

Peace Hills Insurance

Unit4 Business World is helping this profitable provider of general insurance products delivered through creative and responsive solutions Canadian insurance company gains sophisticated analytics to determine business line profitability.

The situation

Owned by the Samson Cree Nation, Peace Hills Insurance of Edmonton, Alberta has been in business since 1982 starting as a “little train that could” to emerge full steam ahead, serving over 135,000 policyholders west of Ontario. Peace Hills’ continual growth brought about constant change, taking them to the point of “bursting at the seams” with manual processes that were neither keeping pace with the business, nor with increased regulatory scrutiny and demands that were pushing their financial reporting to the limit.

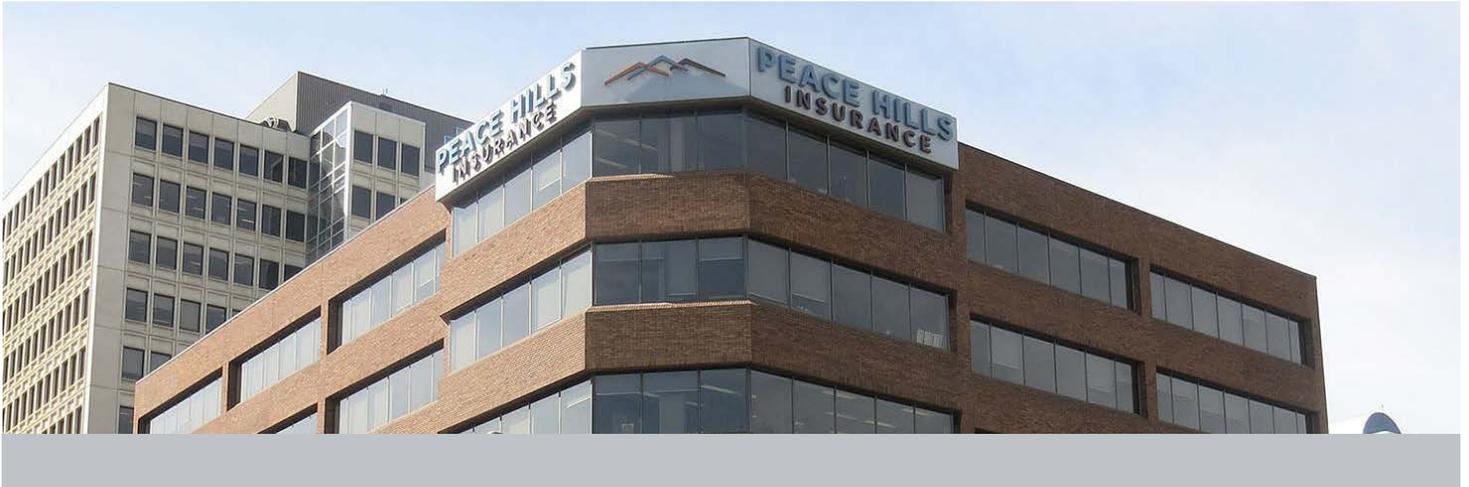
The needs

Peace Hills Insurance was using a 1980s-era ERP system, which was no longer supported and wasn’t capable of integrating with other systems. As a result, it was taking sales data and manually keying it into the General Ledger. There was no “talking” between systems and Peace Hills had to gather, collate, synthesize and analyze data through Excel.

The outdated ERP system also limited its ability to examine various ratios of revenue-to-expenses, which could only be done by branch, not by business line. It couldn’t evaluate which lines were doing well or (more importantly) not doing well, to make adjustments accordingly. The General Ledger was inflexible in its ability to allocate activity-based costing to product lines and any attempt to allocate to product lines would have been fraught with errors. Consequently, pricing would be affected and this could lead to unprofitable business lines which would have ramifications with the regulator and credit agencies, which would have made it difficult to compete.

In addition, strict and fast-changing regulatory requirements also dictated that it have rigorous financial reporting and its system’s limitations increased the risk of non-compliance. For instance, all insurance companies in Canada are subject to the MCT (Minimum Capital Test), which is a regulatory-mandated metric conducted monthly to assess solvency. The MCT uses key elements from the balance sheet, along with profitability, to ensure that the insurance company will remain solvent during a crisis. If that ratio falls too low the regulator can suspend the company from assuming more business until the ratio improves. These high stakes made it vital for Peace Hills to be able to comply, which sent it on a search for a change- embracing, yet proven, reliable ERP system that could grow with its business and allow it to extract and analyze data quickly and in many different ways.





Along with his team, Nazz Baksh (Controller of Peace Hills) developed a “needs analysis” for a new ERP system. They wanted it to be able to better organize the business, have greater flexibility and be able to fit their business needs – not just now but five to ten years out. It was also key that it easily integrate into their homegrown GIMS system (ERP software that handles premiums and claims), which is an essential part of their business. “If we stayed on the path we were traveling, we would continue to spin our wheels and fail to understand where the profitable pockets were and not have insight on where we should possibly limit exposure or consider minimizing growth,” explains Baksh.

The solution

Initially, Peace Hills looked at six different systems and eventually narrowed the selection down to two: Unit4 Business World (formerly Agresso) and Lawson. Although Lawson was better known in the insurance industry, Baksh deemed that it provided fewer capabilities and at a higher cost. Business World also had an edge with its post-implementation agility, which allows users to make changes to the system into the future without depending on outside resources. Ultimately, the functionality, agility and value of Business World won out.

The benefits

Since implementation of Business World, the manner in which data has been organized is flexible, and insights into business performance can be easily identified. There are numerous manual processes that have

been eliminated, and stronger internal controls and workflow have been introduced. There are still areas which demand a re-examination of process, which Baksh explains, “Is a healthy exercise to overcome complacency – just because we’ve always done it that way, doesn’t mean we should continue to do it that way. The plans are now to shift my team from ‘data enterers’ to true analysts, so I can develop their skills to accommodate the needs of our company as well as the needs of their careers.”

Business World has allowed Peace Hills to examine its six business lines amongst its nine geographical branches, and it now knows which lines are unprofitable in which locations. As it enters its budget phase for 2015, Peace Hills is making fully informed strategic decisions about particular business lines because of unprofitable ratios.

In-depth analysis into business performance

Now implemented and eight months into using Business World, Baksh sees a positive future with a much crisper understanding of how well the business is doing. Before Business World, Peace Hills was making assumptions about business and product lines performance. Now, it is seeing greater efficiencies, increased visibility and improved reporting/analytics.

Regulatory compliance

The regulatory environment is constantly changing and governments are quick to react when events occur – particularly since the 2013 Alberta floods, which ravaged most of Southern Alberta and, since floods are not

an insurable loss, governments had to incur much of the cost. As a result, many lessons were learned by insurance companies, reinsurers, regulators and even policyholders and more data is now demanded by the regulator. Business World has positioned Peace Hills to be able to easily extract the necessary data and place it in the format needed to ensure regulatory compliance.

Seamless integration for improved processes

Prior to Business World, collecting data on administrative expenses (which is about 20% of Peace Hills' costs), required a manual process of data from two systems, GIMS and the stand-alone GL. GIMS had specific meaningful details about expenses, whereas the GL only had summarized data, but it also had accruals. So, both were needed in order to balance the financial statements and to report on the various types of expenses and how business unit managers were allocating overhead. It was an attempt to increase accountability and introduce transparency. That, however, came at a cost. It required manually reviewing over 5,000 rows of data in Excel to eliminate double-entries. It was a manual, tedious and time consuming process. Now with Business World installed and integrating with its GIMS, everything is coded and tagged within several minutes instead of several hours. Data is exported into Excel for further analysis. Peace Hills has also been able to create many other financial statements it couldn't before, allowing for much better analysis of the business.

Increased efficiency to manage growth

Individuals within the company now spend significantly less time doing data entry, which allows them to absorb more responsibilities. Baksh sees Business World increasing his staff's available time by 10-15% and he is

“ Before Unit4 Business World, we were unable to provide COR results by business line, and now we can. Our Administrative Expenses Report used to take most of a day to complete, which required a manual cleaning and organizing of data. Now, it takes less than ten minutes and five of that is getting coffee!”

Nazz Baksh



excited to provide new opportunities for job enrichment rather than the laborious task of data entry month after month.

The additional time available can now be devoted to analytics, providing a whole new level of empowerment than staff had before. Nazz explains, “As the business grows, we are positioned to do more with the team we have in place. Having an integrated GL that eliminates data entry allows for this. My team can now develop their skills. I have more time to train and coach. We can all ask more questions and actually find the time to answer them. And as the months continue to pass, we are getting smarter, faster and better, which positions us for whatever the future holds.”

Greater control across the business

Business World also delivered tighter internal controls through improved processes and workflow, both inside the finance department and in other areas of the business. “We’re working towards a paperless system and have begun scanning invoices. Managers no longer have to go downstairs or ask for a copy to be sent to them to retrieve an invoice; it simply is presented to them on the screen,” says Baksh.

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Better decision-making with enhanced reporting

The greatest benefit to Peace Hills has been the strategic insight and performance monitoring that Business World's reporting capabilities provide. Literally with a couple of clicks, information can be extracted, collated, synthesized and analyzed. Reports are now produced in seconds rather than minutes or hours. The next challenge is to develop reporting templates, through which data flows, and they've begun to develop those through Business World's Excelerator. Users enter a few pieces of information and data automatically populates into the appropriate pre-defined formats, ready for reporting presentation and consumption.

Baksh explains, "There is much more that we will do with Business World going forward, and my team is excited to tap into its full potential and take advantage of the wealth of analysis that's available. Instead of just data enterers, the team are story tellers who have the necessary tools to provide insight." Management is now armed with much more "meaty" information. Business World has provided Peace Hills with greater visibility into performance for enhanced decision-making to stay on track for success.



About Unit4

Unit4 is a leading provider of enterprise applications empowering people in service organizations. With annual revenue over \$530M and more than 4,000 employees world-wide, Unit4 delivers ERP, industry-focused and best-in-class applications. Thousands of organizations from sectors including professional services, education, public services, not-for-profit, real estate, wholesale and financial services benefit from Unit4 solutions. Unit4 is in business for people.

unit4.com/us

201-4420 Chatterton Way
Victoria, BC V8X 5J2, Canada

T 1-877-704-5974

B unit4.com/us/blog

E info@unit4software.com

1000 Elm Street, Suite 801
Manchester, NH 03101, USA

T 1-877-704-5974

B unit4.com/us/blog

E info@unit4software.com

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