Insurance solution case study:
Flexibility in diversifying distribution channels is fundamental to gaining competitive advantage

SAP Commissions replacement enables Regent Insurance to improve commission accuracy and increase data visibility.

Overview

Business challenge

Regent Insurance, one of the fastest growing insurers in South Africa, wanted to improve its commission calculation /distribution accuracy, increase its data visibility and extract meaningful data at convenience. Key to this was also a more reliable, automated and streamlined month end processing cycle.

Regent Insurance was struggling to manage and maintain a custom implementation of a rarely used SAP module for commission's management. The key reasons behind this situation included lack of available local SAP resources with expertise in the SAP ICM module, lack of system documentation, lack of in house system knowledge and a highly complex database with many cryptic tables.   These constraints made it increasingly difficult for Regent to extend functionality due to business or regulatory requirements, make any extensions, extract data for information management or business intelligent purposes and service their intermediaries effectively.

Solution

Working in close collaboration with Silvermoon Group, Regent replaced its SAP commissions systems with Silvermoon's **LUNOS edition for Commission and Channel Management**. This is a 21st century modular application based on the principles of the IBM Insurance Application Architecture (IAA). LUNOS has recently been reviewed and observed by *Celent* as a leading modern day Product-Driven platform due to its superior architecture and strategic relationship with IBM. The project went live in early October 2011 and was completed in 8 months which was a major achievement, considering the complexity of the data migration

In October 2011, KPMG performed a review of the data migration process conducted by Regent. Data was migrated from the existing SAP system to the new LUNOS Commission and Channel Management system. KPMG assigned an overall rating of **good**, which is the highest rating that can be awarded.

Regent is now better informed than ever before about their business. They now have detailed documentation as per the methodology that both business and IT can understand and buy into. The users are excited to work on a new system that helps them focus on their day-to-day work without much complexity. The line managers have a normalized request and authorization mechanism with improved control.

Key benefits

- Increases in productivity, the users are delighted with the more user friendly user interfaces.
- Significant improvement in accuracy of commission's calculation and distribution.
- Major improvement in visibility of financial transactions and much greater control on the payments.
- Easy data extraction because of a small database with limited number of tables and high transparency.
- SOA ready to help Regent diversify their distribution channels.

Why was Silvermoon selected?

According to Regent executives, most insurance solution vendors sell packages, not solutions. Regent looked for a vendor to bring new ideas to them and proactively suggest changes to their business that will improve results. This theme is a consequence of a deeper understanding of a client's business, but is different in that it challenges the vendor delivery model to change to an active, rather than a reactive, mode. Regent specifically identified the presentation of pre-packaged plans and programs as a weakness in many vendor approaches.

Silvermoon's approach is to use open architectures and data standards, increasing the industry knowledge of their clients' staff, and proactively identifying improvement opportunities in their clients' operations. Silvermoon is uniquely positioned in the top right-hand quadrant of Celent's April 2010 Carrier-Vendor Relationship Continuum.
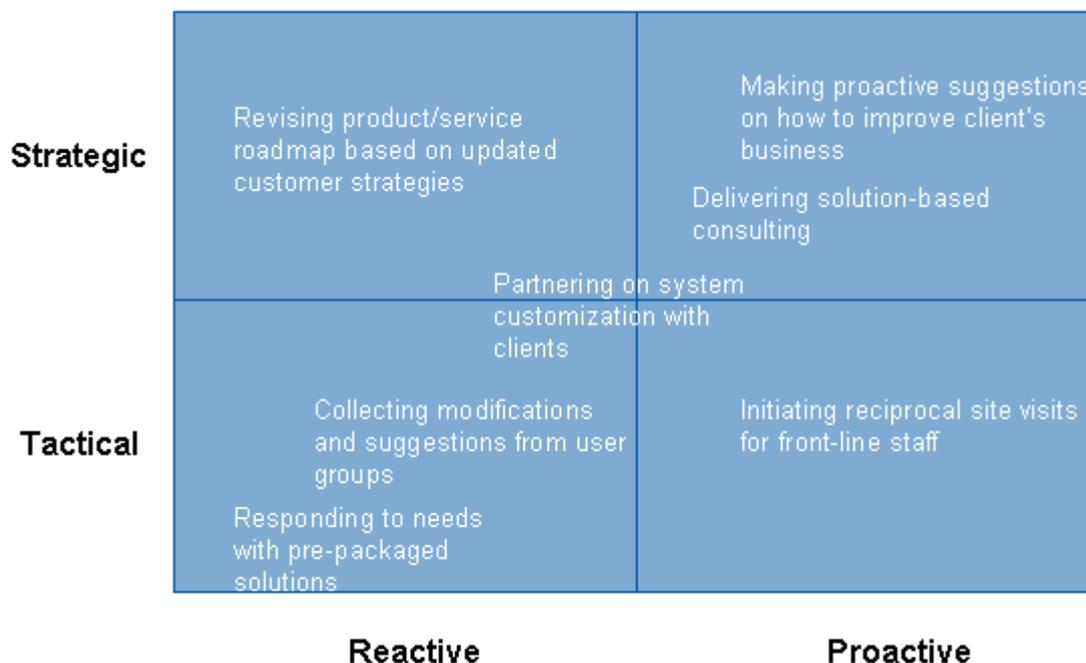
Why it matters

Ease of doing business ranks very high for most insurers, underscoring a continued need for flexible distribution solutions. This requirement comes at a time when insurers continue to diversify their

distribution channels (direct sales, online aggregators, etc.), thereby increasing the complexity of their sales and commissions environments.

According to a group of insurance CIO's interviewed by Celent in 2010, moving to an SOA-enabled environment was the highest value area. Suppliers using and promoting an exposed, open architecture in their product roadmap were described as being the most useful by the CIOs. Working with standards bodies such as ACORD and the Object Management Group (OMG) was also mentioned. Building flexibility into solutions was critical to these CIOs.

Silvermoon's LUNOS Enterprise Suite has been built from the ground up, based on IBM's open Insurance Application Architecture. Silvermoon actively contributes to standards developed by the insurance standards organisation, ACORD. Senior members of Silvermoon's staff serve on three ACORD standards committees.

About Silvermoon Business Systems

The mission of Silvermoon is to empower insurance companies to be the best they can be, by enabling their business leaders to be more innovative and creative without being constrained by legacy systems and traditionally rigid business models.

Silvermoon's award-winning LUNOS Enterprise Suite offers a cost-effective approach to achieving product flexibility, speed to market, customer centricity and improved risk management.

We bring more choice to the insurance industry. We help clients plan for market and technology changes. We supply world-class software to the insurance industry, and we constantly improve our solutions by working with an extensive network of business Partners globally.