

## Standard Life's implementation of an SOA is a sound investment.

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### Overview

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■ **Challenge**

*Simplify doing business with multiple channels*

■ **Solution**

*Expose and deploy business services for reuse by business partners with a service-oriented architecture using XML services*

■ **Key Benefits**

*Reuse of nearly 51% of its services, contributing to a savings of more than £3 million in development costs; increased transaction rate by 900% without increasing operations staff; improved responsiveness to market change and customer needs*



When Standard Life, an assurance company headquartered in Edinburgh, Scotland, first opened its doors in 1825, it offered its customers a set of quality life, pension and annuity products. Now, almost two centuries later, Standard Life leads Europe's assurance industry, employing over 12,000 people and managing more than £105 billion in assets for over seven million customers worldwide. Its portfolio has expanded to include

investments, banking and healthcare offerings that are delivered through four independently operated organizations within the United Kingdom: Standard Life UK, Standard Life Investments, Standard Life Bank and Standard Life Healthcare. Standard Life also has international operations in Canada, Germany, Ireland, India and China that contribute approximately 30 percent to the company's worldwide new business.

*“The architecture has improved the quality and manageability of in-house applications. We are building applications on a proven framework.”*

*—Ian Muir, senior manager for core technology, Standard Life*

Doing business in the 21st century is not as straightforward as it was in 1825. In recent years, Standard Life has seen the speed and complexity of operating its business increase. The majority of its revenue is now delivered from independent financial advisors (IFAs), many of whom use industry-sponsored portals to obtain product and price comparisons from multiple providers on behalf of their customers. Pressure from competitive aggregators, which can provide IFAs with a comprehensive, single view of customer holdings, is on the rise—as are customer expectations for faster service and online access to their personal financial information. While Standard Life has always enjoyed a sterling reputation for customer service, it clearly recognized the growing need to be even more responsive to its customers and to drive loyalty within its many business channels.

Standard Life sought ways to make working with its business channels simpler and to improve customer service. But reducing costs was also a priority. For Standard Life, cost reduction had implications that went beyond contributing to its own bottom line—cost-cutting could also improve its competitive standing with IFAs. As Standard Life lowered its cost of doing business, IFAs would have an opportunity to lower theirs. And if Standard Life could help IFAs improve their margins, it could foster IFA loyalty and gain a competitive edge.

#### **Leveraging IT assets to address new challenges**

To address these issues, Standard Life sought to establish a new, more flexible architecture that would enable it to leverage its existing business process and technology assets. In 1995, Standard Life had standardized its data access and catalogued its reusable data services. Then, between 1999 and 2001, Standard Life defined its application development architecture and the framework that would support it. This became the blueprint for what is now the company's hub-centric architecture (HCA), or service-oriented architecture (SOA), which provides the foundation for Standard Life's implementation of Web services.

An SOA is a technology framework that componentizes business processes and the IT functions that support them in order to extend those processes to constituents, both internally and externally. Web services are self-contained, modular applications that are designed to work together without relying on custom-coded connections. They can be combined and recombined to meet the changing needs of the business. This flexibility and reuse leads to shorter development cycles with less effort expended, resulting in substantially lower costs. The list of Standard Life's reusable business services includes *verify identity*, *provide life cover information* and *create outgoing document*.

In 1999, however, Web services standards were just emerging. Therefore, to best meet its internal needs, Standard Life developed internal XML standards that are analogous to today's Web services standards. As Web services standards matured, Standard Life continually evaluated them, and is now beginning to implement these new standards as XML-enabled reusable services that are available over a messaging hub to agents and business partners.

Standard Life's service-oriented approach has allowed the company to leverage its existing IT assets and applications and to align technology with its key business objectives. Today, Standard Life's SOA has been implemented across all of the major U.K. operations in the Standard Life Group, and a leading independent research firm has endorsed Standard Life's approach to the development of an SOA as best practice in many areas and close to best practice in others. At the core of the SOA is IBM WebSphere® Business Integration Message Broker software, a standardized messaging technology that allows Standard Life to integrate its various hardware, software and platform systems. Web services are enabled by IBM Rational® Application Developer for WebSphere software and IBM WebSphere Application Server software.

Standard Life chose IBM for the reliability of its middleware. IBM WebSphere Business Integration Message Broker software provides a flexible infrastructure and simplifies the real-time integration of Standard Life's legacy applications with Web services, enabling Standard Life to introduce new business services and share them with key constituents whenever necessary. IBM Rational Application Developer for WebSphere software, along with IBM WebSphere Application Server software, enables Standard Life to quickly develop and deploy its Web services in an integrated, open-standards-based development environment.

#### **Measurable business benefits**

Standard Life has seen significant benefits as a result of implementing an SOA and reusing business services. Over 300 business services, such as the ability to provide agent details, produce statements and maintain addresses, are available for reuse by IFAs, agents and customers. Standard Life can easily deploy new combinations of services, thereby simplifying the process of working across its various business channels. And because Web services employ common standards, anyone, regardless of his or her technology environment, can make use of the services Standard Life has extended.

*“Standard Life sees the opportunity to differentiate itself to both brokers and end customers by providing the best online experience.”*

—Gary Morrison, customer service director, Standard Life

Standard Life has also seen a significant decrease in client application development times. To date, the company has been able to reuse nearly 51 percent of its services, contributing to savings in excess of £3 million in development costs. With so many services available for reuse, Standard Life's IT department can combine services to develop and deploy composite applications more quickly and as the business needs them. As such, Standard Life is more agile and responds to new business opportunities with greater speed.

By leveraging its catalog of reusable services and making them available to business partners, Standard Life has been able to improve customer service. This, in turn, differentiates Standard Life from its competitors in the eyes of IFAs and customers using aggregate sites to evaluate and select providers. In fact, Standard Life has been voted "company of the year" by U.K. IFAs for the past five years.

Since Standard Life has implemented an SOA using Web services, its transaction rates have increased by 900 percent—without the need to increase operations staff. Moreover, by sharing business functions with key constituents, the company can ensure the consistency of information that its customers receive, whether that information comes from an IFA portal, Standard Life's Web site or from a conversation with one of the company's customer service representatives. This consistency strengthens the Standard Life brand across multiple products and channels.

### **Combining technology with people and processes**

Standard Life's SOA has evolved over a 10-year period. During that time, the company has learned an important lesson: that an effective service-oriented architecture combines technology with business processes and people. Standard Life made the important shift from having a technology-centric culture to having a service-oriented one, and enhanced the skill sets of its employees, for example by training them in XML, to support this culture shift. It also leveraged and revitalized its existing IT and applications assets to support its business processes. In this way, Standard Life's IT both supports the organization and contributes to the bottom line.

### **For more information**

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