



A Greenfield Field Guide For

« Life »  
Insurers

# Is Greenfield the Right Approach to Your Digital Transformation?





# Greenfield: Say what?

## No time to say hello, goodbye

If your firm is like most life insurers, it's dedicating considerable resources to legacy modernizations and digital transformations. Although critical, these efforts are incremental in comparison to the rapid disruption wrought by the meteoric rise of insurtechs, the lasting impacts of COVID-19 on customer expectations, and the emergence of ecosystems as the new economic world order.

In fact, most of your competitors agree that an incremental approach is holding the industry back. A recent survey of insurance professionals reveals that 88% believe that legacy is preventing incumbent insurers from transforming quickly enough.\*

That's why life insurers are embracing a disruptive innovation strategy called greenfield.

## Innovation, supersized

In a nutshell, a greenfield initiative operates as a separate and autonomous entity from the mothership. Its purpose is to identify and exploit unmet customer needs in ways that the parent – or the entire insurance industry, for that matter – has not been able to.

Unhindered by the legacy mindsets, processes, and systems of the hand that feeds them, greenfields innovate quickly and freely. They start small, test, learn, and adjust until an offer is ready to scale. In this manner, they combine what's possible from a new build with the capital resources and savvy associated with an established firm.



\*"The 2020 Insurer Compass Report," Insurtech Insights, October 2020, page 12.



## But what does it mean for our traditional book?

For the vast majority of life insurers, the answer is nothing. At least not immediately.

In fact, it's critical to continue developing your existing book without disrupting any of the processes that support your profitability, including those important incremental innovations you're already pursuing, like automation or digital experiences. As greenfield is a bet on the future, it's important to continue growing your existing book, and innovating within it, for the near term.

However, the maximum value from your efforts will occur when you can migrate your existing book onto the greenfield technology platform or launch new business models with it. To find out how it all works, let's dive in.

**88%**

of insurance professionals believe that legacy is preventing incumbent insurers from transforming quickly enough





# How do we evaluate whether greenfield is right for us?

## Ask the right question

With 99% of the industry recognizing that life insurers must accelerate their digital transformations to remain competitive,\* the question isn't "should we do greenfield." It's "why haven't we started already?"

To help you communicate the urgency for, and the power of, greenfield, here's a handy list of reasons your enterprise needs to get started.

- ✓ Your growth is impeded by commoditization in your market
- ✓ Your speed to market, along with your ability to invent and deliver winning new products or services, is hindered by legacy processes, attitudes, skill sets, distribution systems, and/or technologies
- ✓ You need a platform for leveraging the emerging ecosystem economy and gaining access to external innovation, including the capability to partner with insurtechs
- ✓ You need a test-and-learn platform to experiment with new ideas and business models as well as to explore new types of partnerships – whether within or outside of our industry – and take advantage of new opportunities quickly
- ✓ You want to try out a future enterprise platform before converting books of business

## Greenfield Myths Busted

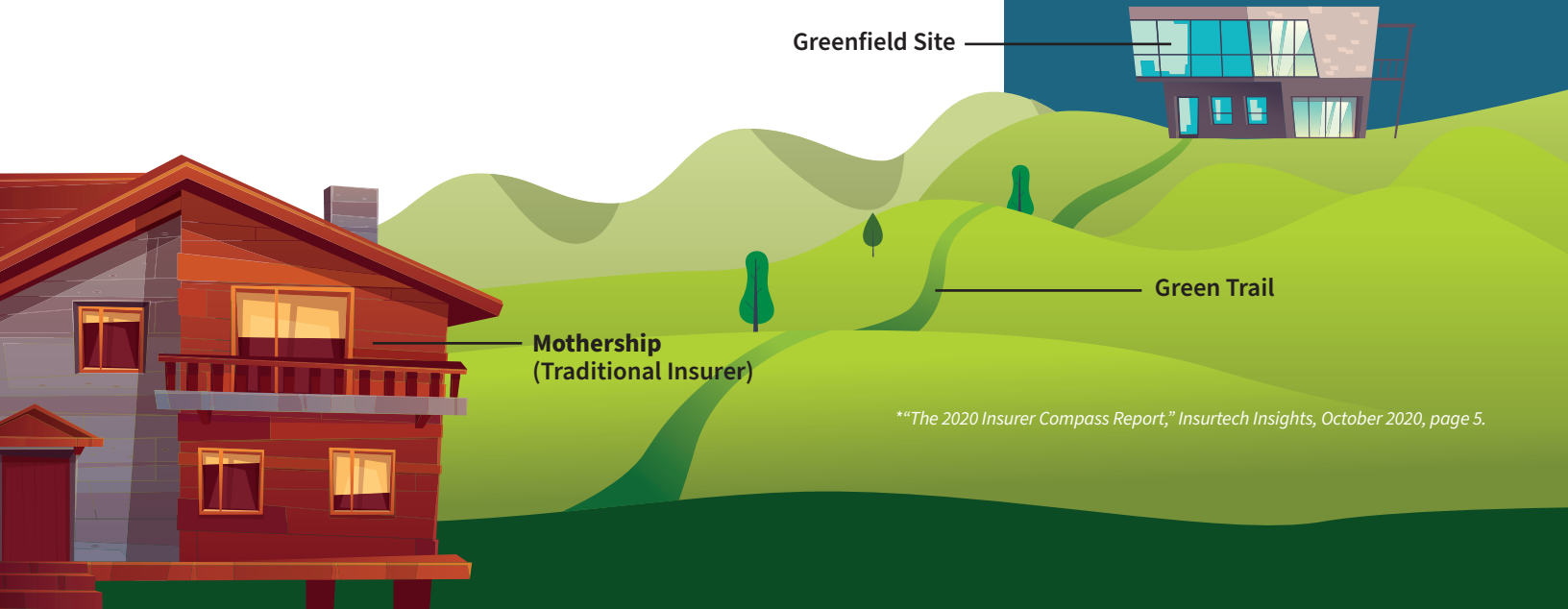
There's some confusion in our industry around what greenfield is and is not. Here's the straight scoop.

### Myths

- It's only about technology
- Greenfield initiatives are dependent on insurtechs

### Reality

It's about identifying and meeting a customer need. Technology is an enabler, not an endpoint. Greenfield is only an approach to disruption and innovation. A greenfield effort, while always focusing on innovation, may or may not use an insurtech solution. Conversely, the parent company can incorporate an insurtech solution into their legacy world without doing a greenfield.



\*The 2020 Insurer Compass Report," Insurtech Insights, October 2020, page 5.



# How can greenfield serve as a path to enterprise transformation?

## Routes well taken

Currently, there are two prominent strategies for leveraging greenfield to drive enterprise transformation:

1

### Establish a challenger proposition to an existing product or service.

Build a new offering that gradually replaces or integrates with legacy system functionality and gains customer acceptance by improving their experience. It eventually overtakes the existing offering's market share to become the primary product or service, sunsetting the current offering. Rinse and repeat.

2

### Act as a catalyst within the enterprise.

Learn how to innovate and then bring the resulting best practices back to your enterprise. This enables leveraging the methodology, technology platform, and benefits of your first greenfield offering to spawn projects for changing legacy processes, attitudes, skill sets, distribution systems, and products.

**Create new business models.** Not only can existing products be digitally transformed, or even fully migrated onto the technology platform, but this approach also enables designing solutions that blend various aspects of traditionally siloed offerings to establish wholly new business models.



## 4 Reasons to Build a Greenfield Technology Platform Now:

1. Time-to-market and build costs have decreased dramatically, thanks to advances in cloud-based services and technology.
2. Starting with a blank slate makes it possible to create businesses that are natively digital, with significantly lower run costs.
3. New business models and data-driven approaches are already winning over customers to insurers pursuing disruptive innovation.
4. Creating momentum via collecting, analyzing, and combining data lets you launch and test offerings rapidly to deliver more valuable products and services. Eventually, it'll be difficult for your competitors to catch up.

Using the **catalyst strategy**, the initial effort serves as a center of excellence for building expertise across the enterprise. By combining the catalyst strategy with a robust greenfield technology platform, insurers establish an open solution on which channels and services can be easily configured.





# Case Studies: Two tales of winning life greenfield game plans

## Initiative #1: Episodic term insurance for outdoors enthusiasts

To expand from being a regional insurer to offering policies nationally, a life insurer establishes several partnerships to gain customers via a completely new distribution channel: retail.

**How it works:** Leveraging open APIs, the insurer is able to partner with retailers and IoT device manufacturers to offer episodic accidental death and dismemberment (ADD) insurance targeted to enthusiasts of adventure and extreme sports. The goal is to connect with consumers in a new target market and deliver real-time policies via straight-through processing.

The life insurer develops episodic term products and marketing to mirror the ADD insurance offerings. Together, the insurer and retailer offer the policy at the point of sale.

**The payoff:** By gaining the personal data of the retail customer, it enables the insurer to offer subsequent terms directly and cross sell and up sell more effectively. Plus, the insurer can leverage the customer's data for other purposes while expanding their coverage and distribution networks.

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## Initiative #2: Universal life targeted to young adults

To encourage investment in universal life policies by millennials and Gen Z, a brand-name national life insurer establishes an independent startup to explore leveraging an ecosystem of adjacent offerings.

**How it works:** The life insurer assembles respected health, fitness, wellness, and financial players such as Fresh n' Lean, Peloton®, or Weight Watchers® along with financial advisory services to help promote life insurance as a vehicle for protecting wealth and generating savings.

Ecosystem partners develop targeted products with pricing structures based on participation levels and metrics. Using an app-based approach, the ecosystem cross sells products, shares customer data, and creates regular customer touchpoints, such as gamification, to encourage utilization and retention.

**The payoff:** By quickly deploying a modern end-to-end greenfield technology platform that supports a rapid test-and-learn environment, the insurer is able to continuously study and refine its new ecosystem-based offering. The greenfield platform supports innovation across the customer relationship experience, introduces a new level of customer engagement and – by leveraging the customer data as insights are gained – leads to more new life products.

### Greenfield Best Practices

- ✓ Fail fast mindset and governance
- ✓ Test-and-learn approach
- ✓ Measure success by what you learned, not ROI – that will come
- ✓ Start over. Proceed as if you were founding a new company, unhindered by the past





# What does a greenfield platform approach look like?

## Like nothing you've had before

Unsurprisingly, innovating disruptively requires a fundamentally different insurance technology platform to match. Further, an appropriate platform is more than a collection of software components. It's designed and delivered using the greenfield principles you need to embrace:

- ✓ **Uses test-and-learn to fail fast, iterate rapidly, and evolve continuously.** There is only one absolute in greenfield: you don't know what you don't know. Thus, a greenfield technology platform must ensure you can get an offering to market quickly, analyze outcomes, rapidly adjust, and reintroduce not once but over and over again to ensure market adoption. Be aware that most technology solutions available today were developed to address yesterday's market realities, when lengthy development cycles and static product offerings were the norm. Those days are effectively over.
- ✓ **Exhibits Agile and DevOps maturity.** It's not a question of whether a technology platform is developed using Agile and DevOps practices, as both are table stakes. Instead, it's how mature those practices are. After all, a technology platform that isn't continuously rolling out its own new capabilities can't be expected to support insurance products seeking to do so.
- ✓ **Open in all ways: open source, open architecture, open APIs, open integration layer.** The key lesson our industry has learned from the insurtech model is that proprietary is out and open is in. Any proprietary components within a platform's technology stack lead to insurmountable constraints. Remember that openness includes the integration layer for orchestrating internal and external connectivity via open APIs. This supplies you with the capability to connect to partners and ecosystems dynamically and provides a path for migrating legacy products and services.
- ✓ **Simplicity-Driven.** Delivering uncomplicated business capabilities as a quick-start MVP [minimally viable product] is the essence of a road-ready greenfield technology platform. If you detect any unnecessary complexity – particularly where it impacts business users – while evaluating a solution, it's a red flag.

## Five pillars of a robust life greenfield technology platform

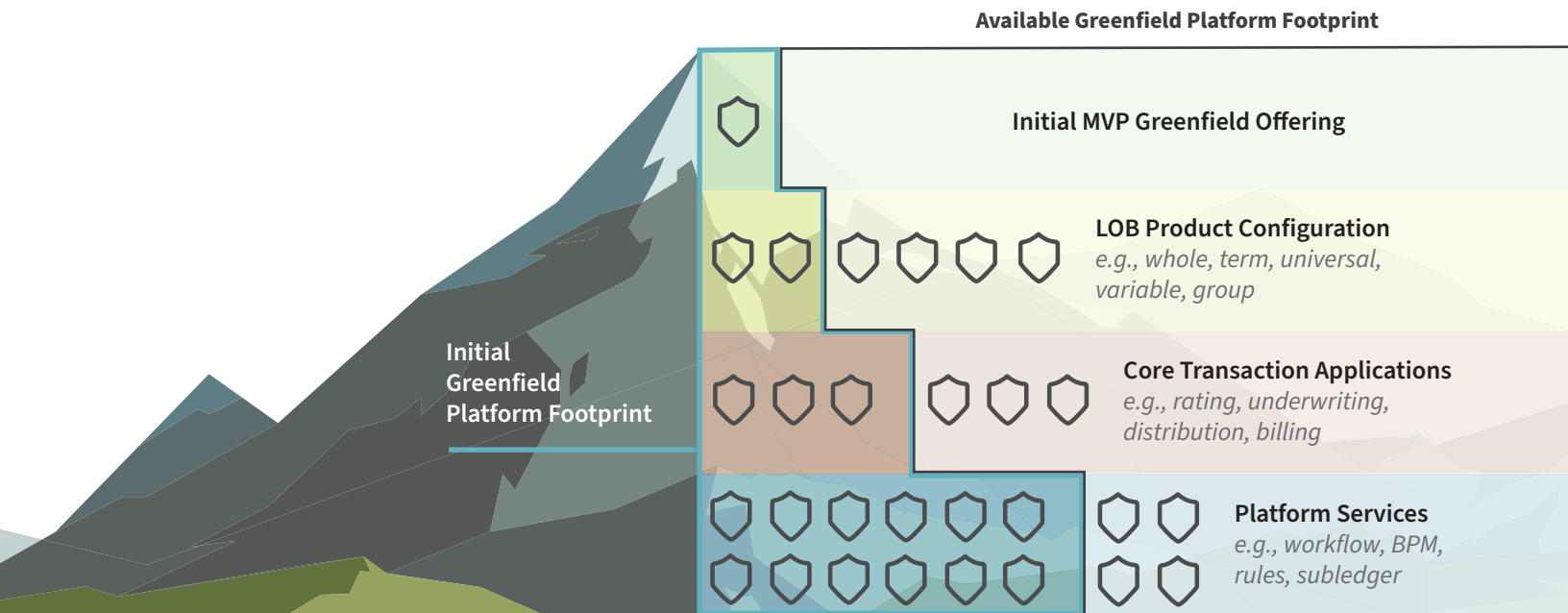
1. Supports the test-and-learn approach
2. Cloud independent as well as cloud native and cloud resident
3. Leverages Agile and DevOps for rapid releases
4. 100% open, from architectural foundation to integration layer
5. Proven scalability with deep functionality to support expansion





## What key characteristics should we expect in a leading life greenfield technology platform?

- ✓ **API rich.** An excellent yardstick for gauging a platform’s relative openness is the quantity of open APIs it offers. In general, the larger the library the stronger the openness commitment throughout the technology stack, allowing insurers to leverage their core operations to enhance digital experiences.
- ✓ **Cloud native, cloud resident, and – most importantly – cloud independent.** Born and raised in the cloud, leading greenfield insurance platforms are also smart enough to take advantage of each cloud provider’s specific technical capabilities.
- ✓ **Integrated AI/ML.** Maximizing insights from your data requires analysis beyond what’s humanly possible. The most advanced solutions offer an array of integrated AI/ML capabilities, with more in the pipeline.
- ✓ **Multiline.** Although most modern legacy platforms can support one, or a few, lines of business, remember that your greenfield is likely to take you places you’ve never gone before. Insisting on multiline capabilities helps assure your platform can get you there. Market leaders are already offering products that combine lines of business that were previously considered completely separate.
- ✓ **Rapidly evolving.** Like Amazon and Facebook, insurtechs and leading insurers are releasing product updates frequently. Seek a platform that delivers similar agility.
- ✓ **Scalable.** Moving your greenfield from an exploratory initiative to a fully competitive product requires scalability that some platforms are unable to achieve. Combined with functional depth, adopting a solution hardened to perform at scale is the critical enabler for supporting enterprise transformation.
- ✓ **Functionally deep.** Although you may need only selected capabilities to start, it’s wise to ensure a platform has the depth to support an enterprise transformation journey. Extensive and standard core insurance processing capabilities – including billing, claims, rating, and underwriting – mean you won’t need to invent the whole stack. Instead, you can focus on new product, service, and delivery innovations.
- ✓ **Flexibly deployed.** Whether you’ve fully embraced SaaS delivery or still prefer on-premises solutions, an advanced greenfield platform enables you to deploy whichever approach serves you best.
- ✓ **Open source contributor.** For another measure of a platform’s commitment to open-source technology, ask what open solutions the vendor has developed and released for others to use freely.





# What steps come next?

“ To prepare your firm for the future, you must untether yourself from all legacy aspects of your business and leverage disruptive innovation. Otherwise, you’ll just continue paving the proverbial cow paths, at a considerable cost, without adding significant value. Essentially, you must step outside of your walls and put aside everything known to start anew. In fact, it’s time to think so far into the future that it’s akin to preparing for cars to fly. Greenfield offers you a powerful strategy and framework to do exactly that. ”



**Anthony Grosso**  
*Vice President, Product Marketing & Industry Strategy*  
 EIS

# About EIS

EIS is an insurance software company that enables leading insurers to innovate and operate like a tech company: fast, simple, agile. Founded in 2008, EIS provides a platform for high-velocity insurance. This open, flexible platform of core systems and digital solutions liberates insurers to accelerate and scale innovation, launch products faster, deliver new revenue channels and create insurance experiences the world will love. And with thousands of open APIs, the platform gives insurers the freedom to connect to a vast ecosystem of insurtech and emerging technologies. Headquartered in San Francisco, EIS powers premium growth for insurers in all lines of business worldwide. For more information, visit [EISGroup.com](http://EISGroup.com) or follow [@EISGroupLtd](https://twitter.com/EISGroupLtd) on Twitter and LinkedIn.

**Let’s connect.**

email: [info@eisgroup.com](mailto:info@eisgroup.com)



## Go Greenfield or Get Left Behind

# 37%

of millennial policyholders are interested in monthly subscriptions that offer discounted services or products.

*Source: “The 2020 Customer Compass Report: Navigating the Future of Insurance,” EIS, November 2020*

# 66%

of life insurance companies are already partnering with non-insurers.

*Source: “The 2020 Insurer Compass Report,” Insurtech Insights, October 2020*