
SANLAM DIRECT MARKETING DIVISION BELLVILLE, SOUTH AFRICA

AFRICA EXCELLENCE AWARDS: WORKFLOW, MERIT

EXECUTIVE SUMMARY

The life insurance business in South Africa is currently under immense pressure. Traditional ways of working and doing business are limited and simply not good enough any more. The way the insurance business operated in South Africa (and in the most cases still does), is that a marketer approaches potential clients to sell life or investment products. All business was/is done through the marketer who has to fill in a myriad of forms, get approvals visit the customer several times and maybe after weeks get a policy issued. To the customer, SANLAM was a distant unreachable giant behind the face of a friendly marketer.

SANLAM as a company is forced to transform. Products and services have to be offered in a new way. New business channels have to be found. The company had to become more "open" and client centric both to employees and customers located all over the world.

The implementation of the Telemarketing Center formed part of this transformation. The system that was implemented Telemarketing is a driver in SANLAM's new business vision supported by the Sanlam Electronic Business team (eBiz team).

The Telemarketing Center is part of the SANLAM DIRECT division. The function of this department is to market a specific range of SANLAM products directly to existing SANLAM clients as well as the creation of a new distribution channel to potential clients.

The marketing effort was focused on postal methods until beginning of 1996. Since then a Telemarketing Center was deployed to aid the postal marketing process, and to start marketing new products directly to clients without using postage. To enable Telemarketing agents to offer a world class service to customers as well as increase productivity, an integrated telephone-computer system was installed. SANLAM mainframe computers, the telephony system and local Intranet servers were connected and integrated to provide the telemarketing agent with a single marketing system. The telemarketing agent uses standard Internet browsers as the man-machine interface.

SANLAM's existing customers are increasingly exposed to technology and the world of electronic business. Although this case study focuses only on one implementation of electronic business, the underlying components are part of the SANLAM strategy and infrastructure to create a virtual community with access to electronic financial transactions and networking with potential clients. This forms a subset of the total SANLAM Intra-, Extra and Internet strategy.

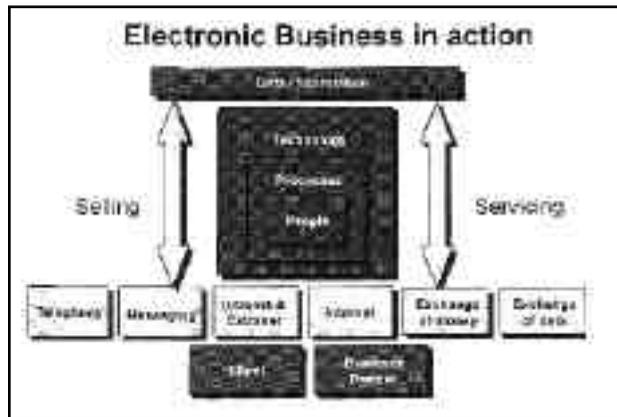
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INTRODUCTION

The eBiz team

Sanlam Electronic Business (eBiz) See Sanlam Electronic Business) is a fairly new department in SANLAM and is specifically focussed on transforming the company and its business units by implementing eBiz solutions. The customer base of eBiz is not only SANLAM's, but also SANLAM's business partners, and their customers, SANLAM corporate clients as well as their customers.

The team has a generic model of approaching electronic business solutions which is shown in the diagram and discussed below:



Definition of Electronic Business

The term "Electronic Business" involves a multitude of interpretations and components. Basically it is a concept and methodology which combines the elements of electronic business with the economic benefits, efficiencies and technological advances of conducting business in a virtual environment. It also includes cost effective electronic communication, information exchange and collaboration with customers, business partners and vendors and it incorporates existing and emerging technologies, as well as open communications standards and system architectures. It addresses appropriate business processes, financial transaction requirements, and document exchange criteria, it uses a combination of private and public information distribution channels and at the same time maximizes productivity, efficiency, and accuracy.

Electronic Business can therefore be defined as the application of communication and information sharing tools with clients and among trading partners to the pursuit of business objectives.

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Deployment of Electronic Business

Although the deployment of Electronic Business is accepted among senior management of most banks and insurance companies as an important milestone in their efforts to modernize, few companies recognize that both telecommunication and electronic communication infrastructures should be at the core of their efforts.

This can be contributed to the traditional role of telecommunications on the one hand and the unprecedented advancement of new technologies such as the Internet on the other hand. Few companies are therefore successful in deploying Electronic Business.

There are a few reasons why it is difficult to successfully deploy Electronic Business, one of which is that there is not a single model prescribing the successful deployment of processes and tools to service customers, and furthermore to deploy communication channels with business partners. Other reasons include a dynamic client environment, the various areas of business needed to be covered during holistic client service approaches, the changes and convergence in traditional tools used to assist client service and business partner communication, and the challenges and difficulty of continuous successful management of a client service environment.

Many companies also do not identify their combined internal efforts, such as business process reengineering and improving their internal communication systems as part of their Electronic Business effort. It is also true that many companies start initiatives, such as the upgrading of telecommunication systems, development of internal E-mail systems and Web home pages, without prior knowledge of the fact that they are opening additional potential service channels.

Holistic approach

To take full advantage of the various initiatives in a company, it is necessary to have a holistic overview of the advantages of the individual efforts, and then combine the efforts. If this approach is not established at the earliest possible moment isolated 'islands' of processes and technology may ensue and costly rework at a later stage could be necessary.

Three areas can be identified when taking a holistic approach to Electronic Business.

Firstly there is the 'Data and Information' area that is the ultimate source to which all client service requests and channels point. Secondly there is a middle layer, namely the 'People, Processes and Technology' area, where all requests and queries are handled, communicated, logged and managed. Thirdly there is the 'Channel' area through which all requests and queries are received.

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Data and Information

This area contains the majority of the IT efforts in any company. It comprises of the data, as well as the systems and infrastructure to manage the data and present it as information. This is also the area that has traditionally been inaccessible to the owners of the data and information, namely the clients.

People, Processes and Technology

This area is the most difficult area to get right in terms of client service, because most companies have more than one client services center, with different levels of people skills and readiness, different processes and different levels of technology in use in each center. Traditionally, service channels have been built according to the company structure, and not according to the needs of clients. In most cases clients do not perceive a company to be divided into units and cannot understand why they cannot receive all their information from one central point.

The Channel (Messaging, World Wide Web, Groupware, Call Centers, Computer Telephony Integration, EDI, F-EDI)

The channels through which client contact is established have been changing dramatically during the last two years. Traditional client contact has been across the service counter, the telephone, fax and normal post.

During the last few years, however, integration of telephone and computer systems has brought a new dimension to client service Centers. Development in technologies such as electronic fax, electronic mail and the World Wide Web have also necessitated a complete rethink and holistic redesign of client service Centers, internal processes, and communication channels with business partners.

THE SYSTEM APPLICATION

SANLAM DIRECT consists of Product Development, Postal Marketing, Telephonic Marketing, Toll Free Enquiry Service and Policy Issue Service. Currently SANLAM DIRECT sells products without death or disability benefits, due to flux in the Assurance Industry, it is foreseen that SANLAM DIRECT may soon sell a larger product range directly to the public.

A new financial product is defined and developed for marketing by post and telephone. A client target group is selected from SANLAM mainframe databases using client profiles specified during the design of the product. Letters describing the product are posted to the selected clients. The postage includes acceptance forms as well as a telephone number for Toll Free Inquiry Service, and a telephone number for telephonic acceptance of the offer.

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Clients fill in the application forms and return it to SANLAM DIRECT. They can also phone the Toll Free Inquiry Service to gain a better understanding of the product, or Telemarketing and buy the product. Recordings of the conversations ensure the legality of the transactions. The telemarketing agents actively call the clients that failed to respond to the postage, about two months after the start of the postal campaign.

The purpose of the intended system is to integrate Postal Marketing, Telephonic Marketing, the Toll Free Inquiry Service and the Policy Issue Service. The selected clients are loaded from the SANLAM mainframe computers onto local servers, all the various functions in Sanlam Direct can then access clients. They can then immediately determine the status of the client with regard to product acceptance and issuing. A single system is then accessed to determine the results of the new financial product in the Assurance market. The Telemarketing Center was chosen as the first system component to be implemented. The purpose of the system is to support Telemarketing during all phases of inbound and outbound calls. Specifically telephonic support during call placement was considered, the automatic supply of client and policy information to the Telemarketing Agent, and the scheduling and handling of follow up calls to a specific client required.

Although the system is currently implemented at SANLAM corporate Head Office, it could be expanded countrywide due to the fact that Internet technology was used.

General Description of The Telemarketing Center

The Telemarketing Center has 24 Telemarketing workstations and three supervisor workstations. The number of workstations can grow to any number to a maximum of 250. Three teams of eight telemarketing agents work a compulsory four-hour shift per day, the agent may elect to work an additional four-hour shift if a workstation is available.

The Telemarketing Center, linked to dedicated Computer Telephony Interface (CTI) equipment Automatic Call Distribution (ACD), routes calls either to voicemail facilities after hours or during hours of peak incoming calls. The marketing Database supplies client and policy data, downloaded as a batch after client selection from the SANLAM Mainframe computers.

Client queue position and expected time to answer is continually communicated to waiting callers. Agents are also kept up to date with queue lengths and answering times by Wallboards installed in the Telemarketing Center.

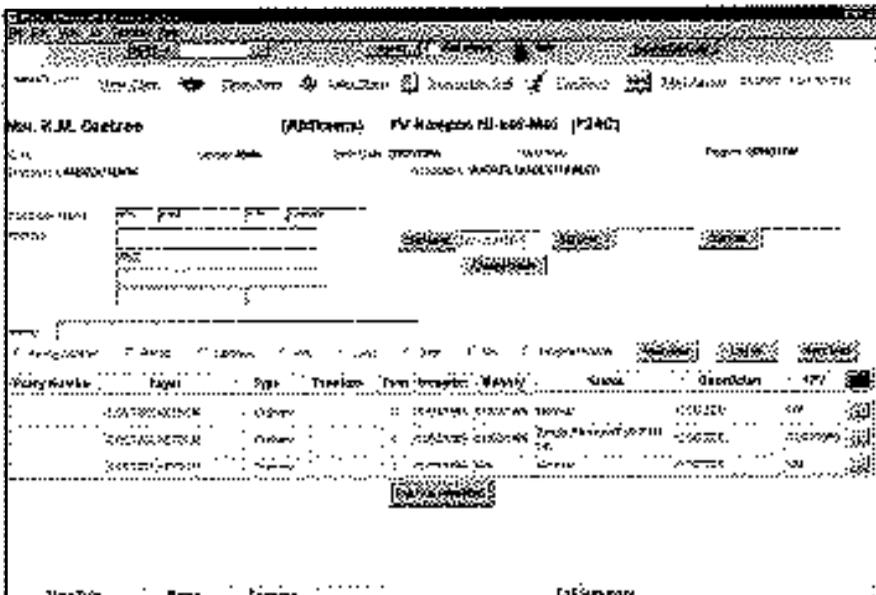
During the conversation with the client, the Telemarketing Agent works from an intuitive screen interface or MMI (Man Machine Interface). Depending on the type of conversation the agent has, a specific screen is displayed. Examples of MMI's developed for the agent's use are:

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Since a number of postal campaigns are run simultaneously, inbound clients phone the Telemarketing Center on any of the SANLAM DIRECT products. After a period of about two months, the Supervisors of the Telemarketing Center will start to use the remaining clients for outbound telemarketing.

The Telemarketing agents will then actively phone the clients that did not respond to the postage. Only one outbound campaign is run at a time for three consecutive working days. They thus cycle through all the available campaigns for outbound dialing, until all the clients are phoned.

Two methods for outbound dialing exist, namely preview dialing and power dialing.



Layout of Client Sheet.

n Preview Dialing. The client telephone numbers are presented on the client sheet as shown in the example below. The agent clicks the appropriate button for home, work or cellular, the system then dials the number. In this mode of dialing the telemarketing agent has time to evaluate the client's portfolio and decide on a sales approach.

n Power Dialing. Power dialing blocks engaged or unanswered numbers from the client. The system dials three clients simultaneously, and waits until a number is answered. The corresponding client information is retrieved from the marketing database while the call is connected to the agent. Of course the client data must be on

* Some items were deleted to ensure client confidentiality

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the screen before the connection is made between the agent and the called party. Timing of the various transfers of data and calls are thus critical to ensure a world class service is rendered to SANLAM's clients. The agent also does not know before to which client she will speak, there is thus no time available to prepare for the conversation. Note that there are no SCRIPTS for the agents. They have a broad knowledge of the products they sell, and use their marketing skills in closing the sale. The benefits of the power dialer is a much higher throughput per agent, since they just wait for calls and concentrate on the conversation, not on getting a client to speak to!

Marketing Campaign Management

Each Marketing campaign will gather information of the progress of the campaign, independent of other campaigns. This capability allows managers to determine the success or failure of the product or the selling strategy. Information gathered for a campaign includes the information from the telephone system (amount of calls, waiting times in queues, etc.), the Telemarketing Agent (number and status of agents etc.), and the campaign itself (number of clients called, number of products sold, reasons why clients do not want to buy, etc.). The campaign manager is also able to select the information he wants to monitor.

Automation of conversation

All information required by the Telemarketing Agent during the conversation is available on the computer system. It is not necessary for the Telemarketing Agent to fill in any paper forms before, during or after the conversation. After a successful sale, the process to issue the policy is started with automated checks for validity and correctness.

Automation of written outbound information

All faxes, mail or e-mail the Agent needs to send to a client is generated by the system automatically and either delivered (fax or e-mail) or printed ready for posting.

Scheduling of calls

The system will schedule calls to a future date if a Telemarketing Agent needs to call a client again. The scheduled call is presented back to the same telemarketing agent.

In Summary the Telemarketing system offers the following:

- Automatic dialing of telephone numbers in a campaign list
- Simultaneous handling of many campaigns

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- Integration of client and policy information in the call Center, with automatic updates and retrieval of data from the SANLAM mainframes
- Automatic scheduling of calls to clients that must be phoned again
- Records of conversations with clients. A short textual summary is filled in on the computer screen while the taped conversation is indexed to the client's name for easier retrieval.
- Management information is gathered from the telephone system as well as the software system to provide an integrated view of the performance of the call Center.
- Automation of the issuing of the products sold by Telemarketing. This process requires human intervention, but is partly automated.

THE KEY MOTIVATIONS BEHIND THIS SYSTEM

Strategic

On a strategic level it was important for SANLAM to expose clients to electronic business technology and introduce new ways of doing business. The company also needed to open new business channels. The installation of the Telemarketing Center forms part of the business transformation process involving technologies like Telephony, intra-, extra and Internet.

Marketing

There is a trend towards more closure of business deals by telephone. Clients generally visit institutions less for their needs, but use the telephone, fax and Internet for information gathering and decision making.

It is thus imperative for institutions to supply above average telecommunications services, to attract customers in the first place, and then to keep them as satisfied clients for the future.

A hand driven Telemarketing Center was initially implemented in a short period, and was seen as a pilot project to establish the feasibility of marketing SANLAM products by telephone. The success of that venture dictated a more efficient and robust Telemarketing Center that will enable SANLAM to market more products, to more clients, in a shorter time span as was the case with the hand driven system.

There were three main areas where automation of work could improve the throughput of the Telemarketing Center:

- Automatic outbound dialing of clients, and presenting the clients' information to the Telemarketing Agent when the client answers the call. This feature of the

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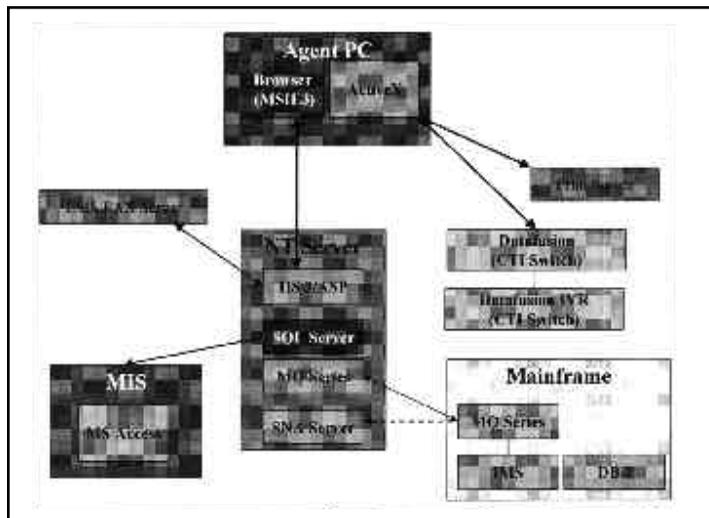
system prevents engaged or unanswered calls from reaching the Telemarketing Agent, giving them more time to talk to potential customers.

- Computer driven aids to support the Telemarketing Agent before, during and after the call. Initially the Telemarketing Agents used paper documents, cluttering their desks, wasting valuable talk time to organize, and adding to the overhead costs of marketing by telephone. Aids considered include automatic presentation of client and policy information to the Telemarketing Agent during outbound calls, easier retrieval and updating of client and policy information during inbound calls, generation of sales records, quotations to clients, tables of reference for different product options, etc.
- Computer driven management information of the Telemarketing Center. It is imperative to obtain early feedback of results obtained, to manage the Telemarketing Center, to modify the sales effort if required and train and motivate Telemarketing Agents.
- Strategically the system had to be built in such a way that it could be exploited and expanded to publish new products and possibilities to a clients desktop and form part of SANLAM's intra-, extra and internet strategies.

THE CURRENT SYSTEM CONFIGURATION

Telemarketing configuration and technology

The Telemarketing project is a host-based system, implemented using intranet technologies. The following is a diagram indicating the logical layout of the system and the technologies the system uses:



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- Management generates a list of names on the mainframe which have criteria which they think are best suited to buying a particular product
- Management schedules an MIS task (written in Microsoft Access) to initiate a batch job to produce a download file containing all the members information who are part of the list. The MIS then retrieves this file from the mainframe and processes the records into the SQL database on the Server.
- Once the file is downloaded to the SQL server, using the MIS, dialing lists are generated. Dialing lists may be either preview or power dialing lists. Preview dialing lists are traversed manually by the agents. They can however get the computer to automatically dial the number in the list by the press of a button. Power dialing lists are automatically dialed and presented to free agents.
- When an agent makes a sale, the sale is printed immediately to a print server, and the sale is recorded on the database.
- When an agent has completed a call, the call summary record is recorded, and cross-referenced to the new sale, if a sale has been made.
- Every evening, a MIS process executes to move conversations from the Voice recorder up to the mainframe, but only where a sale has been made. The MIS could then retrieve these conversations if the Supervisors need to verify its contents.

Incoming calls are handled as follows:

- Incoming calls are queued in the ACD queue, and wait for an available agent.
- Here, the incoming calls have their queue position and estimated time to answer continually spoken to them, via the IVR.
- At any time, callers can break out the queue and leave a voicemail message for the agents.
- Incoming calls are presented to agents via a ring indication on the agent's workstation.

The following technologies are used:

CTI

- Datafusion CTI switch
- Datafusion IVR
- Datafusion Voice Recorders

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Database

- MS SQL Server 6.5

Server

- NT 4.0 Service Pack 3
- Internet Information Server 3
- Active Server pages for server side scripting (ASP)
- VB script for scripting ASP
- Remote Data Objects for database connectivity to SQL Server from ASP
- SMTP mail program for mailing to LMS Server (for faxing)

Application

- MIS written in MS Access
- Visual Basic for Graphical components
- Visual C++ for encapsulating IE3 as a popup window
- Agent MMI using HTML and ActiveX controls. The following ActiveX controls were used:
 - Printer control to route sales to printer
 - Datafusion CTI component to talk to CTI switch
 - Custom written CTI component to present Datafusion CTI events to agent, and allow agent to manipulate telephone
 - Various graphical user interface controls to improve the user interface
 - A dialog based encapsulation of IE3 display window

Mainframe connectivity

- SNA Server for network transport
- Attachmate 3270 programmable objects for initiation and monitoring of batch jobs
- MQ Series for Messaging to mainframe for real time information retrieval
- DB2 Client Access libraries for connectivity to DB2 where information is stored on DB2 tables.

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Networking

- TCP/IP for communicating from client to server
- NetBEUI for communicating with print server
- SNA for communicating with mainframe (3270 for screen scraping and LU6.2 for MQ Series)

IMPACT TO THE COMPANY

Cost savings

The focus of this project was not necessarily on cost savings but rather on increased revenue.

The following cost savings were, however, realized:

- With direct marketing of the certain products, administration costs were reduced.
- There were cost savings due to shortened cycle times
- Reducing of paper costs
- Time wasted by agents
- Cost of updating of client data

Increase in revenue:

According to the South African Association for Direct Marketing the acceptable success norm for direct sales is 0.4 percent. Prior to the installation of the Telemarketing system SANLAM's success rate was below this. After installation of the system the success rate dramatically increased to one percent.

This was due to enabling the Telemarketers with technology and a more professional service to clients. Because this system may be used for the selling of any products, even electronic business products, this is only the tip of the iceberg!

PRODUCTIVITY IMPROVEMENTS

Before the new system was in use the Telemarketing Center contacted about 500 people per day. Currently this has moved up to 2000 new prospects per day.

There was also a major increase in data integrity because the agents are enabled to update data of every client with whom they speak. Some of the client data has been updated for the first time in 10 years!

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A new facility to improve agent productivity the facility will soon be implemented. Telemarketing agents will be able to determine their own working hours. This would be done by installing an ISDN line to their homes where they could logon and do sales whenever they want to. They will access the system via a browser.

COMPETITIVE ADVANTAGE

The installed system gave SANLAM a competitive advantage in the area of direct sales. It impacted the whole insurance industry especially in the area of administration costs savings and the possible impact on marketers and brokers. SANLAM was the first company in the South African insurance industry to venture into the world of direct sales of non-life insurance products. Shortly after that the biggest competitor followed.

The telemarketing system served as a model for a similar system that was developed and implemented at two of SANLAM's business partners, integrated with kiosk technology.

Direct sales of financial/insurance products can now be offered to customers through new channels. This will result in better client relations because of sophisticated, proactive service and improved response times.

The door has opened to a new breed of customer who wants to do business directly in a sophisticated way. With the Intranet technology and strategy this system also offers access to the 16000 SANLAM employees in a new way.

It also forced SANLAM to focus on developing new products designed for direct marketing. Information from the new system also enabled management to implement new remuneration schemes contracts with Telemarketing agents.

IMPLEMENTATION PROCESS AND METHODOLOGY

The eBiz generic model as described earlier was applied here as well although a specific project plan was set up.

The Project Team

The Project Team was structured as follows:

- Project Manager
- Business analysts
- System Analysts
- Architects
- System Engineers Integrators

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The project was phased as follows:

- Determining the scope of the new Telemarketing Center system
- User Requirement Specification
- Technology evaluation
- Design:
 - System Design
 - Telephony Platform Proposal
 - Interface Specification
 - Detail Design
 - Logistic Support Design
- Implementation
 - Equipment Procurement
 - Software Development
 - Software Procurement
 - Integration and Test
 - System Acceptance Test Specification
 - Integrate and Test Workstation and MMI Software (Pilot System)
 - Integrate and Test Voicemail, Power Dialer, Call Scheduler and LMS software
 - Expand Pilot system to 24 Workstations
 - Acceptance Test Execution
 - Call Center into operation
 - Develop Training Material
 - Train Telemarketing Agents on Man-machine interface
 - Train Telemarketing Agents on Voicemail, Power Dialer, Call Scheduler and LMS Software
- Logistic Support Implementation

Change Management Procedures

Software Change management procedures were introduced using the following:

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- Microsoft's Version Control Software, Visual SourceSafe
- Software release reports

THE OVERALL TECHNOLOGICAL INNOVATION

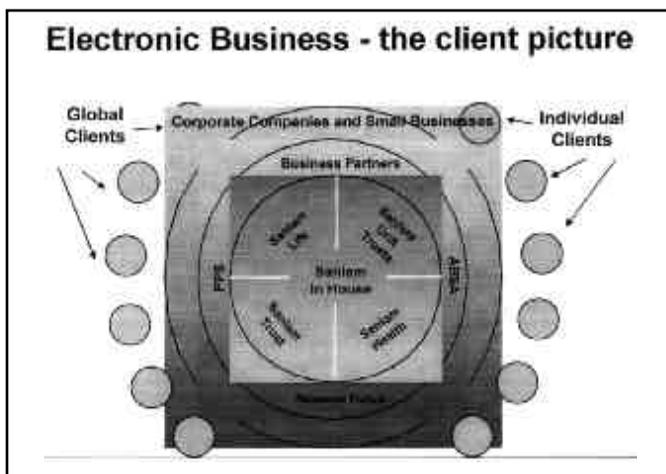
The project was extremely complex in terms of integration. The number of technologies that needed to be integrated and the stability of the technology presented many challenges to the implementation team. As far as innovation goes, the use of an Intranet environment with fully interactive CTI capabilities was perhaps a first for South Africa. The successful integration of the technologies into a single working system in the short implementation time scales is perhaps a technical point of note. The use of a host-based environment with minimal connectivity on the client side while preserving a functionally rich browser interface is also indicative of technical innovation. All of the SANLAM electronic business technologies were here integrated in to one solution.

THE OVERALL BUSINESS INNOVATION.

The initiative of the direct selling of certain financial products to customers was a significant business innovation for the company. Specific products for direct sales had to be developed and maintained and aligned with company strategies. The new sales channels forced changed processes. Remuneration and working hours of Telemarketing Agents had to be adapted and implemented to get maximum performance (sales). Because the implementation of the system speeded up sales, pressure was placed upon the campaign managers and product developers to generate more campaigns and products for direct selling.

SANLAM EBIZ STRATEGIES

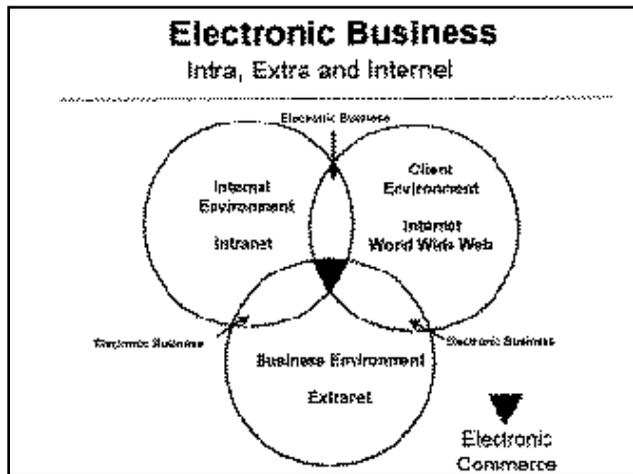
Customer Strategy



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The primary focus of the Sanlam eBiz team is to empower the internal business units through the implementation of Electronic Business solutions. The secondary focus is business partners and clients of the different SANLAM business units. SANLAM eBiz also focuses on small businesses outside SANLAM's corporate sphere that have been identified as strategic business partners. Lastly, their efforts touch the individual. The purpose of the eBiz team is to empower SANLAM and connect as most clients as possible to the company and offer unique services.

Intra-, Extra and Internet



The Telemarketing System forms part of a new business channel that is never-ending and could be used to sell anything. SANLAM will be utilizing this facility in new areas where the company will function as a service provider and a delivery channel.

By following the Intra-, Extra and Intranet strategy SANLAM enters transforms the way of financial business is done in the company and in the industry. This is a most innovative strategy and a unique approach not yet implemented in South Africa.

Internet Service Provider

Currently the Sanlam eBiz team is positioning the company to become an Internet Service Provider. One of the functions would be to offer the usual Internet services to customers, but the main focus is to create an exclusive community to whom extraordinary functions are offered. Each subscriber will receive a unique SANLAM club number when connected to SANLAM as an ISP. Sanlam as an ISP will offer the following:

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- Connectivity and Authentication
- Delivery of products and information
- Sharing and harnessing of intellectual capital
- Transfer of funds
- Collection of money
- Virtual community
- Connection of virtual with physical community

The abovementioned functionalities could be implemented in all strategic web areas (intra-, extra, Internet) and this is their core overlap of electronic commerce. (Refer to diagram).

Because of authentication each community user is offered services exclusive to his/her interests. This is where Sanlam gives a whole new dimension to marketing, selling, communication and services. SANLAM not only becomes an Internet service provider ,but also a provider of electronic business services to its business partners and corporate clients.

Internet

SANLAM's Internet website has won the award for the best corporate website in South Africa in 1996 and 1997. The strategy for the site is to have as much functionality as possible. The target of the site is the global community of the whole World Wide Web. The impact on the market was so high that the eBiz team now also offers web development and consultation services to external companies.

Intranet

The target group of the SANLAM Intranet site are the 16 000 SANLAM employees countrywide. The Intranet will be changing their lives: distributing information, making their lives easier, shortening cycle times, offering them on-line buying and services.

Extranet

The Extranet is where SANLAM offers customized services to their business partners or corporate clients. Specific functionality and interfaces are developed for each client.

The web strategies of SANLAM is not focused on competing in the Internet marketing but promoting SANLAM as a financial institution offering world class services and opportunities to their customers.