

Strategic and Tactical Improvements Through Collaboration



Benefits

- Reduced information technology and insurance administration costs by more than 20%.
- Reduced time-to-market for new products up to 50% and more in some cases.
- Enabled more product introductions (20 products within a single year).
- Decreased process cycle times for 1035 exchange/transfer annuities to an average of less than 25 calendar days.

Fast Facts

Perot Systems:

- Handles operations for Old Mutual Financial Network that support 212,000 issued policies and 1.2 million calls annually.
- Processes approximately \$3.5 billion in premiums annually.
- Administers more than one million policies for OMFN.
- Supports more than 50,000 of OMFN's actively producing brokers.

"Based on a history of success, Old Mutual Financial Network continues to trust Perot Systems to provide many of our key customer service processes – and they continue to exceed our expectations. We have been able to substantially reduce our overall cost of delivery while significantly improving the quality of service."

DAVE SMITH

Senior Vice President of Operations
Old Mutual Financial Network

When Old Mutual Financial Network (OMFN), a leading financial services company, needed to position itself for significant U.S. market expansion, TAG, a Perot Systems company stepped in to assume key administration functions and provide new product development support services. These services helped streamline fundamental work processes and improve the speed to market of new product introductions. As a result, OMFN now has an enhanced competitive position through improved operations along with substantial cost reductions.

CHALLENGE

After acquiring Fidelity and Guaranty Life Insurance Company in 2001, the London-based Old Mutual plc needed a platform to support business expansion in the U.S., enhance transaction efficiency, and reduce time-to-market for new product launches. In addition, basic service issues needed to be addressed because agency groups were losing faith in the insurer due to unfulfilled promises to Fidelity and Guaranty Life customers, but also for customers doing business with the other entities comprised under their U.S. insurance arm - Old Mutual Financial Network (OMFN).

Since OMFN follows a business strategy of "Be the Best or Contract the Best," the company decided to outsource several key operations to a third-party administrator. OMFN was anxious to find a service provider that would not only perform the work well, but who would also be proactive and accountable to solve problems. OMFN wanted to accomplish four primary objectives with an outsourcing alliance:

- Find a reliable service provider who could handle expanding levels of business while improving customer service.
- Create an engagement that reduced overall costs.
- Define roles so OMFN would not have to commit significant resources to managing the outsourced operations.
- Develop a mutually beneficial long-term relationship for both parties.

Improved operational efficiencies boosted the insurer's competitive position by enhancing customer service and enabling new product offerings.

SOLUTION

After OMFN selected our company to manage key business processes, the teams worked together to formalize and execute a process-improvement and delivery plan based on establishing single points of accountability within both organizations, blending cultural values, and sharing a commitment to success.

During the initial transition, the OMFN business was doubling and tripling through distribution channel expansion and new product introductions which added significant challenges in staffing, training, and infrastructure. At the beginning of the engagement, 30 new life insurance products also required immediate support. Because of the substantial volume, OMFN sponsored training programs to get the new product development team up to speed and initiated team-building activities to strengthen and accelerate collaboration.

OMFN's business experienced significant growth within the first two years of the contract. The number of annuity policies received more than doubled, and service center calls increased by more than 40% to 2,700 daily. Despite both planned and unplanned growth and volume increases, the transition of more than 600,000 in-force policies occurred ahead of schedule and under budget.

Today, Perot Systems provides OMFN with many critical insurance administration services. Our LifeSys™ service platform is the core back-office enabling technology that processes and tracks policies from initial new business submission to claims processing. In addition, Perot Systems actively participates on teams that develop and implement software applications that support new OMFN service offerings. By improving implementation procedures through better technology and processes, new products are consistently brought to market faster and more successfully.

RESULTS

After experiencing a strong relationship and performance track record with Perot Systems, OMFN has continued to expand the scope of contracted services and considers Perot Systems a strategic extension of their own delivery network. Through a continuing collaborative strategy based on mutual trust and respect, OMFN has achieved several key objectives:

- Reduced information technology and insurance transaction costs by more than 20% to realize millions of dollars in annual savings for OMFN.
- Accelerated and enabled aggressive product and market expansion.
- Reduced end-to-end cycle time for fully underwritten policies from 22 to 18 days.
- Improved performance-based metrics and tracking with management dashboards.
- Increased policies issued monthly by more than 33%.
- Reduced the client's administrative management staff from eight to three people.
- Re-established insurer-agent relationships and trust.
- Transferred call center functions from the insurer to an outsourced administrative team allowing OMFN to refocus their resources on new initiatives.

Perot Systems has consistently met goals established by OMFN to deliver services that are predictable, flexible, scalable, and sustainable; thereby making the relationship a successful collaboration on both sides.

To contact an insurance industry expert to discuss how we can provide operational benefits for your business, e-mail insurance@ps.net. Or, visit www.perotsystems.com/insurance

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Success

"We have a remarkable partnership versus vendor relationship with Perot Systems and we have been able to build a service model that most companies can only dream of achieving. This gives us a competitive advantage in the marketplace as we are able to react quickly to our clients' needs by eliminating the bureaucracy typically experienced in an 'in-sourced' model."

DAVE SMITH

Senior Vice President of Operations
Old Mutual Financial Network

A few of the significant agreements achieved in the outsourcing engagement with OMFN include:

- Co-development of contract incentives that boost quality, improve efficiency, and drive continuous improvement.
- Design and construction of a Web-enabled performance dashboard and key performance metrics that increase visibility and accountability.
- Implementation of well-defined governance and responsibility roles that contribute to a strong relationship and a collaborative work environment.
- Use of a flexible unit-based pricing structure to meet the client's expense targets.