

## CASE STUDY

# IFRS17 Cost Allocation Engine — implementing a robust cost allocation approach for IFRS17 in Alteryx



### BACKGROUND

- A UK based FTSE 100 insurer was undergoing transition to IFRS17 reporting
- The cost allocation process for actuals and forecast is a critical step to the overall generation, understanding and signoff of the approach and the final outputs
- A tactical cost allocation engine had been implemented as a prototype in Excel but had not been a priority to implement in a more appropriate technology
- Tight timescales due to the requirement to imminently start parallel running and reporting of IFRS17 based accounts

### THE CHALLENGE

- Excel based prototype could not cope with the volume of data required for processing when scaling up to the full ledger
- This issue was compounded by the Excel prototype not allocating at a sufficiently granular level and not being able to operate at the required level of cost allocation
- Execution times for iterative testing were impacting the project delivery timeline due to the manual workarounds to accommodate the spreadsheet limitations
- Logic was embedded throughout the spreadsheet resulting in opaque outputs and requiring extensive time to track and explain the generated results

### THE APPROACH

- One of our Alteryx Designer certified consultants spent 3 weeks analysing and documenting the existing spreadsheet and building the functionality in a series of Alteryx processing maps
- Then a further 3 weeks was spent supporting the testing of the allocation engine including extending the rules now that the Excel limitations were removed and implementing data quality validations and exception reporting
- A final 3 week segment involved supporting the full front to back testing runs and supporting the sign-off process and parallel run

### THE OUTCOME

- Full cost allocation runs for both reporting and forecast down from 2 hour run time to 1 minute.
- The team were able to focus on the understanding and explaining of the numbers rather than running the process.
- The cost allocation keys could be set at the required level of the organisation without overloading the process or incurring excessive execution times
- Transparency of rules and detailed controls enabling a straight-forward audit discussion.
- Rapid run-times allowing scenario based discussions with the business and 'what-if' simulations.