Accenture Life Consolidation Services

Achieving sustainable high performance through platform consolidation

• Consulting • Technology • Outsourcing
Today’s market is creating unprecedented challenges and opportunities for insurers. The nature of financial markets has changed, as has the global economy itself. Accenture High Performance Business research clearly shows that industry leaders understand the power of innovation to drive necessary changes and gain competitive advantage. These companies have recognized the need for fundamental change to their business models, and are redefining the boundaries of high performance in order to pull away from the competition.

To improve results, the high performers are fundamentally changing their cost structures while differentiating their customer value propositions. These insurers are successfully meeting shifting consumer buying behaviors with faster speed to market for innovative new products.

Insurers also increasingly have to cope with a more complex distribution environment as consumers adopt new channels for interaction. Research by Accenture shows that to achieve high performance in this environment, carriers need to have a deep and actionable understanding of their customers, and they need to develop an effective multi-channel distribution strategy.

To help achieve these capabilities, leading life and annuity insurers are consolidating their IT platforms as part of an overall strategy to transform their business operations and improve the effectiveness of sales and distribution functions.

Based on Accenture research and experience, life platform consolidation offers significant rewards for insurers, including:

- 35 percent faster speed to market.
- 26 percent lower IT application and infrastructure costs.
- 19 percent reduction in operational costs.

Further, those insurers that outsourced some or all of their business processes along with consolidation achieved the best results—on average, their benefits were 17 percentage points higher than those that consolidated their life platforms without outsourcing.

Life and annuity insurers seeking to become high-performance businesses also use platform consolidation to build global, hub-type operating models that create cross-country synergies of cost, revenue and growth. In the Asia Pacific region, where economies are at

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**Life & annuity platform consolidation**

Achieve up to 35 percent faster time-to-market and position to accelerate top-line growth
different stages of development, carriers are using several hubs to obtain the benefits of consolidation across similar economies—and to provide the basis for expansion into new countries.

Hubs provide a consistent and cost-effective foundation, thus freeing geographic teams to focus on building differentiating capabilities for their specific markets. Through platform consolidation, they are gaining innovative capabilities that distinguish them in regional markets, increased operational efficiency throughout the policy cycle, and the agility to be competitive in a volatile insurance market. Hubs are also helping insurers to lower the cost of new products, a particularly important factor in some emerging markets where price is critical.

1 Accenture Insurance Multi-Channel Distribution Customer Survey.
2 Accenture Global Survey into Life Insurance Platforms.
Complicated and burdensome back-office processing infrastructure, a reality at most life insurance companies, presents significant opportunities to reduce costs and streamline IT operations to make them more flexible. This translates into a big advantage when seeking to enhance existing products, launch new products or move swiftly into new markets. A modern core processing capability can be a service differentiator and a vital enabler of organic and inorganic growth.

Accenture’s analysis reveals that high-performance insurers display the following characteristics:

- Integrated, seamless and transparent customer service.
- Consistent focus on simplifying the operational model and infrastructure.
- Ongoing metric-driven process improvement, standardization and automation.
- Focus on continuous improvement and development of talent.

High-performance insurers use business and technology innovation to gain four key, differentiating characteristics across their IT infrastructure:

**A strategic IT platform combined with a common front end**

Consolidate and centralize multiple back-office, open-block policy systems into a single strategic platform from which to develop and deliver products and services with a common set of standardized components. A common strategy for the front end leverages existing investments for closed-block processing and enables consistent service delivery.

**Rationalized processing platforms**

Optimize, automate and simplify back-office processing and IT platform infrastructures for easier maintenance, significant cost reduction, smoother launch of new products and swifter movement into new markets.

**Shared services**

Deploy shared services strategies to increase standardization, improve workforce performance and better serve customers.

**Optimal sourcing and replatforming**

Take advantage of a managed hosting or outsourcing model to gain industry-leading practices and economies of scale that accelerate platform
consolidation, ease entry into new markets and free company resources to focus on customer service and retention.

Experience shows that a comprehensive IT platform consolidation program helps insurers:

- Shift to a lower cost base and also prepares them to transition to an outsourced delivery model where costs are variable.
- Sell complex insurance products through multiple channels.
- Optimize human resource requirements.
- Meet the terms of increased regulatory scrutiny.
- Deliver customer service experiences that are truly tailored, creating a distinct competitive advantage.
- Free up non-discretionary IT spend for value-adding projects.
Accenture provides proven solutions to consolidate life & annuity platforms for superior, sustainable results

Accenture has 40 years’ experience in the life insurance industry, combined with a broad range of skills, tools and a deep knowledge base—including our High Performance Business research—to help life and annuity insurers achieve successful platform consolidation.

Through Accenture Life Insurance Consolidation Services, we provide a customer-centric business model that enables insurers to use IT platform innovation and flexibility to outpace competitors. We have helped leading life insurance companies accelerate their product development cycle by 30 percent, lower their business operations costs by up to 20 percent, and reduce their IT and operational costs by up to 40 percent.

To help life insurers achieve such results, our solutions and services comprise key integrated components for life platform consolidation:

**Accenture Life Insurance Platform**

Our leading, field-tested life and annuity policy administration solution has already been successfully implemented in North America, Europe and Asia Pacific. Gartner, in its 2009 MarketScope report, rated Accenture “Positive” based on its analysis of the Accenture Life Insurance Platform.3

**Proven tools and frameworks**

The Accenture Insurance Data Migration Factory has platform-agnostic methods and tools that allow rapid migration of complex life and annuity portfolios. It has supported more than 50 implementations and migrated more than 30 million insurance policies globally. The Accenture Application Modernization and Optimization practice offers solutions to help insurers maximize the benefits from legacy systems. Our proprietary Accenture Delivery Methods and associated framework and tools are used across consulting projects and delivery centers and allow us to help insurers to realize the business case, mitigate risk, increase delivery efficiency, and consistently accelerate the pace of transformation.
Complete service and delivery offering

We provide a full suite of services and delivery capabilities that include offshore application development and maintenance teams, and over 4,500 specialized insurance delivery resources across the globe to offer onshore, near-shore or offshore options according to client need. We can assume responsibility for some or all insurance processes on a variety of outsourcing models, including shared services, business process outsourcing or application service provision. We also offer systems integration and extensive consulting services, including insurance operating models and process excellence. The Accenture Global Delivery Network, which provides IT and business process outsourcing services onshore, near-shore and offshore, can further enable the consolidation of the life platform.

Decades of experience

Complex, multinational systems implementation and delivery have been Accenture’s core business for over 40 years, and we have harvested that experience in our delivery methodology, estimating models and program management practices.

Industrialization

Accenture’s insurance offerings are designed to help enable an insurer to industrialize its core business processes, standardizing and streamlining to leverage the benefits of scale, and thus helping achieve lasting cost reductions and meaningful improvements in product and service quality.

Component-based approach

Accenture can help clients develop a gradual consolidation path that is less risky than a “big bang” approach. The Accenture Life Insurance Platform is component-based and, in addition, we have a suite of tools and frameworks designed to smooth the path toward consolidation.

Application portfolio optimization

As part of the consolidation process, Accenture can help clients optimize their entire IT portfolios by assessing the economic, functional and technical viability of each critical application. In this way, the Accenture Application Portfolio Optimization practice helps organizations increase business value and decrease overall costs.

The Accenture Life Insurance Platform: Trusted by more than 50 leading life insurance organizations worldwide

The Accenture Life Insurance Platform, in particular, offers clients a full range of top-rated life policy processing solutions that support individual, group life and annuity products. It is a highly advanced system that enables true straight-through processing across the entire life insurance and annuity life cycle. Its common, internationalized base platform supports features such as rules-driven capabilities and standardized interfaces to allow true synergies in cross-country initiatives, such as the launch of products across multiple geographies.

As a trusted solution for more than 50 leading insurers and distributors, the Accenture Life Insurance Platform has the proven ability to scale to meet the needs of major transformational and outsourcing initiatives. It has an unmatched track record of helping carriers enhance service quality, improve customer satisfaction, increase time to market, reduce policy administration expenses and accelerate high performance.

The Accenture Life Insurance Platform—features at a glance

This is a very versatile platform that has been designed to cater for virtually every situation faced by a life insurer (Figure 1). We have recently upgraded the solution to include all types of group business as well as traditional individual life insurance.

Major features and benefits include:

- **A state-of-the-art rules engine**—dramatically improves flexibility for product innovation and process improvement.
- **An advanced product rules engine**—includes standard actuarial, mathematical and statistical functions to provide comprehensive support for life insurance and annuity calculations.
- **Unlimited capability**—to define new calculations and table rates via user-defined functions and multidimensional product tables.
- **Configurable process management**—streamlines data capture and workflow, and enables straight-through processing.
- **Modern, Web-based user interface**—provides easy, controlled access to all users.
- **Open, services-based architecture**—XML standards facilitate integration with existing software and communication with business partners.
Security Benefit's single IT platform drives new revenue on its path to high performance

Accenture helped Security Benefit, a provider of retirement plan services, investment products and other financial services, create a single IT platform based on the Accenture Life Insurance Platform. The new solution was operated for Security Benefit by its subsidiary, SE2, which provides business technology and processing solutions for the financial services and retirement planning sector.

The new platform provided Security Benefit with dramatic value, increasing individual annuity premiums by more than 30 percent annually and reducing business costs by US$7 million a year. Because Security Benefit now maintains its own product rules, it can develop and launch new products much more quickly than previously. Other benefits include:

- 40 percent greater contract volumes.
- 40 percent lower IT operating costs.
- 30 percent lower service costs per policy.
- 20 percent lower IT and customer service staffing requirements.
- Faster time to conduct cost: benefit analyses in determining feasibility of product changes.
- Better support for an aggressive business acquisition strategy.

With the Accenture Life Insurance Platform, Security Benefit has succeeded in capturing additional product revenue and becoming a more competitive provider of annuity services.

Layered architecture—replaceable components confirm the system can adapt as technology and business requirements change.

A single platform—based on J2EE, which enables greater economies of scale and efficiency.

A fast-processing, scalable solution—supports millions of policies across multiple customer segments, sales channels, products and business processes.
The Generali Group is one of Europe’s largest insurance providers and the biggest European life insurer, with 2009 total premium income of more than $95 billion. It is also one of the world’s top asset managers with assets totaling more than $544 billion in 2009, and a unique real estate operator with a property portfolio of more than $33 billion. Founded in 1831 in Trieste, Italy, the company has 85,000 employees worldwide and 70 million clients in 68 countries.

The Generali Group occupies a leadership position in Western European markets and an increasingly important place in Eastern Europe and Asia. In a drive to focus on efficiency and cost containment while sustaining growth, the Generali Group in 2004 acquired Zurich Financial Services Group and Continent in France, prompting a need to consolidate their existing operations. Generali chose Accenture to work on the post-merger integration to achieve high quality results with a minimal impact on the smooth running of its daily operations.

Accenture used the Accenture Insurance Data Migration Factory to:

- Merge the property and casualty systems of Zurich and Continent into the Generali systems. In less than a year and a half from the commencement of the project to the full decommissioning of the existing systems, 1.9 million policies were migrated from the two separate source systems.
- Rationalize Generali’s healthcare systems, which involved eight migrations of more than 100,000 individual and group policies—and linked payments—both customized and standard, from two existing systems to three target systems in a 18-month program.
- Rationalize Generali’s life insurance systems, which involved more than 12 distinct portfolios with nearly 400,000 individual and group policies being migrated to six target systems, including a business process outsourcing solution for the management of a closed book of more than 100,000 policies. The four-year program included 11 separate migrations.

What is more, Generali was not required to divert resources and energy from new product development to oversee the integration project, since the Accenture Insurance Data Migration Factory converted all the records, rapidly and accurately.

“The Accenture Insurance Data Migration Factory delivered an exceptional service in a rapid timeframe,” said Beatrice Honnore, Directeur Etudes Dommages et Assurances de Personnes, Generali Group, France. “Above all, we were able to continue to operate our business seamlessly; as a company that handles seven million clients, making sure we could maintain ‘business as usual’ was essential to our overall performance.”

High performance delivered

With an ever-increasing demand for data and an economic climate that places a strain on scarce resources, there are clear benefits to employing data migration experts enabled by an automated toolset to develop migration routines efficiently. Using the Accenture Insurance Data Migration Factory, organizations can focus on delivery of a new platform, align their resource plans to meet the critical needs of the business and, ultimately, achieve high performance.
Accenture is ready to help you consolidate your IT platforms as part of your overall life transformation journey.

There are, of course, different ways in which insurers may get started. For some, it may begin with a diagnostics exercise to identify and quantify business improvements for both operational effectiveness and efficiency. For others, we can help execute specific solutions or components against an existing consolidation plan.

Not only do we have an exceptionally strong track record of delivery within prescribed budgets and schedules. We are also willing to link a portion of our remuneration to the success of life consolidation programs. We believe that this type of commercial arrangement can provide a powerful alignment of interests and objectives, and demonstrates our commitment to working with you to drive high performance throughout your business journey.

To learn more about Accenture Life Consolidation Services and how we can help your company achieve high performance, visit www.accenture.com/lifepolicyservices.

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About Accenture

Accenture is a global management consulting, technology services and outsourcing company, with approximately 204,000 people serving clients in more than 120 countries. Combining unparalleled experience, comprehensive capabilities across all industries and business functions, and extensive research on the world’s most successful companies, Accenture collaborates with clients to help them become high-performance businesses and governments. The company generated net revenues of US$21.6 billion for the fiscal year ended Aug. 31, 2010. Its home page is www.accenture.com.