

accenture

GUIDEWIRE

# THE CLOUD IMPERATIVE FOR INSURANCE

THE GUIDEWIRE ADVANTAGE

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# EXECUTIVE SUMMARY

Companies across industries are in a race to unlock the benefits of ever-evolving technology. Insurance is no exception. Insurers have already made progress in moving off legacy applications, but many of their systems are complex and monolithic. As a result, their moves to newer platforms are often slow and cumbersome. Although insurers have made some improvements in the last decade, IT complexity continues to limit their agility, growth and profitability.

It's a similar story when it comes to cloud adoption. Only a handful of industry leaders are taking full advantage of cloud. We estimate that fewer than 10% of insurers' workloads are running on public cloud platforms.<sup>1</sup> That means most insurers aren't getting the cost, agility and scalability benefits that cloud can offer. This was particularly evident during the outbreak of COVID-19, as insurers struggled to meet customer demands while pivoting to remote working. Now that insurers have leveraged cloud to enable home working, they are eager to unlock the benefits of cloud across their businesses.

The move to cloud is more urgent than ever. Across the insurance industry, we're likely to see revenues decline while claims payouts increase. Cloud can unlock the cost savings insurers need to protect profitability during these challenging times. It can also accelerate development of new products and services to meet evolving customer demands.

In our initial cloud imperative research,<sup>2</sup> we mentioned several ways that carriers can embark on a cloud journey. Migrating the core insurance platform is an important step on that journey.

More than 400 property & casualty (P&C) insurers rely on Guidewire InsuranceSuite to support their core business processes. The sophisticated software supports the end-to-end value chain – including policy management, claims, billing and more.

Most Guidewire customers still rely on older versions of Guidewire, but the on-premise model adds complexity, increases costs and hampers innovation. Instead, Accenture is encouraging insurers to move to cloud-based platforms. For example, Guidewire's new software-as-a-service (SaaS) offering:

- Helps insurers adapt rapidly by eliminating complexity around software upgrades
- Boosts agility and accelerates time-to-value
- Improves the user experience, helping employees focus on value-added tasks
- Empowers insurers to tap into a broader ecosystem of value-add applications.

This paper explores how Accenture and Guidewire can help customers migrate to Guidewire Cloud. It also outlines other ways we can help insurers gain the advantages of cloud, without moving to the Guidewire Cloud SaaS model.

<sup>1</sup><https://insuranceblog.accenture.com/cloud-has-been-reinforced-as-an-imperative-for-insurers>

<sup>2</sup>[https://insuranceblog.accenture.com/wp-content/uploads/2020/07/Accenture\\_Cloud\\_Imperative\\_for\\_Insurance.pdf](https://insuranceblog.accenture.com/wp-content/uploads/2020/07/Accenture_Cloud_Imperative_for_Insurance.pdf)

# CASE FOR CHANGE

Competition in the insurance industry is intensifying, and the macroeconomic environment remains challenging. What's more, digitization, AI and robotics are reshaping how insurers do business.

Insurers face three key challenges:

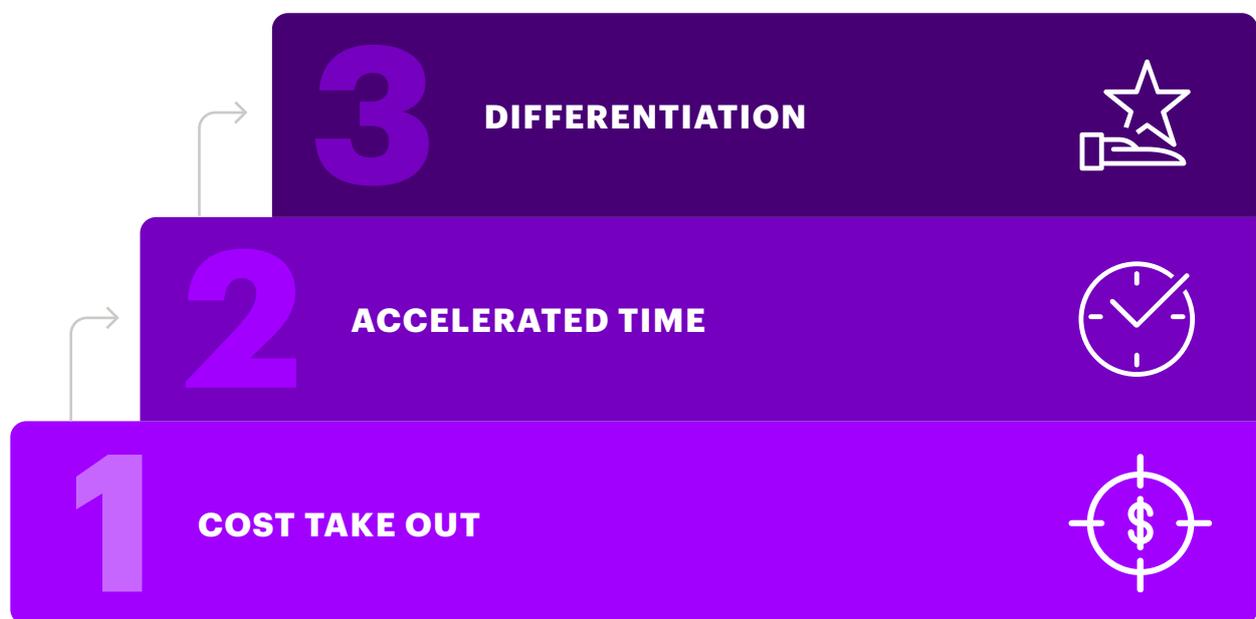
- **Top-line revenue pressure.** The global economic downturn is reducing revenues, particularly in certain customer segments and lines of business.
- **Disruption to sales and service models.** Insurers are creating new digital channels (eg virtual agents) to meet evolving customer expectations. What's more, many insurers are building direct relationships with their customers instead of selling through third-party comparison sites.
- **Increased liability and threats to bottom-line profitability.** Low interest rates have damaged insurers' investment income. In parallel, new regulations threaten to increase liability and reduce margins.

Insurers must respond to these market pressures to navigate recovery and find pockets of growth. Guidewire's cloud-driven strategy can help insurance companies overcome these challenges and eliminate their technical debt. The vision? To help insurers transform their cost curves and achieve strong business benefits.



# BENEFITS

## Building the Business Benefits Stack



### 1. COST TAKE OUT

Cost-curve transformation can empower insurers to:

- Deliver combined ratios of around 85% and loss ratios of approximately 20%
- Free up funds for innovation by bringing Run/Change IT costs from 85:15 to 75:25
- Focus on strategic core capabilities and access additional capabilities “as a service,” by embracing smart spending, a smart operations model and tech modernization
- Boost the capacity and utilization of carriers’ IT resources.

What's more, migrating to Guidewire Cloud enables insurers to achieve the following business benefits:

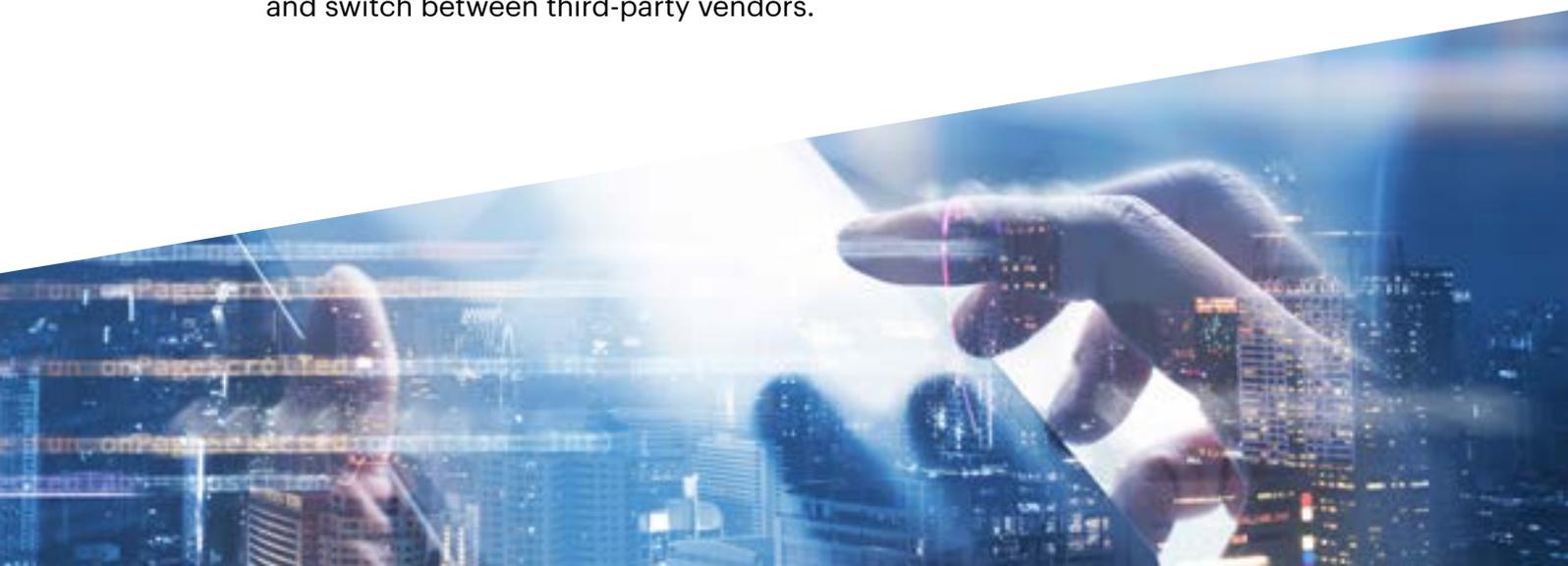
## 2. AGILITY ENABLES ACCELERATED TIME

- **Eliminate upgrade complexity and accelerate time-to-value.** Insurers can replace complex, costly, in-house upgrade projects with regular updates automatically delivered via the cloud.
- **Bolster online offerings.** Insurers can use pre-built capabilities, such as Quote and Buy.
- **Transform the claims experience.** Insurers can automate simple claims, so employees can provide better support for complex cases. In addition, companies can give customers a more detailed, accurate view of the status of their claim.
- **Focus on competitive differentiators.** Insurers can ask Guidewire to run the non-differentiating technical aspects of their business. This enables their internal teams to focus on driving business growth and improving the customer experience.

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## 3. FOCUS ON DIFFERENTIATORS

- **Empower business users and accelerate time-to-market.** With Guidewire Cloud, business users can create new products and services, implement new features and refine policies/processes without support from their IT departments.
- **Improve the user experience.** The cloud delivery model gives Guidewire deeper insight into how its software is actually used, so it can drive continuous improvement.
- **Harness the power of the ecosystem to fuel innovation.** Insurers gain access to a marketplace where they can discover new partners (new insurtechs and established players) and use APIs to integrate partners' solutions with their existing IT environments.
- **Streamline integrations.** Guidewire's cloud integration layer makes it easier and cheaper to update both the core system and integrations, build new integrations, and switch between third-party vendors.

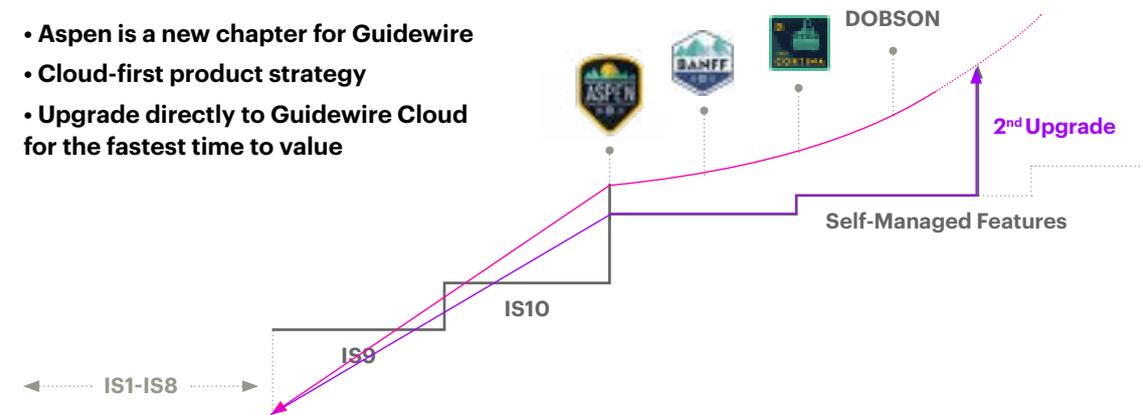


# WHY NOW?

Insurers can't afford to postpone the move to cloud. Customers' needs and expectations are changing, and carriers that can't deliver risk losing market share.

What's more, the cost of moving to cloud is set to grow. That's because the functionality gaps between older on-premise versions and the cloud version are widening:

- Aspen is a new chapter for Guidewire
- Cloud-first product strategy
- Upgrade directly to Guidewire Cloud for the fastest time to value



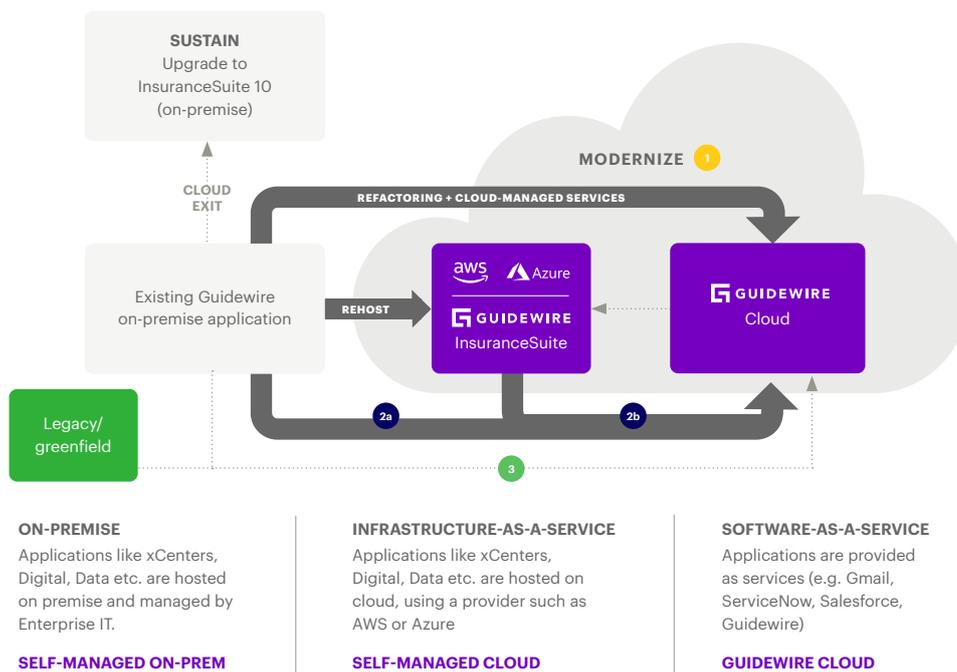
Insurers must also remember that support for older technologies is gradually being withdrawn. Support for Guidewire InsuranceSuite version 8 terminated in October 2020. 2022 will see the end of support for older versions of Oracle, Microsoft and Java.

But there's no need to worry. Guidewire and Accenture can help insurers migrate from on-premise systems to the cloud. Accenture has years of experience in Guidewire, and we can deliver the right expertise, tools and accelerators to enable a smooth transition.

# CHOOSING THE RIGHT ROUTE

Accenture has helped insurers migrate their Guidewire applications to the cloud in multiple ways:

## THERE ARE ALTERNATIVE JOURNEYS TO GUIDEWIRE CLOUD



### CLOUD JOURNEY - OPTIONS

### CLIENT EXAMPLES

**1 MODERNIZE**  
Migrate Guidewire from on-premise servers **to Guidewire Cloud** to use the latest product features without owning the IT infrastructure. The insurer must accommodate any code changes required by Guidewire.

**MIGRATE DIRECTLY FROM ON-PREMISE GUIDEWIRE APPLICATIONS TO GUIDEWIRE CLOUD.**  
We have seen carriers move this way several times. They have started with a small proof of concept (PoC), line of business or application.

**2 HOP STOP**  
First move Guidewire to a cloud service provider (IaaS), and later the insurer can decide to move to Guidewire Cloud (SaaS). This **stepped approach** helps manage migration speed, budgets and maturity.

**MOVE GUIDEWIRE TO A CLOUD SERVICE PROVIDER, AND LATER MOVE TO GUIDEWIRE CLOUD.**  
Some of our insurance clients decided to move to a public cloud first. This could be as part of a broader cloud transformation; to hit a deadline for moving out of physical data centers; or just the first step on the journey to becoming familiar with new cloud-based development operations.

**3 TRANSFORM**  
Legacy transformation or greenfield new implementation, directly to cloud.

**NEW IMPLEMENTATION DIRECT TO CLOUD.**  
We have seen multiple carriers move directly to Guidewire Cloud – either via a new greenfield implementation, or by moving a line of business from their legacy system directly to Guidewire Cloud.

# HOW ACCENTURE CAN HELP

Guidewire Cloud can help insurers provide a better user experience and reduce technical debt. But there are inherent risks that need to be defined and mitigated upfront. Due to our experience working with Guidewire and our knowledge of core insurance platforms-as-a-service, Accenture is aware of these risks and can help guide you through this journey.



## Customization

Many insurers have customized their Guidewire applications over the years. When you move to cloud, we can help find other ways to meet your business needs, using Guidewire as an enabler.



## Operations

Your IT department, Accenture and Guidewire must agree who is responsible for each task in provisioning, maintaining and monitoring environments. It's important to set SLAs.



## Ecosystem

Accenture can connect insurers to its broad range of ecosystem partners. This enables carriers to implement hyper-personalization and other capabilities that provide competitive advantage beyond Guidewire's core capabilities.



## Architecture

We'll help you understand how your specific IT architecture will be impacted by the move to cloud (eg integration with databases and other public cloud providers).



## Configuration

Accenture can help you identify any code that does not comply with Guidewire Cloud standards, and agree how it will be managed and quality-checked.



## Speed

Continuous upgrades are great for delivering business value. However, without the right precautions, they can impact availability, broader DevOps processes and integrations with other applications. We'll make sure everything runs smoothly.



## Security

We can determine whether any additional security/penetration testing is required, and whether there are single sign-on (SSO)/lightweight directory access protocol (LDAP) considerations that must be taken into account.

# WHY ACCENTURE?

Accenture is the right partner to help insurers navigate their journey to cloud with Guidewire.



We were named a leader in Gartner's 2020 Magic Quadrant for public cloud infrastructure for professional and managed services, worldwide



We were named an Everest leader for Guidewire transformations



We have helped multiple clients implement Guidewire in self-managed cloud environments (AWS and Azure) and move to the Guidewire Cloud platform



We have more than 100,000 experienced cloud professionals



We have a robust practice of almost 600 professionals trained in Guidewire, including a fast-growing number of Ace-certified resources



We are making a \$3 billion investment in our Cloud First initiative

We have a proven methodology to assess companies' cloud readiness and help them choose the right journey to cloud.

# HOW TO GET STARTED

It's the perfect time for insurers to migrate their Guidewire applications to the cloud. Carriers that continue to rely on on-premise technologies won't be able to achieve the cost savings, scalability and agility they need to compete in the new era of insurance.

Accenture is here to help you achieve a smooth, successful transition to your cloud platform of choice. We're happy to answer any questions you have, talk you through the various options and run diagnostics, to help you work out what's best for your business and plan your roadmap. For example, we can partner with you to:

- **Develop your platform strategy** and decide how moving to cloud fits in
- **Work with Guidewire to run a cloud-readiness workshop** and build your business case
- **Commence a PoC** to test how Guidewire Cloud would work in your environment
- **Start with a new line of business** that currently doesn't run on Guidewire
- **Upgrade and migrate** your existing Guidewire software to the cloud.

Contact us today to discuss your options and get started.

## 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 537,000 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](http://www.accenture.com)

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