

**Measuring success**

**HELVETIA PATRIA**



**Helvetia Patria Versicherungen**  
Dufourstrasse 40,  
CH9001, St. Gallen, Switzerland  
**Phone:** +41 71 493 51 11  
**Fax:** + 41 71 493 51 00  
**www.helvetiapatria.ch**  
**SWX:** HEPN

**Chairman of the Board & Chief Executive Officer**  
Mr. Erich Walser

**Gross Premiums**  
CHF 5.1 Billion

**Employees**  
4,700

**ROI Study Highlights**

- **201% ROI**
- **26% IRR**
- **59% reduction in eBusiness Center operational costs**
- **Substantial reduction in time to market**

**Strategic Benefits**

- **Flexibility**
- **Reliability**
- **Adaptability**

**Study Scope**

- **eBusiness Center Platform**
- **HP Consulting & Integration**
- **Outsourcing day-to-day operations**

**Helvetia Patria turns to HP to create industry leading e-Insurance Solutions — realizes 201% ROI**

**Executive Summary**

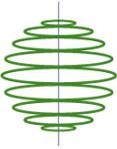
Helvetia Patria Group is an international insurance group with subsidiaries, branches and business interests across Europe. The group was formed from the merger of Helvetia (a non-life insurer) and Patria Life Insurance. The St. Gallen, Switzerland, based company employs 4,700 staff and has presence in six European countries. As Switzerland's fifth largest insurer, Helvetia Patria sells life, property & casualty insurance, and reinsurance, as well as private and occupational pension plans. Geographically, the company's core markets consist of Switzerland, Germany, Italy, Spain, Austria, and France.

In 2000, Helvetia Patria Versicherungen (HPV) recognized a fundamental need to take advantage of alternative sales channels as an opportunity to expand its market share. HPV operates regionally in an autonomous fashion, but HPV saw an opportunity to move away from these regional silos, to centralize and collaborate across the organization. Given HPV's large geographic footprint (different languages, cultures, and business practices), HPV envisioned a centralized Internet-based platform (the eBusiness Center) as a way to bring people together while leveraging technology to standardize and open new distribution channels. Additionally, HPV wanted to expand data sharing and process automation, while maintaining strict data security. HPV saw the eBusiness Center as a way to improve consistency and high-touch quality service, its core differentiators. Given the magnitude of investment, HPV was concerned that any decision could lock them into obsolete technology and become a barrier to future opportunities.

Hewlett Packard (HP) proposed an innovative, modular approach leveraging its successful e-Banking platform and adapting it to the insurance industry backed by a team of industry veterans from the Swiss and European markets. After an extensive search and exhaustive evaluation process, encompassing technology, architecture, industry know-how and consulting style, HPV selected HP as the most suitable partner for the effort. HP's technology offered the functionality, flexibility and adaptability that HPV required, allowing HPV to become an Adaptive Enterprise. HP's proven NIMIUS platform, which was previously implemented and recommended by two of HPV's key banking partners, played a key role in HPV's decision. HP's collaborative approach also had an impact on HPV's decision. HP took the time to understand HPV's business goals, share best practices and collaborated with HPV to build a solution that was based on:

- State-of-the-art technology and industry standards-based open architecture (e.g., J2EE, XML, XSL, SOAP)
- A flexible, proven banking platform adapted to the insurance industry
- Compliance with the most stringent security standards available (proven and validated by the high-security Swiss Banking Industry)
- Integrated user management
- Multi-linguistic capabilities

***By using the eCenter Platform, HPV has expanded distribution channels and increased profitability generating a Return on Investment (ROI) of 111% in 3 years; increasing on average an additional 30% each year, building to an impressive 201% ROI in year six.***



## Measuring success

**HELVETIA  
PATRIA**



***“The use of HP’s Consulting & Integration Services and Technology decreased the implementation time of the eBusiness Center by at least 6 months.”***

— Didier Beck,  
Head eBusiness Center

### Operational Challenges

- **Increased Competition:** A rapidly changing Insurance industry drove the need for innovation and use of e-opportunities
- **Multinational Organization:** With many different regional and central operating systems; each with their own infrastructure, complicated interfaces, data and support
- **New Technologies:** Rapid developments in IT indicated a high probability of choosing an obsolete technology
- **Disparate Subsidiaries:** Different experiences, business ethics and cultures
- **Need to Share Information:** Inconsistency in systems, processes and data across subsidiaries was a challenge, further complicated by the need for strict security and local autonomy in product design and sales

### Business Challenges

Prior to investing in the eBusiness Platform, HPV was spending a significant amount of money and time to maintain multiple regional systems and connection points to communicate with its partners. Each regional system had different characteristics, processes, data, availability, and timeliness. The architecture and processes lacked standards, which prevented collaboration and synergies between groups and countries. The work was partially accomplished manually through telephone, fax, post mail, etc. The old architecture and system limitations required the sales force and support staff to spend an inordinate amount of time on non-sales and back-office activities. This impacted HPV’s overall performance and constrained its ability to scale.

### Crafting the Vision for the eBusiness Center

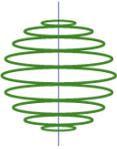
As a multi-national insurance company, providing life, property & casualty insurance, and reinsurance as well as private and occupational pension plans, HPV required a new innovative strategy to overcome the inherently complex challenges of its business. Thus the eBusiness Center was born as a front-office solution integrating HPV’s back-end systems, while providing a single, consistent platform to streamline data gathering, analysis, and interactions across constituents to better scale the organization, while maintaining HPV’s high-touch, quality customer service for which it is known. The strategy driving the eBusiness Center was the need to provide a common platform to process and share information across constituents (i.e., brokers, agents, partners, employees and customers) in a secure way regardless of communication channel preference.

### Finding a Better Way

Given HPV’s decentralized business model, it quickly became apparent that a centralized, Internet-based solution was the answer to meeting the challenges of consistency, process optimization, and timeliness. Six different country solutions simply did not make sense, nor would it have been cost effective. Thus, HPV developed comprehensive selection criteria, focusing on four key elements: Collaborative Approach and Knowledge Sharing, Modularized Approach, Platform Reliability and Multi-Channel access Coupled with Multi System Integration. HPV conducted an exhaustive search, and found in HP what it was seeking: a true collaborative partner with deep industry expertise and proven technology.

### Collaboration and Knowledge Sharing

HP was the only short-list candidate that offered the collaborative approach that HPV was seeking in building the eBusiness Center. Where many candidates offered a structured, comprehensive solution, it was HP’s flexible, adaptive approach that resonated with HPV and provided them with the confidence that a collaborative solution would be found for any unplanned challenges as they entered uncharted territory with the eBusiness Center development. HP’s consultative approach enabled both companies to leverage their respective strong points and share knowledge and experiences in both technical and insurance related matters. The HP Consulting & Integration team was comprised of insurance and banking industry veterans, bringing a wealth of best practices from the Swiss and pan-European Banking and Insurance Industries. The success of this first collaborative partnership between HPV and HP has demonstrated that HPV made the right decision.



## Measuring success

### HELVETIA PATRIA



***“With the use of the eBusiness Center, the technical implementation time for new products has decreased by 3-4 times!”***

— Didier Beck  
Head eBusiness Center

#### Selection Criteria

- **Collaborative Approach and Knowledge Sharing:** HP delivered a consulting team with deep industry expertise, open minds and willingness to collaborate
- **Modularized Approach:** HP’s solution was broken down into “bite size” projects, minimizing risk and investment for HPV
- **Platform Reliability:** HP’s proven technology was already in use by HPV’s key banking partners
- **Multi-Channel Access Coupled with Multi-System Integration:** The HP solution provided a platform for growth, unlocking new channels for distribution and revenue generation

#### Deliverables

- A proven multi-channel communications platform, with centralized management (secure access, authentication and sharing)
- Deep insurance consulting expertise in process automation and systems (underwriting, claims and customer service)

#### Modularized Approach

HPV wrestled with the sizeable investment required to develop the eBusiness Center, and how it could mitigate the risks associated with such a large scale project. In HP, it found a modularized, step-by-step approach that broke down the implementation timeline and costs into small six month chunks, minimizing HPV’s risk while continually providing it with options. Other short-list candidates asked for a lump sum payment at the beginning of the project, with unclear goals and targets, whereas, HP’s approach was very transparent, with clear milestones and deadlines. Furthermore, HP provided HPV with options at the delivery of each phase on how to proceed with no financial implications.

#### Technology — Reliability, Flexibility and Adaptability

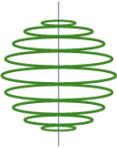
In HP, Helvetia Patria found a proven platform, NIMIUS, a 3-tier integration platform providing base functionalities and concepts for presentation, business logic services and an information system of secure data. As NIMIUS was being used by two of HPV’s key banking partners, which provided excellent references, HPV was assured that the solution would meet its strict security guidelines. The references also demonstrated that HP could deliver a quality team with deep Insurance industry knowledge; making adoption not only possible, but highly successful. Moreover, leveraging the platform’s advanced functionality, the implementation was on time and on budget. HP’s technology provided Helvetia Patria with the opportunity to accelerate implementation by at least six months and avoid building a platform from scratch. During development, the eBusiness platform proved to be quite flexible and reliable, making new modules easy to install with minimal downtime.

#### Efficient Operations

Beyond development, Helvetia Patria sought a partner that could run the operation via an outsourced agreement. HPV focused on three key requirements:

- **Seamless Operation:** The platform would have to continue operating with no performance issues or unplanned down time
- **Infrastructure Stability:** The outsourcer would have to provide a high level of performance, reliability and stability. HPV requires a provider with demonstrated experience in managing a complete platform; hardware, software, and support, with complete accountability
- **24 x 7 Platform Availability:** The platform availability would have to be 24 hours a day; seven days a week

HP was the obvious choice. In developing the eBusiness Center cooperatively with HPV, HP had the skilled team, detailed knowledge of the eBusiness Center, and first-hand experience in support and operations ensuring the best possible solution for HPV and the eBusiness Center users.



## Measuring success

### HELVETIA PATRIA



#### Technology Benefits

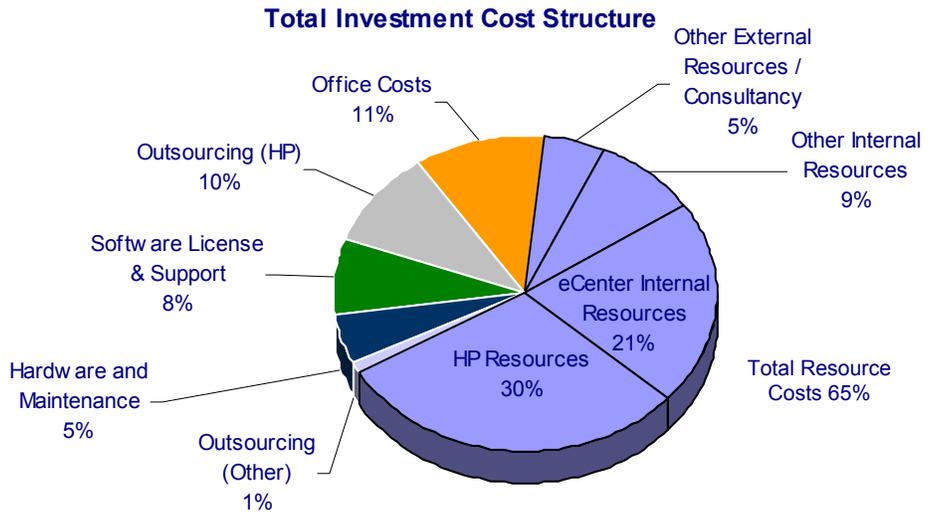
- Expanded Capability:** Includes both HPV legacy applications and contemporary leading-edge technology in one integrated platform
- Improved Quality of Service:** Migrated main communications with brokers and agents from fax and telephone to electronic via the Internet, Intranet and Extranet
- State-of-the-Art Technology:** HPV is now able to use state-of-the-art technology "in house," upgrading skill-set of internal IT staff

#### Business Benefits

- 59% Reduction in Operational Costs:** HPV increased efficiencies in running the eBusiness Center resulting in lower operating costs for the period 2003-2005
- Technical Implementation of New Products streamlined by 75%:** Time to market for new products has been substantially reduced.
- Expansion of Distribution Channels:** HPV has added new sales channels with significant volumes using the multi-channel platform to support local banks and distribution partners

### Quantifying the HPV Investment — Costs

The composition of HPV's investment is depicted in the following illustration with the bulk of the cost driven by the resource costs (e.g., internal labor and consulting services).



**Total Resource Costs (65%):** Comprises the bulk of HPV's investment covering the labor component; internal and consultant full-time equivalents (FTEs) as follows:

- Other External Resources / Consultancy (5%):** Encompasses all non-HP external resources used; approximately 0.5-1 FTE from 2001-2006
- Other Internal Resources (9%):** Internal HPV resources who worked on the eBusiness Center project, but not fully dedicated; ranging from 2-12 FTEs between 2001-2003
- eCenter Internal Resources (21%):** Cost of 4-9 HPV full-time resources dedicated to the eBusiness Center project for the 2000-2006 time period
- HP Resources (30%):** Cost of all HP resources involved in developing and implementing the eBusiness Center; ranging from 2-7 FTEs between 2000-2006

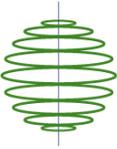
**Office Costs (11%):** Covers all space related costs (e.g., rent, service charges) for the space occupied by the eBusiness Center

**Outsourcing (HP / 10%):** Includes the cost of operating and supporting the eBusiness Center as defined by the Service Level Agreement (SLA) signed between HPV and HP

**Software License & Support (8%):** Covers license acquisition costs and on-going annual support costs for HP Unix Server & Network, Windows Server, HP NIMIUS Technology, Oracle Database, and BEA WebLogic

**Hardware and Maintenance (5%):** Includes Sun Storage, HP Unix Server & Network, and Windows Server

**Outsourcing (Other / 1%):** Includes cost of operating and supporting the eBusiness Center (non-HP costs) as defined by SLAs between HPV, HP, and other parties



## Measuring success

### HELVETIA PATRIA

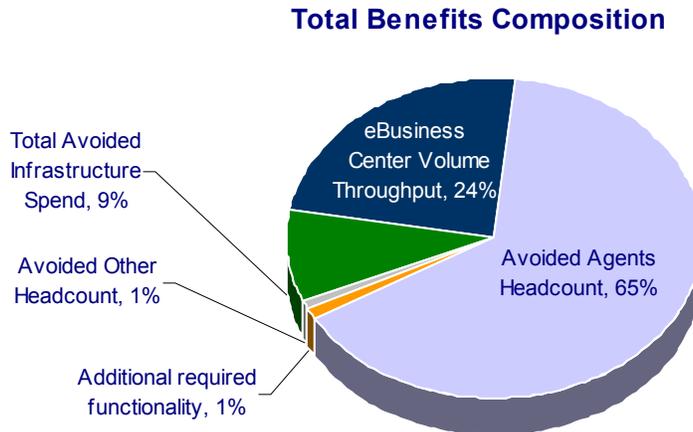


**“Senior management felt they got value for their money with HP.”**

— Nick Stefania,  
Deputy Head eBusiness Center

### Quantitative eBusiness Center Benefits

Thoughtware Worldwide, LLC.’s analysis showed that the eBusiness Center’s volume of annual premiums jumped 133% in 2004. This can be directly attributed to the increased capacity of their volume throughput, enabled by the efficiency of the eBusiness platform. The following illustration represents the key economic benefits, contributing to the ROI of 201% realized:



### Strategic Benefits

- **Expanded Partnerships:** Potential for HPV to increase the number of partnerships in different areas using a platform that is accessible to all market participants
- **Lower Transaction Costs:** Improved efficiency and reduced expenses from a migration of direct communication to electronic channels
- **Enhanced Development and Maintenance:** User-friendly eBusiness platform distributes consistent data on clients, policies, claims, benefits and accounting
- **Synergies:** Common procedures and infrastructure are used in a centralized fashion—tighter linkage between process and technology automation

### Strategic Benefits

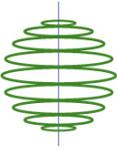
- Potential for HPV to **expand the number of partnerships** in different areas with a platform that is accessible to all market participants.
- **Reduction in time to market** for all new products creates significant opportunities for partner and customer linkage through innovative business ideas that can quickly “go live.”
- **Lower transaction costs** as a result of improved efficiency and reduced expenses from a migration of direct communication to electronic channels.
- **Enhanced customer and partner relationships** development process and maintenance through the user- friendly eBusiness platform distributing consistent data on clients, policies claims/benefits and accounting.
- **Synergies** from common procedures and infrastructure are captured through centralization of the processes and technology developments.

### Business Benefits

- **Reduced the operational costs** of the platform; increased efficiencies in running the ePlatform and the eBusiness Center have decreased costs 59%.
- **Time to market has been substantially compressed** through the use of one development stage and implementation for all sales channels.
- **Expanded distribution channels** with significant volumes including local banks or distribution partners through an easily accessible and flexible multi-channel platform.

### Technology Benefits

- Expanded the eBusiness Center implementation scope from HPV legacy applications, to newer, more flexible and innovative applications.
- Enhanced the quality of service to brokers and agents by migrating communications from a paper based process to electronic communications through the eBusiness Center.
- Use of the state-of-the-art Technology within the HPV Group combined with a gradual increase in knowledge and improvement of the IT staff skills-set.



## Measuring success

### HELVETIA PATRIA



#### FINANCIAL MEASUREMENT EXPLAINED

##### ROI (Return on Investment)

- Quantifies how much profit or cost savings will be achieved as a result of the investment
- Discount any future costs/benefits by the Weighted Average Cost of Capital (WACC)
- WACC is an average cost of capital using a combination of equity and debt borrowing
- Demonstrates the overall value of an investment; e.g., is breakeven achieved (100%) or is positive value achieved (101%+; investment plus value)

##### WACC (Weighted Average Cost of Capital)

$$WACC = E/V \times Re + D/V \times Rd \times (1-Tc)$$

- Re = Cost of Equity
- Rd = Cost of Debt
- E = The market value of the firm's equity
- D = The market value of the firm's debt
- V = E + D
- E/V = Percentage of financing that is equity
- D/V = Percentage of financing that is debt
- Tc = The corporate tax rate

##### IRR (Internal Rate of Return)

- Discounted cash flow measure of valuation and investing. IRR is the true interest yield of an investment
- Net benefits restated as an interest rate
- IRR demonstrates how quickly an investment generates positive net benefits

### About the Value Measurement Series

This study is one of a series of investigations into the business value companies have derived from their investment in HP Adaptive Enterprise solutions. It is intended to serve business executives and managers who are evaluating HP Solutions to improve the way they operate their business leveraging technology.

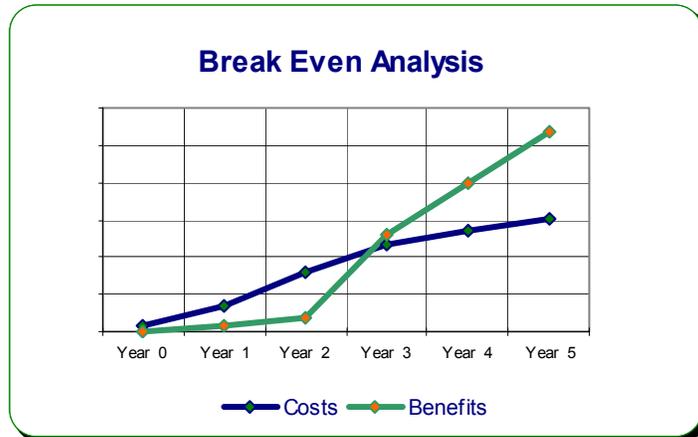
This case study was commissioned by HP, and is based on original research and analysis conducted by Thoughtware Worldwide, LLC., an independent research and consulting firm. Thoughtware Worldwide's research included on-site interviews with members of Helvetia Patria's management team and reviews of company financial and planning documents.

Information contained in this publication has been obtained from sources considered reliable, but is not warranted by Thoughtware Worldwide, LLC. or HP.

© 2005 All rights reserved.

For more information about this study, please visit [www.thoughtwareworldwide.com](http://www.thoughtwareworldwide.com) or contact your local HP office [www.hp.com](http://www.hp.com)

4AA1-2160ENW



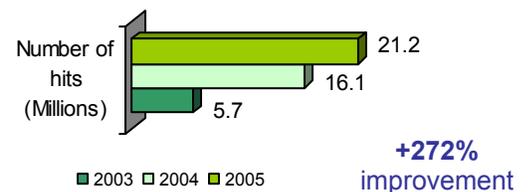
- The eBusiness Center build-out was a multi-year effort, with limited benefits generated until the eBusiness Center became fully operational in year three
- Beginning in year three, significant headcount savings began to take effect which translated into the rapid rise in benefits, helping HPV reach breakeven on their multi-million euro investment in year three
- From year four onward, HPV is generating significant benefits driven by new volume via new channels, improved profitability and greater efficiency and scale, that would not have been possible without the eBusiness Center

### eBusiness Center Qualitative Benefits

Beyond the financial returns, the Thoughtware Worldwide study uncovered a number of *operational* and *technological* benefits resulting from the operation of the eBusiness Center:

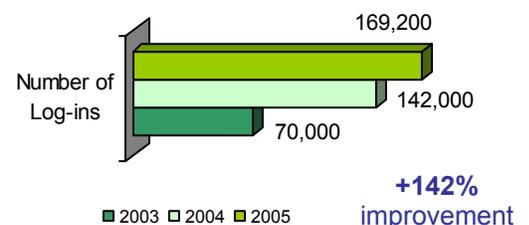
#### 272% Increase in Number of Hits

The number of users that have been electronically visiting the eBusiness Center has been increasing since 2003. It is estimated that over 20 million hits will have been registered in 2005



#### 142% Increase in Number of Log-ins

The number of Log-ins to the eBusiness Center has more than doubled between 2003 and 2005. In 2005 alone it is estimated that there will be about 170,000 Log-ins, an increase of 142% since 2003



#### 59% Reduction in Operational Costs

For the period 2003-2005, HPV increased efficiencies in running the eBusiness Center which resulted in lower operating costs for the last three years.