Your Accelerated Roadmap to Digital Transformation

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Digital transformation is more than simply modernizing legacy systems. Nor is it solely business process improvement, a new service delivery model, or expanding into a new sales channel. It is a holistic review of how an organization supports its clients. This could be within a specific business line or an overall organization. It is re-thinking the business's place in its ecosystem to position it for continued success and relevance. Such a re-thinking will result in a set of business objectives that will require a blend of the initiatives mentioned above. However, translating a set of objectives into reality requires a practical and actionable plan to act as a roadmap, experience to guide the organization on its transformation journey, expertise to ensure that inevitable change adheres, and domain expertise to marry business processes to the right technology Each piece is essential to ensure that not only is digital transformation realized, but that benefits are maximized

The Life Insurance and Annuity industry finds itself at a crucial decision point—where new business models are constantly emerging, client expectations are rapidly changing, and good technology has become table stakes. These are the drivers of transformation, but at its core, an insurance carrier or distributor firm will undertake a digital transformation for one of three important reasons:

- Decrease operational costs: Modern tools and processes can expedite business approvals and reduce transaction and operating costs directly or through scalability.

- Reduce risks: Modern platforms offer enhanced security and data protection, create single data sources to reduce errors (create once, use in many places), offer flexibility to future proof investments in technology and processes, and facilitate better oversight and compliance.

- Increase and widen sales channels: Consumers and businesses increasingly demand self-service and direct sales options that only modern technology can offer, and suitable operational models must support Counterparties also look for partners who provide the most frictionless transaction options.

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Start At the Beginning

The digital transformation journey begins by determining the goals and objectives an organization wishes to achieve. As noted at the start of this paper, the objectives are strategic business goals that will affect the entire organization.

Next, we plan. We begin by evaluating the ability of the current systems and processes to help us achieve the stated business goals and for how long. It may be a case that current systems and processes can get the firm to its desired future state but can only sustain it for a short time before risks or costs become considerable. By taking this inventory, the organization can clearly understand what it is missing to move to a sustainable, future-state business or operating model.

As we bring together all the essential pieces of our plan, we begin to fill in the gaps in our inventory. Perhaps our systems are functionally fit-for-purpose but represent a risk due to access to support resources. Migrating such a system to modern technology with ample support resources spawns an Application Modernization (App Mod) initiative as part of the transformation program. Perhaps our processes still rely heavily on paper, and although there is a recognition of the inherent risks and inefficiencies, paper is what our client base is accustomed to. So, a Robotic Process Automation (RPA) initiative to reduce costs and risks should be included in the overall program. Perhaps, a sales channel that the organization wants to commit itself to requires advanced and scalable, Straight-Through Processing (STP) capabilities. So, we must consider an

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Industry STP initiative for the program. Or, perhaps, our customers demand a 21st Century consumer experience, with an ability to quickly buy and maintain our products from any variety of endpoints, whether mobile, desktop, or in-person. So, we must look at the transaction and decisioning platforms built for modern needs.

It quickly becomes apparent that the digital transformation journey for one organization may look quite different from that of a peer's. Determining the inventory of assets already in use and then filling in the technology and process gaps, allows the creation of a viable and realistic digital transformation plan. Every vessel needs a captain, and at this point, an experienced Program Manager is vital to maintaining the strategic objectives in focus.

> # The correct balance must be struck between stability and innovation, speed and sustainability, flexibility and security, and technology and process.

Staying the Course

Once all the pieces—people, technology, and processes—are identified as reusable or better outsourced, the firm can construct a high-level plan and move to the execution stage.

Execution doesn't begin by breaking ground but by assembling the right execution team. The high-level plan will need to be decomposed into one or several detailed execution plans. These execution plans each require a Project Manager. The project manager's responsibility is to translate their stream of the high-level plan into something understandable to execution-level team members. Managing the realities of a complex project requires tact, cajoling, negotiation, discipline, and doggedness. Here, an experienced project manager is worth their weight in gold. Too often, it is convenient to assign the person closest to the project as the project manager.

The Program and Project Managers will then work to construct a team from inside the organization and fill in the gaps from outside. The emphasis should always be on experience. Digital transformations can be complex with many moving parts, so it is no wonder that the success rate of digital transformation efforts is low. Having experience at the helm can increase the chances of success.

Execution continues with sourcing the right technologies, and it is essential to consider not just the current but the future functional technology and security needs of the program. Flexibility, scalability and reliability must be at the foundation of any platform decision. It is fashionable to disparage legacy mainframe systems that are still in use. However, their longevity has been for a good reason—they were built to be stable, reliable, and secure. Modern N-tier and Cloud-delivered applications are scalable and flexible, and some share the reliability and security of their legacy cousins. At the same time, systems driven by configuration layers – making them "No-code" and "Low-code"—have rapid deployment possibilities and the potential to lower the Total Cost of Ownership. Which mix of attributes will aid the transformation journey and support the ongoing transformation? The transformation timeline and sustainability expectations will also consider

whether required functionality should be built in-house or purchased from a provider. None of these choices are wrong—they are all right (in the right measure) for the right situation.

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Finally, the Execution stage must identify outcomes resulting from the marriage of technology to process. Organization-specific business processes that adhere to industry best practices must wrap the technology decision. Designing processes that leverage attractive business platform functionality, reduce operational risk, and realize efficiency requires domain expertise, familiarity with the business platform, understanding the organization's culture, and a disciplined systems approach. Once again, experience contributes to the probability of success— experience with the linkages, dependencies, and implications of the many choices.

Eyes on the Road

In parallel to all of the activities and decision points described, there are Change Management considerations to build into the program that will increase the probability of a successful transformation and ensure that the change "sticks." Change Management runs alongside the entire program and for its duration .

1. **Governance and Control** is essential to ensure that all executive stakeholders, both within and without the organization, are aligned with digital transformation goals and the associated metrics. Transformation may cross business functions and involve external vendors and service providers, and a good governance structure is not a "nice to have" but a necessity.

2. **A Communication Plan** means that everyone involved in the transformation receives regular, timely, and ongoing communication about the change that affects them. Transformation by its nature is rapid change, and change can bring anxiety, but it doesn't have to with a thoughtful and well-executed Communication Plan.

3. **Knowledge Support** takes many forms—from understandable business process maps to role-specific training and labs, and even in-platform tooltips and information. A robust Knowledge Support component is not an after-thought, nor is a randomly thrown together set of trainings. Instead, it is based on analyzing the needs of each user group and providing multiple points to access needed information and support to train for new behaviors.

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Bringing It All Together

A strong partnership can help firms in the insurance and annuities industry get the most from their digital transformations. Ebix and Ebix Consulting—together—are a one-stop solution for digital transformation that makes a meaningful impact on growth. With nearly 9,000 business and technology experts with domain knowledge specifically in Insurance and Annuities, Ebix and Ebix Consulting offer products and services for every stage of a complex transformation.

From design, development, testing, and support, Ebix Consulting accelerated the development and implementation of the required solution.

What Your Accelerated Roadmap 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 Consulting'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

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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, the solution is 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.

Navigating transformation and change on this scale can be daunting for any organization. Ebix Consulting collaborates with its life insurance and annuity clients to provide innovative, practical and customized program design and delivery solutions.

Roger Kahlon is head of Ebix Consulting. 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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