Achieving Technological Self-Sufficiency

Self-sufficiency is critical for an insurer to gain that sought-after control. For many insurers today, the barriers to self-sufficiency are legacy technology systems and dependencies on 3rd party maintainers to be able to be agile and responsive to the insurers business and regulatory needs.

For insights on how to navigate your digital transformation to self-sufficiency, check out our ePaper.

OneShield SOFTWARE | Business Solutions. Simplified.

Table of Contents

Achieving Technological Self-Sufficiency	3
Master Complexity While Preparing for the Future	5
Self-Sufficiency Helps the Bottom Line	7
Self-Sufficiency Puts You in Control	8
The OneShield Software Story	9

Achieving Technological Self-Sufficiency

Agility. Adaptability. Self-sufficiency. Once the purview of tech start-ups and entrepreneurs, are now quickly becoming the table stakes in the insurance industry. And no wonder; in every aspect of their lives, consumers demand, and are granted, control. And the only way insurers can deliver that is to have control themselves. Control over the core systems that anchor their product offering and define customer experience. Self-sufficiency, in particular, is critical for an insurer to be responsive and able to implement change. For many insurers today the barriers to self-sufficiency are legacy technology systems and dependencies on 3rd party maintainers to be agile and responsive to the insurers business and regulatory needs.

The main issue with legacy systems is that they are largely reliant on a complex web of outside system vendors, third-party consultants, and outdated technology. A relatively simple change, update or extension of the core software platform requires a small army to make it happen. It is the antithesis of the agility required to compete. If those frustrations aren't bad enough, insurers may also be losing out on the competitive advantages of being self-sufficient with their core systems.

> "Working with a legacy technology platform is like having to wait for a cable repairman to come by every time you want to change the channel."

Indeed, legacy technologies are a well-known pain point among insurers' Chief Information Officers. A 2018 survey commissioned by OneShield Software and conducted by TechValidate, – an independent third-party research firm – reported that 40% of respondent insurers cited the burden of legacy systems as one of two leading challenges for their business. The other significant challenge boiled down to a lack of technological self-sufficiency to make real-time updates, set up new products quickly, and quickly deploy changes to the market.

The reason legacy platforms often lack the capability to provide any degree of self-sufficiency is the result of the very technology they are built on. For instance, they are typically housed onsite on mainframes or private internal networks. Frequently, they're a patchwork of manual processes using software from multiple vendors. Yet, as 47% of those surveyed reported, the resources needed to support legacy systems are usually not in-house. As such, third-party vendors or consultants must be hired sometimes even for routine changes and maintenance. This only compounds the challenge of introducing new strategies. Marketplace essentials such as improving web portals, adding new rules to improve risk analysis, and leveraging geo-coding data and models in pricing algorithms, become almost unachievable.

These findings are supported by other recent surveys. In the 2019 Gartner CIO Survey, for example, the world's leading research and advisory company Gartner asked insurance CIOs what their most significant resource barriers were to achieving their objectives.

The survey found:

- Insufficient numbers of IT/business resources: 34%
- Insufficient depth/breadth of digital skills: 31%
- Unable to source needed digital capabilities from vendors/contractors: 8%*

Interestingly, we have found demography also plays a role in the issues legacy technology pose. Simply, those who have the expertise and experience with older systems and technology are retiring. And it is fair to say that the task of recruiting and retaining members of today's younger workforce to work on these systems could be accurately portrayed as herculean.

What if, however, achieving more or even complete technology self-sufficiency was well within the reach of every insurer, regardless of size? After all, it is possible for an insurer's business and IT team members to be given the tools needed to easily, safely and reliably modify and update their core technology platform. It is possible to create a core system that acts as a hub and allows functionality to be swapped in and out.

Master Complexity While Preparing for the Future

According to SMA Research's 2019 Top Predictions for Insurance, current and future market success for domestic and global insurers may very well depend on their organization's agility. The so-called "Agile Mandate" is a "collaborative mindset resulting in the combination of the rich expertise of incumbent technology with the speed and agility associated with InsureTechs."

In other words, an insurer's future success will hinge to some degree on its ability to make bold and rapid changes in response to fast-emerging market opportunities. Success will rely on an ability to embrace organizational agility and employ sprints or fast change turnaround cycles in order to streamline technical operations. The market will demand the incubation of new products and services to be aggressive, greatly condensing the time from innovation to deployment.

Helping insurance businesses achieve this speed-to-market will be solution providers, such as OneShield Software, that deploy microservices and cloud-based platforms.

What Are Microservices?

A key aspect of today's leading core system platforms are microservices — reusable modules that business and technology users can leverage to connect with third-party applications. Microservices step in to expedite a transaction or perform a single task. They are independently deployed services with discrete and narrow functionality. A microservice, for example, might involve creating a rate, doing name calls, account lookups or producing a certificate of insurance. Microservices, however, need a technology architecture or platform such as OneShield's that is receptive to their plug-and-play attributes.

How to Become Self-Sufficient and Future Ready

One of the key factors in enabling self-sufficiency in modern core systems is that, unlike most legacy systems, all software applications and the core data model reside on a single base platform. That single and shared data model, containing information about your customers and products, is what allows users to see and manage from one screen all customer touchpoints, including various policies, payments, and claims.

As an example of modern technology, OneShield's solution is uniquely geared to enabling self-sufficiency. At the heart of its single platform is a scalable metadata-driven transaction layer that separates critical data from software functions. That layer is built around a powerful workflow engine with customizable workflows, rules and execution capabilities. All of this is easily accessed through Application Programming Interfaces (APIs) — enabling almost any third-party application to exchange data and trigger functionality.

For modern systems, from an insurer's viewpoint, there should be no complex coding required. Instead, all configuration options should be visible and modifiable to properly authorized business or technology users. Allowing configuration that extends beyond simple rates, rules and UI changes to customize workflows, processes, user interfaces, rates, product rules, and other aspects of the solution, including the central data model is crucial.

With "customer centricity" users can leverage easy-to-use tools for extensive self-configuration of the platform. Solution boasts a foundational configuration tool called OneShield Designer. OneShield Designer allows users to configure virtually everything across all platform components, including workflows, product definitions, object models, and user interfaces for legacy and third-party systems. Taking self-sufficiency and flexibility even further, our design capabilities extend to configuring coverage packages, new product combinations and the ability to leverage and create new services that extend the application's role within the ecosystem:

OneShield's Configuration Capabilities

Package Designer

- Package Designer provides the ability to wrap together disparate coverages and coverage parts, including those traditionally defined as commercial and personal lines, into a single policy package.
- Seamless filing adoption by state or jurisdiction, without the need to maintain distinct products for each state.
- Package Designer enables quick roll-outs for multiple product versions to support various channels, effective dates, or other criteria.
- Insurers can reuse coverage components while writing packages — eliminating redundancy, all while reducing errors and improving market delivery timing.

Services Designer

- Services Designer accesses pre-built APIs from the Designer Services catalog collection of vendor and product-independent services.
- Build new APIs to allow external applications to remotely execute business transactions on the Core Transaction Platform.
- Independent of a user interface, external applications use this service layer as a transaction engine and data store.
- The service layer provides a general-purpose API used across all product configurations.
- Use of metadata configuration for workflow, rules, and service operation requests and responses allows for a set service operation that exchanges data and application logic for different products without having to change service layer interfaces.

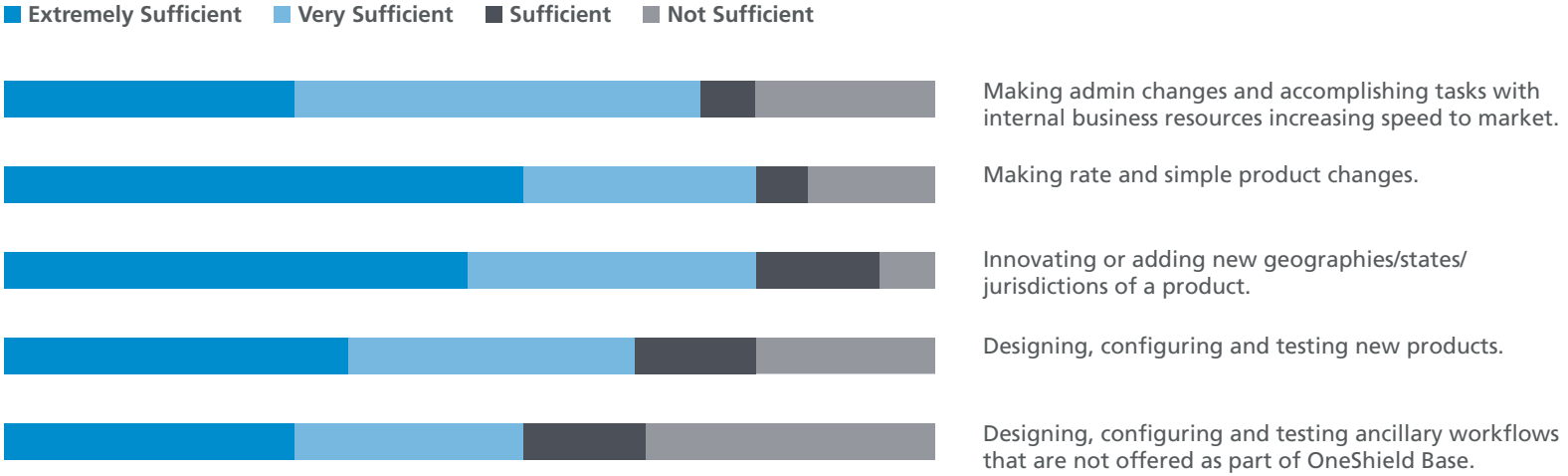
Self-Sufficiency Helps the Bottom Line

As shown, self-sufficiency in dealing with your core system platform offers clear competitive advantages by empowering quick response to market opportunities. Self-sufficiency also, however, can deliver clear advantages to your bottom line.

> In a 2018 independent third-party survey of OneShield clients, 65% of respondents identified technological self-sufficiency as the most dominant advantage when it comes to Total Cost of Ownership (TCO) of a modern core system. The ability to rapidly make changes internally without hiring coders and consultants represents significant savings in annual IT budgets.

Most respondents also reported their team members were "very comfortable" with their capability to add new products, markets segments, and geographies. Rate changes were easy to complete, as were designing, configuring, and testing new workflows and products. Self-sufficiency also offers savings when system upgrades are needed. In many legacy systems, upgrades have a ripple effect on customized coding and configurations. With a modern solution, such as OneShield Enterprise, user-configured options are allowing all modules to remain in compliance with each other.

OneShield Client Survey - TechValidate Winter 2018

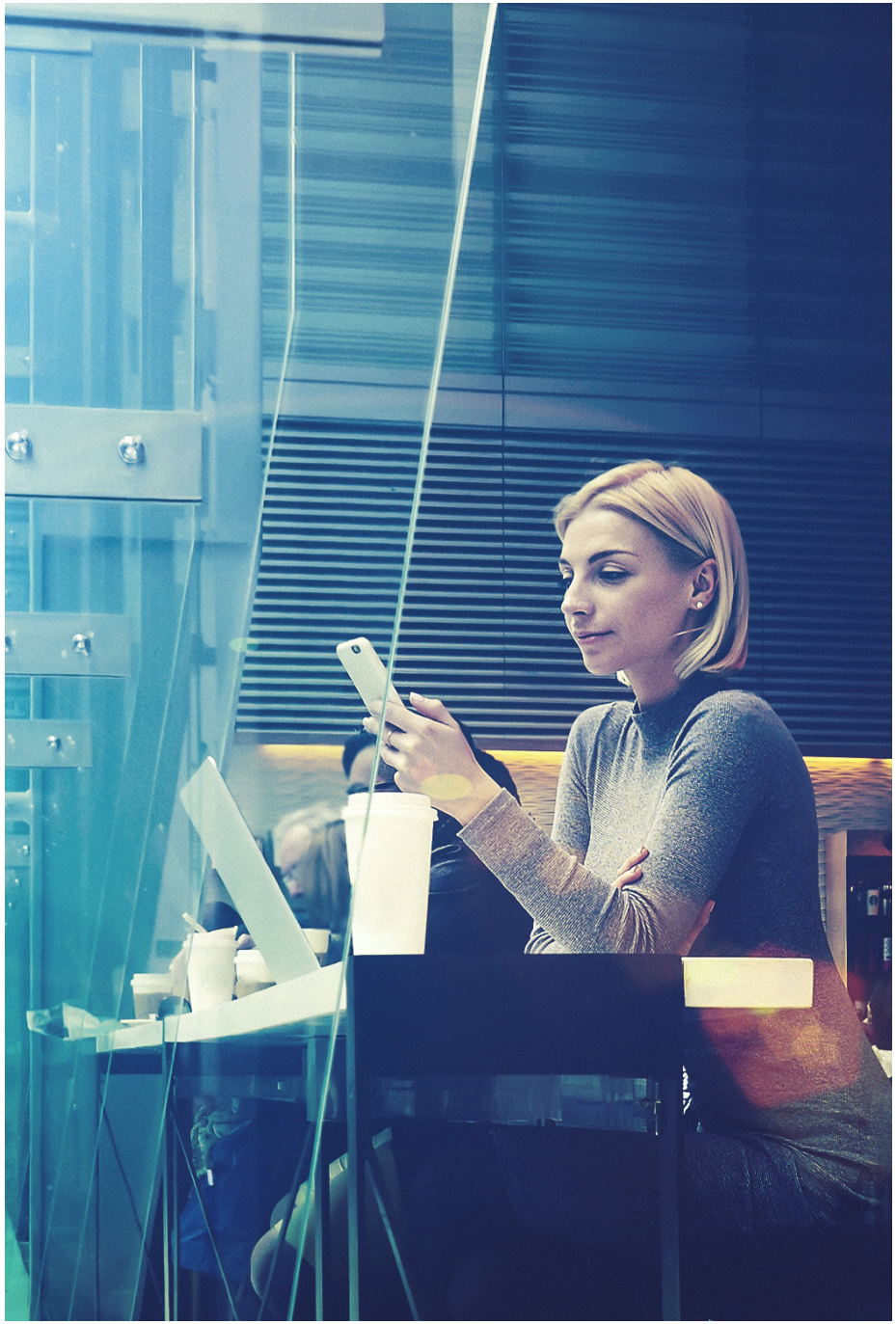


Self-Sufficiency Puts You in Control

Everyone wants more control or, at least, the option to exercise it. Insurers need look no further than their own customers to understand that self-sufficiency is an important feature in today's market. In 2019 Insurance Outlook, by Deloitte Center for Financial Services, 2018 consumers indicated 90% would prefer self-management of their existing policies through digital channels.

OneShield has always built its solutions on the premise that flexibility is highly valued by clients, particularly in the insurance sector. As markets and technologies change, the flexibility to make system modifications inexpensively and easily is an essential competitive advantage for both OneShield and its clients whilst resulting in an overall lower total cost of ownership.

With OneShield's advanced solutions, you can take control of your technology platform and customize it to meet your business needs and objectives, reduce resource expenses, and increase speed-to-market.



The OneShield Software Story

Since 1999, OneShield, Inc. has been privileged to provide solutions to many of the strongest and fast-rising names in the global financial services industry, ranging from those with a single lines of business to others with multiple products in P&C, life, health and specialty markets — a combined 50 lines of business in production on the same platform.

OneShield Software delivers core business software solutions to the global insurance and broader financial services industry, deployed in the cloud or on-premise. Our portfolio of standalone, subscription and cloud-based software products include enterprise-class policy management, billing, claims, rating, product configuration, business intelligence, and analytics solutions that leverage a tools-based open architecture and single data model platform to streamline your business. OneShield Software automates and simplifies the complexities of core systems with targeted solutions, seamless upgrades, collaborative implementations, and lower total cost of ownership.

With corporate headquarters in Marlborough, MA, and offices in India, Canada, and Australia, OneShield is committed to supporting their clients' growth, increasing their speed-to-market, enhancing internal and external efficiencies, and enabling client self-sufficiency at the lowest total cost of ownership.

Ready to simplify your business? It all starts with a conversation.
Connect with us at info@oneshield.com or 1.888.663.2565.

OneShield SOFTWARE | Business Solutions. Simplified.

Sources:

TechValidate Study (commission by OneShield Software, October 2018).

*Gartner Inc., 2019 CIO Agenda: An Insurance Perspective by Kimberly Harris-Ferrante, 29 March 2019.
2019 Top Predictions for Insurance: An SMA Research Brief; Authors: Deb Smallwood, Founder & CEO; Karen Furtado, Partner; Mark Breading, Partner; and Karen Pauli, Principal, December 2018.

2019 Insurance Outlook, by Deloitte Center for Financial Services, 2018, Deloitte Development LLC.

The information contained in this document is proprietary and confidential information of OneShield®. Do not duplicate, distribute, disclose or use without the prior written consent of OneShield, Inc. © 2002–2019 OneShield, Inc. All rights reserved.