

Enabling the Digital Insurer through Front2Back™ Transformation

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The rapid pace of disruption in the insurance market is today driven by client-centricity and advancement in technology and connectivity. Be it events and forums, or our various client engagements, we see five key needs that are critical agents of change for insurers.

#1 - A move from product to client-centricity

Product-centricity has ruled the traditional world of insurance. Product codes, complex policy wordings and even organization structures have reflected this behavior in the areas of general, life and health insurance. This is changing now. Insurers' goals and vision is now to be client-centric and provide true value through risk prevention and advisory services.

The opportunity here lies in introducing product propositions around evolving needs of clients, and the expectations set by other industries and future life stages.

#2 - Data is the new oil

Actuarial and data science is the core strength of the industry. Yet, a lot of insurers struggle to maximize on the insights in spite of significant data that is available in-house within their systems. Risk analysis is also being transformed with advancements in data technologies and connected ecosystems.

Insurers need to have a defined data strategy to take advantage of the opportunities available through data, especially as emerging risks are constrained today by minimal historical statistics.

#3 - Cognitive automation – the new pilot of event-based and personalized engagement

Currently segmented by standard and redundant attributes, clients have not only limited touch-points with insurers, but also receive a 'one-size-fits-all' level of service and products. Artificial Intelligence and Machine Learning now provide the means to harness the rich dataset, and refine the 'crude oil' to provide hyper-segmentation and customization.

Leveraging the cognitive and IoT ecosystem can enable insurers to offer relevant and personalized 'next-best' actions to significantly enhance the client experience.

#4 - A liberating approach to legacy transformation

The insurance industry is gripped with the inertia of a risk-averse culture, short-term focus (today's priorities and threats overwhelm the possible benefits of future innovation) and the need for a water-tight business case before funding is made available.

For true transformation to happen, the industry needs to balance its foundational capabilities and enterprise legacy debt with a culture of innovation, rapid prototyping around client needs and partnership with technology leaders.

#5 - Affinity partnerships in today's platform economy

Banks, telecoms, leasing companies and retail organizations are generally the first touch-points of clients and the triggers for insurance. Such industries have a closer connect and understanding of clients that insurance players can leverage through strong partnerships. Additionally, alliances with partners to help source open data for risk analysis minimize the number of queries and data requested from clients can greatly benefit insurers.

Creating the right infrastructure for effective affinity partnerships will give insurance players a big advantage.

Challenges-to-transformation are real

The insurer's journey in addressing the above needs is undeniably marked by some valid challenges.



The conflict between business and IT is a real one. While business sees the urgency to introduce client-centric and personalized products and services (based on the client's persona, choice, convenience and affordability) with speed, the traditional IT department is constrained by its nature as a cost center. This poses a high risk in achieving cost and value outcomes besides creating negative tension between business and IT.



Siloed and point data solutions of legacy data warehouses do not address the volumes, variety, velocity and veracity of data that are now available to insurers. Defining the appropriate data strategy, compliance to data privacy and GDPR regulations, and 'where to start' questions constantly plague the CIOs and CDOs.



Lack of support for innovations arises on many fronts. Machine learning and artificial intelligence require significant volumes of data to arrive at plausible decisions. Access to both data and skilled resources in data science are real challenges that lock potential benefits in nascent lab stages.



Inertia to change is real, with a host of questions holding back the transformation. Should the approach be one of replacing legacy platforms or adapting it to a new and modern system of engagement? How can this be addressed quickly and cost effectively? How do we get over technical debt? What are the right tools and technology to invest in?

The impetus for Front2Back™ transformation

Traditional transformation approaches fall short of addressing these challenges. Core system modernization (that usually takes three-to-five years) requires significant budget allocation, and business is unable to see a visible and measurable impact in the immediate smaller time frames. An operations transformation approach, in addition to the above factors, involves a much higher risk as it impacts end-to-end operations.

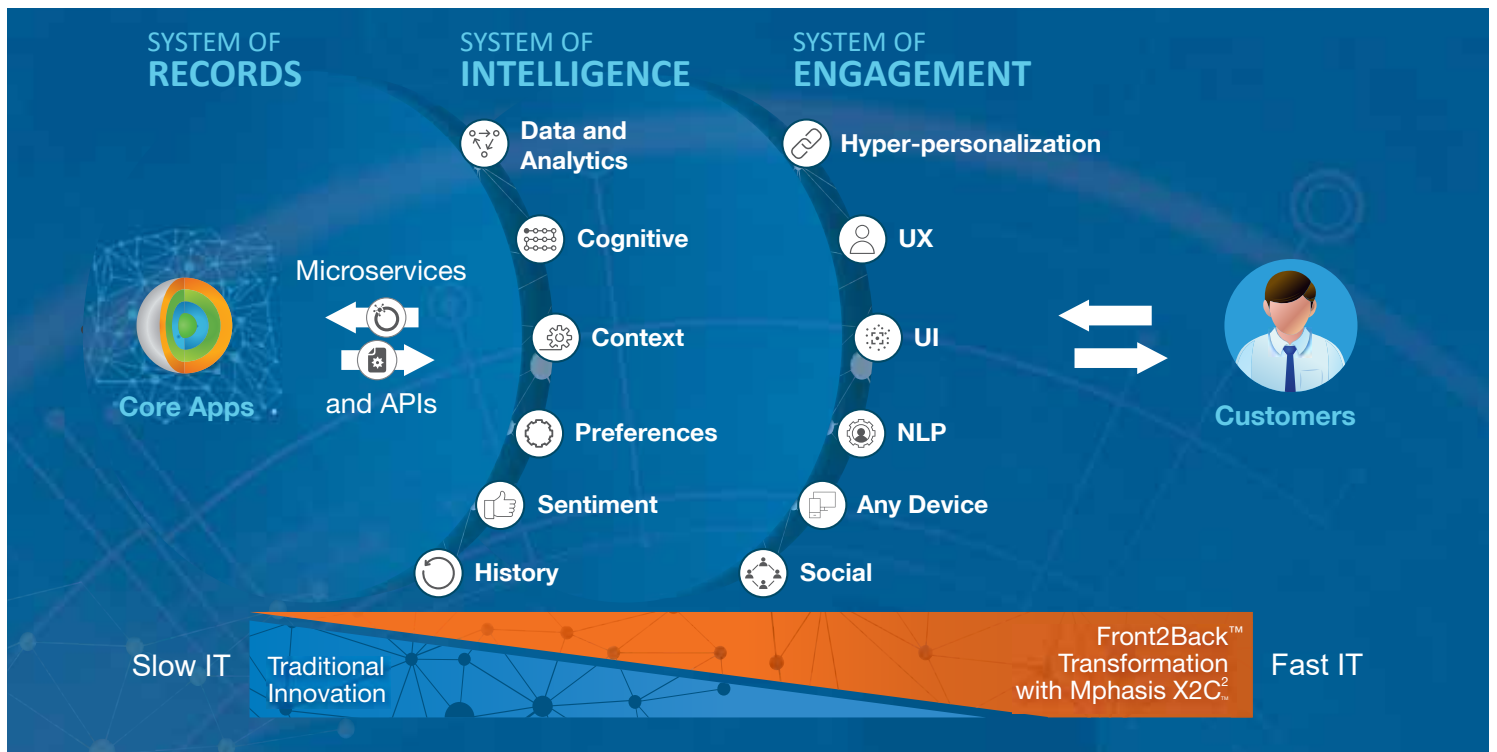
Mphasis helps insurers design and deliver transformation through a Front2Back™ Transformation framework enabled by their proprietary X2C² methodology (shift anything to cloud and power everything with cognitive).

These are the key principles of our Front2Back™ approach:

- The 'front' reflects the **client-centric approach** and includes interaction with all users (end-clients, brokers, underwriters and claim handlers). Using a design thinking approach, we build user stories to create the **system of engagement**. This enables us to think big, define the target state and the starting point, and reach the target state through incremental programs.

The system of engagement is powered by the **system of intelligence**. This delivers the **power of cognitive intelligence**, enabling the system of engagement to become context aware, provide hyper-personalization and enable the right next-best action.

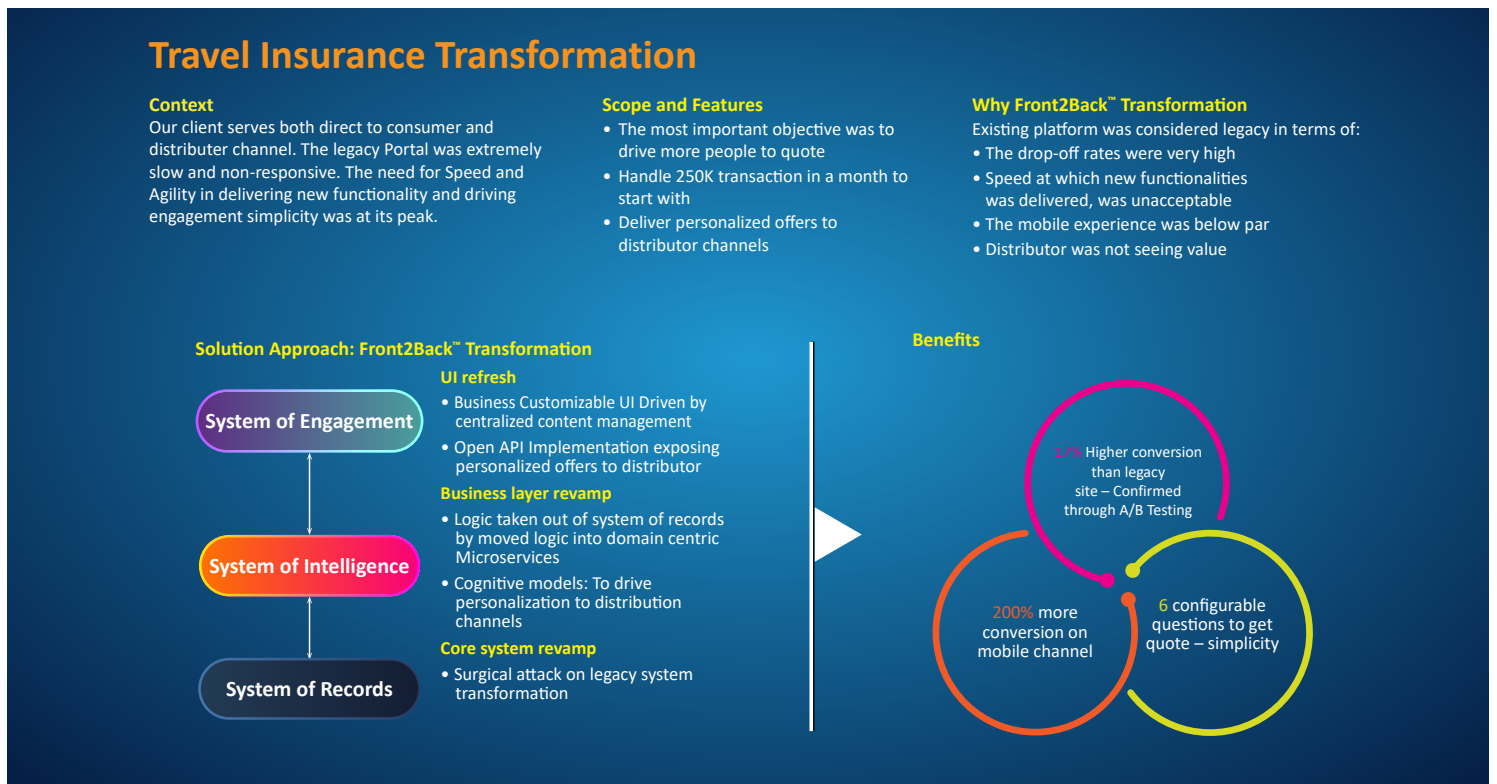
- A service catalog and top-down approach identifies the list of business services that the system of record provides. Services are decoupled into **microservices that can be wrapped around** the existing back-end systems and mapped to APIs for communicating with external platforms.
- **Outcome KPIs and a maturity index model** to measure the success of each MVP (minimum viable product). They also govern the iterations to the target state and prioritization of efforts. Business metrics such as lead to quote ratio, retention ratio, product density, NPS, and operations metrics such as time-to-quote, UW efficiency, % self-serve and % automation are examples of outcome KPIs we use to govern.



These principles combine with Mphasis' IPs such as encoded sub-vertical models, reference architectures and our partner ecosystem to deliver business-critical benefits.

1. Speedy and disproportionate value through incremental funding or self-funded and cost-effective programs
2. Create business and IT alignment
3. End-to-end focused and metrics driven
4. Embed client- and outcome-led culture of disruption
5. Non-intrusive builds on core systems

We give below a proof of success illustration



We welcome a discussion with your points of view, objectives, challenges and what we could jointly achieve in one or more of these areas.

Please contact us at

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Author Profile

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Vijay leads the Insurance Industry Solutions group for UK & Europe. He has over 24 years of experience delivering consistent results through digital and operations transformation program. Vijay specializes across consulting, digital transformation solution design and business development.

He partners with our customers to identify business issues and design transformation solutions linked to outcome metrics to measure success. These solutions involve technologies across Machine Learning, Big Data Analytics, Natural language interaction, Robotics Process Automation, Cloud technologies and DevOps.

About Mphasis

Mphasis (BSE: 526299; NSE: MPHASIS) applies next-generation technology to help enterprises transform businesses globally. Customer centricity is foundational to Mphasis and is reflected in the Mphasis' Front2Back™ Transformation approach. Front2Back™ uses the exponential power of cloud and cognitive to provide hyper-personalized ($C = X2C_{TM} = 1$) digital experience to clients and their end customers. Mphasis' Service Transformation approach helps 'shrink the core' through the application of digital technologies across legacy environments within an enterprise, enabling businesses to stay ahead in a changing world. Mphasis' core reference architectures and tools, speed and innovation with domain expertise and specialization are key to building strong relationships with marquee clients. To know more, please visit www.mphasis.com

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