

Van Ameyde International Case Study

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Business Challenge

The Van Ameyde Group specializes in international claims and risk management for major international insurance companies, captives and brokers, government agencies, and corporate and industrial clients, including the energy sector, the shipping industry, ports, and terminals. Van Ameyde represents clients throughout Europe, providing back-office services, financial management of claim portfolios, including recovery, and handling the entire claims process. Internet insurers rely on Van Ameyde. Today we operate directly in 16 European countries and manage the claims handling processes for approximately 350 insurance companies. Back in 2008 we recognized the need to optimize our claims handling process in order to grow the business. Our objective was to obtain full control over all claims resolution processes in order to provide customers with the best service and transparency levels in the market. To accomplish this goal, the business embarked on a new claims handling system called ECHO - European Claims Handling Optimization. The following key project objectives were defined to drive the project:

1. The business, lead by the CEO, specified the project was to leverage a business process focus for the delivery of the ECHO application, supported by a service oriented architecture.
2. Optimize IT costs by building a unified web-based business application to replace 10 different independent systems that were being used by each company's branch to handle claims. The target benefit was to make information available to all employees across Europe and to create a virtual European claims organization.
3. Provide employees with standard business processes and the flexibility to support local legal, language, and fiscal requirements, as well as client specific processes. The target benefit was to reduce the time-to-market for establishing new clients to days.
4. Ensure that the new application would be designed and developed in such a way as to enable continuous modification and alignment with the business, allowing for future changes to be easily implemented to support the company's planned growth.

Project Start

The ECHO (European Claims Handling Optimization) project was initiated and funded by the Van Ameyde business. The original project was launched in 2006 with the first production system delivered in 2008. The application has over 5000 function points with approximately 430 web pages, over 900 database tables, and 18 core business processes comprising over 760 different business activities and more than 540 business rules. The application utilizes over 120 different SAP interfaces plus numerous web services from other supporting applications. A recent count showed over 835,000 running process instances with more than 6,550,000 activities in flight. The application was developed by a team of nine individuals on the IT side (including management) and 15 from the business, representing both the core team and international business reps from major VA companies. The first implementation was a "big bang" due to the complex integration requirements with SAP and other core applications. Upon going live, the business saw immediate business results as ECHO became the core application for driving the company's claims processing business, as well as our primary differentiator from the competitors. The ECHO system quickly became a powerful sales and market expansion tool.

ROI Business Value

The ECHO system supports 16 different countries and their unique claims handling requirements, all delivered from one core system. The application is delivered in 12 different languages and six currencies. The business impact was immediately evident with a 30% reduction in the time required to resolve a claim. In addition, due to the new system's well defined processes, the company has streamlined its ability to open new branches to less than one week, a three to four-fold improvement over the old system. Not to mention that with ECHO we can now offer a new customer customized claims processing – something that was not possible with the old system. The ECHO system provides the critical flexibility needed to keep up with company growth and regulatory change in operating countries. For example, we work on six week release cycles (every two sprints) and are able to deliver a new complex requirement in 20 days or less. Every major feature (i.e., those that are estimated at over 16 hours or that spawn different systems) is put through a cost/profit analysis where the amount of time that the new feature will save in the overall claims handling process (whether by automating or reengineering a process or feature) is estimated. We match this with the number of running processes and the time it currently takes to do that operation. The prioritization of all major features takes this key savings metric into account and has proven to be highly accurate at driving business value due to the fact that we build the profit analysis (and simulate the change) based on real, running processes.

Project Team and Type of Business Staff

The team was comprised of two groups, the delivery team and the business owners. The interaction between the delivery team and business owners was managed by a key IT role called the Engagement Manager (EM,) who is responsible for working with the business to gather requirements and set priorities. The EM also works directly with the delivery team that was responsible for feature estimates, architectural decisions, and production of the working system. The business team is driven by a group of Subject Matter Experts (SMEs) and the business owners across the different countries served. As part of the BPM effort the team is focused on continuous process improvement. To assist with setting priorities, we have two committees that work together to drive business need; one is comprised of key users and business managers, and the other is led by the Van Ameyde CEO and individual country managers. The initial analysis of the project included three external SMEs in European claims handling. These experts helped drive the initial process discovery that now supports the core of the system. One of these experts is still on the project, but knowledge transfer to the business and delivery team has increased dramatically, and we are now able to rotate team members into the project easily. (New members can be included and be productive in two to three weeks.) To support the overall development process the delivery team is organized in a Software Factory model to assure the correct management of our SOA infrastructure and the delivery of needed functionality for core components, reusable services, and local features. There is a local team that provides first and second line support for running process instances and redirects pending issues to a remote production support team. The software factory currently manages 191 solution components exposing and/or consuming 3549 reusable services. In addition, there are 18 core processes, which cover each major line of business.

Methodologies Employed

The team employed Agile methods and model-driven development to deliver and maintain the ECHO application. Working in three-week sprints, they managed to overcome the challenge of not being able to fully define all requirements upfront. The team delivers new functionality into the production environment every two sprints. The initial delivery in 2008 was accomplished using separate BPM and application development tools. While this proved to be effective, the business and delivery teams suffered from constantly having to keep the two different models in sync, which led to us requesting an integrated capability in our application development environment, allowing us to define both our business processes and application elements using the same

development platform. This integrated capability was delivered in 2009 by OutSystems with the introduction of their Business Process Technology (BPT) as part of the Agile Platform. Today, we take advantage of the Agile Platform's unified process modeling and application development environment to deliver change across the ECHO application portfolio. In addition, we leverage the Agile Platform's Embedded Process Automation engine to automate business workflow and the BAM module to monitor process activity and identify areas for improvement. As a result, the business process and application development lifecycles are fully aligned and evolve at the same speed.

Technology or Software Used

The ECHO team utilizes OutSystems' Agile Platform for both our business process modeling and our application delivery. The OutSystems solutions delivery (consulting) team has played a key role in helping us deliver the ECHO application. Based on the original system requirements, the team began development following an agile SOA approach to identifying core functions and reusable components. Some of the most complex technical challenges included

- Impact analysis on process change. Due to the nature of the insurance business and different regulatory bodies across the different countries, it was not practical to simply version the core processes when change occurred. Instead the team had to be able to assess the impact of the change across all running instances of the process and implement in-flight process change at the instance level.
- The decoupling of core services from the business process to assure the team could use business rules to drive local behavior was a challenge and required a very iterative (agile) approach that necessitated continuous change and refactoring of functionality.
- Taking advantage of a wide variety of web services provided by our clients and external suppliers (specifically those web services which are poorly structured and do not comply with industry standards).

Lessons Learned

Throughout the course of the ECHO project and now, in an ongoing evolutionary maintenance mode, the team has learned several significant lessons including

- It is very important for the process definition, design, and change to have the same lifecycle as the supporting application. For our team, we struggled with having the process and application models in separate systems as this led to complexity in trying to sync the two lifecycles. Thus, we decided to ask our application tool vendor to extend their development platform with a business process management capability, allowing us to unify these two lifecycles in order to support unified delivery and change across both the process and application lifecycles. We were unable to adequately specify the full system up front. Several attempts in the past had failed. So an Agile approach to defining and delivering the process, coupled with supporting application and underlying services, proved very effective. Our success depended on having a development platform that supported a high degree of change with minimal risk.
- We found early on that we needed to design our process in a very iterative, "agile" manner – what we have heard others refer to as "design by doing" vs. "doing by design." This was paramount as we were continually refactoring core processes and supporting services to meet the changing business needs.
- We underestimated the actual performance needs of the system in terms of number of claims to be processed that caused some refactoring of the underlying data model, services, and core components. We do not think we could have better predicted the performance needs (mainly because it represented an unexpected increase in our business, which obviously reflected on the system due to its core nature) – thus, the learning point is that you must recognize that change will happen and be prepared to react quickly.

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