

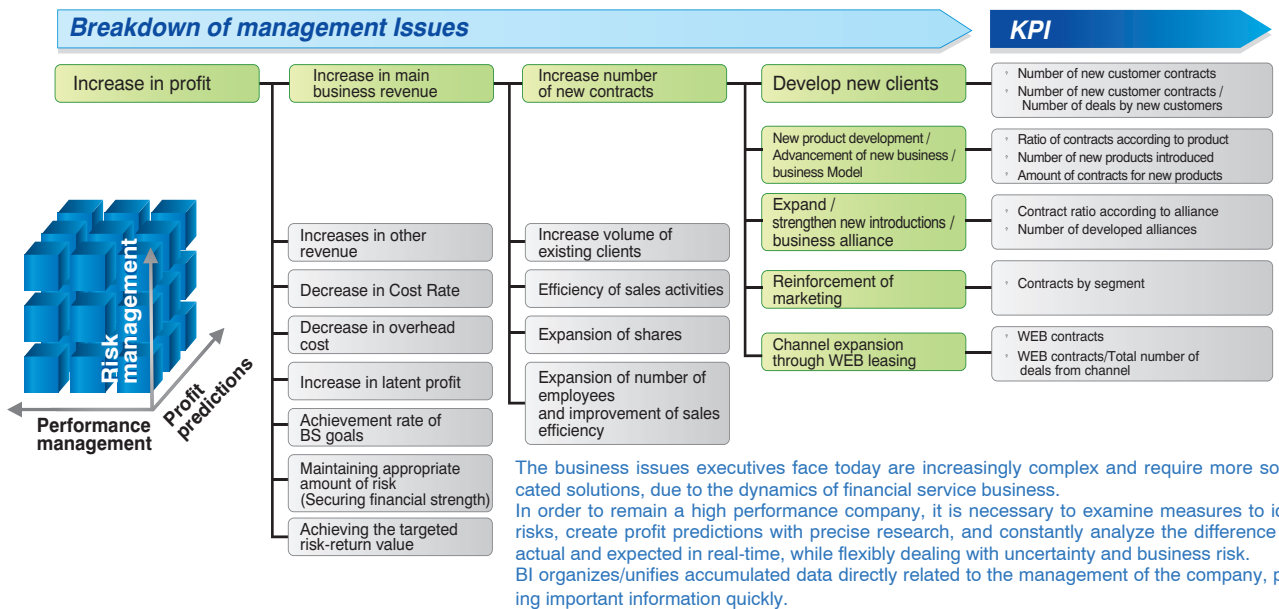
# Business Intelligence (BI) for Financial Service Companies

ABeam Consulting provides a wide variety of services for implementing BI. Business intelligence (BI) is a generic term that refers to a combination of infrastructure and applications that allow for data analysis directly related to day-to-day business. BI involves the constant access of an information source and its analysis, which allows for the optimal placement of business resources and processes. The continued review of BI is especially important in order to cope with changes in the environment after implementation, as well as set improvement measures and goals (KPI: Key Performance Indicator) to resolve mid to long-term business strategy and management issues.

## The necessity of BI within the Financial Service and Service Industries

Financial service companies must be able to deal with issues from the multiple perspectives of different regulations, technologies, globalization, new competition and business models, market pressure and the ever changing requirements put forth by clients. BI supports their business operation by overcoming uncertainty. In order to win in this competitive environment, it is important to identify the growth factors for a company and to deploy a strategy based on "Continued Transformation" to realize performance beyond the competition. Many successful companies and groups utilizing BI solutions have carried out horizontal transformation across the areas of "Business Process," "Management / Organization," "IT," and "HR / Business Culture" in order to realize the vision held by management.

### Example of Tree depicting Earnings Issues (Integrated Lease Company)



## BI as a Business Management System

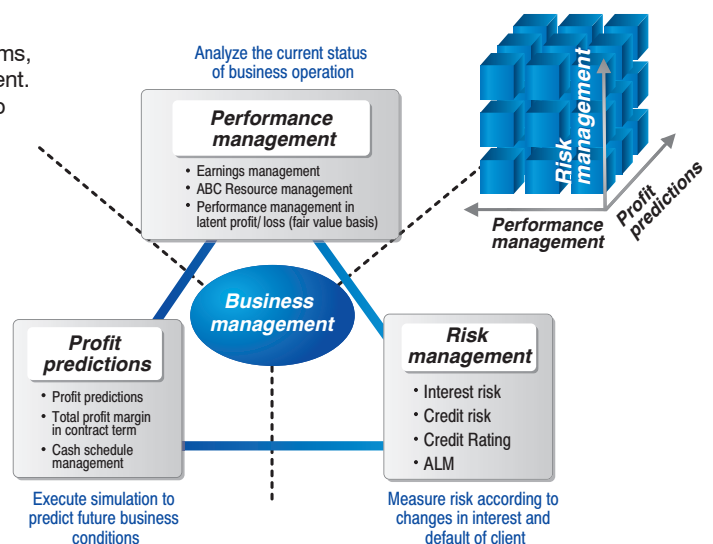
### High Level Management System

The Business Management System is not about simply gathering information through the system to set an index for measuring profitability. The system must have the function to verify the decision making or improvement measures for resource distribution in order to achieve business goals.

### Composition of a Business Management System

A business management system is composed of three subsystems, performance management, profit predictions and risk management. Each system is mutually cooperative with the other and serves to support the understanding of management conditions both now as well as into the future.

- Performance Management – Risk management**  
 Present value (PV) assessment and latent profit / loss identification at present
- Profit Predictions – Performance Management**  
 Deployment simulation using stock data for budgetary control
- Profit Predictions – Risk management**  
 Future value assessment and latent profit / loss identification in the future



## Business Intelligence Systems by ABeam Consulting

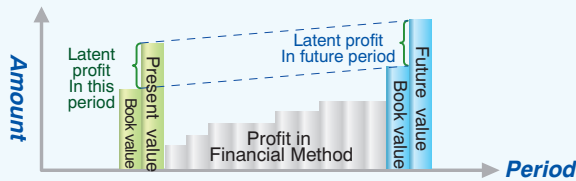
ABeam Consulting offers a wide variety of services in the form of business intelligence solutions, ranging from framework building, formulation of the management policy and system building / implementation matched to the business style and goals of financial service companies

### Example of ABeam Consulting Business Intelligence Solutions

#### Performance Management

We provide many different dimensions from which to analyze and utilize the profit /cost, which are a result of a company's activities. Our solution enables companies to recognize current profit /cost allocation by segments, and certain cost factors with the Activity Based Costing (ABC) approach. Moreover, it indicates what activities must be carried out with a numeric description in order to predict the contribution profit in the future, by calculating latent profit /loss that is the difference between PV and book value.

##### Image of Performance Management in Fair Value Basis

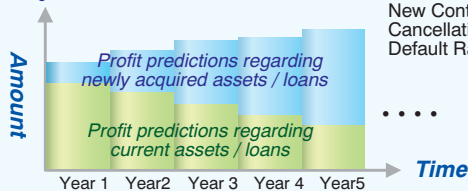


Performance Management = Profit in Financial Method + Change in Latent Values

#### Profit Predictions

We provide information that is instrumental in predicting the impact of current strategy several years down the road, as well as support for decision making / temporary verification. "Profit Prediction" is based on parameters\* set by the supervisor, and calculates future "Gross Margin," "Asset Balance," "Outstanding Debt," and "Due Interest." These calculations are used in a P/L and B/S type simulations for a mid-range profit-loss plan. Data for profit predictions is created on a fine scale and used for Risk Management System and Performance Management System.

##### Image of Current/New Contract Structure



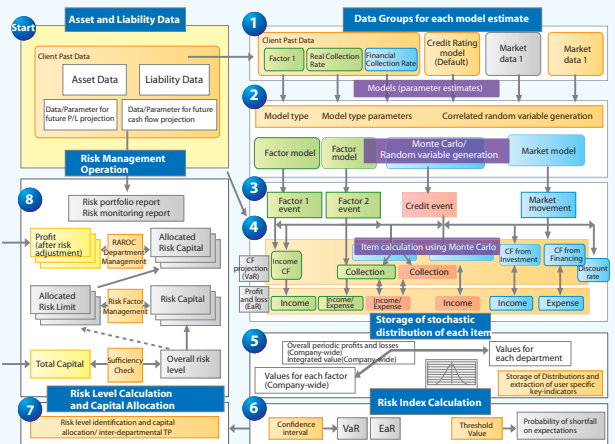
\* Interest Scenario, New Contract Amount, Cancellation Rate, Default Rate, etc

#### Risk management

We provide services as well as the building of models to measure the risk volume in interest / credit and other risk factors. It is also about the deployment of integrated solutions with these models built in. We build risk management / risk assessment models according to the characteristics of each company.

We provide a wide range of services including "Risk management system design / building / implementation," "Assessment of Risk" Measurement Models, "Risk Management System / Principle Building" and other services.

##### Image of Integrated Risk Management System



Credit rating models, which act as a base for the measurement of credit risk, are custom built according to the business segment occupied by each company, using statistical methods and our accumulated knowledge.

#### Credit Rating Model

- Credit Rating Model for Companies
- Credit Rating Model for Small Businesses
- Credit Rating Model for Individuals etc

### Implementation Approach and Points

ABeam Consulting Services feature lies in our ability to understand our client's issues on a deep level, lay out a direction, and achieve success. We provide a single line of seamless services encompassing Business Process Transformation Visioning Creation, Defining of New Business Processes, Deployment of Change Management and New System Mounting.

#### Example of Steps (Interest Risk Measurement)



- Examination of Risk Measurement Usage Goals
- Examination of Risk Management Jurisdiction
- Deciding Risk Factors
- Examination of Necessary / Unnecessary elements in credit risk
- Examine Measurement Frequency

- Examine Index to be used in calculating Interest Risk
- Risk Horizon Examination
- Examination as to what Asset and Debt are regarded in Risk Measurement
- Examination of Confidence Intervals
- Examination of work division with regards to Risk Management

- Scoping of Business Process Requirements to decide which parts should be systematized

- Examination of logic behind calculations
- Examination of Input Parameters, Reports
- Determining the necessity of high-level system functions

#### Points to examine

In order to successfully deploy BI, Strategy, Process, System, and Organization / HR considerations are necessary.