

Catering to **the audience**

Local insurance package becomes global case study

BY MIA ANDRIC

MANY OUTSIDE the industry don't see IT in financial services as particularly exciting, but those that know and need these systems think about them differently. Specialist insurer PPS, for example, has introduced a locally-developed IT system that has become a global case study for IBM.

PPS needed a complete solution that could not only take the company into the future but also overhaul its legacy application architecture, explains Stephan Clark, PPS' GM of business applications. "We needed something that could work end-to-end, right across our business, also allowing full two-way communication with our members and financial advisors." Because there weren't any existing systems that could do the job, the company engineered the system using IBM's Insurance Application Architecture (IAA) with Cape Town-based IBM partner Silvermoon Group.

IAA was developed by IBM in the 1990s, and consists of various business modules used all over the world in various applications. But one of PPS's main goals was to decrease the length of time taken to introduce new products to market, necessitating customisation. "The way the architecture of legacy systems works means that there are many dependencies and a great deal of duplication of data. Changing even a single rule as part of a new product introduction means changing not just one part of the system, but many. It is fraught with risk," says Clark. "PPS's client base consists exclusively of graduate professionals whose needs are constantly changing, and we had to ensure we could keep up."

Silvermoon started work on the project three years ago, developing the new solution on the PPS platform, and the first phase of the project commenced in June 2006. Various additions followed, and on 1 December 2008, PPS introduced its short-term insurance product on the same platform. Clark adds that product enhancements are ongoing, so they are managed as change requests now rather than major projects.



STEPHAN CLARK,
PPS' GM OF BUSINESS APPLICATIONS

"The new system has enabled PPS to deliver new products at an unprecedented rate."

—STEPHAN CLARKE

MUSIC TO AN ACCOUNTANT'S EARS

According to Clark, the new system has enabled PPS to deliver new products at an unprecedented rate. He adds that there have been other critical benefits. "South Africa's insurance market is very tightly regulated; we have been able to reduce our audit findings – items requiring remedial action – by 80%. We're also seeing an improvement to the top line: premium collection rates are up by as much as 10%. Application development costs are down 50% and we have eliminated more than 90%

of the system code (measured at 2006 for like-for-like functionality). PPS is a mutual society," explains Clark, "which means that total cost-of-ownership savings and efficiencies are passed directly back to members in the form of an annual surplus distribution. The 2009 technology costs are already projected lower than 2008, and 2008 was lower than 2007."

Clark says the system's technical foundation is now very strong, and members and their brokers are reaping some of the benefits of the system. "Already, they are experiencing greater convenience with direct processing of memberships and faster turnarounds of services," he says. "Soon they will also be able to submit claims via the internet. Besides allowing the member to have direct control over his or her profile, PPS will also make it easier for members to do business and manage their finances."

However, Clark is adamant about one thing: "The system is not a substitute for a broker. Members need expert financial advice, and thanks to the system, brokers can be more efficient. The PPS system will be able to accept claims immediately from a broker's laptop and we are enhancing our underwriting processes and protocols to minimise delays. The CRM capabilities are huge; almost every angle and detail about a member can be tracked and analysed quickly and accurately."

While there were some challenges during the implementation from the members' perspective, the company persevered in the knowledge that the long-term gains would be worth it. When it's done, the system will allow for fully integrated communication, so if one change is made to a policy or member's details, it will automatically update all relevant, corresponding details of all of the member's policies. Speed, efficiency and a high degree of automation are all things that Clark believes will ultimately benefit the member's share of the profits of PPS. IBM isn't complaining either – the company is now using this example as a global selling point.