

MINUTES OF 144<sup>TH</sup> MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	22/23 <sup>RD</sup> JANUARY, 1999	

**CONFIDENTIAL AND RESTRICTED**

**MINUTES OF 144<sup>TH</sup> MEETING OF THE BOARD OF DIRECTORS**

The one hundred and forty fourth (144<sup>th</sup>) meeting of the Board of Directors of State Life Insurance Corporation of Pakistan was held on 22/23<sup>rd</sup> January, 1999 at 10.30 a.m. at 16<sup>th</sup> Floor, State Life Building No.5, Blue Area, Islamabad.

**PRESENT**

- |                             |  |
|-----------------------------|--|
| 1. Dr. Najeeb Samie         | Chairman                                 |
| 2. Mr. Mohammad Sulaiman    | Director/Additional Secretary (Commerce) |
| 3. Mr. Mohammad Latif       | Executive Director (B&A/PHS)             |
| 4. Mr. J.M. Pereria         | Executive Director (S&D/Inv)             |
| 5. Mr. Rasool Bakhsh Baloch | Executive Director (P&GS/Int'l/Law)      |
| 6. Mr. Imtiaz Rasool        | Executive Director (G&P/IA&E/Actuarial)  |
| 7. Mr. Umair Khan           | Executive Director (IIRDD/CD/Sys)        |
| 8. Mr. Akbar Ali Hussain    | Secretary Board                          |

2. The meeting was also attended by Mr. M. Mazharuddin, GM(Actuary), Mr. Rafique M. Chippa, DGM(CD), Mr. Attaulh Khan, AGM(CD) and Mr. Tauqir Zaidi, AGM(CD) at the request of the Board.

**ITEM I. CONFIRMATION OF MINUTES OF 143<sup>RD</sup> MEETING OF THE BOARD OF DIRECTORS.**

2. The minutes of 143<sup>rd</sup> meeting of Board of Directors held on 19<sup>th</sup> December, 1998 were placed before the Board. ED(G&P) proposed and ED(S&D) seconded that the minutes be confirmed with the following amendments. Accordingly it was resolved as under:

**RESOLVED**

"that the minutes of 143<sup>rd</sup> meeting of Board of Directors held on 19<sup>th</sup> December 1998 be and are hereby confirmed with the following amendments:"

Resolution in Para E2 of Item 5 of 143<sup>rd</sup> meeting of the Board to now read as follows:

**RESOLVED**

"that the technical and financial bids asked for from M/s. Net Pace Inc. Union City CA if received be considered with technical and financial bids to be received from four already approved short-listed firms i.e., M/s.CresSoft, PRAL, ICL & IBM."

4. The Board lauded the services rendered by Sayed Muzaffa. Ali Shah, Former Chairman, who has been transferred as Chairman, Pakistan Insurance Corporation and wished him success in his new assignment.

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ITEM 2. SELECTION OF SOFTWARE FIRM FOR

- \* Millennium/Y2K Compliance.
  - \* Complete Software Development on Corporate Basis.
- ED(CD) MEMORANDUM DATED 21-01-1999.

5. The requirements of State Life as expressed in RFP (Request For Proposal) prepared by Computer Division of State Life with the assistance of M/s. System Limited and circulated to potential bidders were as follows: (A copy of the RFP was circulated to the members of the Board and the same is enclosed at Annexure 'A'.)

- Make an in-depth study, analyze, design, develop, build and implement a complete integrated software applications on corporate basis.
- Cover all businesses at all levels in modular form
- Implementation support for new applications at Principal Office and selected zones.
- Should be Oracle based solution
- Proposed solution should fit into State life's existing environment.
- Modularity, Extendibility, Transportability
- Provide data/system security & integrity
- Support for payment through credit cards
- Support for voice mail, internet, intranet.
- System should be auditable and ensure Audit Controls
- Total project duration 30 months. Y2K compliancy of existing applications with in 8 months.
- Y2K compliancy of existing applications to be achieved through conversion to Oracle platform.
- Support for parallel runs
- Training of maintenance team and end-users
- While Oracle has already been selected, bidders were still encouraged to suggest HW/SW, development tools and networking environment.

6. The State Life Objectives for the above requirements were as follows:

- Increase productivity at all levels
- Improve service to the policyholders
- Use of latest information technology to meet future IT requirements
- Provide help to management in business planning, decision making, goal setting etc. Y2K compliancy.

7. As directed by the Board at its 143<sup>rd</sup> meeting held at Karachi on 19<sup>th</sup> December 1998 that a complete presentation be given to the Board by the short-listed firms before finalization of appointment of consultant for re-writing of systems and computerization of all functions of State Life, a presentation was arranged from each of the five software firms competing for the assignment of the work of complete integrated software development on Corporate basis and solution of millennium problem.

8. ED(CD) informed the Board that technical and financial proposal have been submitted by M/s. Netpace Inc., Union City CA in addition to the already four other short-listed firms i.e PRAL, IBM, PICL and CresSoft. The technical proposals have already been opened by the Central Procurement Committee and evaluated by the Steering Committee setup for the purpose. However, the financial proposals would be opened later on after the presentation and as instructed by the Board.

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<p>9. A copy of the technical proposals received from the software firms was given to Mr. Anwar Rodney Rehman of M/s. THK and Mr. Zeeshan Qureshi of M/s. A.F. Ferguson and Company for their technical evaluation and submission of a report thereon. However, Mr. Rodney Rehman did not submit any report whereas the report received from Mr. Zeeshan Qureshi was circulated to the members of the Board and is enclosed at Annexure 'B'.</p>			
<p>10. The Board was apprised that the Computer Division had evaluated the proposals that it had received in terms of methodology, team of the project, understanding of the State Life requirements, system development training to State Life team, State Life experience about the firm, market reputation and methodology of Y2K, etc. A copy of the said evaluation was circulated to the members of the Board and the same is enclosed herewith at Annexure 'C'. Thereafter the said potential bidders were requested to make a presentation on the proposal that they had submitted.</p>			
<p><u>Presentations by Software firms</u></p>			
<p><u>PRAL</u></p>			
<p>11. The first presentation was given by Mr. Javed Hanif Agha for PRAL who emphasize that the scope of work to be covered by PRAL would be as follows:</p>			
<ul style="list-style-type: none"> <li>- Process re-engineering which would cover identification of processes to be modified, designing of alternative procedures and implementation of re-engineered processes,</li> <li>- Application software development for each of the functional areas.</li> <li>- Technical documentation</li> <li>- Training.</li> </ul>			
<p>12. The methodology to be adopted by PRAL would be:</p>			
<ul style="list-style-type: none"> <li>- Design as an integrated whole</li> <li>- Develop in modular fashion</li> <li>- Deploy in phases</li> </ul>			
<p>13. This would include analysis, designing, development, testing and implementation. Mr. Javed Hanif Agha informed the Board that PRAL has so far done only Government projects, their major work being re-designing and implementation of the software for Manaway Project. However no private sector project has so far been undertaken by PRAL. A copy of presentation made by PRAL was circulated to the members of the Board and is enclosed as Annexure 'D'.</p>			
<p><u>IBM</u></p>			
<p>14. Mr. Sheikh Nisar Ahmed then gave the presentation for IBM. The IBM project management methodology would have the following key elements:</p>			
<ul style="list-style-type: none"> <li>- Project qualification</li> <li>- Risk Assessment</li> <li>- Resource mobilization</li> <li>- Subcontractor/partnership management</li> <li>- Quality management</li> <li>- Change management</li> <li>- Issues/Problem management</li> <li>- Project planning</li> <li>- Project monitoring</li> </ul>			

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15. The highlights of IBM proposal:

- All required applications included in the scope
- State of art project management project management tools and techniques to ensure that targets and objectives are met.
- Quality of the deliverable ensured through QA function
- Long term IT strategy through Enterprise Model
- High quality documentation
- IT and Users training to ensure transfer of skills
- Prototype to ensure that all required functionalities are available
- Oracle based solution as required in RFP
- Year 2000 Ready solution
- Use of Internet/Intranet technology possible
- Platform independence
- Complaint Management System to ensure customer satisfaction.

16. IBM suggested the following strategy for State Life:

- Complete Y2K project ASAP
- First complete Analysis, scoping requirement definition i.e. identity critical/Non-critical processes.
- Re-engineer processes
- Based on Analysis select international package which support State Life' critical business processes.
- Customize non-critical processes
- Implement selected package
- Training.

17. Mr. Nisar Sheikh informed that State Life is again going for vendor dependency by deciding for Oracle and Developer 2000 Environment. He suggested that database engine of Oracle is sophisticated however the development environment should be other than Developer 2000 as it can not be linked to any other database engine other than Oracle while other development environments can be linked to Oracle as well as other database engines like DB-2, Informix etc. A copy of presentation made by IBM was also circulated to the members of the Board and is enclosed as Annexure 'E'.

PICL

18. The third presentation was given by Mr. V.A. Abidi, GM(PICL) and Mr. Salahuddin of PICL. Mr. Salahuddin pointed out that the objective of PICL would be as follows:

- To assess, test, remediate and implement year 2000 complaint applications for State Life Insurance Corporation. The approach will be based on nine phases which would comprise of the following:

- \* Launch Phase
- \* Assessment Phase
- \* Remediation and Test Phase
- \* Implementation Phase
- \* Application Portfolio Phase
- \* Risk Analysis
- \* Analysis Phase
- \* Compliance Strategy
- \* Data Conversion Phase

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- As regards software development, the objective would be to design, test, simulate and developed state of the art, Open Ended Modular system application software to fulfill the State Life Insurance Corporation current requirements as well as provide freedom for future expansion to meet 21<sup>st</sup> century requirements. The PICL representative then explained the software development life cycle, options of systems database software, options of system application software and advantages and disadvantages of preferred options and pre-developed application software advantages and disadvantages. It was also explained that there would be data administration and security for which the tools to be used were highlighted. Proposed system networks was also explained together with suggested hardware configuration.

19. To a query, the GM(PICL) could neither disclose the identity of the owners of PICL in Pakistan nor the names of the Chairman and Directors of the Company. A copy of presentation made by PICL was also circulated to the members of the Board and is enclosed as Annexure 'F'.

CresSoft

20. Mr. Waris Ansari of CresSoft made the presentation for CresSoft to the Board on the second day of the meeting i.e. 23<sup>rd</sup> January 1999. The following procedures were highlighted by CresSoft:

- Development
- Quality Management
- Configuration Management
- Process Engineering
- Corporate Training
- Business Development
- Network & System Administration

21. The problems in the current setup were also highlighted as follows:

Application Problems

- Year 2000 Non-Compliant at PO
- Unstructured Data Model
- Data Redundancies
- Non-Integrated Applications

Communication Problems

- Delayed updation
- Off-line processing

Hardware Problems

- Moving to obsolescence
- High Maintenance Cost
- Non-Upgradable
- Expertise Unavailable

22. The solutions suggested by M/s. CresSoft comprises of the following:

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**Environment**

- Platform: PC based solution
- Operating System: Windows NT/95 or 98
- Database: Oracle 8 or later
- Developing Tool: Developer 2000/Desinger 2000
- Online data processing

**Modules (Categorization)**

- Three Main Categories:
  - \* Core Insurance Category
  - \* Auxiliary Functions Category
  - \* MIS/EIS Reporting Category

**Hardware-Setup (File Server)**

- Intel-based Dual Processor Machine or RISC-based
- Future Upgradability Provision
- Open Architecture
- Auto-Switchover Capability (Backup)
- Database Server Replication
- Fault Tolerant System

**Workstations**

- Windows NT/95/98-based (GUI)
- Intelligent Machines
- Combination of high and low-end Machines
- Year 2000 Compliant

23. The communication setup and the implementation plan for software development was then explained. Mr. Ansari also informed the Board that counseling sessions would be held for the end-users to remove fear and enhance skills and resources of the Computer Division. The methodology training and Oracle training would also be imparted to the Computer Division staff who would also be part of the development team. Query and hand on training would also be included and software development would be tested for functionality, parallel integration, regression, stress and load and acceptance.

24. To a query, Mr. Ansari explained that other development tools can be comfortably linked to the Oracle database and that they had enough people for the project to complete the project within the stipulated time. A copy of the presentation made by M/s. CresSoft was also circulated to the members of the Board and is enclosed as Annexure 'G'.

**Netpace**

25. Mr. Vajih Khan of Netpace was then invited to make the presentation for Netpace who explained to the Board that similar jobs have been carried out by Netpace in the past and that there is a library of software with his firm. The software could be picked from the shelf and tailored to meet the requirements of State Life which would result in saving of time that would otherwise be spent in development of the program. He explained that the programming code could be re-used with little or no modification. Mr. Vajih Khan also informed the Board that State Life decision of Oracle, Unix environment was in conformity with the latest trend of technology and that Oracle could be linked to other tools quite easily. Mr. Vajih Khan further informed the Board that the

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work if assigned to them would be guaranteed for six months from go live date and Netpace will fix all bugs. Furthermore Netpace will also offer on-going service and maintenance contract. The senior management of Netpace had extensive experience with leading IT firms including Microsoft, Netscape, Compaq etc. Netpace suggested that the use of concept of full service Intranet and Web-browsers which would be using the latest and most useful technology applications and has flexibility for growth and leveraging legacy systems with global business benefit. The training would include Management Training Education on Using System, IT Training for staff and officers of Computer Division and Documentation Reference Material and Online Support. A copy of presentation made by M/s. Netpace Inc., Union City CA was circulated to the members of the Board and is enclosed as Annexure 'II'.

26. Mr. Shahid Mir of M/s. System Research Ltd. at the invitation of the Board was present for a little while in the presentation made by M/s. CresSoft Pvt. Ltd. and in the entire presentation made by M/s. Netpace Inc., Union City CA.

27. Each of the five software firms who made the presentation recommended that it would be appropriate for State Life to buy ERP(Enterprise Resource Planning).

28. After the presentation were over, the ED(CD) suggested to the Board that the problem of removal of millennium bug and software development should be handled separately. ED(CD) suggested that the millennium problem should be solved in-house however additional help be provided to the Computer Division by inducting/engaging ten Cobol Programmers from outside. The Computer Division also requested that a new hardware equipment should be purchased and installed for the purpose immediately so that the routine work which will also have to be carried out does not suffer. The configuration suggested was as follows:

SERVER	Latest Dual Processor Machine Preferably Intel based
RAM	1 GB Provision of expansion
Disk Storage	500 GB with provision of expansion
Streamer Tape	Backup Unit Max available capacity
Floppy Disk	3.5"

CD ROM

Provision to attach existing spool tape

Printer 2 2000 Lpm and 1600 Lpm one to be DotMatrix

Network Port 128

Operating Environment Windows NT/UNIX SMP

Development Environment Micro Focus COBOL and ORACLE

Clients 16 Latest Intel Processor Standard PC'es with requisite software.

29. After discussion, it was resolved as under:

Resolved

(i) " that as suggested by Mr. Shahid Mir of System Research Ltd., a letter be written to all the five competing software firms to submit technical and financial proposals for SAP(Software Application Package)/ERP(Enterprise Resource Planning) or similar type of off the shelf package solution which would be a good solution for State Life for millennium bug solution as well as for the complete integrated software solution on corporate basis and a maximum time of fifteen days be given for submission of proposal."

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✓  
ED(CD)

(ii) "that the delay in submission of technical and financial proposal by IBM within the prescribed date be and is hereby condoned."

Action  
ED(CD)

(iii) "that based on Computer Division assurance to the Board, the millennium bug solution should be undertaken in-house for which necessary hardware equipment be purchased and such number of Cobol Programmers be inducted/engaged from outside to assist the Computer Division for timely completion of the work and ED(CD) be and is hereby authorized to negotiate and finalize the terms of contract of COBOL programmers and CPC is hereby authorized to call quotations and process the purchase of hardware equipment in consultation with ED(CD) and Computer Division."

✓  
ED(CD)

(iv) "that a Consultant namely Mr. Shahid Mir of M/s. Systems Research Ltd be appointed to study the technical proposal received from all the short-listed firms which made presentation to the Board in the light of guidelines given by the Board and submit his report within two days to assist the Board in arriving at a decision for selection of Consultant for development of software and that ED(CD) is hereby authorized to negotiate, finalize and pay the fees to Mr. Shahid Mir for the above assignment as may be mutually agreed upon."

Action  
ED(CD)

(v) "that the Board would deliberate on the Corporation's automation, once Mr. Shahid Mir had submitted his recommendations on the said firms. The Board also directed that upon receipt of ERP proposals, the same be evaluated and a report be submitted to the Board on the same."

**ITEM 3. APPOINTMENT OF CONSULTANT TO ASSIST STATE LIFE FOR MAKING PREPARATION IN OBTAINING ISO 9000 CERTIFICATION FOR THE CORPORATION**

ED(Svs) presented before the Board the final evaluation of technical and financial bids received from five of the six pre-qualified consulting firms namely PIQC, BMIQA, International Systems, Coopers & Lybrand and Quality Concern to assist State Life in performing all necessary work including preparation of system manual to obtain ISO-9000 Certification for State Life. As per marks given for evaluation of technical and financial bids (weightage 70% and 30% respectively) by the Steering Committee. M/s. BMIQA has secured the highest marks i.e. 68.40 marks, PIQC 58.77 marks and Coopers & Lybrand has secured 61.44 marks. As per independent evaluation by State Life Consultant Mr. Anis Motiwala of M/s. Sidat Hyder Morshed. BMIQ have secured 59.51 marks and PIQC has secured 51.49 marks whereas Coopers & Lybrand have secured 61.61 marks. Though Coopers & Lybrand have secured the highest marks for technical bid i.e. 46.5 and BMIQ has secured 38.4 and PIQC has secured 38.29 marks as per evaluation of the Steering Committee and 46.7, 29.54 and 31.01 marks respectively as per evaluation of Mr. Anis Motiwala of M/a. Sidat Hyder Morshed, the total cost quoted by them are as follows:

M/s. Cooper & Lybrand	Rs.22,23,350/-
M/s. PIQC	Rs.16,20,000/-
M/s. BMIQA	Rs.11,06,000/-

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31. Based on the above, it was recommended for consideration by the Board that M/s. BMIQA may be awarded the assignment to assist State Life for making all the necessary preparation required to obtain certification under ISO-9000 after ensuring that the scope of work outlined in the term of reference and in the letter of State Life calling for technical and financial bid is fully incorporated in the agreement to be executed with M/s. BMIQA for award of the contract.

32. Accordingly it was resolved as under:

Resolved

“that M/s. BMIQA be and is hereby approved for appointment as consultant to assist State Life in making all the preparation necessary for obtaining ISO-9000 Certification for the Corporation. However, the agreement be executed when the report of the consultant Mr. Shahid Mir is received on the technical proposals of short-listed firms regarding computerization of State Life so that there could be coordination between ISO-9000 Certification work and the work for complete computerization of the Corporation.”

33. The meeting ended with vote of thanks to the Chair.

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