

CASE STUDY

Transformed Incentive Compensation Management (ICM) Processes for a Large Insurance Carrier

How a large insurance provider replaced fragmented incentive compensation systems with a single, trusted platform.

CHALLENGE

A large insurance provider was struggling with inefficient ICM processes and systems, making it difficult to keep pace with the company's growth goals and evolving incentive compensation needs.

ENGAGEMENT

To improve their overall ICM, the client enlisted Blue Horizons Group (BHG) as strategic advisors to transform their ICM systems and processes.

BHG used its proprietary framework to examine the current state architecture (people, process and systems) and design a future state architecture that addressed all the critical components necessary for success. As part of that recommendation, BHG selected and deployed Varicent's Sales Performance Management platform as the client's new ICM solution, the technology foundation the redesigned operating model was built on.

RESULTS**\$2M**

Annual savings in IT spend

Reduction in IT operating spend

80%+

Improvement in sales credit visibility timing

10x

Reduction in plan performance reporting

3+ month

THE WORK

The client needed an end-to-end enterprise Sales Performance Management solution.

THE CLIENT'S LARGEST LINE OF BUSINESS

70%

of the client's revenue

85%

of their earnings

40+

compensation plans

3,000+

plan participants

The client's previous ICM system had limited flexibility and lacked the capabilities to support the needs of a rapidly growing and changing organization. The rigidity and accumulating technical debt caused by multiple disparate solutions, system overrides, and manual processes that were inefficient and disjointed. Additionally, it did not provide end user visibility into administration processes, limiting the insights needed to catch and address issues or gaps.

The client needed an end-to-end enterprise Sales Performance Management (SPM) solution that provided a cohesive, holistic, and efficient approach to replace multiple aging and inadequate systems.

BHG provided a fresh and innovative perspective on implementing a solution that could meet current requirements and scale with the client's growing needs.

BHG kicked off this initiative for the client's largest line of business, which accounted for 70% of the client's revenue, 85% of their earnings, had 40+ compensation plans, and had 3,000+ plan participants.

The BHG team conducted a deep dive into the client's business model and requirements. This was augmented by a discovery of the processes handled by disparate systems and identification of gaps. Special emphasis was placed on developing a data strategy for migration to the cloud, analyzing and assessing data received from multiple upstream systems, performing data reengineering, and creating new processes for better data management yielding higher quality data.

BHG used a unique process to develop holistic solutions to overcome the client's challenges. The process consisted of three phases: Discover, Design, and Deliver.

BHG recommended Varicent as the client's go forward platform, consolidating multiple business units that had previously run on separate, divergent systems onto one shared foundational platform. BHG's role spanned both sides of that recommendation: designing and deploying the platform itself, and enabling the client organization on the redesigned operating model, and guiding the organization through a robust change management process.

Discover

The BHG team conducted a deep dive into the client’s current state, including in-depth stakeholder interviews across relevant business areas. The team used techniques such as active listening and challenging with the “4 Ws” (Why, Who, What, When) to determine and document the client’s current:

Business operations	Organizational structure inefficiencies
Business processes and gaps	Visibility gaps in ICM admin processes
Data challenges	Desired future state requirements

BHG used similar techniques to comprehensively understand and document the desired future state and requirements.

Design

Using the deep understanding of the client’s business, current state, and desired future state from the Discovery phase, the BHG team developed a comprehensive transformational design for a holistic ICM solution that was adaptable, scalable, and tailored to the client’s growing needs. BHG’s ICM domain experts developed:

- A comprehensive plan for transitioning disparate ICM systems to a single platform to support all ICM processes and stakeholders
- Business processes that were reengineered and optimized to support end to end ICM functions
- A data strategy for migrating accurate, higher quality data to the cloud
- An updated organizational model that eliminated role and functional redundancies
- Processes to expose timely, pertinent data at all relevant stages of the sales cycle

Deliver

- As a result of this transformative effort, the client received:
- A transition roadmap detailing the timeline of cross functional activities
 - Playbooks for relevant business operations and processes
 - A detailed RACI for the new organizational structure
 - A data architecture strategy
 - Field, operational, and administrative reporting design for a timely, end to end view of pertinent data

THE
TECHNOLOGY

Varicent as the Recommended ICM Solution

Varicent's Sales Performance Management platform was the ICM solution BHG recommended and deployed to replace the client's disparate legacy systems. As implemented, the platform delivered:

A single compensation rules engine for daily, end to end processing across the business, replacing multiple disconnected legacy systems

Descriptive, diagnostic, and predictive analytics capabilities built into the platform

A reports repository giving planners, leaders, participants, and operations and admin teams a shared, self-service view of plan performance

A scalable, flexible, business-owned system able to support additional business units and planning functions as the client's needs grew

BETTER TOGETHER

Advisory Expertise Plus the Right Platform

BHG's recommendation paired two things the client needed at once: a partner who understood the sales compensation domain well enough to redesign the operating model, and a platform capable of running that redesigned model at scale. BHG brought deep domain expertise, a proven workshop methodology for aligning people, process, and technology, and hands on change management to help the organization adopt the new operating model. Varicent brought the platform itself: an adaptable, enterprise grade ICM system built to handle complex compensation structures at scale.

Neither piece alone would have delivered the full result. A new platform without the operating model redesign would have automated the same inefficiencies. An operating model redesign without a modern platform would have had no system capable of executing it. By recommending and deploying Varicent as part of its advisory engagement, BHG gave the client both the strategy and the technology needed to move from a fragmented, manual environment to a single, trusted source of truth for incentive compensation.

IN THEIR WORDS

“Blue Horizons Group is a true partner, which is critical when selecting an organization to assist you in transforming your incentive compensation solutions.”

ASSOCIATE VICE PRESIDENT, COMPENSATION

OUTCOMES

The client reduced manual overhead and process redundancies, resulting in savings of approximately \$2 million annually in labor and technical infrastructure costs. By implementing BHG’s recommendations, including the deployment of Varicent as the new ICM platform, the client achieved:

80%+

reduction in IT operating spend

10x

improvement in sales credit visibility timing

3+

month reduction in plan performance reporting

3

additional business units brought onto the platform following the initial rollout

Expanded scope to support additional planning functions beyond the original engagement



A STRATEGIC PARTNERSHIP

The client is undergoing a substantial transformation in its sales compensation business operations, built on BHG's design framework and Varicent as their new ICM platform. The client has successfully used this approach to modernize Incentive Compensation Management across multiple business units.

BHG has served as strategic advisor, implementation partner, and facilitator throughout this journey, recommending and deploying Varicent's platform as the technology foundation for the new operating model. Unparalleled expertise in the client's business and the sales compensation domain, combined with a proven, scalable enterprise platform, has produced a solution that meets current needs and scales as those needs evolve and grow.

WEBINAR · OCTOBER 27, 11AM ET

The Hidden Costs: What Happens When Producers Don't Trust Their Compensation

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