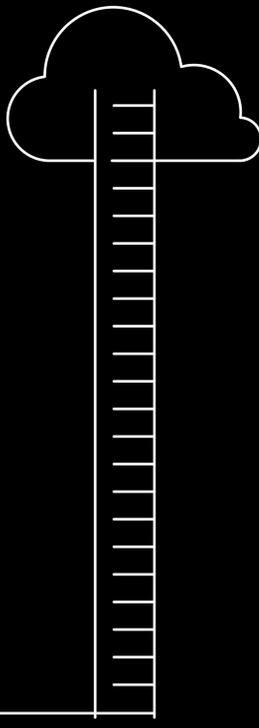


Eighty percent reduction in insurance carrier costs? Cloud as rainmaker.

Slow but steady worked for insurers for years. In an industry tailored to offer clients security, solidity took precedence over lightning-speed innovation.

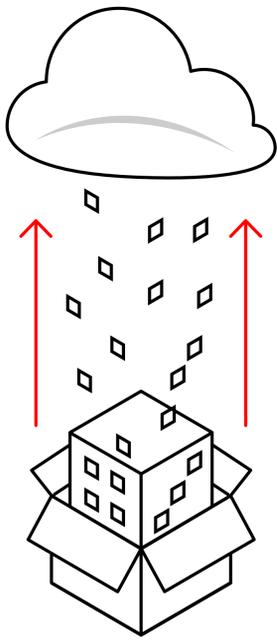
Until recently.

As insurers change the way they do business, one common element must exist for successful change: cloud.



A large multi-national insurance company achieved an **80 percent reduction** in the cost of a specific environment of an application suite. The use case was a development testing environment migration of a commercial suite of actuarial systems to cloud infrastructure.

Insurers often hesitate to embrace cloud for three main reasons – all fallacies.



1 Insurers believe lifting and shifting applications to the cloud does not work. There are in fact savings to be realized in some lift-and-shift scenarios, such as migrating development and test environments to cloud workloads.

Fallacy #1 - More than half of insurance executives cite current technology processes as impeding business objectives. A new cloud model, that is utility-based and offers self-service and transparency, is necessary.

2 Insurers think sunk costs are unrecoverable. Thirty-five percent of insurers say unfavorable total cost of ownership is holding back their cloud adoption. Some forward-thinking insurers don't buy into that, including one insurer that shrank its data center space by over 75 percent while moving to the cloud.



Fallacy #2 - Given that **6 out of 10** insurance companies replace their current legacy infrastructure every three to six years, most have an opportunity to optimize and align this refresh cycle to cloud migration.



3 Lastly, insurers may assume digital transformation can happen without cloud. Many industry-specific applications are exponentially increasing opportunities for revenue and savings. These technologies require cloud's flexibility, reliability and security.



Fallacy #3 - New cloud-based industry entrants are capitalizing so successfully on cloud technology that **82 percent** of insurers say these competitors are disrupting the industry.

Three steps for insurers to consider to find their 80 percent savings:

- 1** Prioritize and optimize migration to the cloud balancing decision factors like application cloud readiness, demand fluctuation and digital insurance business data needs.
- 2** Track value realization, focusing on metrics such as the claim response times, ratio of cloud to legacy applications and the number of resource hours saved.
- 3** Quantify the return on agility beyond cost savings, measuring the additional revenue achieved through faster rollout of new cloud-enabled capabilities.