Insurers Can Accelerate Growth with Cloud Modernization

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Digital transformation is more than a collection of systems. It is an ecosystem built from planning, expertise, and, yes, the right technology. Each piece is essential to make sure that the benefits from digital transformation are maximized. This is essentially true for insurance companies, which require specific domain knowledge.
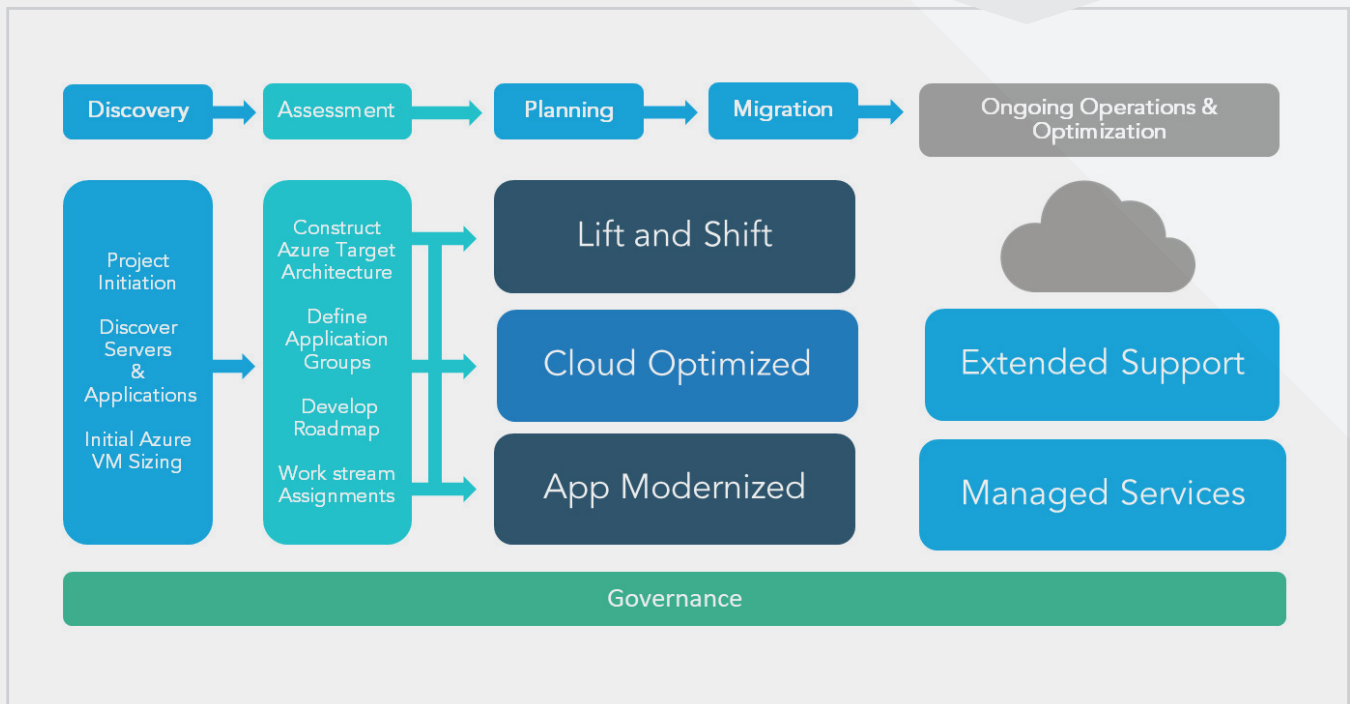
Insurers want to undergo digital transformations for three main reasons or a combination of them:

- **Decrease operational costs:** Digital transformation can cut the paperwork and hassle of insurance applications while being scalable across the organization.

- **Reduce risks:** Better digital systems enhance cybersecurity and reduce errors that can affect underwriting and financial performance.

- **Increase sales channels:** As consumers and businesses increasingly demand serve-service and direct sales options, technology can create more revenue opportunities that insurers can capitalize on.

The digital transformation process begins with drafting a proper roadmap. It starts with discovering all the systems insurance companies use, then assessing how these systems will work in the cloud, planning to move those systems to the cloud, and then migrating them. However, without proper change management systems and the infrastructure to make sure the roadmap is followed through, insurers will not realize the full potential of digital transformation.

A High-Level View of Digital Transformation for Insurers

Here's what an excellent roadmap to a successful digital transformation looks like for an organization.

Discovery → Assessment → Planning → Migration → Ongoing Operations & Optimization

Project Initiation

Discover Servers & Applications

Initial Azure VM Sizing

Construct Azure Target Architecture

Define Application Groups

Develop Roadmap

Work stream Assignments

Lift and Shift

Cloud Optimized

App Modernized

Extended Support

Managed Services

Governance

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4 Planning is enhanced by the assessment and discovery processes and data: Insurers should create milestones for the digital transformation process. Customers, key vendors, and regulators should play a role and be involved in the plans. During planning, many insurers realize they need to develop more training for their workforce and extend support for specific technologies they use. A skilled partner can help make planning run smoothly.

5 Seamless migration is accomplished with solid planning and follow-through: Insurers must know how digital transformation will affect operations in every phase of migration to new systems. The results of these efforts should lead to better business outcomes, customer experiences and revenue growth. Change management capabilities are necessary to make sure the promise of digital transformation matches the progress for the organization. Experienced executives understand that transformation is a continuous process that requires ongoing education and training.

What It Takes to Draft an Excellent Roadmap

Following a comprehensive process can help insurers identify what areas are most in need of digital transformation.

1 Governance is the base of any good roadmap: Insurers need to assign someone or a team to run the digital transformation. The executive team should be aligned with the goals of digital transformation, and what success looks like.

2 Discovery identifies gaps at the organization: Change management needs to identify parts of the enterprise affected by digital transformation. The data will be vital to completing the project, and the organization needs to determine who needs to be involved to ensure success.

3 Assessment measures track progress toward digital transformation: Organizations should have capabilities to monitor progress accurately and determine whether they require outside help. Making the assessment measures widely available can help insurers generate results of digital transformation faster.

Why Domain Expertise Matters With Insurance

The range of products created in a cloud environment helps insurers establish new markets and partnerships. However, opportunity always comes with risk. Cybersecurity will be of paramount concern as insurers face more cyberattacks and increased regulation around customer privacy and data in the U.S. and worldwide. As a result, insurers will need to have vendors with a proven track record of security and reliability.

Few organizations have the breadth of experience to address all the challenges of digital transformation at insurance providers. That is why you need an agile partnership between vendors that can work together to deliver the best digital experiences to all the stakeholders. It's easy to focus on the technology and tools that enable digital transformation, but the key is to integrate into a platform that connects planning and expertise.

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Insurers can build digital transformation capabilities on their own, but at a higher cost in time and money when compared to seeking expert help. **Ebix Consulting** helps insurers leverage experience and knowledge to deliver innovative products and solutions and provide expert professional services.

Ebix Consulting provides comprehensive services including:

- Change management
- Custom application development
- Strategic consulting
- Business process management
- Systems integration
- IT outsourcing
- Digital asset management

What separates Ebix Consulting from its competition is that it approaches everything from the perspective of achievement of the business goal for the insurer as opposed to completion of myopic technical exercises. As a result, the consulting practice has developed a proven process that allows insurers to complete even the most complex projects and migrations successfully, on time, and within budget.

Like many businesses, more insurers are transferring their technology infrastructure to the cloud. The business case has changed from one involving cost-effective data warehousing to a discussion of product strategy. Developing products in a cloud-based environment with software-as-a-service applications can allow insurers to be flexible and scale efficiently. Cloud infrastructure enables insurers to build business applications that are microservices and offer those products as part of new business models and services.

Insurers will need to have vendors with a proven track record of security and reliability. It's why Ebix has formed a joint venture with Data Glove, which is the leading provider of information storage, network and computing infrastructure and allied services. Data Glove supports more than 130 clients worldwide.

Data Glove had developed three standard cloud modernization models:

1 **Lift & Shift:** This model allows for servers and container images to be migrated with no application changes and minimal architectural impact or disruption to the business. It requires minimal effort and can be delivered rapidly.

2 **Optimized:** This model takes advantage of Data Glove's cloud-native services, and incorporates minor application changes to help reduce costs.

3 **Modernized:** This model is architected for the cloud and includes refactoring, rearchitecting and rebuilding applications for optimal cloud performance.

DataGlove executes cost-effective cloud modernizations by leveraging these models with its deep relationships with all the major cloud computing providers.

The combination of Ebix Consulting and Data Glove in cloud computing and infrastructure support is compelling for insurers. Data Glove's deep and proven expertise in the cloud space, combined with Ebix's footprint of software products in the insurance and financial industries, provides a unique combination that none of the other cloud and infrastructure support companies or consulting firms have.

What Digital Transformation Looks Like When Everything Fits

Digital transformation is different for every organization. To make it work, it's not one-size-fits-all. Here's how Ebix helped an insurer approach digital transformation:

The Background

A large AM Best A-rated life and annuity carrier with over 700,000 customers needed to support aggressive business expansion into the bank and independent broker-dealer channels. Business within these channels is transacted via electronic, straight-through processing (STP) submissions through Depository Trust & Clearing Corporation (DTCC), and the carrier needed to adopt this workflow rapidly.

The Challenge

To give its channel partners confidence to transact business, the carrier needed to quickly stand up a reliable DTCC integration that was scalable from a cost, functionality and support standpoint. The carrier considered building this in-house, but quickly realized that given the aggressive timeframes and the reliability required of the integration, it needed to find an industry-recognized partner who had a verifiable, STP implementation track record with an overall solution design and a breadth of business and IT capabilities. Finally, the carrier also had many customizations to include into the scope while maintaining an aggressive rollout plan. Ebix Consulting was a natural choice given its long history of delivering solutions and services to the life and annuity community, including robust STP workflows.

The Engagement

The Ebix Consulting team listened carefully to the carrier's needs and objectives and then proposed a solution that leveraged Ebix's existing DTCC solution model components. The plan included building custom features to extend integration to the carrier's administrative and reporting systems. The foundation was built upon several core Ebix integration components and allowed transactions to arrive at the carrier's administration system via web service delivery. The end solution included application-to-attachments document matching and workflow controls around the process flow. Overall, the solution encompassed positions, commissions, financial activity reporting, and DTCC attachments messaging for the carrier.

The Results

Within the first quarter of production, the carrier began receiving accolades from distributor partners, including a 7-out-of-7 score from one of its critical distributor-partners in the new channel, for linking DTCC positions. In under 12 months, the carrier was live with straight-through processing —from order entry to settlement—with distributors in the new business channels. From design, development, testing, and support, Ebix Consulting accelerated the development and implementation of the required solution by leveraging a set of proprietary DTCC integration components to implement an industry-proven model, which allowed rapid, practical customizations where necessary. As a result, not only is the solution robust and reliable, but it is business scalable and responsive. The carrier can onboard a new distributor quickly, and any number of distributors can be supported, each with unique reporting schedules.

Bringing It All Together

A strong partnership can help insurance companies get the most from their digital transformations:

1 The partner should be experienced in leading large-scale digital transformations and be skilled at advising on how to execute them.

2 They need domain expertise to work with financial services companies effectively.

3 They should provide robust technology capabilities to accelerate growth.

This is why Ebix, a leading international supplier of on-demand software and e-commerce services, has joined forces with Data Glove, a specialist in infrastructure, managed services and cloud services. Together, we offer insurance companies a one-stop solution to digital transformation that makes a meaningful impact on growth.

Roger Kahlon is head of Ebix Services, the consulting arm of the company. He specializes in revenue growth strategies and large-scale digital transformations. His work has given him broad experience in fintech, investment and wealth management, compliance technologies, and management consulting. His projects have supported Life & Annuity operations, optimization and outsourcing, Depository Trust & Clearing Corporation integration, cloud computing migration, and application development. He is a divisional leader responsible for sales, operations, and delivery, and drives the division's strategy, structure, and performance.

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