Sanlam reaps benefits from successful straight through processing implementation from Alacr**it**y

CLIENT PROFILE:

Sanlam, head-officed in Cape Town, is a leading South Africa-based financial services group. Since its establishment in 1918, it has developed over time from a traditional life insurance company to an international diversified financial services business.

Through its main business clusters (Sanlam Personal Finance, Sanlam Emerging Markets, Sanlam Investments, Sanlam Corporate, and Santam), the group provides financial solutions to individual and institutional clients across all market segments, specialising in: insurance, financial planning, retirement, trusts, wills, short-term insurance, asset management, risk management and capital market activities, investments, and wealth.

THE CHALLENGE:

The employee benefits administration industry is based on the following premises:

1. Employers will submit accurate monthly payroll data to the administrator, and
2. Employers will pay over the correct contribution amounts, which correspond to the month's payroll deductions.

Delays and inaccuracies during this important monthly process have a significant negative impact on both the cost of administration, as well as on the quality of the service provided.

Employee Benefits (EB), a division within Sanlam Corporate, was lacking an automated web solution to address these challenges, and as a result, was starting to lag behind their competitors. The business was under pressure to increase efficiency and profitability, and therefore the automation of the monthly contribution process was an important part of their strategy.

THE SOLUTION:

Encouraged by Alacrity's successful track record in the financial services industry, Sanlam invited Alacrity to participate in the process of designing and developing a proof of concept (POC) solution, which would demonstrate to the Sanlam business users how the above challenges could be overcome.

The following steps were taken by Alacrity to address the challenges:

1. Facilitation of initial workshop with key stakeholders from Sanlam.

The main purpose of this workshop was to clearly define the business problem and ensure all stakeholders were in agreement. Once achieved, it was now possible to decide on the broad terms of the solution, and to clearly scope the POC exercise.

2. POC was developed within three months.

This was a bare bones, but functional system, demonstrating the front-end system and key interfaces that were crucial to address the business problem.

These key interfaces included:

- The integration to the back-end administration system, and
- Integration to the Sanlam BI system.

From a functional perspective, the system demonstrated that a simple client interface, which shielded the clients from the complexities that needed to be handled by the back-end administration system, was possible.

3. Introduction and implementation of Straight-Through Processing.

The POC further proved that it was possible to implement straight-through processes, effectively providing Sanlam clients with the ability to maintain their own contributions data. This also enabled Sanlam to collect the exact contribution amounts, from the client, via an automated payment process, thereby addressing one of the main business problems.

This was key, as it transferred responsibility to the client for ensuring that:

a) Their data was correct and current, and

b) Their payment amounts were accurate.

4. Complete business solution developed.

Following the successful completion and sign off of the POC, Alacrity was awarded the contract to build the full business solution (STeP system). This project was developed using Agile techniques, and the initial solution was implemented into production six months later. The initial solution has since been expanded considerably to handle a broader product set and further automation.

"clients could now directly manage their own contributions data, thereby enhancing the customer experience through improved efficiency"

THE RESULT:

Alacrity's successful implementation of the STeP system has had a number of very significant, positive impacts for Sanlam Employee Benefits:

- **Enhanced Client Experience** – a survey was run to evaluate the 'new' client experience. The feedback from this survey was overwhelmingly positive, with 100% of clients rating the new process as being superior to the previous manual process.
- **Efficiency Improvement** – as clients now updated their own contribution data, and Sanlam was no longer required to perform this manual task, this increased Sanlam's capacity to cope with new business growth without having to expand their cost base.
- **Risk Reduction** – data updates were now performed directly by the client via the online administration system. This reduced the risk of Sanlam data errors, which could result in client-loss write-offs.
- **Downstream Benefits** – as contributions are an upstream activity within the administration value chain, improvements in data accuracy and timeliness, through stringent validations implemented in the STeP system, significantly reduced the amount of downstream rework.

SERVICES PROVIDED BY OTHER GROUPS / COMPANIES:

Although the solution design and overall program management was provided by Alacrity, it was imperative, for the success of the project, to co-operate and collaborate with the internal Sanlam IT staff, and with MIP, the vendor who supplies and supports the back-office Sanlam EB administration platform.