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WORLDWIDE

HOW DO YOU MEASURE SUCCESS?



ICIS: Process Innovation for the Insurance Industry

Leveraging Emerging
Technologies to Increase
Efficiency and Improve Customer
Service

21st January 2007

Scope of this study

Includes

- IT In-Source vs. Outsource
- Mainframe to Client/Server
- ICIS platform
 - HP adaptive infrastructure
 - Oracle components (database, forms)
 - Shared services (with Badische Gemeinde Versicherung [BGV])
- ICIS Innovation
 - Multi-channel
 - Document Management
 - Selling ICIS as Software, ASP or outsourced solution
 - Compliance / Solvency II
 - “Pay as you drive”
- Change Management and Process Optimisation

Excludes

- Core – ERP / accounting system

Process innovation for the insurance industry

Leveraging technology to transform the end-2-end insurance process

RESULTS

- 311 % ROI
- 35 % IRR
- €60 Million Investment
- Payback within 42 months
- €126 Million Net Savings

1. WGV moved away from the constraints of an inflexible, costly outsourced mainframe solution by moving to a flexible, scalable client-server platform that allows it to constantly innovate and automate
2. WGV designed an end-to-end insurance solution from the ground up
 - *one data model, one integrated application*
3. WGV focused on building its platform based on industry, scalable standards allowing to focus on process automation vs. integration
4. WGV partnered with industry leaders (Oracle and HP) that had similar vision and culture, complimented by deep industry knowledge and technical expertise

“ICIS has helped WGV achieve the lowest IT cost basis in the German Insurance Industry“

– Klaus Hackbarth
Deputy Chairman of the Executive Committee

* Based on entire investment period: 1994–2006

Company Background



Württembergische Gemeinde-Versicherung a.G. (WGV)

Tübinger Str. 43
70178 Stuttgart
Germany

Phone: +49 (0) 711/ 1695-1500

Fax: +49 (0) 711/1695-5991

www.wgv-online.de

Chairman of the Executive Committee

Mr. Hans Joachim Haug

Deputy Chairman

Klaus Hackbarth

Head of Design and Development (ICIS)

Mr. Reinhard Stiefel

WGV created itself as a local insurer and specialty insurer for public service employees known for favourable basic premiums, above average high reimbursements with liability, accident, special and force travel insurance.

WGV started out Württembergische Gemeinde-Versicherungsverein in the old Stuttgart city hall with the goal of insurance protection for cities, municipalities and districts at low cost in 1921. The founder was Dr. Gottlieb Frank, Managing Director of Württembergischer Städtetag. The first branch of insurance was local liability insurance.

By 1922 WGV had more than 1700 insurance contracts, with two thirds focused on liability insurance. In 1927, WGV added pupil accident insurance. During 1933 – 1949, the organisation reduced during the war, but starting in 1949 WGV began to grow again with the formation of the Federal Republic of Germany. After the war, the need for insurance protection rose fast – increasing values had to be protected. Economic upswing, appreciation of assets and rapid motorising promoted the strong need for insurance protection.

In 1976, WGV Schwäbische Allgemeine Versicherung AG was established to protect all people outside the public service employee. In 1989 WGV Schwäbische Lebensversicherung AG was formed. In 1998, after the initial success with ICIS, WGV Informatik GmbH was formed to develop software for the entire group and eventually to provide insurance technology solutions to other insurers.

WGV provides non-life (automotive, liability, accident, property, legal) as well life and pension insurance products.

Results for Fiscal Year 2005

Revenues: € 511+ Million Earnings: € 61 Million Employees: ~640

ROI Assessment Team & Timeline

April 13, 2006

- WGV/Thoughtware kick-off meeting with HP

April 25-26, 2006

- Thoughtware two-day on-site workshop interviews with WGV team

May 23 - July 1, 2006

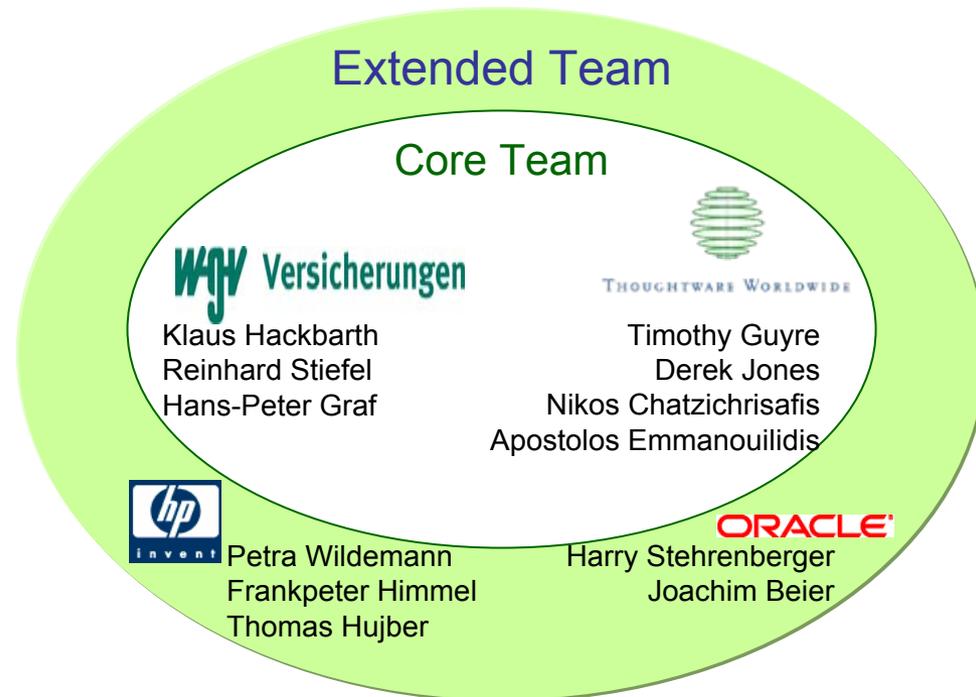
- Conduct follow-up interviews and continue data gathering, data analysis, build financial model, develop draft study

July 1 - 31, 2006

- Review and refine content, separate analysis into core-platform, innovation and overall results

August 21, 2006

- Final Study to WGV



Interviewees by Function

Executive Management

- **Klaus Hackbarth**
(Deputy Chairman of the Executive Committee)
- **Hans-Peter Graf**
(Head of HR)

IT

- **Reinhard Stiefel**
(Head of Design and Development of ICIS)
- **Oliver Bayer**
(Head of IT Operations)

Call Centre

- **Stefan Baumann**
(Head of Call Centre)

Automotive

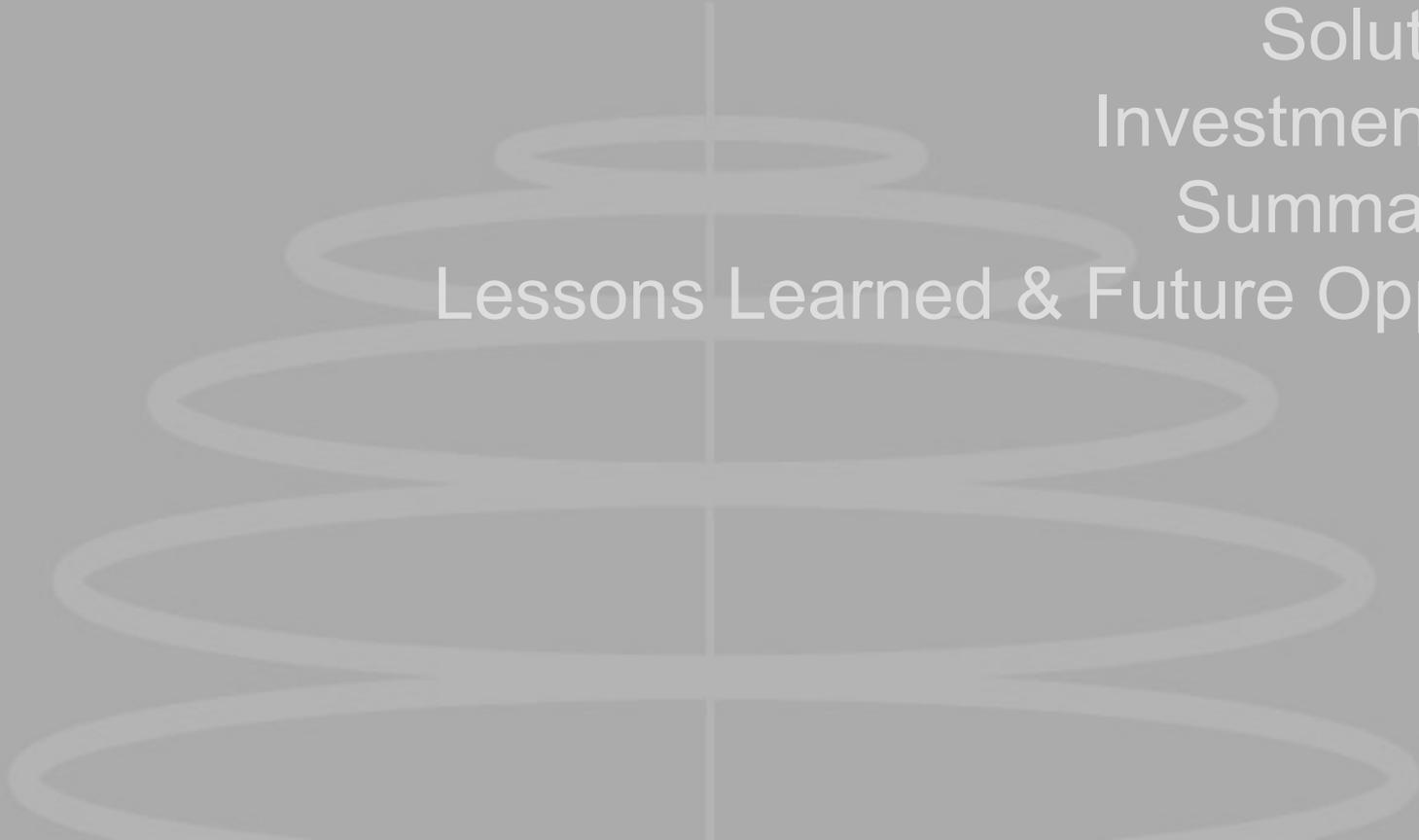
- **Mr. Schuldt**
(Head of Automotive)
- **Ms. Merz**
(Automotive IT Coordination)

Liability

- **Mr. Schweizer**
(Head of Liability)
- **Mrs. Kast**
(Liability IT Coordination)

Claims

- **Mr. Bernard Vrana**
(Head of Claims)
- **Mr. Daniel Butterweck**
(Claims IT Coordination)



Business Overview and Challenges
Solution Scope
Investment Decision
Summary Results
Lessons Learned & Future Opportunities

WGV, like most insurance companies, faced barriers to realising its vision

Goals

- Generate growth
- Create innovative products
- Increase profitability
- Improve business processes
- Enhance customer service
- Manage risk
- Comply with regulations
- Increase automation

Challenges

- Manual-intensive, largely paper-based process
- Multiple-touch points, hand-offs, and information bottlenecks
- Improving Straight-Thru-Processing of information
- Improving sales channels and reducing cost to serve
- Increasing sales agent productivity
- Inflexible, legacy systems
- Implementing change

While, WGV had a history of innovation, it knew there had to be a better way...

- ~4%* industry average IT costs basis → WGV was at 1%

- Legacy system limitations preventing further process automation → Outsourced, mainframe solution

- Lengthy delays

- Process bottlenecks

- Increasing error rates

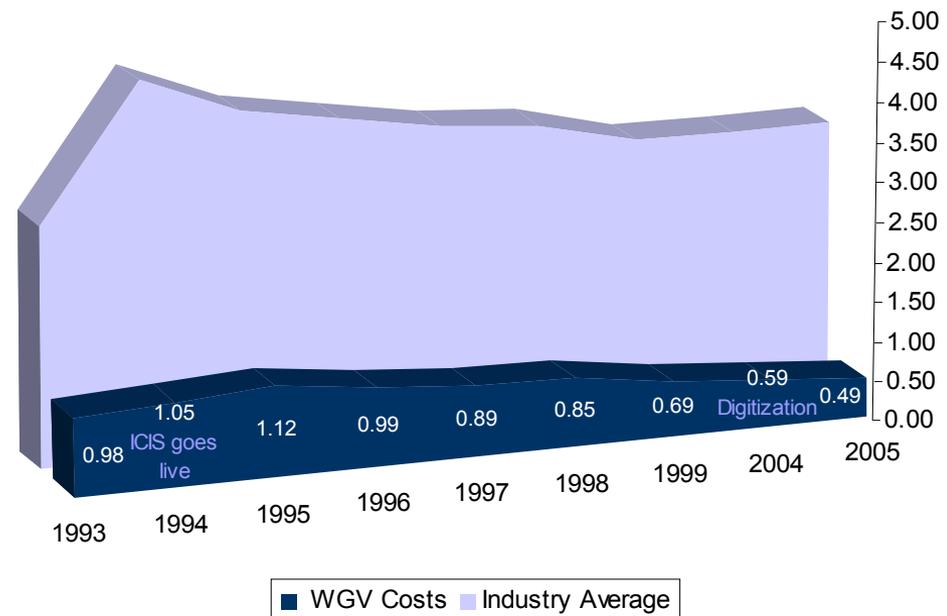
- Lots of back and forth

- Previous solution focused on departmental / functional needs

- No transparency, limited visibility into workflow

- No end-to-end view

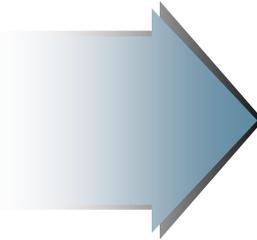
- Maintain its low IT cost while improving its flexibility



WGV Business Challenges in 1993

Challenges

- Deregulation of the European Insurance market
- Customers can now easily shop the market for price, product and service and defect quickly
- Previous IT solution was mainframe-based, difficult to modify and time consuming if not cost prohibitive to increase automation
- Multiple solution piece parts spread across multiple applications → lack of integration and consistency, data fragmentation and training challenges
- Outsource arrangement combined with legacy system limited innovation
- Little to no visibility into workflow; manual, paper-based processes → increasing error rates, costs
- Operations head-count was high, and would only increase as WGV's business grew
- Regulatory and compliance constraints → difficult to comply with Solvency II



Approach

- WGV had a history of innovation and knew there had to be a better way
- WGV purchased and adapted a functional data-model (from Cap Gemini-NL) providing WGV with the ability to integrate all products and capabilities for an end to end solution
- WGV required partners that could provide end-to-end solutions – infrastructure, technical consulting and industry knowledge
- Oracle was selected for its industry leading position in application development tools and its powerful database architecture.
- HP Consulting and Integration group (C&I) provided expertise to help WGV design and build their highly available (HA) client server data centre architecture and data warehouse
- WGV was able to start a new chapter with ICIS (a single, integrated application to cover all insurance needs) – no inherited burden or limitation

WGV Corporate Strategy

Providing flexible products backed by security, and quality service at a value price

“ Despite extremely low insurance premiums, we are able to leverage our administration efficiency fuelled by technology to provide considerable refunds of fees to our mutual customers ”

-- Klaus Hackbarth
Deputy Chairman of
the Executive
Committee

- Economically healthy insurance organisation – increasing (mutual) shareholder value and increasing WGV’s capital base for greater strength and security
- Inexpensive insurance protection for members and insured
- Solid capital base, low premiums, quality employees and quick claims’ settlement

Corporate Strategy link to Investment

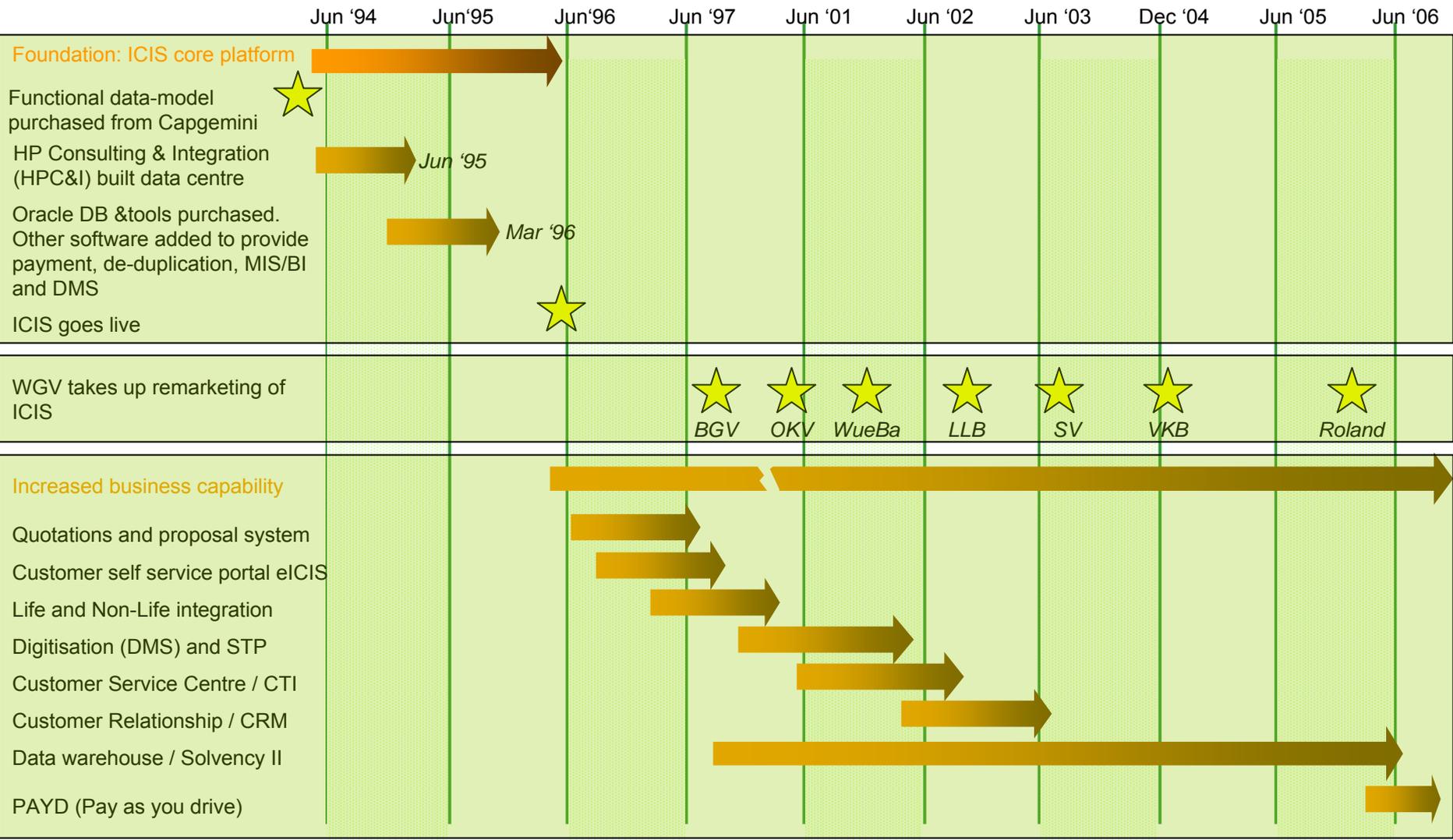
Oracle and HP have helped WGV realise its corporate strategy by providing the platform, architecture, tools and knowledge needed to scale and optimise it's workflow and processes

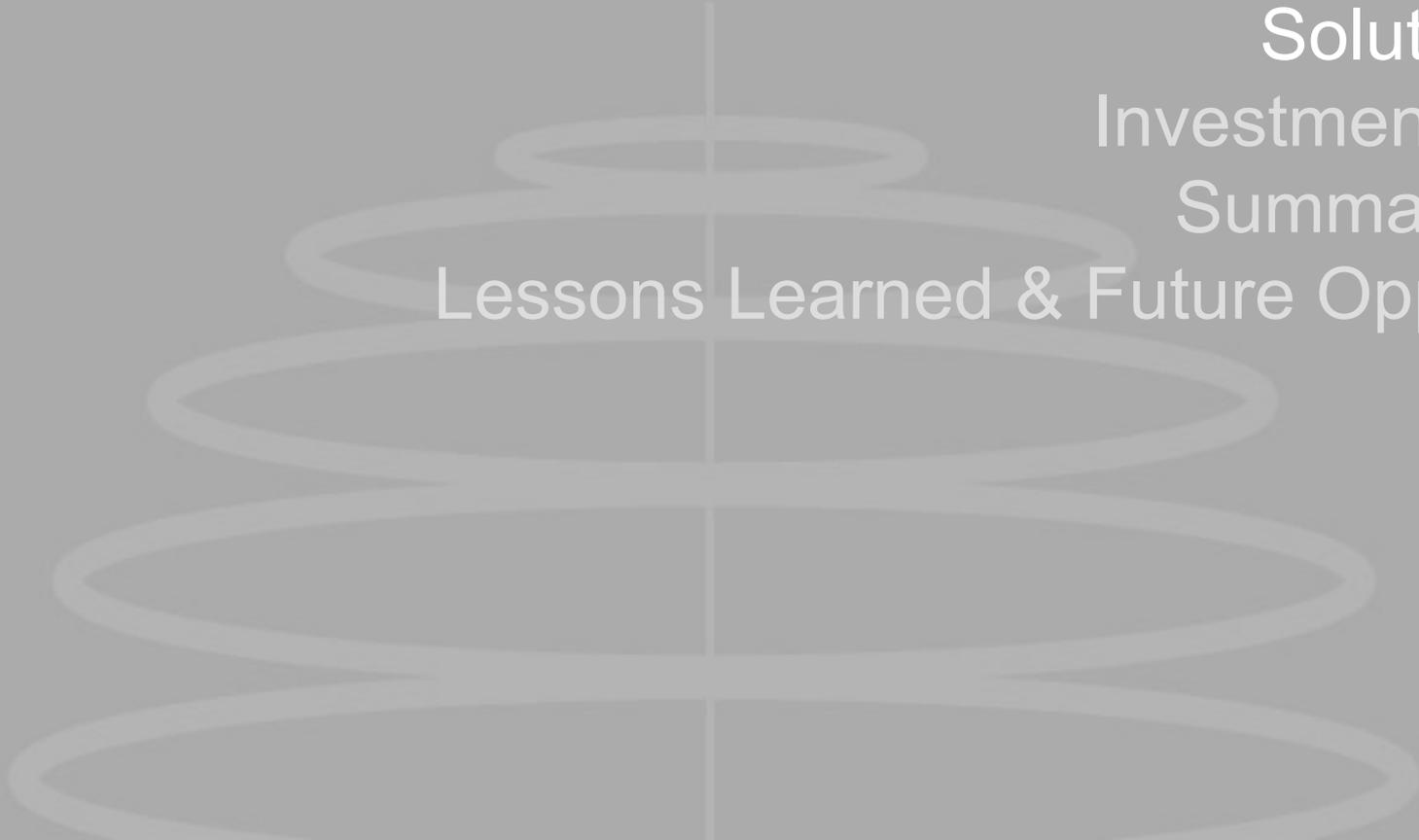
“ With ICIS, we have one integrated solution covering all our insurance needs – this was not possible with our previous system

-- Mr. R. Stiefel,
Head of IT
Department

- WGV investigated Oracle, Informix and IBM – Oracle was chosen for its development tools (Oracle Forms and Code Generators) as well as it met 90%+ of WGV's technical requirements – all from a single, accountable vendor (WGV wanted tools closely linked to the Database selected)
- WGV selected a client/server architecture because of the lower investment, run-rate and coding / application costs (~ < 50%+) – quite remarkable when you consider over 80% of insurance industry runs on a mainframe
- WGV selected HP as a partner with a similar (consultative, “can do”) culture, with world-class support and deep industry knowledge
- WGV required a open infrastructure that would provide it with flexibility in design, accommodate plug-in components (APIs) all at a cost effective price
- WGV required a platform that would allow it to further reduce its cost basis to maintain its leadership as a low cost provider (desire to always be in top 3) while providing top-notch, personalised and quality service

Road map to excellence





Business Overview and Challenges
Solution Scope
Investment Decision
Summary Results
Lessons Learned & Future Opportunities

WGV developed ICIS as the answer to Insurance Process Optimisation –

One Application, One Data Set, One Holistic Solution

- In '93, WGV decided to bring IT in-house to control the solution and provide additional feature/functionality at a **lower cost with greater flexibility**
- ICIS was designed from the ground up as an **end-to-end integrated solution** for the Insurance industry (supporting both life and non-life products)
- Designed as one software solution **integrated across all product lines** and capabilities
- Open standards platform, buy when possible vs. build – components-based, minimise integration, provide **ultimate flexibility at lower costs** – ‘pay as you grow’
- **Accommodate growth**, design for future (multi-channel, document management/digitisation, workflow)
- **Increase availability, lower TCO** → Oracle compliant leveraging existing case tools, forms, database robustness



ICIS Product Scope / Solution Components

Oracle

- Oracle Database, Server
- Oracle Reports
- Oracle Case Tools
- Oracle Mapping
- Oracle SQL Tools (Net, Forms, Plus)
- Oracle Application Server
- Oracle Tuning & Diagnostics Pack
- Oracle CBT
- Oracle Discoverer
- Oracle Objects
- Oracle Unified Communications

HP

- Hewlett Packard Servers
- HP-UX Operating System
- HP OpenView
- HP Storage Area Manager and Data Protector
- HP Insurance Data Warehouse (Model)

API's (Capabilities and solutions)

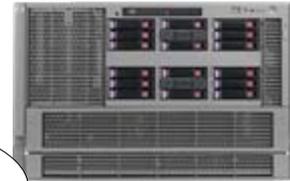
- Payments and collections module (Mega, SAP)
- De-duplication and reference (Fuzzy Informatik)
- Risk Management (Uniserv)
- Computer telephony integration - CTI (Genesys)
- Data warehouse – MIS (Cognos, Ass, SAP-BI, SAS)
- Document management – DMS (Image-Master, FileNet, SER)

Configuration for the ICIS implementation

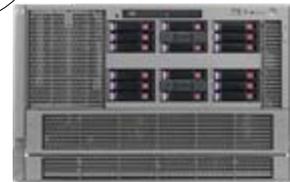
rz1**** (209.881 est. TPM, 84GB RAM)
hp integrity rx6600 Montecito 1.6/24M
2 CPU/4 Cores, 96GB RAM
230.569 est. TPM



rz3**** (209.881 est. TPM, 84GB RAM)
hp integrity rx6600 Montecito 1.6/24M
2 CPU/4 Cores, 96GB RAM
230.569 est. TPM



4-Node
Metro Cluster



rz2**** (122.430 est. TPM, 28GB RAM)
hp integrity rx6600 Montecito 1.6/24M
1 CPU/2 Cores, 28GB RAM
115.284 est. TPM

rz4**** (122.430 est. TPM, 28GB RAM)
hp integrity rx6600 Montecito 1.6/24M
1 CPU/2 Cores, 28GB RAM
115.284 est. TPM

rz5**** (104.940 est. TPM, 56GB RAM)
hp integrity rx4640 Madison 1.6/9M
2 CPU, 56GB RAM
101.000 est. TPM



rz9**** (34.980 est. TPM, 14GB RAM)
hp integrity rx2620 Madison 1.3/3M
1 CPU, 14GB RAM
34.000 est. TPM



rz10**** (34.980 est. TPM, 14GB RAM)
hp integrity rx2620 Madison 1.3/3M
1 CPU, 14GB RAM
34.000 est. TPM

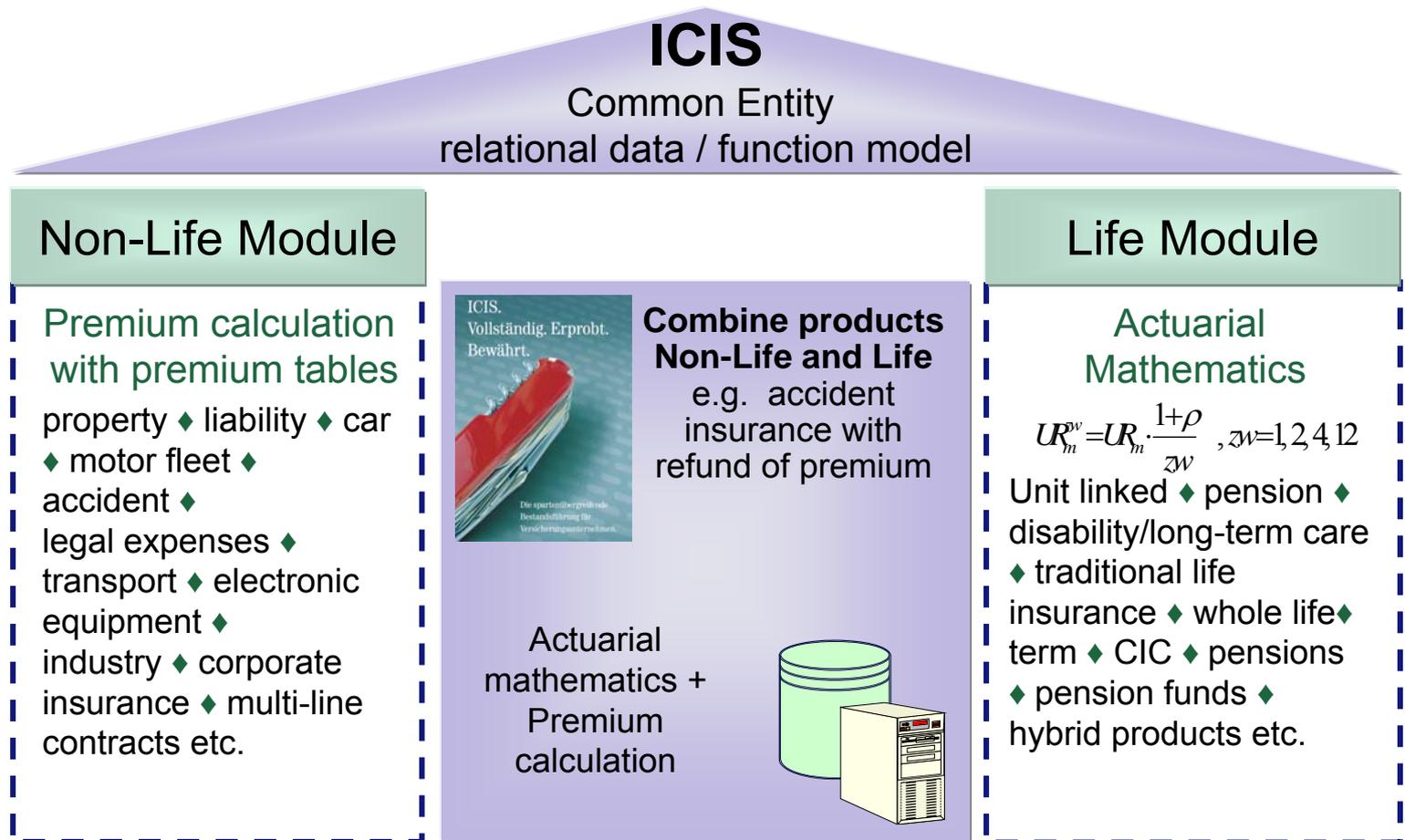


2-Node
Metro Cluster

What is ICIS?

A completely integrated solution supporting all relevant business processes for the insurance industry

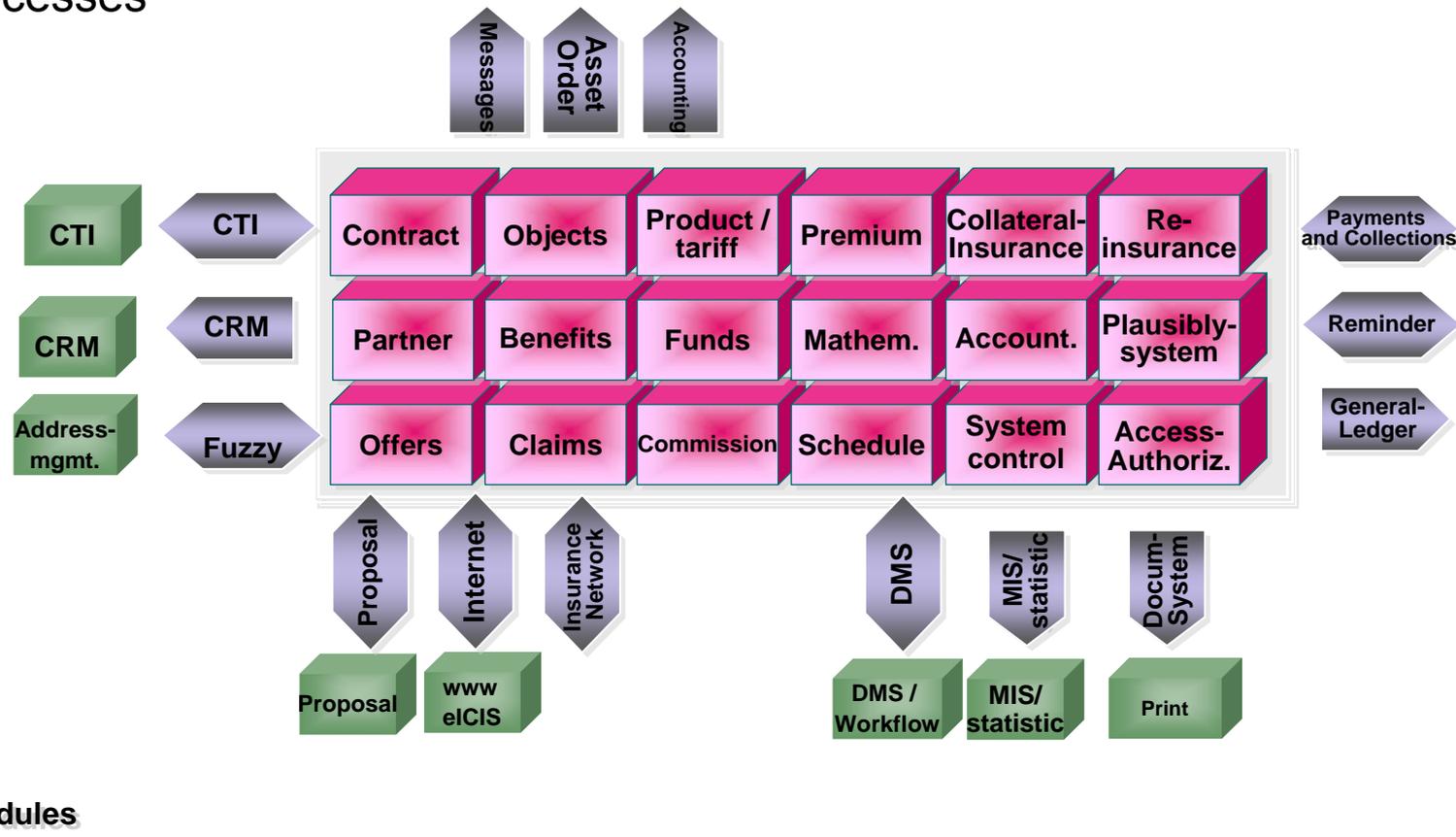
Single application serving both Life and Non-Life insurance needs from underwriting, risk management, claims and customer service



Continuing ICIS Innovation...

Multi-channel (e.g., CTI, Internet); Imaging and workflow (OCR, DMS), CRM (interaction history/thread – one view)

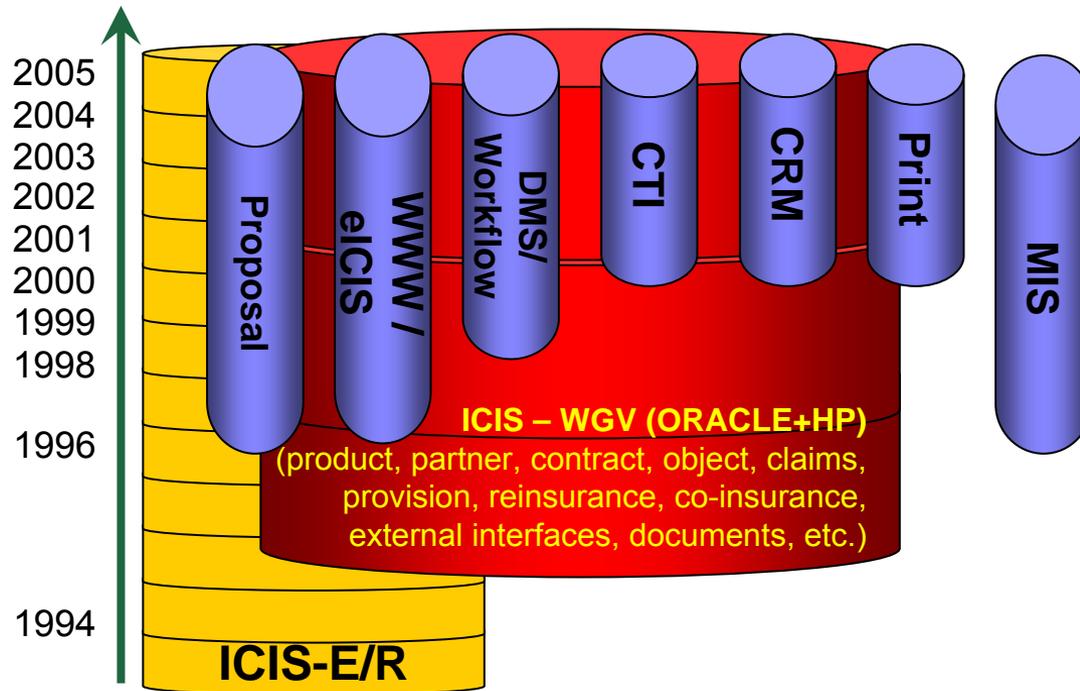
WGV has been able to extend the core application with plug-in APIs to accommodate a multi-channel world; leveraging digitisation and workflow to automate the traditional paper-based, manual-intensive processes



Making it all possible...

Flexible architecture using open standards provides unlimited growth

Simplifying the complex -- ICIS contains over 900 core business modules (services) designed to accommodate the business needs operating across the entire insurance value chain



— Open Architecture — Benefits

- Standards based
- Open (API) architecture to accommodate growth, flexibility and plug-ins
- Lower upfront and run-rate costs
- Reliable, scalable platform to accommodate unlimited growth
- Single source data model – improve data quality, availability and integrity
- Reduce training and collaboration through single application interface
- Easier on-boarding of new ICIS customers and solution options

Sharing models, applications and infrastructure across the industry; letting insurers focus on product, risk management and service as their core competencies and differentiators

- Standardised software solution
- Flexible data and function model tested in practical applications for all insurance products
- Simple configuration for a fast introduction of new products for insurance customers
- Proven solution with more than 20 'live' ICIS installations (world-wide)
- Up and running in full production in 10-12 months
- Have it your way...
 - ASP
 - BPO
 - Software Solution

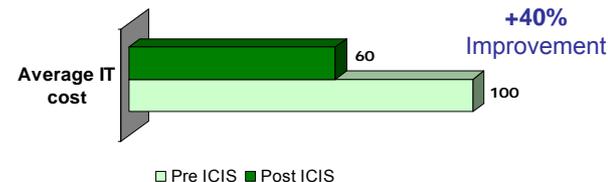


Key ICIS benefits

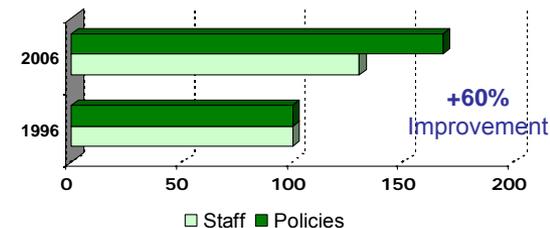
- Integrated product development and product system for the specialist area product managers
 - Industry-tailored solution for insurance companies
 - Fulfills all requirements for the majority of the insurance companies
- Complete parameter-driven insurance engineering (inclusive of generic premium module for the non-life products)
 - Supports multi-currency and multi-language
 - Covers all mandatory business transactions of insurance administration
 - Integrated and full processing: from proposal over contract administration up to claim-adjusting, document production, general ledger, MIS, CTI, e-Archive-Mailbox, POS, CRM, WWW are covered in a homogeneous system landscape
- All concepts for new requirements and maintenance work are made together and converted for several companies
 - quality improvement
 - reduction of costs and synergy achievement
- Software engineering in accordance with approved guidelines, that are tested in practical applications and with professional project management manual

Demonstration of how ICIS is optimising WGV's process

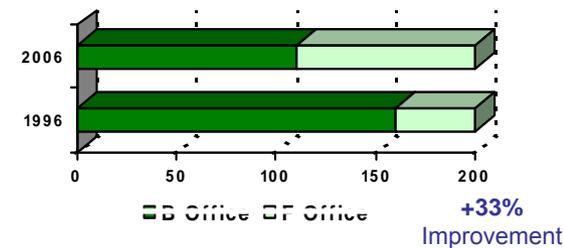
- Lower IT Costs (Increased capabilities at ~40% less than previous mainframe-solution)



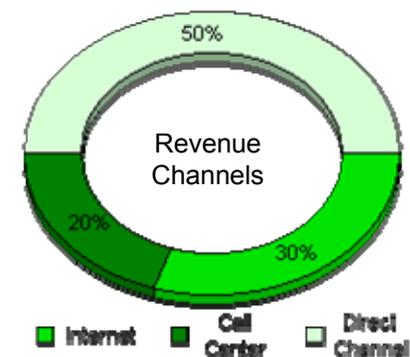
- Greater productivity → only ~30% more staff after 10 years ICIS, while almost doubling business



- Improved customer service → ~30% shift of personnel from back office to front office

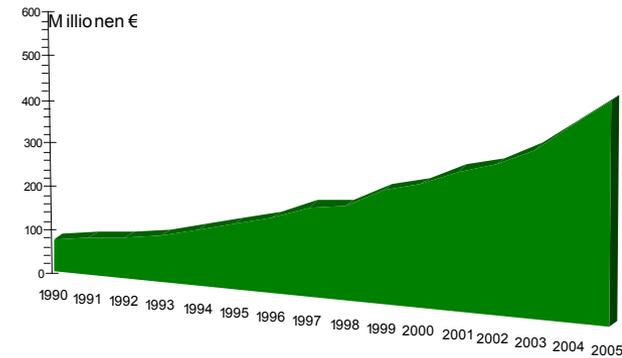


- Greater flexibility → 30% of business now coming via Internet, 20% via call centre

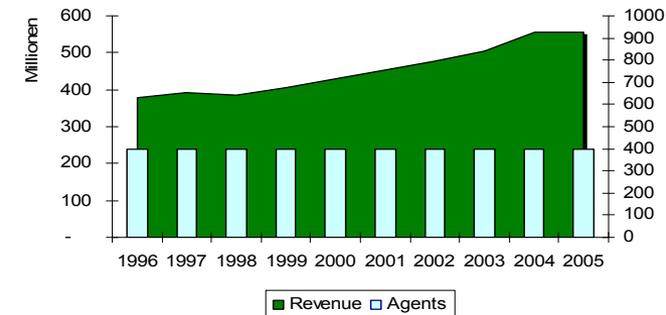


With ICIS, WGV is strengthening its finances while continuing to increase productivity

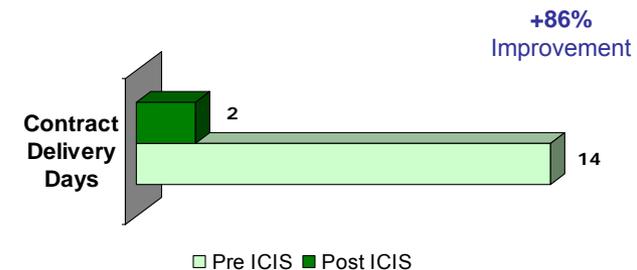
- Increased profitability → 192 % capital increased since 1996; while reducing premiums in a substantially more difficult market (Show value)

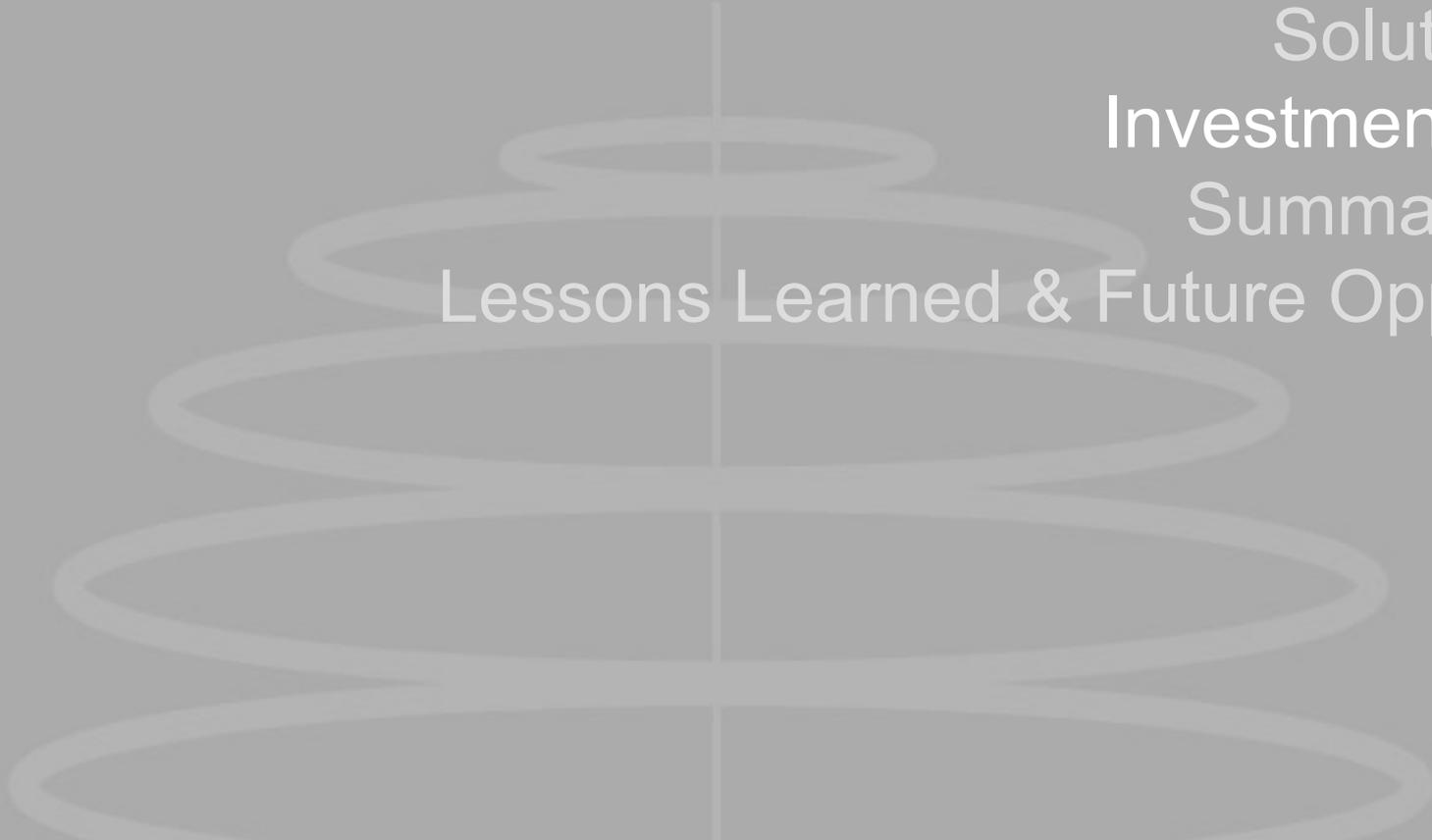


- WGV increased their revenue ~48% while the number of sales agents stayed the same for the past ten years.



- With ~50% of its business in automotive policies, WGV has been able to compress policy delivery from 2 weeks to 1 or 2 days.





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The situation before ICIS

Outsourced, mainframe-based solution that prohibited automation and process optimisation; innovation inhibitor

- As the European Insurance market was experiencing deregulation, insurers were faced with increased competition and increasingly savvy customers demanding new products, improved service and new communication channels (Internet, Email)
- Information bottlenecks constrained WGV's ability to produce marketing campaigns or provide documentation for compliance
- Flexibility and agility became paramount in the new industry landscape, requiring quick response to market demands and formulation and launching of new products
- Multi-channel communication demands from customers, required a sophisticated infrastructure that would allow for communication channel of choice while maintaining the thread of dialogue to ensure quality service
- Limited visibility into workflow, multi-touch points, hand-offs, and information bottlenecks constricted the flow of information and contributed to data quality issues

Why Oracle?

In deciding to build ICIS and bring IT in-house, WGV conducted a rigorous analysis of solution providers (Informix, IBM, Oracle) choosing Oracle for its market leadership and the tight integration between the database and development tools

- Oracle Designer and Oracle Developer used in conjunction with the corresponding application generators would speed up implementation
- Stable yet flexible solution – providing WGV with the rigor and security required by an insurer while accommodating bolt-on solutions to allow choice in components
- Oracle met over 90% of the technical requirements deemed necessary by WGV
- Oracle served as the standards basis (all bolt-ons/components must be Oracle compliant)
- Oracle could accommodate hundreds of services and departments to be integrated into one fast, reliable database and solution
- Pioneer in delivering robust, web-based applications that would scale to meet the needs of a growing enterprise
- WGV already had Oracle database skills in-house

Why HP?

WGV's decision to in-source ICIS and build from the ground-up was a game-change decision, requiring new thinking in architecture, design and partners

“We considered other vendors, but chose HP for the combination of their products and service, which was critical for WGV”

-- Reinhard Stiefel
(Head of Design
and Development
of ICIS)

HP Infrastructure

- ✓ Proven Platform
- ✓ Bullet-proof scalable architecture
- ✓ Reliable, secure environment (HP-UX)
- ✓ Open standards, flexible design to accommodate multi-vendor solutions and ease of integration

Knowledge

- ✓ Deep Insurance Industry Knowledge
- ✓ High Availability (HA) and scalable architecture solutions for mission critical applications
- ✓ Similar culture – collaborative, partnership approach
- ✓ End-to-end solutions – from desktop to infrastructure, technical consulting and industry advisory services

Innovation

- ✓ Insurance Industry Data Model / Data Warehouse
- ✓ Solvency II compliance; Data Warehouse design and calculations
- ✓ Go to market partner – promoting the success and value of ICIS
- ✓ “Pay as you drive”

Business Benefits

“ Before ICIS, customer service consisted of 3 switchboard operators who routed traffic to the back-office, now we have 15%+ FTEs who are skilled in the business and are able to assist customers at the first point of contact – this was not possible previously”

-- Mr. S. Baumann,
Head of Customer
Service

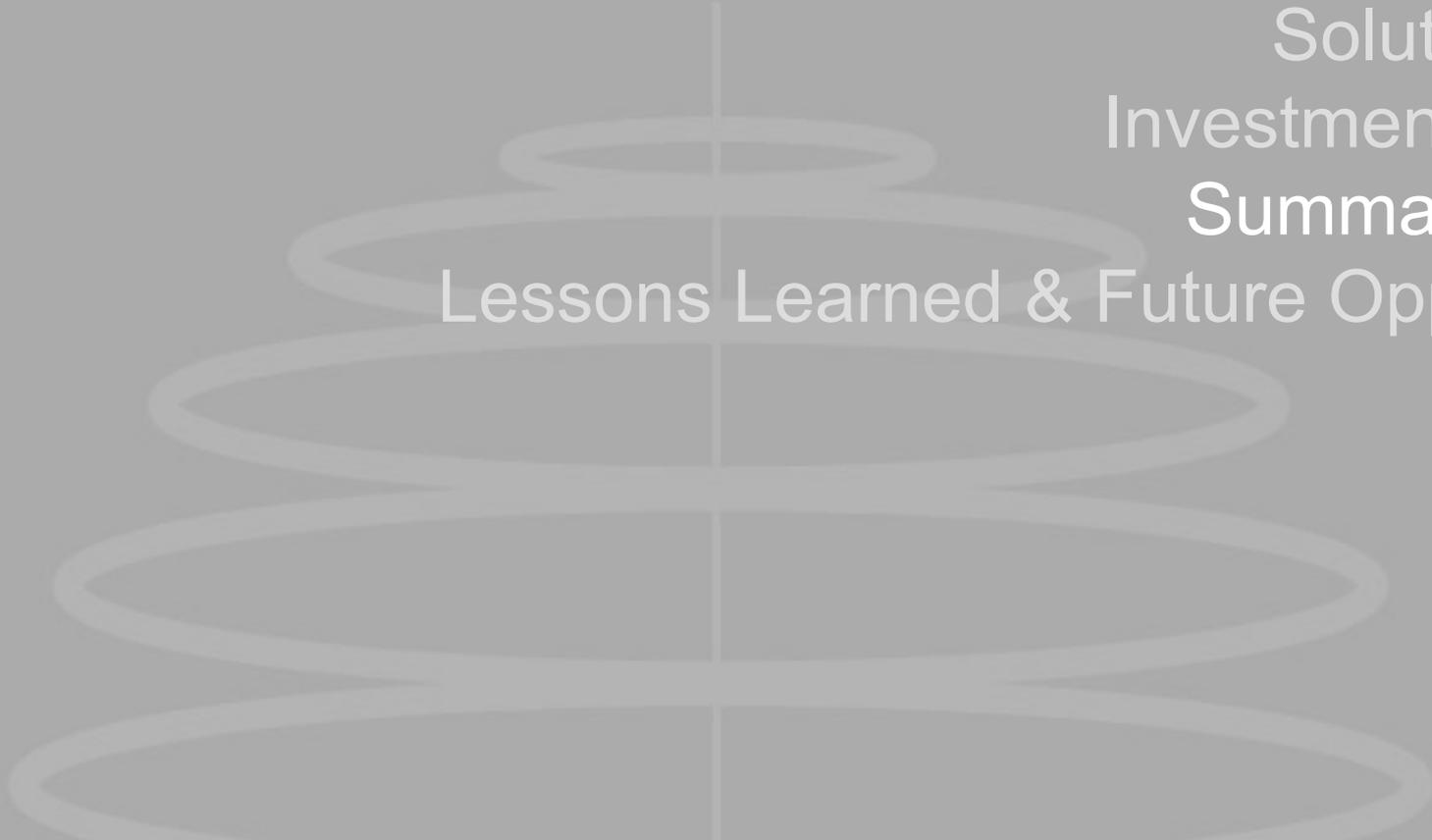
For WGV, ICIS has been a ‘game change’ move, achieving the lowest IT cost basis in the insurance industry providing innumerable strategic and operational benefits

- With ICIS, WGV was able to reduce its IT costs basis by more than half (1% → 0.4%)
- WGV has streamline business processes, increasing throughput time for contracts and customer requests (now less than 50% of business is conducted with paper-forms)
- With ICIS, WGV was able to re-engineer its organisation and processes to shift more emphasis on the front-end resulting in better service, fewer errors, faster turn-around time
- With ICIS, WGV has gained greater visibility across its value chain → cross departmental application allows all groups to work together to optimise processes (e.g., Claims move from cost centre to insight generation to collaborate with Pricing, Risk and Underwriting)
- With ICIS, WGV is better able to analyze data and increase its time-to-market for new products → able to launch new product lines in two weeks, where previously would have taken months
- Now have ‘one face to the customer’ → complete integration and history of all customer communication

Technology Benefits

With ICIS, WGV has achieved an industry-leading solution built from the ground-up which optimises their insurance processes modelled on a flexible, cost-efficient infrastructure, designed with flexibility and innovation in mind

- ICIS open-standards platform has allowed WGV to move to a shared-services model whereby they have increased SLAs to 24x7x365, while further reducing costs and avoiding additional IT headcount (~50%)
- ICIS supports multi-channel (WWW, Email, CTI/Call Centre, etc.) where the previous solution could not handle Internet
- WGV has designed ICIS as an easy on-boarding solution; API driven to accommodate flexibility in component selection
- Open-standards architecture provide WGV with flexibility and adaptability to continue innovation (i.e. integration with SAP would have been prohibitive with previous solution)
- Single data model design eliminates data integration and synchronisation need across multiple systems
- Streamlined maintenance and coding; ICIS is configurable (edits and field input masks can be done without the help of a programmer)



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Overall Performance

ICIS Results			
	Baseline	Innovation	Total
ROI Statistics			
• ROI	315%	285%	311%
• IRR	35%	116%	35%
• Initial Investment	€ 9,973,978	€ 2,811,200	€ 12,785,178
• Payback	42 months	1st month	42 months
• Net Savings	€ 111,145,923	€ 15,339,216	€ 126,485,139
Investment	€51,792,943	€8,244,800	€60,037,743
• Oracle Software Investment	€ 1,400,000		€ 1,400,000
• Other Software Investment	€ 608,000		€ 608,000
• Software Maint./ Support	€ 2,642,000	€ 1,244,800	€ 3,886,800
• HP Hardware Investment	€ 4,000,000	€ 1,000,000	€ 5,000,000
• Hardware Maint./ Support	€ 3,800,000	€ 1,200,000	€ 5,000,000
• Other Quantifiable Costs	€ 10,800,000	€ 4,800,000	€ 15,600,000
• Labour Investment	€ 28,542,943		€ 28,542,943
Benefits	€162,938,866	€23,584,016	€186,522,882
• Headcount Avoidance	€ 90,933,496		€ 90,933,496
• Software Savings/Avoidance (OLAV)	€ 29,800,000		€ 29,800,000
• Other Quantifiable Savings	€ 42,205,370		€ 42,205,370
• ICIS Maintenance	€ 23,555,370	€ 8,160,228	€ 8,160,228
• ICIS Licenses	€ 4,250,000	€ 9,023,788	€ 9,023,788
• Informatik offset (1.6M *x 4yrs)	€ 14,400,000	€ 6,400,000	€ 6,400,000

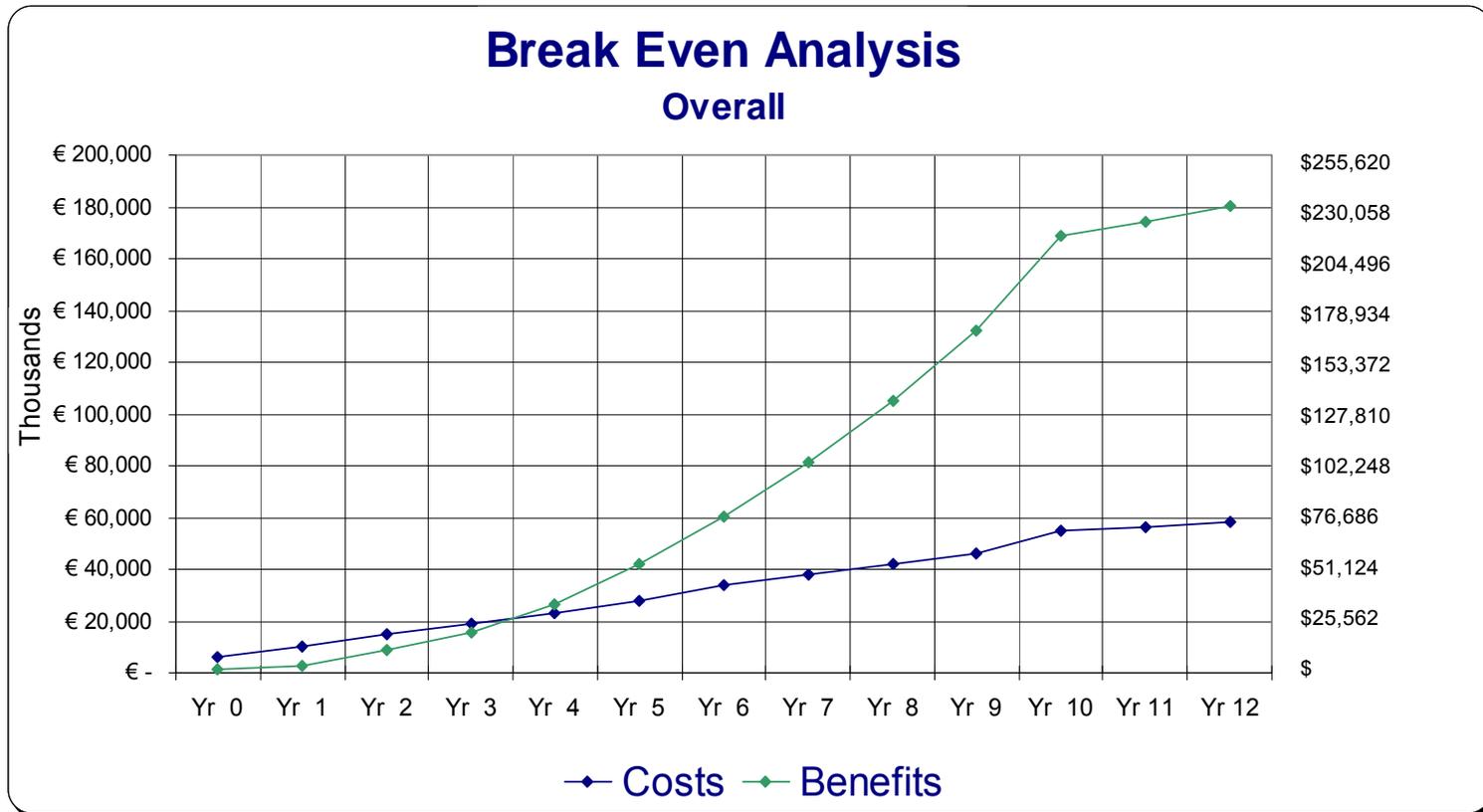
Breakeven Analysis:

ICIS platform achieves payback within 33 months

ICIS RESULTS

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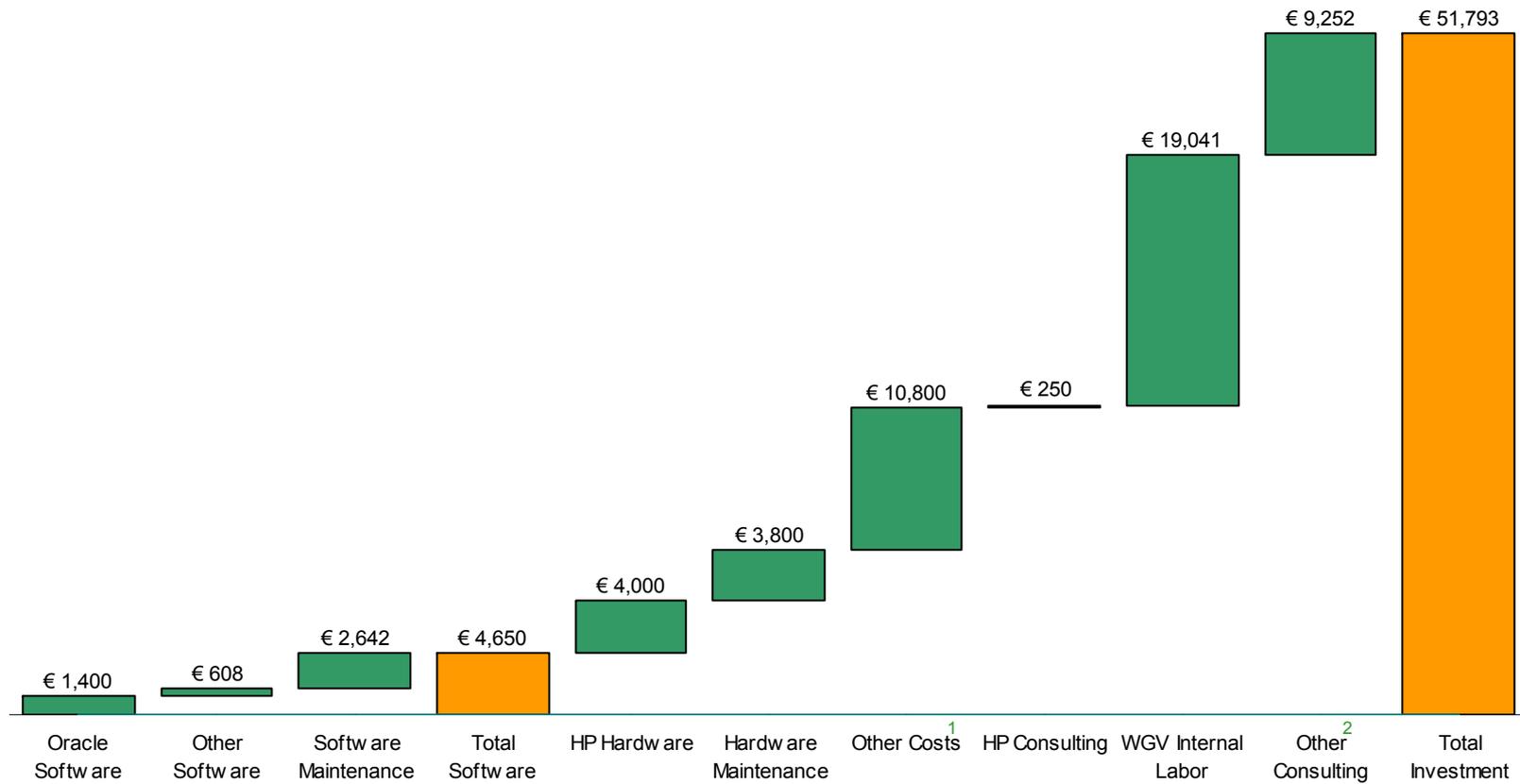
- 35 % IRR
- €60 Million Investment
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Note: All figures in Thousands

* Based on entire investment period: 1994—2006

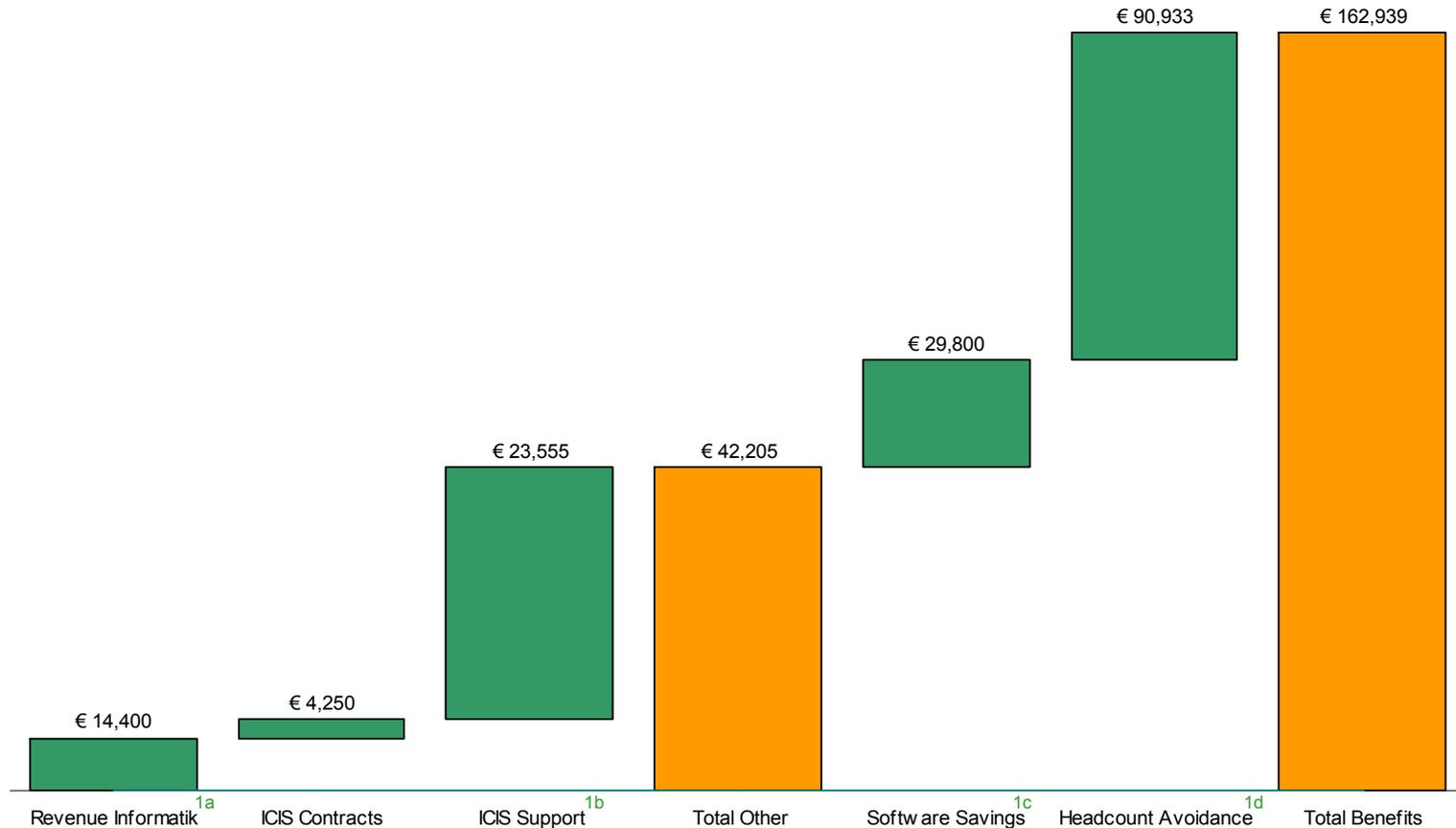
ICIS Core Platform Investment Breakdown



1. Other Costs - Cost of ICIS solution paid to WGV Informatik 1.2M € per year over the 10 year period
2. Other Consulting – Costs to implement Mega=32,000; CTI=500,000; Cognos=20,000; T-Systems=4M, and LBBW=4.7M €
3. 28 WGV FTE's @70K=19M;

Note: All figures in EUR Thousands

ICIS Core Platform Total Benefits Breakdown



1a. WGV Informatik IT Resources. Informatik pays WGV 1.6M € for IT resources

1b. Revenue from ICIS maintenance (ICIS Support) beginning with one customer in 1996 and increasing to 21 customers in 2005

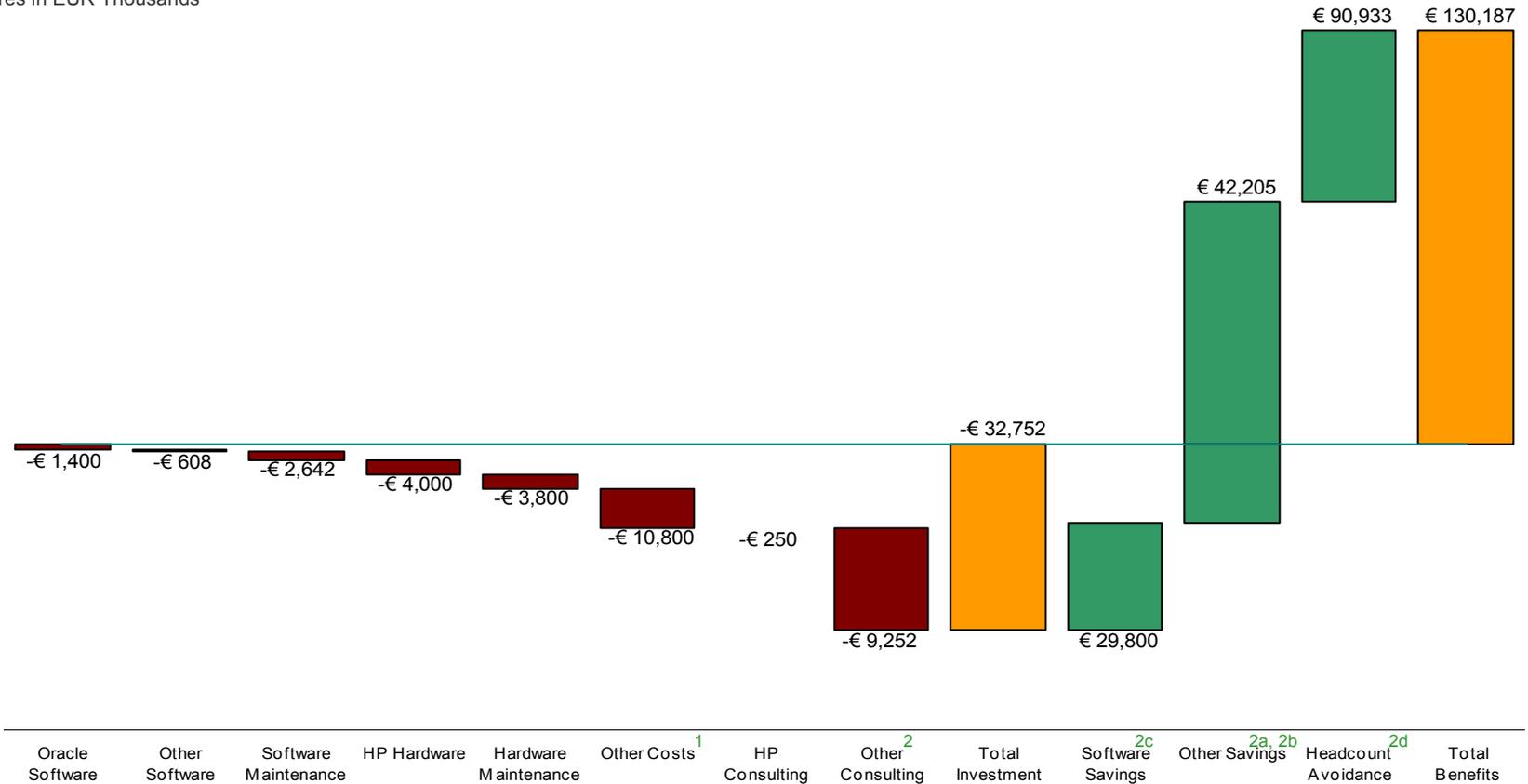
1c. The Avoided Costs of Outsourcing to LBBW, plus any required modifications to the system (2.5M€ per year, plus an additional 500K in modification costs)

1d. Based on the contract to employee ratio, WGV would have needed an additional 155 employees over a ten year period to maintain the level of service they had in 1996. FTE avoidance ranged from 7 FTE's in 1996 to 155 in 2004

Note: All figures in EUR Thousands

ICIS Core Platform Net Benefits Breakdown

Note: All figures in EUR Thousands



1. Other Costs - Cost of ICIS solution paid to WGV Informatik 1.2M € per year over the 10 year period

2. Other Consulting – Costs to implement Mega=32,000;CTI=500,000;Cognos=20,000;28 WGV FTE's @70K=19M;T-Systems=4M, and LBBW=4.7M €

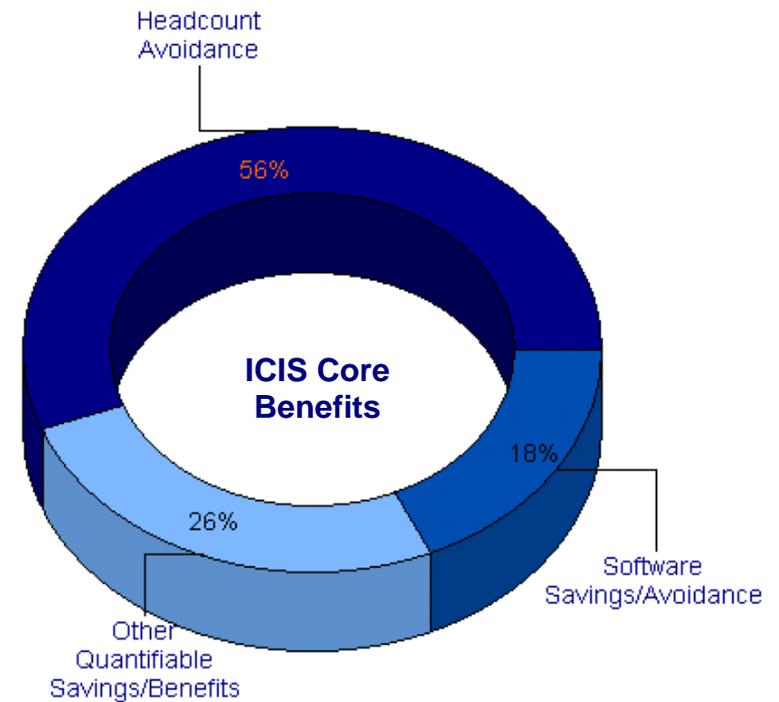
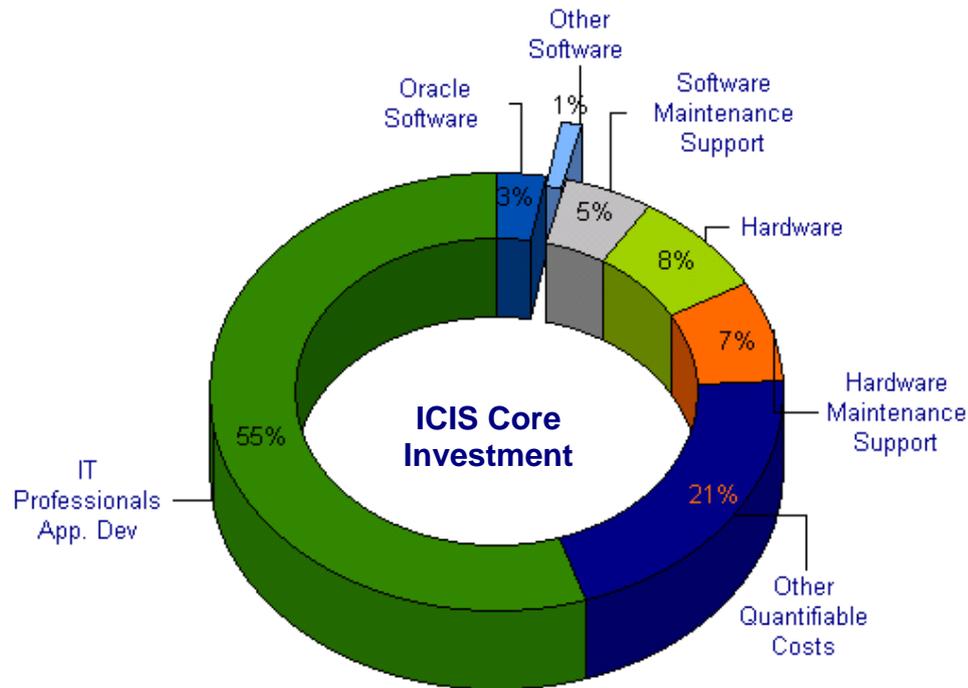
2a. WGV Informatik IT Resources. Informatik pays WGV 1.6M € for IT resources

2b. Revenue from ICIS maintenance (ICIS Support) beginning with one customer in 1996 and increasing to 21 customers in 2005 (1.2MM per customer maintenance)

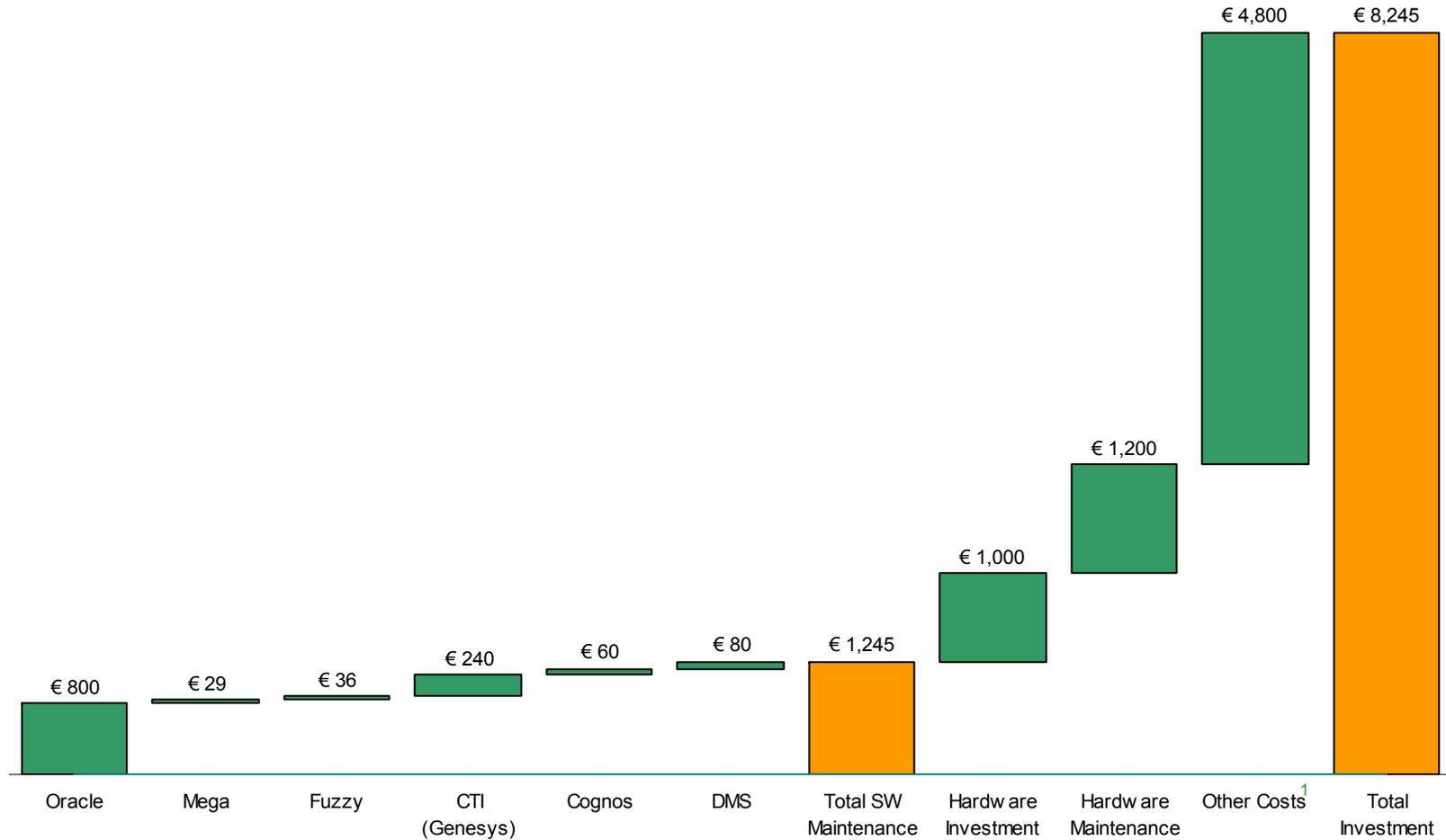
2c. The Avoided Costs of Outsourcing to LBBW, plus any required modifications to the system (2.5M€ per year, plus an additional 500K in modification costs)

2d. Based on the contract to employee ratio, WGV would have needed an additional 155 employees over a ten year period to maintain the level of service they had in 1996. FTE avoidance ranged from 7 FTE's in 1996 to 155 in 2004

ICIS Core Platform: *Investment and Benefits breakdown (%)*



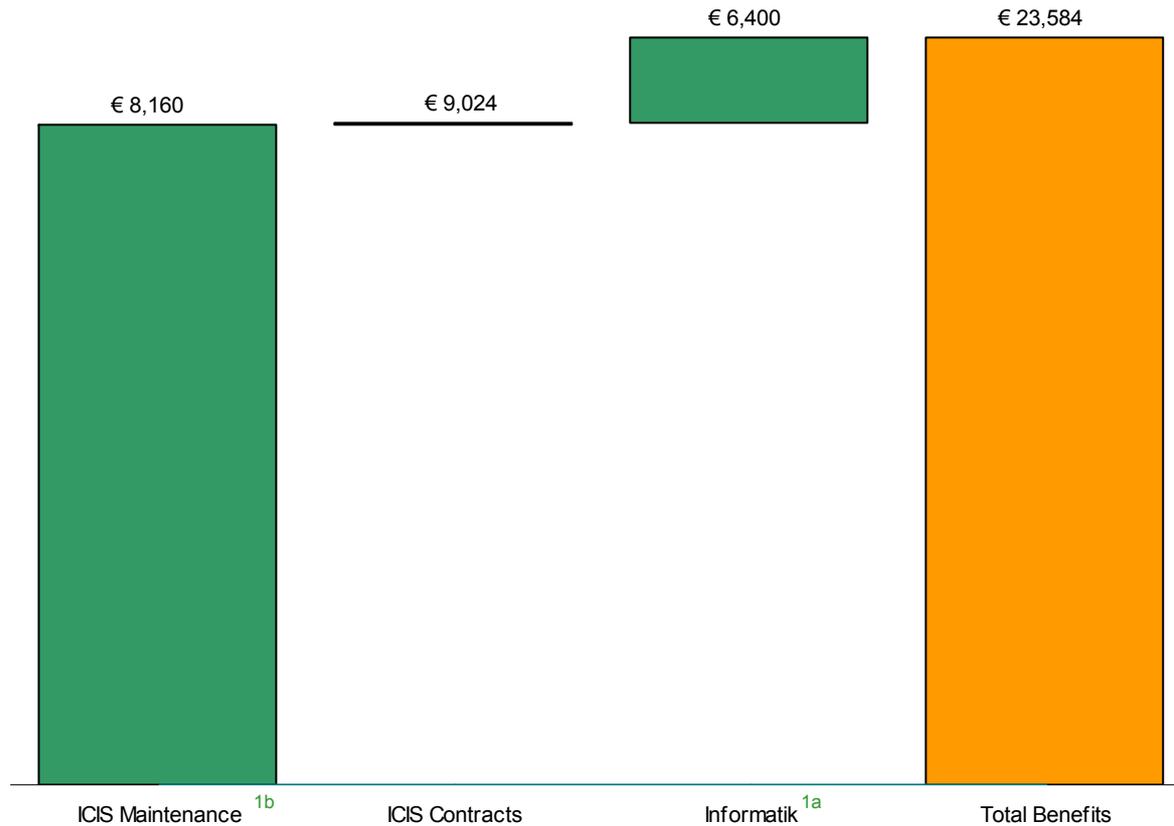
ICIS Innovation Investment Breakdown



1. Other Costs - Cost of ICIS solution paid to WGV Informatik 1.2M € per year over the 10 year period

Note: All figures in EUR Thousands

ICIS Innovation Total Benefits Breakdown



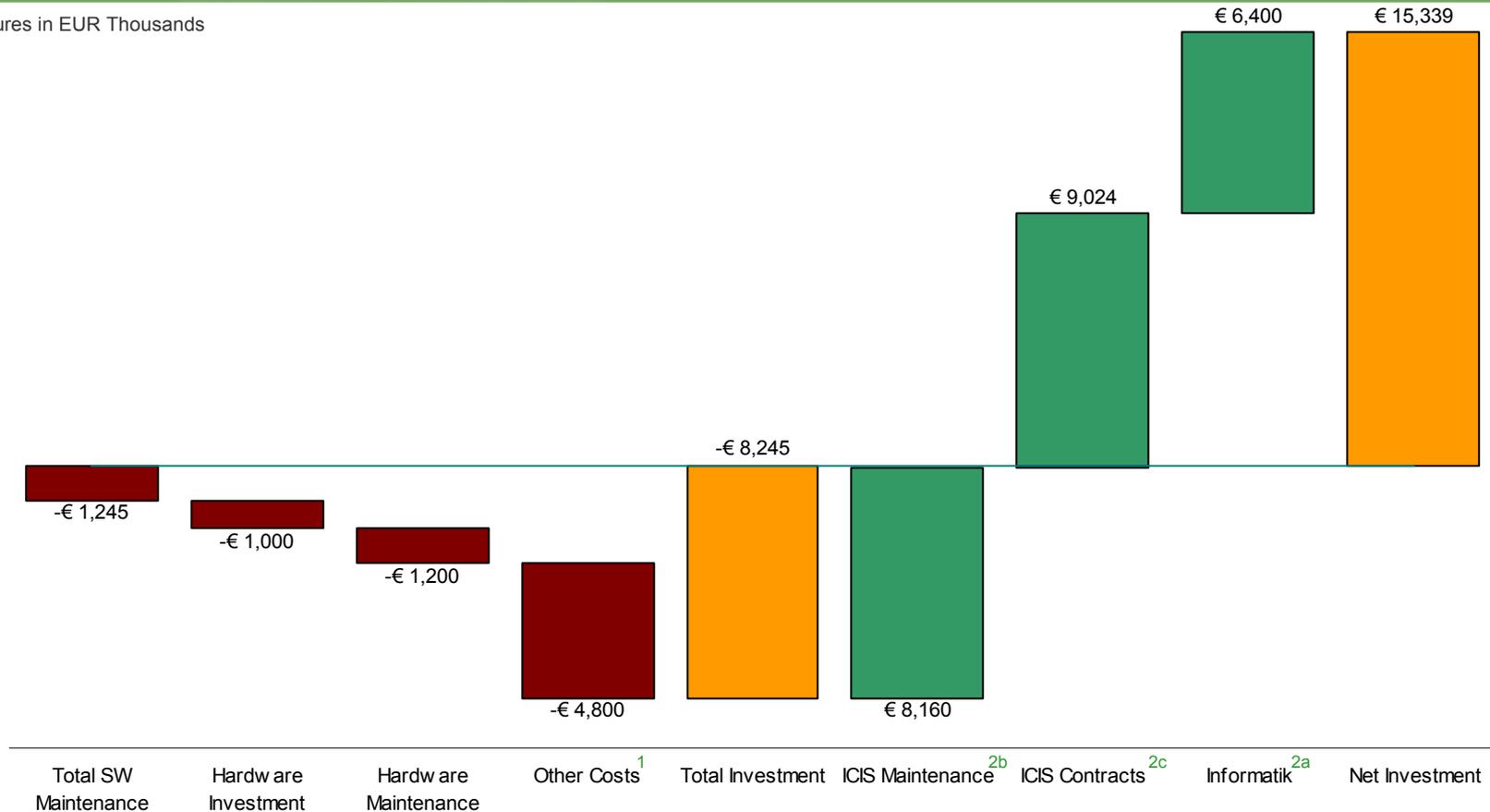
^{1a}. WGV Informatik IT Resources. Informatik pays WGV 1.6M € for IT resources

^{1b}. Revenue from ICIS maintenance (ICIS Support) – 5 customers from 2005 1.2M € per customer per year

Note: All figures in EUR Thousands

ICIS Innovation Net Benefits Breakdown

Note: All figures in EUR Thousands



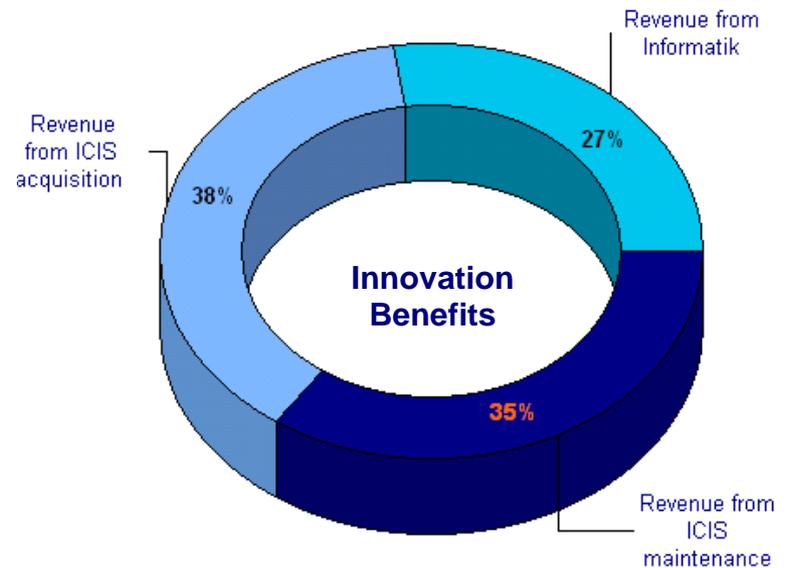
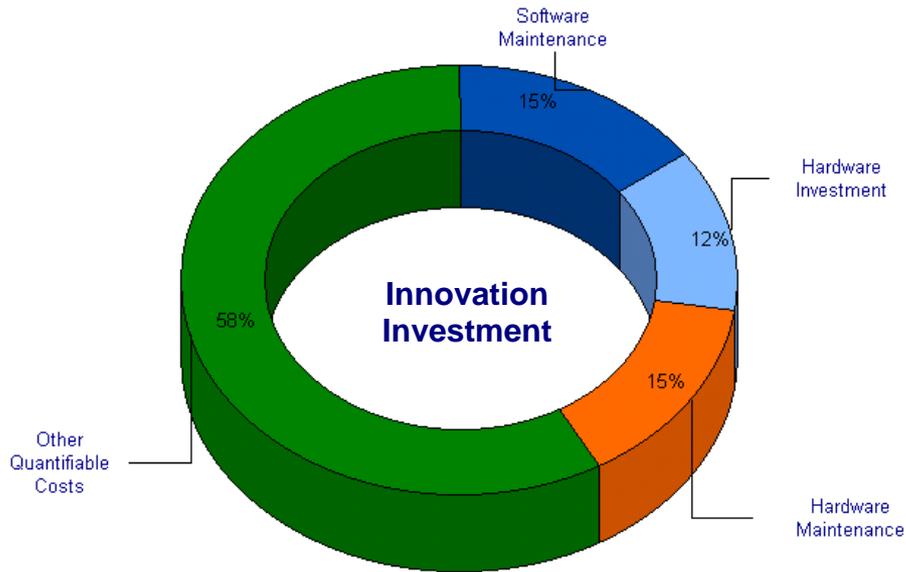
¹ Other Costs - Cost of ICIS solution paid to WGV Informatik 1.2M € per year over the 4 year period

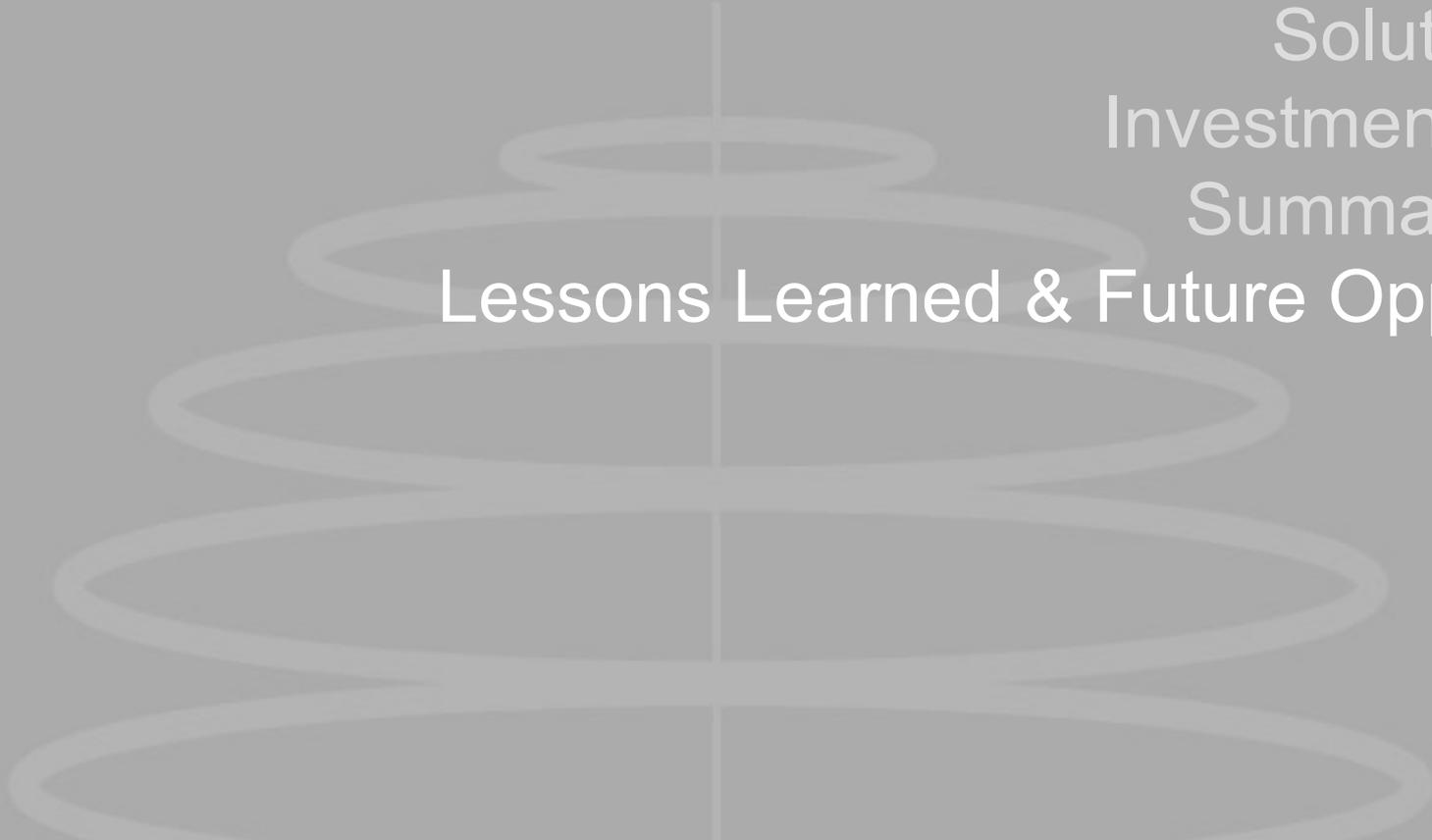
^{2a} WGV Informatik IT Resources. Informatik pays WGV 1.6M € for IT resources

^{2b} Revenue from ICIS maintenance (ICIS Support) beginning with one customer in 1996 and increasing to 5 customers in 2005

^{2c} Based on the assumption that there were no new contract sales since 2005

ICIS Innovation: Investment and Benefits breakdown (%)





Business Overview and Challenges
Solution Scope
Investment Decision
Summary Results
Lessons Learned & Future Opportunities

Lessons Learned

Key success factors

- **Standards** – need to pick technology standards and stick to them. While flexibility is key, open-standards based architecture provides easy on-boarding design, without fragmenting skills across too many technologies → low cost model with scale
- **Proven partners** – In choosing Oracle and HP, WGV found a combination of strength allowing it to focus on building the ICIS solution and not spending valuable resources on technical integration and support challenges that plague most application development
- **Collaboration model** – WGV required partners and collaborators that could help WGV avoid making errors and design choices that would impede its needs down the road
- **Technology as a strategic weapon** – WGV recognised IT as a strategic enabler, not a cost centre. Bringing IT in-house and developing ICIS was a game change event that has allowed WGV to achieve the lowest IT cost basis in the German insurance industry

Watch-outs

- **Choose Innovation** - Use ICIS as an opportunity to innovate, not as a technology to replace current environment
- **Cost as key decision driver** - WGV explored other technology partners, but recognised that service and support are critical parts of a solution and should not be overlooked when evaluating costs
- **Solution Design** - Need to make sure you take a business perspective on use of information when designing databases and technical architecture. Need to consider output as much as input to ensure proper optimisation to ensure data quality and availability

Future Opportunities

Leveraging its highly successful ICIS implementation, WGV has the opportunity to harvest additional value by:

- Analytics for improved vendor relations / negotiations
- e-Invoicing for auto-repair → increase Straight Through Processing (STP) and reduce processing costs
- Increasing customer self-service and claims business processes
- Optimise IT support of cross-selling and outbound telephone functionalities
- Secure high customer retention
- Increase cross-departmental collaboration → using analytics to optimise processes and harness operational learning, moving work effort upstream to front-office for improved interactions, data quality and processing time