



R+V Versicherung AG standardizes premium collection with Europe's largest SAP FS-CD solution

Based in Wiesbaden, R+V Versicherung AG is one of the leading insurance providers in Germany, offering customized insurance services to private and corporate customers.

With almost seven million customers and about 13,000 employees, R+V's income from premiums exceeded €11 billion in 2010. As part of the German co-operative banks association, the company offers its services in more than 13,500 branches of the Volks- und Raiffeisen banks across Germany, and also sells through local representatives and agencies.

Relying on SAP solutions in a complex environment

R+V relies on SAP ERP solutions for core business management tasks such as finance, accounting and human resources. Over the years, R+V had built up a range of heavily customized dedicated applications to manage premium collections, and its technical

landscape was gradually becoming more and more complex, with variations at each office location.

In a rapidly shifting insurance marketplace, which is also subject to new and constantly changing regulations, application complexity hindered R+V's ability to respond to business needs. A single standardized and centralized solution would enable the company to implement new regulatory requirements more easily and quickly, and speed up its response to new market opportunities.

The aim was to replace the diverse customized solutions with a common architecture and standardized processes, which would be able to incorporate the specific requirements of corporate customers such as brokers and agencies. The new solution also needed to be designed to support future requirements, such as the introduction of the standardized euro

Overview

Challenge

Insurance company

R+V Versicherung AG is building what it calls the “Insurance of the Future.” Existing business management solutions were not capable of providing a global, enterprise-wide view of finances and workflow processes.

Solution

Working with IBM Global Business Services, R+V Versicherung implemented an integrated suite of SAP applications, both for specialist insurance workflows and for general business and financial management.

Key benefits

The new solutions have removed the costs of some 60 full-time employee equivalents, and enabled premium collection rates to increase by approximately €12 million.

Business Challenge

Insurance company

R+V Versicherung AG is building what it calls the “Insurance of the Future.” The aim is to provide streamlined insurance services across Europe, with very low operational expenses and commercially attractive premium rates.

R+V Versicherung wanted to understand its own operational performance in more detail, manage finances more efficiently, and introduce automation of standardized processes wherever possible. Existing business management solutions were not capable of providing an enterprise, international view of finances and workflow processes.

payment zone Single Euro Payments Area (SEPA), as well as to be capable of complying with extended regulatory needs.

Choosing the right partners

After a comprehensive selection and evaluation process, R+V selected SAP for Insurance Collections and Disbursements (SAP FS-CD) as it offered the closest fit for the company's needs. The implementation of SAP FS-CD, combined with SAP Incentive and Commission Management (SAP FS-ICM) and a debt recovery solution produced by Ferber Software named IKAROS, would create an integrated, end-to-end solution for all its core processes.

To minimize business risk, the team looked for a consulting, system architecture, modeling and migration services partner that would bring experience, skills and technical knowledge to the implementation project. From five potential candidates, R+V selected IBM Global Business Services as providing the best all-round package.

Heinrich Polle, Head of Premium Collections at R+V, comments: “IBM Global Business Services answered every question in our call for tenders. After two major SAP FS-CD

“IBM was able to offer an excellent team that captured all our goals precisely and presented realistic solution approaches. IBM Global Business Services provided a detailed response based on intensive experience.”

Heinrich Polle

Head of Premium Collections
R+V Versicherung AG

projects, IBM was able to offer an excellent team that captured all our goals precisely and presented realistic solution approaches. While some partners responded with a standard proposal, IBM Global Business Services provided a detailed response based on intensive experience.”

Advanced project management ensures success of migration

With help from IBM Global Business Services, R+V completed functional Service Oriented Architecture (SOA) modeling as well as the technical implementation of SAP FS-CD. Using

the IBM Ascendant SAP methodology as well as the IBM Worldwide Project Management Method (WPMM), the IBM Global Services team examined the business structures, process transformations and organizational dependencies.

Management and control of this project was conducted by the steering committee, and was also closely supported by the executive board. This collaboration significantly improved the project's compliance with and the enforcement of standards and consistent solutions within the group.

The project, called INKA, was divided into three stages. The first was to migrate 115,000 contracts as a pilot project in 2009. The experience and insight gained during this phase was used to plan the second stage: the larger, mass migration process of some nine million contracts, including more than 100 million transaction items.

The implementation program affected the organizational structure of almost the entire company, and many customized solutions were replaced by a corporate-wide standard. The R+V project team consisted of 100 line-of-business employees and 80 IT department staff, supported by ten developers and project managers from

IBM Global Business Services. The team agreed task definitions for all team members, which helped to ensure very good collaboration.

During this second stage and in parallel to the SAP FS-CD project, IKAROS software was introduced. Migration to the new combined SAP FS-CD, SAP FS-ICM and IKAROS system was completed during a single weekend, with the assistance of 160 people. About 20,000 applications in the main release were migrated and tested with the relevant databases.

Stage three is an ongoing process, which seeks to extend the solution to about 4.1 million life insurance contracts and migrate the remaining R+V subsidiaries to the system, an important step in preparing the company for the introduction of SEPA. Assisted by IBM Global Business Services, R+V is operationalizing the integration processes and aims to cut the migration time by half. Ultimately, R+V will ensure that its own staff are qualified to operate the solution independently.

The new solution connects to 12-15 policy management systems and online portals, such as broker portals and the call center portal. Automated interfaces transfer SAP FS-CD transactions to



Solution

R+V worked with IBM Global Business Services and others to transform its premium collection processes and organizational structure.

Using the IBM Component Business Model (CBM) methodology, R+V was able to analyze its business processes and design a process-optimized workflow management as well as a corresponding service-oriented architecture to support the introduction of SAP Insurance Collections and Disbursements (FS-CD) – the largest implementation of this solution in Europe.

Combined with SAP Incentive and Commission Management (SAP FS-ICM) and an IKAROS debt recovery management solution from Ferber Software, the new platform delivers an integrated and automated workflow process across the enterprise.

Key Solution Components

Industry

Insurance

Applications

SAP® ERP, SAP for Insurance Collections and Disbursements (SAP FS-CD), SAP Incentive and Commission Management (SAP FS-ICM), SAP NetWeaver Data Warehouse, IKAROS

Services

IBM® Global Business Services®, SAP Consulting

the SAP financials solution and to the SAP NetWeaver Data Warehouse. The core SAP landscape consists of four systems: the SAP FS-CD system, the SAP FS-ICM system, the corporate SAP ERP system (with a production database of some 3.5 TB), and another system for business partners. There are 9,100 registered users of the SAP FS-CD solution, and about 1,000 use the system concurrently on a daily basis.

Impressive savings as result of organizational realignment

With the SAP FS-CD solution in place, many formerly manual tasks in the areas of billing, premium collection and collections departments are executed automatically, and even for the remaining manual interventions the effort has been reduced substantially.

For example, consistent and centralized customer account information is now available immediately, and telephone enquiries can now be answered quickly without extensive internal inquiries. The result is that some 60 people will gradually be freed from routine tasks and assigned to more productive work.

“Working with the new system is more efficient,” says Heinrich Polle. “Previously, employees needed to click through several different dialogs; now

“The integration of the SAP components and the collections procedures allows us to react much more flexibly to individual customer situations. These improvements will enable us to achieve further costs savings of €12 million a year.”

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they can find all the information they need consolidated in one place.”

In replacing a complete legacy system with a standard software solution, some company-specific functionality in the highly tailored in-house system is not available immediately. During the transition to the SAP applications, the existing solution was kept in operation, and it will be retired when R+V and SAP have completed work on extending the SAP applications. By standardizing on an enterprise-wide solution, R+V Versicherung is able to react to

market developments and regulatory requirements more easily and more rapidly.

For example, it is common for customer groups to make special requests, such as e-invoicing and monthly consolidated settlements, or combined billing of different contract types on a single invoice. R+V is able to introduce changes once, globally, and enable them for some or all of its business units, helping to cut costs and accelerate time to market.

The overall project implementation costs ran higher than the planned budget, principally because of the complex and parallel customizations of the functionality provided by SAP FS-CD and the corresponding interfaces to the existing R+V application landscape.

The customizations doubled the workload for key staff and experts, and ultimately required additional people to ensure that project completed within the time plan. Additionally, the stabilization phase took longer than planned, and collectively there were significant increases in the planned budget. On the other hand, there are substantial savings to be gained from the improvements in the utility of the completed project.

“Before the implementation of the new collection system we estimated that the potential yearly savings would be around €12 million,” explains Heinrich Polle. “The integration of the SAP components and the collections procedures means that we can now introduce procedures oriented along customer value, which allows us to react much more flexibly to individual customer situations.

“This capability prevents many misunderstandings, and significantly reduces the cost and number of orders to pay, while also helping us to increase our collections ratio. These improvements will enable us to achieve further costs savings of €12 million a year.”

“The overall improvements to productivity and flexibility delivered by the SAP FS-CD solution, which I understand to be the largest implementation of its kind in Europe, are so huge, that I can say without any doubt that the decision to choose this solution was correct.

“We have plenty of ideas for future extensions, and thanks to the new SAP solution landscape I am very confident that we will be able to handle all the challenges that we face.”

Business Benefits

- **Standard and mass-market collection processes will soon be automated, allowing complex contractual and customer functions to be handled more cost-effectively.**
- **The solution provides greater flexibility and responsiveness to future market developments and regulatory requirements.**
- **R+V saves about €12 million annually in operational process costs.**
- **Optimized debt collection procedures can help generate approximately €12 million in revenues a year.**
- **Staff will be able to focus on more productive tasks, instead of spending valuable time and effort performing routine, manual work.**
- **Enabled the equivalent of 60 full-time employees to be assigned to more complex and productive tasks.**



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D-70548 Stuttgart
ibm.com/solutions/sap

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SAP AG
Dietmar-Hopp-Allee 16
D-69190 Walldorf

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