

Reference Project: SV SparkassenVersicherung



How to industrialize core processes in the insurance sector using FrontCollect Insurance

Recognizing and Processing 3,500,000 Letters Across all Branches

The Company

SV SparkassenVersicherung is a major regional insurance company located in south-west Germany and the nationwide market leader in the areas of building insurance and commercial fire insurance.

Sector

Financial services

Facts & Figures

Year of founding: 1758
Employees: 5,100 in total: 3,000 office staff;
1,900 field staff; 200 trainees
Head office: Stuttgart, Germany
Branch offices: Erfurt, Karlsruhe, Kassel,
Mannheim, Wiesbaden
7.8 million insurance contracts
Earnings from dues: €2.8 billion

The Challenge

In the past, SparkassenVersicherung required a large staff to implement their “first scan, then process” principle; also, manual indexing did not allow for any further process optimization. The company decided to introduce an OCR solution to streamline these processes.

Products Employed

FrontCollect Insurance

Benefits of the Beta Systems Solution

Employing FrontCollect helped SparkassenVersicherung to implement lean operational processes and thus achieve significant cost savings.

Competitive Advantage

Thanks to FrontCollect, SparkassenVersicherung was able to greatly improve document throughput times, the transparency of mail processing and thus the quality of their customer service.

With the introduction of a fully new business model at SV Sparkassen Versicherung (SV), 370 agents of the KundenServiceRessort now tend to customer requests as part of the company’s 1st-level support. A large number of the business cases are fully processed there, and only very complex cases are referred to the specialist divisions. SV’s new FrontCollect Insurance system perfectly implements this distribution scheme. The OCR solution from Beta Systems autonomously sorts the entire incoming insurance-related mail according to the type of business case and passes it on to downstream systems. This allowed SV to automate their core business processes and significantly reduce costs of handling incoming mail.

“First scanning, then processing” has been the motto in SV’s mail rooms for many years. But it was not before the introduction of OCR, automated classification and indexing that the company has been able to greatly streamline the allocation and forwarding of electronic mail. The six SV branch offices in Baden-Wuerttemberg, Hessa and Thuringia receive 4,000,000 letters each year. The majority of these – 3,500,000, which corresponds to 15,000,000 pages – comprise insurance-specific mail, that is, letters and documents of all sorts.

The corresponding information must be entered in SV’s “ICIS” and “COR” specialist applications for processing life- and non-life insurance business. About one sixth of the incoming mail concerns matters not pertaining to insurance-specific topics, such as financial, personnel or other issues, which are processed separately.



Processing up to 70,000 pages each day across all sites

The mail and scan center located at Löwentorstrasse 65 in Stuttgart receives several hundred or even thousands of mails each morning. Up until recently the staff had to open each letter and check it briefly to determine the subject matter and pre-sort the mail before the up to 15,000 pages were ready for scanning. But that was not all of the manual tasks involved: The TIFFed documents also had to be indexed manually, meaning a contract and/or case number had to be added to them, and then they were forwarded to the corresponding colleague's electronic inbox using a workflow system.

This manual indexing process did not support any automated processes, and capturing further data was extremely time consuming. So the personnel requirements to get the daily mail processed were very high. "This is why we looked into how an OCR/ICR system might help to streamline our incoming mail processes," explains Alexander Zachmann, head of the Office Communication department at SV. He goes on to say: "It was also of interest for us to find out what

level of process optimization and cost savings we could achieve by introducing such a solution." One of the deciding factors was that the system offer a quick ROI.

FrontCollect Insurance Supports New Organizational Structure of SparkassenVersicherung

With FrontCollect the company also opted for a system that perfectly supports the new organizational structure of SparkassenVersicherung. This structure, introduced in 2005, divided the company into the areas Kunden-ServiceRessort (KSR) at the first level, followed by the traditional specialist departments of the individual branches such as motor, third-party risk, life insurance etc. A staff of 370 works in the KSR area across all branch offices, 200 of which process incoming correspondence, and the remaining 170 answer inquiries by phone.

The tasks of the qualified KSR staff run the whole gamut of actuarial practice. All simple business cases are fully processed there, while more complex cases requiring lengthy processing are forwarded to the classical

second-level branches. This new structure also made manual indexing much more complicated, leading to an increased manual task load and more errors. "In an effort to automate this two-level structure as much as possible, we required a software that allowed us to handle the underlying allocation and forwarding scheme," says Alexander Zachmann.

Automated Identification of Simple and Complex Business Cases

The ability of FrontCollect to identify and allocate a large set of different document classes makes this an easy task. The software not only recognizes that it is dealing, for example, with a motor insurance case, but by evaluating specific characteristics of the letter it can also determine whether it is a simple or complex case.

At the onset of the project, SV was pretty open concerning the question of which software to select. "There are rule-based systems for deterministic documents such as forms, while other solutions are better at recognizing free-form content," says Claus Vollmer, head of the south division's



"We decided for FrontCollect since the solution offered a very good recognition rate and an overall good performance. The flexible architecture and the possibilities of the individually customized extensions convinced the project team."

Dr. Nikolaos Vlachantonis, project manager and CEO of synthesision Unternehmensberatung Gm



mail and scan center, “so what we mainly cared about was to find a solution ideally suited for processing the highly heterogeneous documents we deal with on a daily basis.” The majority of mail sent to SV is unstructured, and this trend is bound to increase since more and more structured information, especially applications for insurances, are received via a separate web-based system.

Much More Than a Simple Document Capture System

Of the three systems tested, the Beta Systems solutions performed best in terms of recognition rate and speed. Dr. Nikolaos Vlachantonis, project manager and CEO of synte-sion Unternehmensberatung GmbH: “FrontCollect is a system that allows SV to process a very large number of highly diverse document classes. But the system offers much more than plain document capture functionality: FrontCollect also helps to streamline up- and downstream processes, which represents the key benefit of the solution.”

The architecture and technological

concept of FrontCollect also contributed to the decision. The solution offers very good options for distributing the many individual tasks that need to be performed as part of document recognition and content analysis to different server systems. This makes it possible to keep a constant eye on the load distribution during operation, leading to optimized resource utilization while at the same time offering maximum transparency.

Considerably Reduced Incoming Mail Scanning and Indexing Effort

The six branch offices of SV at present have 18 scanners at their disposal, and roughly 80 workstations of the mail and scan centers have FrontCollect installed. 305 document types have been set up in the software. This means that the mail no longer needs to be pre-sorted manually according to branches and business cases before digitization, as is still common practice in many insurance companies; instead, the letters are only opened, prepared for scanning and the fully unsorted documents are simply ‘dumped’ onto the scanner. The integrated FrontCollect system already fully

recognizes between 60 and 75% of the mail and immediately processes the documents automatically, i.e., allocating it to the corresponding KSR or specialist department inbox according to customer, document type and business case. The rate of documents automatically processed by the OCR system is tied to the document class and fluctuates depending on campaigns and seasonally varying levels of incoming mail. As a result, the effort for scanning and indexing incoming mail has been reduced by a large extent.

Reconciliation with Master Data

Erika Pieger is a processor in SV’s Stuttgart-based mail and scan center. “In about one third of the cases we need to double-check the documents in the post-correction phase, for example when the customer mailing contains multiple case numbers and thus cannot be allocated automatically,” she explains. Another scenario is that the FrontCollect checking mechanism identifies captured values which do not match the master data stored in the customer databases. In this case the software marks the corresponding items to facilitate fast correction.



“More than two-thirds of the mail is processed automatically, and for the remainder FrontCollect clearly indicates the items that need to be checked, making post-processing an easy task.”

Claus Vollmer,
head of the south division mail and scan center



Claus Vollmer: "Nothing passes through without having been checked against our master data. In the event of a discrepancy, the image is automatically forwarded to post-processing." While SparkassenVersicherung had already been able to scan and distribute documents on a same-day basis before introducing the Beta Systems solution, one thing has certainly changed: The manual task load has been reduced by a significant margin. This allows SV to serve their customers much faster and answer queries more precisely. In addition to paper-based mail, FrontCollect's OCR also recognizes e-mails and fax messages and forwards them accordingly – amounting to approx. 15% of the entire incoming mail.

FrontCollect not only speeds up mail distribution but also empowers SV to pre-process and automate their processes; a feature that is next up for implementation. The intelligent software is further able to pick out relevant contents of terminations, modified banking information, campaign-based structured queries (post card campaigns) or the annual insurance sum adjustment from customer mailings without any manual action required and can even

automatically initiate the corresponding change in the insurance application.

"We are also planning to mark our entire correspondence, particularly inquiry forms, such that the software can automatically allocate it to the correct process and forward it to the processor in charge," says Alexander Zachmann, describing future plans. "This will allow us to further improve throughput times, transparency and thus ultimately the quality of our customer service with the help of FrontCollect."

Kennzahlen

- Number of incoming insurance-related letters: 3,500,000
- Document classes set up in FrontCollect: 305
- Rate of automatic processing: 60–75%
- Investment: €2 million
- Return on investment: 24 months

Beta Systems Software AG – Agility Integrated

Beta Systems Software AG develops high-quality software products and solutions for the safe and reliable processing of large quantities of data. The core business segments of Beta Systems comprise document processing and IT user management, data center services as well as compliance solutions. Also, the Beta 4Agility Suite offers large corporations new integration products to make their IT and business processes more agile. The solution simplifies automation of data and document processing and increases the IT's overall security and performance.

Beta Systems was founded in 1983, has been listed on the stock exchange since 1997 and employs a staff of more than 600. Company headquarters are located in Berlin. Beta Systems is an internationally active company with competence centers in Augsburg, Cologne and Calgary as well as 18 subsidiaries and numerous partner businesses. Beta Systems' global customer base of more than 1,300 customers with over 3,000 operating installations includes major corporations in the fields of financial services, general industry and IT services in Germany, Europe and the USA.

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"The investment of two million Euros for introducing FrontCollect paid off within exactly 24 months – just as planned."

Alexander Zachmann,
head of the office communication department

