

# State of Michigan Office of Financial and Insurance Services

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Consumer Services Division

## INDUSTRY

Public Sector

## KEY BENEFITS

- Accommodates government mandates and department consolidation without the expense and time of a major system replacement
- Saves millions of dollars
- Yields success in months rather than years
- Serves as a model solution for other Michigan departments and other state governments

## SYBASE TECHNOLOGY

- Sybase Professional Services
- Sybase PowerBuilder®
- Appeon for PowerBuilder

Due to new government mandates and the consolidation of departments, the State of Michigan’s Office of Financial and Insurance Services (OFIS) confronted the challenge of custom building, or buying, a new IT infrastructure. Either option would require the investment of millions of dollars and several years to implement, along with the need for large scale effort to re-training and/or hiring staff.

To avoid a costly architecture and software re-design, OFIS management asked Sybase Professional Services (SPS) to provide alternatives. SPS demonstrated how the existing environment could be leveraged to manage all of OFIS’s needs, without a wholesale system overhaul or the investment of several years and millions of dollars. With SPS guidance, OFIS was able to leverage its existing systems, while enabling the delivery of next generation functionality. The resulting system now delivers performance that is proving to be a model for other state agencies, both within Michigan and throughout the U.S.

## AVOIDING A COMPLETE RE-BUILD

The Office of Financial and Insurance Services (OFIS) was created in 2000 by merging three separate State of Michigan agencies: the Insurance Bureau, the Financial Institutions Bureau and the securities division of the Corporation, Securities and Land Development Bureau. Michigan was the first state in the country to coordinate regulation of financial institutions, insurance, and securities industries under the federal Financial Services Modernization Act of 1999.

OFIS is responsible for the regulation of BlueCross BlueShield, 30 health maintenance organizations (HMO), 139 banks, 169 domestic insurance companies, 259 credit unions, 1,303 foreign insurance companies, 1,484 investment advisors, 2,178 securities broker-dealers, 7,521 consumer finance lenders, 123,486 insurance agents and 107,991 securities agents. In short, anyone that touches any financial instrument in the state of Michigan. Cathy Kirby, deputy commissioner, Consumer Services Division says, “Somebody we regulate touches every consumer every day in Michigan.” It proved to be an efficient and effective organization. In the first three months of this year alone, OFIS stopped one illegal pyramid scheme and fined an insurer \$2 million for race-based policies. In addition to its regulatory responsibilities, OFIS provides health insurance information, financial direction, credit scoring, insurance complaint statistics, and banking and money education to consumers. Each of the three divisions merged into OFIS had a separate consumer complaint office which, collectively, average close to 4,000 written complaints a year.

Behind the scenes, however, there were data challenges. At the time of the department merger, the combined three agencies had five Web sites and 14 different databases. None of these systems were connected with each other. To make the situation worse, the systems were old and several were no longer supported by their vendors or by the State of Michigan technical staff. The combined systems were a conglomeration of several departments over multiple years, and thus were inefficient, labor intensive and provided few online transaction capabilities. The limited online options that did exist still depended heavily on back-end, labor intensive processing for each activity. Finally, these limitations were directly responsible for OFIS being out of compliance with government regulations.

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OFIS management found themselves in a dilemma that faces many merged enterprises: How to consolidate the existing database systems in the most efficient, cost conscious, and expedient manner. In the initial investigation of the requirement to merge the systems, to comply with government regulations and to provide the expected online functionality, OFIS management was presented with only one option—to rebuild. OFIS was told that they had to get an entirely new system that would cost many millions of dollars and take years to implement.

#### TO THE RESCUE

Fortunately, one of the main systems—which tracked only insurance regulatory compliance and was running a non-Sybase database—was built with an early version of Sybase PowerBuilder. OFIS called Sybase, hoping to find someone that could keep that system operating until its functions could be incorporated into and launched with the to-be-developed merged system.

An SPS consultant was brought in to keep that one system running until it was replaced. He began asking questions and quickly found that there was another option to meet OFIS’s demanding IT requirements. Instead of a complete re-design and re-build, OFIS could keep its systems intact, and update the current system using PowerBuilder. Given the dramatic time and cost saving appeal of this option, OFIS moved quickly to adopt the SPS plan.

“This allowed us to focus on what we could do – rather than design around what we couldn’t,” says Kirby. “The ability of PowerBuilder to reuse objects, made things happen more quickly. The driving question became, ‘How fast can we merge and integrate?’. While we were building this system, we had to keep doing our regular jobs, so we endorsed anything that made the conversion happen quicker.”

Although decidedly the right choice, the project had its share of challenges. One of the first roadblocks was to convince other departments to agree to base the new system on the upgraded PowerBuilder-based system. “Once we convinced them that they’d keep all their functionality and actually be able to add more, they were on board,” says Kirby.

SPS became a strategic presence in OFIS and, later, the entire Michigan state government. As OFIS’s confidence in SPS’s skills and ability grew, OFIS asked SPS to do more and more. “We couldn’t do half the projects we’ve been able to do without Sybase Professional Services,” says Kirby. “They have saved us so much time. One of the things I like is that SPS can offer us alternatives and allow us to say, ‘We can do this.’”

Dan Allison, Web analyst for OFIS agrees, “Sybase Professional Services talks the talk and walks the walk. They say what they do then they do what they say. It’s refreshing to see that level of service and integrity in a database service provider. SPS’ drive to create robust database solutions, coupled with the tools to make it happen means we can provide OFIS customers and staff with high quality services and tools in extremely compressed timeframes.”

#### A SOLUTION THAT DELIVERED MORE—FOR MUCH LESS

The Sybase-OFIS Locator module is “A quantum leap forward for any state in the ability to present information to its citizens,” says Allison. “It’s going to set a new standard for our counterpart agencies in other states in how they present information about regulated entities and professionals.” OFIS’ Human Resources/Budget Division was so impressed with SPS solutions that they are now working with SPS to upgrade many of their own systems.

Due to the improved functionality, the OFIS system life cycle has been extended indefinitely, saving the state millions of dollars in up-front license costs, and untold hours and dollars in implementation and employee re-training. Perhaps the biggest surprise to OFIS was that SPS didn’t try to make it a Sybase-product project. Kirby explains, “SPS showed us that we could accomplish everything we wanted—merging, compliance and online functionality—with the non-Sybase systems that were already in place. This is proof that SPS works with clients in their best interests.” That philosophy forms the cornerstone of the SPS-customer partnership.

“I’d be lost without Sybase Professional Services,” concludes Kirby. “SPS dramatically increases my technical knowledge and allows me to focus on the larger picture. SPS consultants enhance what we’re doing, offer smart alternatives, and provide much-needed objectivity.”