STRATEGIC VISION FOR INFORMATION TECHNOLOGY AT

GLATFELTER INSURANCE GROUP

**INTRODUCTION**

Glatfelter Insurance Group has a reputation very few companies achieve. We have been extremely successful over the years and we believe that technology has played a key role in that success. While an in-house technology facility with staff is a key expense component and a very large capital cost, the effective and efficient use of technology is a key driver for GIG. Without it and without the staff to maintain, modify and enhance our technology, we couldn’t be where we are today.

Our technology vision is simple; the implementation is always a challenge. Our IT Department is a thoughtful, strategic partner who, together with our business units, envisions, assesses, designs and implements solutions that ensure our continued success. To achieve that, IT must provide an infrastructure and have systems in place to support revenue growth, continued expense control, productivity improvements/efficiencies and ease of doing business for our agents, brokers and end customers.

* Our systems and infrastructure must be agile and flexible enough to respond quickly to new business opportunities, new products and/or acquisitions and incorporate those quickly into our GIG models. Flexible and agile systems will help us to quickly support revenue generation.
* We must drive innovative thinking by introducing and demonstrating new tools, techniques and technologies to control not only our technology costs, but our ongoing cost of business processing and workflow. We cannot implement solutions and then sit back thinking “our work is done.” Competitors react immediately; technology is ever-changing. With our key constituents, we must implement systems or changes quickly and in phases, always looking to see how we can make things faster, better, easier or less expensive in the next deliverable. To sit back and “rest on our laurels” or to adopt the philosophy “if it isn’t broken, don’t fix it,” is the certain predictor of failure in the future. The IT Department, with our business and vendor partners, must constantly assess, reassess and improve what we do.
* We have made it easier for agents and brokers to do business with Glatfelter. We must continue with this focus. Direct transfer of data from their systems to ours (and vice versa) to eliminate keying, viewable on-line policy and claims status, electronic delivery of policies and bills, etc., all help our agents, brokers and us become more efficient. If we are not ahead of our next best competitor in this regard, these agents might well place business where it is less burdensome and more cost effective for their agency.

Our technology strategies are presented in the pages that follow, describing our rationale, what we are doing to ensure success, where we are today and what happens if we don’t take action.

**SUMMARY**

*“You’ve got to be very careful if you don’t know where you are going, because you might not get there.” –Yogi Berra*

We all know that GIG has achieved significant growth and success over the past years and an exceptional reputation. There is no doubt that technology had a role in that success. Projects such as electronic document receipt, electronically imaged claims and underwriting files, improved workflow efficiencies, new systems and incorporating new/acquired businesses into our infrastructure have brought efficiencies, lower costs and position us up for future initiatives and opportunities.

When it comes to technology, Glatfelter has set the bar very high. When one reviews our direct competitors and other companies in the commercial insurance market, there are areas where we excel and some where we actually lead everyone. However, we all know how quickly technology changes. In fact, the speed of change has accelerated in the past five years due to competitive advancement within the industry, social media and the general population becoming more technologically proficient. Our users and customers are more familiar than ever with how to use technology. And, as the millennial generation moves into the workforce, these advances will not only need to be available, they will be expected. People joining our company today usually have as much or more technology on their home computers or tablets than we give them on their desks.

The sections that follow describe our strategic vision. We see a definite shift happening and if we don’t adapt, there is a good chance some competitor will seize the moment and quickly surpass us. Change happens all too quickly. If we wait to see what these changes bring, we will suddenly open our eyes, realize that others have surpassed us and we will then be planning how to catch up. This change that we are referring to is the confluence of four very distinct technologies. They are called the “SMAC” stack by some technology authorities. SMAC (pronounced smack) has been used a lot recently and relates to: **S**ocial - **M**obile - **A**nalytics - **C**loud. These four powerful single technologies become exponentially more powerful when grouped together. The push to SMAC is where the future is for many companies. It is for us as well. In addition to the four areas identified, we have adopted two additional areas of concentration for our future. They are Security and Enterprise Architecture.

**Social**

Social incorporates social media as part of the IT strategic vision. Social media is no more a fad than the invention of the telephone, fax machine or email. It is another form of communication and is becoming widely accepted well beyond just the younger generation. The implementation of social media is not intended to replace our corporate tradition of “personal touch.” It is intended to further enhance our touch points with brokers, prospects and insureds. According to widespread research, traditional advertising mechanisms are increasingly being viewed as “disruptive” (people buy satellite radio and record their TV programs to avoid commercials, traditional newspaper sales are decreasing, etc.). The purpose of social media in our environment is to establish brand recognition while building online communities and trusted relationships. Over 90% of the millennial generation use social media as a primary means of shopping. They use the recommendations of others on social media as feedback on purchasing decisions. While we are not suggesting that we cease other methods of personal touch, we strongly believe that incorporating social media as an additional touch point is highly advantageous for GIG.

IT, working with GPM, has developed a comprehensive strategy to address all aspects of social media. We have created pages on the major social networking sites (Facebook, Twitter, LinkedIn) for our various divisions (and for GIG as well). Our social media strategy further explains strategies and tactics to gain followers and establish engagement. Just as an illustration, consider the following: we had 42,593 visitors on our websites between April and July 2013. During that same timeframe 402,602 social media users were exposed to GIG via social media, ten times the number of peoples who visited our traditional websites.

**Mobile**

The mobile arena has exploded in the past few years with the advent and proliferation of smartphones and tablets. PC sales are at all-time lows due to the fact that people can do what they need to do via a smartphone or tablet. From our perspective, mobile includes both mobility and the ability to bring a personal device to work and use it for business purposes. This strategy now encompasses more than just being able to access email from a smartphone or website. People want the ability to access their corporate applications from anywhere. This could be from both corporate-owned equipment and from their personal smartphones or tablets. The technology to do this is in place already and it is more the implementation of policies, security and connectivity that is the strategy.

Beyond our associates, our producers and customers have new demands and expect that information is available to them as well. They expect our websites and portals to work as well on their tablet as they do on a computer. They expect to be able to pull information resident on our systems down to their phone or tablet. Our systems need to be web-ready to efficiently and effectively display customer or agent information for them on any device. Many of our producers today are using tablets for sales presentations or for requesting information from us and they expect to have that delivered back to them.

We need to continue to exploit mobile technologies and share information as our producers and customers expect it. We need to continue to develop “apps” for certain transactional capabilities. The one that comes to mind immediately for any insurance customer is a “first notice of loss” app. Our customers want to take pictures of an accident or a loss and email it to their agent or to us in order to get a claim moving quickly. We need to continue to satisfy the appetite for information and transactional capability that our agents, brokers and end customers demand. While in commercial insurance implementation of mobile apps is not as far along as in personal lines, we see the momentum starting and our ability to deliver these capabilities will give us a huge advantage over our competitors.

**Analytics**

Glatfelter has been working on analytics for a very long time. What we have in place from a technology perspective has been validated and endorsed by many advisory firms. We have been able to keep up with collecting information and producing reports, but the technology continues to change so rapidly that our implementation in terms of presentation and user adoption has been slower. In the world of analytics, business intelligence and information, this is not all that unusual. We have, however, implemented a new portal with new tools for gathering, analyzing and presenting information which will enable our users to quickly and easily monitor results, predict future trends and model future business. Once in place, if used to its fullest potential, these tools and this information could put us far ahead of our competition.

To garner adoption, we will continue to build out the new portal which contains self-service reporting, dashboards, interactive excel sheets and other tools putting the power of analysis directly in our key business partners’ hands. The technology we have implemented behind the scenes makes this information available for them at any time with response times that fall in the sub-second range, allowing business decisions to be made in a much faster time frame. Moving forward, predictive analytics can move us much farther ahead, allowing the analysis and predictive assessment to be presented following rules and algorithms built into the technology.

**Cloud**

Cloud computing is a technology model for delivering technology services where resources are retrieved from the internet through web-based tools and applications hosted by an external provider rather than a direct connection to an internal server. Data and software packages are stored in servers, however the cloud structure allows access to information as long as there is a web connection. Cloud computing is so named because the information being accessed is found in the “clouds” and doesn’t require a user to be in a specific place to gain access to it. Cloud can lead to a reduced cost of operations, since the server being used for processing the information is leased from third parties rather than owned. This model also allows companies to upgrade software or expand capacity more quickly.

Cloud is becoming more and more popular. We have slowly experimented in cloud technology and continue to explore it to facilitate our agility. Hosted cloud solutions as stated above tend to be on a “pay as you go” basis, reducing capital demand. We utilize the hosting company’s infrastructure at a lower cost point and gain an increased capacity for disaster recovery. Cloud also allows us to use our people on more innovative infrastructure projects, which opens up more opportunity for us to work with the business units on more strategic initiatives rather than pure maintenance.

**Security**

IT security is an absolute necessity in any industry. While the general population is becoming more technically savvy than ever before, there is a whole new generation of wrong-doers and hackers developing, looking to make a quick dollar or cause chaos. There is an annual hacker convention in Las Vegas every year which draws more people than any other convention or group gathering in the world!

At Glatfelter, we have a dedicated team doing a great job keeping us on the latest equipment and software packages to protect our assets. A key, critical asset in this company is our data. Every time we consider changes to any system, security assessment is of paramount importance. It is critical that we continue to pursue the latest in security measures in order to give ourselves and our customers worry-free assurances. Now more than ever, people want to know that their personal information is secure and that companies they do business with protect that information. If there is any potential that certain information leaks out, or if there ever happens to be a major security failure, trust and belief will vanish as will our customers.

**Enterprise Architecture**

Systems updates and modernization efforts are table-stakes in today’s business environment. We cannot afford to lose sight of this. Absent on-going investment in our architecture, the value derived from our applications decreases as capabilities become stale and maintenance costs rise. Worse yet, we risk falling behind with outdated, rigid systems not readily adaptable to a dynamic business environment or strategic opportunities. We will continue to move forward with the latest versions of software and refresh our systems with new core technology where and when it makes sense to do so.

“Staying current” as a goal unto itself, however, provides no meaningful value other than to defend the status quo. This is simply not good enough! The true value of strategically modernizing our systems comes from continuously challenging the status quo of both GIG and the industry by coupling technology innovation with strategic business leadership. The union of updated systems capabilities and business strategy defines our enterprise architecture and, in turn, positions us to deliver new business capabilities, redefining how we do business. As we move forward, our enterprise architecture will shape data capture and processing with a “straight-through” model that is both adaptable and scalable. It will support multiple business operating models to take advantage of growth opportunities quickly and effectively. It will emphasize a unified view of our customers and partners across organizational boundaries.

**CONCLUSIONS**

Technology alone only moves the needle so far, and the outcomes are only as effective as the processes and people that leverage it. Continued training of our IT staff is critical fuel for innovative thinking. As we move forward with the technologies described above, we must do so by envisioning the future for GIG, not re-engineering its past. These new technologies afford us faster, more effective ways to work, freeing up time to focus on strategic objectives that drive growth and efficiencies. To take advantage of this, our Glatfelter IT Department must be diligent in not only analyzing and understanding the potential for new ways of doing business, but by helping our operating units understand the potential value, the possibilities of technology and then work together to implement solutions that drive GIG forward. Technology strategically aligned with our business direction, coupled with people having a vision for the future and management and staff willing to change will drive corporate transformation.

Our technology strategies position Glatfelter for the future and as the leader in our markets. Our competitors remain behind us today and we need to keep it that way. With technology advancing as quickly as it is, it takes only a few months, not years, for a company to jump forward and take the lead with technology improvements. As an analogy, Blockbuster Video was once the unquestioned leader in video rentals. They had a tried and true method of brick and mortar stores where people would flock for their entertainment. Along comes Netflix. Blockbuster lacked the vision and was indifferent to their new competitor, partly due to pride because they were successful for so long, but more because of arrogance and believing that their way was the only way. Netflix wasn’t afraid; they knew the future of technology and they seized it. Blockbuster refused to change. Netflix is now the new Blockbuster – with one caveat…they continue to explore and revise their model to stay current with technology and make it easy for their customers to use their service.

Our strategy is to be today’s “Netflix” among agencies and commercial insurance program managers. We are the leader now and we are great at what we do. With that, however, comes the responsibility to change, adapt and move forward with a constant eye to how to do things better, easier, faster and cheaper. We believe our IT strategy positions us well for the future and our current position and tactical plans, which are included as appendices, support this strategy.

**TODAY’S STATUS AND FUTURE POSITION**

**Social**

*Current State*

Until a year ago, Glatfelter had little presence in the social media space. While we had “static” pages on Facebook and LinkedIn, there was very little focus or direction with respect to social media. We occasionally posted an article, but generally were not using the social media sites as a way to build awareness. We don’t see social media as a fleeting fancy; it is here to stay in some form. New services are finding followers each day. Sites like Facebook, Twitter and LinkedIn are extensions of the internet and are becoming more and more accepted – and not only by younger people, but also by retired folks. Facebook now has more than 1.8 billion users on their site, an amazing statistic since Facebook is actually banned in China! Twitter has 200 million users. Both of these continue to grow. While we recognize that our presence on social sites may not immediately lead to a revenue stream, it provides an opportunity to build brand awareness, create communities (and there are many of them out there in the emergency services world) and extend our influence in terms of insurance and loss avoidance. Last year, Marketing and IT built a case for extending our brand into this arena. We have two individuals on staff now who are dedicated to GIG’s social media sites, creating and posting content and monitoring comments and feedback. In seven months, since our first social media associate was hired, we have established 19 Facebook pages complete with various tabs, contests, interactive postings and community engagement. We have grown our Twitter following as well. We have increased activity on LinkedIn, but it is a struggle to get user interaction on that particular site. Activity on our sites continues to grow. In August alone, we almost reached 200,000 social media impressions. We are well ahead of our competitors and we are seeing some of our “followers” become brand advocates by taking our content and sharing it with their friends and talking about Glatfelter.

*Future State*

As we move forward, we need to redesign our websites and ensure consistency between our web and social media strategies. We need one over-arching web presence philosophy. That will begin to emerge next year and develop over the next two years. By doing that, we will leverage integration between our social sites and our websites, making content consistent and engaging.

Part of the overall strategy includes building out a working network of agents and brokers and engaging them not only with our social sites, but helping them to build out their sites and using our content. We will be attempting to increase our followers to extend our brand awareness in everything we do.
Video is being integrated through sites such as Vine or Instagram. We will deploy more regular “e-blasts” and provide new and fresh information rather than content that has been in the public domain for more than a day or two. Our Search Engine Optimization is always a focus for us. We want GIG and its programs to be listed at the top of a Google or Yahoo search. Our analytics are constantly updated and they will continue to evolve as will our electronic campaigns and tests. The electronic “social world” is constantly changing and we will stay at the front of those changes.

*Risks of Inaction*

If we choose not to stay on the social path, we will quickly fall behind our competitors. While we are ahead of most, if not all of them at the present time, it doesn’t take long for any one of them to catch on and become active. We need to become somewhat more aggressive with our GRP program, as Church Mutual has a very established social media presence already. Like it or not, social is here to stay. We need to get on board with it or risk losing ground to our competitors. We have an established reputation in our businesses. We have a culture we are proud of. We pride ourselves in being the acknowledged experts in the businesses we support. Our presence on social media sites is another way to get our message out and demonstrate our leadership.

**Mobile**

*Current State*

Mobility is a way of life in today’s world. It is something that is taken for granted and expected. Websites dynamically change given the device they are accessed from. Mobile applications for transacting business are becoming table-stakes. Associates now take advantage of mobility by accessing personal email and files as well as work email and applications via smartphones and tablets. At Glatfelter, we have not yet established a mobile presence with our web offerings and have no true mobile apps in production. We do offer associates the opportunity to enable email access on mobile devices, but currently we do not have a formal solution for accessing workplace applications and systems from these devices.

We have implemented a controlled internal wireless network with business class services to permit associates, guests or vendors to use their personal devices on a fast, wireless network. We have isolated this in order to protect our primary business network from the unintentional introduction of viruses or malware which could be resident on a non-GIG machine.

*Future State*

Through our current web redesign project, we will be reconfiguring our web pages to be responsive. In other words, the websites will recognize the type of device used to access them and adjust accordingly for an optimal user experience. By making our websites accessible from a tablet or smartphone, we enable our customers and brokers to get our information whenever and wherever they please.

Apps are another area of not only potential, but need. Personal lines carriers are already ahead of the game, offering apps, for example, that enable users to send pictures with first notice of loss. There are many other apps readily available today. This is not as common in commercial lines, but is an area where we can set ourselves apart from our competition. It would be powerful to allow claims adjusters a secure way of sending us information via a mobile device. Brokers could send basic applications as well. Customers could check on the status of a claim or a policy change. There are many opportunities.

We need to build out of Bring Your Own Device (BYOD) plan for our associates. Our BYOD/Mobility policy will be implemented this year. People want to use one device (their own) to not only access email, but to complete tasks that can be done on a tablet just as well as on a laptop. This will help retain current associates and attract new ones. The flexibility of mobile offerings is a convenience that many have come to expect. The use of personal devices for accessing necessary systems will give us the ability to attract and hire remote workers without worrying about physical equipment or where people are based.

*Risks of Inaction*

Mobility is already here. The commercial insurance industry as a whole is behind other industries (both inside and outside Financial Services) in this regard. GIG can become a leader in this realm by offering mobile friendly sites, apps and other access. This all becomes an expectation going forward as manufacturers continue to make faster, smarter, smaller devices all aimed at making an individual’s life easier. Instant communication, calendars and file sharing is already in place. If we don’t make our information and systems as available as possible, we risk losing customers and brokers. New customers and brokers will choose a competitor if they offer a mobile solution and we don’t. Ease of doing business is becoming a paramount driver. Associates will do the same, as mobile offerings in-house can enable flexibility in devices and where people work.

**Analytics**

*Current State*

Data Warehousing, Business Intelligence and now Analytics have been the focus of articles and technology solution providers for most of the last decade. GIG was quick to jump into Data Warehousing and built a repository for information more than 10 years ago. Over the period since that first data warehouse was created, we have restructured that repository, changed out technologies to support it and report from it, expanded it and created a model that at this point has been validated by three independent insurance technology advisory firms. Our staff has continued to modify the warehouse structure and technology to be current, simpler and easier to modify as business strategies and necessary data changes. Our Data Warehouse today is one of the linchpins of our information both internally and to our distribution network. All of our critical business systems integrate with the Warehouse and our plan is to further integrate other systems and data from businesses not currently being captured in our Data Warehouse.

We have reengineered our Warehouse to operate completely with Microsoft tools. We have developed a mature reporting site that houses static reports, reports driven by user parameters and ad-hoc reports. We have implemented a completely separate report server where faster and smaller segments of data are stored to enable very fast response for our users. We have implemented the latest Microsoft *BI* toolset to further empower our users and let them become self-sufficient. We want our business units to operate with their own key information centers for reporting. We have rolled that out to three departments - Claims, Marketing and Actuarial. Our “BI Center” is being developed and expanded to present a customized configurable and branded page to make navigation easy and intuitive for our users.

*Future State*

As IT continues to roll out updated computers with newer operating systems and Office products, we will be able to continue to expand the use of the BI Center by our users. Our plan over the next year is to train and enable key users in the business units to use and embrace these self-service tools. Adoption will happen naturally as our users realize they can get the information they need right at their fingertips without having to get IT involved.

Over the next several years, we will further expand the Data Warehouse to include information on our newer businesses, where we are dependent on carrier systems and information from the carriers. This expansion ties directly to our Enterprise Architecture strategy. We will increase the use of third party data, overlay our customer information presently captured with demographic data for further data analysis and begin to explore predictive analytics. We will also be looking at the use of “Big Data” including non-structured data which will be captured and further integrated for use. This includes not only photos and videos, but also information we can capture through social media.

Based on the opinions of those advisory firms who have validated our Warehouse and models, we are well ahead of our competition with respect to data capture and presentation. We need to continue to build out the additional data we need and use new and sophisticated tools to better present information for further analysis and use in predictive models.

*Risks of Inaction*

We need to use data and information to make better decisions about our business, our customers, our brokers and our prospects. If we don’t implement an enhanced system for collecting new data from various sources, we will not be able to expand the information we have about our customers and we will soon be at a disadvantage. Wouldn’t it be helpful for a broker to know that a prospect visited one of our websites and watched 3 videos before they ever met face to face? Would a claims adjustor like to know that a driver who was in an accident was posting on Facebook or texting as he was driving? That’s the power of what is available. Enriched data provides more options for “machine-learning algorithms.” By capitalizing on additional data, we can apply logic to various situations. For example, assume a quote comes in on a vehicle that had a recall. Wouldn’t it be useful to know that the repair had already been done? Without incorporating new data sources and expanding our analytics, we will miss risks, overlook fraud, limit our ability to grow and not be efficient in the marketplace.

**Cloud**

*Current State*

Cloud computing has been in the news for several years. Simply stated, cloud technology allows an individual or a company to run their systems from a hosted solution provided by a technology service company. Initially there were serious security and disaster recovery concerns, but respectable companies have provided sound solutions to allay those concerns. There are some potentially significant benefits to cloud solutions. Having a company’s systems hosted elsewhere facilitates a “pay as you go” model, reducing the demand for capital investments in equipment and software. Running systems in a different facility helps support recovery in a time of disaster. Cloud also allows us to reduce the demands we place on our internal staff managing day to day infrastructure when those systems are supported elsewhere.

While we intentionally delayed our experience with the cloud, we have recently started to take advantage of cloud services. Our Oracle *E-Business Suite* (our Financial applications) has been moved to a hosted solution and is working very well. Our Business Continuity/Disaster Recovery site is hosted by Microsoft. That is also working well.

*Future State*

We will continue to explore cloud technology, especially for systems that do not differentiate us from our competitors or where our vendor partners provide a hosted solution. We have many options for continuing to deploy solutions in the cloud and are assessing those. We expect that more of our systems will be hosted off-premises in a cloud technology model. Our disaster recovery systems currently hosted in Stockton, our test and development system platforms that support our primary business systems and email (services, storage and archiving) are just a few examples of systems that might work nicely in a cloud-based solution. As we do that, the need for additional physical equipment and storage in York is reduced. Cloud solutions also have the potential to allow IT to move more quickly when faced with new business opportunities or acquisitions. Provisioning equipment and computing power becomes much easier.

*Risks of Inaction*

The risks of not taking advantage of cloud technology really comes back to cost and the need for capital, maintenance expenses and data center space. The cloud allows us to control costs by using a “pay as you go” model, not requiring the need for capital investment for more servers and infrastructure in York. Hosted models also take the burden of upgrading systems away from our staff allowing us to focus on more critical infrastructure and development needs. Where we move to a cloud model, however, we must be prudent in assessing service levels, security, back-up recovery and corporate risk.

**Security**

*Current State*

With the introduction of social media, electronic communication, cloud and mobile devices, corporate boundaries have blurred and information can now be presented on corporate and personal devices whenever and wherever it is necessary. This real-time information presented anywhere increases the need for a vigilant approach to security. It has become easier and easier for sensitive information to be accessed inappropriately by an unscrupulous insider, a hacker or simply by sending information to the incorrect email address. Data breaches are becoming more and more common and is a risk we must deal with in this technology sophisticated world. We formed a Security team to focus solely on security issues. We have taken many steps to ensure the protection of our data and to prevent breaches.

GIG has an Incident Response Plan in place in case there is ever a breach or an attempted breach. We have actively worked to encrypt data in external emails, file transfers and laptops. Perimeter defenses are in place and are regularly upgraded to protect our externally facing systems and websites from Internet threats. Our firewalls are in place and stop potentially malicious emails or sites from being accessed. A Mobile Device policy was developed to allow us to track smartphones and tablets in order to protect our data that might be resident on those devices.

*Future State*

Security will remain a focus. The threat landscape is evolving faster than security vendors can develop necessary protections. As breaches become more common, legislation will continue to become more stringent around breach notifications and the protection of Personally Identifiable Information (PII). As boundaries between personal and corporate worlds continue to blur, the protection of our network becomes even more difficult. As we move to cloud services, our focus will need to shift beyond the perimeter defenses to protecting and auditing our data wherever it resides.

The technologies we have put in place over the past three years lay the groundwork for our future activities. Over the next several years we will continue to hold security awareness sessions for our associates. Data classification will become increasingly important as legislation identifies what information we need to protect. We will be required to have a policy in place for this. Building sophisticated systems that automatically encrypt communications containing sensitive information will become the standard, rather than relying on associates to determine if it is sensitive. Systems containing sensitive information will become even more protected and there will be centralized auditing and alerting of security violations on those systems. We are developing a Cloud Service policy which will contain required guidelines and security requirements for any company hosting our systems and storing our data. Our infrastructure is regularly audited for breaches and attempts to break in. We will continue those and continue to conduct full scale penetration tests by outside firms to ensure our policies are current and our technologies are sound.

*Risks of Inaction*

Malicious code, delivered to our associates through emails or websites, cause disruptions to our associates and work for our IT staff when computers need to be “cleaned” or rebuilt. Denial of Service attacks, while not necessarily damaging from an information or data perspective, cause our systems and websites not to be available to our customers and our producers. Those are just two small examples of what happens when we are not focused on security and protecting our networks.

The most extreme risk to us if we “take our eye off the ball” is a data breach. The costs associated with a breach, even if data is not stolen and used maliciously, is huge. It easily runs into the hundreds of thousands of dollars just for notification. Many states now require notification even if information was not stolen. For companies who have had data and personal information stolen as part of a breach, the cost can easily run into the millions of dollars. We need to do everything we can to make sure that something like this doesn’t happen to GIG.

**Enterprise Architecture**

*Current State*

The inherent value of a modern systems infrastructure is realized by challenging the status quo and coupling innovative technology with strategic business drivers. Over the past 5-7 years, our systems have grown in terms of capability and complexity to support the needs of a dynamic business. For most program business where we share risk, rating and issuance processing is processed through Insurity’s *Policy Decisions* system. Two systems support claims management (P&C and A&S). Billing was moved from an old Delphi agency management system to Epic-Premier’s *ConceptOne* system in 2012. *ConceptOne* is broader in functionality than just billing and is a fully functioning MGA operating system and it supports a portion of our GPP business that is carrier-issued. The Producer Center is our broker-facing portal and provides rich and robust functionality to conduct business electronically with our distribution partners, including the ability to download policy data to our brokers’ agency management system. Corporate imaging and document workflow is supported by Vertafore’s *ImageRight* system. Each of these core systems integrate with one another and with various other supporting systems. For example, our Corporate Broker Network (CBN) is the single source of broker data, including demographic information, personnel, licensing status and commissions. The combination of all of these systems and others creates a very complex, tightly integrated and highly dependent environment.

*Future State*

We continue to move toward a core systems architecture that is more agile, real-time and adaptable to multiple business operating models. Coupled with a unified view of our customers’ experience, our architecture is more than a compilation of discrete systems and processes – it becomes a unified process-based topology that bridges organizational boundaries and adapts in tandem with market conditions and opportunities. Over the next several years, *Policy Decisions* will remain a core component of our topology. We will look at adding a business rules “engine” to automate the quoting and issuance of renewals and simple risks. Both claims systems will be modernized or upgraded with newer technology that is faster and more cost effective to maintain and enhance. *ConceptOne* will become the focal point for managing all business where policies are rated and issued in carrier systems or rated outside *Policy Decisions;* workflows will be refined and consolidated into *ConceptOne* to maximize efficiency and service capabilities.

It is the processes and integrations that tie everything together and ensure clean, accurate data flow between organizational functions. Underpinning this roadmap will be an emphasis on straight-thought processing that closes remaining gaps between systems end-to-end, thereby eliminating redundant data entry for GIG and its distribution partners. A real-time upload capability from our distributors through which GIG accepts new business and renewals is a clear competitive advantage in the commercial market space. These processes will extend to our carrier partners as well, making GIG a recipient of policy data for business issued from their systems.

*Risks of Inaction*

We have a very complex and highly dependent systems environment. Many of our integration points were built piecemeal since the late 1990s and, as a result, don’t contribute to a comprehensive view of data flow and scalability. Without continued focus and investment in our enterprise architecture, these points of integration will become stale and very expensive to maintain. These must be updated and enhanced. As our core systems move forward, the integration or “links” between them must evolve as well. If not, the benefits derived from application modernization will be mitigated by outdated integration capability. If we continue to invest wisely in building a well-designed environment which includes best-of-breed applications, business-focused workflows and tightly integrated data flows, we can better support future growth and business opportunities.