



Insurance Leader to Deliver \$700 Million in Revenue with Service-Oriented Architecture

Overview

Country or Region: United States

Industry: Financial services—Insurance

Customer Profile

With more than 10,000 employees and operations in the United States and the United Kingdom, Unum is a leading provider of employee benefits and services.

Business Situation

Unum's roughly 60 disconnected legacy systems were inhibiting the company's ability to sell benefits and serve small business customers effectively.

Solution

The company built and implemented an advanced, service-oriented architecture using Microsoft® Visual Studio® Team System and Microsoft BizTalk® Server 2006.

Benefits

- U.S.\$700 million in incremental premium revenue anticipated
- Improved benefits administration for small business customers
- Streamlined operational efficiency

“Simply Unum has been heralded as the largest, most complex, and most collaborative project success story in the company’s history. It has become a model for everything we do.”

Cissy Grebowski, Vice President of the Simply Unum Program, Unum

Unum's more than 2,000 insurance products are supported by roughly 60 legacy systems that were never intended to coexist or communicate. This fragmentation made it difficult for the insurance leader to serve its small business customers, who prefer a simple way to assess, purchase, and administer key benefits like life and disability plans. To integrate its various offerings and transition from a product-centric business model to a customer-centric model, Unum implemented a service-oriented architecture using several Microsoft® technologies. The solution, known as Simply Unum, has been transformational for the company and its small business clientele. The easy-to-use, online portal has eased benefits administration for customers, has streamlined Unum's operational efficiency, and is expected to deliver more than U.S.\$700 million in incremental premium revenue over the next five years.

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Mike Mason, Director of Enterprise Architecture, Unum

Situation

As one of the world’s leading employee benefits providers, Chattanooga, Tennessee-based Unum helps protect more than 25 million working people and their families in the event of illness or injury. Yet the company does more than safeguard individuals and their livelihoods. Unum’s employee benefit plans are as much about helping employers as the people they employ.

Although this has always been the case for Unum’s large business clientele, it is only recently true for Unum’s small and medium-sized customers. Businesses with 500 employees or fewer typically have few, if any, benefits administrators. More often, they have office or human resource managers who perform multiple tasks in addition to enrolling their employees for benefits and administering insurance programs for their company.

“To effectively serve small business customers,” says Mike Mason, Director of Enterprise Architecture at Unum, “we need to deliver a simple way to assess, purchase, and administer key benefits like life and disability coverage.”

Unfortunately, Unum’s technology systems were preventing such delivery. Historically, the company’s group and voluntary benefits have been sold and managed as independent offerings in three primary categories: life, short-term disability, and long-term disability. Not only were these offerings—more than 2,000 insurance products in all—sold and managed separately, but also the technology systems supporting them—roughly 60 legacy and mainframe solutions—were completely disconnected.

“Our entire business was splintered,” says Mason. “We had thousands of products spread across dozens of systems that were never intended or able to communicate with

one another. Sales, customer service, and finance efforts were segmented accordingly.”

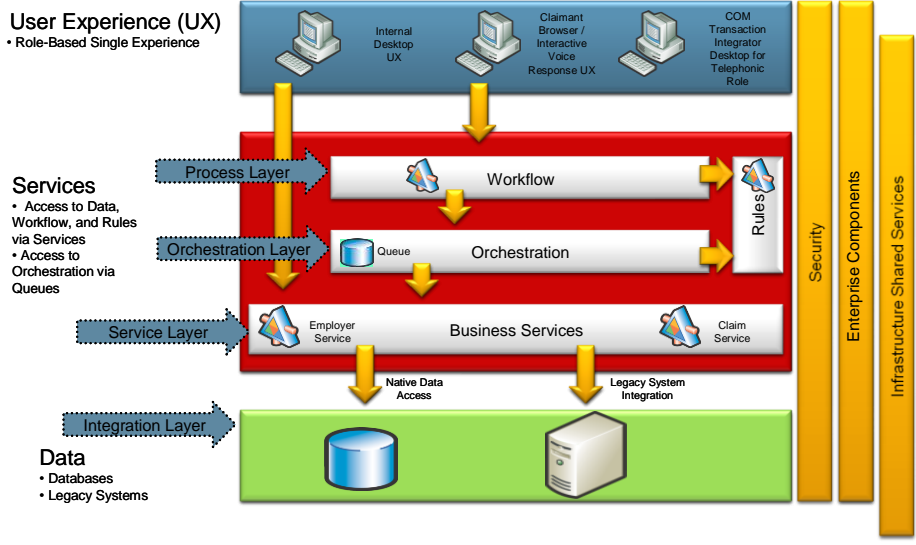
This fragmentation had a direct impact on operational efficiency and customer service. It was not uncommon to have multiple sales and service personnel supporting a single customer. Answering customer inquiries and resolving account issues were time-consuming because information had to be pulled from disparate systems. And the manual, multifaceted process of establishing contracts for new customers regularly took three to six weeks.

For the company’s small business customers, working with Unum was difficult because there was no one source for benefits administration and information. Instead, there were separate contracts, sales representatives, and customer service call centers for the three categories of life, short-term disability, and long-term disability. Customers would often receive multiple billing statements. Exploring insurance options and making changes to elections or benefits status could be challenging. And getting ordinary account information, such as the total cost of their various Unum benefits, would sometimes require several phone calls and an inordinate amount of time waiting for customer service teams to compile data from multiple systems.

“Our systems and processes were complex and time-consuming for our employees, agents, and customers,” says Cissy Grebowski, Vice President of the Simply Unum Program for Unum. “We needed to transition from a product-centric model to a customer-centric model. And that required a complete business transformation.”

Solution

Unum set out to design and implement a holistic, scalable, customer-oriented strategy and business model to attract and retain clients whose size had, in the past, made it



User Experience (UX)
• Role-Based Single Experience

Services
• Access to Data, Workflow, and Rules via Services
• Access to Orchestration via Queues

Data
• Databases
• Legacy Systems

Simply Unum architecture

difficult for them to afford the highly customized services and support that Unum’s largest customers enjoy. Overcoming the disjointed nature of the legacy technology systems at Unum, which underlie the full complement of Unum’s insurance products, was of the utmost importance.

“Due to their complexity and the investments previously made in them, replacing our existing legacy and mainframe systems was impractical,” Mason explains. “We needed to find a creative way to provide uniform access to entrenched technology silos that are inherently different and were never meant to coexist.”

Unum decided to create and implement a service-oriented architecture (SOA) using Microsoft® technologies. The resulting solution, known as Simply Unum, acts as a Web-based portal for the company’s small business customers, enabling them to easily manage a broad array of employee benefits, both group and voluntary, online. For Unum, the solution represents a business service platform and business transformation engine.

Simply Unum was built using the Microsoft Visual Studio® 2005 Team Suite and the Microsoft .NET Framework version 2.0. The massive project took nearly two years, involved more than 400 Unum developers, and was aided by Microsoft Services. The linchpin of the system is Microsoft BizTalk® Server 2006, which coordinates the requests between the front-end portal and the many back-end legacy systems and databases.

“Instead of integrating our systems on the back end, we use business processes and BizTalk Server to bring together all of our data and services,” says Mason. “It’s a unique and effective way to orchestrate data validation processes, business rules management, error and exception handling, and the like between our product silos, databases, finance systems, and customer portal.”

Unum tapped Microsoft Services for architectural design guidance as well as an SOA Maturity Model assessment. “The SOA assessment was extremely thorough and quite useful,” Mason says. “It helped us evaluate the success of the Simply Unum project and identify areas for fine-tuning.”

Based in part on the information gleaned from the SOA Maturity Model assessment, Unum continues to enhance the solution using Visual Studio Team System 2008 Team Suite and the .NET Framework 3.5. In the coming months, the company is seeking to automate the Simply Unum claims process and use Windows® Communication Foundation to further improve data synchronization and transfer between disparate systems and services.

Benefits

As a simplified, integrated solution that enables a customer-oriented business model, Simply Unum has been truly transformational for the insurance leader. More than a

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technology solution, the SOA has significantly changed the company's culture, processes, structure, and ability to serve customers.

“Simply Unum has been heralded as the largest, most complex, and most collaborative project success story in the company's history,” says Grebowski. “It has become a model for everything we do, and it has the potential to transform the entire small business benefits market.”

Improved Customer Experience

An easy-to-use, online portal, Simply Unum makes life much easier for the company's small and medium-sized customers. Instead of multiple sources for benefits information and administration, Simply Unum provides customers with one online bill, one service contact, and one Web site.

The portal delivers a broad choice of options for both group and voluntary benefits, presenting those options in a clear and easy-to-navigate fashion. Without a Unum agent, technical know-how, or specialized software, benefits administrators using any Web browser can find insurance options and account information, make alterations to employee elections and benefits status, receive and pay insurance bills, and determine the cost of benefits changes. The solution also simplifies the customization and administration of insurance programs for employers.

“Small companies have been clamoring for a solution that provides easy-to-understand benefit choices that they can manage online,” says Grebowski. “With Simply Unum, they now have direct, immediate access to their account information, benefits options, billing, and administrative tools.”

Streamlined Operational Efficiency

The SOA has also transformed Unum's business model and improved operational

efficiency. Because product offerings are now sold and administered uniformly, there is less duplication of sales, customer service, and finance efforts. Multiple sales and service personnel are no longer required to support the life, short-term disability, and long-term disability insurance needs of small business customers.

“In the past, our sales and service representatives were encumbered by customer support issues and inquiries. They were spending a significant amount of time reconciling customer, benefits, and accounting information from various systems,” says Mason. “This reconciliation is now handled by Simply Unum, enabling our sales representatives to focus on sales, and our service representatives to focus on customer service.”

Simply Unum automates many standard processes associated with benefits management and administration, further streamlining operational efficiency. For example, creating new customer contracts, a process that used to take three to six weeks and involved multiple sales and finance specialists, is now fully automated. After a quick, 20-minute online session to capture and verify account information, customers receive contracts within 72 hours—without any involvement from Unum personnel.

“Serving small business customers used to be a slow, tedious, complex, and manually intensive process,” says Grebowski. “Simply Unum automates the bulk of the work, which allows us to serve our customers faster and better than ever before.”

Boosted Sales and Revenue

Because of the improved customer experience and operating efficiency, the company expects Simply Unum to have a positive impact on sales and revenue. In the initial pilot phase, the SOA exceeded targets for quotes, sales, and integration rate, which

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defines the percentage of customers who are choosing voluntary benefits in addition to employer-paid benefits.

“On average, customers elect voluntary benefits less than 5 percent of the time. Because Simply Unum presents these options clearly and makes it easy to purchase them, we’re seeing integration rates jump as high as 40 percent,” Grebowski reveals. “That’s a huge difference and will have a significant impact on our bottom line.”

Grebowski anticipates that, because of its simplicity, accessibility, and comprehensive benefits administration capabilities, Simply Unum will deliver more than U.S.\$700 million in incremental premium revenue over the next five years.

“Simply Unum has transformed the way we present our products, serve our customers, and conduct business,” she says.

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