

LähiTapiola outsources ICT services to joint venture formed with CGI

LähiTapiola has scaled its ICT services to meet future needs. The group's outsourcing services are now provided by the joint venture LTC-Otso, established together with CGI.

LähiTapiola is a mutual group owned by its customers. LähiTapiola's products and services comprise non-life, life, and pension insurance, along with investment and saving schemes.

LähiTapiola's network of regional companies consists of 19 regional mutual insurance companies and a business unit operating like an independent regional company in the Capital Region.

LähiTapiola employs approximately 3,400 employees, of whom half work in its regional companies. The group has nearly 1.6 million owner-customers.

THE CHALLENGE

The financial sector is undergoing a revolution, and the expectations of both corporate and private customers have grown in relation to services and service channels. Insurance companies provide increasingly comprehensive services that are intertwined with services from other sectors such as health and well-being.

Strict regulation, increased data volumes and the need for faster decision-making are also posing challenges for operators in the financial sector.

LähiTapiola aims to be the best in the financial industry, and this requires a great deal of IT support. In addition, LähiTapiola faced an extensive merger aimed at renewing the company and safeguarding its service levels.

LähiTapiola decided to outsource its internal IT unit in order to complete information system projects required by the merger on schedule.

LähiTapiola sought a partner capable of providing ICT services more efficiently and flexibly. The goals of the new joint venture were the development and provision of ICT services for LähiTapiola and the achievement of cost-savings, quality improvements and greater customer satisfaction.

OUR SOLUTION

Finland's largest insurance company LähiTapiola and CGI joined forces and established the LTC-Otso joint venture.

LTC-Otso works close to the customer, and most of its employees have wide experience with customer environments. LTC-Otso is familiar with the business processes, culture and practices of customers in the banking and insurance sector.

CASE STUDY: OUTSOURCING, LTC-OTSO FINANCIAL SECTOR

Benefits

- Risk-free customer-supplier model
- Cost savings created by joint venture
- Expertise of a global ICT supplier

Business areas

- Non-life, life and pension insurance
- Investment and long-term saving

Services

- Application maintenance
- Application development
- Consultation service

Customers

- Elo
- Etera
- LähiTapiola
- Turva
- S-Pankki

This model combines local knowledge and cooperation with a global supplier; LTC-Otso leverages CGI's global expertise, operating models and best practices in its operations.

The cost benefits sought by LähiTapiola are achieved through methods such as blended deliveries, which complement local expertise with additional resources obtained from countries such as India or Portugal.

A SUCCESS STORY

LähiTapiola has made the transition from an internal IT unit to outsourced ICT services. The results of the joint venture have had an impact on both companies.

LTC-Otso has successfully completed projects related to LähiTapiola's merger and measures required by the creation of Elo.

LTC-Otso employs just over 300 personnel in Espoo and Tampere. In the summer of 2015, Otso established a Shared Service Center in Lappeenranta in order to secure sufficient expertise and capabilities in new fields of technology. LTC-Otso has also entered into a close partnership with Lappeenranta University of Technology, with the objective of developing even better services and new, innovative solutions for its customers.

As a testimony to the success and profitability of the outsourcing arrangement, LähiTapiola opted to continue it in before the end of the first contract period. The new agreement signed in the summer of 2015 is valid until the end of 2021, with an overall value of around 180 million euros.

WHY CGI?

The ICT industry is constantly moving forward and LähiTapiola needs the right service-provision capabilities. Cost savings were also sought through the outsourcing arrangement. The models and resources brought to the joint venture by CGI offer both the desired savings and the best solutions in the ICT industry.

The choice of partner was also influenced by CGI's realistic approach to resources and high-quality deliveries, along with the company's ability to leverage offshore resources.

For LähiTapiola's outsourced employees, the arrangement opened up new career paths and opportunities with a major, global IT firm.

"LähiTapiola made the transition from an internal IT unit to outsourced ICT services. Through this joint venture, LähiTapiola and CGI have developed a high-quality partnership whose results have had an impact on both companies."

**Mikko Vastela, LähiTapiola
CIO**