EIS

How **Cloud-Native Insurance Platforms** Will Power the Industry's **True Transformation**

Rory Yates
Head of Strategy, EMEA & Asia Pac at EIS

Special thanks to:

Jonathan Silverman
Director, Insurance Industry Solutions at Microsoft

Brian Cartwright
Industry Executive at Microsoft

Rob Walker
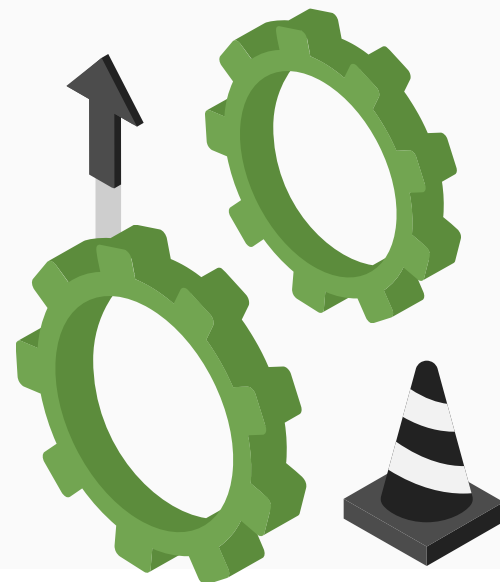Insurance Transformation Partner at PwC

Table of Contents

The pressure on insurance companies to innovate is at an all-time high.

Due to COVID-19, one of the largest and ongoing loss events in history, and the headwinds of complex investment markets, *it's a tumultuous, unprecedented time for insurers.*

Insurance businesses also face many emerging competitors in this new and challenging landscape. Insurtech start-ups and scale-ups are growing, fuelled by innovative new business models and digital propositions. Financial services organisations are increasing their insurance offerings, building on their existing knowledge and relationships with customers. Other non-insurance players, such as large retailers and consumer businesses, also are expanding their offerings, and there are changes in the distribution model and the role of brokers.

With the competitive pressures mounting around digital experiences, new products and services, and a general realisation that it doesn't have to be painful to deliver change anymore, insurers know they have to transform. And they're increasingly looking for more effective ways to build their new ecosystem enterprises.

"Insurance isn't stable and predictable like it used to be, and carriers are having to make strategic choices to succeed," says Rob Walker, insurance transformation partner at PwC. "The pandemic changed customer expectations more than they have changed in decades and that leaves the industry and carriers needing to adjust, maybe literally overnight."

> "Insurance isn't **stable and predictable** like it used to be…"
>
> — **Rob Walker**, Insurance Transformation Partner @ PwC

Enabling Insurance Transformation

"**Next in insurance: Top insurance industry issues in 2022**," notes that carriers need to **define new ways to remain relevant and grow**. Further, they **need to be deliberate about their role** as a digital simplification operator, unmet needs customizer, economic value creator, or an ecosystem orchestrator.

Real-Life Examples: Ways to Play

Data & Integration:
Digital Simplification Operator

Leverages advanced tech and data capabilities to create a seemless, digital-first experience from quote and sale all the way to claims. Features simplicity and competitive prices.

Products:
Unmet Needs Customizer

Develops innovative differentiated, and customized products to address unserved/ underserved segments or new, emerging risks via advanced analytics and pay-as-you-go pricing.

Structuring:
Economic Value Creator

Employs a lean operations focus to compete competitively on price and enable investments in key strategic areas.

Distribution:
Ecosystem Orchestrator

Creates an integrated ecosystem (typically via partnerships) that offers customers "more than just insurance," focusing on distribution & product offerings to win at the point-of-sale.

Partnerships:
Platform Services Innovator

Extends core capabilities by offering products and services to other carriers, distributors or other adjacent businesses. Creates scale by funding differentiating competencies and experiences.

Leading carriers aren't relying on past success. **They're defining new ways to remain relevant and grow.**

— Source: PwC's "Next in insurance: Top insurance industry issues in 2022"

"Even a clear and consistent strategy is going to flounder if your technology can't enable it," Walker says. "A truly strategic technology platform features a core processing system surrounded by digital data and integration capabilities, customer/user-facing systems, and reporting and compliance platforms. Finally, all of that should be in the cloud, because no insurer needs to — and more importantly probably shouldn't — support its own infrastructure anymore."

Building the Ecosystem Insurer

In recent times, transformation has required new value creation in products, services, and experiences through new technology in a new working model. It is also reasonable to say that most transformations have been about creating ecosystem-based business models, and a move away from becoming merely omnichannel.

Achieving this through customer knowledge and the ability to act on it in real time, while also changing enterprise design, isn't easy. Most have not achieved this in the same way the larger "born digital" or digital-first ecosystem-driven businesses such as Amazon, Alibaba, Google, Facebook, Microsoft, and Apple have.

One crucial failure: technology ecosystems often still reflect the enterprise design models they operate within instead of creating the change needed.

In insurance, most have moved through a series of technology-driven transformation phases with mixed success:

Phase 1 — IT driving efficiency in business process and operational scale

Phase 2 — The experience economy changed the relationship model, allowing insurers to operate in a lower-cost, higher-frequency, and more self-administrated way – eventually in the hands of their customers via mobile

Phase 3 — In this current phase, the sheer volume and depth of data, the power of IoT, and the predictive power of AI and MLOps, alongside deep personalization, all infinitely scalable through the cloud, has finally created a raft of new value potential and agility never seen before in the industry.

"Technology can unlock human ingenuity, but innovation has been stifled in insurance. Much of this can be shared by regulation and enterprise design, but a large amount of this problem lies at the door of technology. And particularly in technology with fixed capacity, scope, and lack of adaptability and built-in AI, machine learning, and compute power."

— **Jonathan Silverman**, Director of Insurance Industry Solutions @ Microsoft

There have been a number of core services entering the insurance market, and various technology offerings all aimed at driving this third phase. However, nearly all of them simply put the power of new technology into the context of existing technology structures. These, in turn, reflect the overall organisational model of the insurer, creating large monolithic structures either aligned to policies or the teams associated with that area of risk.

The technology and code are then often monolithic to those policy structures, and the applications and technology tools aligned, built, or customised and integrated accordingly, creating fixed capability and large, complicated architectures.
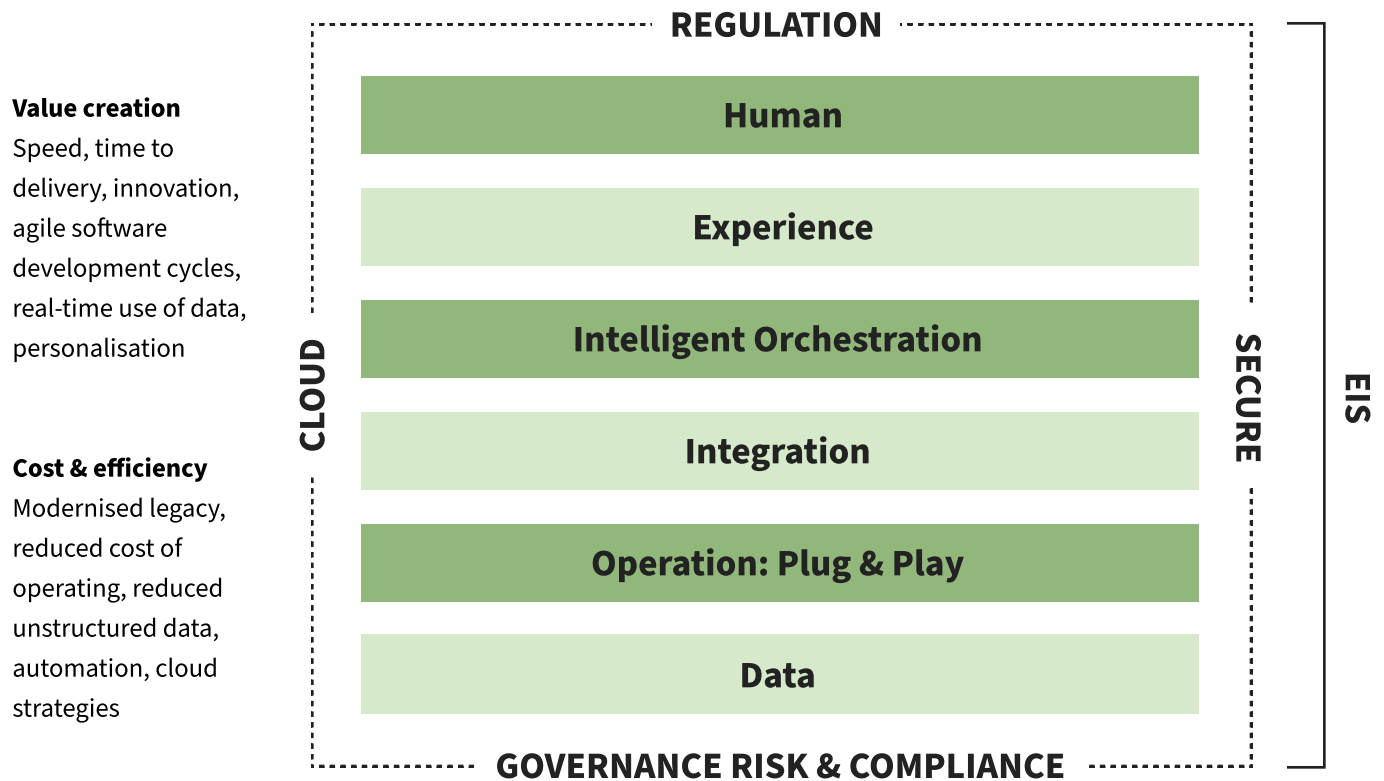
When set alongside the need to fuse teams from business and technology functions to respond to customers' demands faster, this is a fundamental obstacle. At this stage, the boards of insurance companies are expecting more efficiency, better experiences, and new products and services, and fast. They want their ROI on IT transformation.

Achieving this requires a fundamental re-engineering of the business, both the enterprise design and the technology ecosystem. Innovating faster and more securely and operating as an agile software development business helps insurers be more competitive in today's marketplace.

"Technology can unlock human ingenuity, but innovation has been stifled in insurance."

Here's what the simplified insurance technology ecosystem looks like:

Value creation
Speed, time to delivery, innovation, agile software development cycles, real-time use of data, personalisation

Cost & efficiency
Modernised legacy, reduced cost of operating, reduced unstructured data, automation, cloud strategies

REGULATION

CLOUD

SECURE

EIS

Human

Experience

Intelligent Orchestration

Integration

Operation: Plug & Play

Data

GOVERNANCE RISK & COMPLIANCE

Fusing layers of the architecture stack and various tooling to develop new products, services, and experiences at a rapid pace is paramount to competitive success.

Working with insurers to develop this capability across their enterprise, and creating huge cost and operational efficiencies in the process, is at the heart of what EIS does.

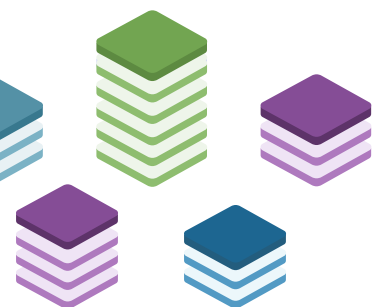# The Tech Trends Set to Continue Into 2022

1

Low-code Tools

The adoption of these tools is still predominantly about solving some of the key issues in IT: reducing backlogs and improving productivity. Over the next year, this is set to continue, but more progressive platforms are also democratising the role of IT and blurring the line between business functions and more traditional development teams.

The critical outcome here will be to dramatically accelerate the time to market for new products and services, with both IT and business functions developing these.

"Through the use of low-code tools, it's not unreasonable to expect a 40% decrease in the time it takes to create new insurance products," says Jess Hurley, P&C, general insurance global market lead for EIS. "In EIS' low-code configuration environments, business users can personalise products to fit changing needs. One EIS customer saw a 50% decrease in the time required to create and launch new insurance products. These improvements also help insurers issue policies quickly and improve Net Promoter Scores (NPS), which measure customer experience and predict growth. One EIS customer saw its NPS increase by an astounding 40 points after going live with EIS."

Through the use of low-code tools, it's not unreasonable to **expect a 40% decrease in the time it takes** to create new insurance products.

— **Jess Hurley**, P&C, General Insurance Global Market Lead @ EIS

The Tech Trends Set to Continue Into 2022

2

Cloud as a Strategy

The cloud-native technologies used by Netflix, Google, and Apple offer the promise of unlimited scalability, unrivalled performance, and digital freedom. But what does it actually take to deliver a true cloud-native core insurance system on one of the world's leading cloud platforms?

Cloud adoption overall in financial services has been slower than in other industries due to the nature of the business and the need to protect personal identifiable information (PII). However, most insurance carriers are on some kind of cloud journey.

"In today's world, we need a strong digital foundation to build upon," Silverman says. "We see this playing out in many other industries and showing us how technology can unlock insight to help improve underwriting and claims experiences for agents and customers.

Innovation has been growing in insurance. It is enabled by new technology solutions that are taking advantage of modern cloud platforms like Microsoft Azure."

Perhaps most compelling is that cloud computing is the great enabler of many other emerging trends in insurance.

"Business users are recognizing the value of cloud and are looking to improve operational costs and experiences with public cloud resources," Silverman adds.

"Business **users are recognizing the value of cloud** and are looking to improve operational costs and experiences with public cloud resources."

— **Jonathan Silverman**, Director Of Insurance Industry Solutions @ Microsoft

The Tech Trends Set to Continue Into 2022

3 Machine Risk

MLOps and the ability to provide solutions for insurance operations and claims settlements is shifting fast. Providers can now potentially calculate risk, price and risk assessment and claims via automation, spawning product innovation and faster go-to-market times.

"Within actuarial risk modelling, there's great potential to benefit from innovations such as big data, cloud computing, machine learning, and predictive analytics," Silverman says. "These emerging advancements can be the answer: algorithms that analyse trends, identify patterns, and make predictions based on data within seconds."

Another key area where cloud brings tremendous value is related to actuarial, catastrophe, and financial modelling for risk.

"Running calculations and analytics quicker improves both progress and performance," says Brian Cartwright, industry executive at our partner Microsoft. "Adding the necessary automation and controls around these capabilities really completes the picture for the business model. Automation can also minimise resource inputs, reduce errors, and streamline business processes."

Executing data transformation can automatically begin once the required prerequisites are met, such as data delivery or the completion of another step in the job stream.

"Controlling data movements, model execution, and results rendering all in an automated process saves time," Cartwright adds. "It also allows for systematic financial controls to support internal and external reporting needs."

"Controlling data movements, model execution, and results rendering **all in an automated process saves time**."

— **Brian Cartwright**, Industry Executive @ Microsoft

The Tech Trends Set to Continue Into 2022

4 Personalisation

In insurance, personalisation isn't just about data-infused experiences and cross sell and up sell, it's also about tailored digital insurance products aimed at specific customer needs, at a tailored price point, with tailored or adaptable features including risk prevention services. This is an essential new competitive frontier. EIS calls this the ultimate 360° customer experience.

Success, however, is predicated on insurers' ability to collect, clean, and control customer data across all lines of business. Then, the challenge is to make it easily accessible and actionable across systems and platforms, and to different user types. The closed architecture of legacy systems, however, presents many hurdles for insurers.
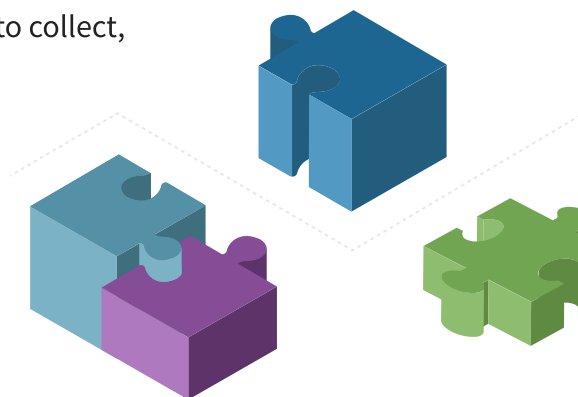
5 Liberating Human Capital

In a process-heavy industry, automation development has been around for some time. However, there needs to be more focus on how to free human capital, ensuring trust in the machine and its output. Inefficient manual and paper-based approaches have to go in favour of eSignatures and pre-population of digital forms and automating claims processes with machine learning, AI, and virtual reality.

Further, cloud computing brings tremendous value to actuarial, catastrophe, and financial modelling for risk.

"Running calculations and analytics quicker improves both progress and performance," Cartwright says. "Adding the necessary automation and controls around these capabilities really completes the picture for the business model. Automation can also minimise resource inputs, reduce errors, and streamline business processes."

The Tech Trends Set to Continue Into 2022

6

Digital Prime

"Digital" in insurance is still referred to as a channel under development. Like a lot of sectors, ecosystem-driven models haven't arrived and most change is still directed towards the "omnichannel" insurer. And, unlike ecosystem businesses, insurance companies have not been as successful at focusing on customer relationships and customer data and their ability to act on it. For example, multiline insurance held with a provider changes little about the overall relationship and product offering.

Agents and brokers are now seeing a big shift in the way insurers are providing tools of engagement, even where offline processes have been required in the past, such as legally binding eSignatures, telemedicine services, or medical underwriting.

7

Internet of Things

Insurers have always been data organisations, but IoT is providing vast new pools of data and the ability to manage risk in new ways. For example, fire risk in a warehouse can be better managed using RFID tags on people, accessing the building management systems, and looking at other operational data, so that when an air conditioning duct is blocked, the maintenance team knows and can prioritise this.

Fresh innovation in this market will be powered by real-time analytics and applying these to risk assessment. According to IoT Analytics, there were 12.3 billion connected devices at the end of 2021, and this will skyrocket to 27 billion by 2025. This will supply vast amounts of connectivity and data, but the next area of concern is how to make the data secure.

27B

12.3B

2021   **2025**
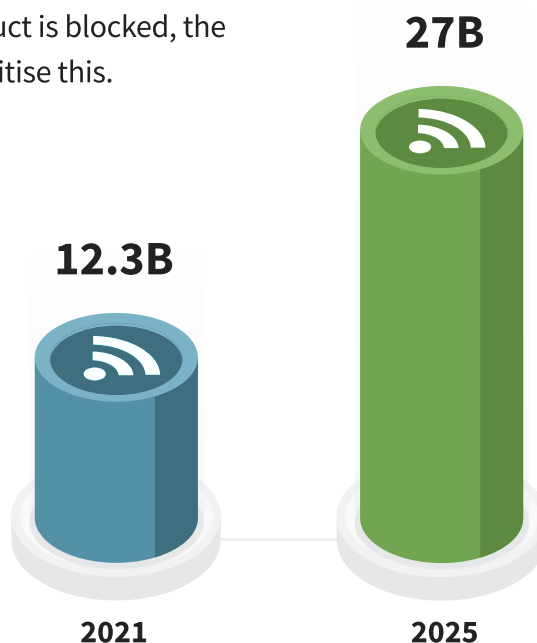
The Tech Trends Set to Continue Into 2022

Corporate Ventures

New models of funding and developing new value in insurance have for some time been founded on the idea of corporate ventures, yet we still haven't seen the convergence and development of these models in the way we might have expected. Smart homes are still not fused with insurance and risk prevention services, such as Leakbot, which detects escape of water. And we still don't see fully data-integrated services for things like risk or claims assessment. However, cloud providers, systems integrators and core SaaS providers are working together to help drive this outcome and deliver innovation.

Continuous Evolution

Today's agile insurers, such as Direct Line UK, have edged closer to evolution by adopting working models and changing entire organisational structures. These new fused organisations need a technology ecosystem in place, and the right partners to drive it. Continuous evolution requires reacting to insights and developing new products, services, and experiences with foresight, and increasing both customer knowledge and the ability to act on it in tandem.

How does EIS help drive successful transformation?

Many existing carrier systems such as billing, claims, payments, and policy administration were built on legacy technologies, which leads to critical issues that hinder opportunities for growth. Moving to the Microsoft Azure cloud platform helps insurers lower operational costs and manage risk, policy pricing, underwriting, claims processing, and fraud.

"EIS is well positioned to drive transformation in the insurance industry. Built cloud first, aimed at getting products to market fast, streamlining operations, allowing for low- to no-code development, EIS is designed to drive the adoption of machine learning and AI tools. These are just someof the reasons their platform provides the right foundation for the ecosystem insurer."

— **Jonathan Silverman**, Director of Insurance Industry Solutions @ Microsoft

As a Microsoft Partner, EIS then multiplies those benefits with a cloud-built solution on Azure, which supports every line of business on a single insurance platform that lets you:

Build experiences your customers will love

- Use powerful analytics to identify opportunities and deliver greater value to customers

- Eliminate forms in favour of no-touch, straight-through processes across buying and billing, claims, and customer service

- Recognize customers as they move between channels, so hand-offs and transitions are seamless across the customer journey

- Personalise with panache — leveraging real-time insight and past interactions to recommend products to customers

Move from idea to scale – fast

- Reduce your time to market, quickly launching anything from a new rate to a new localised bundle to a whole new product

- Evolve from a product-centric to a customer-centric model, with direct, indirect, and hybrid distribution strategies for all customer types and segments

- Enter new markets by adding and easily managing multiple lines of business and innovative products that meet emerging coverage needs

Achieving true insurance transformation

As competitive pressures continue, insurers need to be agile to succeed in 2022 and beyond. Meeting your customers' increasing expectations means undergoing a technology transformation and teaming up with the right partners to guide you through the process. But by taking the right steps to modernise their systems, long-term success is within reach. **Are you ready?**

Contributors

Rory Yates

Yates has more than 24 years of business leadership experience spanning client, agency, consultancy, start-up and private equity roles. As EIS' head of strategy for EMEA and APAC, Rory helps insurers achieve their transformation goals and evolve toward ecosystem-based futures via insurance core systems transformation, including truly personalised engagement, taking innovation from concept to market quickly, and growing efficiently.

Jonathan Silverman

As a leader in the U.S. financial services industry team, Silverman works with business and technology decision makers to improve risk and core system processes using AI, data analytics and the internet of things. He has more than 25 years of experience in the financial services industry with a strong background in insurance, business transformation, ERP, data strategy, solution selling and strategic consulting. In his more than 16 years with Microsoft, he helps customers reimagine their businesses with a focus on understanding the value of technology as an enabler.

Brian Cartwright

Cartwright is a senior IT leader with an extensive background in the financial services and insurance industry, with a focus on actuarial and finance. He delivers world-class systems using innovative solutions for supercomputing, data analytics, business interfaces, and reporting in both the traditional sense and with BI technologies. He also leads the charge for embracing cloud computing for improved capabilities and cost management.

Rob Walker

Walker is a partner at PwC and a global insurance program leader. He is currently leading multiple business-led transformations and full suite P&C and group benefits implementations to enable business growth, scale, and improved customer experiences.

The Cloud-Native EIS Suite Insurance Platform

Cloud optimised for Microsoft Azure, EIS Suite consists of five core modules that give your company the agile, adaptive foundation insurers need to thrive now and into a highly competitive future.

Support the entire insurance lifecycle, including rating, underwriting, policy administration, billing, and claims management while lowering your operational risk. Deploy only the components you need first, expand your platform as required, and become the insurer you want you to be.

PolicyCore

The convergence of insurance and technology has heightened customer expectations and intensified competition in the insurance markets. PolicyCore® policy administration software allows you to create and manage insurance policies across their entire lifecycle – and across all lines of business – to build insurance experiences the world will love.

- Develop, test, and launch new insurance products with low-code tooling and drastically shorten the amount of time it takes to get your products to market.
- Maximise customer loyalty and retention by accelerating product delivery and providing timely responses with consistent customer experiences.
- Easily configure and bundle products and services to offer personalised options.
- Automate manual tasks to reduce inefficiencies, minimise errors, create more effective and accurate underwriting processes and offer a more seamless experience for customers.

CustomerCore

Insurance success is no longer just about providing great products. Customers now expect insurance organisations to know their customers and act like it, offering highly personalised products and services that meet their specific needs. That's where CustomerCore®, EIS customer relationship management (CRM) module, comes in:

- No silos: Collect, clean, and control customer data across all lines of business.
- Provide a channelless interface that makes customer data easily accessible and actionable across systems and platforms.
- Gain a 360° view of customer, account, and relationship information to identify opportunities, up sell, cross sell, and reduce fraud.
- Gather relevant, actionable data about individual customers to view a more complete customer profile and eliminate the guesswork that comes with legacy approaches.

BillingCore

Most customer interactions revolve around billing. Make certain each interaction is an opportunity to exceed their needs and expectations. BillingCore® allows you to consolidate and simplify your entire billing process and support customers' changing circumstances. Here's how:

- Configure payment plans and business rules to support the development of new products and services that directly match your customers' needs.
- Automate billing processes to save time, reduce errors, and increase cash flows.
- Integrate bills across all insurance lines of business to expertly organise payments for optimal customer ease.
- Create more effective management of incentives, referral strategies, commissions and bonuses, and adjustments to maximise agent and broker satisfaction and engagement.

EIS CloudCore

Software-as-a-service is the new norm for the insurance industry. Open, cloud-native insurance core systems are critical for today's carriers to stay ahead in a crowded, competitive landscape. EIS CloudCore allows you to constantly evolve your capabilities, products, and services while outsourcing systems maintenance work to EIS. Here's how EIS CloudCore works for you:

- EIS' engineering excellence provides the best-for-purpose technology for rapidly building, testing, and launching innovative insurance products and customer experiences across all lines of business.
- Maximise your insurance capabilities, reduce your cost of ownership, and open your business to new possibilities with quarterly application updates.
- Remove time-consuming and resource-intensive manual processes from your IT team, giving them more bandwidth to focus on forward-thinking initiatives.
- Keep all customer data safe behind our security infrastructure, which is stress-tested to meet the insurance industry's highest standards.

ClaimCore

Claims satisfaction is critical to customer retention and your success. Don't let legacy systems, fraud, user errors, or a lack of scalability hold you back. ClaimCore® provides end-to-end claims management software to enhance the efficiency and responsiveness of your claims teams and become the insurer your customers want you to be. Here's how:

- Employ rules-based best practises and workflows to manage customer interactions better, facilitate self service, and create better claims outcomes.
- Streamline inefficient operational processes to manage a higher claim volume and offer better customer service.
- Simplify fraud detection systems across your entire organisation to quickly respond to fraud incidents and alert investigations teams.
- Our open API architecture will integrate systems and third-party data for faster claims resolution and better outcomes for you and your customers.

EIS DXP

With the proliferation of digital technologies, customers access brands and services providers across many platforms and channels. They expect insurers to do the same. Transform your customer experience to build trust, loyalty, and improve sales and customer outcomes with EIS DXP®, our digital experience platform, and keep your organisation lean and agile.

- Connect with partner ecosystems with our extensive API library.
- Empower internal and external users with self-service capabilities across all digital devices and those to come with our persona-based mobile apps and portals.
- Provide customers, insurance agents, brokers, adjusters, and others with context-aware workflows to make it easy for them to do business with you.
- Make your insurance products and services always just a click away with channelless access to your brand.