

# How Insurers Should **Think Velocity** to Embrace Business-first Agility and Drive New Frontiers of Digital Transformation

 Whitepaper



# Putting power into the hands of the customers

These are testing times for the insurance industry. Change is being forced on the sector, which has thrived on products that bundle a broad spectrum of needs. These products ran for decades and became best-sellers for lack of options. Now, insurers must develop new products in weeks to meet new and emerging needs. These products must be simple to understand, with no paperwork, and as easy to buy as groceries on Amazon. Insurers have never seen this pace and velocity of change. The race is now on to digitize the business, create customer convenience, and improve experience by several magnitudes while significantly reducing operational costs and continuously innovating around products and services. The traditional approach of insurance is sold, not bought, is undergoing fundamental changes, giving way to providing customers the ability to personalize insurance and buy it instantly.

The triggers for change are self-evident. COVID-19 supercharged digital adoption across businesses,

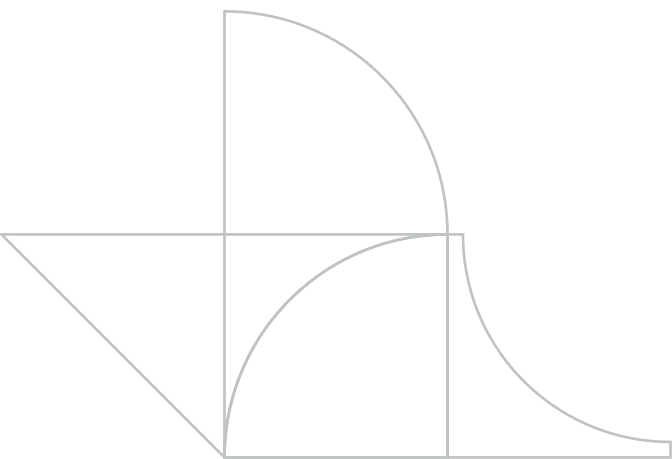
making them available 24X7 across channels, arming the customer with choices, self-service capabilities, and convenient payment models. Insurers could not afford to ignore the change. They had to reimagine their products, ramp up their digital engagement capabilities, rethink distribution, and re-engineer their claims processes.

Businesses and consumers are also being buffeted by the winds of emerging risks that insurers now need to protect. There is regulatory risk, the debt bubble, and geo-political uncertainty like never before. Technology is changing businesses, and newer products must account for cyberattacks, malfunctioning drones, AI gone wrong, and other such new-age calamities. Then there is climate change, the emergence of renewable energy sources, allergens, viruses, rising health costs, and centennials with new financial protection needs. These are creating new pressures and opportunities. The need for innovation is urgent.

## Technology to boost operational resilience and scale agility

Fortunately, technology advancements are helping insurers innovate and transform themselves. They are shifting focus to end-to-end risk solutions that are predictive and preventive, like bundling alarm monitoring smart home devices and home insurance all-in-one or using 5G networks with live telemetry data from connected cars to offer dynamic auto insurance. New value-added services have emerged, including embedded insurance, D2C2A (direct to

consumer to agents), peer-to-peer, and micro-insurance. Simultaneously, partnerships with InsurTechs are creating marketplaces of the future. The results are real. USAA and State Farm, two of the largest insurers, partnered to create a blockchain solution that solves the subrogation challenge. The solution resulted in automating 75,000 subrogation checks exchanged between the two insurers and provided a 25 basis points bump to the bottom line.



Google is transforming claims through AI and machine learning. Customers can shoot photos of cars after an accident and send them to digital systems for examination. The automated systems send back reports listing the components that need replacement and update parts distributors and repair shops with the list.

Insuring a property is no longer an art either. Image processing, third-party external data, geo-location, and sensors for weather and humidity have turned it into an exact science.

Fortunately, all insurers now have access to advanced technologies, including hyperscaler ecosystems, no-code platforms, data and analytics, AI/ML, microservices, DevOps, and CI/CD pipelines, to deliver this change at a rapid pace. To better understand industry adoption, we surveyed over 300 specialists and thought leaders, including CXOs, presidents of business units, vice presidents, and directors across five geographies. Here is what they said about the velocity (velocity = speed + direction and agility) of change in their industry:

- 99 percent felt velocity is a key business imperative; only half associate velocity with something more than speed
- Only 7 percent tie velocity to agility – implying the day-to-day context of velocity is misunderstood
- Majority of business leaders think that people, process, and culture are equally if not more important than technology in achieving velocity

The survey revealed the top business priorities leaders associate with velocity:

- Optimizing business efficiencies
- Accelerating innovation
- Transforming organizational responsiveness
- Empowering employees to deliver greater value
- Driving operational resilience
- Being in step with customer needs

The key challenge they faced was staying the course. Industry leaders were hyper-focused on bottom lines and business continuity. They associate velocity with making sweeping changes, focusing on efficiencies, and delivering financial results rather than going in the right direction, driving operational resilience, or scaling agility.



# Mastering a high-velocity enterprise approach to engineering

Enterprise velocity separates the winners from the losers in the industry.

Enterprise velocity is essential — it is the first step in the process that will separate the winners from the losers in the industry.

The digital foundation for velocity starts by leading with human desirability and requires mastering the art and science of aligning these often-conflicting goals – human desirability, technological feasibility, and business viability (see Figure 1: The foundation for business velocity). As Chip Heath mentions in his bestseller, 'The Power of Moments,' companies that focus on building human desirability-centered services versus fixing internal problems (efficiency and process) have 9X higher returns.

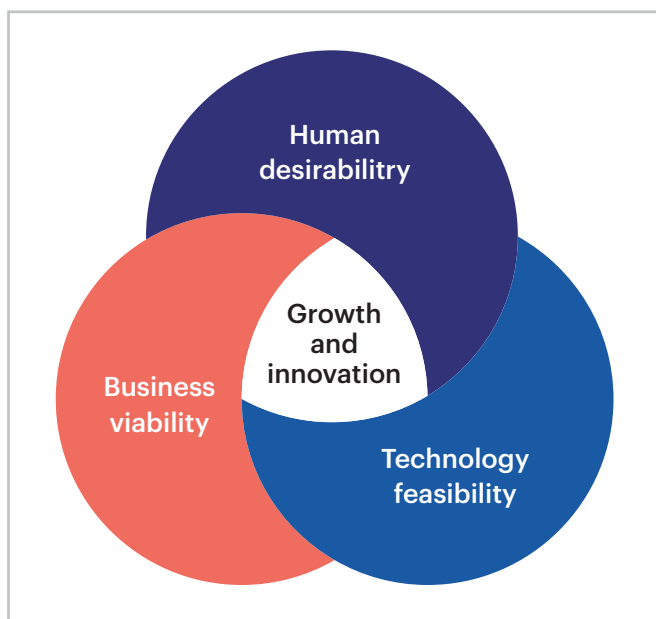


Figure 1: The foundation for business velocity

The second step for enterprise velocity is transforming to a product engineering discipline that creates platforms of continuous innovation instead of monolith once and done applications. Finally, the third step requires a razor focus on enabling continuous engagement and user adoption by capturing KPIs and running targeted campaigns (See Figure 2: Experience-led engineering and engagement approach for enterprise velocity).

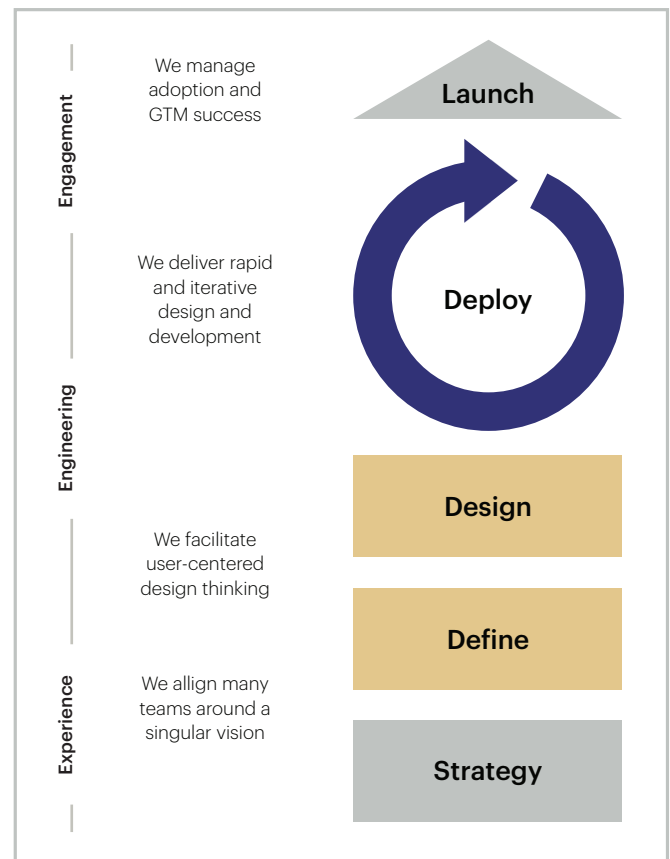


Figure 2: Experience-led engineering and engagement approach for enterprise velocity

## Leading with human desirability

The idea of human desirability needs elaboration. It starts by identifying the primary persona, establishing their relationships with other stakeholders (secondary personas), and understanding their interests impacting that experience while analyzing the journeys across the value stream to identify friction, moments of truth, and improvement opportunities. An example is a new plan for onboarding in the retirement services industry that took between 60 to 90 days. The interventions for resolving friction, automating processes, and leveraging cloud capabilities created efficiencies. By focusing on the plan sponsor experience and establishing the touchpoints with advisers, TPA, record keepers, and plan participants, a new onboarding experience plan takes a few days or, at most, a few weeks.

The next step is to ensure strategic alignment with each touchpoint and identify opportunities for innovation.

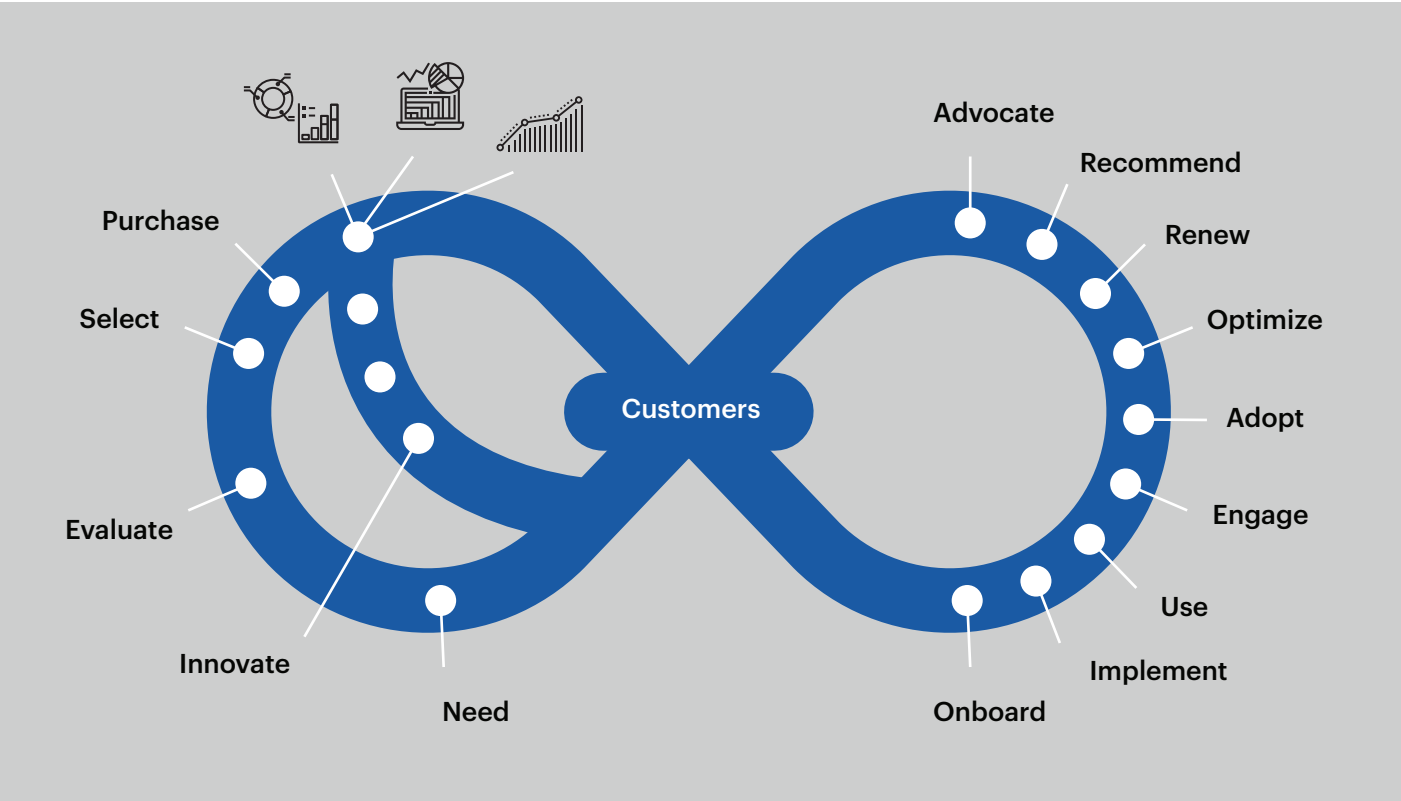


Figure 3: Interaction touchpoints at each stage: human, digital, static

An example from our engagements helps explain this: A commercial line insurer’s business strategy required their products and offerings to become more competitive. This involved a digital transformation of their underwriting process and applications. However, before jumping in to fix the problems in their existing systems and processes, they focused on a broker experience strategy and brand refresh with a focus on digital first. Figure 4 depicts the bull’s eye view of strategy alignment with various personas, which becomes core to focusing on the initiatives and maximizing adoption, thereby delivering enterprise velocity.

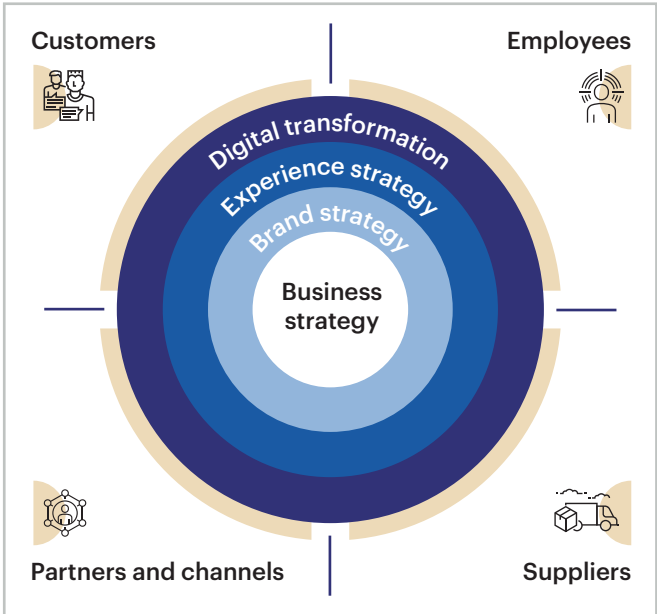
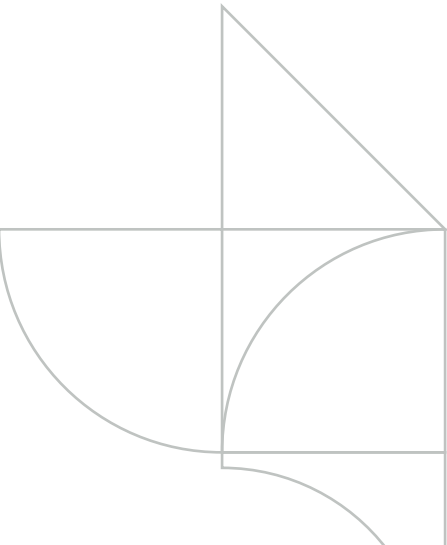


Figure 4: Bull's eye view of strategy alignment across all personas



# A product engineering approach to building applications

How do IT teams move away from building monolithic apps focused on solving specific business and customer problems to creating platforms that live and breathe with every persona and innovate at each stage of their journey into a customer's persona and journey?

Creating a multi-speed execution engine that delivers disruptive business value requires a high-velocity enterprise (HiVE) approach to engineering, unlocking agility, and impact at scale. Figure 5 depicts the key components of the HiVE approach.

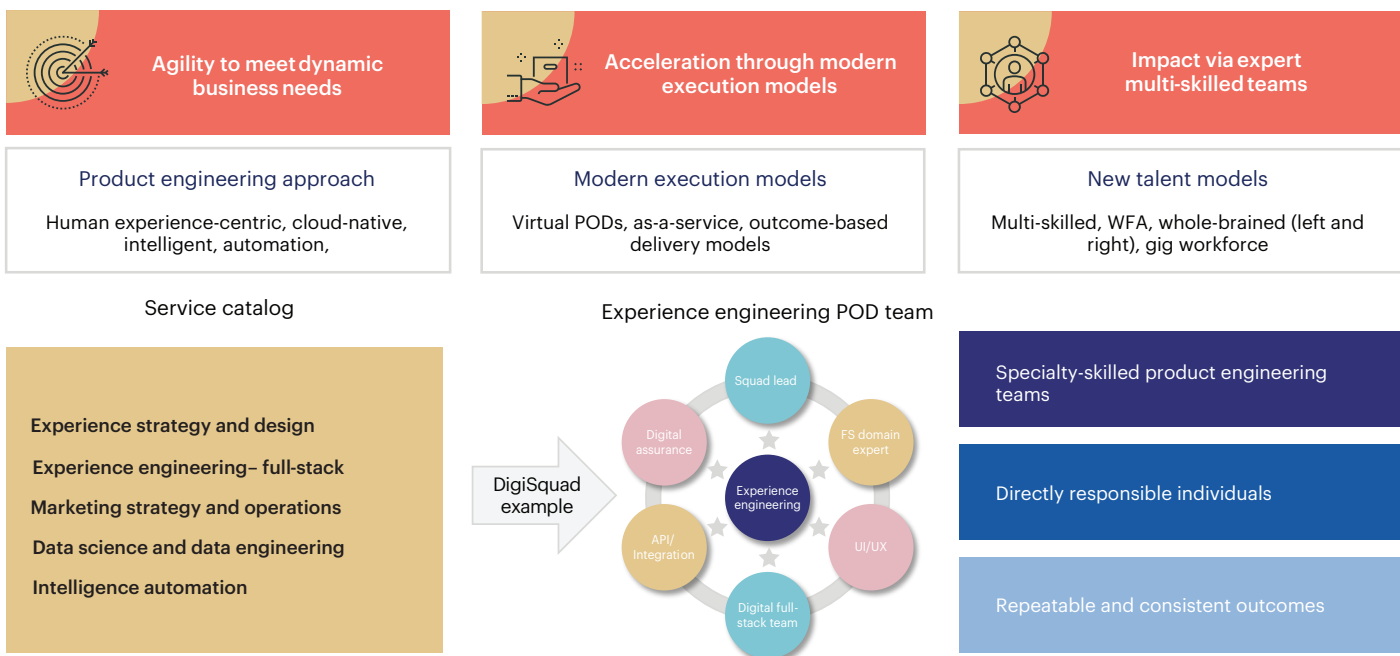


Figure 5: High-velocity enterprise (HiVE) approach to engineering

Organizing the teams as focused squads is essential for high-velocity enterprises. Figure 6 depicts an example of how an insurer organized their teams to implement a full-suite insurance platform on the cloud in less than six months.

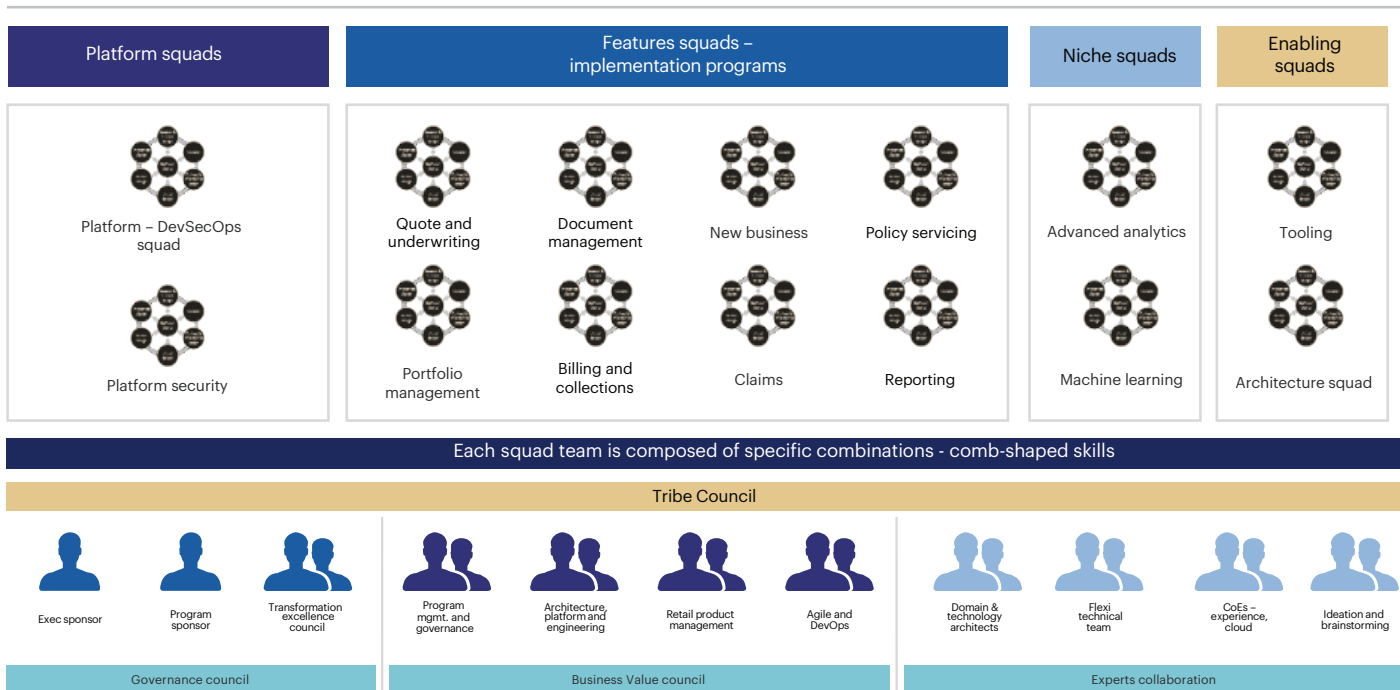


Figure 6: Organizing the teams as focused squads is essential for high-velocity enterprises



## Focus on adoption and continuous engagement

The final stage in business transformation is achieved through continuous customer engagement. Figure 7 depicts an approach that several insurers have successfully adopted to put speed and velocity into their business, designing products and services how customers want them (easy, enjoyable, and useful) while creating wow experiences worth talking about,

turning users into evangelists. For the insurer, this drives digital adoption at scale, enhancing operational effectiveness. By capturing the data generated by customers and gaining insights into customer behavior and needs, insurers can design targeted cross-sell and upsell campaigns with high ROI.

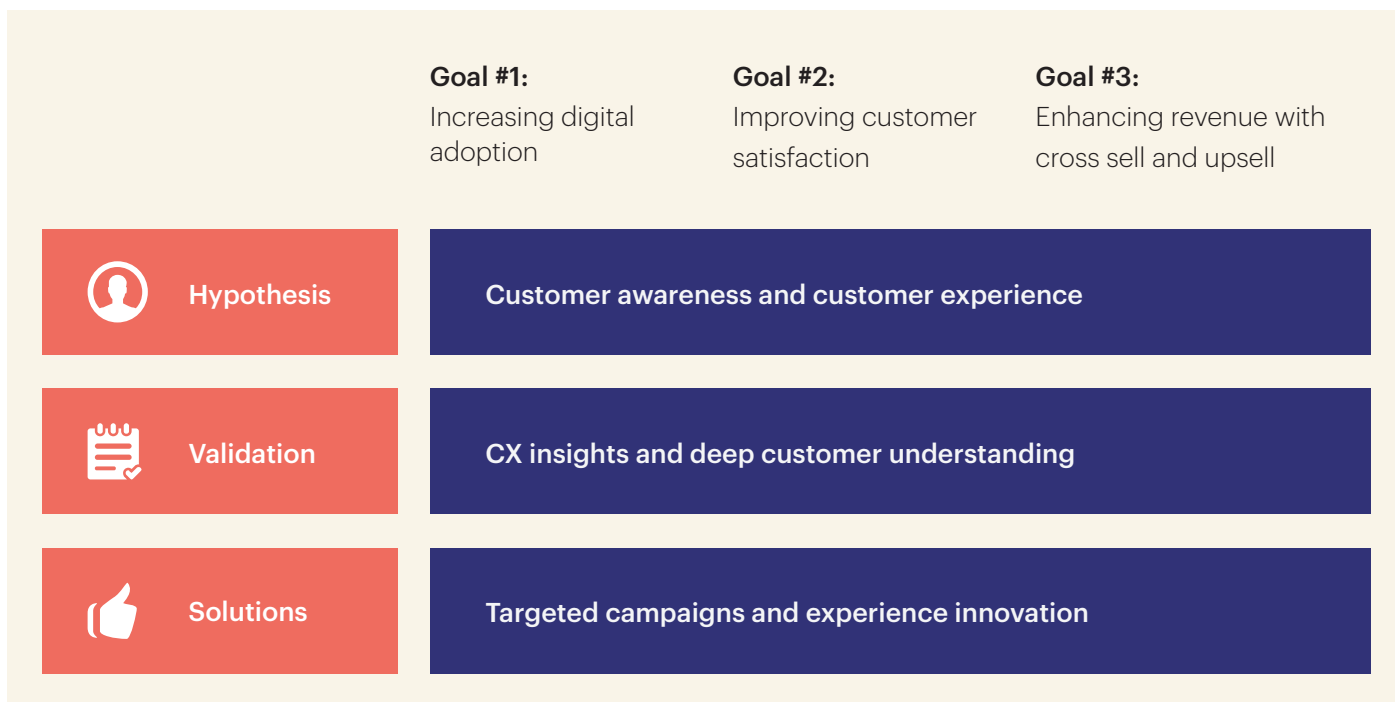


Figure 7: Approach for continuous customer engagement

We worked with a provider of disability and supplementary benefits insurance for their group and voluntary business in driving continuous employee engagements. We focused on maternity leave and return to work and addressed their goals by focusing on three areas:

1. What factors might be limiting customer adoption of digital tools? (Do employees know about the digital option? Are HR representatives well-educated about the tool? Do users need a reason to break from old habits of how they engage?).
2. What factors are impacting customer satisfaction? (Which touch points in the experience have the greatest impact on customer satisfaction? How does the experience compare across different personas? Does behavior match their reported wants and needs?).

3. Where can we effectively introduce upsell and cross-sell opportunities? (Are employees aware they can purchase add-ons beyond employer-offered benefits? Which personas are the best candidates for upselling and cross-selling? Do the upselling/cross-selling options align with employee needs? Are we presenting upselling and cross-selling options at the moment they are likely to be useful? Are there missed opportunities to meet unrecognized customer needs?)

By breaking down customer goals into **awareness**, **evaluation**, **realization**, and **evangelization**, we helped the insurer create amazing experiences that got employees to love the solution and become true fans, validated by their evangelism and advocacy.

**Generating awareness:** We helped the HR department of a large enterprise pivot from creating another training module for their employees to launching a holistic marketing campaign, as depicted

in Figure 8. Employee awareness and deep appreciation increased multifold, establishing the first critical step of employee adoption.

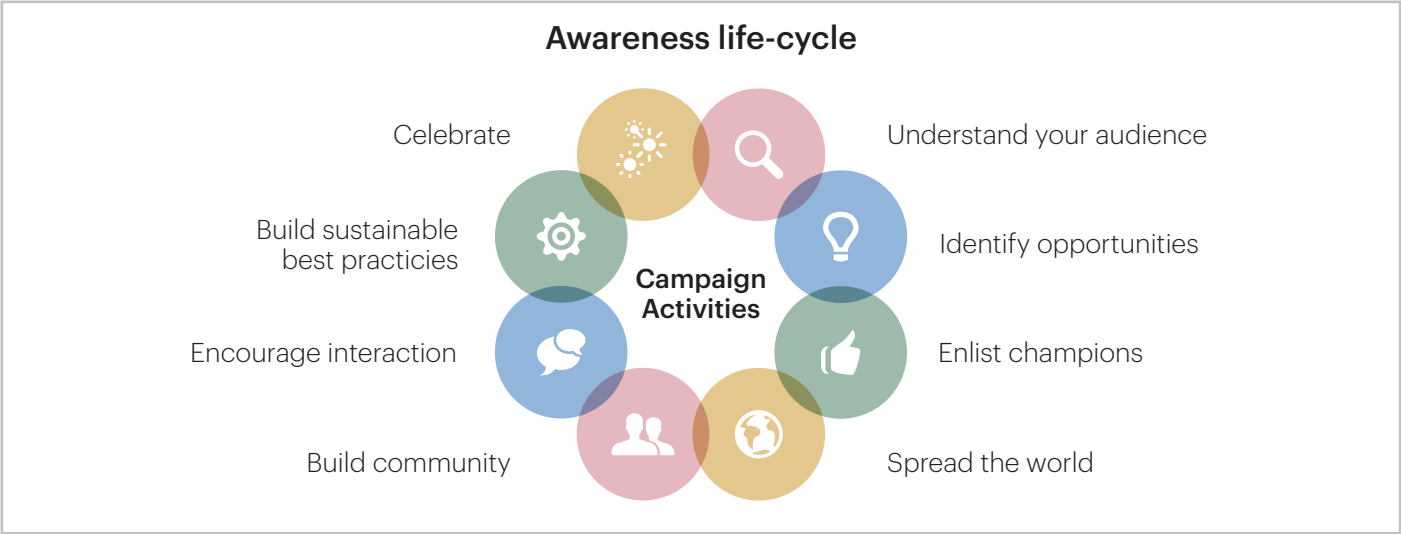


Figure 8: Generating awareness

**Evaluation:** Effectively understanding the needs and wants through pointed interviews and workshops, scenarios inform workstreams, and content and

solutions to address core user questions creates the blueprint to drive adoption. Figure 9 depicts our approach to effective evaluation.

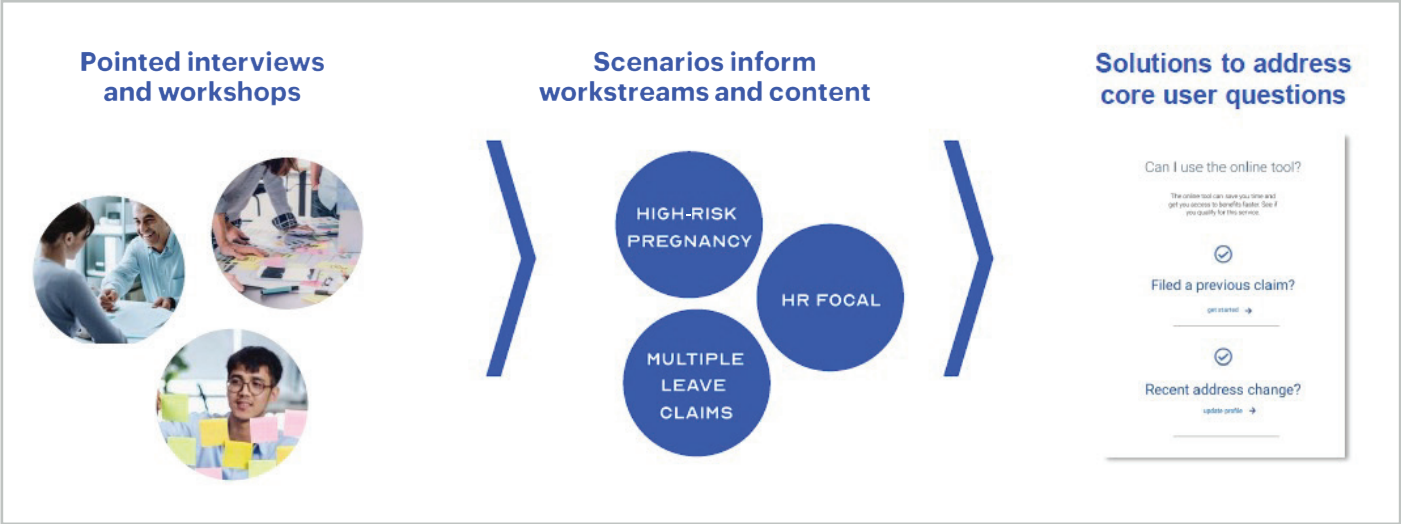


Figure 9: Approach to effective evaluation

**Realization:** Then we focus on experience innovation to design for how users want things to be – easy, enjoyable, and useful. Figure 10 illustrates how we

applied experience innovation with employees going on maternity leaves and helped realized the value of the platform.





Figure 10: Realizing the maternity leave management experience

**Evangelism:** Finally, inspiring evangelism is key to creating the wow experience that everyone will talk about and drive friends and colleagues to adoption. As depicted in Figure 11, by embedding evangelism at

every stage of the leave and claims management journey, the benefits became clear and obvious, and the client achieved over 90 percent adoption rate.

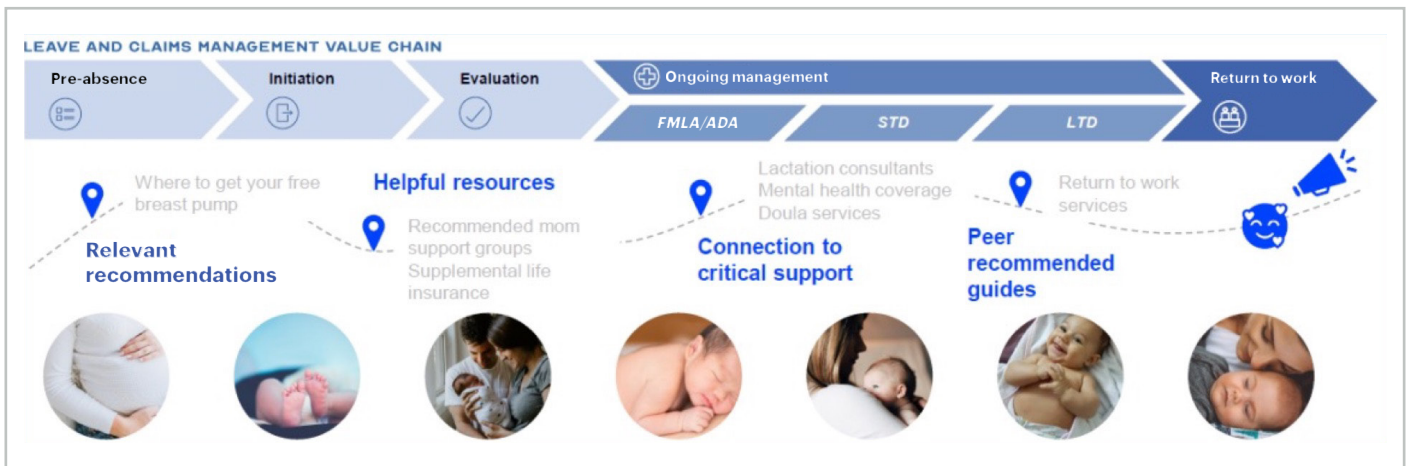


Figure 11

## Summary

At Zensar, we are passionate about helping our clients transform their enterprises and help them execute with velocity across their experience transformation, core transformation, and cloud transformation journeys.

**For more details, please get in touch with [sanjib.talukdar@zensar.com](mailto:sanjib.talukdar@zensar.com).**



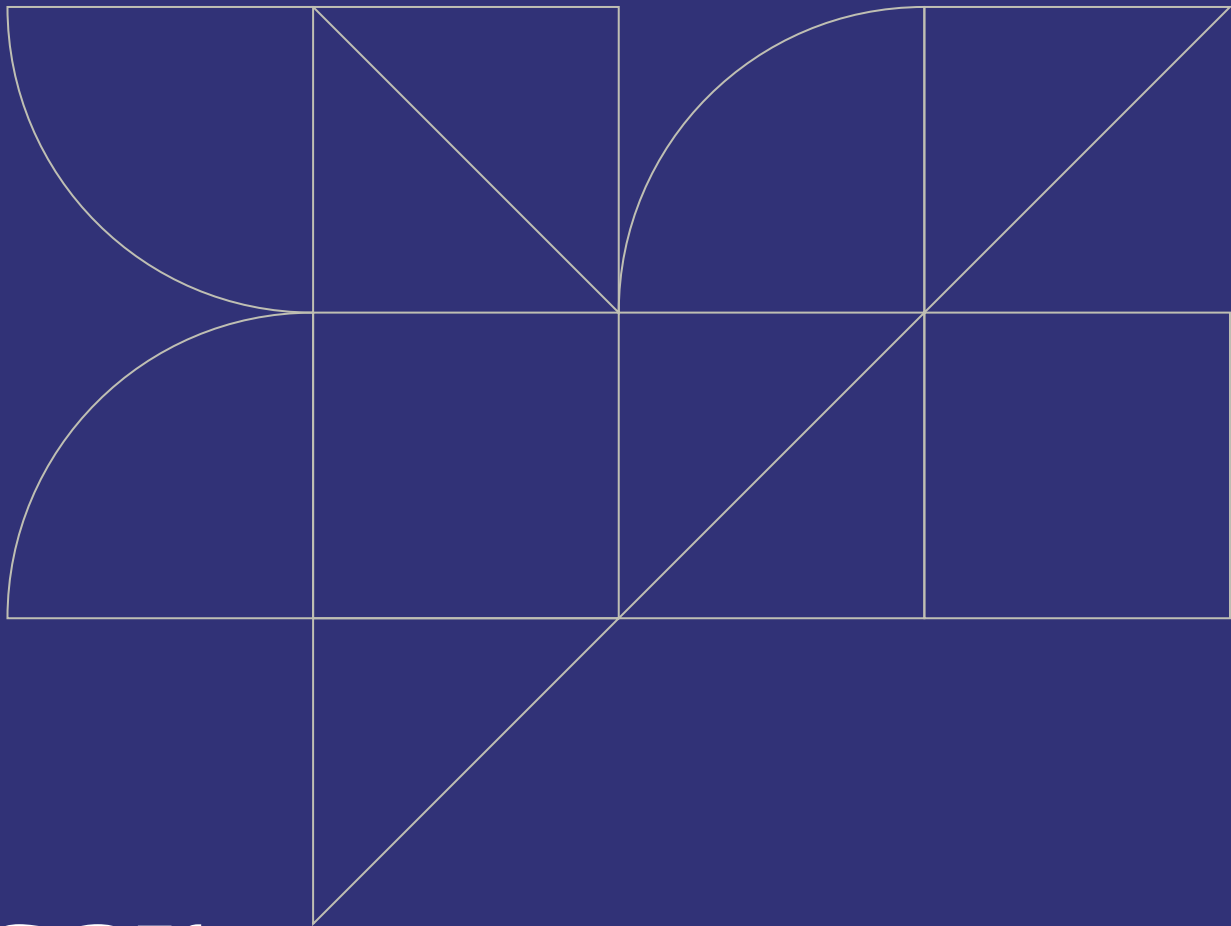
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## About the author

Sanjib Talukdar heads the Industry Solutions group for the insurance and retirement domain at Zensar. He has over 20 years of experience in the insurance and financial services industry across life, benefits, annuities, retirements, and property and casualty providers. Sanjib specializes in core transformation across the value chain, including client onboarding, new business, underwriting, record-keeping, and claims.



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