

**BVG CONTINGENCY FUND**

Manages pension accounts in cases where property owners need to be located.

**Industry: Government**  
**Geography: Switzerland**

**Deployment Summary**

- BVG deployed a TIBCO-based SOA/BPM infrastructure to standardize and streamline data collection and management processes.
- Because process logic and application functionality are separate, process modifications can be implemented within a week.
- The new end-to-end financial accounting system includes capabilities for managing receipts and payments, an electronic inbox, digitization of paper documents, and interfaces with external systems at financial institutions.

**Benefits**

- BVG is on track to reach its target of reducing costs by 40 percent, and has already improved data quality by 50 percent.
- The financial accounting system eliminates the problem of processes stopping at institutional boundaries and enables them to be monitored and managed from beginning to end.
- Process logic and application functionality are now separate, so process modifications can be implemented within one week.



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**Max Meili, Executive Board Member, BVG Contingency Fund**

## Swiss Pension Account Manager Uses TIBCO SOA/BPM Solution to Increase Productivity, Reduce Costs

The Swiss Foundation BVG Contingency Fund (BVG) manages about 640,000 accounts – containing four billion Swiss francs – that it’s trying to link to the proper owners, who are Swiss workers entitled to the pension funds they’ve earned. But with data recorded in more than 1,000 different formats and breakdowns in communication among institutions, government agencies have found it difficult to make those links, or even to find the address of the account owner. Now, in conjunction with implementing a TIBCO-based service-oriented architecture (SOA) and business process management (BPM) system, BVG has defined standardized processes for collecting and managing data, with the result being increased efficiency, streamlined process, and a much greater likelihood of linking Swiss workers with their pension funds.

### Interfacing with a Complex Web of Institutions

The “second pillar” of retirement in Switzerland, after government retirement plans, is an occupational pension plan funded equally by employers and employees. Some 640,000 active pension accounts are managed by BVG, an agency of the Swiss Confederation, which is responsible for paying out accrued benefits to individuals. The accounts

have a combined value of over four billion Swiss francs. Data on account owners is submitted by a variety of institutions, including banks, insurance companies, and about 2,500 Swiss pension funds, many of which have only 50 to 100 active accounts.

When workers change jobs, or are unemployed for a period, data on their pension account should be recorded or transferred to the new employer, but that process often breaks down and the trail linking the employees to their accrued benefits is lost. When that happens, the funds end up with BVG, along with incomplete data on the employee. “That makes it very difficult for us to fulfill our statutory mandate and to ensure the access of workers to their property,” says Max Meili, member of the Executive Board of the BVG Contingency Fund.

Moreover, specific laws and procedures govern the transfers of accounts, the rates the funds earn, and the payments of earnings into the account by banks and insurance companies. BVG must interface with all those entities. For many account-related transactions, BVG needs to contact the account holder; if that’s not possible for ten years after the employee’s retirement date, the money is transferred to the Swiss Fund and it becomes impossible for the employee to access the money.

"To address the problems with data collection, and to ensure more workers are correctly linked to their pension money, we wanted to create in-house standards for account and data management," says Meili.

### Standardizing Processes for an Efficient BPM Workflow

Fund administration processes, says Meili, only work properly and legally if all required data is available for account holders. "To help make that happen, we have defined 17 separate processes to ensure reliable transfer of quality data." BVG now has standardized internal processes, specifying the steps for receiving and recording data that arrives on paper or electronically, and for following up with information providers if data is incomplete.

BVG has outsourced account management, and the project team under Meili's leadership has designed an IT infrastructure from scratch. One of the main components is a financial accounting system that includes capabilities for managing receipts and payments, an electronic inbox, digitization of paper documents, and interfaces with external systems at financial institutions, including federal agencies. With such an end-to-end system, processes are no longer interrupted at the boundaries of institutions, and the system's SOA and BPM components from TIBCO enable BVG to monitor, automate, and control processes.

"We developed many of the components ourselves, including tools for integrating the electronic archive, reporting, and a

document library," says Meili. "But when it came to the SOA and BPM components, we didn't want to take any risks. TIBCO has proven technology, especially in the area of coordinating and automating processes that span systems. In addition, their BPM solution is extremely reliable and powerful."

### Improving Efficiency 40 Percent

When data was transferred to the new system by the former service provider, BVG found it was responsible for some 640,000 accounts. Standardizing data management processes greatly increased productivity, partly by simplifying the task of inputting data from paper documents, where it was recorded in more than 1,000 different formats. "We are on track to reach our target of improved efficiency and a 40 percent cost reduction for the coming year," says Meili. "We are also encouraged by the more than 50 percent improvement in data quality. The pension fund managers increasingly understand that it is in their best interests to supply complete data, so they can avoid costly follow-up procedures."

Other benefits of the combined SOA/BPM infrastructure include an event-driven architecture, wherein events can trigger each of the 17 processes that span connected systems; and greater agility, because process logic and application functionality are separate, so modifications made necessary by changes in law can be implemented within a week. "Our example shows that for banks and

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insurance companies, an SOA/BPM platform can reduce the need for human intervention in processes," says Meili, "and can bring about standardization that results in increased productivity and savings."



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