

## QBE the Americas



### QBE the Americas Assures Availability of Financial Processing Software with Escrow Verification Services from Iron Mountain

**CUSTOMER:**

QBE the Americas is part of the QBE Insurance Group, one of the world's leading international insurers and reinsurers. One key line of business is Specialty Insurance, including commercial auto, general liability, health and management and professional liability.

**CHALLENGE:**

The QBE Specialty Insurance group recently invested over \$10 million in customized financial processing software. Protection for this software was a serious concern for the group's Information Systems (IS) team.

**SOLUTION:**

The Company protected its financial processing software with a technology escrow agreement from Iron Mountain, but then went a step further to verify the escrow deposit with Deposit, Compile and Compatibility Verification testing.

**BENEFIT:**

With verification testing completed, the senior IT team at QBE the Americas is confident that their critical software application could be quickly and accurately recreated in case of problems with their software vendor.

**THE CUSTOMER**

QBE the Americas is the North American division of the Sydney, Australia-based QBE Insurance Group Limited. QBE is Australia's largest international general insurance and reinsurance group, and one of the top 25 worldwide. The Americas group encompasses the U.S. domestic insurance and property and casualty market, and also has a presence in Latin America. QBE's North American presence increased significantly in 2007 as a result of a two billion dollar plus acquisition of the Praetorian Financial Group and Winterthur U.S. Holdings, Inc. Today, QBE the Americas contributes 40% of the Group's revenues and has close to 3,200 employees.



The company relies on several mission-critical applications to run its business. Mark Fruchtman, Assistant Vice President of Information Systems Department Governance, discusses the company's \$10 million investment in financial processing software. "This particular application drives our business end-to-end from the data coming in from the agents, all the way to our financial statement. So, it was critical to the mission and stability of the company that we could rely on the source code being deposited, and being available, if something ever happened to our software vendor."

**THE CHALLENGE**

With such a significant investment in financial processing software, QBE the Americas needed to know their applications were protected. Fruchtman continues, "We used this software not only for financial reporting, but also for booking to the ledger for our

*"The best part of implementing Escrow Verification Services is the confidence that I have in ensuring that the version of source code in escrow at Iron Mountain in fact can be compiled. It is a valid set of complete source code, not just a subset. And, if something happens to one of these small vendors, then we know we have a good set of code that actually operates."*

—Michael Anselmo, Senior Vice President CIO, QBE Specialty and Reinsurance

annual financial statements. It's really the core of business data that we have, and in insurance your data really is your most valuable asset."

QBE had their mission-critical software source code protected through an escrow agreement with Iron Mountain. However, in discussions with their Iron Mountain representative, they realized that taking the extra step of escrow verification would be a wise decision given the nature of the applications.

For software licensees, verification services maximize the return on their investment not only in technology escrow, but in the technology itself, which can cost millions of dollars. Verification also helps safeguard business continuity, and has become a best practice in industries that rely on mission-critical technology to run the business.

# CASE STUDY

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Michael Anselmo, Senior Vice President CIO of QBE Specialty and Reinsurance, states, “One of our challenges was that we used vendors that were new. They certainly had software in the market, but they weren’t an IBM or a Computer Associates. So, we were relying on smaller vendors. Therefore, we wanted to verify that what we did have in escrow was, in fact, able to be run and compiled.”

Verifying the contents of an escrow deposit provides insight into the completeness of the deposit, and what’s needed to recreate a working version of the technology. If the deposit is determined to be incomplete or non-functional—which is often the case—these issues can be rectified with the help of the developer before it’s too late.

Anselmo adds, “When we escrow software, which we do quite a lot, it’s just in escrow, and it sits there forever and always. The advantage that Iron Mountain offered us was an opportunity to actually verify the compilation of this software; and at a very reasonable cost as well.”

## THE SOLUTION

Adding verification services to an escrow arrangement helps minimize risks. Essentially, escrow verification services ensure that authorized users will be able to quickly and effectively read, recreate, and maintain critical technology assets in the event of a deposit release.

QBE the Americas selected Iron Mountain’s Deposit Compile Verification Services to provide a complete examination of the composition of escrow deposits and identify any missing components. They can also choose to implement Usability Testing to recreate the technology for testing, and provide comprehensive reports that can be used to maintain mission-critical software.

Recent statistics based on Iron Mountain’s escrow customers show that 97.4% of all deposits sent in to Iron Mountain for analysis were determined to be incomplete and 74% of examined deposits required additional input from the developer in order to be compiled. The value of an escrow arrangement is heavily dependent on the quality of the deposit materials, a fact increasingly recognized by both licensees and developers.

Fruchtmann states, “I think one of the biggest issues was just getting the tools and library extensions in place at Iron Mountain, so that the compiled tests could be completed successfully. That took a lot of collaboration between Iron Mountain and the vendor to ensure that they had the proper versions of the DLLs and the proper versions of the compiled tools and whatever else they needed to successfully complete the Usability Test. I’m glad we were able to go through that exercise now, rather than face problems if we ever needed to recreate the software application in a real-life situation.”

## VERIFICATION SERVICES

Verification services support users of technology escrow as part of their overall risk management strategy, helping them to avoid or minimize the following:

- Costs associated with replacing licensed software and hardware
- Lost profits and/or savings
- Lost time (downtime for customer response, order processing, accounts payable, etc.)
- Customer dissatisfaction
- Breach of contract(s)
- Costs associated with consultants’ fees, court costs, arbitration fees and attorney’s fees
- Costs associated with retraining personnel

Anselmo comments, “We are actually working on some consolidation efforts between all the different divisions of QBE now. We’ll have a process in place that will require an escrow agreement for all mission-critical software applications. And now, looking ahead, I would recommend that all the divisions verify their escrow deposits as well.”

“QBE has invested a significant amount into these products, into these software applications,” Anselmo concludes. “And that pales in comparison with the risk that the company faces should these applications not function, and we don’t have vendor support to fix it. So, we are definitely mitigating some pretty heavy duty risks by going through the verification exercise.”

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