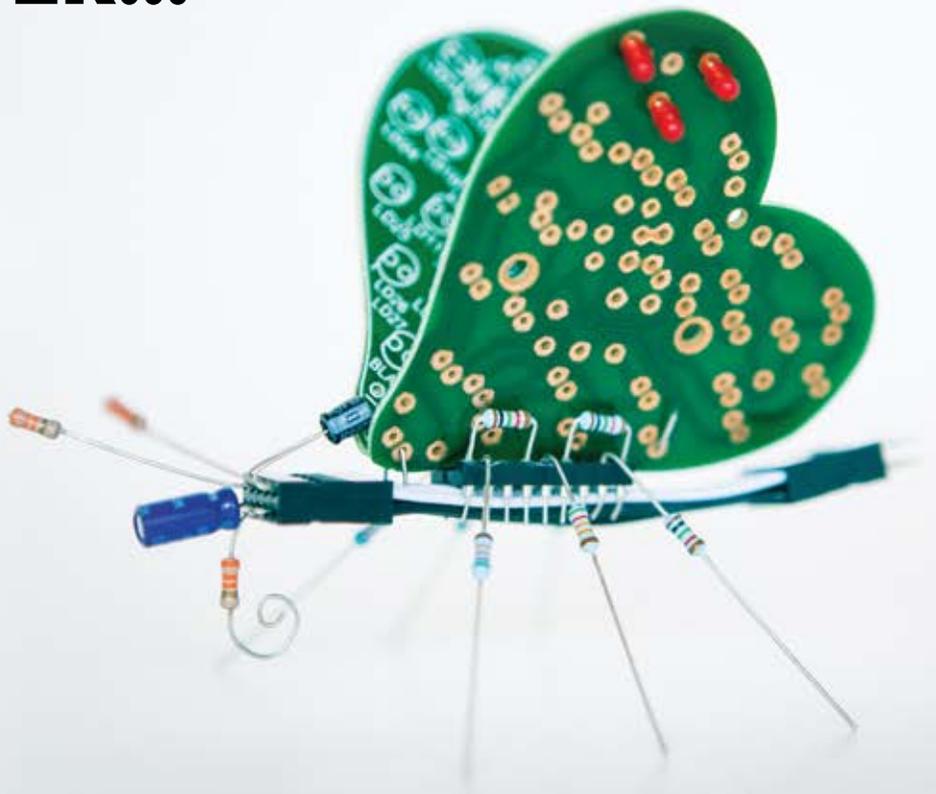


EVOLUTION VERSUS REVOLUTION:

**WHY NATIVE
CLOUD IS NOT
THE ANSWER...
YET.**





The insurance industry's systems of record are mission-critical business applications. They manage people's retirement investments, life savings and personal health data, making the consequences of a snafu far greater than that of popular consumer-focused cloud applications like Facebook™ and Netflix™. In contrast to insurance policy administration systems (PAS), these ubiquitous social media and entertainment platforms are "cloud-native". There were no historical databases to migrate or features to bring forward. Yet insurers are compelled to consider the cloud, partly because these cloud-native platforms have raised consumer expectations and partly because of the cloud's agility and lower operating costs. However, for life insurers with decades of valuable data and functionality that can't be discarded, a move to the cloud presents a complex issue to contemplate. That's why some insurers are taking a "cloud-enabled" approach, which eases the transition.

CLLOUD ENABLED VERSUS CLLOUD NATIVE

A cloud-native approach starts from ground zero, building capability feature by feature and function by function—which means life and annuity carriers sacrifice functionality that’s long been a staple of the PAS. Adding new features and functions is heavily dependent on resource capabilities and capacity. For carriers that maintain complex insurance products across multiple lines of business and multiple policy administration systems, a cloud-native approach is not optimal because it reduces flexibility. True cloud native is distributed with data protection issues, unless controlled by region, and removes cloud-agnostic capability as an offering. Insurers committed to a specific software vendor in terms of coding and database may unnecessarily lock themselves to a specific cloud vendor.

In contrast, Accenture has taken a “cloud-enabled” strategy that allows life and annuity carriers to gradually adapt to a cloud-native capability, providing immediate gains in scale and efficiency without sacrificing functionality or independence. Carriers can leverage all the required business features and functionality they’ve come to expect from a modern new business and underwriting or policy administration system, including their unique product and process characteristics that differentiate them in the market. As a result, carriers embark on a faster, smoother journey to cloud.

POSITIONING LIFE AND ANNUITY CARRIERS TO CAPTURE CLOUD’S FULL POTENTIAL TODAY

Accenture is helping its clients quickly move to the cloud via its Life Insurance & Annuity Platform (ALIP)—a modern platform that’s cloud enabled and architected for a range of cloud deployment options, including public, private and hybrid; as well as industry-standard single-tenant architecture with the capability to change to multi-tenant architecture, should the market eventually decide to adopt it. Accenture’s cloud-enabled strategy ensures that ALIP’s maximum configurability and business functionality is available and continually delivered in a cloud environment. This pragmatic approach removes barriers and positions carriers to adopt cloud quickly while evolving to native SaaS or cloud-native development using PaaS, microservices, containerization and DevOps.

Accenture transformed ALIP several years ago by componentizing thousands of features and functions into individual configurable units. Simultaneously, the organization adopted its Base First methodology of making development efforts for one client available to the entire client community, and introduced a Continuous Upgrade program that keeps clients on the most current code base with repeatability and predictability. Together, these transformational changes put ALIP at the forefront of a cloud

evolution—one that is uniquely cloud agnostic and maintains the same code base whether deployed on premises or in the cloud.

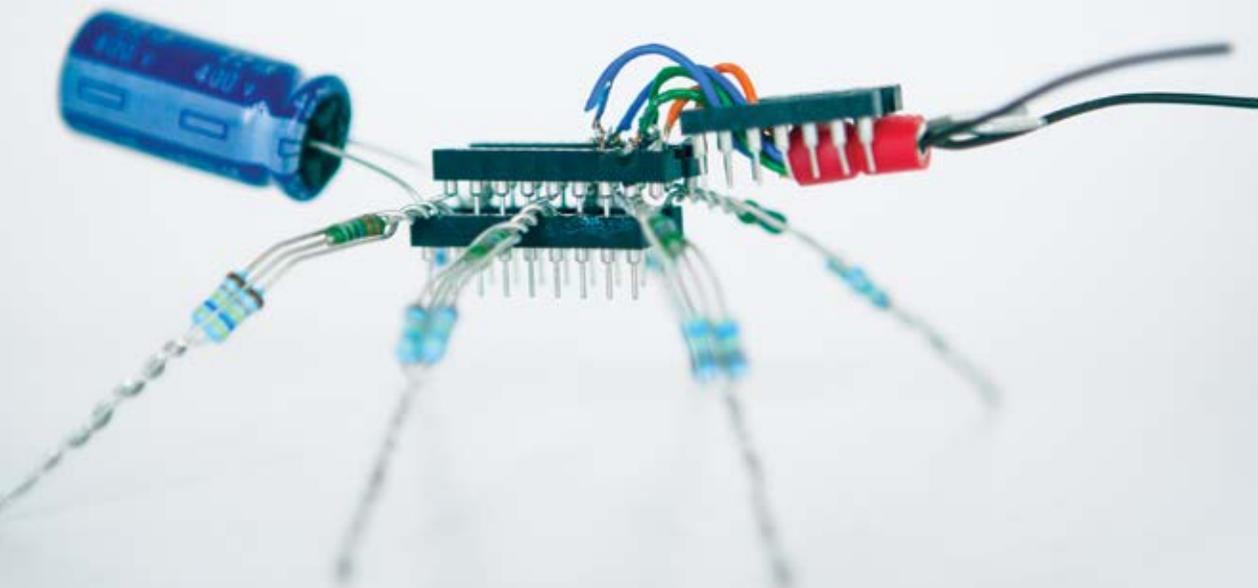
This single code base with multiple deployment options is an important distinction because it enables a DevOps methodology that pushes new ALIP functions and feature enhancements on a continuous deployment basis. It also enables carriers to quickly reduce the cost and complexity of their IT environments while forging a flexible low-risk path toward full cloud adoption.

Once in place, ALIP’s cloud microservices architecture, combined with its containerization and advanced automation, will immediately position carriers to evolve their product and process innovation in the cloud. And advanced integration capabilities, delivered in a microservices architecture, enable carriers to have broader access to sales channels and permit anytime-anywhere access for producers and consumers alike. ALIP will also include AI and machine learning algorithms, currently under development, to automatically understand a hybrid-cloud model and deliver the right functionality from the optimal cloud.

CLOUD ADOPTION FOR CORE INSURANCE SYSTEMS IS NOT A QUESTION OF “IF,” BUT “WHEN”

Accenture is leading the market with the first cloud implementation of an end-to-end new business and underwriting and policy administration system for two large North American life and annuity carriers. They're migrating to cloud to accelerate profitable new business while managing existing business more cost effectively. This is just the beginning. Carriers are increasingly considering a move to the cloud for core processing.

For carriers that have already transformed their core systems to ALIP, the move into cloud is simply a deployment choice at their convenience. To ease the transition to cloud and reduce risk, Accenture maintains single accountability for the software and cloud platform, which includes its industry-recognized Accenture Cloud Platform (ACP) and Accenture Security Operations Center (SOC) with additional client data protection (CDP) for cloud. The company uses automation to rapidly deliver security patches—from infrastructure to application—and its high availability includes warm-rated disaster recovery. Existing and new business co-exist during the cloud transition, but with reduced risk and maintenance costs compared to maintaining several systems of record.



INDUSTRY-RECOGNIZED CLOUD AND SOFTWARE PLATFORM EASES CLOUD MIGRATION

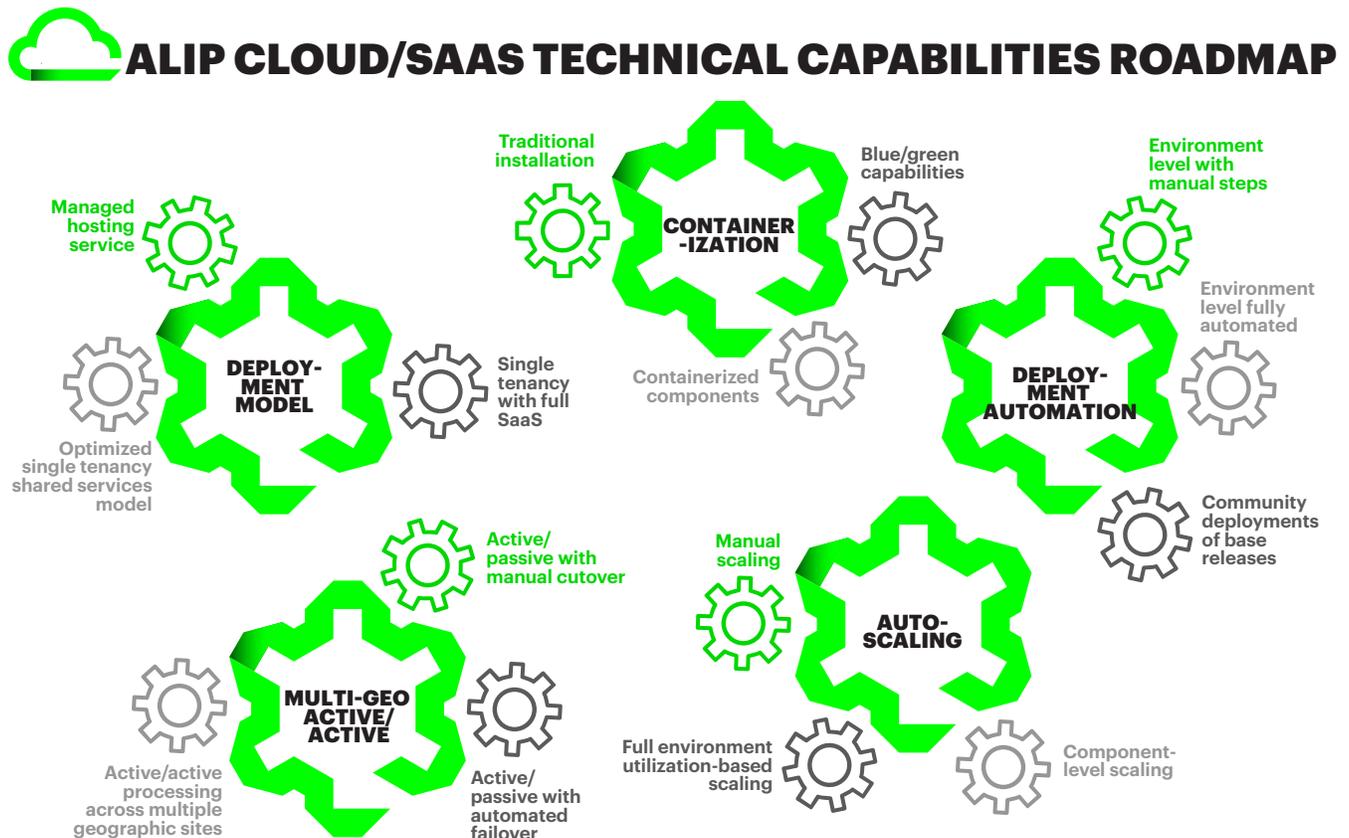
For consecutive years, Gartner has named Accenture a Leader for Public Cloud Infrastructure Managed Services Providers, Worldwide 2018 for both completeness of vision and ability to execute. IDC also recognized Accenture as a leader in cloud professional services globally for the fourth consecutive time, according to “IDC MarketScape: Worldwide Cloud Professional Services 2018 Vendor Assessment.”

IDC’s Research Director of Global Services Markets and Trends Gard Little said, “Accenture’s strong domain knowledge, industry cloud offers, and breadth of technology services that span from consulting to managed services can fulfill cloud technology implementation needs at a global scale.” He added, “Consider Accenture when you are looking for end-to-end cloud solutions that include not only innovative strategy and design but also the enablement of underlying cloud technology.”

Accenture’s continued investment in cloud aligns with what clients need in their journey to cloud—business outcomes that enable them to compete today and well into the future. Accenture is already underway with ALIP’s cloud optimization and operational scale by repackaging its functionality into microservices that are based on business functions. Dedicated teams co-develop, test and deploy functionality on a rolling basis to accelerate carriers’ cloud adoption with a frictionless move to the cloud.

ALIP’s simplified IT architecture and long-term cloud roadmap are designed to adapt to and capitalize on the full power of cloud from deployment automation—including blue/green deployment—and containerization, to multitenancy and geographic expansion.

FIGURE 1.

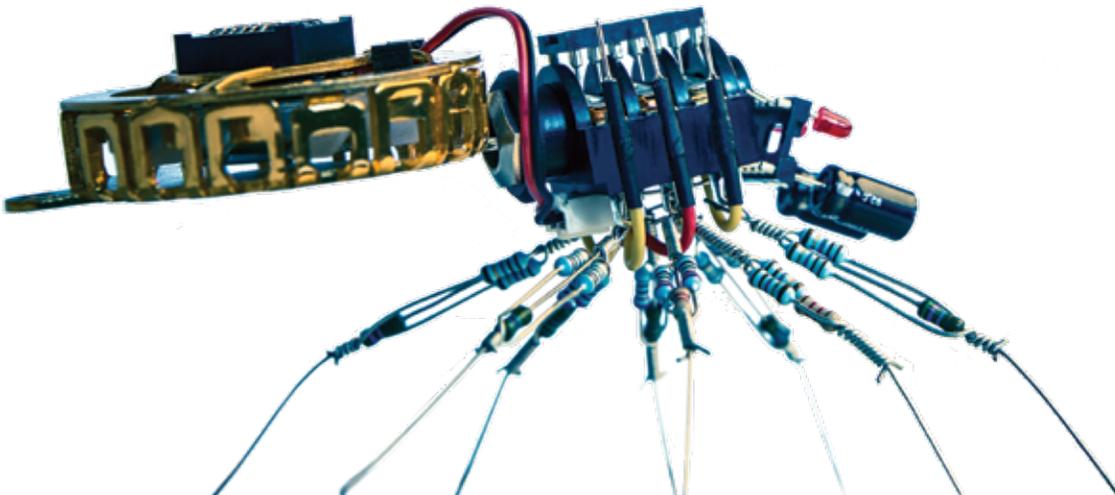


THE POWER TO COMPETE—AND WIN— IN THE PUSH TO 24X7 ACCESS

Cloud adoption is essential for life and annuity carriers to accelerate growth and compete in an increasingly hypercompetitive omnichannel insurance market, driven by digital-savvy consumers. Accenture's approach to cloud emphasizes carriers' business needs today, recognizing a transition is required to achieve full cloud benefits tomorrow. Instead of rewriting ALIP software for cloud, Accenture

modernized the platform to make it cloud *enabled*, giving insurers many cloud benefits and a path toward full cloud adoption that doesn't sacrifice application functionality.

Learn how the right cloud strategy can help your life and annuity business migrate to the cloud with ease.

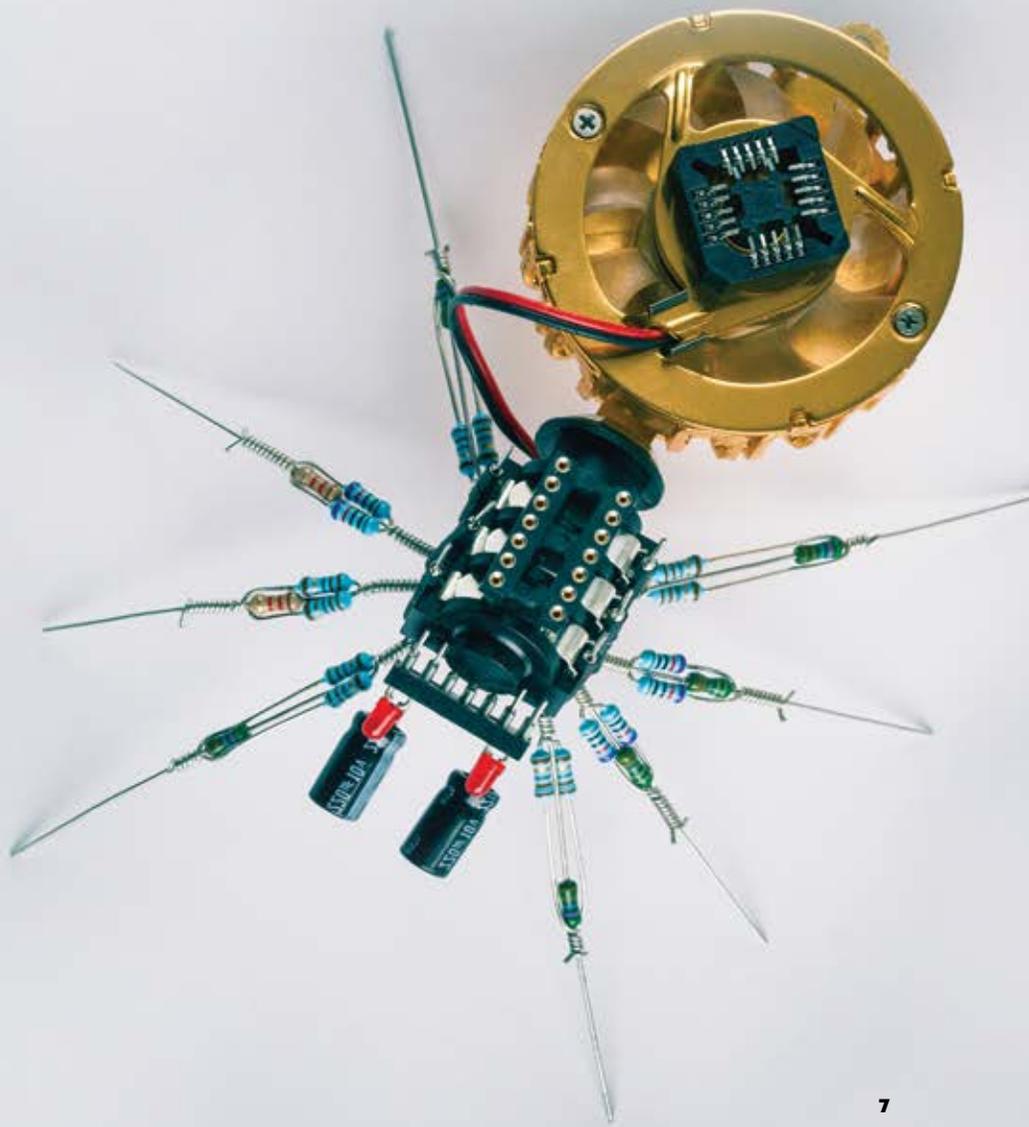


RECOMMENDED READING

"Legacy Blocks: Should They Stay or Should They Go?", Mitchel F. Ludwig, Accenture; Michael Perry, Accenture

"Shift Left: An Iterative Approach to Software Testing," Michael Butrym, Accenture; Mitchel F. Ludwig, Accenture

"Microservices: A Flexible Approach to Deployment," Kym Gully, Accenture; Robert Collier, Accenture



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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 425,000 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.

Accenture’s life and annuity software is part of Accenture Life Insurance Services, within Accenture Financial Services. By applying extensive industry knowledge to continuously enhance its software, Accenture helps insurers reduce operating costs, manage risk and drive growth through improved product development and distribution, enhanced policy administration and distribution, and technology platform consolidation and modernization. The homepage is [www.accenture.com/
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