

The element of surprise is to be determined by the decision-making group. If the situation defined happens quicker than estimated, a scenario took place in a shorter time than believed possible. If it was created for a timeframe of 30 years and takes place within five years, it is very concrete for the present day as well.

The most important task of scenarios, however, is to show the possibilities.

– Scenarios train us to take the initiative and not just react as situations arise. If we are not prepared, we miss out on opportunities.

With scenarios you have even improved your competence and coached your organisation for a change in direction.

– We prepare a lot more threat scenarios than opportunity-based scenarios, which is another reason why so many opportunities slip through our fingers.


## Knowing Combined with Feeling

The world is no longer simply geographic. Even blocks like NAFTA, the EU, South America or the Pacific Rim no longer restrict people's operating areas.

– Companies in the same field may be part of competing networks. This creates challenges for knowledge management as well, says Tarja Meristö.

– We can no longer observe just the market area, but need to see what happens to people – who are status-oriented, principle-oriented or action-oriented. People form a network, and this network brings us our customers and provides us with our markets. One village fool here, another one there may be enough to create a critical mass globally.

People can no longer be distinguished by age, educational background, employment or residential area, therefore we should find out how they feel, what they like and what motivates them. Finns today have on average less in common with each other than the golf players of the world do.

A woman with short dark hair and glasses, wearing a bright red coat over a black and white polka-dot top, is smiling and holding a large roll of white material. The background is a bright, slightly blurred outdoor setting.

- The future is not created with just proven information.



– In estimating the future, the most important thing is to listen to signals that are not yet connected to anything, says Tarja Meristö.

Tarja Meristö estimates that an unofficial, citizen-centred society keeps getting stronger.

– We are increasingly residents of a global village. For a company, it would be important to find indicators that help determine whether the world is going according to the expectations outlined in the strategy, or whether the operations are affected by indicators from other realities.

An added difficulty that the amount of information has increased and accessibility to it has changed radically.

– In order to access the existing information we need increasingly powerful tools, says Meristö.

The actual competitive edge, however, stems from something that is not yet documented. In estimating the future, the most important thing is to listen to signals that are not yet connected to anything. This is not easy to learn, as we have been taught to require information to be verified and proven true, not something that we imagine or feel.

– Competitiveness is generated from weak signals, from the ability to create something new, from encounters between different people. When comparing experiences they may notice that neither has the right solution. A third alternative must be developed and a completely new level might be reached.

### Information Gold Digging

From the knowledge management point of view, the location of things and information is essential. – Our starting points are often the institutional sources of information: trade organisations, research institutions, universities, driver companies. But that is digging for gold in a bank vault. You find bullion but it has already been found once.

If you are searching for something new, you should study peripheral areas that seem insignificant: the last subcontractor, the long unemployed, the experiences of an immigrant.

– Of course, you need to shovel enormous amounts of sand without guarantee of finding gold.

Tarja Meristö points out, that people who are used to living with great uncertainty – will there be power, water, food, will I get a travel permit – may be well ahead of us who try to maximise certainty. – The operational area

becomes very limited if you only want to include things that are certain.

### Language Handicap

Things and circumstances change, but not one at a time. Everything is interconnected.

– We have the concepts of a consumer and a citizen, but there is a lot more going on. The companies should be monitoring what people spend money on, and whether they do spend money.

Tarja Meristö suspects that when citizens and employees are set free, they will have their own viewpoints that are something different from the world view controlled by the media.

Essential variables that should be taken into consideration are language, space and time.

– The broken English is the most common every day language in the world. How does our ability to read signals get preserved and developed when our language skills are extensive but superficial? It changes the world radically.

– The population grows and life expectancy gets longer. Will we occupy new areas for residential use, such as underwater cities, and how will we make use of the sparse food and water resources?

– The third interesting variable is time. We live in constant contact with several time zones. Still, the person's observation skills are as slow as before. Just like during long flights, the body moves from one place to another but the mind and understanding lag behind. •

## [ Tarja Meristö ]

**Family:**

Married, one daughter, 14 years

**Living in:**

Parainen, in Turku Archipelago

**Education:**

Dr.Sc. (Econ. & Bus.Adm.)

**Worked at:**

Partek, Rautaruukki, Kamensky Consulting, Finland Futures Research Centre/TSE.

**At present:**

Research Director at Corporate Foresight Group  
CoFi / Åbo Akademi University in Turku and  
Principal Lecturer at Laurea University of  
Applied Sciences in Lohja



## New Faces from Affecto

### NEW EXPERTS AT AFFECTO

People and their competencies are essential to Affecto and its business in all its market areas.



**Neeme Looits**



**Sanni Järvinen**

Kreetta Järvenpää

Thus, recruiting new employees is one of the key challenges within the whole group. During 2008, Affecto has been able to recruit several new experts to all of its offices. In this issue, we would like to present two of these people: **Sanni Järvinen** from Finland and **Neeme Looits** from Estonia.

• Sanni Järvinen started working for Affecto at the Helsinki headquarters as a BI consultant in September 2008. Her tasks include data integration in data warehousing and reporting projects.

Affecto was recommended to her as a good employer. – Affecto is an interesting company with possibilities to grow in the BI sector. Operations in the Nordic and Baltic countries are a plus. In the future,

it might be possible to seek experience and gain expertise across the borders.

Sanni considers Affecto to be a big player in BI. – As a consultant, I hope to be participating in several interesting projects with different customers. I look forward to challenging projects and useful experience in this business sector, and I'm confident that it will also deepen my know-how.

– Affecto's strengths are, in my view, its personnel, which consists of specialists with a broad perspective in BI. It's a growing company with active training. Good colleagues make working more fun.

– In my freetime, I enjoy being active and usually spend time with my friends or playing different

sports. Mostly indoors this time of the year but I really enjoy skiing in Lapland in the wintertime and sailing in the summertime.

• **Neeme Looits'** main tasks in Affecto Estonia are SAS technical consulting, SAS server administration and tech support project management. In addition to helping customers install, configure, use and maintain SAS software, Neeme also helps them design their SAS system architecture. Additionally, he leads a tech support project team that helps support BO and Informatica applications at a large Finnish customer.

– I'm most interested in solving difficult problems where you need to use logic and deduction, whatever the field of the problems

is. I knew I'd be working with good people at Affecto. It's important to me that the people get along really well and that problems are worked out together.

– I hope I'll find enough time to keep learning new things so that I'll have a broader choice of customer projects to work with.

As for Affecto's strengths, Neeme mentions the excellent team, but also the fairly unique business model that has helped to keep this team together and grow it.

After work, Neeme likes to spend a large part of his time with his family. – My daughter is three years old and waits for me to play with her every day. I also love orienteering, skiing, mountain climbing and playing basketball. •

- The Norwegian energy production company EB

# Faster Corporate Reporting

Being a large corporation with a pressing need for a more effective data handling and reporting system, what is the obvious step to take? To put it shortly: just call Affecto and ask them to set up an Enterprise Data Warehouse including a Business Intelligence solution.

Text: Mayday Consulting/Dag Rørslett | Photo: Erik Eskedal

In principle that is exactly what the Norwegian energy production company EB (Energiselskapet Buskerud) did back in 2006. Obviously, this major process has taken lots of internal human resources as well as an in-depth understanding by the top executives at EB. It also requires project members with good business sense, as well as an IT department that is participating in the entire process. You also need extensive educational backing of the new user groups and competent IT consultants, of course. Last but not least, you have to evaluate different vendors.

The EB Corporation evaluated no less



than six different offers before they made their final decision. Their choice was a total, comprehensive package delivered by Affecto in Oslo, consisting of consulting services, Informatica Data Warehousing and Business Objects (BO) Reporting solutions.

**Hanne Solem**, the financial controller of EB, has worked within the EB Corporation for ten years, acting as the financial director of one of the subsidiary companies for some time and later as the acting CFO.

– Previously our subsidiaries made their own balanced scorecards and reports

## FACTS AND FIGURES

- The EB Corporation (Energiselskapet Buskerud) today employs approximately 340 persons and has an annual turnover of NOK 1.1 billion (EUR 140 million).
- EB is one of the largest regional energy production companies in Norway, operating in the southern parts of Norway. It is owned by the local authorities of Buskerud and Drammen.

using data from different sources. Too many employees were involved in collecting and handling the data which, by the way, had very variable structures as well as bad quality, says Hanne Solem.

These data reports were stored using Excel.

– Our budgets and analyses were also produced in Excel, with manual registration which was very time consuming and demanded considerable human resources. We spent too much time on the reports and eventually we realised the need for a joint corporate solution.

– All in all we needed a brand new corporate reporting system in which we could standardize our systems and make the data handling more effective. We also needed to automate the production of the scorecard reports. Affecto's Data Warehousing and Reporting solutions made that happen.

EB still uses Excel in interfacing the data warehouse on specific report levels, but the aim is to employ Affecto's reporting solutions for all kinds of reports.

– We wanted to have it all on a Corporate level and we urged for common data structures having data quality that we could trust, Solem explains. – From my point of view, it is crucial to base all corporate analyses, reports, presentations and budgets on the very same and unique material, thus reporting on the same data material whether you are producing project reports or presenting reports for the management and the board of directors.

One significant goal was to spend more time analysing data and producing trustworthy reports, rather than spending time handling data manually. That is really wasting time and energy.

Furthermore, EB wanted to make the budgeting and analysing processes more effective.

– We feel that we have succeeded in doing so. Using Affecto's solutions the EB Corporation has reduced both time and money and obviously we are very pleased!

Originally, data updates were run twice every day.

– Now we have online updates with fresh figures four times per hour, figures by which both management and more than hundred users can run their daily operations, based on accurate and good-quality data. No doubt the future is based on Data Warehousing and Business Intelligence, Solem says.

The EB Corporation's choice of vendor was based on Affecto's total solution, good references and competitive price.

– They also presented a trustworthy simulated project model during the tender period and we found that very useful. Their products have simple interfaces and the products handle transfer transmission automatically.

EB were able to change the design of the graphics and add important comments into this picture as well. Thus the use and work is very flexible.

– We experienced the importance of good documentation during the consulting period and the effects of this concerning the project. Together with Affecto we eventually found the key solution for the final success.

– It has been an elaborating project and we are now close to the final stages. We are continually working on further development of the data warehouse solution. If we were to do it all over again I certainly would choose Affecto once more, Solem concludes. •



Text: Virve Airola | Photos: Mažeikių Nafta

# Leaders Choose Leaders

**A**ffecto is the largest Oracle-related technology supplier in Lithuania. It has had a long relationship with Mažeikių Nafta, starting with Oracle Financials implementation in 2005.

Due to the rapidly changing economic situation and legislation regarding employment regulations, the staff of the HR department has been under increasing strain, with hirings and dismissals, providing information and creating the reports needed for taxation, social benefits and governmental institutions, calculation of salaries, and the like. Each month, over 60 employees are being hired or dismissed, about 200 employees transferred, and over 6,000 salary payments carried out.

The situation is even more complicated, as Mažeikių Nafta owns a number of subsidiaries. The HR department takes care of these as well.

Such a large staff requires constant updating of knowledge at the HR department due to changes in industry regulations and market realities. The overall performance of Mažeikių Nafta depended heavily on the efficiency of HR department.

## Automating Everyday Routines

A project was initiated to review existing HR processes, take on new processes and to implement a new HR infor-

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Mažeikių Nafta (Mažeikiai Oil) is the largest company in Lithuania – according to 2007 revenue data – and one of the largest oil refiners in Central and Eastern Europe.

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mation management system to support the processes.

The first part of the project was covered by the consulting company Ernst&Young Baltic. They also prepared the functional specification for the future HR system.

The future system was to automate the everyday routine processes, e.g. preparation of holiday leaves, transfer of employees to different positions, preparation of changes in employment contracts and changes in salaries.

The information entered by the accounting department, was to be useful for other users as well; for example in salaries information and time sheets accounting.

Also affecting the data and information quality were past and current data of each employee, calculation of salaries, etc. together with the access of the authorised users to all this information, to do budgeting or to make the right decisions.

Apart from such HR-wise functions as recruitment planning and streamlining the interviews, career path and competence evaluation, the system also had to cover a large portion of the functionality specific to a large industrial site like an oil refinery, such as security checks and regulations, medical fitness evaluations and necessary trainings.

General requirements for the system were reliabil-



## Mažeikiai Oil

The history of the refinery begins in 1966. Since that time, the company has changed from a company run by the Soviet state into a modern facility. It was privatised by the Lithuanian government in 1999 and bought by Williams, a group based in the USA. Later, Williams' stake was bought by the Russian company Yukos. However, in 2003 Yukos was required to pay billions of dollars in taxes. The impending bankruptcy forced Yukos to sell off its assets, including Mažeikių Nafta. Since 2006, the company has been a part of PKN ORLEN (Poland). AB Mažeikių Nafta has 3,344 employees.

ity, flexibility, and ability to match the current business requirements as well as to modify the system according to new requirements. It was considered very important to have a local supplier with a good track record and potential to carry out quick and efficient implementation and sufficient support with the perspective to further develop the system.

All these requirements were met by Affecto in Lithuania with Oracle HRMS. The good relationship between the two companies established during and after the Oracle Financials implementation played a significant role when the implementation partner was chosen.

Affecto has been the largest Oracle partner in the Baltic Countries since 1995. The partnership started with the Oracle flagship – Oracle RDBMS (Relational Database Management System) – logically expanded to cooperation on Oracle EBS (E-Business Suite) modules implementation. Currently there are more than ten Oracle EBS implementations in different public and private institutions carried out by Affecto.

### Powerful and Flexible Application

– Oracle Financials' implementations are not new in Lithuania. The application is a part of Oracle E-Business Suite that also includes Oracle HRMS, says **Gintautas Seputis**, Head of the Project from Affecto. – However, implementing and customising Oracle HRMS according to Lithuanian laws and regulations, as well as client's internal processes and requirements, was the first project of such kind.

– It shows that the market is ready for powerful, but at the same time flexible HR applications. They help companies take better care of their staff by solving different issues in the employment process, training, mandatory health checks, holiday planning, etc. Oracle HRMS offers a full spectrum of functionality that covers all these needs.

The implementation project lasted over one-and-a-half years. It automated the HR processes for more than 3,000 employees, and ensures smoother relations between departments.

The preparation of the project was challenging, but realistic. The main work was done mainly in work groups.

During the analysis stage a shared glossary was developed to list the terms used by the implementation teams on both sides. During the design stage, a system prototype was created and a detailed view put on paper. The last development stage was to set up, customise and test the system.

The following Oracle HRMS modules were implemented: Oracle Human Resources, Oracle iRecruitment, Oracle Learning Management, Oracle Self-service Human Resources and Oracle Payroll. Additional modules like Working Time Management, Work Safety, and Occupational Health Care will be created and implemented for the customer.

In the future, the self-service part of the system will be expanded in order to cut down and re-enter different types of information, such as employee contacts and their family status. A full integration of other IT systems with Oracle HRMS is also planned. •



# Smoother Sailing with Successful IT Partnership

## GE MONEY

GE Money, a unit of US conglomerate General Electric Company, with \$211 billion (~EUR 163 billion) in assets, is a leading provider of credit services to consumers, retailers and auto dealers in 55 countries around the world. GE Money offers a range of financial products.

The company currently employs more than 300,000 people worldwide and serves over 130 million customers directly around the world.

GE Money entered the Latvian consumer finance market in May 2004. Today the bank also known as GE Money Bank is a leader in sales finance and auto loans throughout Latvia, in addition to providing express personal loans through the vast network of Latvian Post offices.

Headquartered in Riga, GE Money Latvia offers 35 branches nationwide – while also offering quality service via the Latvian Post, retail stores and dealers of used cars.

With global financial markets facing historically difficult times these days, maintaining strong and reliable outsourcing IT partnerships is essential for future success.

To help keep focus on its core business and thus improve operational efficiency, AS GE Money Bank of Latvia has chosen Affecto Latvia as one of its main contractors and strategic IT solutions partner.

– For an organisation whose main business is not related to the production of IT services and systems, IT-related solutions are so complex and specific nowadays,

says Chief Information Officer **Jorgen Jarve** at GE Money Bank of Latvia.

– Although the initial development as such could be more cost efficient if carried out in-house, the resources needed to maintain and evolve them further are so significant that it makes the effort very expensive.

According to Jarve, outsourcing

in the information technology field brings along many long-term benefits to companies, including GE Money Bank – especially when the cooperation partner is one such as Affecto – flexible, reliable and a leader in its business sector.

– Affecto has always been accommodating and easy to deal with. GE Money Bank is operating in a very versatile and changing market environment right now, and Affecto has proven to be a solid partner even in such time of change.

– The need for data to support our business analysis and decision making is just as important, if not even more perhaps, in the current economic environment. However, we do not want to maintain a fully staffed technical department to do all the work, and by outsourcing we could provide services that support our business faster, notes Jarve.





#### BETTER CUSTOMER SERVICE THROUGH CRM SOLUTION

AS GE Money Bank is a relatively new bank in Latvia but experienced in the world. The bank that began its operations in Latvia at the end of April 2008 was created by combining the existing experience of AS GE Money and AS Baltic Trust Bank and adding international experience of General Electric in the financial field.

Affecto Latvia had relationships with both of the bank's predecessors – with BTB already since 2005 and with GE since 2006. This made the choice of Affecto as IT-partner for the new bank a logical and easier one, as the company was already familiar with GE Money Bank's business and its requirements.

So far Affecto's services toward GE Money Bank in Latvia are mainly related to the development

and support of Customer Resource Management (CRM) and Business Intelligence (BI) solutions aimed at helping to enhance business processes, support management and improve the quality of customer service.

Affecto has also helped the bank in implementing Basel II compliance rules, which are recommendations on banking laws and regulations issued by the Basel Committee on Banking Supervision.

– Affecto's competence covers a wide knowledge area within the entire IT services and solutions sector, says Jarve. – It is reassuring to know that we have a partner that can back us up in this regard.

#### POSSIBILITY TO GO FORWARD

Although no concrete moves have yet been made, with business consolidation in continuous progress at GE Money Bank in

Latvia, Jarve also sees possibilities for the partnership to strengthen in the future.

– Affecto is a strategic partner for both our Banking and Consumer Finance operations. In the coming year, we plan to initiate large projects related to our BI solution and to reengineer our system integrations toward Enterprise Application Integration (EAI) and Service-oriented Architecture (SOA), he explains.

One area, which will be under strict focus next year, will be consolidating the bank's Data Warehouse solution, which since the bank's establishment has been based on two separate systems.

– We are very satisfied with the current relationship we have with Affecto Latvia, states Jarve.

– GE Money also has hopes that the partnership can grow further in the future. •

– **GE Money Bank is operating in a very versatile and changing market environment right now, says Jorgen Jarve.**

VIP Invitation

## Gartner BI Summit 2009

The 10th annual Gartner Business Intelligence Summit will take place in the Hague on 20–22 January 2009.

- Companies will get an update on recent trends and strategies within the BI area, directly from the top Gartner analysts, alongside interesting customer cases and best practises.

Affecto is on site and you can visit our stand. We will host a special Nordic network-dinner on the evening of 20th January.

- Please register by email to: [marketing.dk@affecto.com](mailto:marketing.dk@affecto.com) by 5th January 2009

Read more at [www.affecto.com](http://www.affecto.com) or [www.gartner.com](http://www.gartner.com)

*See you in the Hague!*



**Affecto**