zensar

Catapulting into the future of **Insurance with Guidewire**

How Guidewire resolves Key Insurance Challenges
why a Managed Implementation Approach is necessary

White Paper

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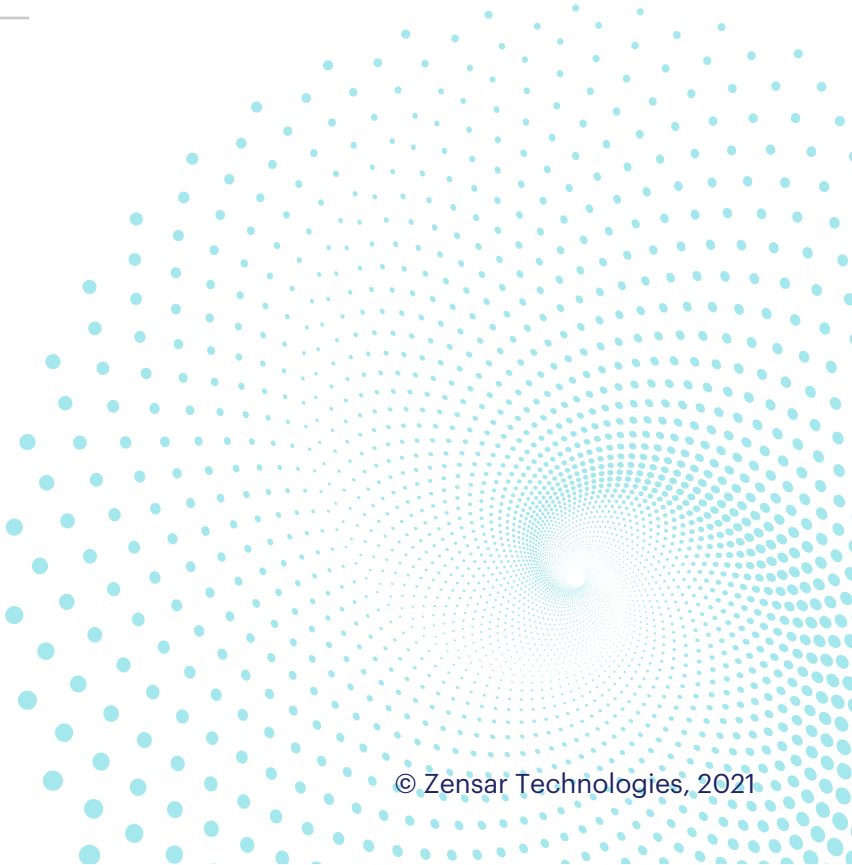

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Introduction

Digital transformation has been a buzzword for the insurance sector for a while now. Research by Oxford Economics suggests that 90% of insurers have a long-term plan for technology innovation, impacting the entire organization[1]. Foundational processes on the insurance value chain, including policy formation, claims management, and billing can gain significantly from the use of digital tools. However, the move to digital must be supported by a robust transformation at the core. Before insurers can look at benefiting from emerging tools like artificial intelligence (AI), immersive reality, or blockchain, they must relook at the heart of insurance operations from a digital perspective. This is why platforms like Guidewire are rapidly gaining prominence.

Guidewire is among the premier providers for core platforms in P&C, positioned as a Leader by Gartner's 2018 Magic Quadrant. And given that the Guidewire solution suite is designed for deep configurations, carriers can gain significantly from partnering with an experienced managed services provider. This will help to cull out the maximum value from implementation, addressing long-standing industry challenges and paving the way for continued innovation.

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What are the primary pain points faced by insurers?

Insurance companies holding on to legacy systems face a multitude of challenges, ranging from the inflexibility of their datasets and poor UI to the lack of predictive visibility, inadequate agility to scale up, and delays in customer-facing processes. All of this adds to operating costs as well as the total cost of ownership, driving down the margins.

Meanwhile, digitally-native InsureTech companies are putting up a stiff competition – 2015-founded Lemonade is a good example. Lemonade is a tech-powered P&C provider in the US that promises zero paperwork and seamless customer experience. In 2019, Lemonade broke into the European market, and it is one of the many disruptors compelling incumbent carriers to strengthen their digital stance. Without this, they will continue to face the following primary pain points:

The legacy nature of data

Insurers typically operate based on massive datasets, which inform a customer's risk profile and eligibility. In our experience, a carrier can have data dating back to 50+ years. The structure and format of these data sets may not be compatible with the latest analytics models, holding back the carrier's monetization capabilities. On the other hand, data and data-driven machine learning is the number one trend among InsureTechs, comprising 20% of innovations[2].

Insufficient agility for exploring new business models

Today's customers want more than the traditional insurance policy that follows a set-and-forget approach. There are several trends which insurers could effectively explore and monetize, such as usage-based insurance (UBI), micro-insurance, all-risks coverage, and peer-to-peer plans. Research suggests that there is a 5% increase in consumer demand for subscription-led business models[3], but carriers require agile technology infrastructure to tap into these opportunities.

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Difficulty in pursuing growth

Legacy systems are built to evaluate and register policies, not to acquire new customers. Agents cannot collaborate with brokers and other stakeholders easily, stunting the growth of the new business. Without adequate integrations, carriers operate in a siloed environment. For example, less than 50% of P&C insurers track major life events of customers that could trigger a new purchase[4]. This is why a single source of truth is so critical.

The absence of a dedicated environment for underwriters

Tasks like risk evaluation and relationship management with agents/brokers are not part of traditional policy administration and servicing (PAS) tools. This is particularly challenging for commercial carriers where a tremendous amount of paperwork goes into aggregating risk data and communicating with client stakeholders. The commercial market is witnessing a period of margin compression, after catastrophe losses in Q3 of 2019 – next-gen underwriting environments will be critical for bridging this gap[5].

Sub-par customer experience quality

It's no secret that we are living in a customer-centric world. Policyholders now expect the same quality of experience from their providers that they receive from digitally-progressive sectors like hospitality and retail. In fact, these are the two leading sectors with a high digital quotient (49 and 42, respectively), with insurance coming in well below the global average of 33[2]. Customer experience should be a major focus area for insurers, with as many as 68% of customer queries shared on digital channels being left unanswered[7].

Low adaptability to new regulations and data

Policy creation systems must be able to adapt to new incoming datasets. Consider how the number of data-generating devices has snowballed in the past decade. Since 2008, there are more connected devices in the world than there are people, and this number is expected to cross 50 billion by 2025[2]. Climate data, health data from wearables, and equipment status data from industrial Internet of Things (IoT) sensors could transform policy creation. Adaptable systems can also help to stay ahead of regulatory changes in the insurance sector.

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How Guidewire can make a difference to insurers' digital journey

Guidewire is among the preferred platforms for insurers looking to digitalize their core systems. Its InsuranceSuite™ spans the entire value chain, including key functions like underwriting, policy, billing, and claims management.

PolicyCenter™ is designed to help insurers adapt to emerging opportunities and succeed in a dynamic environment. It comes with automated workflows for underwriters, no-touch/low-touch quote capabilities, built-in features for reporting and audits, and a fully automated change processing module.

BillingCenter™ automates the billing lifecycle, including all granular, third-party billing options. All the three modules (BillingCenter™, PolicyCenter™, and ClaimCenter™) integrate with the Guidewire DataHub™ and Guidewire InfoCenter™ to equip carriers with self-service business intelligence.

ClaimCenter™ is one of the most popular claims management systems among P&C carriers. From dynamic, response-driven questions to collect claims data and assisted claims investigations, it prepares insurance carriers for a variety of claims scenarios. Given that an estimated 5-10% of all insurance claims are fraudulent, a solution like this is integral to any carrier's technology stack[2].

Apart from these three modules, Guidewire offers a host of additional plug-ins like risk analytics, predictive analytics, rating management, reinsurance, and product content management tools. With the help of a managed services provider, carriers can curate an insurance technology stack conducive to business success and tech return on investment (ROI).

Here's how Guidewire addresses the primary pain points faced by insurers

Guidewire connects with legacy and third-party systems to extract the relevant data. It also offers a separate Client Data Management™ solution to create a single source of truth. This improves the accuracy of customer communications, highlighting opportunities for new business. This also removes legacy silos as insurance personnel can locate and update data across multiple systems in one go.

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Guidewire's predictive analytics capability lets insurers make smart, data-driven decisions across the insurance lifecycle. The insights are extracted from a variety of data sets, ensuring comprehensiveness and accuracy. Guidewire's predictive capability is powered by machine learning, identifying any instance of inaccurate pricing. Predictive analytics can work with claims management as well as profitability centers like underwriting, customer lifetime value calculation, marketing distribution, etc.

Guidewire offers a dedicated, automated environment for insurance underwriters, and this has a massive impact on the bottom line. Underwriters can intelligently allocate their efforts toward value-generating areas. For example, in cases where decisions can be made using structured business rules, Guidewire auto-recommends the way forward. But where a programmatic decision isn't the best idea (like small businesses for commercial P&C), the platform brings human judgment into play.

Superior customer experience is among the biggest benefits of switching to a digital system. The time from submission to policy activation shrinks considerably, and customers also enjoy faster claims processing. With Automation taking over a majority of iterative tasks, insurance company employees are freed up to improve their response time and enhance the quality of experience. Guidewire's third-party integration capabilities also let insurers deploy omnichannel communication without fragmentation or security risk.

Guidewire introduces a high degree of product and system flexibility. Insurers need to leverage new kinds of information and restructure data sets in order to capture new business — Guidewire's adaptable technology platform makes this possible. Further, it decouples the product model from the core system code, so that new products can be launched without extensive configuration.

Guidewire tools are also available as a software as a service (SaaS) package, under the Guidewire Cloud offering (hosted on AWS). Guidewire Cloud is being used by 90+ insurance customers, with $500+ million invested in research and development since 2016.

These six impact areas, among others, have been instrumental in propelling Guidewire to the top of the pack when it comes to core transformation in insurance. We help companies in their pathway toward Guidewire implementation, covering the entire suite of solutions. Configuration, continuous functional enhancement, lean implementation teams, and customer support are at the heart of Guidewire success. Our dedicated Guidewire team ensures that all of these parameters are adequately met.

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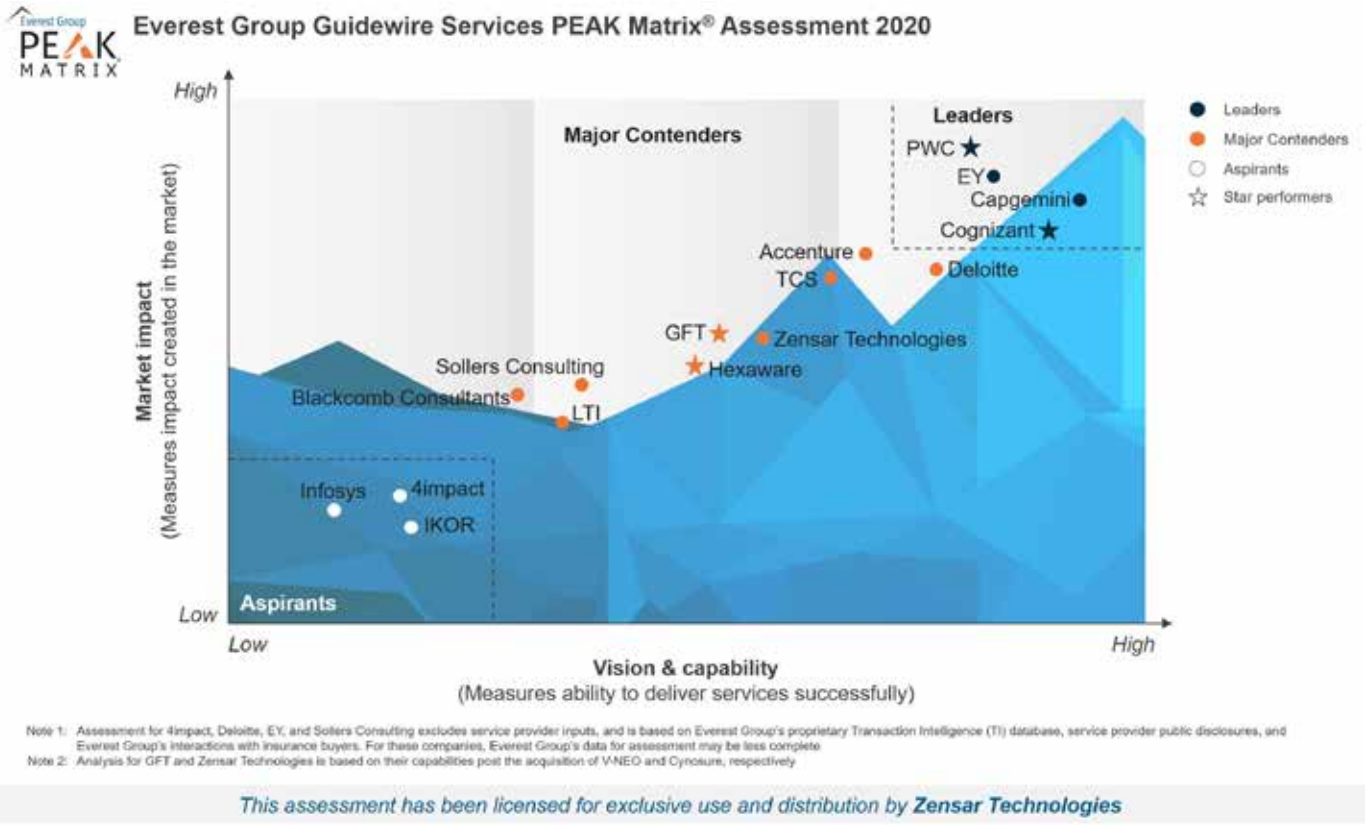
Zensar positioned as a ‘Major Contender’ in Guidewire Services PEAK Matrix Assessment 2020 –

Setting the Stage for Core on Cloud” by Everest Group

Everest Group recently released its report titled “Guidewire Services PEAK Matrix Assessment 2020 – Setting the Stage for Core on Cloud” This report analyzes the changing dynamics of the Guidewire IT services landscape and assesses service providers across key dimensions. As a part of this report, Everest Group updated its classification of 16 Guidewire service providers into Leaders, Major Contenders, and Aspirants. Based on the analysis, Zensar emerged as a Major Contender as a Guidewire service provider.



Note 1: Assessment for 4impact, Deloitte, EY, and Sollers Consulting excludes service provider inputs, and is based on Everest Group's proprietary Transaction Intelligence (TI) database, service provider public disclosures, and Everest Group's interactions with insurance buyers. For these companies, Everest Group's data for assessment may be less complete
Note 2: Analysis for GFT and Zensar Technologies is based on their capabilities post the acquisition of V-NEO and Cynosure, respectively

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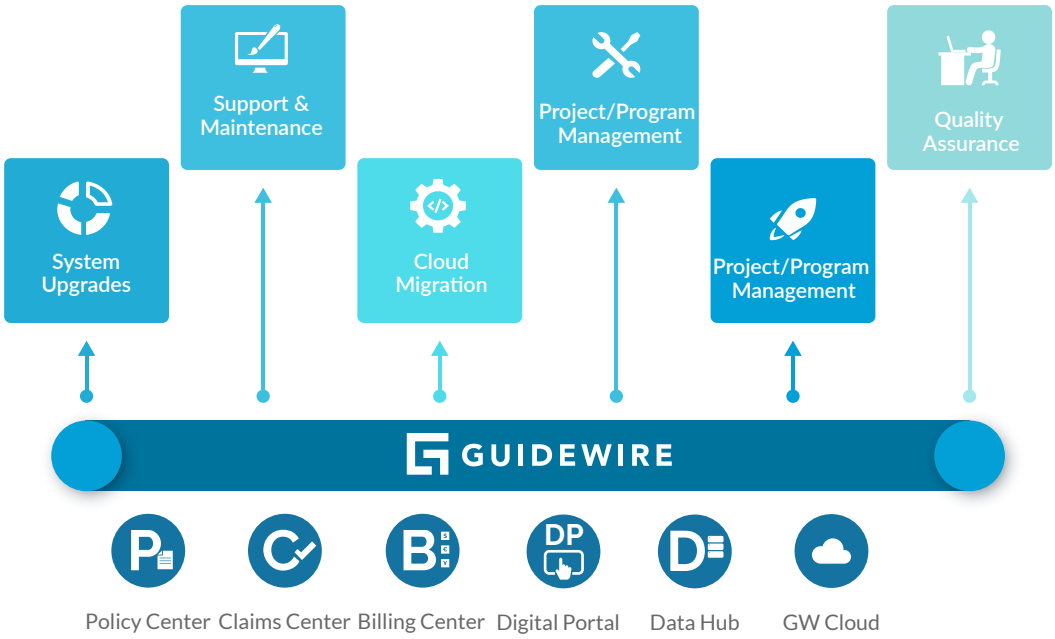
How Zensar helps to maximize Guidewire potential

Zensar is a Guidewire PartnerConnect™
Consulting Advantage partner and Guidewire DevConnect partner™



Insurance is among our key operating sectors at Zensar, contributing 25% of revenues and impacting approximately three billion policyholders around the globe. From testing different Guidewire components before implementation to ongoing managed services across the digital journey, our end-to-end support model is geared to catapult incumbent insurers into a digital-first future. This includes:

AI/ML-based insurance analytics

Insurers can use next-gen connectors to easily acquire data from Guidewire systems, gaining from structured and unstructured data alike. There is incredible potential in this space, given the proliferation of smart devices in the last few years. Carriers can use pre-built reports to shrink their time-to-value from Guidewire and use AI/ML to identify fraudulent claims.

Self-service on mobile

Mobile self-service is pivotal to achieving digital maturity, an area where most insurers are lagging behind. A mobile self-service app would improve the user experience and reduce claims cycle

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turnaround times. Guidewire's mobile solution includes AI-powered First Notice of Loss (FNOL), as well as value-added services like locating hospitals and auto-repair shops.

Upgrades as a service

Frequent and timely updates are central to successful Guidewire implementation, and the upgrade process cannot disturb ongoing business. Upgrade support from a managed services provider can help formulate a best-fit schedule, mitigate technical debt, maintain data quality, and establish success factors. This drives sustainable digital transformation, seamlessly blending new features into the existing IT blueprint.

One-touch test automation

Whether you're already live on Guidewire applications or are working on your first core transformation to Guidewire, a tailor-made but comprehensive testing solution that covers a full development lifecycle is a necessity. With our new Testing model, you can achieve this at a reduced cost by up to 40% across the Insurance value chain. Our experts have developed the Guidewire test automation framework- One Touch, which is a Behavior-driven development automation platform that enables continuous testing processes, speeding up implementation without compromising on quality.

Robotic process automation (RPA)

RPA is vital for introducing efficiency gains to the insurance value chain. Zensar partners with companies like Automation Anywhere to create purpose-built RPA solutions for Guidewire customers. Our alliances could be extremely beneficial for delivering Automation at leading insurance companies such as Assurant and Sanlam.

Digital consulting

Every enterprise requires a bespoke transformation blueprint, aligned with its business requirements. This depends on the current maturity state of the enterprise as well as its future goals. Zensar offers advisory services to insurers looking to embrace business process reengineering and digitalization. We provide consultations on platform selection, possible growth areas, product changes, and the to-be-achieved operating model.

The above differentiators equip us to help the world's leading insurance companies on their digital transformation journey, leveraging Guidewire as a strategic business lever. By intelligently configuring Guidewire to meet unique business challenges and opportunities, insurers can

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fast-track their journey toward digital transformation and gain from cutting-edge technologies.

Salesforce capabilities

As a Salesforce Gold Partner, we offer consulting led services with our innovative 2-in-a box model (Domain + Salesforce consultants) to help customers chart a winning cloud strategy, envision a seamless digital customer experience and program roadmaps. With our complete suite of Salesforce Service Offerings like Sales Cloud, Marketing Cloud, Service Cloud, Community Cloud, Force.com etc. companies can measurably improve their marketing, service, sales, IT, and more.

By partnering with us, insurance carriers can

Simplify data management

Good data is the backbone of modern enterprises, in the absence of which the average organization can lose a staggering $8.2 million[i]. We assist in data quality assurance and migration to ensure Guidewire readiness. This allows insurers to access reliable business intelligence reports, fine-tuning their operational and business strategies.

Transition to Guidewire cloud

Guidewire cloud can increase agility and flexibility for insurers, without being held back by resource constraints or capacity limits. We are among the first system integrators (SIs) to lead the transition to the Guidewire cloud. Our ACE-certified experts help insurers to overcome on-premise dependencies and embrace digital transformation.

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Towards agility and unbridled growth: The way forward

The traditional insurance landscape is characterized by legacy dependencies, sub-par customer experiences, limited growth, and low adaptability to new regulations.

Guidewire's award-winning solutions could address these challenges, empowering underwriters with the requisite set of technologies and collaboration capabilities to drive growth. Further, the benefits of Guidewire implementation can be maximized by working with an experienced and domain-centric technology services partner. Bespoke consultations and Guidewire augmentation with AI, ML, automated testing, and RPA will be critical as insurers look at gaining maximum ROI from their guidewire investments.

At Zensar, we have 15+ years of experience in digitally transforming the insurance sector, spearheading 100+ Guidewire implementation and upgrade projects. We are a Guidewire PartnerConnect™ Consulting Advantage partner, as well as a Guidewire DevConnect partner™. We have also been recognized as a 'Major Contender' in Guidewire Services in Peak Matrix Assessment™ 2020 by Everest Group. This allows us to create proprietary add-ons and accelerators to streamline the implementation process. As part of our partnership, we are also certified to conduct internal training on Guidewire technology, enabling continuous upskilling and growth.

In fact, we believe that Guidewire Cloud has the potential to revolutionize how insurance providers operate. Powered by AWS, Guidewire Cloud combines mission-critical software, services, and ecosystems into a scalable SaaS model. This makes Guidewire accessible to insurance carriers even without heavy CAPEX, once the right implementation strategy is in place.

At Zensar, we are uniquely positioned to assist our customers through this transformation journey of embracing the cloud, adopting Guidewire, and catapulting into the future of insurance.

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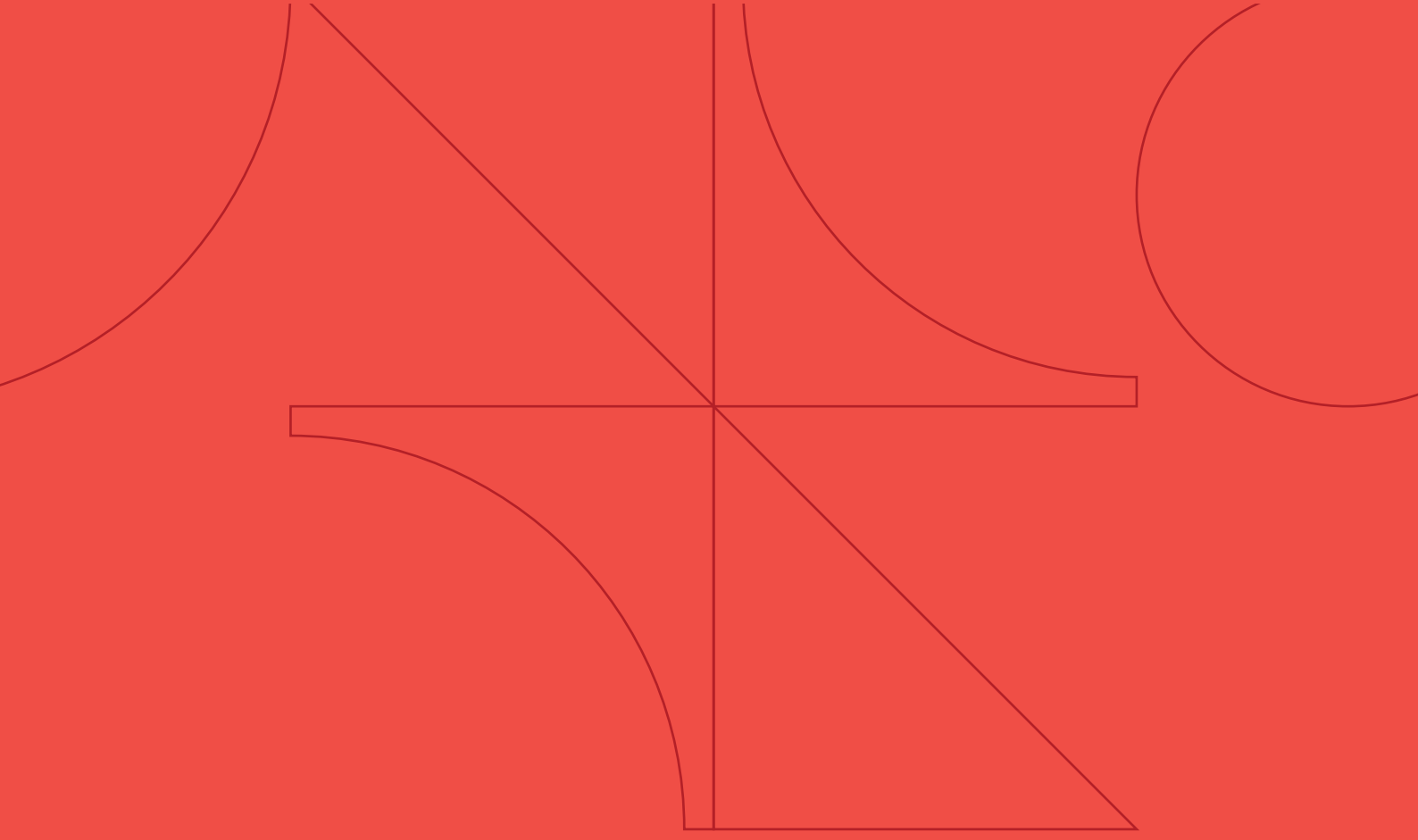

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An RPG Company

We conceptualize, build, and manage digital products through experience design, data engineering, and advanced analytics for over 200 leading companies. Our solutions leverage industry-leading platforms, and help clients be competitive, agile, and disruptive as they navigate transformational changes with velocity.

With headquarters in Pune, India, our 10,000+ associates work across 33 locations, including San Jose, Seattle, Princeton, Cape Town, London, Singapore, and Mexico City.

For more information please contact: **marketing@zensar.com | www.zensar.com**