

Key innovative market trends for your policy administration system

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Traditional policy administration systems in the past were built in a monolithic manner with very limited requirements and capability to integrate outside the back-office world. Distribution channels were minimal and very specific.

However, by leveraging the Internet and social media, distribution channels are now limited only by the imagination.

Planning life and annuity strategy in a digital world

Policy administration systems and the ecosystem they reside in have come a long way in recent years. It's no longer viable to run multi-year implementations for a policy administration system. Not for systems that were high-cost and all-encompassing, with little flexibility or integration ability, and limited distribution channels and applications were the norm.

When a company wanted to change direction or do something innovative, it had to go in and actually change code, which was both time consuming and expensive.



Today the situation is different. Companies are expecting more—componentized, flexible integration points with 'out of the box' adaptability. Next-generation integration techniques are required, using decoupled ecosystems and a modular architecture. Agility and speed to market are more important than ever.

Traditionally, a basic policy administration system would handle capabilities such as policy issue, servicing appropriate workflow and product configuration as shown in Figure 1 (inner circle).

As systems achieve greater maturity, capabilities extend outward into areas such as requirements management and automated underwriting—and then into more sophisticated capabilities such as data mining and reporting, commission management and claims (outer circles Figure 1).

This expansion of capabilities is being enabled by technology innovation—from the Web to analytics to mobility and social networks. The technology is fast-moving and there are key aspects that a CIO or CEO needs to consider when defining a general technology roadmap. A map that is flexible and able to keep pace with a market that is redefining itself in today's digital world.

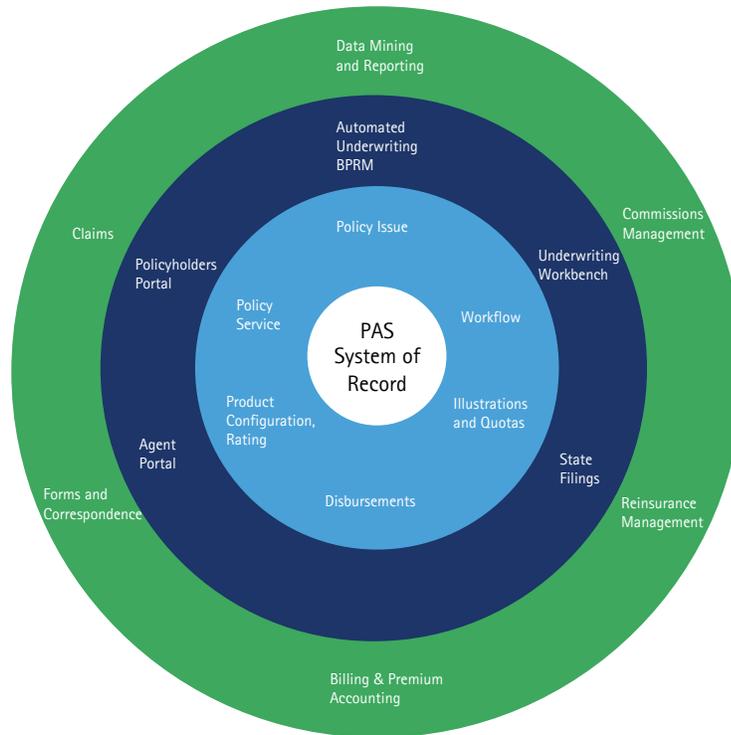
The four key trends

In this world of expanding sets of policy administration capabilities and rapid technology change, CIOs are looking to: a) eliminate business and IT silos, b) reduce complexity, and c) deliver a world-class customer experience. They need to move the business forward. Part of this includes successful integration with an expanding ecosystem of business partners and customers.

Given this environment, we see four market trends that are especially innovative and relevant for policy administration systems:

- 1. Flexibility through a 'mobile first' strategy.** With every application, companies need to have a 'mobile first' mentality. This is where the market is headed and leaders cannot afford an approach that isolates the solution building for specific entities like desktop, tablet and phone. There is a minority requesting an offline existence but the business case is getting smaller with each passing day. Traditionally, systems were built for a desktop and consideration was only given later on for mobile requirements as an add-on, or after thought. Using today's technology, the term 'build once use many times' has never been so relevant. Today off the shelf GUI infrastructure provides the ability to understand the targeted real estate and a screen layout to fit.
- 2. Smart applications.** Embedding intelligence into applications is now critical—automated applications offer straight-through processing and are driven by analytics and self-governance. The focus should be on extending data availability both internally and externally, leveraging analytic extensions to use data to support the business and more effectively engage the consumer.
- 3. Strategic alliances.** In this fast-moving marketplace, it's no longer possible to be a specialist in everything. Alliances are essential. To defend and grow a market position and evolve new distribution channels, new dimensions of application connectivity are essential.

Figure 1: Expanding capabilities of today's policy administration systems (PAS)



It's important to open up and interface with business partner and customer ecosystems. That's the best way to capitalize on what technology can bring to the business. This does not necessarily invoke high license costs, given the variation and quality of open source solutions for smaller roles within the enterprise.

- 4. Delivering a world-class customer experience.** When it comes to leading policy administration systems, the customer experience is a crucial differentiator for carriers. The focus needs to be on helping carriers build integrated solutions that create personalized, multi-channel customer experiences at a reduced cost. This is especially important when providing for the rapidly growing expectations of the end-consumer in the digital world.

An effective policy administration system helps to reduce the complexity when incorporating multiple systems. Modern systems offer sophisticated portals and dashboards, configurable by rules, to support existing and new distribution channels. Effective portals need to be browser-agnostic to most industry standards and also need to enable next-generation navigation using a powerful search facility.

IT for a modern policy administration system: the key components

Companies can take optimal advantage of these market trends by leading in several areas. These include: leading infrastructure; best-of-breed applications; innovation focused leadership; and supporting the business.

- **Leading infrastructure:** Effective infrastructure must be real-time, cost-competitive and available 24/7 with the scalability needed to handle the peaks and valleys of business activity. Strong security is essential for Web access. To maximise ROI by reducing the total cost of ownership cloud is an option few companies can ignore. Pay for what you physically use is the way forward and with clever planning can be very beneficial.
- **Best-of-breed applications:** Using modern technologies, applications need to be tiered, layered and flexible, as well as agnostic to the ecosystem so they can perform in any environment. By taking advantage of the open source world, carriers can improve total cost of ownership and ROI.

- **Innovation focused leadership:** The best technology and business leaders understand the market direction, they anticipate and meet the expectations of next-generation consumers. Evidence found in other parts of the world can easily be adopted for application.
- **Supporting the business:** Leaders are pursuing predictive analytics solutions for ongoing business support too. They are looking continually to refine products and expand sales opportunities. At the same time, they seek to improve cost structures through operational improvements.

Developing a long-term roadmap and integration strategy

When deciding concrete steps to develop a flexible, world-class policy administration system, an important message for CIOs is to think both in the short and the long terms. Carriers should not focus on doing everything at once.

Instead, begin with the core capabilities, built in the cloud, and then look at other components and their dependencies. For example, infrastructure supports integration, which then provides the basis for mobility that in turn provides the distribution channels for the external user interface. Mobility and integration support analytics; innovation is driven by integration. All facets are connected to the core platform and controlled by the infrastructure.

The ability to configure a new product in one week with a latest and greatest policy administration system does not help the time to market if the rest of ecosystem requires six months to build out support for downstream systems.

It can't all be done on day one, so a long-term technology roadmap and integration strategy is required. Companies need to progress with innovative applications and ensure that integration work is done in a timely manner. This in turn circles back to making sure the infrastructure is flexible and built properly.

Think of it as a jigsaw puzzle. Begin with the corners and edges to get the framework, then cluster areas of connection and similarity to solve the rest of the puzzle. CIOs need to think of getting the basics in place, then ensuring ongoing innovations are developed in sync with other parts of the puzzle. It is a way to make maximum progress with minimum resources and spending, while getting the best results over a multi-year period.

About Author

Kym Gully is the Technology Lead for Accenture Life and Annuity Software. He provides the technology direction for the Accenture Life Insurance Platform and also drives our Digital Innovations business. Kym's background is based on 20 years' experience within the financial industry encapsulating all areas of the software development lifecycle.

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