

Case Study



Pacific Life

Fortune 500 Insurance Company Moves Reconciliation to the Cloud and Automates Account Certification

Pacific Life needed a more flexible, streamlined process for certifying hundreds of balance sheet accounts – one that also met its enterprise cloud strategy. With the hosted version of Frontier™ Reconciliation: Account Certification from Fiserv, Pacific Life was able to meet both demands.



For Pacific Life, certification was a time-consuming and manual task. Yearly, nearly 8 million transactions were reconciled through a combination of manual and automated methods, and then various teams across the enterprise certified the reconciliations using multiple Excel spreadsheets and attestation signoff papers. The teams maintained separate manual certification paperwork.

The process was time-consuming and lacked visibility into certification, creating the potential for error, delay and risk.

Ironically, some of the most complicated accounts were the fastest and easiest to reconcile and certify – because reconciliation was automated with Frontier Reconciliation. Pacific Life used Frontier Reconciliation to reconcile suspense accounts, about 10 to 20 percent of the company's balance sheet accounts.

"We wanted to broaden that capability," explained Bradley Zylstra, business process consultant at Pacific Life. "We wanted to certify all of our balance sheet accounts electronically and automatically, even those reconciled outside Frontier Reconciliation."



Client Profile

For more than 150 years, Pacific Life has helped millions of individuals and families with their financial needs through a wide range of life insurance products, annuities, mutual funds and investment products. Today it has more than \$158 billion in assets and serves more than half of the 100 largest U.S. companies. Pacific Life was named among the 2019 World's Most Ethical Companies® by the Ethisphere Institute.

Companywide, there was also a strategic push to move applications into the cloud when it benefited the company to do so.

To automate certification, Pacific Life chose the certification module of Frontier Reconciliation, a solution it had used since the late 1990s. By adding Account Certification, automated workflows would manage the review and approval processes for reconciliations. Regulatory controls and supervisory and attestation processes are built into the system, providing critical visibility and transparency throughout the process.

Trusted Solution, New Delivery Model

Pacific Life decided to upgrade its on-premise instance of Frontier Reconciliation to a cloud-based version and add Account Certification in the cloud as well. Fiserv took responsibility for system upgrades, support and data hosting, freeing up time and resources for Pacific Life. And the version satisfied the company's enterprise strategy to transition all applications to the cloud.

"We're able to roll out updates automatically."

Bradley Zylstra
Business Process Consultant
Pacific Life

The switch to the cloud-based version of Frontier Reconciliation was surprisingly painless, according to Zylstra, even though the upgrade included a switch from Oracle to SQL.

Pacific Life sent a snapshot of its production server to Fiserv, which built a hosted instance in a test environment. Users were able to access the system

early and become comfortable with the changes before it went live.

After extensive testing, Pacific Life shut down its on-premise database on a Friday afternoon. Over the weekend, Fiserv migrated updated production data to the hosted database and enabled single sign-on. The updated solution was up and running by the start of business on Monday.

"It was an easy transition," said Zylstra.

Faster, More Transparent Certification

After a learning curve for users around the new version's rigorous default security measures and standardized reporting, Zylstra said the upgrade moved Pacific Life in the right direction.

Certification is faster, more intuitive and completed on a single, centralized platform. Rather than pulling accounts up one by one, certifications are easy to locate through the user-friendly homepage. "It takes fewer clicks to find and certify accounts," Zylstra said. "It's also easier to create and share shortcuts."

Pacific Life customized Frontier Reconciliation to match the company's segregation of duties and the levels of management approval it requires. "Workgroups control our approval functionality now, rather than just individuals – another improvement," Zylstra said. "We've built up to three levels of management approval."

Inherent transparency and an effective audit trail make it easy to determine who signed off on certifications, despite the large number of users. Balance sheet accounts are certified in Account Certification, including those reconciled outside the system.

“Nothing Surpasses” Frontier Reconciliation

Pacific Life remains impressed by the robust matching rules in Frontier Reconciliation and its ability to handle large amounts of data. Zylstra hopes to automate more reconciliations where it makes the most sense.

“Nothing surpasses it,” noted Zylstra. The biggest advantage of Frontier Reconciliation is the level of complexity that Pacific Life can build into its match rules, he said. Even with about 100 users and more than 160 rules, the company maintains up to a 90 percent match rate.

That’s because Frontier Reconciliation uses a multithreaded matching engine to automatically match as many transactions as possible based on criteria set by Pacific Life. Match criteria can be tailored to meet the unique characteristics of each transaction or account type, producing a high auto-matching rate.

“We only need to look at the fallout,” said Zylstra. “It saves us a lot of time.”

Continually Improving

By leveraging the cloud-based version of Frontier Reconciliation, Pacific Life has been able to stay current on the latest releases – without costly and time-consuming upgrades.

“We don’t need to go through big update projects like we did in the past,” explained Zylstra. “We’re able to roll out updates automatically.”

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Challenge

Pacific Life needed an automated method for electronic certification of balance sheet accounts. Manual certifications were time-consuming, inconsistent and managed by different teams across the enterprise. Plus, a corporate drive to move more applications to the cloud when beneficial meant the company's on-premise solution was due for an update.

Solution

By upgrading to a cloud-based version of Frontier Reconciliation and adding Account Certification, Pacific Life centralized and automated its certification capabilities. Transitioning to the cloud also eliminated the need for time-consuming software updates.

Proof Points

- A robust rules engine helps maintain up to a 90 percent match rate
- Certifications can be completed in just a few clicks, thanks to a user-friendly interface and shortcuts
- Data security is enhanced
- Leveraging the cloud lessens downtime for upgrades and aligns with enterprise priorities



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