
Business White Paper

February 2008

*Simplification
and Flexibility
within the
Insurance
Industry*



The cost of doing business is on the rise and no industry knows this better than the insurance sector. Competition is greater than ever. Over the past few years, insurers have seen their margins erode due to declining investment income, poor data quality, inefficient distribution and underwriting practices and widespread exposure to cataclysmic natural disasters and terrorism.

Complexity also continues to rise as most insurers are now selling multiple products supported by multiple systems in multiple distribution channels. Each of these products, systems, and tiers within the agency distribution channel brings with them different requirements and rules of engagement. Like other industries, insurers must also comply with corporate governance and regulatory requirements. Insurers need to enable information transparency to service their constituents who wish to manage their claims, enrollment and customer service online.

Despite these challenges, many insurers are leveraging technology to help reduce costs and complexity and expedite business-critical transactions. They are streamlining critical back office functions such as claims processing, customer service, underwriting/new business and case management. As a result, these companies are building momentum and outmaneuvering the competition. Over the past few years, many smaller insurance companies have gained significant market share by differentiating their offerings via lower prices and improved customer service, thanks in part to improved processes and efficiencies.

Riding the ECM Wave

Enterprise content management (ECM) solutions enable insurers to transparently and efficiently access information from disparate sources and to automate and streamline processes. All insurance departments, including sales, underwriting, service, etc., need to make content management part of their strategy imperative, according to Gartner research VP Kimberly Harris-Ferrante. “[Insurers] need to be smart enterprises, which means delivering real-time content that is consistent and accurate across the enterprise,” Harris-Ferrante said. “As we are moving into strategic types of initiatives—such as multichannel integration, where the concept is that all channels need the same look and feel—having one centralized enterprise content management system is going to be essential.”¹



¹ Insurance & Technology magazine, “Insurers Advance on the ECM Ideal,” June 01, 2007

Let's take a look at the types of benefits insurers can receive from ECM when applied to various operations:



- **Customer Service** – ECM solutions can increase first-call resolution rates and replace paper-based work steps with efficient, automated processes. Information can be readily shared across the enterprise, reducing the number of costly customer service call-backs. Important data—including claims, call information, and customer history—can be compiled, organized and presented to Customer Service Representatives in a form that is tailored based on available content;
- **New Business/Enrollment** – ECM solutions can expedite evaluations and decision-making processes for Underwriters and enrollment processors. Available information can be aggregated by individuals and/or groups promoting increased efficiency, reducing cycle time, providing supervision and significantly improving visibility to Work In Process. In fact, some insurers have drastically reduced the average cycle time for employee group enrollment from 30 days to 24 hours;
- **Annuities** – ECM solutions can easily manage the work across the entire operation, delivering prioritized work to the right person at the right time. Annuity customer accounts are efficiently maintained and increased work process consistency is promoted. Integration with host systems reduces data entry requirements, promotes greater efficiency and helps ensure reconciliation among systems;
- **Claims** – ECM solutions provide a complete content and business process solution that manages the entire lifecycle of life, health or accident claims. Electronic and paper-based claims received (including associated supporting documents) are effectively captured, distributed and processed based upon claim requirements and organizational priorities, leading to reduced cycle times and increased customer satisfaction. By providing control and visibility to work inventory, supervision is better equipped to satisfy corporate performance standards and service level agreements. With claims content under management, entire claim files may be assembled and distributed to quickly respond to regulatory, legal department, and internal requests.

Choosing the Right Solution

There are many factors insurers should consider when selecting an ECM solution. All departments should be evaluated and solicited for feedback to determine the best avenue and fit. What do the departments need and require—document management, imaging, workflow and content management or something else? It is imperative to review the solution's technical architecture to make sure that the platforms are easy to use, scalable across the company and easy to manage and secure. What is the company's budget for this year and next? The initial and ongoing costs should be built into this budget. It is also important to take into account what service, support and training will be available now and in the future.

One CIO of a national life insurance company offered the criteria he used when choosing a vendor. He felt that the most important things for his company were:

- *Does the company have a proven track record of completing projects on time?*
- *Does the staff understand how to deploy their products to meet our needs?*
- *Do they have a solid technical architecture?*

- Will they support their product suite after implementation?
- Do they take the time to understand your business?
- Do they have market share?
- Do they have a solid vision of where their products are heading?
- Do they have a strong technical personnel and good leadership?
- Do they know the difference between being a partner versus being a supplier?

Insurers need a solution that is easy and affordable to install, deploy and manage. Having a highly flexible solution allows insurers to focus on their business and not their technology. An out-of-the-box solution can provide extensive capabilities and features, especially when designed with the needs of the mid-market in mind. It should contain all the capabilities for managing the entire work flow process, from end-to-end.



*Building momentum
to outmaneuver
the competition*

Introducing Ultera Express

IPD's Ultera® business applications are built by insurance industry experts with the client's business requirements in mind. Geared specifically to small/mid-market insurance companies, Ultera Express is an out-of-the box ECM application that leverages a proven, intuitive interface and is based on industry standard platforms. Ultera Express is a proven, stable web-based application that is configurable, customizable and can easily scale in order to meet new demands as they arise. Ultera Express consists of server hardware and software, client-side software for system administration, and a small client-side viewer file that resides on the end-user's PC. This architecture is ideal for easily deploying the application to all end-users, as well as minimizing the pain and trouble associated with rolling out a fix or an upgrade. Since the Ultera Express software is a server side application, any updates need only be applied to the application server, not the individual client workstations.

Ultera Express is a complete imaging and workflow application that utilizes the IBM ECM suite of products to store documents and their related metadata. Ultera Express leverages a configurable and robust workflow engine, as well as unique modules that handle very specific business processes. With IPD's history of working closely with insurance companies, Ultera Express and its process modules have been designed to address the pain points these companies encounter on a daily basis: lost documents, work tracking, work distribution, trailing correspondence, and more.

Let's look at some of these pain points and how Ultera Express eliminates them:

PROBLEM:	ULTERA SOLUTION:
Insurance companies often have difficulty processing all of the documents that are received on a daily basis, which affects all downstream processing and can result in fines and penalties.	When combined with a front-end document capture solution, Ultera Express's Scan Distribution module intelligently routes incoming documents to the appropriate queue/processor. Processing and routing the documents electronically speeds document delivery to the right personnel, and reduces the incidence of lost or misplaced documents.
Along with managing new documents coming into the mailroom, insurers must also deal with trailing documents that need to be appended to an existing original document already in process. Claims which are pending (waiting for additional information)—such as Attending Physician Statements—are time consuming to monitor and manage.	Ultera Express's Attachment Handler module can be configured to automatically perform this operation. Insurers create specific criteria/parameters for matching and the Attachment Handler monitors incoming submissions and automatically attaches them to an existing file in process, while the processor is alerted that a new document has arrived. Claims and other forms of work placed on hold can be automatically released following the receipt of required content.
Electronic submissions, either through web-based documents or internally generated reports, create large amounts of work, which must be distributed for processing.	The Work Distribution module solves the issue of distributing electronic work by reading an input file and, through the use of Ultera Express's Distribution Engine, creates work and routes it to the appropriate work queue or step in the work process. This process also intelligently manages the work that it distributes by updating existing work based on changes that have been received, or even removing work from the queue if it no longer needs to be processed.

Getting Onboard without Getting in Over Your Head

Sure the benefits sound great, but IT deployments can be daunting. Many insurers fear that once they begin, they may soon find themselves in over their heads. One of the burdens of deploying a new software application is the amount of time and money spent on professional services. To quickly and efficiently implement the Ultera Express solution, IPD has developed the Ultera RapidStart methodology, which is geared specifically to the SMB market. The Ultera RapidStart methodology differs from a typical implementation by involving the customer more in the design and configuration stages.

Implementation services provided in the Ultera RapidStart Methodology consist of two distinct groups of activities: Solution Preparation and Focused Implementation Services. Solution Preparation occurs at IPD's corporate office. Focused Implementation Services take place later and involves IPD staff on-site at the company's facility.

The Solution Preparation phase trains the customer on the Ultera Express application. Specifically, on how to gather requirements and configuration data, as well as how to input the information into IPD's Ultera Express configuration documents.

Next is a process of gathering all the necessary Ultera Express configuration information, which is then used to configure the Ultera Express environment so that it meets all necessary requirements. Upon completion and testing of the Ultera Express environment, the Focused Implementation Services will begin.

Focused Implementation Services begin once the Ultera Express environment has been successfully created and the necessary hardware and prerequisite software has been installed and configured at a single customer location. During this phase, all product and configuration documentation is reviewed, the Ultera Express software is installed and configured, and both end-user and System Administration training is administered. This phase also encompasses assistance with the Quality Assurance/User Acceptance Testing process, as well as the transition from the Development/Test platform to the Production environment. Finally, the process is completed when the maintenance is turned over to IPD's Support team.



About IPD

IPD has been an IBM FileNet ValueNet partner since 1991. IPD provides Business Process Applications based on the advanced Ultra® framework. Ultra® provides rapid deployment at low risk, and is proven with the IBM FileNet architecture in many well known insurance companies. IPD was an early innovator of out-of-the-box solutions for work process automation that could be rapidly deployed through configuration instead of customization. IPD provides out-of-the-box business process optimization with application software designed for Health, Life, Disability and P&C companies. IPD's suite of applications incorporates the latest technologies and unparalleled functionality.



About IBM ECM

IBM's Enterprise Content Management software operation enables the world's top companies to make better decisions, faster. As the market leader in content, process and compliance software, IBM ECM delivers a broad set of mission-critical solutions that help solve today's most difficult business challenges: managing unstructured content, optimizing business processes and helping satisfy complex compliance requirements through an integrated information infrastructure. More than 13,000 global companies, organizations and governments rely on IBM ECM to improve performance and remain competitive through innovation.



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