

# Aflac and Primavera: A Partnership for Success

## Project Management Highlights:

- Integrated Primavera with SAP
- Primavera serves as the foundation for governance program
- Significantly increased number of strategic projects delivered
- Created a more structured process to manage projects while controlling costs



Headquartered in Columbus, Ga., Aflac (NYSE:AFL), the leading provider of supplemental insurance sold at worksites across the U.S. and Japan, insures more than 40 million people worldwide. Reporting 2004 annual revenues of more than \$13 billion on total assets of \$59 billion, an increase over 2003 by 16.0 and 16.4 percent respectively, the company is poised for continued growth over the next several years.

That's pretty challenging stuff for project managers who, just a few years ago, were challenged to meet the demand for projects without a formal project management infrastructure, adaptable methodologies, or controls in place to manage change.

To realize this potential for growth, Aflac has developed a robust project management culture that integrates project management with project portfolio management practices,

tying the executive decision process to resource allocation and day-to-day project execution to more efficiently serve the company's internal and external customers.

## The Leading Choice

In the summer of 2001, Aflac turned to the expertise of Gartner and began exploring some of the project management tools that were recognized as "leaders" in Gartner's *Project and Resource Management Magic Quadrant Report*. One of those solutions was Primavera®. Within just a few months, Aflac selected and implemented Primavera.

By using Primavera, the company has experienced a significant increase in the number of strategic projects it can run simultaneously. "In the past, we may have had seven or eight



big projects,” explains Bruce Haukohl, senior corporate project manager for the Enterprise Project Office (EPO), a division of the company’s project management office (PMO). “With Primavera, we are now managing more than 35 strategic projects. We would not have been able to do that as successfully in the environment that existed before.”

Primavera plays a critical role in Aflac’s project management culture. “You cannot run any business without the right information. Primavera provides this information,” says Brian Abeyta, 2nd Vice President, PMO. “The software serves as a mechanism to run projects in a more structured way while controlling costs and capturing time. With Primavera, we now have a common platform where project managers can plan and manage projects.”

### Selecting the Right Projects and Getting Them Done

As a major player in the heavily regulated insurance industry, Aflac needs visibility across the entire enterprise to gauge the appropriateness of each of its projects and assess the ultimate impact on the organization’s bottom line. This requirement is addressed by Aflac’s extensive, leading-edge project governance program.

The company’s governance process for IT projects, which is authorized by executive management and managed by the PMO, is built around a six-stage gating method that includes

initiation, planning, design, build/test, install/close and ROI/benefits. This process creates a framework for project initiation, selection and prioritization, and for the organization of project execution and control to support executive oversight. Moreover, it provides a structure for determining project performance and return analysis.

“One of the things I’m most proud of within the entire PMO is our very tight structure regarding project management governance,” comments Abeyta. “Every project follows the same governance process. They all have to follow the same gating sequence, which encompasses a complete lifecycle of the project.”

### A New Approach to Project Management

A key component of Aflac’s governance is project portfolio management (PPM). A portfolio approach ensures that each project’s lifecycle is properly managed, matches the company’s business needs and yields key benefits.

The company’s approach to PPM consists of five phases:

- **Portfolio inventory** — Initial project requests enter the portfolio inventory, where project opportunity data is captured and organized for analysis. This data includes schedule and cost estimates, budgets, strategic initiatives, risk, and required resources.
- **Analysis** — Projects are reviewed for consistency with the company’s future technical state, timing and opportunity cost, and compatibility with Aflac’s strategic objectives.
- **Planning** — Resources are allocated and schedule planning begins. With regard to the entire project portfolio, the business case is fully developed and documented, and project success criteria and collection methods are defined.
- **Tracking** — Projects are examined for adherence to the company’s gated governance policy. It includes phased funding, phased estimation and phased approval. In the case where a project may be experiencing any unexpected costs, the EPO team is able to verify whether a project is still the best use of the company’s resources, given the current project portfolio and investment mix.
- **Review and Replanning** — Reviews are held quarterly to re-examine whether any project change requests have adversely affected the project’s business case, and if the necessary resources are still available. It also examines



whether a shift in technology or business strategy may have impacted the priority of the project or if a realignment of the portfolio may have affected its standing in the portfolio.

## Going in the Right Direction

One of the benefits of Primavera has been the elimination of a “fly-by-night” approach to projects. Abeyta explains, “We are driving internal metrics to ensure that our projects are successful. The best way we can do that is by using Primavera.”

“With Primavera, we are now using our resources in an optimal way,” says Abeyta. “Once we have evaluated each proposed project and evaluated it on its merits as an opportunity to invest, Primavera helps us look at potential conflicts, schedule issues and resource capacity questions.”

Primavera is also linked to the company’s financials through a component of its SAP enterprise resource program.

“Authorized personnel who need specific project information summary information on a closed accounting month, for example can find it in Primavera.”

In addition, Aflac executives and stakeholders have immediate access to every active project approved by the executive committee, along with its current status, via a Primavera dashboard.

“Primavera has enabled us to apply stricter processes within our project management,” concludes Abeyta. “By combining governance with our project management program, we can ensure that our project’s investments are achievable and enhance the business strategy. Primavera provides us with the information to point us in the right direction.”

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