

Swann Insurance



In less than eight months, ThoughtWorks built and deployed an online portal for Swann insurance – launching four brand new products in the process as market conditions dictated. By creating the industry’s first site with real-time quotes and sales and “straight-through” processing, the firm established a stunning efficiency lead over competitors.

Executives at Swann, Australia’s largest niche insurance company, saw that growth in their largest market was peaking. They responded by committing to a five-year strategic program to diversify the product portfolio, add a complementary online sales channel and increase brand recognition. A critical and early part of the plan was to introduce a new direct, internet-based sales channel for motorcycle insurance, the firm’s highest volume product.

Swann had always sold this product through dealers rather than directly to consumers. As the most efficient channel, it allowed Swann to offer good product value, but it limited the sales opportunity to the initial vehicle sale. Customers of competitors didn’t have the option to switch later to Swann when their initial coverage expired. Swann was also missing out on opportunities with a younger demographic, used to comparison shopping and purchasing online.

Market leading technology

Swann’s marketing team saw that technology could change the game, by allowing sales, renewals and claims to be arranged sold directly online, with better customer service than phone, mail or a visit to a dealer as well as opportunities for cross-selling. This would be a first in their market, so a leg up on competitors, and a further boost because the online channel would also become a platform to market the brand more broadly.

Swann executives were willing to actively support the proposed project, with a focus on getting the most value and getting it to market fast, rather than on gold-plating a new website. After entertaining several bids, Swann selected ThoughtWorks as its development partner. Swann executives knew ThoughtWorks’ Agile approach clicked with their own “get-it-done” attitude.

Highlights

- Completely automated processes give Swann a clear cost advantage over competitors.
- Major changes were absorbed by the project and two additional products were launched, within just 2% of the original budget.
- The technology developed for the online portal will be applied next to reduce Swann’s most complex process from forty days to six hours, driving further profits.
- Product introductions were the fastest in company history.
- ThoughtWorks partnered with the corporate IT support groups to create efficiencies that Swann didn’t think possible - such as reducing deployment lead time from six weeks to one.
- SOA allows Swann to connect the online portal to legacy applications.

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Time is money - \$3M in fact

The relationship had been established five years ago, when Swann retained ThoughtWorks to renovate its systems and business practices for selling policies through the dealer network. ThoughtWorks drove efficiencies and better customer service with new online links from dealers directly to their backend systems, cutting redundant handling and days off the time for a customer to get a policy. This was a breakthrough in an industry known for a glacial pace of change. A Forrester Research study of the project concluded that Swann saved in excess of \$3M during the next four years. Nothing succeeds like success, and ThoughtWorks became a trusted advisor.

The shortest path - not always a straight line

Swann is part of the Insurance Australia Group (IAG, Australia's largest insurance company) which provides its systems infrastructure. Another corporate group provides IT support. Swann needed to get online with the new channel and new products fast - targeting eight months. But with standard corporate development and deployment cycles typically taking more than a year, Swann turned to ThoughtWorks' proven Agile techniques for more rapid results.

With no time to lose, developers worked literally within arms-length of key business staff to make sure no time was wasted on lower-priority or unclear requirements, bells or whistles. The initial roadmap and requirements were completed fast and work began on the portal for online motorcycle quotations, sales and renewals.

However, the onset of the global financial crisis forced a change in plans. Sales of motorcycle insurance dropped dramatically but the business realised an opportunity to shift rapidly and introduce two new products first, in order to meet a key seasonal sales peak.

Vaughan Coots - Manager, Front End Systems - explains: "We rearranged the time originally planned for motorcycle insurance, releasing bicycle and school fees coverage opportunistically.

Another partner would have balked, but the process ThoughtWorks brings to the table made it possible with no loss or wasted time". Under time pressure for the new product launches ThoughtWorks worked with Swann's corporate IT teams and found ways to reduce the traditional six-week cycle time for deployment of new software down to one week. That coupled with the steely-eyed focus of Swann and ThoughtWorks on releasing the most critical elements first got the new products up and selling in time to meet the seasonal sales opportunity.

The team continued working on the next priorities, with regular releases every six to eight weeks. The direct-to-consumer motorcycle renewals and claims came next, then motorcycle insurance quotes and new sales. "ThoughtWorks encouraged us to prune out 'nice to have' pieces which we could add later. Our customers were actually finding the new online options before promotional work had even started", stated Vaughan.

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Paul Ayton, Senior Manager, Corporate Development.

Swann be nimble - credit protection just in time

When motorcycle was complete, Bill Payment Protection was targeted, allowing Swann to ease consumer anxiety about ensuring repayments as global economic conditions worsened. "This wouldn't have been possible without the system flexibility and release efficiencies brought about by ThoughtWorks. In fact our two most recent product introductions - Life and Bill Payment - were the fastest we've ever had", said Paul Ayton, Senior Manager, Corporate Development.

One of the benefits of this project has been new payment and document servicing automation. Swann is now one of the very small number of insurers in its market that can sell a policy and have it going directly into its backend system with no manual steps. This brings savings that allow it to sell and service policies others simply can't. The new Life product is just such a case.

A new customer - from 40 days to 3 minutes

The Life policy is underwritten by another insurance carrier, which cannot sell it directly to consumers profitably because their backend processes were built with a traditional manual underwriting process in mind. A traditional underwriting process could take forty-odd days to issue a policy to a consumer. The same policies are issued by Swann online, without manual intervention. This was achieved without replacing legacy processing systems, but instead using the new internal service oriented architecture that allows them to work with the online portal.



A future step for Swann will be to link its dealer and broker sales channel to the same new payment and document servicing components, which were developed by ThoughtWorks with this in mind. This will further reduce the cycle time for those sales channels, getting new payback from existing systems assets.

Two additional products delivered - at just 2% more cost

Complex systems projects are well known for delays, undelivered promises or both. Over the course of this project, the priorities of releases changed four times as business conditions rapidly evolved. With the complex integrations and components to be developed, tested and deployed, this project might easily have ended up on the ropes. Instead, the project - originally to be completed in June 2009 - was completed at the end of July 2009, but with new products and capabilities beyond the original scope.

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Technically the project breaks new ground in the industry with its use of JRuby (a Java implementation of the Ruby programming language) for the online front-end. Java, WSDL-based web services and Tivoli Access Manager combine to power the storefront and provide straight-through processing with key legacy systems using OpenVMS and DB2. The use of the productivity-enhancing JRuby combined with ThoughtWorks' approach allowed a robust implementation that would have taken far longer using more traditional technologies and development practices common in the insurance industry.

Ready for the next five years

The online direct-to-consumer portal for the motorcycle coverage – the prime business driver – is already live and selling in excess of 30% of initial targets without any of Swann's planned marketing or promotions. And Swann has already deployed four new products to the portal, again with results that exceed expectations. The client's willingness to work in a new way, dividing the entire vision into small prioritised pieces with the active participation of the business users, was as decisive in making this a resounding success as the technical and strategic input from ThoughtWorks, not just over this eight month project, but over the past five years as well.

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