



PROJECT REPORT

# SOURCING SUPPORT AT HELVETIA

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# Better arguments, better negotiations



**The Swiss insurance group Helvetia has extended an outsourcing contract after five years. The company was supported by Maturity in the analysis of the agreement and in contract negotiations. It was also examined what had led to attrition losses and additional costs.**

In over 150 years Helvetia has grown from a number of Swiss and foreign insurance companies into a successful insurance group. Today the company has branches in its home market of Switzerland as well as in Germany, Italy, Austria and Spain. Helvetia also has a global presence in France and selected destinations through its Specialty Markets market unit. The company is active in both life and non-life business. Helvetia also offers tailor-made specialty lines covers and reinsurance. The focus of its business activities is on private customers

as well as small and medium-sized enterprises and even larger commercial enterprises.

When an outsourcing contract was to be extended after five years, the company sought support from Maturity. Helvetia received input for the negotiations with the provider through a contract benchmark in which the outsourced services were assessed and compared with the current market level. The results were improved service definitions and parameters as well as current market prices for IT services. Following the benchmark, Helvetia and Maturity analysed the existing agreement for continuity problems and improper interfaces, which had led to attrition losses and additional costs.

“With the corresponding figures and data within the framework of the benchmark, we were able to immediately define a current negotiation target, break down the price into the individual services and thus optimise the agreement in our favour,” reports Marcel Vögeli, IT Manager at Helvetia.

**helvetia** 

#### Employees / Revenue

About 6,600 / 9.1 Billion CHF

#### Project goals

- Analysis of outsourced IT services and comparison with the current market level
- Support of contract negotiations with current market prices for IT services

[www.helvetia.com](http://www.helvetia.com)



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## Interview with Marcel Vögeli, Head of Corporate IT Steering, Helvetia Group

### **What were your goals when you entered into negotiations with your long-term IT service provider?**

The aim of the renewal was to extend the outsourcing agreement by a further five years at reduced costs and improved services.

### **Which challenges did you face?**

There were many grey areas in the old contract, which was not precise enough in terms of quality and control of services. As the agreement progressed, the service quality decreased gradually. We wanted to take countermeasures here.

### **Why did you call in Maturity?**

It was clear to us that the provider would send professionals into the negotiations. So we decided to bring external support to our team in order to strengthen the negotiation process and get sound arguments for cost reductions.

### **What is your overall result of the contract benchmark?**

We have achieved our financial goals and adjusted the organisation to the extent that we are in good shape for the next five years in terms of service quality.

### **Which basic lessons did you learn from the project?**

After the contract is signed, control and involvement are part of the deal. In addition, all services must be clearly described and defined as well as made measurable and comparable. After all, the retained organisation must be put in a position to actually exercise the necessary controls.

## Business Benefits

- Reduction of costs over the lifetime in the double-digit percentage range
- Higher discount on volume growth
- Improved governance and pricing model flexibility, especially in the area of SAP-related services
- Higher availability and an extended Service Level Agreement (SLA)
- Increased penalties for SLA violation
- Incentive for the provider to exceed the SLAs through “Service Excellence” arrangement