



## Case Study: Evaluating the IT Costs of AMF's Business Services

### *Background*

AMF wants to be 'The Pension Company' for everyone looking for simple and reliable pension solutions that deliver high returns at a low cost. With SEK 372 billion (2011-12-31) in assets managed for approximately 3.7 million customers, AMF is one of Sweden's leading pension companies and one of the largest owners on Nasdaq OMX Nordic Stockholm.

AMF's focus is on occupational pensions for both individuals and companies. All products are offered either as traditional life insurance or as unit-linked insurance. In addition, AMF Fonder AB offers direct savings in mutual funds.

The Swedish pension system consists of several parts that go together to form the total pension:

- National retirement pension
- Occupational pension
- Private pension savings (voluntary)

Almost everyone in Sweden, on the grounds of their employment, is entitled to an occupational pension. Occupational pensions are a result of agreements between employers and trade unions. Employers pay regular contributions into pension plans for their employees. Today, most employees are free to choose the type of pension plan for the entire or a part of their occupational pension.

The nature of the occupational pension is dependent on the agreement governing the individual/employer. There are different rules regarding the size of the pension and how much of the pension that you can influence yourself. If an individual has, during their working life, had jobs governed by different agreements they can have more than one occupational pension.

There are basically four different collective agreements/parties for occupational pensions:

- SAF-LO - for privately employed workers.
- ITP - for privately employed non-manual employees.
- KAP-KL - for employees within local government.
- PA 03 - for state employees.

But there has been a shift the last couple of years how occupational pension products are developed. Pension companies like AMF do no longer offer different standard products but trade unions and companies request for proposals to product specifications. And smaller and smaller groups of individuals are asking for their specific solutions. This is putting pressure on AMF to, among other things, offer right products to right price.

### *Research question*

The aim of the case study is to investigate and illustrate what drives the IT costs of selected business services provided via different customer channels.

Different business services are connected to different products and provided via channels like direct contact, self-service, and post. The services are implemented with help of software systems and the cost of a system is composed of licenses, operation, maintenance, and development. The costs of licenses are driven by the size of server machines or number of users. The costs of operations are driven by type of hardware and amount of technological or application support.

*Research questions: "How can the IT costs of different business services be described and possibly reduced?"*

In step 1 of this case study a selected set of business services are iteratively modelled including how they are provided via channels and implemented by software systems. A system is often used by several services and the costs for a system are shared by services. The result of each iteration is presented and discussed with AMF.

The modelling should be based on the result of the case study that AMF and KTH conducted in 2012. The aspects availability and modifiability should still be part of the model and now extended with the aspect cost. The other attributes included in MAP should be considered marginally.

In step 2 the IT costs of the selected business services are iteratively analysed and cost reductions are suggested. The model will be adjusted during the cost analysis together with AMF.

### ***Important:***

Due to the fact that AMF's internal documents are in Swedish it's necessary that the members of this group are able to read and speak Swedish.

### ***Supervisor, ICS***

Markus Buschle

[markusb@ics.kth.se](mailto:markusb@ics.kth.se)

08-790 6827

### ***Contact, AMF***

Mats Lundeborg

[mats.lundeborg@amf.se](mailto:mats.lundeborg@amf.se)

08-696 3114