Infosys®

Life Matters

A perspective on Life Insurance, Annuity, and Retirement Solutions Industry

>>> Collection of 4 thought papers

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forward

Dear Reader,

The financial recession had left its footprint everywhere and the insurance industry is no exception.

Our industry has undergone significant stress in the last few years due to a variety of challenges. Financial market turmoil, actual or proposed regulatory changes, changing customer demographics and service preferences, and technology advancement all have persuaded insurance companies to re-assess their business strategies.

It is my pleasure to present to you the 1st edition of the Life matters - A perspective on the Life Insurance, Annuity and Retirement Services Industry - a thought leadership initiative from Infosys BPO - Insurance practice. The journal focuses on the broad theme of - "Uncertainties and Changing Landscape - The Industry Response."

This journal is intended to explore timely topics - What are the options available for the industry to make most of the situation? How can the life insurance industry prepare for the next generation?

Specific thoughts presented in this journal include:

- Social tools for the friendly society
- Next generation policy management
- Approach of the smarter organizations
- Implication of Economic Uncertainties

I would like to thank Thomas Patzko of Patzko Consulting and all of the authors for their contribution to this edition of the journal.

We stand ready to have further discussions around these thought provoking topics at your convenience. Additionally, your feedback on this edition is welcome at infosysbpo@infosys.com

Best regards and best wishes for a successful 2011,

Richard (Rich) E. Magner
Global Head of Business Development and Retirement Services,
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Social tools for the friendly society

the Next Generation sales paradigm for insurance carriers

- Baskar Sridharan, James Clark Mitchell and Jonathan Cohan

Insurance is a social mechanism for spreading risk. For years, when it came to insurance sales, industry pundits resisted the idea that social could mean anything other than "face to face" commerce, but that has changed!

When the first generation of online commerce began in the late 1980's, the Internet was thought of as a novelty, worthy of little more than brochure-ware. E-mail had a similar reputation up until the 1990's. According to W3c reports today, close to 2 Billion or 28% of the world population is using internet- a whopping 450% growth during the last 10 years. E-mail has virtually displaced posted mail as both have become preferred tools of insurance commerce for millions of households.

Today's highly secured multi-channel e-commerce technology, along with a fundamental online cultural revolution, has led to a new phenomenon that should be of particular interest to a friendly society like insurance, the social consumer. Social consumers' online habits are significantly different than their predecessors. They do everything online, including watch Television. Worldwide social networking users at close to 800 million have surpassed even email users.

As advertising budgets have soared over the past decade, insurance companies have saturated traditional media channels in an attempt to maintain market share, but traditional advertising has little impact on the social consumer. Instead, social consumers trust the opinion of their own online community over any other trusted source. The emergence of this new consumer is forcing carriers to re-evaluate social marketing, asking two fundamental questions:

1. How can an insurance company engage with social community users aka potential qualified leads and drive this next generation consumers to their website?
2. Once these consumers come to the website what can be done to enhance the online experience and convert more of the visitors and prospects into customers?

The ensuing pages detail our point of view on how carriers can answer these two questions

Introduction

A major shift in insurance buying habits has begun with the emergence of Generation X&Y. There are over 800 million social media users globally and close to 500 million in North America. With social media having grown into a powerful force to engage and nurture long term relationships carriers cannot be complacent about adopting their processes and systems to reap the benefits of this new paradigm of Next Generation Insurance. The imminent need for leveraging social media and online enablers are being driven by three forces:

The Digitally Networked Generation is not only growing rapidly but will also bring along older generations

As evidenced by the 800+ million social media users with 75 % being in the age group of 18-44 and the average time spent on social media has increased three fold just in one year.

Affordable and Pervasive Technology will marginalize existing channels and make transactions ubiquitous

From the world of PCs and desktops, the computing power has increased and has become cheaper by the day. Super fast proliferation of devices such as iphones /ipads that provide access to the virtual world on finger tips are key evidence. According to Celent[1] Insurance carriers expect 60% of their customers to use digital tools to search for information and at least 32% will buy online

Non-traditional Competition is a real threat, but will also create new opportunities and expand the entire market

In the last 5 years, aggregators such as esurance have made strides as most favored online retailers in the insurance space and have grown into a formidable competition for the traditional models with close to US$ 800 millions of revenue and half a million policies[2]

[1] Digital Marketing in Insurance - A Partnership with Potential Celent Feb 2010

[2] Infosys online research

Industry challenges

While this demographic shift is understood by insurance executives of most insurance carriers, there are several challenges that the carriers have to overcome as they try to position themselves as media and technology savvy to appeal to the growing demographic that prefers online commerce and service. It is true that carriers have invested heavily in automation; however, the investments have been on mainframe systems capable of handling large scale processing of bulk renewals and monthly billing for millions of households, with limited web technology adoption. Though carriers envision new innovative processes, the backend systems do not lend themselves for easy integration with real time online processes. The investments made in web technology have been hampered by the core processing cycles and limitations imposed by the backend systems, resulting in clumsy websites which require multiple sessions to complete a transaction, call outs to service centers and manual intervention.

We see three core challenge categories that carriers need to overcome to do business in this new paradigm:

Online audience attraction challenges

- Ineffective leverage of Social Media capabilities
- High attraction costs
- Ineffective leverage of multi channel content
- Limited social media analytics
- Inefficient paid media/ natural search limitations

Online acquisition challenges

- Poor user experience
- Complicated processes
- Ineffective lead management
- High abandonment
- Low conversions

Contact center challenges

- Inefficient transition from web to contact center (co-browsing) and vice versa
- Limited knowledge management capabilities

How can carriers overcome the challenges?

Most large carriers have tried to acquire social media based sales capabilities with limited success due to one dimensional or fragmented approach. We strongly believe that social media sales challenges can be overcome by using a comprehensive approach and focusing on two fundamental areas:

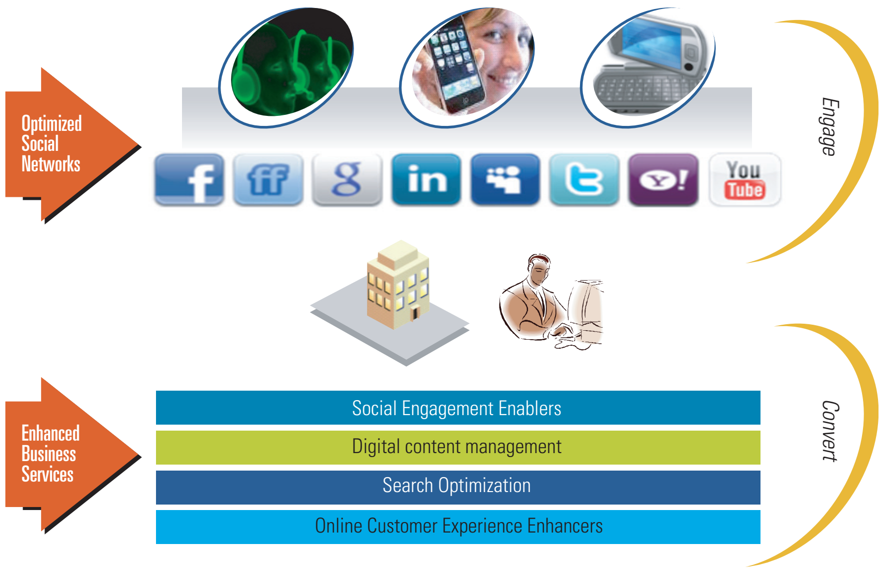
A *Optimizing the social media presence and attracting customers with search engine optimization through enhanced ability*

- to successfully engage in social media on a long term basis and track online marketing initiatives effectiveness through state of the art listening and analytical capabilities
- to create and manage content for multiple digital channels and integrated campaigns
- to reach potential customers anytime, anywhere, with consistency
- to maximize "find-ability" for lowest cost through search engine optimization.

B *Improving the online experience with advanced lead management and no-touch sales to issue processes through:*

- Simplified application process through eForms
- Seamless integration with back-end applications for real time experience and automated underwriting
- Seamless navigation from web session to contact center and vice versa
- Real time tracking of customer behavior online and capturing relevant information for identifying key trends and enabling pre-defined responses

These capabilities are combined to form a suite of core strategies and enablers that complement carriers' existing capabilities in social media and online acquisition, leveraging backend systems and the carriers' web presence. This approach enables a carrier to create a consistent public online presence and engage with prospective customers, implement true one touch (or no touch) processing, enhanced quoting speeds and the kind of real time on line experience that leads to web sales success.



The Social engagement enablers leverage social media sites to engage with consumers and drive traffic to the carrier website through core capabilities such as - Social network setup, tracking, Social media listening, Digital Content Effectiveness and search engine optimization to enhance natural search positioning.

The Customer experience enhancers automate processes, provide insurance information capture on eForms, seamless integration with back-end applications and transition from screen to screen and advanced lead management including navigation from web session to contact center, co-browsing and multi- channel integration.

Conclusion

The traditional approach to social media has been focused only on outbound communication, an extension of advertising and website content. Similarly, the approach to online quoting and acquisition adopted by most insurers has been to clone the existing steps mandated by traditional underwriting systems. While the traditional approach enables basic presence, the differentiation comes when carriers adopt the integrated approach.

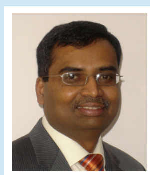
The integrated approach allows carriers with the power to shift the online paradigm in their favor, appearing in the top tier of natural search results and maintaining a robust presence in social media circles; thereby extending their brand in a controlled and effective manner, to new, otherwise unavailable, customers.

The key metrics impacted include but are not limited to:

1. Increased brand awareness and positive sentiment
2. Increased quality leads
3. Increased campaign efficiency & cost effective media leverage
4. Improved conversion ratio
5. Increase in direct channel sales ratio
6. Improved scores on CSAT

For the next generation of insurance consumers, this offers a superior buying experience through consistent and effective social media interaction, quick and easy, once and done quoting processes, and support layers of listening and seamless intervention.

About the Authors



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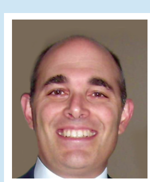

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Next Generation
Policy Management System

- Rahul Shrivastava

Introduction

With emerging technologies and changing business model there is a need to re-look at the constructs of policy management systems and how they need to be architected to create a future generation policy management platform.

Some of the influencing factors that need to be taken in to consideration are reduction in operating cost, more flexibility, scalability, digital consumer, and more automation, time to market, data mining and analytics.

Entities involved in an insurance value chain (clients, insurers, brokers, agents, reinsurers) need to redesign their systems and processes to increase efficiency, have more competitive advantage and ease communication between them. Insurers can no longer live with legacy monolithic applications that reduce their ability to make quick changes to the system resulting from business rule, workflow or process changes.

Key Considerations

A Reduction in operating cost and scalability by using Cloud

B Ability to Interface with external systems without making major changes leading to more automation

C Digital Consumer Experience via Client Self Servicing and Straight Through Processing

D Ability to configure new products, make business rule changes quickly to reduce time to market

E Gain competitive edge in the market by monetizing its own data, improving process efficiency by data mining and analytics

F Ability to globalize the system & deploy it easily

Let us consider each of these areas in detail.

A. Cloud Computing

Cloud computing is the usage of computing resources, typically a server or part of server, over internet. Instead of deploying the servers onsite in the data center, an insurance company can take advantage of and utilize the server in some other location without having to manage the physical box. This allows insurer to avoid large investments in data centers, expand to any geography and accommodate peak loads and seasonal variations in any location, region, or country.

Reduction in provisioning of IT services and infrastructure to support new initiatives will lead to increase in business agility and enable new campaigns, services and products to market quickly.

Standard operating environment can be better implemented with cloud computing to reduce cost of support and maintenance. Cloud computing allows insurer to shift to usage-based operations (Infrastructure as a service & platform as a service model) and bring disparate IT systems and processes to effectively collaborate and share information between customers, partners and employees.

How to make infrastructure ready for cloud computing?

Some of the key characteristics of IT infrastructure that is ready for cloud computing are as follows:

- Componentization - have common components and standard processes
- SOA based architecture with granular web services that are independent from underlying implementation technology. Create a service catalog which can enable users to select & consume cloud based services
- Open standards based data model and messaging
- Virtualization - Simplify and consolidate IT infrastructure
- Good security practice

In order to take advantage of cloud resources, a company must be able to package up the "image" of their server (the image consists of the operating system and any installed software) and reinstall it quickly. This allows a company to quickly add servers if necessary, such as during heavy usage.

B. Standards based system

The policy management system must be based on common information model to minimize application integration dependencies and eliminate point-to-point integrations. A common information model will represent a schematic structure that is common to multiple data sources and data services. Use ACORD/ XML based standards to streamline business model which is flexible enough to cross lines of businesses and geographical boundaries. Standards will also allow better data interoperability across insurance industry and better reusability benefits of an SOA, reduced code complexity and increased business agility. ACORD framework can be used to build the information architecture of the policy management system:

- Capability model and process maps
- Component model and service maps
- Information and business object model
- Data model
- Insurance product/LOB model

The above models will help to identify, structure business functions, data and processes in a clear manner which is understood both by business and IT users.

C. Self-Service (SS) and Straight Through Processing (STP)

Leverage portal technologies for collaboration and self service capabilities. Expose policy management system functions (Example - request quote, create claim, premium payment, and view policy/invoice data) and data. Leverage self service sites to enable customers to experience individualized and validated cross-sell and up-sell information as part of standard site interaction.

STP is achieved by usage of web services exposed by policy management system and by enabling utilization of BPM to automate business processes. All the necessary data should be captured only once & is available throughout the enterprise for all applications. New business can be streamlined by leveraging process and service model assets. Some of the enabling solutions for STP are inbound document management, electronic documents and forms, e-Signatures, handling of client service requests, electronic contract/policy document/e-Invoice generation and electronic payment and settlement.

Underwriting optimization can be achieved by better processing models, exception management, and integration with rules and rating engines, collaboration with brokers/agents via portals and xml based insurance data exchange.

D. Ultra-Configurable Systems

Policy Management Systems should be designed with a modular structure so that it can support various LOB's and its core functions. Configuration in the system should be meta-data driven and rules/tools based and allow business &/or administrative users to build and configure rules using UI or web interfaces.

E. Data-mining & Analytics

Policy Management System should support detailed analytics of customer, revenue and other related data attributes to develop single view of customer. Master data management for key business entities such as client, agent/broker, carrier, LOB/Product and employees is needed to enable integration of data across regions/geographies for benchmarking, customer profitability etc. Revenue and product dashboards for LOB executives can also be developed to provide insights to insurance executives by doing analysis of operational and financial data and tying performance management to corporate goals and objectives. Use real time integration with policy management system data to provide latest information.

F. Globalization and Regionalization

Ability to provide language/culture specific user interfaces and reports and outputs, enable mergers and acquisitions and consolidate some functionality of applications developed and maintained separately for a specific region/language.

User interface level features

UI labels, status messages, error messages etc. being displayed in end user's locale/language is the bare minimum feature for most of the globalized applications. Dates, numbers, currencies, phone / fax numbers, address, unit of measurement, time zone and cultural aspects like color and images must conform to the end user's region / locale.

Language independent data storage and retrieval

Support for storage and retrieval of data originating from different locales is also needed. Users in different region/locale will input data in the same application instance using different scripts. The same need to be stored in single database and when user selects the data back it has to be shown the same way it was inserted.

Typical Quality of Services considered for globalization

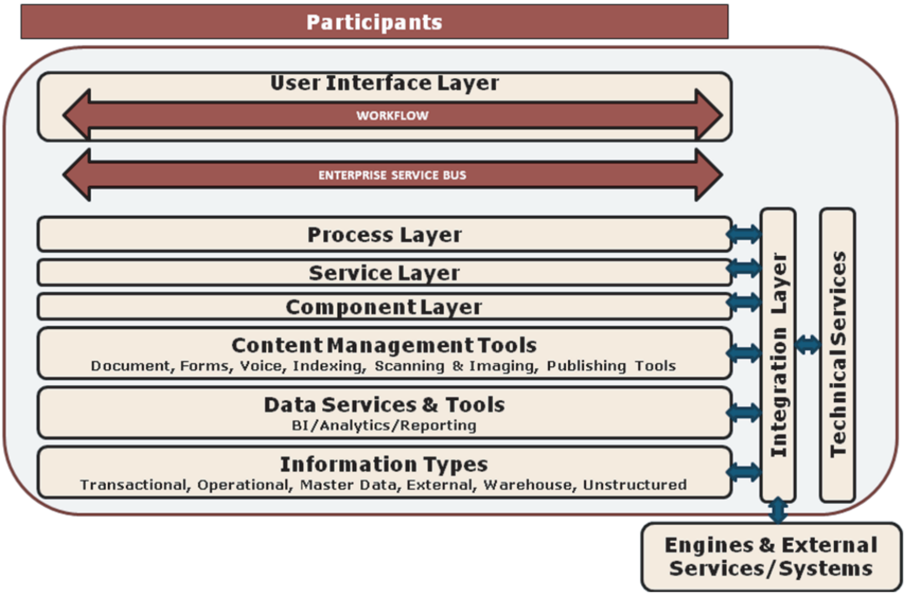
Globalization: Through Internationalization & Localization

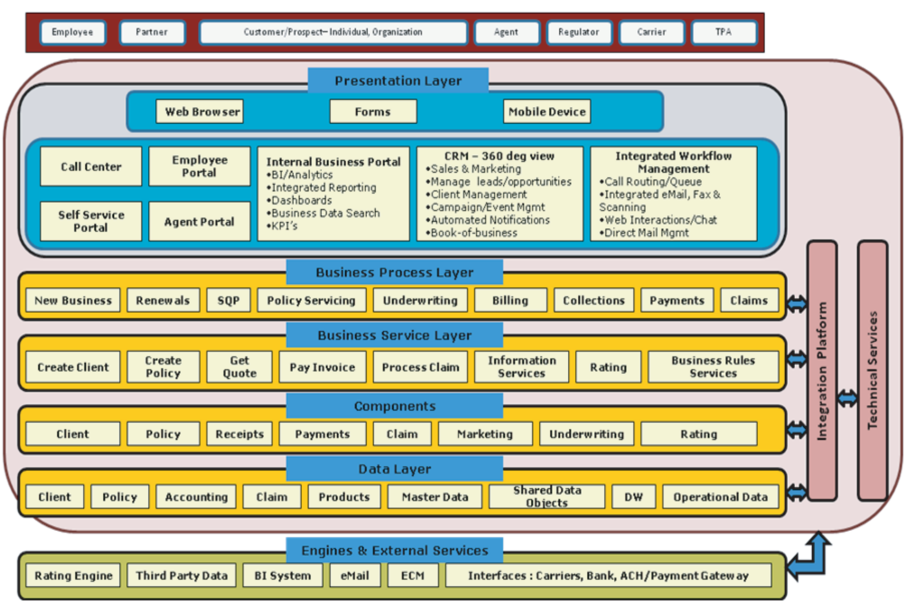
- Globalization (G11N) is the process of internationalizing of an application followed by localization for one or more locales/regions
- Internationalization (I18N) is the process of designing an application/product so that it can be adapted to various locales/regions without engineering changes.
- Localization (L10N) is the process of adapting an internationalized software for a specific locale/region

Key Characteristics of New Generation Global Policy Management System

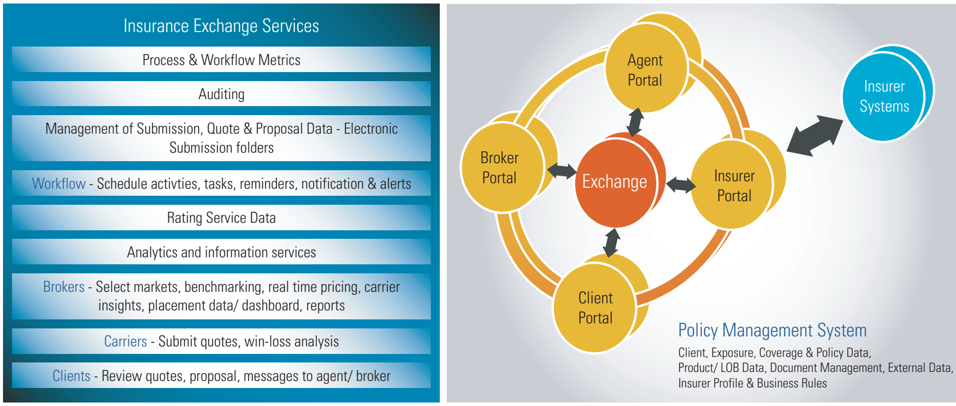
Basic Constructs of Policy Management System

The following diagram shows the broad constructs of a typical policy management system.





Portal Based Insurance Exchange - Tightly Integrated with Policy Management System



Exchange will provide a single, efficient, on-demand electronic system through which agents and brokers will submit risks in real time to multiple insurance carrier partners and wholesalers and collaborate with them on the underwriting, pricing and placement of insurance coverage for those risks. Insurance exchange will help brokers improve the efficiency of their workflow and improve their communications with insurance markets. Exchange benefits and efficiencies include:

- Select best markets: Helps brokers evaluate which markets to approach for given placement based on current trends, recent activity and analytics. It strengthens brokers negotiation power due to current, fact based intelligence developed based on worldwide historical and current placement data of the broker
- Client business changes: Broker can demonstrate global expertise by stating premiums & placements worldwide and assist client in expanding client operations
- RFP Responses: Prove expertise in a given industry for an RFP response
- Program inception timing: Review past data to determine lowest activity level for optimal renewal month to renew the insurance program at an "off" time
- Managing client expectations: Develop a renewal strategy plan by providing real time pricing comparison vs. last quarter/year to advice client of a potential steady premium or increase/ decrease
- Determine broking strategy: If incumbent carrier indicates premium increase at renewal but if exchange statistics indicate premium decline for the line of business then broker can decide to re-market the program at renewal
- Determining target markets: If exchange analytics indicate that a given carrier is not one of the top carriers by premium for the client industry then client can be advised to consider other carriers
- Renewal strategy: Use exchange data to analyze which carriers have been most competitive and have strongest appetite for clients risk as well as submit-to-quote ratios
- Program design: Analyze limits and deductibles based on historical exchange/benchmarking data for the client industry to determine robustness of clients insurance program
- Carrier Consulting: Provide carrier performance feedback. How the client rejection reasons compare with other carriers for similar type of risks
- Client consulting: Advice client of main carrier rejection reasons of a particular risk before client submits the insurance program for quote

About the Author

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3

Smarter Organizations
in the Insurance Industry

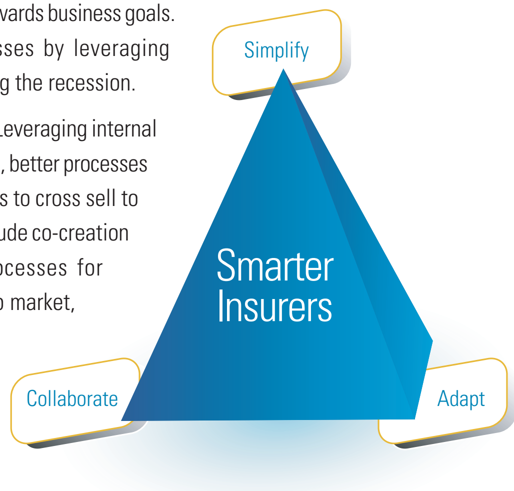
- Siva Nandiwada and Sanjay Mohan

Introduction

While the Insurance industry outlook seems to be improving, it still is imperative for carriers to create the foundation for next generation by building a smarter organization. To that end, there are 3 key elements that the carriers need to keep in mind viz Simplify, Collaborate and Adapt. IT organizations have a significant role to play in making insurers become smarter.

Simplify key elements around people & operational processes and technologies & systems. This could mean business process optimization, application/ technology / asset modernization towards gaining more efficiencies and effectiveness, better workflow and aligning jobs towards business goals. Insurers that invested in simplifying their processes by leveraging technology a few years ago reaped the benefits during the recession.

Collaborate effectively both internally and externally. Leveraging internal groups include better technologies to service customers, better processes to launch products faster into the market and analytics to cross sell to existing clients. Leveraging external stakeholders include co-creation with customers for improved service, better processes for information exchange with partners for faster time to market, alliances for entering new markets etc.



Adapt to the changing environment and find new ways of doing business. Changes in demographics, changes in talent availability, changes in financial markets and regulations are leaving little choice to the insurers but to adapt to the environment. These changes would be understood and acted on quickly only if the organizations have the learning orientation and are nimble /simple. Only those who adapt fast to the changes can emerge as the leaders.

For example, changes in technology such as social media, blogs could provide significant impetus towards growth and improving the stakeholder experience. It depends solely on how quickly insurers can adapt and emerge as leaders in delivering business value. Let us examine each of the above three dimensions in detail.

1. Simplify

As organizations grew in size a lot of systems and processes are augmented with incremental requirements than architected with a vision. In such cases, organizations tended to be more complex. In addition, Insurers are exploring entering new markets and geographies through acquisitions and setting up their own infrastructure. Insurers in new geographies will initially set up their own enabling functions like IT, HR, finance etc to allow organizational agility instead of relying on corporate office. However as the organizations grow in each of the geographies the siloed nature of the support functions will increase the cost through duplication of efforts, infrastructure and processes. Simplification reduces risks and frees up cash.

Insurers should leverage simplification in their operations to show productivity improvements and reduce costs. Initiatives that can help them in simplification include

1. Creating a single digital nervous system for key functions such as HR & Finance to enable faster flow of information
2. Setting up of shared services structures for Infrastructure across subsidiaries

3. Single instances, server consolidation and virtualization
4. Integrated planning, performance management processes across entities

Increasingly Corporate CIOs are given the responsibility to reduce the IT costs by simplifying the underlying structures, processes and systems. Such a transformation is possible only with the direct support of a CEO and CFO.

2. Collaborate

As organizations become large, a transaction before closure goes through multiple groups and stakeholders. Many times it appears that transactions are not closed quickly because information flow is either slow or hasn't reached the right stakeholders in a form that is easy to understand. Collaboration - both from process and technology standpoint can help in achieving the key business goals.

Few examples are given below to illustrate the benefits of collaboration towards revenue growth and operational excellence.

Revenue Growth

a. Improvement in collaboration across different groups internally can significantly cut down the cycle time for launching new products or variants into the market and hence drive revenue growth.
b. Sales & New Business teams can collaborate effectively towards closing the sales cycle in a quick timeframe through better collaboration technologies such as live agent chat, shared team space including web 2.0.
c. Leverage social networking for better prospecting: Develop a tool to search on social networks about a given prospect to understand the prospect better (family information, life style information and ideology and develop a meaningful, authentic relationship building strategy) and also identify potential referral opportunities (name, location/ address etc) from existing clients.

Operational Excellence

a. Improved workflow processes enable collaboration across the functions such as new business, policy owner servicing and claims processes to reduce the wastage of time and resources and improve customer service.
b. Conducting cost effective training to the agents and employees through Private Virtual worlds, Internal knowledge management through wikis, discussion forums

3. Adapt

When the revenue growth is a challenge and operational efficiencies cannot be improved significantly beyond a certain limit, innovation becomes critical. To be innovative, organizations need to be able to understand the changing environment and adapt quickly before competitors can do. Those that adapt faster than others emerge as leaders.

Recent recession has forced many insurers to start thinking this way. It can be quite easy to go back to old ways as the market opens up and show signs of revenue growth. It is possible to remain innovative only if leaders create a culture of learning in the organization and walk the talk.

To illustrate the point on adaptability, let us look at the portfolio view of IT spend among the insurers. A few years ago, most companies would respond that, their discretionary spend is in the range of 20% to 25%. This is attributed mostly to the maintenance / support of the legacy insurance systems. Of late there has been an increasing trend of companies saying that they have improved this to 30% to 35%. Most of the reduction in non-discretionary spend has come down either due to offshoring or through server consolidation & virtualization etc. However, very few companies can claim that they reduced due to better modernization or simplification of systems, processes & applications

The key questions to ask are - Does your CIO have a goal for reducing the % of non-discretionary spend? Is there an improvement on this goal year-on-year? How are you improving this in comparison to your competitors? Is it through pure cost / labor/ resource arbitrage or through "engineering" methods?

I would think that reduction in the cost through labor/ resource arbitrage is easy and many organizations have achieved. Organizations that are focusing on improving this through engineering methods will tend to achieve competitive advantage due to operational efficiency as well as market differentiation. When I say engineering methods, I mean improvement in process, technology, system and application capability. These methods will have a significant impact on the business. Business leaders would be willing to spend money on these initiatives.

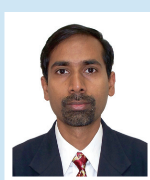
To be able to adapt, organizations need to drive innovation across all aspects of the business. Following are the key focus areas for Insurers to innovate

1. Right sourcing strategy
2. Right products / services mix
3. Right distribution channels
4. Right technology and operational priorities

Conclusion

Organizations have become complex and inflexible with the organic growth as well as acquisitions. To be able to achieve the business goals, organizations need to remain simple, collaborate effectively and adapt to the changing environment. Technology evolution provides IT departments an excellent opportunity in making insurers smarter than ever before. Those insurers that develop the capability to be smarter than their competitors are likely to emerge as the leaders by driving revenue growth, improving operational efficiencies and providing enhanced customer experience.

About the Authors



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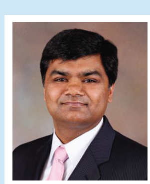

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4

Implications of the Economic Uncertainties

in the European Markets to Insurance Industry Operations

- Thomas Patzko and Pawan Verma

Global economy is recovering from one of the worst recessions in decades. The insurance industry in particular has been hard hit and while the industry is recovering from the pains, it is looking in new ways to adapt their business in the European markets. The industry is also shifting priorities and its focus on operations in order to meet the demands levied by the new economic realities and customer dynamics. This view point is a reflection of how the European Insurance companies, particularly in Switzerland are reacting in these challenging times.

Infosys BPO sat down with Thomas Patzko, an advisor to key European Insurance industry clients to exchange thoughts on the state of the Insurance industry as they cope up with the economic challenges in the continent. Pawan Verma from Infosys BPO facilitated the conversation.

Europe market in "new normal"

Pawan: Given the backdrop of the economic challenges, how are your clients, in the local market and broader European and global market reacting? Specifically, what changes are you seeing in your clients businesses and operations?

Thomas: Initially, it was kind of a shock as the world witnessed the market downturn. A lot of companies and executives were paralyzed but after the initial jolt they reacted quickly and insurance companies are now on their path to recovery. Global insurance companies are turning their focus to their core activities. Companies are figuring out their clients' needs, be it individual clients or corporate clients and are rolling out very interesting and innovative products. Large Insurance companies see that one of the advantages of being big is to do everything themselves, which is sort of true. But if you do everything, you dilute your focus and tend not to be focused enough on what you can do best. Customers are much more informed today through internet and via the social media channels and are constantly communicating with each other. Customers are much more interested and knowledgeable about the economy and how the business is done, impact of the stock market gyrations and the impact and flow of capital into the markets - in other words, we've much more informed customers. This is a huge but a positive challenge for the financial services companies.

Further, large insurance companies also realize that they need not focus on non-core tasks as there exist third party specialized companies which focus on administrative and operational activities. It took such a huge economic down turn to bring this change in behavior towards outsourcing non core activities with the European Insurance clients. The Americans and Asians, specifically, the Japanese, have been actively outsourcing. They've outsourced tasks that are not business critical. Now, I see that even business critical things are shared with BPO partners like Third Party Administrators. I'm a big proponent of my clients focusing on business critical things.

Pawan: The continent is really a conglomeration of many different and unique markets and or regions. For example, the Swiss tend to be very conservative in their business approach. What specific behaviors are you observing of your local Swiss clients?

Thomas: Yeah, I believe so. If you look at the Swiss financial services landscape there are fewer and fewer independent financial services companies including private banks or smaller banks and insurance companies. For example, Winterthur, originally, a Swiss insurance company was acquired by Credit Suisse, a banking company a few years ago and now sold to AXA - French insurance company. Swiss companies have started realizing that the market in Switzerland is very saturated, and if you have to really survive in today's conditions, either you need to specialize in something whether it is Alternate Risk Transfer (ART) insurance or advising high net worth individuals (HNI) than a family insurance company can do in terms of broad range of services. Further, a few choose to enter international markets. Small to mid size Swiss insurance and banking companies have really started to establish themselves in emerging markets to say like Brazil, India and China. To me it makes lot of sense, I mean services way of living and doing business in Switzerland was very good as it helped them to grow and establish a solid reputation. In Switzerland, brand is still very strong, which is very good especially for companies which have Swiss in their name or in their brand. For instance, people know that if you have your money with a Swiss company, it is going to be taken good care of, as it's one of the most solid countries in Europe with one of most friendly insurance and banking laws. However, brand in itself is not enough. Some of the other levers being pulled are Innovation and Talent. Innovation today is one of the key drivers in Swiss financial services companies. Even the most conservative companies have come to the realization that they have to invest into talent. Finally, the other local trend that is very interesting is the openness for Swiss companies to seek cooperation and partnership with both well established and start-up firms.

Focus on operations

Pawan: You mentioned the focus on product innovation and I want to peel the onion a little bit more. Over the years, we have seen financial services companies focus on product innovation, customer intimacy and operational efficiencies as strategic imperatives. Given this new normal do you see your clients focus more on one over the other?

Thomas: A very interesting question. I see my clients focused on the operations; Operations is something that clients actually have a total control of. From an operations perspective, clients are thinking about automating processes where possible; they are looking at new ways of doing the same things. They are focused on exploring ways that will help them drive efficiency and effectiveness in their operations. I think it is a natural human tendency to start looking at things that you can impact as you are in complete control of.

Pawan: As you see your clients focusing on their operations, what are some of the discernable trends in terms of their shared services and outsourcing initiatives?

Thomas: Actually, it differs depending on whether you are a large global organization or a local firm. Large global companies, such as Credit Suisse, have been actively looking at consolidation and centralization of their back office processes. Smaller or more local clients still are new to outsourcing and are very conservative in their approach. These organizations still have a value system and culture where they feel hesitant to give up the control to a third party for any part of their operations. I think it's a big advantage, if world class service providers like Infosys go through an outsourcing process with these companies or even if it entails assisting them with process reengineering activities followed by outsourcing. These companies are really missing out on realizing the benefits that outsourcing can deliver, especially, when one can save a lot of money. I think all the companies should consider outsourcing as a low hanging fruit to optimize their operations.

Key imperatives for service providers

Pawan: Given the new economic challenges and the shrinking global world we now live and work in, what do you think are going to be the key imperatives for service providers?

Thomas: The markets are becoming much more integrated. Clearly, that has an impact on the offerings that the clients are looking for. Service providers have products and services that fulfill client needs in one region of the world but seldom integrate or interface with the products and offerings that the client would like to introduce in another region of the world. I think a key thing for a service provider is to be able to seamlessly cater to both their local and global clients. For example, clients are looking for service providers who are well versed in cultures and client needs specific to the local geographies. For example, from a language perspective, you cannot approach the European market like in US - In US, it is much simpler, if you cover Spanish and English you are all set. Another example is the legal system - In the US, you have a single legal system, however, in Europe, there are different legal systems and a service provider has to be adept and capable to comply with all the different country laws if they want to do business in Europe.

I think clients are looking for service providers who really understand the global impact and how to make things happen locally. Financial services clients are looking for service providers to provide solutions where they know having a partner who understand their client's needs on a global basis. This is almost invaluable to them and if you deliver as a service provider, you can then elevate your relationship into a real partnership. This is a key point I want to make; especially with client operations is that I encourage working with service providers who are looking for a partnering relationship and not just client relationship.

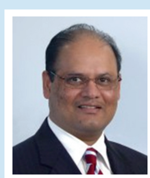
Pawan: Talking about service providers, I know you were engaged with a large client of ours to help them with their outsourcing initiative. How did it go and what were some of the lessons learned?

Thomas: When I first started working on this project, it was hard to get the client to explore the option of outsourcing as a solution. In order for the client to change this mind set we had to take several key steps. First, I had the key stakeholders talk to other insurance clients of mine. This was critical as exchange between the executive teams was positive and convinced the client to at least look into outsourcing. Second, as we moved further in process and got Infosys BPO involved, the conversation moved into specifics. The experience with Infosys BPO was very positive as they took the client through a very deliberate and a logical set of steps to help them decide what solution option was going to be the best option for them. The Infosys BPO team spent a lot of time brainstorming with me and my client about solution possibilities, the right setup, the service delivery models, etc. The Infosys team helped us come up with an out of the box solution to host the solution platform in the European community - the Czech Republic. This made a huge impact as it provided a comfort level with the client. It further validated in our client's thought process that Infosys BPO is really a business partner that understands not only the local markets but also our values. I was very impressed how well Infosys worked with us on this initiative.

Pawan: Great. I think this has been excellent and I really thank you for taking the time to share your thoughts.

Thomas: Thank you for giving me an opportunity.

Thomas Patzko is project executive with over 15 years of experience in the financial services and non-for-profit industries. His areas of expertise are in strategy development, organizational change, planning and implementing projects, M&A, and setting up new companies and departments both in multi-national corporations and start-up environments. Thomas Patzko has been a self-employed business consultant since 2008 offering advisory services for his clients spanning initiatives at multiple levels including the corporate board room to execution of strategic and change management projects. His focuses on creating implementable solutions for the benefit of his clients. Thomas is a highly motivated self-starter, innovative thinker and a thought leader.



Pawan Verma manages sourcing advisor and analyst relationships globally for Infosys BPO. He is a Senior outsourcing executive with over 20 years' experience in strategic sourcing, business operations, and information technology has served in leadership roles at several leading professional services firms. Prior to joining Infosys, he worked as an outsourcing advisor, advising clients on their outsourcing and offshoring initiatives. He has authored many articles on the subject of outsourcing and offshoring and has been a speaker and/or moderator at nationally recognized conferences. Pawan has a Masters degree in engineering from UCLA and a Masters in Business Administration from Kellogg School of Management.

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