Creating an insurance company for the 21st century

Client Brief: Teachers Provident Society

Originally founded 120 years ago by teachers, for and on behalf of teachers, today Teachers Provident Society offers a wide range of financial solutions to meet its customers' specific needs, managing funds of £1 billion on their behalf. Teachers markets a range of products and services that include advice on: financial protection, mortgages, loans, credit cards, investment management, unit trusts and a whole range of other financial investments, products and services.



TURMOIL AND OPPORTUNITY

In the 1990s, the insurance world experienced what were probably the most fundamental changes in its history. Far-ranging developments in telecommunications and IT - in particular, computer telephony integration, call-centre products, and the ever-growing penetration of the web - forced businesses to reassess how they operated. Consolidation, and the need to cut costs, started to blur the distinctions between insurers. Long-established companies, direct insurers and the niche providers, all driven by the same imperatives, began to encroach on each other's territories.

The smaller companies, with agility as their main weapon, had to be able to innovate faster to flourish. At the end of the 1990's they, in common with all others, also had to deal with Year 2000 compliance issues.

BUSINESS OBJECTIVE

At the start of IPL's partnership with Teachers, a heterogeneous array of mainframes and mid-range machines within Teachers supported an assortment of business applications, hosted on separate systems that could not communicate with each other effectively.

The technical direction for the company had already been decided as a homogeneous NT/Oracle environment. Teachers' vision for the systems operating within this environment was unification – a better integrated, customer-focussed set of systems making greater use of common components for functions such as invoicing, BACS collection and document production. Teachers envisaged that implementing this vision would provide it with greater abilities to:

- change its organisational structure flexibly and simply
- reduce the costs of launching new products
- respond to the vast majority of customers' queries immediately
- analyse and react promptly to the preferences and profiles of individual customers
- be their own masters, reducing the support costs associated with maintaining multiple systems from different suppliers on disparate hardware.

In the short term, the pressing issue of ensuring that all its systems were Year 2000 compliant had to be addressed. A review of its operational systems was required to determine whether to upgrade each system, replace it with another package solution or develop a bespoke replacement. The future plans of the existing package suppliers were an important consideration in deciding the way forward. It was also important that, in addressing the short term Year 2000 issue, the longer term vision was not forgotten and that Teachers was not unduly deflected from this path.

IPL FINANCE'S SOLUTION

Late in 1997 Teachers gave IPL the task of developing a change programme plan to achieve the strategic goal while ensuring that the shorter term issue of Year 2000 compliance was addressed. It covered all aspects of the business: Life and Pensions (together with Friendly Society business), Unit Trusts, General Business and Financial Ledger.

The work involved significant liaison with senior management and user representatives, liaison with existing package providers, a review of potential replacement packages and discussions with candidate package providers. The final change programme, with detailed plans to cover development through necessary for Year 2000 compliance, was presented to the Board and accepted in early 1998.

One aspect of the change programme was the decision to replace Teachers' General Business administration system with a bespoke system focused on those products that Teachers marketed. This development would act as a proving ground for IPL's capability to grasp Teachers' vision for its future systems and transform it into a system that would meet the business need.

One of IPL's consultants was retained to gather, analyse and specify the user requirements for the new General Business administration system which would provide support for quotations, sales, servicing and claims handling for buildings and household contents insurance. This required an in-depth understanding of business processes and considerable interaction with users and business managers. A key part of the new system was making use of Teachers' accounting package to manage financial transactions with customers rather than building this functionality into the new system. This required investigation and specification of requirements for interfacing with Oracle Financials in order to achieve this.

An IPL development team worked closely with users and managers prototyping the user interface for the new system before designing and developing a system consistent with Teachers' vision. Where possible, common components were identified that could be used in future developments of systems to support other types of financial products. Considerable care, and regular reviews with Teachers' IS strategy team, was needed to scope these building block components.

The client-server development was carried out using the Powerbuilder toolset, targeted on Windows NT client and server machines with Oracle as the database management system. A separate data access layer, to manage communications with the database, provided a clear set of services to developers of the client software, simplifying client software development and allowing data access to be easily optimised.

The development team started in March 1998 and, although timescales were tight, the system was ready to go live, as planned, in January 1999. The introduction into service went exceedingly smoothly and the system has proved to be extremely stable and reliable, quickly gaining the approval of users. During the first year of operation, less than 20 man days was spent on support activities.

THE OUTCOME

Teachers has come a long way. Traditionally a specialist insurer for teachers, it set out on this radical business modernisation programme in late 1997, with IPL as its partner.

It successfully navigated the Year 2000 issue and replaced its General Business package with a low cost, more focussed, bespoke solution.

The General Business system remains fundamental to Teachers' general insurance business and is enabling Teachers to launch a variety of new products quickly and efficiently.

In the two years since the General Business system went live it has required less that 20 man days maintenance – testimony to IPL's commitment to customer satisfaction.

FURTHER INFORMATION

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