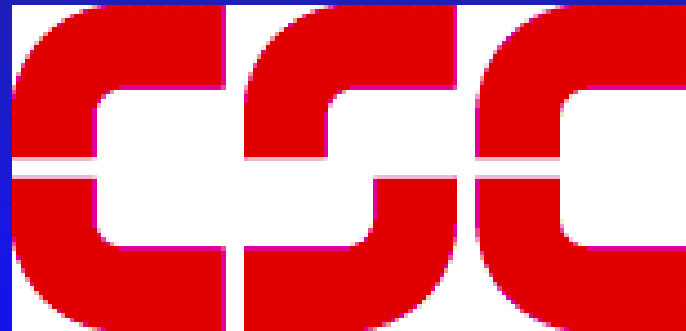


The Cost and Returns of XML for Life Insurance Standards

May 2004





- Direct
- Home Service
- Multi-line Captive
- Independent Broker/Dealer
- ~3 Million Life Policies
- CSC's CyberLife Administration



Cost/Benefits

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← Costs

- ← Mastering XML and TXLife/XMLife
- ← Development of transaction and extract-based access to data
- ← Mapping system transactions to TXLife
- ← Mapping system data to XMLife
- ← Goal: Keep “extensions” to a minimum

← Benefits

- ← “Out of the box” integration with other TXLife/XMLife systems
- ← Reduced integration costs with any XML-enabled system
- ← “Backwards compatible” ACORD support
- ← Goal: Encourage adoption of the standard

A typical end-to-end XMLife transaction implementation project

Project Phases



Education

Business Analysts

Programmers

Definition

Business Requirements

XML Requirements

Browser Views

Web Services

Construction

Presentation Layer

Middleware

Test

Browser Views

Web Services

Back Office

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Education/Training

- ← XML fundamentals

- ← Mastering TXLife / XMLife

 - ← Data model

 - ← Relationship to back office system data

- ← Tools and platforms

 - ← Java development

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Applications Development

← Software Costs

← Development platform

← Example: WebSphere Studio Application Developer

← Runtime platform

← Example: WebSphere Application Server

← Productivity tools

← Example: XMLSpy

← Hardware Costs

← Developer workstations

← Runtime servers

← Windows, Linux, z/OS

Development Costs

← Requirements Definition

← Defining business requirements in terms of the TXLife/XMLife specification

← Integration of middleware with back-end

← Data mapping

← Data trans-
formation

TXLife Transaction

Back-end Transaction

Back-end Transaction

Back-end Transaction

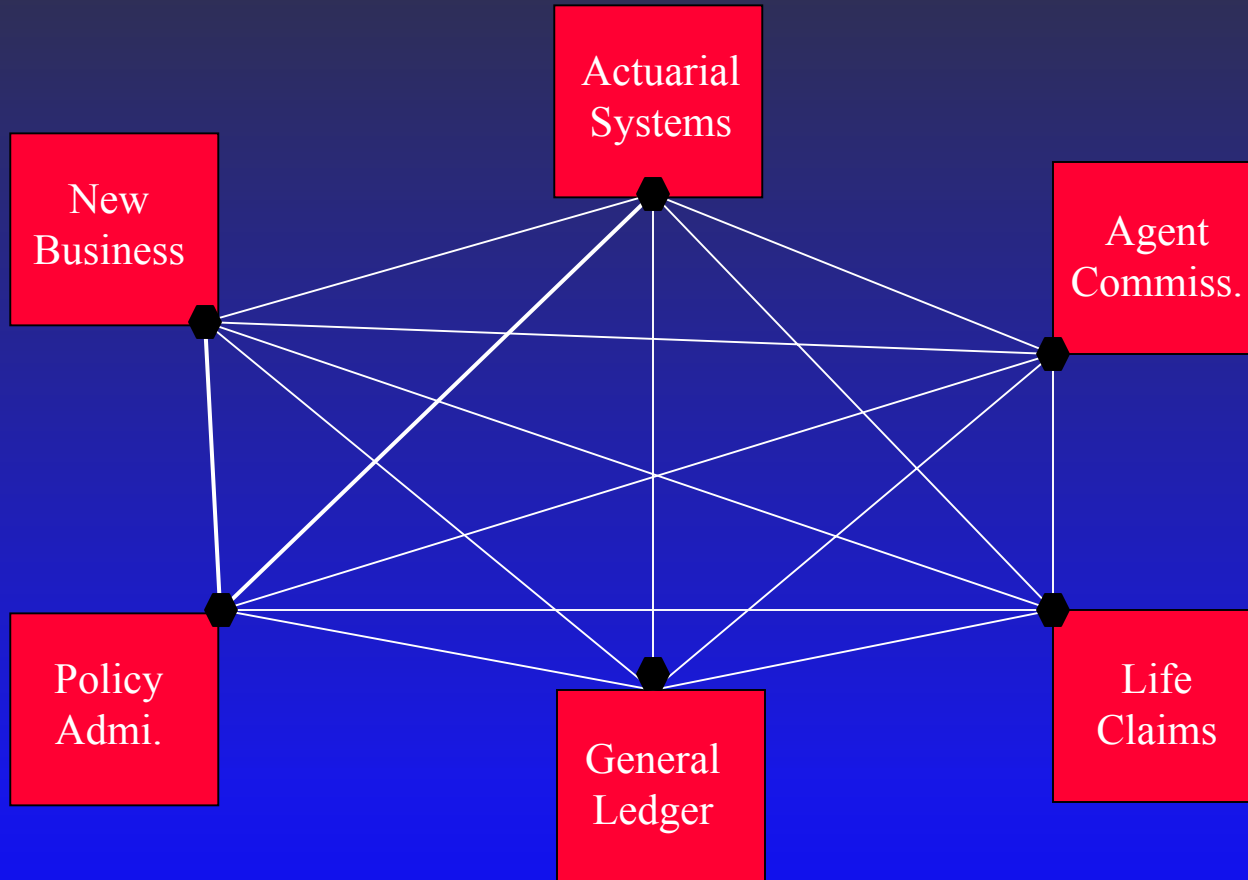
← Open Architecture

← Easy accessibility

← Security and messaging infrastructure

← Critical aspect of complete enterprise solution

Point to Point Interfaces Multiply



“Integration makes up 80% of the cost of an implementation” -Gartner

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Benefits

- ← Pre-built integration to other TXLife/XMLife enabled systems means
 - ← Lower integration costs - reuse
 - ← Faster time to market
 - ← Ability to manage integration with many parties



Other Considerations

← Maintenance

- ← Extend the model only when necessary
- ← Fewer extensions means better compatibility with other TXLife/XMLLife systems
- ← Maintain backwards compatibility
 - ← Stick to the ACORD model
- ← Properly designed XML components can be reused across the enterprise or via Web Services
 - ← Reduces development costs



CSC Case Study

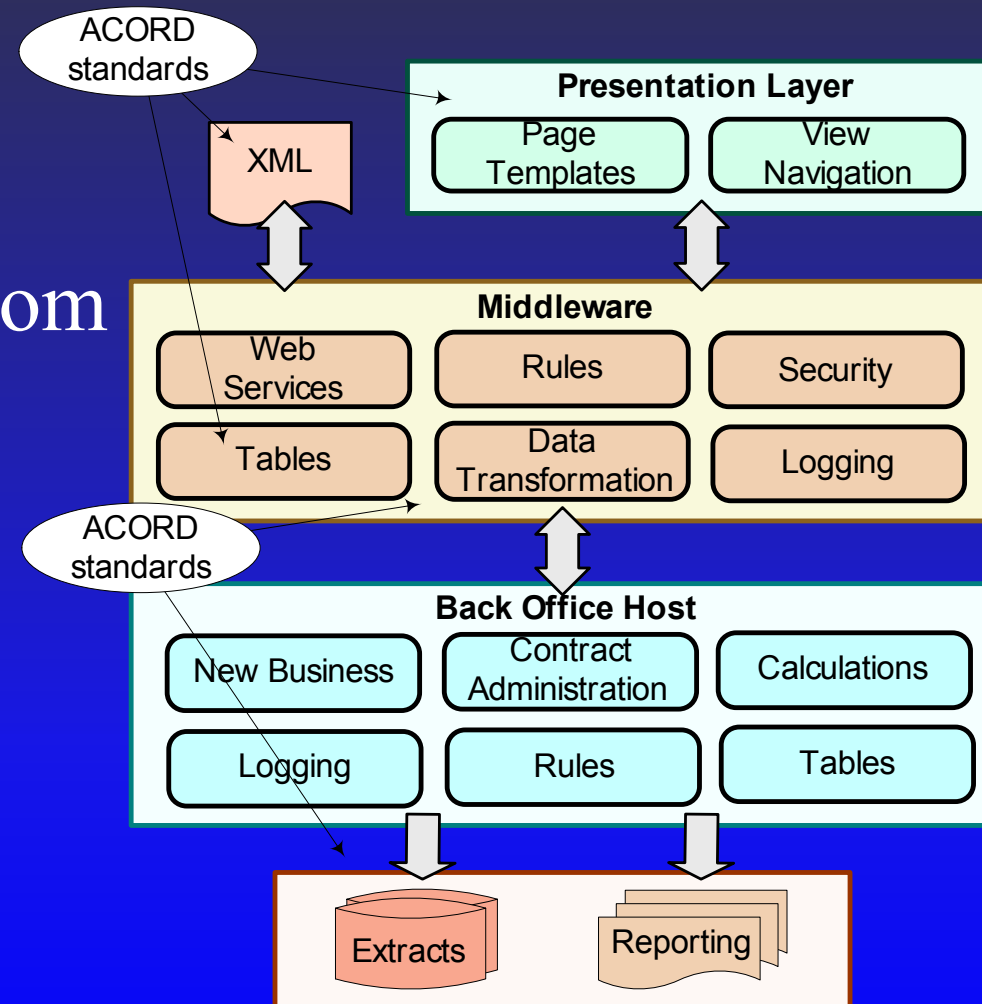
- ← Develop an n-tiered JAVA-based architecture
 - ← Interacts with a mainframe-based life policy administration system
 - ← Use XMLife as the data model
 - ← Use TXLife as the transaction model
 - ← Staffing
 - ← 10 analysts
 - ← 10 programmers

CSC Case Study Continued

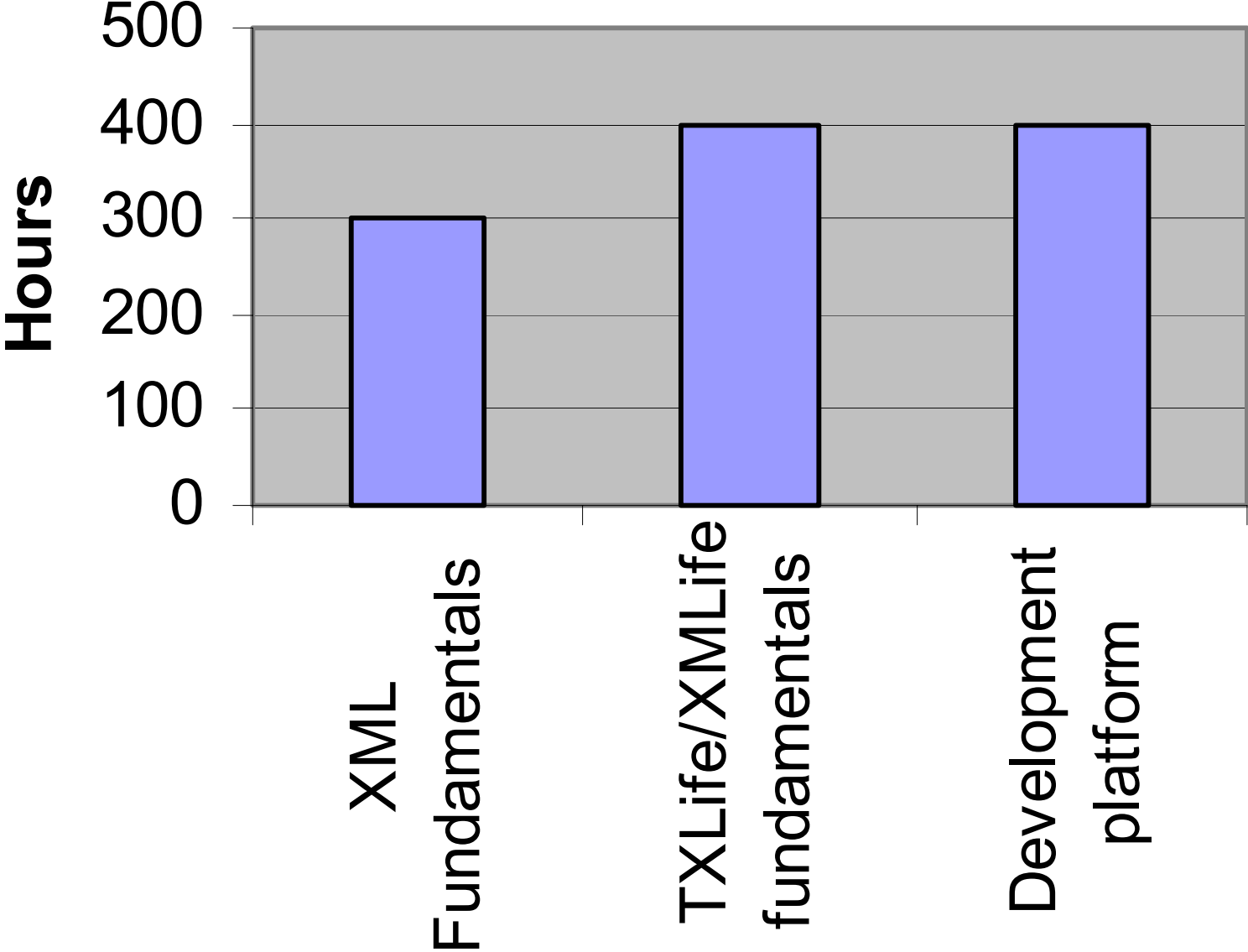
← Over 80 TXLife transactions supported

← 12 extract feeds from the mainframe are coded to the TXLife/XMLife specification

← Utilizes TXLife/XMLife Version 2.8.9



Cost of Education



The Cost and Returns of XML for Life Insurance Standards

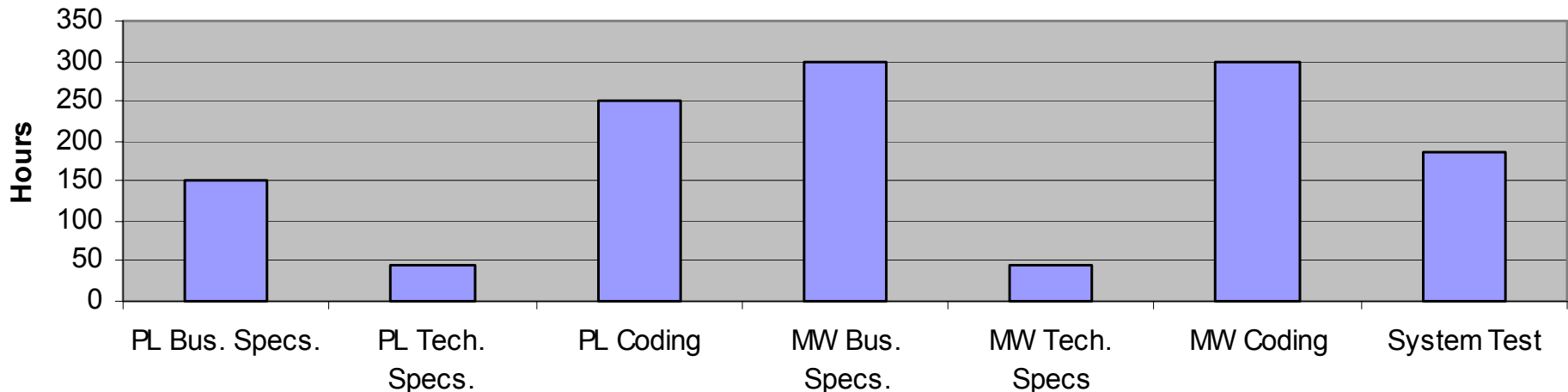
Case Study

Transaction Definition, Construction, Testing - Averages

Specifications	540
Coding	550
System Testing	185

Avg. Headcount	30
BA's	10
PA's	20

Transaction Costs



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CSC Case Study

← Maintenance

- ← “Revving” from one ACORD version to another

- ← “revved” the n-tier architecture from 2.6 to 2.8.9

- ← 54 TXLife transactions

- ← 6 XMLife extracts

- ← Spent approximately 5,000 hours to complete

- ← 15 people for 2 months

- ← 5 analysts and 10 programmers

- ← Results

- ← Greater functionality

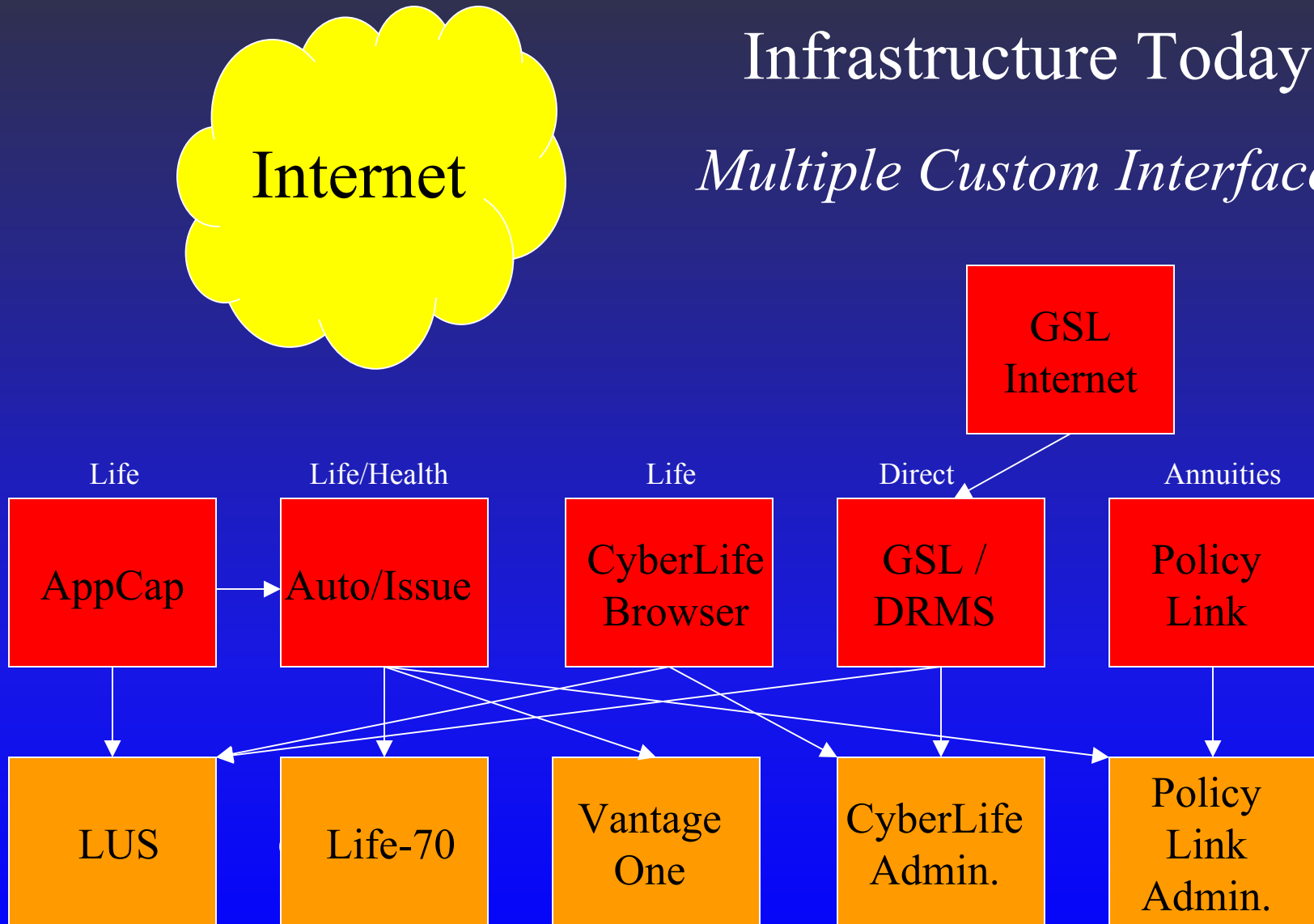
- ← Fewer extensions

- ← Easier integration

American National

Infrastructure Today

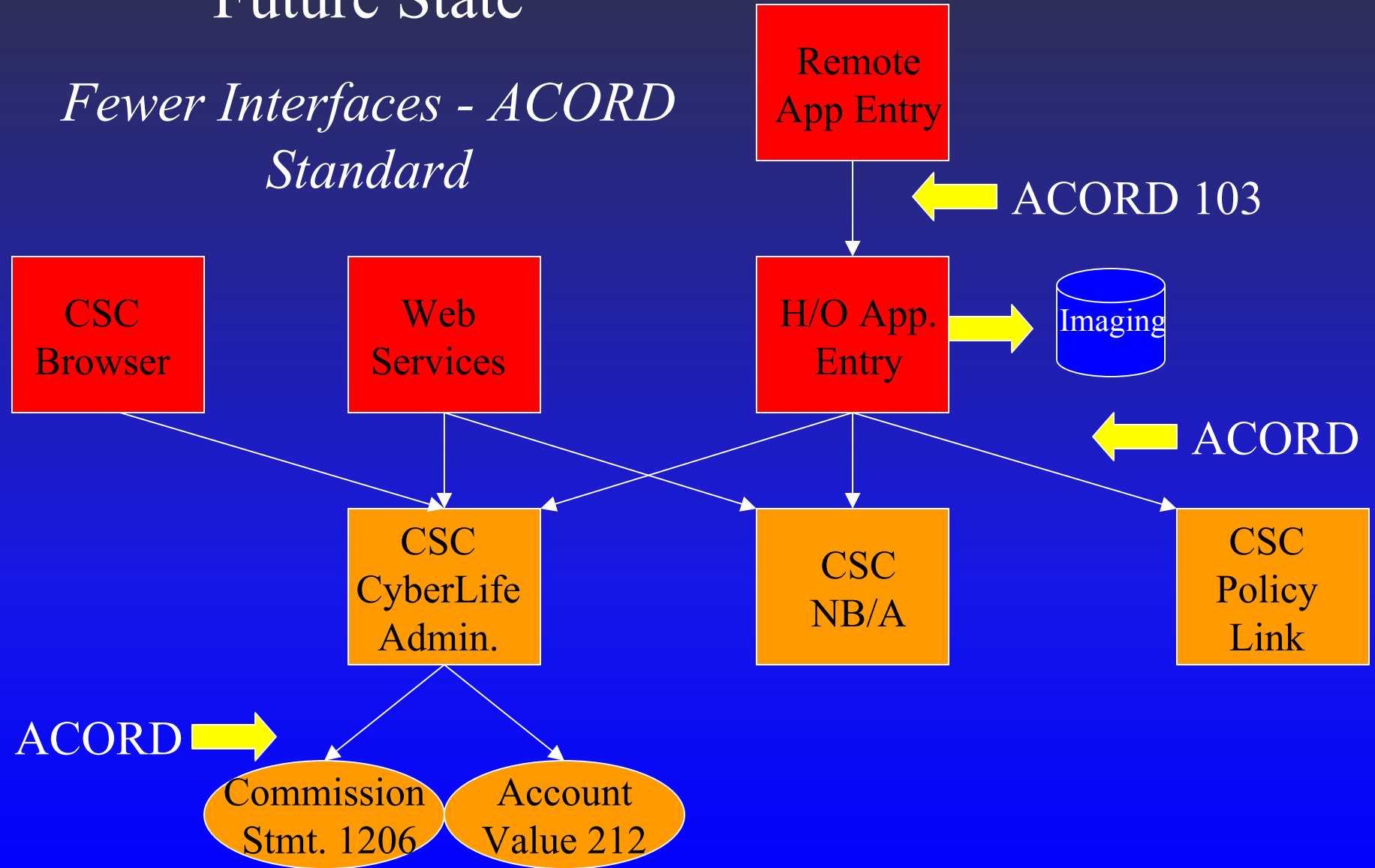
Multiple Custom Interfaces



American National

Future State

Fewer Interfaces - ACORD Standard





Cost and Returns of XML

- ← Combining callable business services with a standardized data interchange format, such as XML, provides the foundation upon which strategic applications can be constructed.
- ← Introducing a standard XML specification has the immediate benefit of reducing integration costs and shortening the time required to implement an application.



American National's Experience

- ← Heavily integrated our systems
 - ← IBM's MQ Series
- ← Looking to cut integration complexity
 - ← Manage fewer record formats
 - ← Lower maintenance costs
 - ← Promote reuse
- ← Implementation of vendor supplied XMLife system
 - ← Requires good documentation
 - ← Relies on few deviations from the standard



Gartner Group Prediction

- ← More than 80% of enterprises that lead their respective industries in revenue growth during 2002 to 2004 will have implemented a real-time enterprise for integrating applications within and outside the enterprise.
- ← By 2004, basic application server functionality will be ubiquitous, bundled with operating systems, packaged applications, development platforms and other tools.



American National Expects...

- ← The XMLife/TXLife framework will become mandatory in order to do business in the financial services sector.
- ← The benefits of standardization will far outweigh the costs of adoption of the technology.
- ← Our partnership with CSC will facilitate American National's ability to keep our policy administration systems current with the ACORD standards.



Questions?

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