Why this approach works

CIGNA believes that taking a business-focused approach helps make its SOA effort successful for the following reasons:

- ✔ SOA can help solve a real business need. In CIGNA's case, one primary driver was repositioning technical capabilities more around the needs of the individual in support of CIGNA's overall health improvement strategy.

- ✔ At a high level, the business understands the benefits of SOA in business terms — such as cost reduction and efficiency. For example, service-enabling the systems used by the contracting department will also enable CIGNA to implement new cases faster by improving the integration with the existing legacy systems and providing them with accurate post-sale data from a single source.

- ✔ The enterprise architecture helps the business see that services built for one part of the business can also be used and extended for other parts of the business, thus benefiting everyone. Projects are now defined in terms of the entire business. In other words, CIGNA is now positioned to build capabilities that better support up- and down-stream business processes, instead of simply focusing on building localized departmental functionality.

Innoveo Solutions

Innoveo Solutions, based in Switzerland, provides software solutions, consulting and integration services, and product and operations support for the insurance industry. Its platform, called Innoveo Skye, supports the front-end sales and distribution process. The company began doing business as an independent company in late 2007 after reaching an agreement with its parent company, Helvetia Group, a European insurance service group based in Switzerland.

During its years spent as a subsidiary of Helvetia Group, Innoveo — doing business at the time as ecenter solutions — used service oriented architecture (SOA) to help solve some very challenging business problems. Helvetia Group, one of the top five Swiss insurance companies, has a strong presence through Europe, with primary market activity located in Switzerland, Germany, Austria, Italy, and Spain. The company operates as a holding company for multiple insurance company branches and subsidiaries located across six European countries. As a group, they sell a broad portfolio of personal and business insurance, including individual and group life, property

and casualty, and reinsurance. Each of these business units operates independently, based on different languages, cultures, business rules, and priorities. They also maintain distinct sets of products, employ separate marketing and sales departments, and operate disconnected technology systems.

Innoveo used SOA technology to enable the business units to become more technically integrated so they could market themselves in a consistent way. By creating a more flexible and shared infrastructure, together with a common front office, the Helvetia Group was able to be more responsive to industry changes, bring on new partners, and expand into new markets. All these changes helped Helvetia Group to capitalize on its established brand identity and grow the business.

Innoveo is born

Innoveo owns the intellectual property rights to Innoveo Skye, the software platform it developed while operating as a subsidiary of Helvetia Group. Now that Innoveo operates as an independent company, it will continue to improve on its Innoveo Skye solution and deliver this solution to an expanded customer base. In order to reach its desired target market of insurance companies with distributed subsidiaries or business units, Innoveo needed to distance itself from Helvetia Group to eliminate any conflict of interest. While Helvetia will continue to remain a key customer, Innoveo's target market will include many of Helvetia's key competitors.

Innoveo technology services and products are designed to support insurance companies with distributed subsidiaries and business units. The insurance industry is highly competitive, leading many companies to place a priority on rapid development and distribution of innovative products and services. These companies need to get new products to market faster than ever before. Companies often need to react quickly to competitors' market offers and provide similar offerings, or they'll lose market share. They need to anticipate and stay ahead of changes in the market in order to build market share positions. Time to market is a key issue for adapting products to serve new markets, addressing new channels, and of course, bringing new products to market. Innoveo provides software to meet these challenges. Its platform provides a set of business services to support the front office sales and distribution process for more than 100 insurance products.

Innoveo's approach

In order to understand how Innoveo provides its services, you need to step back a few years and examine how Innoveo developed its products while part of Helvetia Group. The solutions developed by Innoveo (when doing business

as ecenter solutions) were designed to address a number of technical challenges. While the work was done specifically for Helvetia Group, these same challenges are common across many insurance companies in Europe.

The overall mission was to create an integrated set of solutions that would streamline sales-oriented processes throughout the organization. The different business subsidiaries located throughout Europe were connected by a technical communications backbone, but the administrative and financial systems were all disconnected. IT determined that if the business wanted to add new distribution channels quickly and cost-effectively, the brokers, agents, and financial advisors needed to work with an integrated information system.

The sales process was partly inefficient because agents based in different locations spent a lot of time manually integrating information between separate technology systems. The business processes for channel distribution needed to be streamlined and optimized. The company had different software applications representing the different distribution channels — brokers, company-based agents, financial advisors, what have you. These systems weren't consolidated, and the landscape was very complex. The parent company needed to build more flexibility into the infrastructure so it could make rapid changes based on the needs of the business. In addition, it needed a way to provide some of its solutions to partners in order to expand the company's customer base and reach into new markets.

After examining these separate processes and systems, the company built a generic model of its insurance business and developed a set of reusable services. The various insurance company subsidiaries turned many of their existing and well-proven applications into reusable Web Services. The programmers designed a new user interface and technical infrastructure. The IT team also added governance components and ensured that the technology accurately reflected the business processes. The IT team created business services for the most commonly followed business processes — the ones that were most likely to be shared and reused. Examples of some of these business services include

- ✔ Creating a proposal for building insurance
- ✔ Collecting data to calculate a life insurance premium
- ✔ Compiling data for a life insurance quote
- ✔ Calculating the premium for a life insurance product
- ✔ Printing a proposal for a customer

The true beauty of the whole endeavor was the fact that the team could create many of these business services by adapting legacy code to work within a SOA. IT started with the most common sales-oriented business

processes that the company used across different products and subsidiaries and created business services for them. They stripped the business process down to just the essential information needed for that service to function and then made sure to reuse that stripped-down version in as many other business services as possible.

The move to SOA enabled Helvetia Group to increase its business efficiency and collect more consistent data on customers, their policies, and their claims. Innoveo Solutions built its solution in a flexible way to contain all the different life and non-life products offered by the many Helvetia Group subsidiaries. Integrating these products helped improve the consistency of the company's data. Using this approach, the company was able to work much more efficiently with its partners. For example, the solution was built in such a way that partners didn't know when they were leaving their own solution for a partner's Web site.

Prior to using the services approach, each of the insurance products was designed and stored in completely separate sales applications. With SOA, Innoveo was able to deliver common e-business applications for all lines of business. Each of the smaller business units benefitted by leveraging the business services designed for both life and non-life products. These business services were created so that they could be reused across the different lines of business for added flexibility and efficiency. By putting components together in a flexible way, changes were much easier to manage. For example, when a rate change needs to be made for a particular product, such as life insurance, the change can be made dynamically without changing the complete application.

Innoveo is building on the work it did while part of the Helvetia Group to deliver the same benefits to other insurance companies. It provides its customers with a front office product catalog for various insurance products such as life, personal property, and auto. Supporting these products is a set of reusable services (such as calculate premium, search customer, store offer, read policy, validate entry, or print proposal) that can be assembled to create a business module to support a particular insurance product. The idea is that 70–80 percent of the functionality that the client needs already exists in these business services and that only 20–30 percent will need to be customized to fit the client's specialized needs. In this way, Innoveo helps to eliminate the redundant code found in the myriad applications that support the various partners that insurance companies do business with. It believes that its products will help its customer reduce time to market for new products.

The company is leveraging not only the technology it created while it was part of Helvetia Group, but also the best practices it developed. For example, one dimension that added a great deal of complexity to the Helvetia Group implementation relates to security and data protection. The company needed to transfer sensitive data among different channels by using Internet technology while accounting for varied protection rights and rules. The company

was able to put technology in place that limited data visibility to those with a right to know. It had to account for situations where some information, such as a client financial portfolio, might be able to be viewed by one channel but should not be seen by another channel. This same functionality is now part of the new product.

Next steps

In order to make a successful transition to an independent company, Innoveo is working on building partnerships with its integration partners, including many local integration partners in Switzerland and global information technology vendors. These integration partners are interested in addressing the specific IT needs of the insurance industry. Some will choose to expand their solution by layering on the Innoveo front-end solution. The partnership works well for both parties. The partners are able to add significant value to their products by layering on the Innoveo front-end solution, without needing the advanced skills to create it themselves. Innoveo benefits by gaining access to their partner's installed base of insurance companies.

Jack Henry & Associates

Jack Henry & Associates (JHA) of Missouri provides technology systems and management information services to financial services firms. The company has been in business since 1976, when it started by selling software to small community banks to help them with their core data processing and information management requirements. As ATM usage and then online banking grew in importance, JHA added lots of related applications to its core systems to include functions such as ATM management, electronic banking, and debit card and electronic check processing.

JHA provides services to help companies deploy hardware and software. In addition, many of its customers outsource a portion of financial processing activities to JHA, leveraging its six data centers and 20 item-processing centers. JHA revenues were $743 million in fiscal year 2008 (ended June 30). The company has approximately 8,800 customers. About 26 percent of these customers are banks and credit unions deploying the JHA core systems, and about 74 percent are banks and other financial institutions deploying ancillary products (non-core). JHA's core banking software applications remain strong with its traditional customer base of U.S. banks and credit unions of all sizes, primarily 20 billion and less in assets. However, much of the future growth is expected to come from the larger banks, credit unions, and other companies utilizing financial service applications that are interested in the highly specialized solutions provided through JHA's ProfitStars brand.