

Speed Time to Market with Rapid Product Development

Insurers are seeking greater agility in defining, changing, and launching products. We are in a digital world where speed to market can define winners and losers, where small mistakes are quickly capitalized on and become big problems.

—Celent

Key Takeaways

The use of standardized configuration tools—not custom code—is the key enabler of speed to market.

Configuration should also flexibly manage an insurer’s ecosystems of suppliers, distribution channels, and customers.

Configuration capabilities must empower business users and be in the areas where change and flexibility are needed most.

Speed to market of omnichannel-ready products requires digital design capabilities built into the core system.

The Need for Speed

If you are currently saddled with a legacy policy administration system, you might find yourself in a position where the cost of getting a product to market is prohibitive and the time necessary to do it is unacceptable. Unfortunately, this impediment can lead to a steady and unsettling erosion of competitiveness. Given this reality, it is easy to understand why “accelerating new product development” and “improving product agility (the ability to change products)” are consistently cited among the top business and technology priorities for insurers, and accordingly are deemed a key reason for core systems replacement.

To achieve the level of innovation, velocity, and agility needed to effectively compete in today’s market, insurers need rapid product manufacturing. But the key to product acceleration is to avoid custom code. If you want to get new and updated products to market faster—and through multiple distribution channels—you need to leverage standardized configuration tools and technology that eliminate the need for coding.

Rapid and flexible product development helps transform insurers into customer-centered organizations, capable of packaging innovative products that resonate with customer demand and delivering them in ways customers prefer.



The majority of insurers cited 25 percent or greater improvements in speed to market as a result of core systems replacement.

—Novarica

Clear the IT Gridlock

To steer clear of custom code and clear the current IT gridlock, insurers need to embrace packaged software solutions that offer pre-assembled products; but insurers need to also confirm that any pre-packaged content is also modifiable. The road to nirvana may be a standalone policy administration system or a full core suite. With a suite approach, you may gain the additional benefits of sharing the same data and configuration paradigm with billing, claims, and customer engagement modules while using the common rules and workflow engines of the underlying platform.

Regardless of the solution, advice from “those well-traveled” indicates that insurers should be prepared to leverage packaged processes along the way. Modern vendor solutions will differ, but many embody industry best practices and standard processes. Modifying a software package to maintain outdated product customs and traditions is a losing proposition. Deploying a new system is an opportunity to gain speed to market as well as improve operational efficiency.

Advice from Those Well Traveled

“Insurers should be prepared to leverage packaged processes along the way. Modifying a software package to maintain outdated product customs and traditions is a losing proposition. Deploying a new system is an opportunity to gain speed to market as well as improve operational efficiency.”

The right solution will enable most of your specific requirements to be configured without requiring additional coding, and the product design tool should allow business users to manipulate rich sets of built-in functionality and capabilities to modify most aspects of product behavior. Out of the box, the system should enable non-IT users to modify rates, rules, workflows, interfaces, forms, and product definitions as well as manage roles to facilitate rapid, efficient product deployments.

To further enhance speed to market, the solution should also extend configurability to flexibly manage the insurer’s ecosystem of suppliers, distribution channels, and customers. Prebuilt integration to standard data and third-party sources as well as partners, such as reinsurers, accelerate system implementation and product speed to market. In fact, a new wave of API technology is enabling easier integrations to new and existing data sources, partners, and customers.

Examples of Insurers Accelerating Their Success

AMI leveraged the reusable product components and configuration in the EIS Suite™ core software system to enable its House and Contents products configuration to occur in less than half the time of the earlier Motor products configuration and at less than one third of the cost.

Industrial Alliance Auto & Home achieved a 75% reduction in the time to refactor rating by using the EIS PolicyCore™ rating tool. In addition, the change in rating is conducted by actuarial staff with no IT assistance.

CSAA Insurance Group was able to introduce new Auto products to 23 of its AAA partner state affiliates over a 20-month period using the EIS PolicyCore software application.

Consider Processes and People

Comprehensive configuration tools and capabilities are definitely key—but those same capabilities must apply to segments of product development and deployment where change and flexibility are needed most. Some product components will remain relatively stable and only need infrequent changes, but other products or components will change frequently (e.g., customer-facing forms, marketing documents, and sales rules). And where regulation allows, pricing and rating rules may change often in response to customer reactions.

When evaluating solutions to put you on the fast path to success, it's important to consider the frequency and speed of change required for the given product. Equally important is to understand who is best suited to make the needed changes. By examining the systems (i.e., people and IT) that effect products, the complexity of the products and the inhibitors to change become apparent, giving you improved insight into the system bottlenecks.

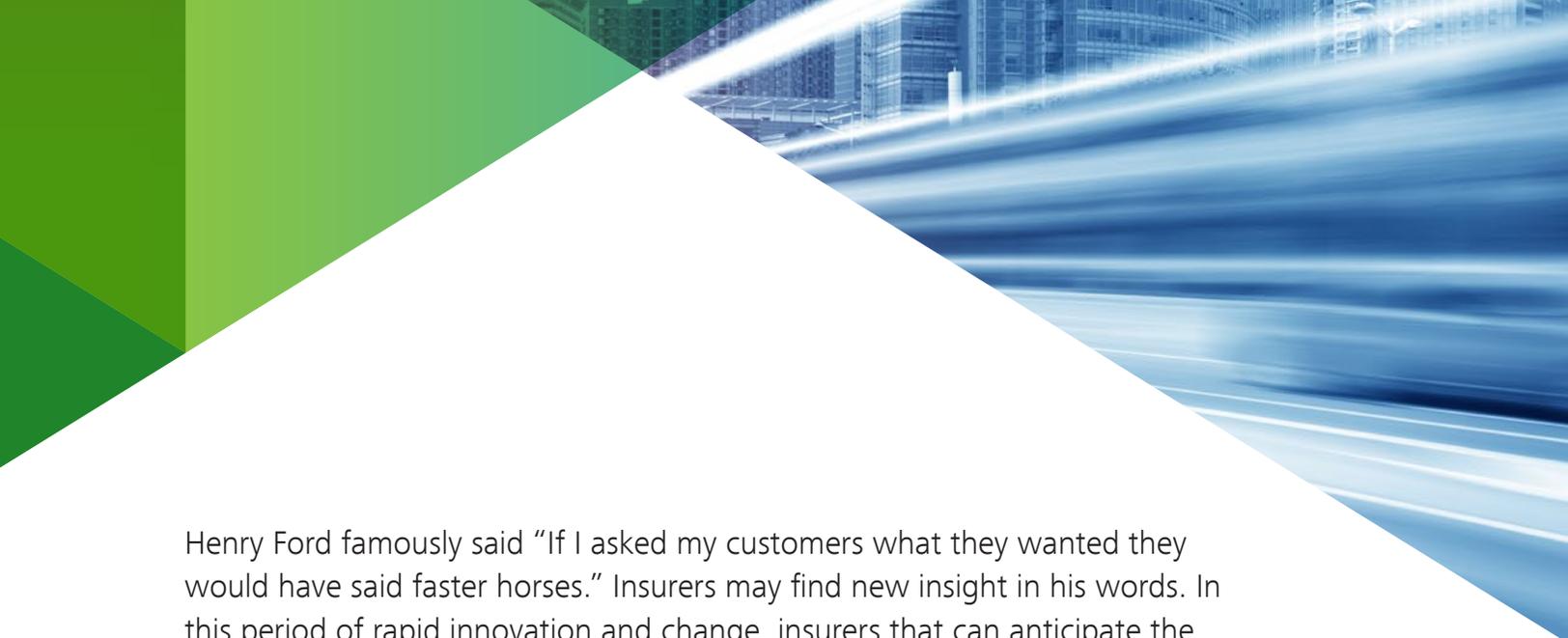
Be Prepared for the Road Ahead

If you are preparing for a near-term product launch, it likely includes the simultaneous rollout of various channels of customer and agent access, including online, mobile, and contact center. And if it doesn't today, it likely will in the future because these connected capabilities provide agents with ease of doing business and nurture direct relationships between insurers and customers.

Don't fall into the quick-fix trap of building functionally-limited and siloed point-to-point mobile apps. To get omnichannel-ready products to market quickly, the ability to create unified digital channel capabilities needs to be within the product design tools of the core system. The system should have robust API capabilities and a framework as well as templates for building mobile interfaces.

In the near future, customers will look for more individualized risk-based solutions, rather than generic aggregate products. Technologies such as Internet of Things (IoT) and big data analytics will drive individual risk profiles and pricing.

Questions to ask are: *Is my product development/management environment capable of supporting these advancements? Will my core systems be able to leverage customer and risk data in real time to deliver products that are priced accurately and help the insured manage their risk better to improve customer loyalty?*



Henry Ford famously said “If I asked my customers what they wanted they would have said faster horses.” Insurers may find new insight in his words. In this period of rapid innovation and change, insurers that can anticipate the impacts of emerging technologies and economic and social trends—even ahead of their customers—and have the product agility to respond to them will gain significant competitive advantage.

Further Reading

[AMI 2015 Celent Model Insurer: A case study of effective technology use in insurance](#)

[Case Study: Industrial Alliance Improves Customer Service and Efficiency with New Digital Platform](#)

[CEB TowerGroup Case Study: A Core Replacement Odyssey —with CSAA Insurance Group](#)