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end2end



Advance your world.

The First of Many Milestones

By Dave Keith

Milestones are occasions for looking back, and looking ahead. Looking back over the five-year history of se², I am truly amazed at what we have accomplished so far.

But you know what's really cool? Where we're going is even more amazing than where we've been.



Dave Keith

In five years, we've gone from an idea on a whiteboard to a major player in the BPO and Software as a Service space. Our clients include some of the biggest names in the insurance and annuity industry – the only sector we serve. Our new partnership with Guggenheim Partners ensures our stability and longevity for years to come.

We have no intention of resting on those impressive laurels, however. Our vision for the future is nothing less than a complete transformation of what life insurance and annuity BPO means. We're reinventing the category, creating what we call BTO: Business Transformation Outsourcing.

BPO was all about finding cheaper labor. Business Transformation Outsourcing is all about creating better processes. You still lower costs, but you do it by working faster and smarter, and improving

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Beyond BPO: The Virtual Insurance Company

Flexibility, Speed to Market Define a New Paradigm

Outsourcing call-center work to Third World countries as a “BPO solution” is so 20th century.

There is a new paradigm for business process outsourcing for the insurance industry, one that makes the old approach – simply transferring the same work to a new location – the equivalent of building a buggy whip factory in Bangalore. The concept of the virtual insurance company empowers executives to focus on what they do best: managing risk, designing new products and selling.

A New Kind of Partnership

The concept starts with new technology that replaces obsolete platforms with powerful, flexible new systems. Back-office functions are outsourced to a new kind of partner, one that custom-tailors service levels to the insurance company's culture and vision. Offshoring certain tasks remains an option, but is just one choice on a spectrum of options that ranges all the way up to rebadging current back-office workers as employees of the partner.

Eric Rea is one of the leading architects of the new paradigm. As president of se², he has led development of a 21st-century outsourcing solution that is fast, flexible and innovative, designed by insurance industry professionals exclusively for the insurance and annuity industry.

“Insurance companies today want it their way; they don't want to have to shoehorn their vision into somebody else's mold,” Rea said. “se² was set up specifically to meet that demand, offering a full array of custom-tailored solutions that can range from 403(b) compliance services to an end-to-end BPO, including conversion of an entire block of business to our unique, award-winning software platform.

“In the '80s and '90s, BPO was all about finding people who would work cheaper. Today's solutions are all about working faster, smarter, better across the board,” Rea added. “We begin by providing the benefit of a modern business process system, replacing legacy systems that are

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The First of Many Milestones

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customer service, rather than trading lower costs for lower standards. The labor cost-cutting that drives BPO has an obvious floor, but the technological advances that drive BTO have no ceiling, and holding on to our leadership position requires us to keep getting better.

As a BTO provider, our differentiation demands that we focus on continuous improvement in our operating processes; satisfaction with the status quo isn't compatible with an innovation-driven business model. Ongoing improvement is the value we provide, and that drives us to constantly seek out new ways to solve problems by leveraging our transformation expertise, our industry knowledge and our integrated, flexible technology.

Leveraging those assets empowers us to identify opportunities or risks before our clients see them coming. Clients still marvel at the way we deliver innovative ideas to them before they know they need them. When new regulatory or compliance initiatives arise, we're right there, developing a solution.

Clients come to us for industry-leading open-architecture technology that is flexible enough to provide complete end-to-end back-office services, or to solve a specific problem in an area such as document management or compliance. We convert closed and existing blocks, and excel at bringing new products to market with incredible speed.

So, reinventing the category is the next logical step for the company that sets the standard for life insurance and annuity technology platforms.

CIO Magazine named se² as one of its 2004 CIO 100 Award winners for development of a new system to monitor and prevent late trading activity. se² was included in the 2009 Information-Week 500 recognizing technology innovation for the 403(b)connectSM solution, which responded quickly to regulatory changes affecting the 403(b) market.

We are particularly proud that the Computerworld Honors Program has twice honored se². Technology achievements honored by the program are preserved in national archives, and in more than 350 universities, museums and research institutions throughout the world. We earned the 2006 Laureate Award for our platform and conversion technology, and the 2009 21st Century Achievement Award in recognition of the 403(b)connectSM system.

Not bad for a five-year-old. I think we've earned our milk and cookies – for now, though we never forget that we have to keep earning them every day. ●

Guggenheim Partners Bring Resources, Stability

Backing of Global Firm to Help se² Seize Opportunities

The long-term stability of se² and parent company Security Benefit Corporation have been assured by the purchase of the company by a group led by Guggenheim Partners, LLC.

The acquisition provides an infusion of capital that will strengthen Security Benefit's financial position while providing se² with an opportunity to accelerate investments into its award-winning IT platform and new products and services. Guggenheim Partners is a global, diversified financial services firm with more than \$100 billion in assets under supervision, with headquarters in Chicago and New York.

Security Benefit and se² will continue to be based in Topeka, Kan. No changes in se²'s business model, strategic plans or leadership are anticipated. An award-winning and nationally recognized provider of administrative services for the insurance and financial services industry, se² has more than 700,000 policies and \$30 billion in third-party assets under administration.

"We are excited about the opportunities this transaction makes possible," said Dave Keith, se² CEO. "Guggenheim Partners believes se² has a great future as a leader in providing outsourcing services for the insurance industry, and we are eager to offer 'cost-neutral' conversions, launch our software suite as a service offering and continue providing performance excellence for even more clients.

"There is growing demand in the marketplace for robust outsourcing and transformation solutions, and Guggenheim is bringing the resources for us to meet that demand with industry-leading products and services," Keith added.

"Guggenheim Partners is committed to expanding its presence as a global diversified financial services firm that provides fresh perspectives and innovative solutions in recognition of the evolving landscape for financial products," said Todd Boehly, managing partner in the office of the CEO of Guggenheim Partners. "This transaction enables us to accelerate Security Benefit's growth."

Guggenheim Partners' relationship with Security Benefit began in June 2009, when Guggenheim became the investment advisor for Security Benefit's general account. The agreement for the acquisition of Security Benefit by Guggenheim and a group of investors was announced in February 2010. The deal was closed July 31 and has led to favorable improvements in Security Benefit's financial strength ratings. ●

GUGGENHEIM



SECURITY BENEFITSM

Life and Career Proceeding According to Plan

Karli Fouts is not about to let her life just happen. She has a plan, and she's making it work. And so far, she's ahead of schedule. At 30, with just five years of experience under her belt, Karli is already a Level 4 associate at se², a ranking that typically takes almost twice as long to earn. It's a job that includes some decision-making responsibility for her team, and is essentially the last rung on the ladder leading to a management position.



Karli Fouts

To get there, Karli has devoted hours outside her normal workday to take classes and engage in informal study of se² and Security Benefit products and services. Thorough knowledge of the products makes a significant difference, she said.

"It's the difference between just doing something, and understanding what you're doing and why you're doing it," Karli said. "It's helped me improve my customer service and helps me be a better team leader."

Between her career development activities and raising a two-year-old, Karli doesn't have a lot of time in her life for other pursuits. She turned down opportunities to attend art school after high school because she wanted to stay in Topeka, but still tries to keep her hand in the art world when she can. She occasionally paints portraits of friends and relatives to give as gifts.

"I was born and raised in Topeka, and I want to stay here. I wanted to work here because this is a very respectable company. I've always heard good things about it," she said. "There are a lot of hard workers here and lot of people who are driven to make this company successful."

"I am very ambitious, so I keep doing things to further my career," Karli added. "In 10 years, I see myself working on the new product lines we're developing and being in a management position. Different opportunities always arise."

"It's the difference between just doing something, and understanding what you're doing and why you're doing it. It's helped me improve my customer service and helps me be a better team leader."

"I just really respect this company and the city of Topeka, and I'm glad to be able to live and work here." ●

Beyond BPO: The Virtual Insurance Company

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increasingly expensive and difficult to maintain. That kind of solution is far more sustainable over the long term."

Virtual Processes, Real ROI

When an insurance company goes virtual, Rea said, the resulting singular focus on core competencies allows the company to leverage both human resources and capital exponentially. No time, energy or money is wasted on peripheral tasks.



There are measurable benefits as well, in terms of both cost savings and speed-to-market for new products.

Rea said virtualization delivers cost savings on back-office processes of 40 to 60 percent. "You can launch a new product quicker – in one half to one third the time," he added. "We can get a product launched in weeks where it takes traditional carriers up to a year." Virtualization delivers a hefty return on investment, usually around 40 percent.

Virtual insurance companies can establish service standards to their specifications. "You can have high-touch, VIP-level service or you can just run off a closed block with a low level of service," Rea said.

"We recognize that this model requires a high level of trust," he added. "The insurer has to have confidence that the provider can execute on a high level, consistently and reliably. That's why we approach virtualization as a true partnership, not a vendor relationship. We're gratified that we have earned that level of trust from our clients." ●

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end2end is published for the clients and constituents of se². We welcome your feedback, and your business.

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One Smart Tool, or the Entire Box

An Array of Services and Solutions

se² provides a broad menu of next-generation administration solutions that are custom-tailored to achieve your objectives.

se² is large enough to effectively handle your most complex initiatives, yet small enough to give the personal service you need – and deserve. Our award-winning technology can provide a complete end-to-end solution, or we can combine component parts to customize the unique solution that delivers exponential gains in performance for you.

These Include:

End-to-End Administration Solution: Leveraging deep insurance heritage, se² provides state-of-the-art, end-to-end technology and processing that's fully customizable to meet your unique objectives.

Billing: Like a universal translator for multiple data sources in multiple formats, our billing solution is a fast, reliable and flexible solution for billing headaches. All of the contract holder's billing and payment information is consolidated in one place, with capabilities for reconciling payment records, generating paper and/or electronic billing statements, and reporting and managing payments.

Agency Licensing and Commission: Allowing for unlimited commission hierarchy levels for every product, our solution handles commissionable events and generated commission from multiple systems for each agent. It houses rules for every product and can pay premium-based, asset-based and/or persistency-based commissions, on any schedule, via EFT, wire, check or NSCC settlement.

directdoc®: Move your mailroom operations into the 21st century, without disrupting your existing infrastructure, with directdoc®, a customizable document management solution. It integrates seamlessly with your existing e-mail, fax, barcode and Web forms, with accuracy rates of more than 99 percent, producing cost reductions of up to 40 percent.

403(b)connectSM: We offer a simple solution for the complex reporting requirements for 403(b) and retirement plans. 403(b)connectSM works with all report formats, including custom formats, and with multiple providers and administrative systems. The fully automated process pulls together the data, generates the reports and distributes them securely. It's efficient, reliable, cost effective and can be fully operational in just weeks.

Pricing and Trading: Get reliable calculations of unit values for variable annuities directly to your system. Our solution provides daily, monthly and annual accounting, reporting and performance calculations in a highly streamlined process.

Broker Communication: Keeping broker-dealers and investment advisors fully informed is now as easy as point and click. Transactions, commissions, prices, balances – it's all there, available in both industry standard and customized formats. Reports can be sent via e-mail, FTP server or a direct LAN connection.

Consulting Services: Moving your operations to a 21st century IT platform is a big job – and one you only want to do once. Put se²'s 100 years of insurance expertise to work to get in-depth analysis of your existing operations and IT environment. se² can examine each of your systems and provide recommendations as you consider moving to a more modernized environment. ●