LEGACY BLOCKS: SHOULD THEY STAY OR SHOULD THEY GO?

MIGRATING LEGACY INSURANCE DATA
Insurers know they need to modernize their policy administration systems to grow their businesses more profitably. So why would some insurers replace their administration system, yet leave policies on the legacy platform? Some insurers lack the resource capacity or capability in house. Others consider the costs and potential risks too great compared to the potential return on investment. These were valid concerns, until now.

New tools, technologies and delivery approaches make it more cost effective than before to migrate legacy blocks with substantially less risk. They also unlock business value from the data and provide valuable insights that can drive product innovation, market opportunities and deliver a consistent consumer and agent experience across product lines and channels.

Consider the following advancements supporting the migration movement:

1. **New iterative methodologies** avoid massive lengthy migrations; and instead, break down migrations into smaller projects, which can reduce risk and deliver incremental value up front.

2. **Source format-agnostic conversion tools** enable you to not only extract, but also transform the data to work in the target system. These tools use automated table and data mapping and balancing, along with data validation testing and cleansing reports. They streamline the process and ensure data integrity.

3. **Data services and data integration technology** improve access to a wider variety of data types, and the cloud provides the scale businesses need to manage volumes of data.

Migration is much more than moving volumes of policies. It’s about reducing operational risk to the business and clients. Therefore, it’s critical that the data work in the target system and across internal and external business systems. Therein lies the secret to successful data migration – a strategic enterprise data approach – one that delivers business value without compromising business operations.

What follows is a proven approach, successfully applied by some of the largest U.S. life insurance and annuity providers, to migrate legacy policies.

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**DATA IS THE CURRENCY OF TODAY’S DIGITAL ECONOMY, AND IT’S NEVER BEEN EASIER AND MORE SECURE TO MIGRATE LEGACY DATA AND UNLOCK BUSINESS VALUE**

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70% OF C-SUITE EXECUTIVES SAY TECHNICAL DEBT IN LEGACY SYSTEMS SEVERELY LIMITS THEIR IT FUNCTION’S ABILITY TO INNOVATE.

PROVEN MIGRATION FRAMEWORK COMBINES DELIVERY EXPERTISE AND TECHNOLOGY TOOLS TO MINIMIZE COST AND RISK

A successful migration framework emphasizes data veracity throughout the migration process and beyond. This is essential to not only minimize cost and risk, but also to deliver confidence in the accuracy of your data wherever it’s used throughout your ecosystem.

Begin the migration project with a discovery phase to set expectations and lay the groundwork for the remainder of the project. Discovery, analysis, and development and test phases, address data issues early in the project, which lowers costs and condenses the project timeline.

FIGURE 1: MIGRATION FRAMEWORK.
Evaluate your capacity and available resource capability to keep the project on track and ensure uninterrupted service to your customers. It’s far more efficient to staff appropriately than react to a migration gone wrong, which could have a significant impact, particularly on costs related to intangible items such as brand reputation and regulatory compliance.

Conduct a gap analysis of your internal resources to determine if you’ll need to bring in external expertise and/or capacity. When considering a third-party engagement, vendors should provide tiers of support based on your specific needs, as shown in figure 2.

After assessing the organization’s resources, establish a governance structure to ensure teams (internal and external) are aligned on the following:

- Migration data within project scope and where it resides
- Steps to create and maintain the data
- Understand how the data will be used and how it will work with other systems

Then develop the migration plan, keeping in mind enterprise data management best practices (figure 3).
The goal of a migration plan is first and foremost to minimize risk — whether risk to your company’s reputation or compliance risk — followed by seamless data integration across your internal and external business systems. Start with a process that allows for flexibility and automates, where possible, to ensure data accuracy without compromising the project’s timeline. Consider the following areas:

1. **Process**
2. **Data model and standard**
3. **Data cleansing and testing**
4. **Technology tools**
1. The Process
Discovery and analysis provide a deep understanding of the source data—legacy policies, product rules, data availability and quality—among other characteristics such as existing extracts and knowledge about legacy products and their data. Shown in figure 4, two critical areas—automated transformation and migration gateway—ensure the extracted data is transformed to work in the new system. These source-agnostic conversion tools enable greater speed and flexibility to iteratively test for: (1) issues with the conversion itself, and (2) issues with how the data behaves in the target system and ecosystem, including accounting, reporting and data warehousing, among other systems.

2. Data Model and Data Standards
Data model and standards are driven by a sound enterprise data strategy, as illustrated in figure 3. Together they ensure data quality during migration and validate that it works in the target system. Data quality and data migration rely on data profiling and cleansing.

Figure 5 illustrates the extract, transform and load (ETL) process. Notice the transform area applies business rules. This is a critical area of migration. It requires an understanding of insurance industry best practices to not only develop the rules, but also adapt them in real time, based on validation testing. With industry expertise, automation in this area can speed the process, while ensuring data accuracy.
3. Data Cleansing and Testing

Apply a pragmatic four-component approach to streamline data cleansing without compromising data quality during transformation, including:

1. Relevancy rules
   Check data inconsistencies across the whole enterprise by performing cross checks between master and transactional data.

2. Data standardization
   Use standardized third-party data sources for addresses, postal codes and country codes.

3. Data deduplication
   Enable the business user with a tool to identify and manage duplicate records.

4. Data construction
   Simplify how new data is handled by building it when the data doesn’t exist in the legacy system.

Continuous Testing

Continuous validation testing throughout migration ensures data quality. It enables the business to assess data readiness and adjust cleansing and rules on a real-time basis. This is the underpinning of a successful go live.

4. Comprehensive Technology Toolbox

The migration process relies on a comprehensive set of tools and technologies, along with extensive insurance industry expertise to apply them effectively. Automation, where possible, streamlines processes and further ensures data veracity.

The combination of tools, technologies and expertise makes migration and the business value from the data more feasible than in the past. More importantly, it provides an effective framework and process for the business to continue to use and enhance its own internal data capabilities.

FIGURE 6: CONTINUOUS VALIDATION TESTING ENSURES DATA QUALITY THROUGHOUT THE MIGRATION PROCESS.
**FIGURE 7: DATA MIGRATION TECHNOLOGY TOOLBOX.**

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<thead>
<tr>
<th><strong>Accenture Data Migration Tools &amp; Technologies</strong></th>
<th><strong>Data Discovery and Profiling</strong></th>
<th><strong>Comparison Testing</strong></th>
<th><strong>Automated Regression Testing</strong></th>
<th><strong>PAS Agnostic</strong></th>
<th><strong>Meta Data Layer for Business Users</strong></th>
<th><strong>Data Transformation Code Generator</strong></th>
<th><strong>Dashboards and Analytics</strong></th>
<th><strong>Data Archiving</strong></th>
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<td><strong>Accenture Data Migration Tools &amp; Technologies</strong></td>
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<td><strong>Worksoft-based automated regression testing</strong></td>
<td><strong>Data Privacy</strong></td>
<td><strong>Data migration routines</strong></td>
<td><strong>Complex defaults</strong></td>
<td><strong>Patterns</strong></td>
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<td><strong>Splitting of data demands</strong></td>
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<td><strong>Functional Reconciliation</strong></td>
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<td><strong>Grouping, sorting</strong></td>
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**Rules-Driven Data Cleansing**
- **Unification of data elements**
- **Splitting of data demands**
- **Single data mapping**

**Data Privacy**
- **Data migration routines**
  - Shuffling
  - Encryption
  - Suppression

**Variance Thresholds**
- Min
- Max
- Mean
- Median
- Standard Deviation
- Count
- Patterns
- Formats

**Migration Management Workbench**
- **Data migration routines**
  - Shuffling
  - Encryption
  - Suppression

**Data Archiving**
- **Dashboards and Analytics**
- **Dashboards and Analytics**
PUTTING IT ALL TOGETHER

Composition of the legacy policies
- Variety of products, rules and associated processes
- Open and closed blocks
- Active and inactive (terminated) policies
- Regulatory and contractual differences

Data availability - what systems have required data (aside from the PASs), and what critical information may be available?

Data quality - what errors exist, what needs to be fixed, what processes currently exist to fix errors and omissions?

Existing extracts - are there existing extracts for source system data which are nonproprietary?

Integration to downstream systems - how will data be used in the ecosystem?

Knowledge - are there experts and/or documentation to explain the legacy products and available data?

Source extract - create flat file versions of source system data

Encryption and masking of PII - security protocols and steps taken to encrypt/mask predefined data

Source data audit - analyze source system data to identify volumes and issues at the table and field level (e.g., errors or “missing” data)

Full functional understanding - what will it take to make data work in other systems?

Data cleansing - cleanse in the source system prior to extract (where possible) or as data is extracted or transformed

Transform - transform the source data using mappings of tables and fields, and populating fields with default values; requires defined business rules for transformations or calculations

Load - loading transformed data into ALIP

Validation - conversion validation criteria at multiple levels: when running the data conversion programs, before loading ALIP, and after ALIP has been loaded

Functional testing support - providing iterations of data, and researching and fixing defects while ALIP is tested with converted data

End-to-end testing - in all relevant systems in the ecosystem

Use the data migration framework to delve deep into the composition of the data, ensuring data integrity while minimizing cost and risk throughout migration. The framework outlines best practices for establishing controls and audit processes around the data. It identifies resources, including subject matter experts, and proven tools that can achieve the expected outcome and compress the timeline.

FIGURE 8: MIGRATION FRAMEWORK.
INTEGRATE WITH SUCCESS

Up-front emphasis on planning and testing pays dividends later. It not only unlocks legacy data, but also ensures that it works within the source system and integrates seamlessly across your ecosystem. Additionally, the process, data models, standards and tools can be re-used for future data-related projects, including: one-time ERP implementations; on-going data exchanges between systems in production; organizational changes from mergers, acquisitions and divestitures; and any technical project where data movement is a key component.

72% OF C-SUITE EXECUTIVES SAY TECHNICAL DEBT IN LEGACY SYSTEMS GREATLY LIMITS THEIR ABILITY TO MIGRATE TO NEW TECHNOLOGIES.

Source: Accenture Research Digital Decoupling survey of 1018 C-suite executives, July 2017

GET MORE VALUE FROM YOUR DATA AND A MODERN POLICY ADMINISTRATION SYSTEM

Don’t let extracts, business rules and processes become obstacles. Leverage your legacy data. Migrate it to benefit the customer, channel partners and your business. Use it to help advance next generation technologies including artificial intelligence and machine learning that rely on data to deliver a more personalized digital consumer experience and more profitable operation.

Legacy blocks no longer need to remain a legacy. Learn how Accenture’s experienced subject matter experts, tools, automated processes, cloud flexibility and database technology advances can help you migrate more feasibly.
ABOUT ACCENTURE’S INSURANCE MIGRATION PRACTICE

CONVERSION EXPERTS

Increased Visibility and Confidence
- Full audit trail, control and transparency
- Out-of-the-box metrics and reporting that provide objective insights

Achieve Greater Cost Savings
- Conversion accelerator tools
- SaaS model option
- Global Delivery Centers

INDUSTRIALIZED APPROACH

INSURANCE DATA FOCUSED

END TO END TRANSFORMATION

80+ CONVERSIONS PERFORMED GLOBALLY
60+ MILLION POLICIES CONVERTED
70+ INSURANCE SPECIALISTS
ABOUT ALIP
The Accenture Life Insurance & Annuity Platform (ALIP) global delivery team has more than 2,000 combined years ALIP experience including over 80 insurance industry migrations involving tens of millions of policies. Learn how we can help your business transform to a digital business without leaving valuable legacy data behind.

ABOUT ACCENTURE
Accenture is a leading global professional services company, providing a broad range of services and solutions in strategy, consulting, digital, technology and operations. Combining unmatched experience and specialized skills across more than 40 industries and all business functions—underpinned by the world’s largest delivery network—Accenture works at the intersection of business and technology to help clients improve their performance and create sustainable value for their stakeholders. With approximately 442,000 people serving clients in more than 120 countries, Accenture drives innovation to improve the way the world works and lives. Visit us at www.accenture.com.

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