Business Case

Project Cascade: Billing Platform Renewal

Prepared for the Nexa Group Investment Committee
Finance Transformation Programme

Replace the legacy premium billing engine with a cloud billing platform to cut cycle time, reduce billing error rework, and remove a growing compliance and key-person risk before the current system's vendor support contract lapses.

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Executive sponsor	Laura Whitfield, Chief Operating Officer
Financial approver	David Osei, Chief Financial Officer
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1 Executive Summary

Nexa Group's premium billing engine, LEDGERLINE, was built in-house in 2013 and now underpins $410M of annual premium invoicing across four business lines. The platform runs on an unsupported application server, is maintained by two engineers who hold the only working knowledge of its batch-reconciliation logic, and generates a billing error rate that forced three regulatory disclosures in the last eighteen months [1]. The vendor extended-support contract for the underlying runtime expires on 30 June 2027 and will not be renewed.

This business case appraises four options for addressing that exposure and recommends **Option C – migrating to the Vertex Cloud Billing Platform**, a SaaS platform already in production at peer insurers including Synapse Holdings [2].

Total investment	5-yr NPV @ 9%	Payback period	IRR
$2.35M	**$233K**	**3.8 yrs**	**12.1%**

◎ Why now

The financial return alone is modest – this is a risk-and-capability case as much as a cost case. Beyond the $233K base-case NPV, Option C retires a single-point-of-failure system before its support contract lapses, removes the regulatory exposure identified in the FY2025 internal audit, and gives Finance Operations a platform it can staff without specialist legacy skills. Deferral is not neutral: every quarter of delay narrows the runway to the June 2027 support cliff and compounds vendor pricing risk on a same-scope rebuild.

The Investment Committee is asked to approve capital funding of $2.35M and a 22-month implementation, governed by the phased plan set out in Section 7.

2 Strategic Context

2.1 The problem

Ledgerline processes 340,000 premium invoices a year across Nexa Group's commercial property, casualty, marine, and specialty lines. Three structural issues make the status quo untenable:

- **Vendor support cliff.** The application server underneath Ledgerline reaches end-of-extended-support on 30 June 2027. No further security patches will be issued after that date.
- **Key-person concentration.** The batch reconciliation logic – roughly 40,000 lines of undocumented stored procedures – is understood in full by two engineers, one of whom is eligible for retirement in 2027.
- **Rising error cost.** Manual reconciliation between Ledgerline and the general ledger produced 1,140 billing corrections in FY2025, three of which required regulatory disclosure under the Group's premium-handling obligations [1].

2.2 Strategic alignment

Project Cascade advances two commitments in Nexa Group's FY2026–FY2028 strategy [3]: the *Operational Resilience* pillar (retiring single-points-of-failure in regulated financial processes) and the *Digital Finance* pillar (moving core finance systems to managed cloud platforms with a five-year technology-refresh cadence). It also responds directly to Finding 4.2 of the FY2025 internal audit, which rated legacy billing infrastructure risk as "elevated and worsening" [1].

2.3 Scope

In scope: premium invoicing, billing adjustments, dunning and collections workflow, and the general-ledger interface for the four in-scope business lines. Out of scope: claims payment processing (owned by the Claims Systems programme) and the commission-management module, which is being retired independently in Q3 2026.

Do-nothing is not neutral

Retaining Ledgerline past June 2027 without extended support would require either an uninsurable security posture or an emergency single-source support contract that peer benchmarking puts at 2.4× the cost of a planned migration [4].

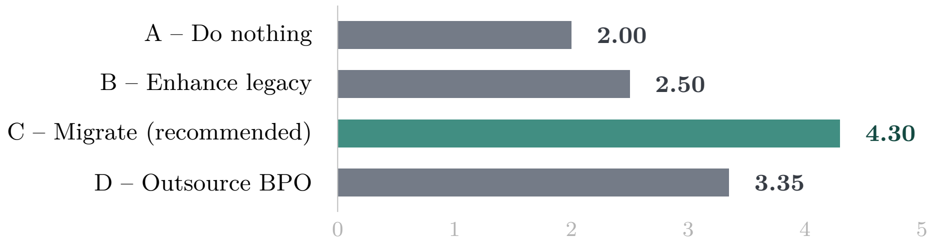
3 Options Appraisal

Four options were assessed by the Finance Transformation Programme Board against five weighted criteria, scored 1 (poor) to 5 (excellent) by a panel of eight stakeholders across Finance, Operations, and Technology.

Option	Description
A. Do nothing	Continue operating Ledgerline as-is; absorb support-cliff risk when it arrives.
B. Enhance legacy	Tactically patch Ledgerline: refactor the reconciliation module, extend support via a third-party maintenance firm.
C. Migrate to Vertex Cloud (recommended)	Replace Ledgerline with the Vertex Cloud Billing Platform, a SaaS product already live at peer insurers.
D. Outsource to BPO	Transfer billing operations, including the legacy system, to a third-party business process outsourcer.

3.1 Weighted scoring

Criterion (weight)	A	B	C	D
Strategic fit (25%)	1	2	5	3
Cost efficiency (20%)	3	3	4	4
Risk reduction (20%)	1	2	4	3
Speed to value (15%)	5	4	3	4
Scalability (20%)	1	2	5	3
Weighted score / 5.00	**2.00**	**2.50**	**4.30**	**3.35**



Option C scores highest on every criterion except speed to value, where the incremental patch (Option B) has a shorter path to deployment but resolves none of the underlying platform risk. The Programme Board's recommendation, endorsed unanimously, is Option C.

4 Cost-Benefit Analysis

4.1 Investment costs (Option C, Year 1)

Cost item	Amount
Vertex platform subscription setup and configuration	$600,000
Data migration and validation (12 years of billing history)	$470,000
Systems integration (general ledger, CRM, payment gateway)	$510,000
Change management, training, and parallel-run support	$330,000
Contingency reserve	$440,000
Total capital investment	**$2,350,000**

4.2 Recurring costs and benefits (steady state, Year 3 onward)

Annual benefit	Value
Billing operations FTE efficiency (6.4 FTE-equivalent automated)	$540,000
Reduction in billing errors and rework	$210,000
Faster billing cycle – working-capital / DSO improvement	$290,000
Avoided compliance penalties and audit remediation cost	$180,000
Legacy licence and maintenance decommissioning	$220,000
Total annual benefit	**$1,440,000**
Vertex subscription and support (annual, escalating 3%/yr)	($480,000–$541,000)

Where the FTE saving comes from

Automated invoice generation and matching removes 70% of the manual reconciliation effort currently performed by the 9-person billing operations team. No redundancies are planned: freed capacity is redeployed to collections follow-up and dispute resolution, both currently under-resourced.

5 Financial Analysis

5.1 Net present value summary

Cash flows are discounted at Nexa Group's weighted average cost of capital of 9%, consistent with the hurdle rate applied to all Finance Transformation Programme investments [4]. Capital investment falls in Year 0 (ahead of go-live); benefits ramp from partial realisation in Year 1 to steady state in Year 3.

Year	2026	2027	2028	2029	2030
Net cash flow ($)	−2,350,000	140,000	685,000	830,000	885,000
Discount factor @ 9%	1.000	0.917	0.842	0.772	0.708
Present value ($)	−2,350,000	128,436	576,565	640,926	626,934

A sixth cash-flow year (2031, PV $610,156) is included in the cumulative total below but omitted from the table above for width.

Net present value	Internal rate of return	Simple payback	Discounted payback
$233K	**12.1%**	**3.8 yrs**	**4.6 yrs**

5.2 Sensitivity analysis

The base case NPV is positive but not large relative to the $2.35M outlay, so the Programme Board stress-tested it against discount-rate and benefit-realisation swings.

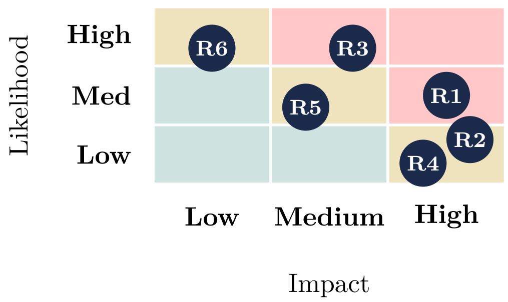
Scenario	Discount rate	Benefit realisation	NPV	Signal
Downside	11%	80%	−$180,000	High
Base case	9%	100%	$233,000	Medium
Upside	7%	115%	$610,000	Low

Reading the sensitivity

The case turns negative only if benefit realisation falls below roughly 84% of plan *and* the discount rate rises above the current WACC – a combination the Programme Board judged unlikely given that 60% of steady-state benefit (FTE efficiency and legacy decommissioning) is contractually or structurally locked in once Ledgerline is retired. The remaining 40% (error reduction, DSO improvement) is the portion tracked most closely during benefits realisation reviews.

6 Risk Register

Six risks were rated Medium or higher by the Programme Board's joint Finance/Technology risk workshop. Each carries a named owner and a mitigation already funded within the $440,000 contingency reserve.



ID	Risk	Rating	Owner
R1	Data integrity errors during cutover from Ledgerline to Vertex	High	Migration Lead
R2	Vendor lock-in and subscription cost escalation post-contract	Medium	Procurement
R3	Billing team resistance to the new workflow slows adoption	High	Change Manager
R4	Integration failure between Vertex and the general ledger	Medium	Integration Architect
R5	Programme timeline slippage past the June 2027 support cliff	Medium	Programme Manager
R6	Security exposure introduced by a new externally hosted platform	Medium	CISO

- **R1:** phased migration with a two-cycle parallel run and row-level reconciliation before Ledgerline is decommissioned.
- **R2:** negotiate a three-year price cap and a data-export exit clause into the Vertex master services agreement.
- **R3:** embed billing-team champions in design workshops from Month 1; run training in the four weeks before go-live, not after.
- **R4:** sandbox integration testing against a GL replica completed before the cutover gate, not during it.

7 Recommendation and Next Steps

Recommendation

The Finance Transformation Programme Board recommends the Investment Committee approve **Option C: migration to the Vertex Cloud Billing Platform**, with capital funding of **$2,350,000** released in Year 1 and recurring operating cost of $480,000 rising to $541,000 by Year 5, absorbed within the Finance Operations run-rate budget. The case delivers a base-case NPV of $233,000 at a 9% discount rate, a 3.8-year payback, and – more materially – retires a single-point-of-failure billing platform before its support contract lapses on 30 June 2027.

7.1 Implementation timeline

Gate	Milestone	Target
G1	Investment Committee approval and Vertex contract execution	Apr 2026
G2	Design complete; GL and payment-gateway integration built in sandbox	Sep 2026
G3	Data migration rehearsal and reconciliation sign-off	Jan 2027
G4	Parallel run begins (Ledgerline and Vertex operate concurrently)	Mar 2027
G5	Go-live; Ledgerline decommissioned	May 2027
G6	First benefits-realisation review against this business case	Nov 2027

7.2 Approval

Name and role	Decision	Date
Laura Whitfield, Chief Operating Officer (Sponsor)	____________	________
David Osei, Chief Financial Officer (Financial Approver)	____________	________
Investment Committee Chair	____________	________

References

[1] David Osei and Marta Kessler. FY2025 internal audit findings: Finance systems and controls. Internal Audit Report IA-2025-11, Nexa Group Internal Audit, Toronto, Canada, 2025.

[2] Brightlane Advisory. Cloud billing platform adoption in mid-market insurance: A peer benchmark. Technical Report BA-FS-2025-04, Brightlane Advisory, London, United Kingdom, 2025.

[3] Nexa Group. FY2026–FY2028 corporate strategy: Operational resilience and digital finance. Technical report, Nexa Group Office of Strategy, Toronto, Canada, 2026.

[4] Castellan Risk Partners. Legacy financial systems: Emergency support cost and risk premiums. Technical Report CRP-2025-119, Castellan Risk Partners, Chicago, IL, 2025.