

# Leading U.S. Life and Annuity Provider Increases Product Development Capacity, Agility and Speed to Market with Camilion ProductAuthority®

To successfully navigate rapidly changing market conditions, the company needed to increase the pace of its product releases. Camilion ProductAuthority®, an innovative product development and management solution, has enabled the company to dramatically increase its product development capacity and agility, while driving down the IT costs associated with product development.

## The Challenge – Speed to Market

With \$12 billion in annual premiums, this US-based company is recognized as a leading provider of life insurance, annuities and other investment products and services. The company's success depends upon getting competitively priced, innovative products to market quickly in order to address specific customer needs.

As a result of its rapid growth and expansion into new markets and geographies, the company has to manage a growing portfolio of products and an increasing number of product variations for every major product launch. The company recognized that it lacked the product development capacity and agility to keep pace with its growth and capitalize on emerging opportunities.

It was taking between 6 and 18 months to get products to market, which was simply too long. In addition, each new product and product change was costing between \$500K and \$2M due to the complexities of the infrastructure, which included multiple policy administration systems and other legacy systems. On the annuity side of the business alone, over 60 different systems needed to be updated to support a new product release.

Due to the extensive programming and testing of disparate systems that were required, the IT portion of the product development process was taking a minimum of 5 months. The company's valuable IT resources were constantly overtaxed, making it impossible to tackle more than one major product initiative at a time.

The company knew that, in order to meet their aggressive growth objectives, it would need a more modern, flexible and open technology platform. The company embarked on a major initiative to migrate key applications to a Service-Oriented Architecture (SOA).

## The Solution

In the early stages of this initiative to modernize its IT infrastructure and implement a Service-Oriented Architecture, the company realized that they needed a solution that would externalize product data, rules and calculations from various legacy systems across the enterprise. Product information had to be externalized so that common product

## About the Client

- A premier provider of life insurance, annuity, and investment products
- \$12 billion in annual premiums
- Over \$539 billion in assets under management

## Business Goals

- Get new products and product changes to market faster
- Reduce the costs associated with making product changes
- Increase product development capacity to accommodate a growing number of products and product variations
- Achieve greater flexibility and agility in the product development process

## Solution

- ProductAuthority® from Camilion Solutions™, Inc.

## Results

- Reduced IT product coding costs by 20%
- Increased product development capacity from 4 products in 40 states to 7 products in 50 states
- Increased product refresh capacity from 2 products per year to 3 products per year
- Increased revenue by 2% through concurrent product development and increased capacity
- Exponentially reduced “Day Two” issues

components could be easily inherited and re-used by other systems like new business, order entry and illustration.

The company had no desire to develop another proprietary system that only internal IT resources could maintain. After investigating what was available in the marketplace, they chose Camilion ProductAuthority® to build a central product repository and automate and accelerate critical parts of the product development lifecycle.

ProductAuthority is an innovative product development and management solution that accelerates time to market, creates product agility and reduces IT dependency by allowing trained business analysts or product architects to configure their own products.

At the core of this innovative solution is the central product repository that stores complete, re-usable product definitions including all critical product information. With ProductAuthority, companies can take a product factory approach to building products by storing common product components, such as product structures and taxonomies, fee structures and calculations, riders, etc., in the central repository for future inheritance and re-use.

By externalizing product data and rules from multiple, hard-coded legacy systems into a central product repository, ProductAuthority allows complex products to be quickly and easily configured and modified to accelerate product assembly.

Because ProductAuthority is SOA-enabled, product-dependent enterprise systems can then consume this product data using external Web services calls or through direct integration into existing systems.

## Implementation

Because of the complexity of the insurer's infrastructure, the large number of systems involved and the fact that some have been in production since the 1970s, thorough analysis was needed initially to determine the best approach.

Camilion's professional services group worked closely with the insurer's IT and business groups to provide a project plan that outlined how best to implement ProductAuthority to meet the insurer's specific needs.

As part of this process, Camilion assessed all the systems that were impacted by new product development or changes and evaluated their openness, which enabled the insurer to develop a more precise cost benefit analysis to present to senior management. It was determined that some systems were good candidates for SOA while others were too old to make integration worthwhile due to the time, effect and expense required.

ProductAuthority was used to build customized automated workflows for the mass generation of ACORD-compliant Product Profiles for Annuities and Product Profile for Life (PPfAs and PPfLs). This automated workflow saved the company time and manual effort in integrating with external systems.

ProductAuthority was integrated with the company's internal enterprise integration bus and with product-dependent external systems such as annuity order entry, new business, in-force processing, electronic apps and policy print.

With the new product definitions developed and the existing systems successfully integrated, the insurer saw an almost immediate return on investment.

## Results To Date

The company went live with ProductAuthority in November 2008. The total annual benefits of implementing ProductAuthority, including additional revenue from getting products to market 50% faster, are in the multi-million dollar range. The company has seen a 2% increase in product revenue through concurrent product development and increased capacity. IT expenses associated with product coding costs have been reduced by 20%.

ProductAuthority has allowed the company to create a common product chassis which enables the rapid assembly of new products through the re-use of common product components stored in the central product repository.

ProductAuthority also gives the company the flexibility to go back and make product changes mid-stream during the product development process in order to more

proactively respond to changing customer needs and competitive pressures. This ability to adapt products on-the-fly would prove invaluable during the recent financial crisis when the market and customer needs changed almost overnight. ProductAuthority provided the flexibility to quickly adapt product features and attributes to capitalize on revenue opportunities and win competitive market share.

Product development capacity has also been increased as the company can now work on more than one product at a time, which provides the product agility needed to capitalize on new market opportunities.

As industry experts know, even a small increase in product refresh capacity can have a tangible impact on revenue potential. Products generate the most revenue at the beginning of their lifecycle. Over time, companies experience a gradual decline in revenue from individual products as market conditions and customer needs change. Products issued by other insurers, as well as newer products within the insurer's own portfolio, may also compete with an older product, further contributing to declining revenues.

By refreshing products more quickly and more often, the company can effectively cut off the low-revenue tail of a product cycle, which provides an opportunity to increase yearly product revenues.

With the ability to automatically push product data from the central repository to consuming systems and the elimination of manual processes required to input product definitions into these systems, the company has seen a 20% reduction in the IT costs associated with product development. The company is able to do more with the same number of IT resources and these valuable resources are now able to work on more strategic or value-added initiatives.

With ProductAuthority, the company has also experienced a significant reduction in product-related "Day 2" issues. The solution makes it easier for renewals and anniversary dates to be built into the product from its inception, which eliminates the need for expensive and inefficient manual workarounds post-launch and reduces the risk of lost renewals.

The central product repository and version management capabilities within ProductAuthority have helped the company manage its vast quantity of product data more efficiently and eliminate "data leakage." With product data housed in the central repository, stakeholders

Using ProductAuthority, the company was able to configure 10 additional products within the central product repository in just one month with a team of two people.

in the product development process no longer have to search for product information in multiple locations.

Using ProductAuthority, together with an open, non-proprietary SOA infrastructure, the company has gained the product development capacity, concurrency and agility needed to support rapid growth. The modern, rules and tools-based solution has enabled the company to achieve the enterprise product agility required to meet the changing demands of the market and customers.

## About ProductAuthority®

ProductAuthority is an innovative product development and management solution for financial services that enables organizations to create the right product at the right price at the right time. With ProductAuthority, you can develop products concurrently to enhance revenue; automate manual processes to reduce costs and create audit-ability; dynamically bundle products to create greater customer value; and get quality products to market up to 30% faster.

ProductAuthority Lifecycle Manager automates product development and provides a Web-based view into the process, enabling the tracking and management of all participants and tasks to facilitate effective collaboration and eliminate bottlenecks.

## About Camilion Solutions™, Inc.

Camilion Solutions is a leading provider of product development and management solutions for insurance and other financial services organizations. Camilion's innovative software solutions create enterprise product agility by allowing organizations to develop the right product for the right customer at the right time and enabling key strategic initiatives such as product lifecycle management, dynamic product bundling and product rationalization. Founded in 2001, Camilion is a privately owned corporation with offices in Toronto and New York City.

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