



HELSANA

SWISS HEALTH INSURER USES SAP® SOFTWARE TO IMPROVE COMMISSION MANAGEMENT

QUICK FACTS

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Mathias Rütimann, Project Lead,
Helsana Versicherungen AG

Company

- Company name: Helsana Versicherungen AG
- Location: Zurich, Switzerland
- Industry: Insurance
- Products and services: Health insurance, prevention, health management
- Revenue: €3 billion
- Employees: Over 2,800
- Web site: www.helsana.ch
- Implementation partner: SAP® Consulting

Challenges and Opportunities

- Defend leadership position in increasingly harsh market conditions
- Add new customers and enhance loyalty of existing clients

Objectives

- Replace old commission management solution with new standard SAP software
- Enable faster implementation of new commission models
- Increase satisfaction among sales representatives and employees
- Motivate sales reps with attractive, accurate, and transparent commission models

SAP Solution and Services

SAP Incentive and Commission Management for Insurance application

Implementation Highlights

- Short implementation phase
- Excellent cooperation with SAP Consulting
- Successful change management

Why SAP

- Mature application
- Simple integration with existing system environment
- Impressive price/performance ratio

Benefits

- Prompt mapping and implementation of new commission models
- Simplified system administration and greater flexibility
- Automated commission process
- Reduction in operating costs
- Higher levels of satisfaction and motivation among sales representatives

Existing Environment

SAP ERP application

Third-Party Integration

- Database: IBM DB2
- Hardware: IBM
- Operating system: IBM z/OS, Linux

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With the SAP Incentive and Commission Management for Insurance application, Helsana Versicherungen AG was able to establish a more flexible commission management solution. Better transparency and more efficient processes lead to more satisfied agents, an important basis for further growth.

Swiss citizens spend approximately €37 billion a year on health insurance. "There's fierce competition among health insurers today," says Manfred Manser, CEO of Helsana Versicherungen AG. "Market consolidation is inevitable in the medium term." The imminent shakeout, however, is not causing Manser sleepless nights. Helsana – with over 2 million customers, premium income of more than €3 billion, and annual profit of just under €70 million – is the largest health insurance company in Switzerland. The group, based in Zurich, continues to defend its lead even in increasingly harsh market conditions. In 2007 no other health insurer grew as much as Helsana.

Helsana wants to further strengthen its position as market leader. However, premiums are increasing at only a moderate rate and fewer people are looking for a new health insurance provider. "The smaller the number of people changing insurers, the harder it is to continue growing," explains Manser.

Because Helsana's managers anticipated this development, the firm is now focused on improving its business processes – to win new customers and increase loyalty among existing custom-

ers. A new commission system based on the SAP® Incentive and Commission Management for Insurance application is helping Helsana achieve these objectives. The SAP software helps insurers make commissions management more efficient by, for example, extensively automating administration. At the same time, the new system enables the flexible integration of new types of compensation models.

Commissions: Sales Rep's Lifeblood

"Commission management plays a central role in customer service – only satisfied sales reps make for satisfied customers," says Mathias Rütimann, project lead for the implementation of the new commission management solution. Since commission is the only source of income for sales reps, the remuneration calculation must be transparent and accurate, especially with new compensation models. "Commission is the lifeblood of our sales reps," says Rütimann. "Ambiguities and mistakes result in dissatisfaction. Customer care can suffer, and there's more risk that sales reps will sell new contracts for our competitors."

At the end of 2005, Helsana decided to implement a new commission system based on SAP Incentive and Commission Management for Insurance. Even though the existing in-house solution already met the expectations of the company and its sales reps, Helsana saw the benefits of implementing the standard SAP solution.

According to Rütimann, the standard software offered flexibility and easier maintenance. For example, prior to the SAP implementation, a single employee was responsible for maintaining and enhancing the existing system. "He was the only person with the expertise to adjust the system. Had there been problems with the commission run when he was on vacation, it would have been almost impossible for us to solve them," recalls Rütimann. "This is not a problem you face with a standard solution."

Helsana decided to implement SAP software for various reasons: "The standard SAP software satisfies a lot of our requirements for commission management and is a mature application," says Rütimann. The master data administration function of the SAP software, for example, maps all commission recipients, individual and standard commission contracts, and the organizational structure. The application offers flexible enhancement options and can be integrated easily into an existing SAP environment. "That was important because we had only six months to complete the implementation," explains Rütimann.



“Sales reps can see in advance what kind of additional payments they can expect if they generate more contracts, which is, of course, very motivating.”

Mathias Rütimann, Project Lead,
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Time Pressure from the Start

The project was under enormous time pressure. Every September, Swiss health insurers determine new premiums for the following year. Consequently, customers are more willing to change insurers in the second half of the year. “Around 40% to 60% of our overall annual revenue is generated in September and October. That’s why it’s so important to have transparent commission management during this period,” says Rütimann.

standard SAP Incentive and Commission Management for Insurance application. The second stage entailed making adjustments to meet Helsana’s specific needs.

“In addition to migrating the existing commission cases, another important task in the first subproject was creating a new interface for our ‘Sana Swiss’ policy management system,” Rütimann recalls. Helsana didn’t want to change the existing interface but wanted the security of a second as an emergency

When the 2,000 sales reps, 15 administrators, and 5 IT experts checked the first settlements from the new solution, they liked the results. Rütimann feels this not only proved that the implementation was a technical success but also indicated that future users would get optimal attention. “The administrators were actively involved in the project, from the evaluation and basic concept to the system tests,” says Rütimann. “This was incredibly important in winning user acceptance.”

“The application lets us map different contract models, such as temporary sales promotions.”

Mathias Rütimann, Project Lead, Helsana Versicherungen AG

When Helsana hired SAP Consulting as its implementation partner at the end of 2005, the SAP experts recognized that completing the project quickly would be one of the main challenges. After all, within the next six months, the team would not only have to align SAP Incentive and Commission Management for Insurance with Helsana’s needs but also completely transfer the existing commission cases of over 2,000 sales reps.

backup. Although administering the old system in parallel was time-consuming, Rütimann believes it was worth it. “Because we ran both systems in parallel, we were able to identify and solve many errors in commission management,” he adds.

Error-Free Implementation

As it turned out, Helsana did not need to switch to the old standby commissions management system. “Once the new trigger interface was set up, the existing commission cases successfully migrated, and the necessary level of performance ensured, we knew we were safe,” recalls Rütimann.

Two-Stage Implementation

To ensure the project completed on time, the team decided to split the project into two subprojects. The first stage involved implementing the

Focus on Additional Compensation Models

After the impressive success of the first subproject, the project team prepared for the second stage. “This stage focused on setting up some special commission types,” explains Rütimann. While the standard SAP software already covered the commission models commonly used by health insurance companies, Helsana also offered its sales reps additional compensation models.

For example, particularly successful sales employees receive a “super commission.” “Sales reps who achieve or exceed agreed revenue targets get a defined special bonus,” explains Rütimann. These special bonuses are graded and can be called up in the system at any time. “This way, sales reps can see in advance what kind of additional payments they can expect if they generate more contracts, which is, of course, very motivating,” he continues.

Because existing customers also expect a high level of service, Helsana rewards sales reps who provide this top service with a special customer-loyalty bonus. "These types of models are not adequately mapped by the standard software, but by working closely with SAP Consulting, we were able to enhance the application to meet our specific needs," says Rütimann.

Commission Data at a Glance

The SAP software enables Helsana to integrate its highly complex commission models easily. "The application lets us map different contract models, such as temporary sales promotions," explains Rütimann. Helsana can easily define, calculate, and document different individual target agreements – whether for groups or individual sales reps. Connecting commission management with accounts payable ensures that the paid commissions are posted properly in the existing SAP ERP application.

Since commission cases are integrated in the SAP workflow, any unclear, pending cases are processed quickly. "As soon as a pending case arises, the relevant administrator receives a message and can process the task straight away," says Rütimann.

Other changes are welcomed by the sales reps. "Now, for example, our customer relationship management solution transfers data automatically to the commission management soft-

ware," says Rütimann. "The consolidated information is then passed on at the push of a button from SAP ERP to HR for disbursement." With SAP Incentive and Commission Management for Insurance, reps can constantly monitor income. By using the application's remuneration query, sales reps can see all payments made, due dates, and future commissions in their accounts.

Effective Teamwork Results in Competitive Advantage

The new commission management application has met all Helsana's expectations. It has not only reduced the company's maintenance costs and enabled it to manage sales effectively by means of attractive financial incentives, but it has also made the compensation process more transparent and reliable.

Rütimann believes the strong collaboration with SAP Consulting made a large contribution to the success of the project: "We could completely rely on the competent support of the SAP consultants, from the feasibility study and implementation to going live. Aided by this support, the internal and external employees were able to work together very effectively."

The improved compensation process gives Helsana a competitive advantage. "Satisfied employees and reps means satisfied customers," says Rütimann. "And satisfied customers means growth."

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