



## CLAL INSURANCE

# SAP® CLAIMS MANAGEMENT AND SOA HELP ENSURE SUCCESS

### QUICK FACTS

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**Edlad Ilani**, Manager of Supporting Systems,  
Clal Insurance

#### Company

- Name: Clal Insurance
- Location: Tel Aviv, Israel
- Industry: Financial service providers
- Products and services: Multiline insurance products and financial services
- Revenue: US\$1.02 billion
- Employees: 3,300
- Web site: [www.clalbit.co.il](http://www.clalbit.co.il)

#### Challenges and Opportunities

- Help ensure compliance with local government monitoring standards for insurance companies
- Reduce complexity of processes and software landscape
- Consolidate claims from heterogeneous data sources

#### Objectives

- Unify business processes in a single application to increase transparency and help ensure compliance
- Streamline management of customer claims in an integrated working environment to increase ease of use
- Integrate third-party document management application with the help of Web services

#### SAP® Solutions and Services

- SAP® Claims Management application
- Service-oriented architecture (SOA), enabled by the SAP NetWeaver® technology platform

#### Implementation Highlights

- Largest ever implementation of SAP Claims Management
- Department-by-department approach
- Direct communication between SAP Claims Management and IBM FileNet software via Web services, enabled by SOA

#### Why SAP

- Superior level of standardization and integration
- Enablement of compliance with government-enforced monitoring standards

#### Benefits

- Integrated working environment to supply users with access to claims data and documents in single screen
- Streamlined business process with simplified tasks for claim handlers to deliver superior and differentiated customer service
- Enabled compliance with regulatory standards for transparency of insurance claims processes
- Standardized and structured data sources
- Increased quality of data through reduction of errors

#### Existing Environment

- SAP Customer Relationship Management application
- SAP ERP application

#### Third-Party Integration

- Database: Oracle
- Hardware: HP-UX
- Operating system: UNIX



When Clal Insurance decided to sort out its IT infrastructure, its first goal was to optimize and align its claims management processes. In order to do so, the company knew it needed a holistic approach – both for revamping its software and for implementing the right processes to maintain its lead in a highly competitive market. In addition, Clal Insurance was equally aware of the fact that it would still have to retain some of its third-party applications – and that online connections between the old and new software landscape would be needed.

As Edlad Ilani, manager of supporting systems for insurance software at Clal Insurance's pension and finance group, puts it, "We took this revamp to a very serious level, nothing short of a revolution for our company – and for SAP, for whom this was the world's largest implementation of SAP Claims Management. And now that we have this software that works smoothly with other applications with the help of custom-made service-oriented architecture, it is definitely making it easier for us to structure the way we work and integrate our claims processes on a single platform."

### Helping Ensure Compliance and Foster Growth

Integrating processes for claims may sound like par for the course for any insurance company worth its salt. But Clal Insurance had its reasons for wanting to optimize this line of business with the help of the SAP® Claims Management application and service-oriented architecture (SOA). Established in the 1970s, Clal Insurance has undergone

several changes on its way to market leadership in the insurance, pensions, and finance sectors. The past 30 years have seen various acquisitions and mergers and a drastic increase in the number of employees, which now totals some 3,300.

This hasn't just pushed Clal Insurance into the top 100 largest companies on the Tel Aviv Stock Exchange. It has also put a limit on the company's strategy of growth through acquisitions. As Ilani explains, "The Israeli government monitors insurance companies rigorously, as it wants the market to be balanced. We can achieve growth through market share by offering better services. On the other hand, that also means that we had to streamline our claims processes and make them more transparent as they are tightly monitored by the regulator." The challenge facing Clal Insurance, however, was how to clean up processes when a great part of their data was decades old.

### The Need for Integration

"One of the main obstacles we faced was what we call the 'long tail of history' – not just from our own company, but the tail of records, data, and documents from other companies we merged with," says Ilani. With some of the incidents Clal Insurance processes even today, the data can be tracked back to a trail that is up to 30 years old. In addition, the claims process is primarily paper based. Over the years, Clal Insurance hadn't just increased in size; the numbers of policies it had inherited through mergers and acquisitions had grown vast as well.

And these policies were far from being standardized or on the same type of platform. Clal Insurance had quite literally cultivated a highly heterogeneous IT infrastructure, with dozens of different databases, software environments, and interfaces between applications and external clearing and subinsurance houses. "Historically," Ilani confirms, "the software architecture is very complicated and inflexible. You name it, we had it. We needed to combine all of these applications for claims management in one. That's why we decided we needed SAP Claims Management."

### Multiple Phases of Implementation

With over six million business partners to maintain with SAP software for insurance, it was evident that the implementation would need to be done step-by-step. The various dates for going live were therefore planned on a department-by-department basis, starting with motor body liability claims in March 2007.



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“We migrated 250,000 claims, including open and closed claims to SAP Claims Management in motor body liabilities alone,” Ilani reports. “It’s no wonder we were told this was one of the largest implementations of the application in the world so far.”

With the success of the first phase of implementation, the second stage – the automobile comprehensive department – was ready to get going by the end of 2007. In this department, Ilani and his team increased the number of users from 70 in motor body liabilities to 150 and integrated five different claim centers in SAP software. “What SAP Claims Management helped us achieve was the enforcement of a standard method of working, with proper rules.

take the application’s connectivity further with SOA. The company wanted to combine the best of both worlds: the claims processing functionality found in SAP Claims Management and the document management functionality of the company’s implementation of IBM FileNet software. Clal Insurance wanted to make sure that tasks and documents work together on one screen in SAP Claims Management – instead of having to switch from one application to the next.

They established an online connection to FileNet as a Web service using SOA. Now whenever a claim is accessed, the document – with the remarks attached to it – is opened, processed, updated, and closed automatically. “With this

## Fulfillment of Expectations to Meet Customer Needs

By integrating the claims process in a new working environment, Clal Insurance fully met the expectations it set out to fulfill: transparency for regulatory compliance and better customer service through streamlined claims handling and processing. “And we mustn’t forget to mention the fact that paper forms are now a thing of the past,” Ilani adds. “Even though we’re only at the beginning – we still have two departments to go live this year – we have reached our expectations. First, we now have a unique application to combine different solutions, and, second, we are almost finished with integrating all of the claims of the companies in one platform.”

And this in a much more structured manner than in the previous legacy systems – meaning that Clal Insurance is now also less prone to error. While Ilani admits that it’s the customer who profits from clearer processes, there is no hiding the fact that Clal Insurance reaps benefits as well, especially when it comes to regulatory compliance and organizational streamlining. As Ilani says, “If you have a platform like SAP software, it’s much easier to comply and to cater to the scrutiny and examination of regulators and organizations like PricewaterhouseCoopers that check your balances, your reports, and your statements. The more rigid and strong the platform, the easier it gets for you. And because you have all the checks and rules, at the end of the day the data is much more structured, so you know more. And that helps us in the organization.”

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## Full Synchronization with SOA

To help ensure that SAP Claims Management would make work even easier for users, Clal Insurance decided to

functionality, the SAP software landscape can now work smoothly with applications from other software environments,” Ilani says. “It allows users to access all claims data and documents in a unified screen, making work a lot simpler. Claims handlers can now deliver superior and differentiated customer service, as all documents can also be distributed from a central application. We were truly able to harness the power of SOA for unifying and streamlining our claims management process.”

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