

# The great eastern life assurance company limited



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Great Eastern started to operate in 26 August 1908 as a branch office of The Great Eastern Life Assurance Company Limited. It has the distinction of being the oldest life insurance company in Malaysia and Singapore and it is owned subsidiary of Great Eastern Holdings Limited (GEH) and its parent company is Oversea-Chinese Banking Corporation Limited (OCBC). It was transferred to a locally incorporated public company, Great Eastern Life Assurance (Malaysia) Berhad. The Chief Executive Officer, CEO of Great Eastern is Mr. Koh Yaw Hui.

Great Eastern was certified as the “ Oldest and Largest Life Insurer” in Malaysia by the Malaysia Book of Records in 1998. It is the largest and most established insurance company in the country with 24 branch offices nationwide and a strong service network of more than 17, 000 agents. These locations include Alor Setar, Batu Pahat, Bintulu, Ipoh, Klang, Melaka, Penang and so on. The main office located at Jalan Ampang, Kuala Lumpur. Besides that they also expand their business to China, Indonesia and Brunei. According to statistic, Great Eastern is the largest group and market leader in Malaysia and Singapore with the total assets of \$45 billion and 3million policyholder.

Among the 16 insurance companies in Malaysia, Great Eastern is the largest in term of assets and biggest in term of market share compare to other competitor. The slogan of Great Eastern is “ Life is great!” and the mission of Great Eastern is to make life great by providing financial security, and promoting good health and meaningful relationships and their vision is to be the leading financial service provider in Asia.

As a company dedicated to the 'people' business, it always provides solution on financial planning, protection and savings to meet their customers' needs. Generations of individuals, families and businesses have been and will continue to be assured of their financial security with the company's full range of products such as life insurance plan, investment-linked plans, mortgage protection, business protection, employee benefits, medical insurance and group health benefit schemes. Great Eastern also offers full range of products to the potential customers whether individuals, families or organizations.

Great Eastern offers flexible and affordable group health benefits and protection schemes to both the corporate and public sector's employees. Customers can purchase the products and services provided by the company according to their needs through the agents. Now a day, Great Eastern is on the track to becoming the leading financial service provider in Asia. Further, Great Eastern is ready to be the only choice of financial service provider in the region and beyond in accordance of integrity, initiative and involvement. Thus, Great Eastern has introduced a variety of products to meet consumer needs. Those products may classify into several categories as life insurance, health protection, investment-link, retirement planning and saving plan.

Great Eastern continues to forge ahead through the greater use of proven leading-edge technologies to improve their business processes to create a unique customer service experience, and deliver greater value to their clients. On their website, they offer e-Connect facilities to allow policyholders to obtain their policy information on-line. It will reduce the cost for searching the information.

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In order to smoothen the operation and better manage their enormous customer base, Great eastern has adopts many Information technology (IT) and information system (IS) from the market-leading insurer and help to transform the company operation. Different system used by different department such as top management, middle management and operational management.

Every department will used different information system according to the function and operations. The information systems adopted by Great Eastern are outsourcings also in-house development. It means that they purchase the relevant software and hardware from the market most of the time to save their cost and also develop the in-house software to perform the specific job and more easily to meet the business requirement. With the help of current IT and IS, the company are able to perform their business effectively and consistency. Besides that it will also resulted in higher level of performance, reliability and scalability of company and it delivers greater value to their clients.

#### Senior Management Team

1. Loke Kah Meng Executive V. President & Head Customer Management
2. Margaret Fong Senior V. President & Head Operations
3. Lee Pooi Hor Senior V. President & Head Information Technology
4. Michelle Tan Yee Ming Head, Group Audit
5. Koh Yaw Hui Chief Executive Officer

6. Cheong Soo Ching Senior V. President & Head Risk Management

7. Nancy Lim Senior V. President & Head Human Capital

8. Chan Choong Tho Chief Investment Officer

9. Yong Chee Keong Senior V. President & Head Customer Acquisition

10. Bruce Lee Executive V. President & Head Finance & Corporate

Affairs

11. Sophia Ch'ng Appointed Actuary

12. Liza Hanim Vice President & Company Secretary

b) Explore and analyze the current application of IT/IS

- Across different levels of management

- Across different functional units

Great Eastern is a company that we going to do research. Great Eastern is the largest insurance company in Malaysia and the business had run over 100 years with the supporting from customers. There are over 3 million policyholders for the company. The company has used sophisticate system to run the business. Great Eastern using different information technology and information system to carry their business day-to-day and they used the information system to manage the company more effectively and efficiency. Basically the company used Oracle ERP system which is Oracle E-Business Suite to manage whole enterprise. The company consist of different

departments such as Finance and Accounting department, Human Resource department, Sales and Marketing department and Customer Relationship Management department. Each department used different information systems for their operations but all the systems are linked to the Oracle E-Business Suite system.

## Oracle E-Business Suite

Financials Human Resources Projects CRM SCM

There are many systems used by the company and the main information system used by the finance department is Oracle Financials (OFIN). The main user of this information system is all the personnel in Finance department. Oracle Financials (OFIN) is one of a group under the Oracle E-Business Suite and it consists of five modules or also known as Oracle Applications. The five applications of the Oracle Financials are Oracle General Ledger, Oracle Payables, Oracle Receivables, Oracle Assets and Oracle Cash Management. Besides using Oracle Financials (OFIN), the company also use other communication system and office system to run their daily business. The communication systems used by the company are E-mail, MSN, and Skype. The communication software allowed the personnel and manager interact with each other and the office they are using is Microsoft Office 2007 such as Microsoft Word, Microsoft Excel and Microsoft PowerPoint. The application of system and software will change when it come across different level of management.

By using Oracle E-Business Suite, it helps Great Eastern to reduce the cost of automating centralizing global transaction processes and produced

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streamline reporting across its branch offices in Malaysia. The management said that the information maintenance cost of the company have been reduced by 35% after implemented the system. Oracle provides new solutions that help financial institutions include Great Eastern to improve customer intimacy, build competitive advantage among competitor, reduce costs by automating and centralizing the transactional processes and mitigate enterprise risk and it continues to build its financial services leadership. Great Eastern use Oracle E-Business Suite Financials to support their business is because it can meets global financial reporting such as International Financial Reporting Standard (IFRS) and tax requirements by using only one accounting, banking, tax and payments model. Besides that, it delivers pre-integrated financial and industry-specific processes and it makes Great Eastern easy to operate shared services across their businesses and regions. As it provides very consistent operation and financial information to the user, it helps the company make the correct decision on investment and business decisions with integrated performance management and business intelligence.

The management of Great Eastern had divided into three categories which are executive management, middle management and operational management. The executive management includes the highest management positions in the company such as CEO and CIO, who is primarily responsible for strategic decision making also known as unstructured decisions that centre on the company's overall goals. Every decision is important and non-routine. They will determine the long term objectives, resources and policies

of the organization such like where to invest, approve the capital budget and oversee the middle management.

While the middle management of Great Eastern such as Finance Department manager is responsible for implementing the strategic decision such as develop a budgeting plan and investment proposal. They make semi-structured decisions which are short-range decision and will oversee operational management. The last layer in the enterprise are operational management includes all the personnel who involved in daily transaction. They need to determine how to carry out the specific tasks set by executive and middle management decision makers. They need to monitor the transaction carefully and ought to follow the procedure. In this case, the staffs of the Great Eastern need to record the transactions make by policyholders and make sure the data is correct.

Oracle Applications is installed and link to the servers of a Great eastern. All the personnel from different levels of management in the company include CEO, department manager and normal employees will be given a user name and the password to link to the server. Basically, they connect to the servers in their LAN by using their browsers. The user will receive a menu to choose their responsibility before they proceed to receive another menu of functions to perform.

The user may key in the data or what is happening at the company ground needs in a form in applications. In this situation the applications will not allowed to proceed further if there is any errors because the errors will be arrested at every step. The outputs will be a dozens of reports in a different

format for Business Intelligence so that the users can make informed decisions based on timely information and for decision makers; they will understand better what is actually happening.

The five modules of Oracle Financials are Oracle General Ledger, Oracle Assets, Oracle Payables, Oracle Receivables and Oracle Cash Management.

Oracle Financials

5 modules:

Financials

Assets (FA)

General Ledger (GL)

Receivables (AR)

Payables (AP)

Cash Management (CM)

Oracle General Ledger

Enterprise

G/L

Accounting

Oracle General Ledger is the most scalable general ledger and the fastest in the market. It can post 40 million journal lines per hour and thus help the <https://assignbuster.com/the-great-eastern-life-assurance-company-limited/>

company cut down the time in preparing the financial report. It is the most important module which is used to manage the accounting and financial information of Great Eastern. The Oracle General Ledger will tell the company that how much profit they have generate, how much expenses they have incurred, how much assets and liabilities of the company. All the information flows from different modules into Oracle General Ledger module which manages the accounting and helps the management to make decision.

Oracle General Ledger provides highly automated financial processing and real time visibility to financial results. Besides, Oracle General Ledger also can support different types of journal processing options. The system allows tailoring the chart up to 30 segments and 25 characters per segment. The user just can enter the segments they would like to enquiry then the system will show the results. Another feature of this system is the chart of account will be secured and prevent other people to access and retrieve the private data. Besides, Oracle General Ledger also can support different types of journal processing options. The user can combine journals and schedule the journals to be generated automatically and it provides spreadsheet integration for journals, reporting, budgets and currency rates.

Oracle Asset

Enterprise

FA

Assets

The second module of Oracle Financials (OFIN) is Oracle Assets which is used to manage the assets of Great Eastern. The assets could be anything like laptop and computer in the company. With the help of Oracle Assets, the asset management would be automated and accounting tasks would be simplified. Standard accounting, operational, and registry reports are available to ease reconciliation and analysis. Oracle Assets allowed the user to define the depreciation rules according to the regulatory and business needs. The company can choose the method to according to the needs.

Great Eastern is a global enterprise; the company is focus on the business in South East Asia. Different country used different depreciation rules to calculate the depreciation charges. As the company grows internationally, Great Eastern need an integrated, flexible system grows exponentially. In this situation, Oracle Assets supports complex reporting requirements includes worldwide financial and tax standards. Great Eastern can obey any regulatory requirements from other country by using flexible user-defined rules to calculate depreciation charge.

Oracle Payables

Enterprise

Vendor

AP

The third module is Oracle Payables which is used to manage the vendors or the suppliers of the company. The transaction record or data need to enter by the operational level includes what has the company purchased from <https://assignbuster.com/the-great-eastern-life-assurance-company-limited/>

which vendor? When to pay the suppliers? Does the company pay on time? What methods they used for payment such as by credit or cash? All the transactions between the company and supplier will be record in the Oracle Payables. In the Payment Process Request window, it will show the details about the suppliers with the Great Eastern. It shows the amount, the name of vendor, date of purchased and the schedule of payments. The schedule of payments include the payment currency, amount remaining, discounts given, interest due and also total amount payable.

With the help of Oracle Payables, it will optimize the payment strategies of the enterprise. The middle management is given the tools to control the cash flow, oversee the operational management to minimize the errors and the problems of overpayments. Besides that, the system also helps to eliminate the inefficiencies with the standard reports that allow the manager to eliminate the identical or double payments. Another way is Oracle Payables provides real-time, accurate cash position and speculate information so the manager can plans the payment and expenses properly. So in overall, Oracle Payables can improves the margins, infuse corporate and fiscal discipline, and optimizes business relationships between Great Eastern and their suppliers.

Oracle Receivables

AR

Enterprise

Customers

The fourth module of Oracle Financials is Oracle Receivables. Basically, the information for Oracle Receivables not much different compared to Oracle payables. The difference is this system is used to manage the customers or receivables so it will tell the company that the name of the customers, items bought from the customers such as what insurance policy purchased by the customers. Besides that it would state the payment methods used by the customers and the date of payment made by customers. By using this system, it will show the credit rating of the customers due to the pass payment made by them. All the transactions between Great Eastern and their customers will be recorded in this system.

In the Oracle Receivables streamlines invoice entry, it shows the name of the customers, address, contact number, policy number, types of payment, amount of premium, due date, interest due if any and etc. Besides that, it allows the company to increase their cash flow and minimize the bad debt through Oracle Receivables system and better control for the manager. Oracle Receivables allows company to go globalization. With this system, Great Eastern has the flexibility to respond to the global market needs, support any regulatory requirements and so present documents in customer's language and also enhanced customer relationship. With the flexibility, it helps the enterprise to calculate the currency gain or loss automatically so the finance staffs they no need do the complex calculation by themselves and also able to report in multiple currencies.

Oracle Cash Management

CM

## Enterprise

### Bank

The last module of Oracle Financials is Oracle Cash Management. It helps the company to reconcile the bank statement and it will tell that whether the bank has made an error or not, how many bank accounts the company has and also what is the status of the bank account. It allows Great Eastern to manage the firm's liquidity and control of cash. Oracle Cash Management gives the company direct access to expected cash flows from their operational systems. By using the company can analyze enterprise-wide cash requirements, cash management and currency exposures more quickly, to ensure liquidity and optimal use of cash resources. As it provides flexibility in cash forecasting, in different currencies, different organizations and for multiple time periods, the middle and senior management can use the system to forecast the cash flow in the future based on forecasted transactions for example outstanding orders and invoices that may create a cash flow in the future.

Besides that, real-time cash positioning will minimize the idle cash. Real-time cash positioning is important to prevent overdrafts of bank balance and helps the company manage their liquidity effectively.

c) Explain how the use of such IT/IS application can help to change or manage the organization's decision-making and business process.

### Information Flow

#### Payables (AP)

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Assets (FA)

General Ledger (GL)

Cash Management (CM)

Receivables (AR)

Great Eastern Finance department had used Oracle E-Business Suite to automate their general ledger and accounts payable and receivable processing, cash management and as well as their fixed assets. Oracle E-business Suite able to help the company automate budgeting, purchasing and any forecasting process include future cash flow and thus allow for online payment to the supplier or vendor. Without the information system, they have to do all financial budgeting and forecasting job manually by using the Microsoft Excel spreadsheets and it will cause time consuming and the information produced may not be accurate and limited. Each module in the Oracle Financials will talk to each other means that information from one module will flow to each other although they are stand alone software. In this case, the management is easier to retrieve different information from different area.

By using standardized software, it simplifies interdepartmental sharing of data as well as information and they are able to get all the information they want. Besides that, the information system will also help to manage the enterprise risk and reduce compliance costs. All the modules will link together and it will provide sufficient reliable information for the management of Finance department to make any short term or long term

decisions. For example, the Oracle Financials modules are linked to each other, the Finance manager can refer to different modules at the same time to forecast future cash flow and to control the daily transaction more effectively. The manager may use the software to make a right investment decision in the business.

Great Eastern used Oracle E-Business Suite to improve their budgeting and planning. The Finance manager of Great Eastern enters department budget and submits for the senior management to approve. Using the Oracle Cash Management and Oracle Assets, the user can immediately prepare the financial budget and forecast report after approved.

#### Oracle Assets

For Oracle Assets, operational management which involves Finance staffs have to enter the original cost of the assets, the useful life of the assets, and the most important step is to choose the depreciation method which the company complied with in order to calculate the accurate depreciation amount for each year.

By using the Oracle Assets, it gives the company and department more accurate visibility of capital investments and therefore the middle management like Finance manager will have better control over their capital investment. Once the Finance manager inquires for the ad-hoc report, he may use the powerful Asset Inquiry to access the information he is looking for, including transaction history of the clients, financial details, depreciation profile, capital project details and financial details. The senior management of Great Eastern is able to optimize their accounting and tax strategies by <https://assignbuster.com/the-great-eastern-life-assurance-company-limited/>

projecting depreciation expenses with what-if depreciation analysis. With the assist of Oracle Assets, it drives better decision making and able to optimized business processes at lowest cost.

### Oracle Cash Management

For oracle Cash Management, the operational management will enter all the past transaction data into Oracle Cash Management for example the cash inflow and cash outflow then the system will calculate the net cash flow. The middle management they only enter the duration they going to forecast for example 3 months from now, they also need to choose the forecast currency then the system will do the calculation and forecast the future cash flow of the company. The Finance manager can base on the forecasted result and decide how to allocate the cash and how much to invest in which area to maximize the revenue of company. The user can do their budgeting and forecasting without rely on the hard copy report, because all the data will easily and quickly turns up on time which will increase the accuracy of forecast. It will also make sure the accurate information of the company's assets between Finance department and line of business will help the manager make better decision on budgeting. Without the assist of the system, it may take up to 2 weeks to make the report available to the manager.

After preparing the budget and forecast report, it will helps the Finance manager to have an clearer picture on how to allocate the funds in different area of investments such as shares market, bond, unit trust or deposits. In addition, Oracle Cash Management can build a cash forecast based on

forecasted transactions like outstanding order and invoices. With this, the user in Finance department can analysis the past transactions from the customers and suppliers such as receipt and past payments into future. Once the budget and forecast report was approved, the budget data will be upload into Oracle General Ledger for combination. After that the budget is ready to use by the Finance department. Besides that, the month-end report also can be created within a day allowed the faster response to inquiry by the Finance manager.

### Oracle General Ledger

Finance department staffs are using Oracle General Ledger and Oracle Cash Management to done their day-to-day business transaction include oversee the invoicing, budgeting and also company cash flow. The Oracle applications are integrated with each other, it makes the financial information more stable and reliable and stored in a single database. It gives the higher visibility to the manager into financial matters. Basically the manager will have confident in making any financial decisions because the data provided is accurate and is the latest one considered as up-to-date data.

Operational management in Great Eastern Finance department used the Oracle General Ledger to enter the daily accounting transaction. The finance staffs just need to enter the correct data such as the premium amount; expenses and amount claim from policyholders then the system will help them to perform the task. Since the system performs the task in automated

way, it will minimize the error made by people and increase the efficiency. For middle management, they will oversee the operational level.

Since Oracle General Ledger provides flexible chart of accounts and reporting structures, the finance department manager can based on the report and make the decision. Oracle General Ledger allows the middle management to have a complete control and flexibility to design their own chart of accounts. They need to know the amount of insurance premium delay or accrue by the policyholders and send the notifications to reminder them to pay off. Furthermore, they can control the budget and expenses made by the department based on the accounting record. Oracle General Ledger also provides flexibility to the management level to response to their inquiry. The manager only enters the segment they want then the system will show the result to manager. From the result, the manager will know the balance of the account, the amount paid to the suppliers and received from customers.

The senior management use Oracle General Ledger to check on the profitability revenue growth of the Great Eastern. The CEO of the company can use the system to check the balance each month because the system provides the feature of automated month-end close processing. It allows the senior management to optimize the use of resources they have such as, cash, assets and budget to generate more income for company in future.

From the accounting record, Finance department will know the profitability revenue growth in the past; it will help the company to make better decision in the future and fully utilize the resources that the company has to generate

higher revenue by referring to the accounting record produced by Oracle General Ledger. Oracle General Ledger's Financial Statement Generator (FSG) improves the precisely and timeliness of financial reporting. FSG supports many output options includes PDF, HTML, text and spreadsheet outputs. In addition, the staffs are allowed to create quality reports by defining the report layouts using word processing application and leveraging formatting features like change the font size, colour and adding logo.

### Oracle Receivables

Oracle Receivables is a module which enables the Finance department to manage all the transaction made by the customers. The staffs have to enter the information of the customers like name, policy number, date, types of purchases and amount of purchases in order to reduce the error. Oracle Receivables will do calculation with data, determine the premium amount need to pay by the policyholders and calculate the interest due if the policyholders failed to pay the premium on time. The task will be automated so it will help to reduce the personal error and provide more accurate and timely data. Based on this system, the operational management will send the notification letter to the customers and tell the customers when they need to pay the premium. Basically the information from this system will flow to Microsoft Office- Microsoft Word in preparing the notification for customers.

In order to optimize customer relationships with the company and provide strategic information, Oracle Receivables allows the finance staffs to streamline invoicing and receipt. The data enter will be saved in the

database and easy for user to retrieve data next time. In addition, it will let the management know the credit rating of the customers and so they will always focus on the loyal customers once they introduce new product. With the assist of Oracle Receivables, the middle management know who is unlikely to make payment on time and they will find out the solutions try to enhanced the relationship between the customers with enterprise and reducing the time and effort required to process customer payments thus resolve disputes.

By using Oracle Receivables, the senior management of the company can provides variety of convenient payments to the customers to make payment like using credit card, debit card, check or cash. This will encourage timely payment and reduce their day sales outstanding (DSO).

### Oracle Payables

Oracle Payables are deal with the transaction for suppliers. By using this system, it will tell the company when they should pay to the suppliers. Oracle Payables will show the amount, date and the name of person or organization that the company should pay on time in order to maintain a good credit rating and trustworthily form the creditor. With the help of Oracle Payables, it will optimize the payment strategies of the enterprise. The middle management is given the tools to control the cash flow, oversee the operational management to minimize the errors and the problems of overpayments.

The management level can based on this system decide what types of payment they should pay first and what the payment method is. This system

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supports shared services functionality which promotes best practice for Great Eastern. Besides that, Oracle Payables also provide full scale support for Great Eastern including foreign currency transactions and also future date payment. So in overall, Oracle Payables can improve the margins, infuse corporate and fiscal discipline, and optimize business relationships between Great Eastern and their suppliers.

#### Office and communication system

For Office Automation System (OAS), Great Eastern Finance department using Microsoft Office 2007 to perform their daily business. It is designed to increase the productivity of data workers in the office by supporting the coordinating and communicating activities of the typical office. The most common office tools used by the finance staffs are Microsoft Word and Microsoft Excel. The staffs are using Microsoft Word to prepare the report and letter or document required by the manager. Basically, the financial report of Oracle Financials will link to Microsoft Word and PDF directly so the staffs no need to prepare again the report by their own. The Finance staffs use Microsoft Excel to do some simple calculation such as the total premium amount paid by the customers, the monthly collection, interest payment and etc. Besides that, they also used Microsoft PowerPoint when there is a meeting of the department. The presenter will show the slides by using Microsoft PowerPoint to make it more interesting.

Besides that, the company also uses communication software in order to communicate with each level of the department. The most common communication way is to use E-mail. Each staffs in the company from lowest

to top management are given their own E-mail address for internal use and external use. For the internal use, the colleague can send the document, notice or information through E-mail to a