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Title Mr	First Name Colin	Family Name Wee
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GBAT 9106 03-060  
Information Systems for Managers

Assignment 1  
Information Systems Analysis  
Object: IMW LLC circa Q3 2000  
By: Colin Wee

## 1.0 Executive Overview

This Information Systems report looks at Insurance My Way Ltd, a listed online insurance broker. It is set Q3 2000 and explores opportunities created by a change in IMW's corporate direction.

Using Porter's Five Forces model to analyze the industry IMW, as a new B2B intermediary in the Insurance Value Chain, faces huge rivalry from large insurance stalwarts in a slow-moving industry. There is an increasing but still insignificant threat from new non-traditional entrants looking to take advantage of opportunities created by a disparity between supplier power and buyer power, and as yet unexploited economies of scale.

Using a matrix comprised of the Five Forces analysis and the Value Chain analysis, 25 IS opportunities were highlighted. Some key points are:

- ✓ Leverage setup costs by allowing intermediaries to use IMW's inbound logistics technology as a gateway for product information
- ✓ Reduce cost of operations by exploring innovative contracts with human resources (like allowing telecommuting). This improves competitive advantage in relation to new entrants.
- ✓ Improve communication of status of offering to customer, which improves product quality and helps buyer power.
- ✓ Explore innovative buying consortiums, bypassing the current low backwards integration problem, and improving product quality.

- ✓ Champion non-price selection information for product, enhancing customer's decision-making in the face of substitutes.

In relation to the opportunities highlighted, we iterate that IMW's IS objective should be to develop *a scalable global system to facilitate the entire sales process for non-traditional financial intermediaries in the proposed value chain managed by a lean support staff within the next two years.*

As part of a gap closing strategy, we propose a new projectized and matrix organization chart that focuses on network services and information services. The report then uses a 'three-level database model' to highlight the Level 1 User Views, Level 2 Logical Level, and Level 3 Storage Level. We then include the current systems architecture, and a proposal to upgrade it to suit more crucial stakeholder needs for availability.

In conclusion, we look at the implications of using the chosen methodology of analysis. We feel that while not totally applicable to the niche-focused strategy, Porter's Five Forces is still applicable to the overall IS strategy. Furthermore, the Value Chain analysis should be fine tuned to look at all stakeholders and systems interfaces. The caveats are that project planning and governance must be implemented to ensure each line item's feasibility to IMW's new business model.

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## 2.0 Introduction Summary

(See Appendix: Introduction)

Insurance My Way Ltd., ASX:IMW, is an online broker and a non-traditional entrant to the insurance industry. The concept was brought to Australia end 1999 (see Appendix: Actors). This paper revolves around IMW's Q3 2000 turning point, just two quarters after the 2000 Tech Wreck. IMW had then launched a proprietary online CRM application. This was key for Management exploring an innovative B2B line of business as a fulfillment center; selling insurance products through financial partners.

This report looks at how IMW relates to the industry by using Porter's Five Forces model. We then explore opportunities highlighted by the analysis throughout IMW's value chain. Then translating IMW's corporate goal into an IS objective, we map out IS opportunities beyond Q3 2000.

## 3.0 IMW as it Relates to the Industry

We analyzed the nature of the industry using Porter's Five Forces, the following of which is a summary (see Appendix: Porter's Five Forces Model on Competition):

### **3.1 Threat of New Entrants**

This is moderate to significant given there are little proprietary product differences in IMW's technology and moderate capital requirements to replicate it, some economies of scale yet to be realized through innovative marketing channels, low switching costs for price-sensitive customers, little obstacles presented by government regulations, and proprietary low cost design with innovative use of resources. Given the nature of the industry post Tech Wreck, the threat is somewhat constrained to the most bullish

of new entrants as the absolute cost advantage indicates entrants need to have or build a significant customer base, and work to create “power relationships” (McNurlin et al 2001 p131) with strategic alliances. Furthermore, there is a proprietary learning curve and any newcomer will have to forage for necessary inputs to their information systems.

### **3.2 Bargaining Power of Buyers**

Buyers have a low to low-moderate bargaining power due to a slew of industry-inherent factors from low buyer concentration v firm concentration, low buyer volume of insurance products, poor industry-wide buyer information, and low-to-no buyer profit from sales transactions. Buyers, however, do have fairly low switching costs, can choose between substitute products, are price sensitive, face numerous product differences, and the cost of life insurance v total insurance purchases is moderately significant.

### **3.3 Bargaining Power of Suppliers**

This is moderate due to low differentiation of inputs for intermediaries, low consumer switching costs, the presence and accessibility of substitute products, high supplier concentration, the importance of volume to each insurance company, the low cost relative to total purchases in the industry, and little possibility of vertical integration from insurance stalwarts. The low bargaining power of suppliers is somewhat mitigated with the impact of input being moderately important in the positioning strategy that an intermediary adopts.

### **3.4 Substitute Products**

While there are readily available substitute products and low switching costs, users do not have a high propensity or incentive to substitute.

### **3.5 Rivalry amongst Competitors**

There is huge rivalry in this industry led by slow industry growth, low switching costs, fixed costs/value added, intermittent overcapacity, an increasing importance of branding, the increasing diversity of competitors, large corporate stakes, and huge exit barriers. Somewhat moderating rivalry are numerous apparent product differences, and complexity of product information.

### **3.6 Implications of Analysis**

We see huge rivalry among larger stalwarts in the insurance industry, and an increasing but still insignificant threat from new non-traditional entrants. While the bargaining power of buyers is low to moderate, low switching costs and readily available substitute products mean challenges to any insurance provider and opportunities to non-traditional entrants.

### **4.0 IMW's Competitive Position**

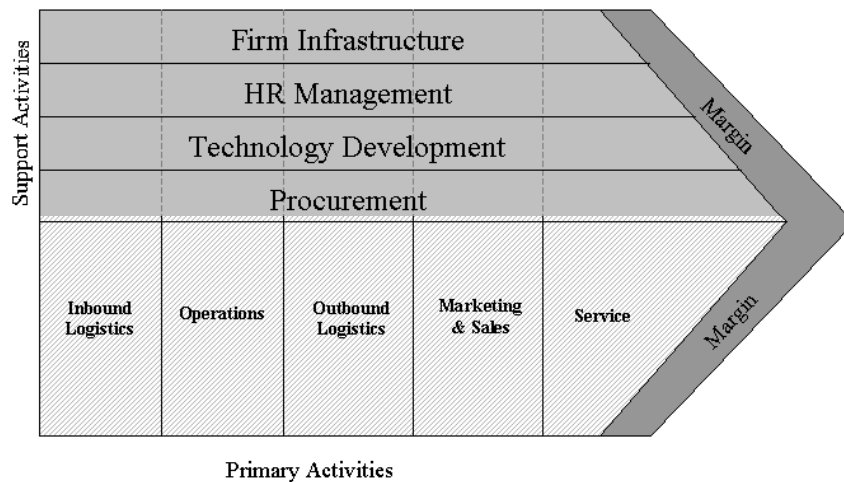
IMW sought to gain competitive advantage by adopting a “focused strategy” (Dubelaar 2002 u2 p20), positioning itself as a fulfillment center “[catering] to a specific segment only” (p20). This allowed management to explore innovative alliances with financial partners. These financial partners would then use IMW as their backend to easily extend life insurance products to their client base. However, such a diversification strategy is “risky” (Miller et al 2001 p85) as it doesn't

maximize previous successes, namely in the deployment of innovative technology exploiting the Internet's "low cost of delivery" (Milliot 2001).

## 5.0 The IS Opportunity for Competitive Advantage

The “Value Chain Analysis” (McNurlin et al. 2001 p124) is the best tool for IMW’s niche focused strategy. It allows us to understand the new “driving markets” (Jaworski et al 2000 p47) role taken by IMW as it attempted to “build a new web of players” (p49). Other strategies we felt were not as appropriate are highlighted in Appendix: Inappropriate Planning Strategies.

We overview Value Chain primary activities (see Appendix: Value Chain Primary Activities) as they relate initially to traditional intermediaries, and then to Porter’s analysis. We have also tried to evenly dole out opportunities according to Primozić et al’s “Waves of Innovation” (McNurlin et al 2001 p40; 1991 see Appendix: Waves of Innovation).



**Figure 1 Value Chain Analysis Used in this Report**

## **5.1 Inbound Logistics**

1. Traditional intermediaries typically source products from at most a few insurers. IMW's online model can explore greater economies of scale through the distribution channel.
2. Leverage setup costs by allowing new entrants or other intermediaries to use IMW as a gateway for product information.
3. Enhance decision-making for vendors by tracking needs of customers.
4. Straight through technology allows immediacy of latest product information improving quality of service.
5. Apply standards for "data definition" (McNurlin et al 2001 p213) on all substitute products, improving quality of information categorization.
6. Enhance decision-making and reduce conflicts by being as transparent as possible to manage industry rivalry.

## **5.2 Operations**

1. Traditional backend operations deal with closing sales processes or handling claims. IMW is about facilitating channels of communication between stakeholders and customers, and IMW.
2. Can reduce cost of operations by exploring innovative contracts with human resources (like allowing telecommuting). This improves competitive advantage in relation to new entrants.
3. Decrease costs by exploring self-service options for customers, which also helps buyer's power.
4. Help supplier's power by allowing greater differentiation of inputs improving product quality.

5. Offer “status access” (McNurlin et al 2001 p386) to enhance decision making to guide innovations from vendors in relation to substitutes.
6. Hawk technology solution back to insurers to leverage investment on solutions and improve overall operations for stakeholders.

### **5.3 Outbound Logistics**

1. Traditional intermediaries would be provided with marketing brochures, or information packets that they then provide to customers. For IMW, extensive product and marketing information will be provided online.
2. Improve product by offering complementary information online that new entrants may not be able to.
3. Improve communication of status of offering to customer, which improves product quality and helps buyer power.
4. Actively reduce the amount of hard copy sent out, reducing costs, and increasing supplier power.
5. Increase the speed of delivery of finalized product information, increasing quality of service in the face of substitutes.
6. Explore creative logistical solutions to reduce costs for alliance vendors and improving their competitive ability.

### **5.4 Marketing and Sales**

1. Traditional intermediaries rely primarily on personal selling and a reliance on rational and emotional appeal. IMW can provide customized quotes with already-captured customer information.
2. Create an online affiliate program for intermediaries, increasing channels to customers and strengthening barriers of entry against new entrants.

3. Explore innovative buying consortiums, bypassing the current low backwards integration problem, and improving product quality.
4. A branding strategy would be favorable in a matured industry as insurers attempt to “hedge [their] bets” (Miller et al 2001 p314) in a new distribution paradigm. This improves service quality and increases supplier’s power.
5. Capture personal preferences from customers to enhance vendor alliance’s decision-making vis a vis industry substitutes.
6. Provide “data mining” (McNurlin et al 2001 p379) services to alliance vendors to improve decision-making and competitive advantage.

## **5.5 Service**

1. IMW can standardize post-sales service in an industry that typically relies on a myriad of insurance agents to deal with customers. IMW’s system allows unobtrusive annual re-quoting, and panders to the “consumer buying decision process” (Miller et al 2001 p43).
2. Improve and manage communication between client and IMW beyond what other competitors can do.
3. Improve product quality by introducing numerous online calculators appropriate for IMW’s target market, increasing buyer’s power.
4. Improve targeting of customers for specific up-selling activities, this helps the communication with customers and improves supplier’s power.
5. Champion non-price selection information for product, enhancing customer’s decision making in the face of substitutes.
6. Act as a conduit of communication between user and vendor, improving vendor’s ability to compete.

## **5.6 Support Activities Summary**

(See Appendix: Value Chain Support Activities)

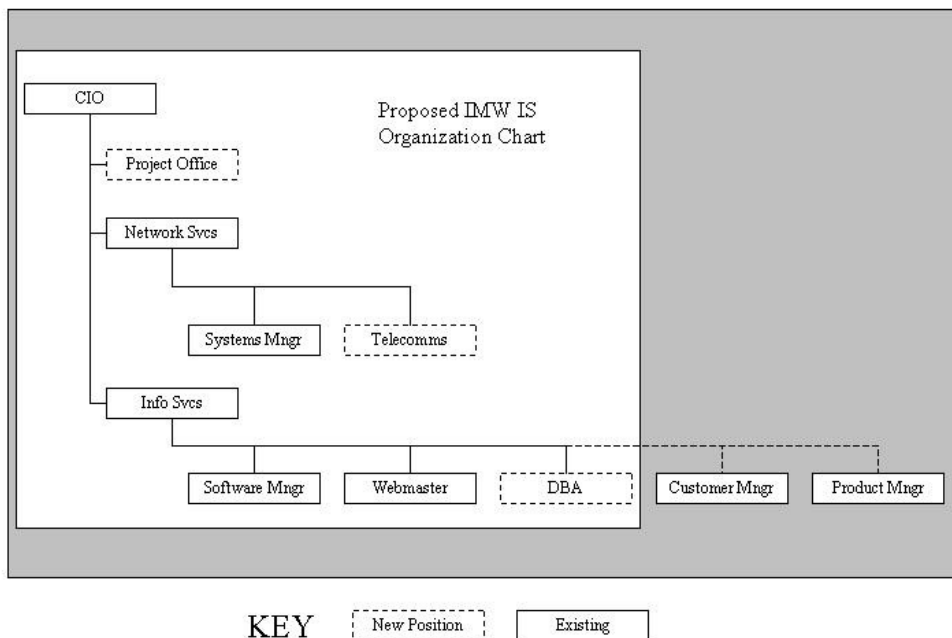
Firm infrastructure should be customer centric and complement the online facilities, vendors and intermediaries. The firm should also have teams to manage the specialized information needed. HR management should be driven by an incentivization scheme and an awareness of operational compliancy needs. Technology should have necessary APIs to enhance communication between stakeholders and IMW. While not as important to IMW as it is an e-business, procurement activities should be used to manage and improve IMW's relationship with vendors. IMW should provide such marketing information back to vendor alliances where possible.

## 6.0 The IS Strategy

IMW sees itself in the business of facilitating non-traditional distribution networks and the innovative servicing of customers. To translate its goal into the IS framework, the main IS objective is to develop *a scalable global system to facilitate the entire sales process for non-traditional financial intermediaries in the proposed value chain managed by a lean support staff within the next two years.*

### 6.1 IS Organization Chart

This proposed hierarchy is able to manage information services as opposed to existing infrastructure (see Appendix: Organization Chart), and to form a matrix workgroup managed by a project office. The advantage is to have the wide use of resources working towards customer- and project-oriented goals. Disadvantages may be politicking and authority issues where managers compete for limited resources.



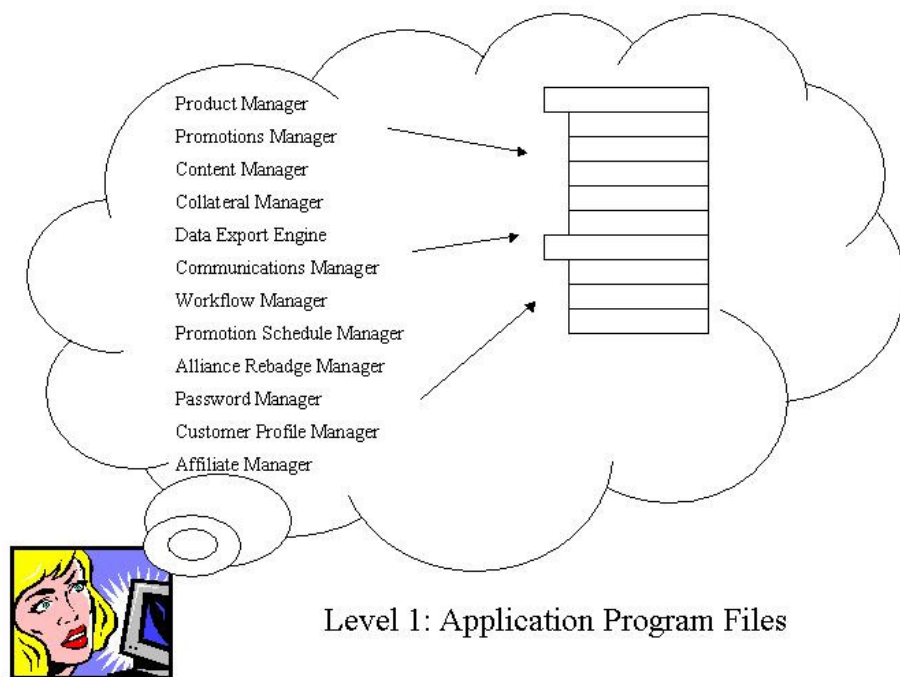
**Figure 2 Proposed IS Structure**

## 6.2 The Database

Due to the flexibility of the original 4GL (McNurlin et al 2001 p282) development environment IMW used, the object-oriented approach allows flexibility on the current ‘bare bones’ CRM platform written in Java/XML and used to manage quotes and customer inquiries.

We use a “three-level database model” (Bradley 1982; McNurlin et al 2001 p219) to describe the proposed information systems. In Level 1 (see Appendix: Database Model), we have the following user views matched with the value chain processes.

Primary Activities	Level 1 – “User Views”
Inbound Logistics	Product Manager, Promotions Manager, Content Manager, Collateral Manager, Data Export Engine.
Operations	Communications Module, and Workflow Manager.
Outbound Logistics	Collateral Manager.
Marketing and Sales	Promotions Schedule Manager, Alliance Rebadge Module, Password Manager, Customer Profile Manager, and an Affiliate Manager.
Service	Event Manager, Direct Mail Manager, and Survey Manager.



**Figure 3 Database User Views**

Level 1 complements IMW’s B2B model in that it focuses on inbound logistics (or the facilitation of inbound information), and in Marketing and Sales (to control the more complex distribution setup).

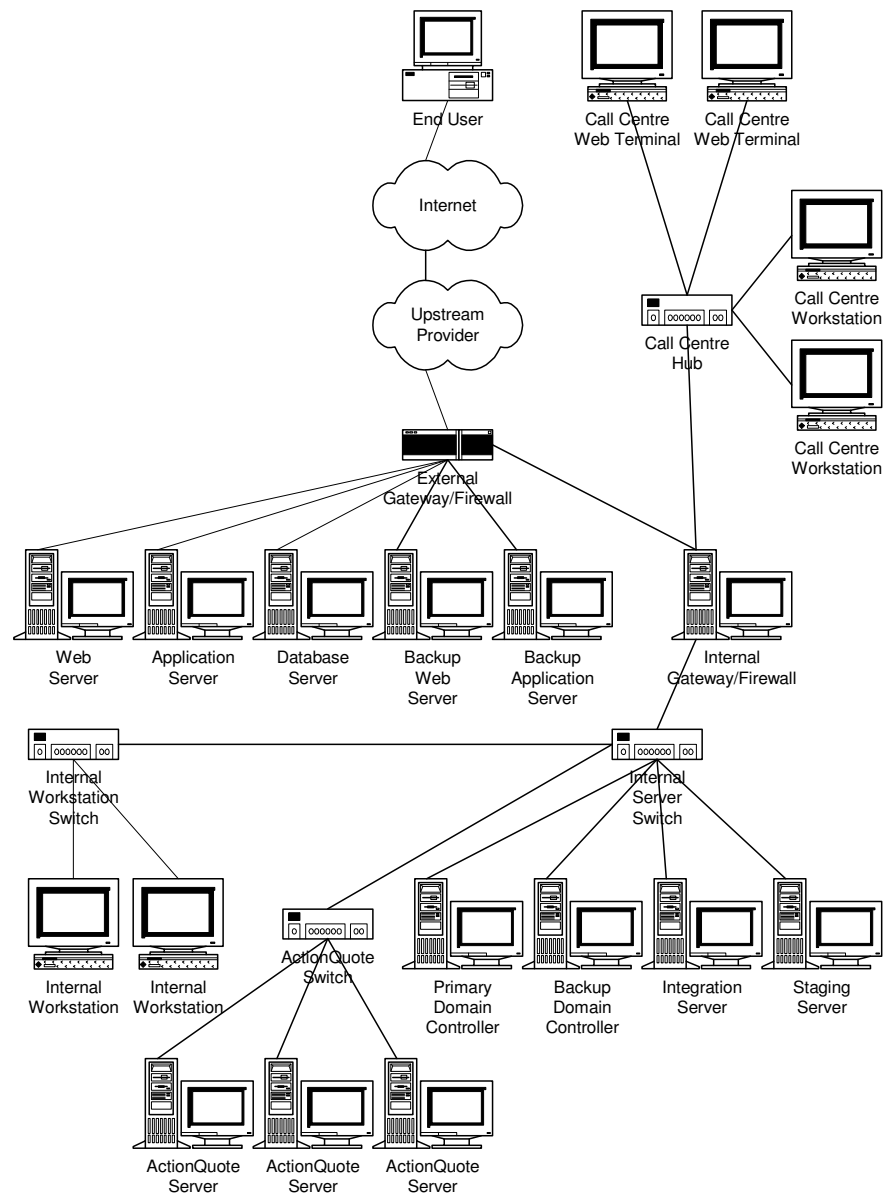
Level 2, which is the “logical or ‘enterprise data’ level” (McNurlin et al 2001 p220), will be driven by the DBA working directly with the Software Manager (see Organization Chart), and will be guided by the Oracle 8i database IMW is currently using.

Level 3 or the “storage level” (McNurlin et al 2001 p220) has to consider that IMW intended an expansion strategy that would see regional offices being separately owned by parent IMW LLC based in San Diego, CA. To complicate matters, while possible

to just set up separate databases, the B2B model aimed at innovative ways to make insurance products 'mobile,' for instance, coverage that followed an employee from one company to the next. This means Level 3 has to deal with "data fragmentation" (Edmunson 2001 u4 p21) in a distributed global database system. Until such time when funds justify such a setup, the way forward would be to establish a "server-based database" (McNurlin et al 2001 p225) that would help gestate regional alliances and startup operations.

### **6.3 Systems Architecture**

The current network below is in a locked room, connecting to the Internet by a 2Mbyte pipe. It allows hosting of IMW's website using an "application server architecture" (McNurlin et al 2001 p297). It also supports IMW's intranet connecting the call center hub and other internal workstations. The 'ActionQuote' servers house an industry-specific quotation software allowing IMW's website to generate quotes for general insurance. Due to the increasing importance of system availability to IMW's B2B model, the redundancy of the network has to be improved by the immediate addition of a backup Internet connection (from a different provider) and a database server.



**Figure 4 Current IS Topology**

## 7.0 Conclusion

To conclude our report, we look at the implications of our approach in terms of industry overview, IS opportunities analysis, the proposed organizational chart, and the required improvement to the systems architecture. We also look at certain caveats to this report, and our final recommendation.

Porter's Five Forces analysis gives a good overview of the industry but may not provide the best framework in the "driving markets" (Jaworski et al 2000 p47) approach IMW is taking in their B2B strategy. It is however, still relevant to the overall IS strategy, and opportunities highlighted are still applicable.

The Value Chain analysis, in this report, while allowing us to see the benefit created during each functional process doesn't adequately cover specific benefits to stakeholders nor does it focus on the interface between the system and users.

The organizational chart requires the holistic support of IMW. Given past experience, the disconnect that exists between technology and non-technology staff may make joint work on 'information services' unattainable.

Improvement to the systems architecture needs approval from Executive Management and an allocated budget. Without which, the performance of the backup database would not match the current database server, and there would not be an additional redundant Internet connection.

We are dealing with an extension of a proprietary system and we only have a limited amount of software engineers to maintain the current system and develop new facilities. Therefore, Executive Management must be aware of the duration of time required to plan, develop, and implement what is required. Saying this, we can consider rolling it out in phases; though each phase still requires the entire gamut of planning, developing, and implementing.

Lastly, we recommend proof of concept studies, cost-benefit analysis, and risk analysis be done to each line item of this proposal. Only through doing this can we ensure the feasibility of the entire project to IMW's new business model.

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## Appendix

### **Introduction**

Insurance My Way Ltd (ASX:IMW) is an online insurance broker; a dot com and a non-traditional entrant to the insurance industry. The concept was brought to Australia by Carmine Rimi (Appendix: Actors) end 1999, exciting businessman Ron Wise who sponsored IMW's backdoor listing Q1 2000.

'Your Friendly Online Insurance Broker' as the slogan identified, was about getting comparative retail quotes 24/7, and obtaining automatic yearly requoting. IMW's software was rated '10 out of 10' by Deloitte Touche Tohmatsu Q2 2000 (Milliot).

Due to cash flow concerns, Executive Management was convinced mid 2000 to shift from their failing business-to-consumer (B2C) strategy. This period saw Carmine relocating to Sydney, and IMW was suspended from official quotation on the ASX after a voluntary request.

At an offsite meeting Q3 2000, the new B2B lines of business (LOB) were articulated by the MD. It would see IMW become a 'fulfilment center' for partners who could resell general and life insurance products with IMW's technology. Carmine also started pushing for IMW's IT Department to form a separate strategic business unit providing technology consulting. The big win during Q3 2000 was when SwissRe's Securitas confirmed a second round of funding for \$5.5m.

This paper revolves around IMW at its Q3 2000 turning point. Just two quarters after the 2000 Tech Wreck, IMW had just rolled out an online CRM application for its range of general insurance products. This technology was key for IMW's management exploring an innovative B2B line of business as a fulfillment center for other strategic alliances.

### **Key Actors**

IPO Sponsor	Ron Wise (Tim's Father)
Managing Director	Tim Wise
Chief Executive Officer	Wayne Blakeney (Tim's Friend)
Founder/CTO/Change Leader	Carmine Rimi
Chief Operations Officer	David Rich
Chief Information Officer	Colin Wee
VP Marketing	Jackie Bayer (Tim's Friend)
Venture Capitalist	Securitas

### **Porter's Five Forces Model on Competition**

#### **Threat of New Entrants**

**Proprietary product differences:** The online quoting technology had 'straight through' capabilities that could link IMW directly with insurance companies and banks. Written in Java/XML and using open sourced middleware, it did not have much proprietary product differences that were difficult to replicate.

**Economies of scale:** Moderate economies of scale existed; the scalability of the technology limited by the human element in IMW's new production mix.

**Brand identity:** According to Breush, "brand presence is expected to assume greater

importance in this market” (2001) meaning bit players like IMW may suffer a similar “plight” (Breusch 2001) at the hands of larger industry stalwarts.

**Switching costs:** In a region in which financial products are quoted once a year and customers aren’t sold ‘insure and invest’ products, the switching costs are fairly low.

**Capital requirements:** The investment needed to replicate IMW’s technology alone was approximately over AUD\$1 million. This was not a significant amount for any firm that was resourceful, showed some innovation, and had good networking skills.

**Access to distributors:** The financial industry, while requiring significant governance, was not opposed nor phobic of strategic alliances. Intermediaries that closed the gap between suppliers of financial products and customers could be easily approached.

**Absolute cost advantage:** With their large customer base, large banks and other fiduciaries, dominated the industry with prices that could make it challenging for bit players entering the industry.

**Proprietary learning curve:** Given the standards in the industry and the requisite application programming interfaces that need to be created, there was a moderate learning curve that faces any new player entering the industry.

**Access to necessary inputs:** The “insurance industry has been criticised in the past for being slow to move into the online realm” (Breusch 2001), and this also affects the ability for new entrants to access the necessary raw data to drive information systems.

**Proprietary low cost design:** Such a B2B fulfillment-type business could be organized in a fairly low cost setting, with innovative use of real estate and human resources.

**Government policy:** While the industry at that point of time was concerned with changes to Clerp6 policy which “is the end result of the Wallis report that proposed a regime to create a level playing field across all financial products”, more stringent “APRA regulations for general insurers” (KPMG 2002) would not be instituted until 2002.

**Expected retaliation:** With companies floundering after the Tech Wreck, expected retaliation is low as players are “in the midst of an industry regroup”, and wondering about the “still unanswered question of how to make money from electronic commerce” (Wee 2002 p2).

### Bargaining Power of Buyers

**Buyer concentration v firm concentration:** There is low buyer concentration in the insurance industry, with few major insurance providers.

**Buyer volume:** Low buyer volume in a typically retail setting.

**Buyer switching cost v firm switching cost:** The switching cost to the buyer is extremely low, indirect costs related to factors such as convenience may be higher.

**Buyer information:** Only IMW’s online offering created the ability for buyers to look for comparative quoting in an industry where product differences prevented buyer’s from making easy comparisons.

**Ability to backwards integrate:** almost impossible for buyers in the life and general insurance sector to backwards integrate and form stronger buying consortiums.

**Substitute products:** There are many substitute insurance products for buyers.

**Price sensitivity:** buyers are price sensitive and will shop around, however perhaps due to imperfect information and/or brand loyalty may not end up always purchasing the lowest priced option.

**Price/total purchases:** Given total retail insurance purchases for all assets, life

insurance makes a moderate part of a buyer's total purchase.

**Product differences:** There are numerous product differences in this mature market.

**Brand identity:** Brand identity is high in fiduciary industries.

**Buyer profits:** Low to no buyer profits occur in this transaction.

### Bargaining Power of Suppliers

**Differentiation of inputs:** There is not a significant differentiation of inputs which decreases the bargaining power of suppliers to insurance intermediaries.

**Switching costs:** It is fairly easy to switch between suppliers in this matured industry.

**Presence of substitute inputs:** Intermediaries can easily get comparable substitutes from other insurance companies, decreasing the bargaining power of suppliers.

**Supplier concentration:** Supplier concentration is fairly high, decreasing their bargaining power as more suppliers are able to vie for existing business.

**Importance of volume to supplier:** Volume sales are important in this matured industry, which decreases supplier's bargaining power.

**Cost relative to total purchases in the industry:** This is low to moderate, lowering the net bargaining power of suppliers.

**Impact of inputs on cost or differentiation:** The impact of input is quite important to the positioning strategy that the intermediary or broker takes, increasing the bargaining power of suppliers.

**Threat of forward v. backward integration:** Insurance companies typically experience a large amount of corporate inertia. They are mostly unwilling to explore innovative sales channels. Most will not be able to backward integrate with re-insurers.

### Substitute Products

**Relative price/performance of substitutes:** most insurance products are fairly similar and end users are able to enjoy the same benefits from different providers.

**Switching costs:** The switching costs to move from one product to another (even with life policies) is quite low in this region.

**Buyer propensity to substitute:** Typically most buyers would not have a great propensity to substitute in the life insurance sector.

### Rivalry Amongst Competitors

**Industry growth:** The insurance industry is matured and not growing very fast. Using product life cycle analysis, this would mean players are still engaged in building and maintaining market share.

**Fixed costs/value added:** Fixed costs do not add much value to the product, so even large institutions would need to put in effort to "maintain or increase market share ... to utilize their production capacity more fully and, in turn, gain economies of scale and better profits" (Miller et al. 2001 p352).

**Intermittent overcapacity:** Most industries that are not growing aggressively have "access production capacity" (Miller et al. 2001 p352). This increases rivalry as firms vie to make more efficient use of their capacity.

**Product differences:** There are numerous minute product differences somewhat reducing rivalry amongst competitors.

**Brand identity:** There is "a growing importance of branding" (Breusch 2001) in this

sector.

**Switching costs:** The switching costs are low, increasing rivalry.

**Concentration and balance:** There is a moderate concentration of industry player.

**Informational complexity:** Insurance products are typically very complex, with huge information packets for each. This somewhat reduces the rivalry amongst competitors.

**Diversity of competitors:** Little diversity amongst traditional competitors however intermediaries and strategic alliances creates innovative channels for products to be offered. With some new competitors coming on board this increases rivalry.

**Corporate stakes:** Huge corporate stakes in a hard market increases rivalry amongst players. “Australia’s life insurance industry is the nation’s fourth largest industry” (Milliot 2001).

**Exit barriers:** Exit barriers are high. With HIH in 2001, it still had to meet obligations represented by “up to \$1.7 billion a year in premiums” (Hughes 2001) whilst undergoing liquidation processes.

### Inappropriate Planning Strategies

Approaches	Reasons Not Chosen
Stages of Growth	Was not appropriate to this business as profit model was not strongly impacted by the evolution of technology.
Critical Success Factors	The approach is not entirely aligned with a diversification strategy.
Competitive Forces Model	IMW’s business concept wasn’t about an all out competition with the industry.
E-Business Value Matrix	While a good complementary management tool, would not help in current niche-focused strategy.
Linkage Analysis Planning	If IMW had a large market share in a faster growing market, this would be plausible. But not appropriate for conservative outlook.

### Waves of Innovation

Wave One	Reducing Costs
Wave Two	Leveraging Investments
Wave Three	Enhancing Products and Services
Wave Four	Enhancing Executive Decision Making
Wave Five	Reaching the Consumer

### Value Chain Primary Activities

#### Opportunities in Regard to Traditional Processes

Primary Activities	Traditional Insurance Intermediaries	IMW Opportunities
Inbound Logistics	<ul style="list-style-type: none"> <li>Insurance products typically sourced from one or at most, a few insurance providers.</li> <li>Insurance is not a tangible good. So inputs to operations are mainly marketing collaterals.</li> <li>Product packaging typically done at the vendor level, then communicated through channel.</li> </ul>	<ul style="list-style-type: none"> <li>Product and promotion information can be more responsive to market needs and trends through greater interaction with IMW’s technology.</li> <li>Other inputs could be value-added content to be supplied to customers and stakeholders.</li> </ul>

Operations	<ul style="list-style-type: none"> <li>Handling customer inquiries.</li> <li>Closing of the sales processes.</li> <li>Dealing with claims.</li> <li>Controlling call center efficiency.</li> <li>Training staff.</li> </ul>	<ul style="list-style-type: none"> <li>Allow customer greater options to communicate with company.</li> <li>Improve management of information transaction with customer using intelligent production mix.</li> <li>Explore reduction of operating costs and efficient use of capacity.</li> <li>Communicate status to the customer.</li> </ul>
Outbound Logistics	<ul style="list-style-type: none"> <li>Sending marketing collateral to customers.</li> <li>Handing collateral or quotes to customers.</li> </ul>	<ul style="list-style-type: none"> <li>Reduce transmission of 'hard copy' documentation.</li> </ul>
Marketing and Sales	<ul style="list-style-type: none"> <li>Reliance on rational and emotional appeal for personal selling approach.</li> <li>Relationship and loyalty marketing activities typically driven by agents.</li> </ul>	<ul style="list-style-type: none"> <li>Reduce conflict amongst stakeholders arising from 'Rivalry amongst competitors'.</li> <li>Allow technology to be used by marketing alliance partners (since tech was not proprietary).</li> <li>Allow innovative brand strategies.</li> <li>Facilitate payment options.</li> <li>Use customer information to improve product customization.</li> <li>Provide best information to aid purchase decision (including free financial calculators and comparative product information to capture customers that are price sensitive).</li> <li>Establish and manage affiliate or referral schemes.</li> <li>Possibility to form buying consortiums for innovative insurance products like pet insurance.</li> </ul>
Service	<ul style="list-style-type: none"> <li>Typically agents find difficulty in tracking customers' changing lifestyle needs to provide adequate time-sensitive insurance information.</li> </ul>	<ul style="list-style-type: none"> <li>Standardize post-sales communication.</li> <li>Allow annual re-quoting of policy.</li> <li>Collate financial information for customer.</li> <li>Conduct surveys of customer's lifestyle needs unobtrusively, on a regular basis.</li> </ul>

## Opportunities in Regard to Porter's Analysis

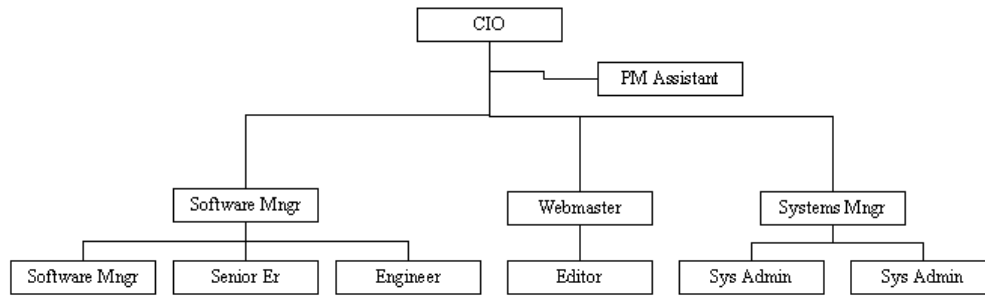
Opportunity for Competitive Advantage	New Entrants	Buyers' Power	Supplier Power	Substitutes	Rivalry
Inbound Logistics	Allow new entrants to use IMW's technology and act as gateway of information.	Track customer base for trends in lifestyle needs. Use this to inform suppliers.	Straight through technology allows immediacy of latest product information.	Use standards for "data definitions" (McNurlin et al 2001 p213) for insurance products.	Manage conflicts by being as transparent as possible.
Operations	Innovative contracts with staff to reduce cost of operations.	Allow greater self-service options for customers through online technology.	Allow greater differentiation of inputs from suppliers.	Offer "status access" (McNurlin et al 2001 p386) as an EIS to guide innovations from vendors.	Hawk technology solutions back to insurers to improve overall operations.
Outbound Logistics	Complement all outbound hardcopies with online information.	Improve avenues to communicate status of service to customer.	Actively reduce the amount of hard copies sent to customers.	Increase the speed of delivery of finalized product information to customer.	Creative logistical solutions to reduce cost of logistics for alliance vendor.
Marketing and Sales	Create an online affiliate program for intermediaries.	Increase buyer power by offering innovative reverse marketing opportunities.	Introduce new horizontal co-branding strategies to industry. Create links with distribution channels to	Capture personal preferences of customers for purchase decision.	Provide data mining services to alliance vendors.

			improve product customization.		
Service	Improve communication between client & IMW.	Improve online calculators and pull/push technologies.	Improve targeting of customers for specific up selling activities.	Champion non-price selection of product.	Act as conduit for communication between user and vendor.

### Value Chain Support Activities

Primary Activities	Firm Infrastructure	HR Management	Technology Development	Procurement
Inbound Logistics	Establish operations to deal with complexity of administration and to check veracity of inputs and outputs.	Establish product managers to coordinate IMW's relationship with vendor alliances. Appropriate product training facilities need to be set up.	Build straight through processing to allow inputs from suppliers. APIs will need to be created for each insurer. Content management system to deal with marketing and product information.	Work only with a handful of vendor alliances. Ensure tight coordination between vendor promotions, own marketing initiatives, and intermediaries' campaigns.
Operations	Manage the different communication needs of each intermediary. Set up telecommuting options.	Establish operation teams to manage relationship with intermediaries. Customer Reps deal with customers directly.	Create sophisticated web-enabled communications 'manager' for customers. Explore telecommunications savings with innovative technology.	Ensure transaction systems are seamless between merchant bank, IMW, intermediary, and client. Audit veracity on agreed upon frequency.
Outbound Logistics	Several teams will need to work cooperatively to ensure the customer benefits from the online medium. Editorial, customer managers, marketing, and IS staff will have to plan, implement, and constantly evaluate integrated tasks.	Control over logistics can be effected using a matrix organization. This puts the onus on the customer service manager to focus on compliancy issues and makes the organization more customer-oriented.	The information system should track customers' preferences through all aspects of the value chain. This empowers the customer with the right information off the website. Tracking such processes also aids in executive decision-making.	Cost savings will mean more dollars for procurement. Holistic information will be a boon to the whole purchasing process and will benefit other stakeholders.
Marketing and Sales	Ensure marketing team establishes proper corporate guidelines and constantly minimizes the chances of conflict arising from vendor or intermediary rivalry.	Build a structured and sophisticated incentivization scheme that may be used to promote marketing and sales activity internally at IMW or through intermediaries.	Allow transaction processing to occur online. Integrate marketing campaign management software that can track marketing ROIs.	Establish rules to deal with accounting of sales and for cancellations/return policy. This should be managed between intermediary, IMW, and vendor on a frequent basis.
Service	The infrastructure has to support such technology facilities extended to the customer online.	Management of HR will be guided by cost of quality processes, and an incentivization scheme guided by service indices.	Online software will allow and manage communication between customer or intermediary and IMW servicing staff.	Ensure service compliance while maintaining conservative budgeting. This will extend procurement dollars where possible.

## IMW's Organization Structure (as at June 2000)



### IMW IT Department

Figure 5 IMW's Existing IS Organization Structure

### Database Model

Primary Activities	IMW Opportunities	Level 1 – “User Views”
Inbound Logistics	<ul style="list-style-type: none"> <li>Product and promotion information can be more responsive to market needs and trends through greater interaction with IMW’s technology.</li> <li>Other inputs could be value-added content to be supplied to customers and stakeholders.</li> </ul>	<ol style="list-style-type: none"> <li><b>Product manager:</b> previewing, adding, modifying, and deleting products by vendor and/or promotion.</li> <li><b>Promotions manager:</b> adding, modifying, and deleting marketing promotions by date and/or campaign.</li> <li><b>Content manager:</b> adding, modifying, and deleting non-product based web content for customer.</li> <li><b>Collateral manager:</b> controlling hard copy inventory from vendors.</li> <li><b>Data export engine:</b> allows the repackaging and the export of data to other intermediaries.</li> </ol>
Operations	<ul style="list-style-type: none"> <li>Allow customer greater options to communicate with company.</li> <li>Improve management of information transaction with customer using intelligent production mix.</li> <li>Explore reduction of operating costs and efficient use of capacity.</li> <li>Communicate status to the customer.</li> </ul>	<ol style="list-style-type: none"> <li><b>Communications module:</b> managing various modes of communication and recording each transaction stakeholders have with customers.</li> <li><b>Workflow manager:</b> forms part of the ‘Status Access System’ for line workers and routes customers’ requests to next available operator.</li> </ol>
Outbound Logistics	<ul style="list-style-type: none"> <li>Reduce transmission of ‘hard copy’ documentation.</li> </ul>	<ol style="list-style-type: none"> <li><b>Collateral manager:</b> this also controls outbound packages to stakeholders and customers.</li> </ol>

Marketing and Sales	<ul style="list-style-type: none"> <li>• Reduce conflict amongst stakeholders arising from ‘Rivalry amongst competitors’.</li> <li>• Allow technology to be used by marketing alliance partners (since tech was not proprietary).</li> <li>• Allow innovative brand strategies.</li> <li>• Facilitate payment options.</li> <li>• Use customer information to improve product customization.</li> <li>• Provide best information to aid purchase decision (including free financial calculators and comparative product information to capture customers that are price sensitive).</li> <li>• Establish and manage affiliate or referral schemes.</li> <li>• Possibility to form buying consortiums for innovative insurance products like pet insurance.</li> </ul>	<p>9. <b>Promotion schedule manager:</b> controlling the various schedule-based information regarding all marketing promotions IMW needs to contend with.</p> <p>10. <b>Alliance rebadge module:</b> Used to add a new alliance partner to the online system.</p> <p>11. <b>Password manager:</b> Controlling the number of access levels and the individual passwords stakeholders have.</p> <p>12. <b>Customer profile manager:</b> to collate and manage information regarding the customer.</p> <p>13. <b>Affiliate manager:</b> managing type of affiliate and commission scheme accorded.</p>
Service	<ul style="list-style-type: none"> <li>• Standardize post-sales communication.</li> <li>• Allow annual re-quoting of policy.</li> <li>• Collate financial information for customer.</li> <li>• Conduct surveys of customer’s lifestyle needs unobtrusively, on a regular basis.</li> </ul>	<p>14. <b>Event manager:</b> controlling any iterative or future events on the system such as reminders or emails.</p> <p>15. <b>Direct mail manager:</b> controlling emails or mailing lists out to customers.</p> <p>16. <b>Survey manager:</b> dealing with sequential and unobtrusive collection of marketing information.</p>