IBM ECM content and process management solutions
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IBM

The differentiation challenge in changing insurance markets

Executive summary

RISK
MANAGEMENT.
INCREASING COMPETITION.
STRAIGHT THROUGH PROCESSING. SHARED
S. MARKET CONSOLIDATION. PROCESS ORCHESTRATION.
ANCE. REGULATORY CHANGE. SPEED OF DELIVERY. CLAIMS
MANAGEMENT. MULTIPLE DISTRIBUTION MODELS. MANAGING
CONTENT ACROSS THE ENTERPRISE. **PEOPLE.** CUSTOMER
UNDERWRITING. LIFE/PENSIONS. CLAIMS MANAGEMENT. SOA. RISK
MENT. INCREASING COMPETITION. STRAIGHT THROUGH PROCESSING.
SHARED SERVICES. MARKET CONSOLIDATION. PROCESS
ORCHESTRATION. **PROCESS.** COMPLIANCE. REGULATORY CHANGE. SPEED
OF DELIVERY. CLAIMS MANAGEMENT. MULTIPLE DISTRIBUTION MODELS.
G CONTENT ACROSS THE ENTERPRISE. CUSTOMER ATTRITION. UNDERWRITING.
LAIMS MANAGEMENT. SOA. RISK MANAGEMENT. **INFORMATION.** INCREASING
PETITION. STRAIGHT THROUGH PROCESSING. SHARED SERVICES. MARKET
ONSOLIDATION. PROCESS ORCHESTRATION. COMPLIANCE. REGULATORY
CHANGE. SPEED OF DELIVERY. CLAIMS MANAGEMENT. MULTIPLE
ON MODELS. **TIME TO GET SOME CLARITY?** CUSTOMER ATTRITION.
G. LIFE/PENSIONS. CLAIMS MANAGEMENT. RISK MANAGEMENT.
G CONTENT ACROSS THE ENTERPRISE. CUSTOMER ATTRITION.
TRAIGHT THROUGH PROCESSING. SOA. RISK MANAGEMENT.
PETITION. SHARED SERVICES. MARKET CONSOLIDATION.

Introduction

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Martin Pack, *VP Industry Solutions, EMEA*
martin.pack@uk.ibm.com

Douglas Shillito, *FCII, Chartered Insurance Practitioner, Managing Director of Shillito Market Intelligence Limited.*
Editor of insurancenewslink.com

Insurance companies today face a tough challenge to differentiate themselves in a crowded market. In order to stand out, they must offer something new to a customer base that's become spoilt for choice. Whether by price, product, focus or spread, delivery, availability, flexibility, service or quality, the insurer must deliver a number of services: visibly provide value for money, be the client's friend and, for the bigger organisations, mix local acceptability with a global strategy.

These frequently conflicting factors make the differentiation challenge tougher still. Ultimately, this challenge can only be met by an organisation that understands and solves the link between people, process and technology – approaching them not in silos or in isolation, but recognising that every effort to differentiate and improve business performance can only be truly successful when people, process and technology are considered in conjunction with each other.

This paper is the introduction to a series of white papers, providing an overview of four key areas of influence: external pressures, the state of IT and its business impact, the future for distribution – streamlining the process chain, and managing the enterprise and beyond.

The four part series of thought leadership white papers will focus on each of these key areas in more detail.

Market intelligence for the series of white papers came from Insurance Newslink. Visit www.insurancenewslink.com for a preview of the latest headlines by company, markets, research, regulatory and IT and register for a free 15 day review.

External pressures

Highlights

An increasing number of chief risk officers are reporting direct to CEO level and they will be overviewing every aspect of the business from capital adequacy to security and quality of systems, management and staff competence, underwriting through to claims, and customer service.

Global opportunities

Markets everywhere are expecting to consolidate and new opportunities are coming to fruition - particularly in China, India, Eastern Europe and parts of Latin America. This presents a need for many companies to take a more global approach, with some opting for a 'mix n match' solution to global expansion.

This strategy sees organisations enter challenging markets by a range of techniques. These can include acquisitions of existing businesses, or where local compliance issues complicate matters, organisations opening a localised version of the parent company. Where this too presents difficulties, some companies are looking to work with businesses already operating in the local market or else choosing to open up distribution channels as a way into their chosen market.

Allied to this 'mix n match' strategy is rising regulatory pressure where compliance comes at a cost and is becoming more international, particularly with regard to financial accounting and reinsurance. Insurance markets generally suffer from a poor public image and it's unlikely that the regulators will take their foot off the gas.

Compliance – an enterprise issue

Compliance now entails many wider issues and will see a growing emphasis on internal operational risk management. This is a challenging situation, for the broker who wishes to become the client's risk manager, the placer of his insurance and reinsurance, as well as for the risk-takers themselves. It's likely that the chief risk manager of an insurer or broker could well embrace the growing compliance department. An increasing number of chief risk officers are reporting direct to CEO level and they will be supervising every aspect of the business. Their remit will range from capital adequacy to security and quality of systems, management and staff competence, underwriting through to claims and customer service. It is no surprise that the leading rating agencies keep updating and extending their qualitative assessment factors. Recently an insurer blamed rating agencies for the break up of the business, indicating how powerful they have become.

The Spitzer investigation into broker compensation in the US may have identified only a few 'bad apples' but has had a major impact on the way that several leading brokers obtain their business and revenue. The probe has been the cause of major redundancy and restructuring at the top two brokers with repercussions felt worldwide. Companies have to be ready for the next Spitzer, wherever it comes from.

Highlights

Those companies that see compliance and a more transparent marketplace as an opportunity to differentiate will be the winners.

According to research by The Economist Intelligence Unit, reputational risk follows closely behind compliance. Thanks to the Spitzer-induced transparency in the market and a higher level of regulatory surveillance, reputational risk could tip the balance between survival and failure. The media is constantly poised to highlight fines from regulators, ranging from the grey area of finite reinsurance to life and pensions mis-selling. Long-running court sagas, such as Executive Life in California and Equitable Life in London, have done the industry's reputation much harm.

Insurance risk management

The industry also faces external pressures in the form of climate change and the unknown, continual threat of terrorism. The industry dealt well with 9/11, but lack of contract certainty resulted in drawn out proceedings. This leaves the London market facing a time-related schedule to ensure compliance, under the steely eye of its new regulator, the Financial Services Authority (FSA).

Lloyd's in particular is now pursuing the mantra of underwriting profit, due to a constant acceptable level of investment income no longer being relied on to pull a company into profit. Again, the FSA is working closely with the Lloyd's franchisor on capital adequacy, which is increasingly becoming a key feature of international regulatory requirements. Meanwhile, the pressure mounts from the London market, and other major European reinsurers, to move to a system of financial strength, rather than the present shifting collateral requirements for business in the US.

An enterprise view

Research from various quarters indicates that regulatory pressures, and the evolution of a global marketplace, has increased the need for companies to take more of an enterprise view. Companies that see compliance, and a more transparent marketplace, as an opportunity to differentiate will emerge as winners.

An interesting move in industry co-operation was announced recently by the Association of British Insurers. A total of 16 insurers from across the UK retail, general and life markets will be working with the SAS Institute to share operational risk information. As a result of this move, more open benchmarking in this market, and many others, can be expected in the future.

The state of information technology and its business impact

Highlights

The main issue for insurers worldwide is how they move from legacy systems based around product rather than customer before the systems grow much older.

It's how you do it

IT is always evolving and generally stays ahead of the desire to espouse it by the business user and manager. The successful implementation of IT is certainly a key differentiator, but will not be achieved without appropriate user attitude and training. Direct Line provided a good example of how to get both the technology and the people skills right, thus stealing a march on traditional market players in the highly competitive UK personal lines sector. Other insurers tried to follow suit. Though many did not have the appropriate technology, or people skills, to discuss 'new business' with prospects over the telephone when they had been used to dealing with brokers as their main distribution channel for many decades.

Phased replacement of legacy systems

The main issue for insurers worldwide, is how they move from legacy systems based around product, rather than customer, before the systems grow much older. A consolidating industry means that insurers' product ranges will grow, change and merge. This will lead to an increased IT and process focus on the customer, rather than on the products themselves.

Reliance on legacy silos has not been significant in the last five years because of the cost and time involved in the 'big bang' process. They have had a longer life than expected because differentiation is no longer related to number crunching transactions in the back office. Instead it is much more related to middle and front-office business processing, reaching out to business partners and customers through the internet.

Insurance application software suppliers have been pushing the need to optimise investment in legacy systems. Many have moved from all-embracing package solutions to a point and component-based approach.

The evolution from image, to workflow, to business process management (BPM), to enterprise content management (ECM) has played a significant part in extending the internal process circle. Organisation and distribution of work have benefited, as have the back-office legacy systems.

Internet as the catalyst

The commercial acceptability of the internet as a tool to access information, not just by internal staff but by business partners and customers, will be the catalyst in bringing the back and front office and

Highlights

A recent survey by the Institute of Financial Services in the UK indicated that 50% of financial services companies in the country have still not achieved a single customer view in spite of many millions being spent on customer relationship management (CRM) systems.

beyond, seamlessly together. However, the full potential of the internet is still a long way off, particularly in commercial and wholesale markets.

Looking across the enterprise, there is a proliferation of point business process solutions, while a single customer view is still a pipedream for most companies. A recent survey by the Institute of Financial Services in the UK indicated that 50% of UK-based financial services companies are still to achieve a single customer view. This in spite of many millions being spent on customer relationship management (CRM) systems.

Most insurance markets therefore, are in a period of transition. The introduction of new technology is not without its difficulties. Much depends on an enlightened and championed management approach – many instances of how not to implement exist. Twenty years ago in the UK, life company representatives working through brokers, were asked to sell the idea of electronic quotes over teletext to brokers. This meant they would no longer be visiting regularly with quotations, their main door-opening, selling and social opportunity. The move was akin to asking turkeys to vote for Christmas.

This point highlights once again, that it is essential for the people, process and technology elements of the business to be linked. If all three functions of the business are, at the very least, talking to one another, it should become clear that some things, face to face meetings for example, just cannot be replaced by IT.

There is no point in implementing an IT initiative simply because the gadget looks fun. IT for IT's sake will not help the business and it could well turn people against the genuinely valuable implementations and without buy in, they'll fail too.

External pressures and IT developments have coincided

It seems as if the increasing need to look across the enterprise because of external pressures, and a breakthrough in available technology, has coincided. The move to a component-based approach to systems development linked with internet protocols provides much more flexibility. For the ambitious organisation aiming for differentiation, it provides an opportunity to link these components. This is done through web services and service orientated architecture (SOA) across the front and back office. Organisations can also replace legacy systems through a co-ordinated, phased approach.

The future emphasis will be on the total process, from client straight through to aiming for a single entry for structured information and multimedia gathering facilities. This is needed to handle the burgeoning diversity and volume of unstructured information essential to the insurance process. Unstructured data includes email, survey reports, photographs, videos, or claims estimates.

In the new, straight-through world, transactions, compliance and business intelligence (BI) will all become natural by-products of the 'womb to tomb' processing evolution.

The need for a change in mindset

For some markets, this will prove a significant challenge. Those markets that have been predominantly broker-led will face the biggest test. The advance in technology will put even more pressure on the future role of the broker, who he is paid by and what administrative tasks he performs. The Spitzer enquiry has not exactly helped the major brokers in their quest to become risk management consultants, rather than mainly placing agencies. Although many conservative industry risk managers are still prepared to stick with 'the devil we know' for now, according to research in the US and UK.

IT continues to impact the front office and the 'outer office' of business partners, supply chain, and the increasingly internet-savvy client. Against this backdrop, the argument continues to rage about the gap between IT and business. Interestingly, CSC recently published research indicating that IT people had learnt much more about the business and it was the business people holding back development. However, Datamonitor published research around the same time indicating that when it came to SOA growth among European insurers, the business was leading IT in identifying priorities for improvements because of external pressures upon them.

Organisations must make more of an effort to align their business objectives with IT strategy and development. With these two sections working towards a common goal, the company is far more likely to achieve a co-ordinated enterprise approach. This joined up working makes an organisation much easier to deal with and, in such a service-led industry, provides a major point of differentiation for customers.

The future for distribution: streamlining the process chain

Highlights

The UK government is also pushing low cost pensions schemes and other investment vehicles to try and narrow the savings gap. However, there is an opportunity to differentiate and take a higher market share for those who can streamline their processes and achieve worthwhile margins.

Flexibility in distribution

A key element of differentiation in the future is going to be flexibility and agility in managing the company's chosen distribution channels. Distribution channels vary in their emphasis in different local marketplaces but there is an opportunity within every one of them to streamline.

Distribution channels are not just about new business, but include all communications; from request of quotation through to finalisation of claim. Automating processes efficiently beyond the enterprise, to and from the 'outer office' is going to be a tall order. The industry has made efforts through the broker/agency channel to pursue electronic standard development through organisations such as ACORD, Origo in UK life and pensions, and Polaris in the UK retail general insurance sector. This combines with the earlier message of electronic data interchange to 'first develop a level playing field then compete'.

Distribution channels also change because of regulatory edicts, such as depolarisation in the UK life and pensions sector. This introduced multi-tiers to what was a black and white scenario of independent financial adviser and company representative/tied agent. The UK government is also pushing low-cost pensions schemes and other investment vehicles to try and narrow the savings gap. Several state initiatives have also been launched in other countries, which have not always been popular with all market players. However, there is an opportunity to differentiate, and take a higher market share, for those who can streamline their processes and achieve worthwhile margins.

There is a cultural issue in trying to influence business partners, and if they are brokers, their commercial clients, to implementing standards for structured information to achieve seamless connection through their computer systems. The latest technology helps to solve some of the more complex issues, but there is still caution when it comes to moving into the 'spread and share' age. However, if the markets are to achieve straight-through processing, the mindsets of all the parties have to be persuaded that there is financial, service or other positive measurable business benefit for them.

The claims opportunity

There should be no shortage of motivation from insurers to try and persuade parties to play their part in streamlining the process chain. The single entry of information, as early as possible at the beginning of that process chain with appropriate verification, benefits everybody.

Highlights

About 70% of financial institutions in the US and Europe have already moved some of their operations offshore with India leading but countries such as China, Mexico, and South Africa are gaining.

Claims processing and management have been identified as a top priority in the US property and casualty sector in terms of IT spend. According to a Research and Markets report, key objectives and trends include: automating first notification of loss with workflow and decision-making applications. BPM engines are also a major area of investment. Datamonitor said that US insurers will increase their investment in claims handling by over 12% through to 2007 and claims processing by 5.4% in the same period.

Insurance fraud costs the US market 15% of total claims, in the UK this has risen to £3.5m a week. Entering this scenario is the Insurance Fraud Bureau. This has come to fruition in the UK after a long period of debate on sharing information and who should run the service. Claims processing in all its aspects is being looked at by the FSA in the UK, which again puts insurers under pressure to bite the streamline bullet.

Repositories could become a feature in the claims area. Significant progress has been made in the London Market by Xchanging Claims Services. In 2003, Xchanging estimated, through a survey with McKinsey, that potential savings of at least £1.5bn could be realised annually by streamlining claims across the UK general insurance sectors. This represents 5% of net written premiums. The aim of repositories is to securely share and access information across the process chain, whether it's structured or unstructured. In the London subscription market where risks are shared, the opportunity might also exist for a repository for quotations, placing, endorsements and renewals. This could give some impetus to improving certain parts of the process chain and maybe, in the medium term, the whole length of it. Unfortunately, London, with its need for consensus, has had a long history of IT failures and there is much scepticism. However, with communication becoming easier and cheaper, threats, particularly from Bermuda and potentially other markets, combined with the pressure from the FSA, might just speed up progression. At the recent Xchanging annual conference, market leaders all agreed that the pace of change was not quick enough.

A change of roles

Not only does the internet provide a wider choice on distribution, it also raises the issue of what role insurers and brokers will play in the future. Some insurers may decide to be purely in the sales and marketing distribution business, while outsourcing administration. Others may decide to become administration specialists and in-source, leaving sales and marketing to others. There will be variations of those models – but the management of today have more options in front of them because of the advances of IT. The future broker's role has also come in for some detailed examination. Brokers have generally shown a reluctance to share their information in the past, but they'll face increasing pressure to prove their worth in markets where they have traditionally dominated. A recent survey by PricewaterhouseCoopers on the London market indicated priorities for underwriters. After achieving underwriting performance comparable to 2004, and effective monitoring of aggregations of exposure and optimising reinsurance spend, the third most important issue for CEOs was creating and accessing new markets geographically. Though this was not necessarily through their traditional route of brokers.

Off-shoring and outsourcing increasing and expanding

Off-shoring and outsourcing has now become well-established, particularly from the US and UK markets. A recent survey by Deloitte indicated that up to 20% of jobs in the international financial services sector could move to countries such as India and the Philippines by 2010. About 70% of financial institutions in the US and Europe have already moved some of their operations offshore with India leading but countries such as China, Mexico, and South Africa are gaining. Deloitte also suggests that the insurance markets of Canada, France and Australia have now started to look seriously at off-shoring opportunities. Interestingly, those who have chosen off-shoring reported a cost saving of 20% on average. This could be higher if companies move to multiple functions – often by up to 40%-50%. However, many companies saw a drop off in cost savings and quality after the third year. A report by PricewaterhouseCoopers confirms that the long-term issue is not just about cutting costs.

Outsourcing has evolved from IT development and operations, infrastructure and telecoms into call centres, human resources, claims management, investment management and life closed books. The big push from the Indian outsourcers, some of whom are rapidly becoming international companies, is into BPM. Another feature of outsourcing development is an increase in deals, but of a smaller nature.

Outsourcing is destined to become more of an 'on-demand' resource, seamlessly linking with enterprise systems as part of the 'outer office'. These can be accessed when peak workloads have to be processed quickly. From a regulatory point of view, company management is still responsible. This means tight monitoring controls

Highlights

Bearing Point and Datamonitor suggests that those companies that have not already implemented business process automation technology, including straight through processing, integrated client information systems and SOA for customer service and administration functions, can improve cost efficiency by up to 30% doing so.

and performance measurement are going to be increasingly important. Outsourced and off-shore call centres in particular have become controversial because of service and reputational risk. There has also been strong union feeling about outsourcing such jobs and routine back-office tasks from both the US and UK. However, the UK government recently indicated that the number of call centre jobs in the country had increased. The bigger Indian outsourcers are now offering near-shore services as an option.

The growth of customer self-service

Perhaps the most important aspect of the internet evolution is the self-service opportunities offered to customers searching for information. Insurance is an information business and companies need to closely examine the two-way flow that can not only streamline the process chain, but improve quality and service while enabling them to differentiate themselves. Those companies that can securely open access to information required by the customer could dramatically decrease the number of routine enquiries they need to handle manually. Increasingly, the customer will complete quotation requests, proposals and applications, first notification of loss and simple changes such as address or change of car online. Routine enquiries including current value of life policies and investments generally will be automated by most companies.

The internet provides the opportunity to become more sophisticated in customer relationships through online surveys. This provides total customer views and generally helps in the identification of cross-sell and up-sell opportunities. In this regard, there has to be a quantum leap in the improvement of CRM systems for many companies – again an opportunity to differentiate while the market catches up.

Opportunities for major cost savings

In short, the internet not only provides 24 x 7 access on a global basis, but also a means, through company intranets, to enable an enterprise-wide view of the business. In a recent study How to Create a Platform for the 21st Century Insurance Firm, Bearing Point and Datamonitor suggest that companies can improve cost efficiency by up to 30% through implementation of business process automation technology, including: straight-through processing, integrated client information systems and SOA for customer service and administration functions. The global study indicates that for the next decade, insurers will act as an information network hub, with agents, banks, and customers as the spokes, able to initiate, or respond independently to requests. Global insurance lead for Bearing Point, Marcel Nickler, comments "Our research shows that just by aligning business and IT, you can free up management to concentrate on customer service, product innovation, sales, marketing, branding, and corporate strategy."

The gauntlet has been thrown down.

Managing the enterprise and beyond

Highlights

The nagging balance is always between improvement in service and reduction in costs. In today's competitive market, even though costs are rising through increased regulatory requirements, there is a need to do both – the company that can differentiate is the company that gets the balance right.

The CEO's priorities

The main priority for the CEO and his management team is the challenge to differentiate in the changing insurance markets. First, he needs the right management and staff, he must then encourage a culture which is customer friendly and enthusiastically embraces the latest IT. Regulators are increasingly looking at competence, qualifications, training programmes, and continuous professional development. These will increasingly be delivered over the internet by e-learning systems and more sophisticated BI. Second, the management need to know much more about their business so they can make correct decisions faster, to take advantage of opportunities. They also need to second-guess the next regulatory move and how they can turn it to their advantage.

The nagging balance is always between improvement in service and a reduction in costs. In today's competitive market, even though costs are rising through increased regulatory requirements, there is a need to do both. The company that can differentiate is the company that gets the balance right.

Measure and manage

It has often been said that 'if you can't measure it, you can't manage it'. Insurance market players have not been at the leading edge when it comes to measuring performance. They're also particularly unsophisticated in measuring the business benefit from IT investment. Some companies have not even tried to do so and regard it as a cost, rather than a potential profit centre.

The first move towards better understanding how a company works is to develop an enterprise information strategy. In the 1950s when Organisation and Methods was the latest fashion – the phrase 'Why, What, When, Where, and How?' was coined when clerical work measurement did not end with an IT system.

The early workflow systems stretched IT into BPM and, for the first time, completed the automation circle, providing an opportunity to measure performance before, during and after implementation. Some companies differentiated by taking full opportunity of measuring performance – in terms of cost saving, service improvement, and hygiene factors such as better allocation of work and creation of a team spirit. Unfortunately, most other IT development has not been looked at in the same way. Some years ago, London market managing agents and brokers were asked what business benefits had been achieved from the ill-fated Electronic Placing Support project. The

Highlights

With the emphasis on process rather than transaction, a company should be able to establish and review their key performance indicators (KPIs) and evaluate where the opportunities are for streamlining, moving towards straight-through processing, and making decisions on off-shoring and outsourcing.

brokers could assess the cost of the project but not the business benefit and the managing agents could not even say how much it had cost them.

In analysing the information process flow, 'Who?' could also be added to the list of questions in terms of what needs to be measured. If the 'Who?' happens to be the client rather than the broker or the insurer, both the cost and service equation changes.

Business intelligence advance

The latest technology move to componentisation will aid analysis. There has also been a significant advancement in BI tools. This extends from the analysis of data quality, through to the establishment of data warehouses and presentation through dashboards or balanced scorecards. The internet will play its part in accessing and analysis of enterprise performance management for all those who need to tap into a continuous and immediate basis. This includes the sharing of such information with intermediaries and business partners.

With the emphasis on process rather than transaction, a company should be able to establish and review their key performance indicators (KPIs) efficiently. This enables them to see opportunities for streamlining, moving towards straight-through processing, and making decisions on off-shoring and outsourcing. However, insurers need to know more about the costs of their operations. A survey from the Institute of Financial Services headed Pressure to Perform indicated that 30% of tier-1 insurers in the UK did not have adequate data in this area.

Costs, service, growth, and diversity need to be looked at collectively. There is a real opportunity to differentiate if the company has an enterprise-wide performance management system in place. It also needs to measure the 'spread and share' involvement of the 'outer office' of intermediaries, business partners and customers.

In the future, there will be fewer staff with more knowledge and an increased use of business rules engines to streamline routine. Twenty years ago, so-called expert systems were unsuccessful. In part this was because underwriters were reluctant to co-operate and show how they arrived at their decisions, seeing the systems as a threat to their jobs. The new breed of staff and management now generally accept technology as part of their work, bar a few last bastions of protest. This is particularly true in the London market. Here major efforts have been made to sell the concept that IT assists 'face-to-face' discussion rather than replaces it.

Highlights

In the future, there will be fewer staff with more knowledge, with an increased use of business rules engines to streamline routine.

The challenge then for the company that wants to differentiate is to concentrate on its people, ensuring they are fit for purpose; its processes identifying where streamlining can take place; and information technology, taking a more sophisticated approach to return on investment.

Compliance is the main external driver

A report by researchers, Celent, headed A Virtual Cycle of Compliance and IT? brought IT and personal discussion together. Author, Mathew Josefowicz, commented "Most compliance mandates involve four key issues, which in turn, map to four key IT areas: data and network security, data quality, operational and financial transparency, and record retention and accessibility. These are the same IT issues required for key business initiatives - improving cross-selling, pricing and underwriting ability, BI and strategic planning, and multi-channel distribution." The Institute of Financial Services report also indicated that compliance was impacting the need to move to an enterprise view and more sophisticated BI. Around 60% of respondents believed they had failed to invest enough in underlying data structure, BI toolsets and visualisation tools.

A 2004 Butler Group report reminded the industry, that while BI was essential for compliance needs in providing the necessary levels of transparency and visibility of corporate information, regulatory drivers – and other BI point solutions benefits – were diverting financial institutions from full enterprise-wide implementations. This meant that the maximum possible return on investment (ROI) was being missed and institutions were failing to maximise the business agility benefits this could bring.

Processing at the centre of differentiation

With differentiation on product often short lived in today's marketplace, it is the analysis of the information, and its place in the overall process chain, that provides most opportunities for companies to differentiate as they examine their core competences. The key differentiators are today's surround technologies around the silo legacy systems that still remain in many companies. They need to evolve into enterprise-wide and 'outer office' business process and content management, and customer/channel management. Further by-products include transactions, compliance and BI with appropriate access for all on a secure basis through the company's intranet and extranet.

The challenge then, for the company that wants to differentiate, is to concentrate on its people, ensuring they are fit for purpose. Then it must focus on its processes identifying where streamlining can take place. Finally it must look at IT, taking a more sophisticated approach to ROI.

About IBM ECM

IBM ECM helps organisations make better decisions by managing the content and processes that drive their business. IBM ECM's solutions allow customers to build and sustain competitive advantage by managing content throughout their organization, automating and streamlining their business processes, and simplifying their critical and everyday decision-making. Headquartered in Costa Mesa, California, the company markets its innovative solutions in more than 90 countries through its own global sales, professional services and support organizations, as well as via its ValueNet® Partner network of resellers, system integrators and application developers. IBM ECM has long-term relationships with an extended network of world-class systems integrators, consultants, and value-added resellers who bring specialized knowledge of how to apply IBM ECM's solutions to specific industries around the world. Our ValueNet® partnerships are all part of our effort to meet our customers' operational, regulatory, and technical needs as effectively as possible. By supporting our partners throughout the implementation process and beyond—through training, documentation, and our own industry expertise—we ensure that our customers derive the greatest benefit from their IBM ECM solution. IBM ECM knows the true value of ECM emerges in how it transforms the operational specifics of an organization. It requires not just a powerful and flexible platform to accommodate the widened range of business requirements, challenges, and goals to which it is applied, but also a deep understanding of the process and regulatory realities of the industry in which our customers work. IBM ECM (and its ValueNet partners) design solutions to:

- Increase efficiency
- Increase quality
- Enhance service
- Improve financial performance

Customer ROI

Insurance companies are looking for technology partners that shorten the timeframe for profitability. They are creating a more customer-centric model, which is a quantum leap for some who previously experienced technological limitations or were used to dealing with a different breed of customers. Also, insurance companies, brokers and dealers are coming under increased scrutiny by external regulators. IBM ECM solutions are installed in 9 of the Top 10 Non-Life companies and in 20 of the Top 25 Life and Health companies. Customers include: AXA, Allianz, AIG, Cigna, GE Capital, Geico, ING Group, GMAC Insurance, Safeco and Zurich.

Some of the IBM ECM insurance case studies

Aon Corporation

■ Unified document management across service centers
■ Improved productivity by 30 percent
■ Enabled data sharing
■ Allowed for continued business after Sept. 11

GE Employers Reinsurance

■ IBM ECM installed a base technology that would enable the input of claims in an offshore environment with claims management in the U.S.
■ As a result, GE reduced headcount, improved access to claims fileand improved customer service

Sun Life Financial

■ Sun Life initiated a project to reduce reliance on paper and improve the processing of disability claims
■ IBM ECM provided automated workflow and work management and real-time access to claims
■ This resulted in 40 percent reduction in headcount, one day turnaround on key transactions, 30 to 50 percent savings in claims processing and reduced the average per claim payout

Exeter Friendly Society

■ Exeter Friendly Society uses IBM ECM to extend its document management across the enterprise.
■ Exeter benefits from an increase in speed of claim processing above the industry average, whilst having a complete audit trail of communications.

AXA Ireland

■ Time-consuming and labour-intensive paperbased processes were resulting in slow customer response times for AXA Ireland.
■ IBM ECM now manages business processes, giving AXA significant reductions of admin, freeing up claims handlers, enabling queries to be dealt with faster and improving customer service

Interpolis N.V

■ Interpolis N.V needed to cut the cost of managing its growing paper output, a cost estimated at US$2M.
■ IBM ECM has eliminated paper documents, improved productivity and has led to projected savings of US$1M.

Swiss Life Group

- To reduce costs, Swiss Life replaced its document archiving solution as it was no longer meeting scalability and performance requirements.
- IBM FileNet Image Manager and IBM FileNet Content Manager give Swiss Life new levels of flexibility and have resulted in reduced costs and faster development times for new services.

Zurich Deutschland

- IBM ECM's electronic document management system has digitised all paper documents to streamline their handling, storage and retrieval.
- Zurich has reduced document retrieval time by up to 83% and has filed more than 120 million documents.

Douglas Shillito, FCII, Chartered Insurance Practitioner, Managing Director Shillito Market Intelligence Limited

Douglas has spent his entire career in insurance. He carried out a number of management roles with Royal Insurance over 20 years, is a past chairman of the Chartered Insurance Institute's Society of Fellows, and a past vice-president of the Institute. He formed Shillito Market Intelligence Limited (SMIL) in 1981. SMIL are insurance business analysts and commentators who monitor globally the management, structure, processes, distribution, business pressures and opportunities across all insurance markets at a strategic level, building a bridge with information technology in all its guises. Clients range from insurers and intermediaries, to management consultants, software, hardware and telecoms companies.

Martin Pack, VP Industry Solutions, IBM ECM EMEA

Martin brings nearly 27 years of IT experience, of which 18 years are within the insurance industry. Martin leads the Industry Solutions teams within IBM ECM EMEA. Part of the teams' role is to help customers understand how IBM ECM solutions tackle key business processes, such as Customer Service, Mortgage Origination, Claims Processing, Underwriting, Governance, Risk and Compliance.

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Or contact us on:
Tel: +44 (0)1869 326427
Martin Pack, VP Industry Solutions,
Email: martin.pack@uk.ibm.com

IBM United Kingdom Limited
EMEA marketing and publishing services (emaps)
Normandy House
PO Box 32
Bunnian Place
Basingstoke
RG21 7EJ
United Kingdom