



e-business case studies

PPI Financial Group:

Using e-business to collaborate
throughout Canada



Putting e-business to Work

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PPI Financial Group

The Company

- Founded in 1978
- Provides independent agents with insurance and financial products
- Serves a nationwide network through nine offices located in major cities across Canada

The Web Site

www.ppi.ca

- A company-wide knowledge management platform built on Lotus® Domino™ and Notes® whose elements support activities ranging from collaborative product development to sales force automation.

The Benefits

- \$140,000 (US \$92,000) in annual operational savings
- 100% ROI in four to six months
- Significantly lower wide area networking costs
- Improved customer service
- Enhanced information sharing
- Streamlined business processes

The Technology

- Lotus Domino
- Lotus Notes
- IBM Netfinity® Servers

The Business Partner

Lotus Premier Partner
 Team Technologies, Inc.
www.teamti.com

OVERVIEW

e-business case studies: PPI Financial Group

Founded in 1978, PPI Financial Group (www.ppi.ca) serves as the “agents’ agent,” by providing its independent associates with insurance and financial products, as well as a full range of marketing and other business services. PPI serves a nationwide network of PPI associates through nine marketing and resource offices located in major cities across Canada.

This case study focuses on PPI’s use of Lotus Domino and Lotus Notes to support its highly decentralized operations. In addition to reducing costs, PPI used Domino and Notes to improve its workflow and information sharing, thus providing its affiliates with faster responses and higher quality information.

PPI’s Knowledge Management Solution

Leverage knowledge and information

Build new e-business applications

Run a scalable, available and safe environment

Transform core business processes

- Primary e-business solution attribute
- Secondary e-business solution attribute

BUSINESS DRIVERS

PPI's strategies for deploying Domino and Notes across its enterprise are driven by the imperatives of its core business model. According to Tim Wyatt, PPI's Director of Information Technology, PPI's business model is based upon the notion of adding value to high-end financial planning. "We are basically helping our clients, who are independent financial professionals, help their clients with their risk management problems," says Wyatt. "Since we provide our associates with advice on actuarial, tax and financial issues, we are a knowledge organization, and since we also do processing for them, we act as their back office. This process is why we describe ourselves as the 'agents' agent."

For its 1,300 associates, one of the clear benefits of working with PPI is the ability to access its abundant information and back-office processing resources. As such, PPI's aggressive deployment of advanced information sharing services – built around Lotus Domino and Notes – was driven by the strategic requirement that it continue to provide cutting-edge value to its associates. While PPI has no direct competition, its associates compete against larger, traditional insurance companies. "Our associates focus on the high-end, complex area of the market," says Wyatt, "which varies significantly from the plain vanilla approach to insurance." By making its associates better able to compete with larger, old-line competitors, data sharing initiatives have become a mission-critical function for PPI.

But another critical dimension of PPI's business model – functional and geographical decentralization – presented a substantial challenge to its information-sharing agenda. "We are highly decentralized," says Wyatt. "Although most executives are based in Toronto, the CFO is in Calgary and the CIO is in Vancouver." PPI's operations, including marketing and "resource" offices (performing mainly processing functions) are located in nine offices throughout Canada. So far, Wyatt says, PPI "has grown simply by building the centers of excellence and expertise where the key players are located."

For all its benefits, PPI's decentralized business model has presented a wide array of operational challenges, ranging from the mundane (time zone differences) to the complex (the need to stimulate the sharing of best practice data across offices). One of the most basic side effects of its distributed model was a "tremendous expense for courier and air travel," says Wyatt, as well as hefty long distance telephone and fax charges between offices. But the challenge that most directly threatened PPI was the difficulty in working collaboratively on complex issues. "We had a problem gaining consensus on complex initiatives, but since deploying the Domino and Notes system we've improved our ability to communicate and gather consensus – and the business model has stayed the same."

"Basing several major applications on Lotus Notes represents a significant savings, because we didn't need any additional software, so we recouped our investment in four to six months."

— Tim Wyatt, Director of Information Technology, PPI Financial Group

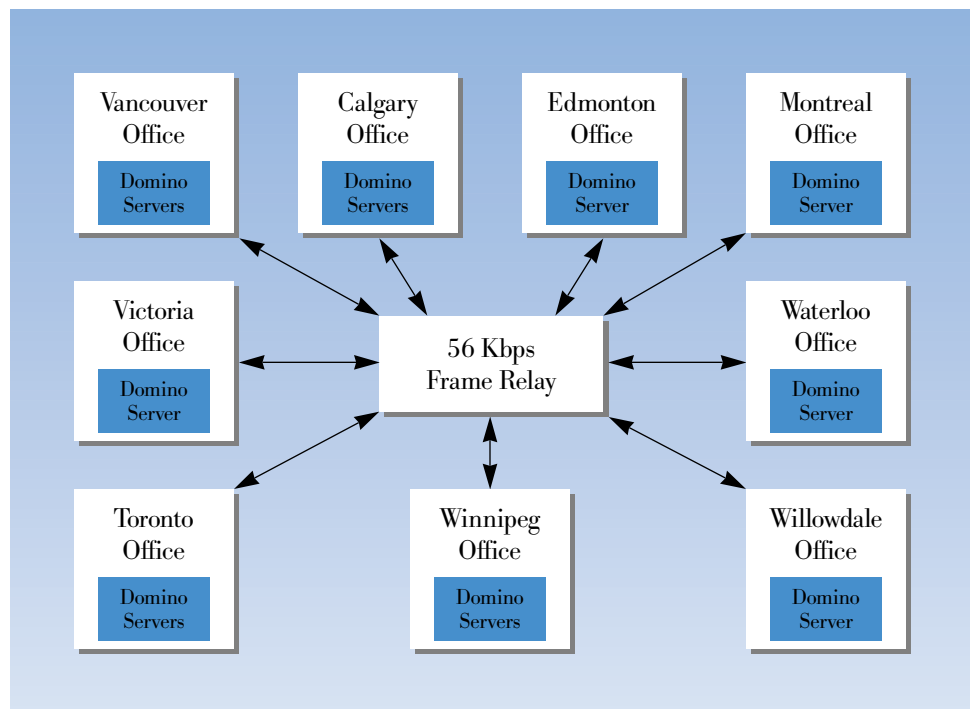
PPI's e-business Solution

“I’m beginning to see the real benefit of using Domino as an application server. It’s extremely versatile. I like to think of Domino as PPI’s Swiss Army Knife.”

— Tim Wyatt

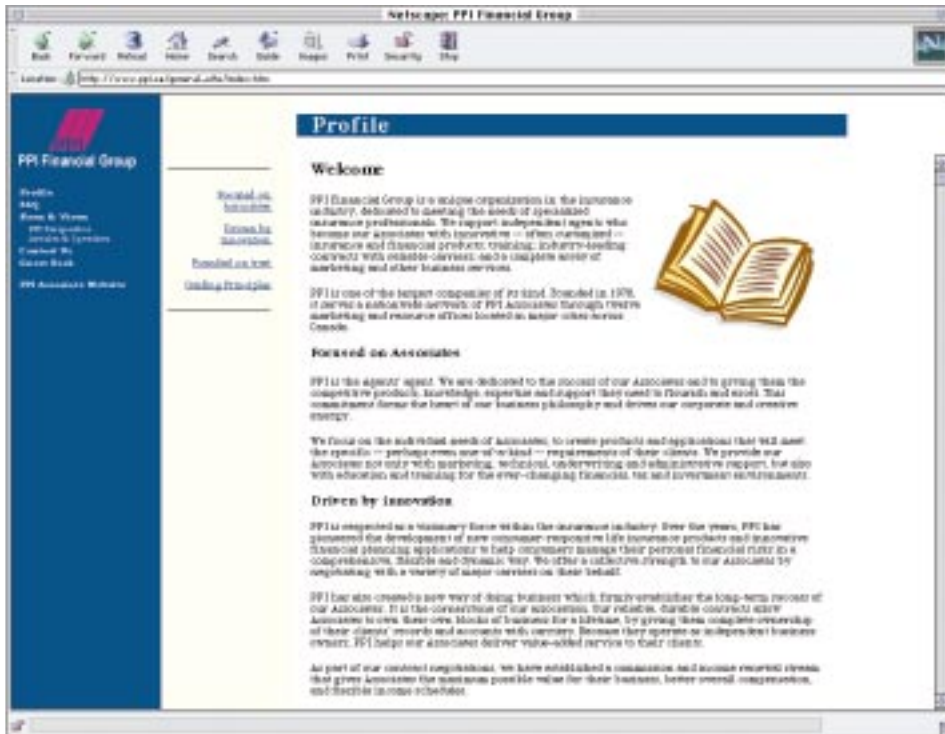
PPI’s Domino and Notes platform is built entirely on IBM hardware. While the majority of its servers are older, PPI has begun migrating its server infrastructure to the rack-mounted Netfinity 5000 and 5500 series and expects to complete the migration by the end of year 2000. Of the 12 Domino servers PPI has in place across its network, two are Netfinity 5000s and one is a Netfinity 5500. The backbone of PPI’s network is a wide area network that connects its marketing offices and resource centers through a 56 Kbps network. Domino servers are located in each office (see Figure 1).

PPI’s Web environment is subdivided into three segments, each of which is targeted to a different core audience. The first segment is a public Web site (*www.ppi.ca*) that contains basic company information, while the second is a password-protected site that contains information targeted at PPI’s affiliates located across its network of marketing offices (of whom some 500 have signed up to use the service). The third segment of PPI’s Web environment is an intranet that is replicated across the entire PPI organization and served at LAN speed, using Lotus Domino as an application server. Under this framework, PPI users can access applications such as knowledge and discussion databases through either a Web front end or a Notes client. According to Wyatt, the most unique aspect of PPI’s intranet is the seamless linkage between applications. “Someone using the employee internal site can’t tell whether they’re on a general Web page or whether they’re inside an application,” says Wyatt.



Source: PPI Financial Group, 1999

Figure 1. Basic System Architecture



“As we have created a Token-Ring network in every office, we have also dropped in an IBM server with Domino, which has brought each marketing office into the PPI fold.”

— Tim Wyatt

Wyatt identifies PPI's core Notes and Domino applications as:

- *Electronic information repository*, used mainly to support sales force automation functions such as contact retrieval. This application employs both Notes and Web interfaces.
- *Online manual for insurance agents' contracts*, comprising a complete electronic version of PPI's paper-based documentation. While end users in marketing offices access this application with a Web browser, the manual is edited using the Notes client.
- *Online human resources manuals*, developed in Lotus Notes by PPI's human resources staff and distributed through replicated Domino Web sites across the country.
- *Online publishing of scanned news clippings*, replicated throughout the company and posted to PPI's associate Web site.
- *TPW competitive products system*, stores information about competing insurance carriers and products. Comparisons between the products are distributed through replicated Domino Web sites across the country.
- *Help desk application*, records and tracks calls made to the help desk. This application integrates with an online reference database to record technical problems and their solutions.
- *Asset management database*, tracks computer hardware inventory and associated lease charges. PPI's IT support staff and the corporate financial staff in Calgary use database replicas to assign costs to appropriate departments as well as move and reassign resources across the country.

Wyatt believes that the bandwidth benefit of Domino's replication capability enhances the delivery of its applications. “There are quite a lot of applications here,” says Wyatt, “and many of them are being replicated so that they can have very large file attachments. Yet the end user still gets very good performance because they are effectively running them on a 16MB/sec Token-Ring LAN. As such, we are not troubled by . . . Internet latency.”

The Technology

Lotus Domino

The Domino family of servers delivers messaging, applications and online collaboration fast and reliably for organizations from the smallest businesses to the largest enterprises. Domino helps you reduce costs by making the server easier to administer and the desktop easier to manage. With Domino, you'll get the flexibility and openness you need to harness the power of the Web, along with the security you want to keep systems running smoothly and to prevent unauthorized access. www.lotus.com/home.nsf/tabs/dominoenterpriseserver

Lotus Notes

Lotus Notes is state-of-the-art e-mail, calendaring, group scheduling, Web access and information management — all integrated in an easy-to-use and customizable environment. If you need a simple way to harness a world of information, Lotus Notes is the software that lets you securely, easily and efficiently manage information and collaborate. It is the leading integrated software for the Internet, offering an easy-to-use, open and powerful way to work. www.lotus.com/home.nsf/tabs/lotusnotes

IBM Netfinity Servers

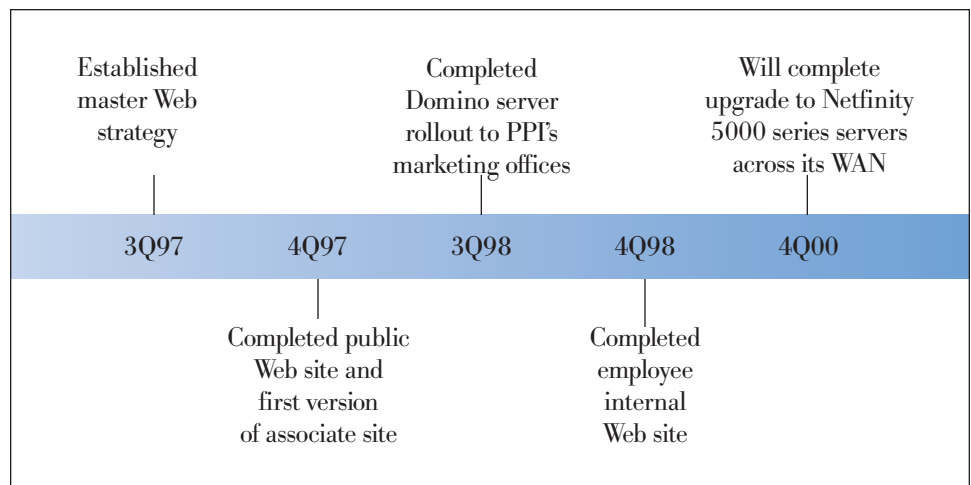
IBM harnessed the experience and expertise that went into building its enterprise systems and applied it to the industry-standard server environment. Its Netfinity Intel processor-based servers are enriched with tools and solutions to help you control your environment more precisely, with less effort than ever before. Designed to meet your changing business needs, Netfinity servers offer solutions for small and medium businesses, e-business, business intelligence (data warehousing, data mining) and large enterprises. www.pc.ibm.com/us/netfinity/

ADOPTION TIMETABLE AND STRATEGY

PPI first set forth its three-tiered Web strategy in the summer of 1997, and it completed the first phase — its public Web site and the first version of its associate site — in October 1997 (see Figure 2). PPI completed its employee Web site in the fall of 1998. According to Wyatt, PPI's Domino deployment strategy was performed in concert with other technology initiatives designed to improve data sharing efficiency among its marketing offices. Specifically, as PPI rolled out LANs within its offices and WAN connectivity incrementally across its office network, it simultaneously deployed Domino. "As we have created a Token-Ring network in every office, we have also dropped in an IBM server with Domino, which has brought each marketing office into the PPI fold," says Wyatt. This initiative, completed in the summer of 1998, brought WAN connections to all offices.

Coincidental with its incremental Domino rollout, PPI developed a range of Domino applications for its marketing offices, including sales force automation and knowledge-based applications. "This development has been a continuous process where we've been working internally on our Web site, and with Lotus Premier Partner Team Technologies, which did the original work for us in getting our Domino environment running," says Wyatt. "Initially we created a pilot wide area network covering three sites, during which we experimented with using mail and database replication across these pilot offices." Wyatt notes that PPI began developing its Web sites in Microsoft IIS, but soon switched to Domino as its strengths became evident. "In particular, we began to realize that we would be able to do things that would make Web authoring a lot easier, since we would be able to use the Notes client seamlessly with the Web."

Wyatt sees Team Technologies as an important partner playing a key role in helping PPI build its array of Web applications. "Team Technologies has worked with us to develop Notes applications, many of which we have extended into our Web environment. With Team Technologies, we work in a very open, free flowing environment, even though they're on the other side of the country from us." In a typical scenario, PPI's IT division (located in Vancouver, BC) collaborates with Team Technologies using Notes, enabling the two to replicate copies of applications, thus speeding application development. "Team Technologies develops the applications in a completely open source manner. We generally ask them to develop part of an application for us," says Wyatt. "They then replicate it back to us, and we will develop more derivative applications. Team Technologies has built the basic core application for us."



Source: PPI Financial Group, 1999

Figure 2. Implementation Timetable

RETURN ON INVESTMENT

PPI has derived a wide range of benefits from its e-business solution, from explicit cost reduction to enhanced productivity, based upon improved workflow and information sharing. Wyatt estimates PPI's annual cost savings attributable to Domino and Notes at \$140,000 (US \$92,000), including \$36,000 saved in courier costs and \$18,000 in phone and fax expenses. Wyatt calls these estimates "conservative," since they only represent areas where PPI has actually calculated hard savings. He notes that other significant – if not greater – benefits have been gained in the area of IT and telecom expenses. "Basing several major applications on Lotus Notes represents a significant savings, because we didn't need any additional software, so we recouped our investment in four to six months."

Moreover, by using Domino to replicate data, PPI has been able to minimize the need for constant data transmission between sites, allowing it to substitute 56 Kbps wide area connections for more costly T1 connections at each site, with undiminished network performance. "Domino's replication capabilities means that we can use very modest connections in our wide area network, and yet get tremendous performance in the offices," says Wyatt. "If we had a centralized approach for our employee Web site, we would have to have much faster connections."

Wyatt believes that for PPI, the real payoff from Domino and Notes will be seen in areas where benefits are harder to measure with traditional yardsticks. "Although cost reduction benefits are very useful to us, the less tangible benefits are more significant, because our entire business is intangible," says Wyatt. "Insurance itself is the ultimate intangible – and we operate totally in the world of bits, since we are essentially a repository of information and knowledge for our associates." According to Wyatt, the richest business benefits have been – and will continue to be – improvements in sharing knowledge, such as best practices, thus allowing PPI to leverage the skills of its employees and associates.

A significant example of collaboration within PPI using Domino and Notes is seen in ongoing product development within Prudential of America Life Insurance Company (Canada), which PPI has co-owned with Prudential America since 1990. Under its present role, "PruCan" underwrites policies that are designed and developed by teams working within PPI. "These products are derived from what our clients tell us they need," says Wyatt. "We are able to use a variety of discussion and development databases because of Domino's access control capabilities. Using Domino, the right people can view very sensitive information electronically across the wide area network, which really speeds up the product development process."

PPI has also employed Domino and Notes to address business opportunities that would not previously have been viable. The best example of increased business opportunities is the Group Resource Center, a PPI unit focused on the group insurance business, including medical and dental benefits for commercial customers. The center's key function is to develop reports for PPI's clients that track various utilization measures. "This group functions as the back-office organization for the rest of the company," says Wyatt. In addition to generating experience reports, the center also performs complex actuarial processes and generates large proposals, which are disseminated to select marketing staff throughout Canada using a combination of Notes, Domino and e-mail. Says Wyatt, "This function could not have happened without the combination of Domino and our wide area network."

"Using Domino, the right people can view very sensitive information electronically across the wide area network, which really speeds up the product development process."

— Tim Wyatt

As PPI expanded into more sophisticated Web-enabled applications, Wyatt found Domino's versatility to be a major plus. "I'm beginning to see the real benefit of using Domino as an application server," he says. "It's extremely versatile. I like to think of Domino as PPI's Swiss Army Knife." When PPI first began using Lotus Notes for Web development, its main appeal was as a content creation tool that greatly simplified posting content on the Web. His perception soon changed. "Once we started developing more sophisticated applications, it became clear that the Domino server is a very rich application server tool, with its workflow, mail and replication capabilities fully integrated with its Web features."

The benefits of PPI's Lotus Notes and Domino applications are illustrated in Figure 3.

Overall ROI Benefits	
Function	Benefit
Application development	Ability to perform rapid application prototyping in conjunction with Team Technologies
Cost savings	<p>\$140,000 (US \$92,000) in cost savings, including \$36,000 saved in courier costs and \$18,000 in phone and fax expenses</p> <p>Major cost savings for wide area networking, through 56 Kbps lines, rather than costly T1 connections</p>
Product development	Enhanced ability to collaborate on developing new insurance products
Knowledge management	<p>Improved ability to capture and disseminate best-practice information across the highly decentralized PPI organization</p> <p>Improved ability to perform case management, thus leveraging its intellectual assets</p>

Source: PPI Financial Group, 1999

Figure 3. Benefits

FUTURE PLANS

Wyatt defines PPI’s future focus as front-office applications such as case management and sales force automation, with Lotus Domino and Notes the linchpins of this strategy. For case management, PPI plans to dramatically increase the scope and complexity of its workflow activities through Domino and Notes. “Historically, things have been done using huge amounts of paper in filing cabinets,” says Wyatt, “but now we have started down the road towards massively automating the workflow for PPI, with a strong focus on the entire case-management process.” Wyatt believes that one of the values of automated case management will be an improved ability to identify methods and documents (e.g., presentations) that were useful in winning cases. By improving this process, PPI will be in a better position to leverage its successes in future cases.

Wyatt notes that while database integration has not been an important factor in PPI’s IT strategy thus far, it will be gaining much more stature in the near future. Wyatt points out the two main elements of its emerging strategy for integrating its databases. The first element will be to extract information from its databases, located in Calgary and published on the Web, by Domino using ODBC calls to those applications or the enterprise connector. The second focus point will be on the input side, with the initial focus on creating a system to reconcile its accounts receivables. “We do not have an automatic way of capturing information that will be input into financial systems,” notes Wyatt, “but we are going to be developing this in Domino.” The application, now being designed, will be built in Notes and will enable each of PPI’s marketing offices to post commissions to PPI’s accounting systems in Calgary through Domino-based replication.

As it moves toward its next-generation IT infrastructure, PPI is cognizant of the need to remain true to the principles of decentralization that have allowed it to thrive. “We need to do these things flexibly,” says Wyatt of PPI technology plans, “because business in Toronto is not conducted in the same way as it is in Vancouver. When it comes to workflow, we have to build a very elastic system, which can accommodate differing approaches to managing workflow from office to office. Imposing a [standardized] approach is not the PPI thing to do.” Wyatt sees Domino – by virtue of its flexible data architecture – as the ideal solution.

“When it comes to workflow, we have to build a very elastic system, which can accommodate differing approaches to managing workflow from office to office.”
— Tim Wyatt



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Internet Division
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Somers, New York 10589

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