

ACUITY leads the insurance industry in helping agents work efficiently.

Overview

■ Challenge

Insurance company foresaw an opportunity to increase premiums and agent productivity by making it faster and easier for agents to access information

■ Why Become an On Demand Business?

By responding to agents with realtime business processes, ACUITY could help agents gain efficiencies and productivity, while increasing its own market leadership and company marketshare

■ Solution

ACUITY created direct company-to-company communication processes—connecting agents' own management systems to its core insurance transactions—by creating an adaptable, open infrastructure using industry standards

■ Key Benefits

US\$200 million increase in premiums over a 2-year period; 15% higher profitability than national average for property-casualty insurance companies; 40% increase in average premium per agency in the most recent fiscal year



ACUITY's technological initiatives have resulted in rapid growth for the company, creating the need for the additional space it will enjoy in its stately new headquarters.

As easy as it is for insurance companies to sell directly to the public over the Internet, many still choose to work through independent agents because of the expertise and personal commitment they lend to the process. In fact, companies like Wisconsin-based ACUITY (www.acuity.com) distribute their property and casualty insurance products exclusively through independent agents. A mutual insurance company, ACUITY provides policies to more than 170,000 commercial and personal customers in 11 Midwestern states. It manages over US\$1 billion in assets and writes more than US\$600 million in premiums.

“We needed to continue to streamline the insurance process and keep adding efficiencies to be responsive to our agents. We wanted to differentiate ourselves and make our agents loyal to us in the long run.”

—Neal Ruffalo, vice president of enterprise technology, ACUITY

Realtime business processes lead to greater efficiencies and productivity

On Demand Business Benefits

- Increase of US\$200 million in premiums over a 2-year period
- 15% higher profitability than property-casualty company national average by using technology to lower administrative costs and accelerate sales cycle
- 40% increase in average premium per agency in most recent fiscal year
- Productivity per employee 46% higher than the national average for insurance companies
- Ability to integrate business processes with those of agents while adding few or no extra steps to the agents' workloads, leading to increased agent satisfaction and productivity
- Resilient, easy-to-maintain infrastructure
- Ability to develop new applications in days, as opposed to months

“This solution’s technology costs very little to maintain and provides agents with the single-entry system that’s been repeatedly called for by the insurance industry. Thanks to IBM and nVISIA, we have realized this vision.”

—Doug Thayer, director of information technology, ACUITY

The traditional partnership between independent agents and insurance companies continues to work as long as each party attends to the needs of the other. And when it comes to meeting the needs of its agents, ACUITY has a simple formula: “We try to make it as easy as possible for agents to do business with us,” says Neal Ruffalo, vice president of enterprise technology, ACUITY. “Pressured to use every moment productively—in other words, sell—agents naturally favor responsive, easy-to-deal-with companies. We want to be one of those companies because therein lies tremendous opportunity.” With this in mind, ACUITY has repeatedly transformed many of its operating processes in order to transact business faster and more easily, resulting in higher productivity and increased revenue for itself and its agents.

For instance, ACUITY recently moved some of its business-to-business (B2B) transaction processing to the Web, saving agents a significant amount of time. However, while the company continued to expand its online insurance system, it realized that it needs to remain sensitive to imposing extra tasks on its agents. According to Ruffalo, “We needed to continue to streamline the insurance process and keep adding efficiencies to be responsive to our agents. We wanted to differentiate ourselves and make our agents loyal to us in the long run.”

Agents clamored for a way to provide comparative quotes for customers without having to access other online insurance systems. They found it cumbersome to leave their own agency management systems, log on to several insurance Web sites, and keep track of user names and passwords. They wanted to submit and manage business automatically by entering information only once, without duplicating data-entry tasks.

Strategy for long-term market leadership

As ACUITY weighed strategies for meeting the needs of agents, it observed that much of the insurance industry used systems that did not communicate with one another. ACUITY knew there were vast amounts of business waiting for the company that could introduce new communication processes using standardized methods. Moreover, groups within the insurance industry supported standardized information-exchange formats to enable companies and agencies to pass information back and forth automatically. By adopting these standards—and creating new insurance processes that any agent could access without having to jump around on the Web—ACUITY saw its chance to respond to agents with the systems that would open a new era of convenience.

Industry standards mean more profits

Working initially with IBM Business Partner nVISIA, ACUITY adopted the industry’s information-exchange standards that connect companies in realtime and enable agents to obtain quotes without leaving their own agency management

systems. Instead of laboriously re-entering the information needed for quotes from multiple insurance companies, agents enter the information once and access as many companies as they wish simply by clicking on their names within an agency management system—assuming these companies are technologically equipped. Agencies provide their customers with better coverage at better prices, and still have more time to sell. Besides bringing in more revenue, the agents can leverage the systems and training in which they've already invested. And by opening up these automated channels, ACUITY quotes more business without needing to invest in new systems or additional human resources.

ACUITY saw evolving industry XML standards as a unique opportunity to respond to agents with new realtime business processes that would lead to greater productivity. The resulting solution has also kept administrative costs low and helped the company to develop competitive positioning to put it at the forefront of the industry. "We wanted to make it easy for any agent or industry provider to connect with us to do business automatically," says Ruffalo. "This is what the agents wanted because it would give them a wider choice of companies. By being an early adopter, we could become one of their premier choices."

nVISIA provided its Adaptive Software Infrastructure, a service-oriented architecture that greatly accelerates the development time for new applications. The nVISIA infrastructure enabled ACUITY to accept quote requests and application submissions in the standard XML formats used by most agency management systems. With nVISIA's mentoring, ACUITY leveraged IBM WebSphere® Studio Application Developer to create Java™ servlets. The solution utilizes IBM WebSphere Application Server Advanced Edition as a runtime environment for the Java code running on an IBM UNIX® processor-based system. IBM DB2® Universal Database™ for AIX® manages user profiles and other system data.

To obtain quotes, agents invoke requests using the agency management systems with which they are familiar. These systems are designed with the ability to access the Internet and pass XML data streams to IVANS Transformation Station or other industry-standard clearinghouses for XML data exchanges, which access the IP address of the ACUITY Web server. ACUITY's IT department created applications to cleanse and edit the XML streams and reconnect with the agent's system if any data is missing. Otherwise, the ACUITY applications running in WebSphere Application Server complete the transactions using IBM CICS® software on the ACUITY IBM @server® zSeries™ mainframe. Both nVISIA and ACUITY relied on IBM Rational® Unified Process® to develop business objects using a consistent methodology to minimize errors. According to Doug Thayer, director of IT for ACUITY, "IBM Rational Unified Process is an iterative process that enables developers to meet business requirements and reduce risk from their applications. It also has helped us to greatly accelerate our development process."

Key Components

Software

- IBM WebSphere® Application Server Advanced Edition
- IBM WebSphere Studio Application Developer
- IBM DB2® Universal Database™ for AIX®
- IBM DB2 Connect™
- IBM CICS®
- IBM Rational® Unified Process®

Servers

- IBM @server® zSeries®
- IBM UNIX® processor-based server

Business Partner

- nVISIA
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While ACUITY can connect with most agency-management systems that utilize industry-standard XML formats, many of its agents use the Applied Systems agency management software to access and execute the ACUITY application. "This type of solution requires open-standards technology, which is what IBM provides," says Ruffalo. "IBM is a leader in the insurance industry precisely because of its commitment to open standards such as XML and Java technology."

Streamlined communications boost profitability

With its new online applications helping to boost ACUITY's premiums and keep costs low, ACUITY's combined ratio (a profitability measurement) is 15 points better than the national average. The company reports an increase of US\$200 million in premiums over the past two years, from US\$418 million to US\$618 million. In ACUITY's most recent fiscal year, the average premium per agency increased 40 percent, while productivity per employee was 46 percent higher than the national average for insurance companies. Using nVISA's Adaptive Software Infrastructure, ACUITY can now develop new applications in days, as opposed to months.

ACUITY is also able to integrate its business processes with those of its agents while adding few or no extra steps to the agents' workloads, a factor which has led to increased agent satisfaction. Citing ACUITY's consistent use of technology to meet challenges, rating agency A.M. Best has awarded ACUITY its A+ rating. Winner of four awards, in 2002, for early adoption of industry standards by ACORD—the industry standards body—ACUITY garnered eight technology awards given by the organization in 2003, as well as recognition from ASCNET, the Applied Systems user group.

Building on flexible technology

ACUITY has recently added a new function to its online services that enables agents to answer their own questions about a client's account balances. The company is working on additional applications that will further enable agents to manage policy changes.

"Our solid foundation requires little effort on our part to adapt for new applications, business partners and new agents," says Thayer. "This solution's technology costs very little to maintain and provides agents with the single-entry system that's been repeatedly called for by the insurance industry. Thanks to IBM and nVISA, we have realized this vision."

For more information

Please contact your IBM sales representative or IBM Business Partner. Visit us at:

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For more information about nVisia, please visit:

www.nvisia.com



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11-04
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