



The Principal Financial Group® CASE BRIEF

Financial Reporting Automation

*Automated financial reporting with direct publishing produces **print-ready** annual and semi-annual reports **without typesetting**. Fund administrators **decrease production time**, realize **lower costs**, **perfect the data** and **improve services** to portfolio managers and other stakeholders **without third-party dependencies**.*

The Challenge

The Principal Financial Group manages 112 funds with 613 share classes. Because of the cost and inefficiencies associated with third parties, The Principal® prepares and publishes print-ready annual and semi-annual reports internally. Although they had partially automated processes, Principal was still dependent on labor-intensive, manual processes. Prior to implementing Unity™ Financial Reporting with direct publishing, the processes included:

- Extensive use of spreadsheets to manage fund data and create statements
- Lengthy work cycles which often required a six-person fund administration team to work extensive overtime and weekends
- Extensive manual checks to scrub data, update holdings information, incorporate supplementary data, and validate data within and between statements

The team wanted to eliminate the intense review cycles, increase accuracy, simplify audit controls, and efficiently implement changes when producing print-ready annual and semi-annual reports. They were also seeking to reduce the workload and eliminate 12-hour work days.

“Prior to Unity Financial Reporting there were no controls around the change process, there were no assurances that changes made it into the [published] document,” said Sara Reece, Senior Financial Accounting Leader at The Principal.

The Results

The Principal Financial Group implemented Unity Financial Reporting to automate the financial reporting process from data management to print-ready reports, streamlining operations to reduce costs, eliminate risk, elevate service levels and increase scalability.

Reduce Costs

The resources needed for financial reporting have been reduced by one Full-Time Employee (FTE), while providing dramatically faster turnaround times and improving service levels. For example:

- The time to produce financial reports was reduced by 25% compared to past periods
- The holdings reporting process was reduced to five days from 20 days, a 75% savings
- The time spent managing print-ready documents was cut in half



Eliminate Risk

Prior to implementing Unity Financial Reporting, large portions of the annual and semi-annual reports were created manually using spreadsheets; footnotes were manually created; and third-party data surveys were populated with raw data. Unity Financial Reporting automated data, statement, and report validation allowing users to focus on managing the exceptions.

Elevate Service Levels

Manual tasks that used to take days can now be completed in hours. For example, adding a new fund used to take five hours and now can be completed in just a few clicks. Ad hoc reporting, which had previously been a tremendous burden to fund administration staff, is no longer a problem. The team is now able to focus their time on value-added processes. Using Unity Financial Reporting has standardized and simplified the processes to prepare and publish print-ready financial reports.

"There is a lot more value-added time... It's more accounting, more of what we went to school for than busy work," said Megan Hoffmann of Principal.

Increase Scalability

Adding portfolios is limited to minimal set-up processes. With Unity Holdings™, the automated review process and the notes in the reports all automatically include new portfolio data when refreshed for a new reporting period. "Adding new portfolios is no longer a problem," says Hoffman.

With Unity Financial Reporting, the five-member financial reporting team at Principal Financial is able to collect raw data, create financial statements, confirm the data and statement quality, and deliver print-ready annual and semi-annual reports for 112 different portfolios.

Company Profile of Principal Financial Group

The Principal Financial Group (NYSE: PFG) is a leader in offering businesses, individuals and institutional clients a wide range of financial products and services, including retirement and investment services, life and health insurance, asset management, and banking through its diverse family of financial services companies. A member of the Fortune 500, the mutual fund division of The Principal has \$60 billion in assets under management.

About Confluence

Founded in 1991, Confluence is the global investment management industry's leading provider of automated data management solutions. Confluence helps investment management companies gain unprecedented control by automating every step of the fund administration process—including the collection, creation, confirmation, and delivery of investment product data—while maintaining control of the process. Results are lower costs, reduced risk, decreased reporting turnaround times, and the scalability to automate more processes without additional resources. Confluence solutions are used by 40 percent of the leading global investment managers, and more than 60 percent of US mutual funds. Unity™, the Confluence platform, addresses a wide range of problems from performance measurement to customized reporting for a full array of domestic and international managed investment products, including mutual funds, funds of funds, collective funds, separate accounts, and variable products, as well as hedge funds and other alternative investments. Major fund companies and service providers like PFPC and Bank of New York rely on Confluence. Confluence, headquartered in Pittsburgh, PA, serves the international fund industry with key locations in London and Luxembourg.

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