CELENT

DATA-FIRST TRANSFORMATION FOR VALUE REALIZATION IN INSURANCE

The Advantages of a Data-First Transformation Approach for Insurers

Nanda Rajgopal
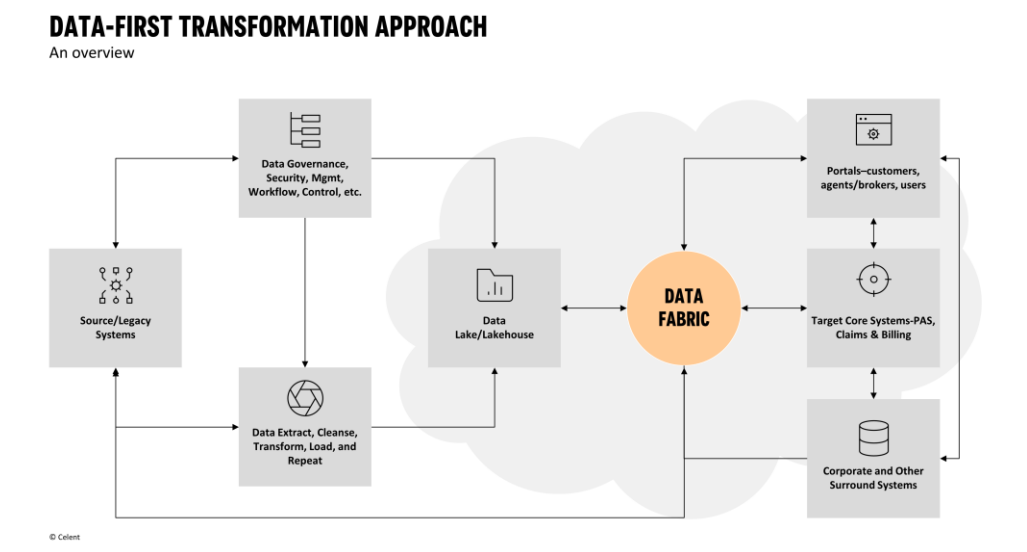
April 20, 2023

CONTENTS

EXECUTIVE SUMMARY

Transformations have been occurring in the insurance sector for multiple decades, and insurers have utilized a variety of structured methodologies. In the past five to 10 years, most insurers have moved from a waterfall method to an agile approach of execution. In addition, many insurers are embracing DevOps and CI/CD (continuous integration/continuous delivery) philosophies. At the end of the day, many insurers have not fully realized the anticipated value of their transformations. Given the recent advances in technology and cloud computing, a data-first transformation approach can lead to greater business and technology value realization. IT benefits include flexibility, scalability, elimination of technical debt, and ability to achieve an evergreen status. On the business side, insurers can get better insights, innovate products, achieve faster time to market, improve efficiencies, and reduce costs.

Savvy insurers are working to take a more innovative transformation approach to generate better results and improve customer experience. Data-first transformation is an innovative approach that has a promising future. Figure 1 offers an overview of the data-first transformation approach.

Figure 1: Summary of a Data-First Model

DATA-FIRST TRANSFORMATION APPROACH
An overview

Data Governance, Security, Mgmt, Workflow, Control, etc.

Portals–customers, agents/brokers, users

Source/Legacy Systems

Data Lake/Lakehouse

DATA FABRIC

Target Core Systems-PAS, Claims & Billing

Data Extract, Cleanse, Transform, Load, and Repeat

Corporate and Other Surround Systems

© Celent

As the name indicates, data-first transformation is all about focusing first on data and creating data independence by forming a new repository, which can be a data lakehouse or a data lake, preferably in the cloud for scalability, flexibility, cost-effectiveness, and efficiencies and to be able to take advantage of emerging technologies. In any data transformation program, all necessary governance, security, workflow needs, and management controls have to be taken into consideration. There are several tools in the market from cloud providers, third party vendors, and systems integrators to undertake a data-first transformation journey.

Once a new data repository is created, insurers can connect the transformed systems with the surrounding systems, low-code/no-code platforms, front-end portals (policyholders, agents/brokers, contact center), as well as leftover legacy systems by creating a data fabric. Data fabric is a newly evolving data architecture and framework to integrate various data sources, in real time or near real time, using a combination of microservices, APIs, containers, and Kubernetes.

The case studies included in this report show that insurers like ICW and Resolution Life have taken a data-first transformation approach to achieve cost savings, introduce new products, obtain useful insights, and improve customer experience.

The benefits generated by a data-first transformation approach make a strong case for insurers to undertake this journey, which lays a foundation for a promising future.

To get started, an insurer should first focus on data governance followed by building the data repository. Depending on the size and complexity of an insurer, this could be the hardest part of the transformation journey. In parallel, necessary application and systems transformation can be undertaken. After completing the data repository and applications and systems transformations, the insurer can connect all of them together with a well-architected data fabric.

The key results from this approach are that insurers can achieve higher end-to-end value, create a data-driven enterprise, and attain future-proofing.

INTRODUCTION

Core systems consisting of policy administration, claims, and billing historically were deployed in mainframes and on servers using client server technology. Now, they are increasingly moved to the cloud on a Software-as-a-Service (SaaS) model or platforms built using cloud-native microservices technology. Regardless of an insurer's maturity, transformations to cloud- and SaaS-based core systems have been driven by implementing a software platform first (predominantly bought rather than built) and then focusing on data conversion. This can lead to a closed, inflexible model, depending on the software vendor, potentially stymieing future product innovations and business expansion.

With the advent of cloud computing and advances in cloud-based and data management technologies, taking a data-first approach liberates insurance companies from being boxed into a locked (traditional) transformation model.

Transformations, which have been ongoing in the insurance sector, were accelerated during COVID-19 and continue to evolve today. Despite these ongoing transformation programs and advances in technology, insurance companies continue to have significant legacy systems as part of their business operations. Our latest CIO survey found that maintaining or upgrading existing systems makes up the largest portion of an insurer's IT budget (see Figure 2).

Figure 2: L&A Insurer 2023 IT Budget Segmentation
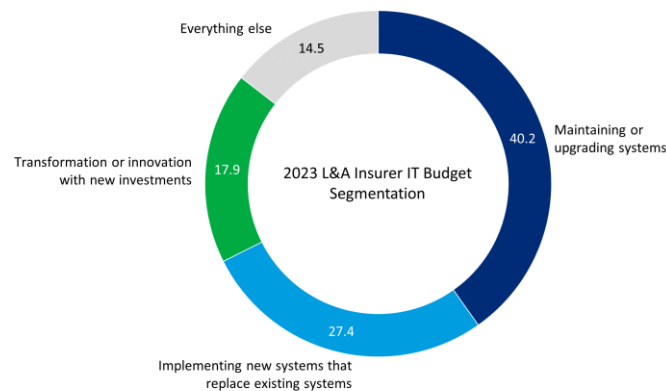
Source: Celent 2023 Annual CIO Survey

© Celent

Source: Celent 2023 Annual CIO Survey

There are several reasons why systems maintenance or upgrades are such large segments of IT budgets. Especially in the life and annuity segment, policies can last up to the lifetime of a policyholder, which means that policies sold in 1960s, '70s, and '80s could still be in force today. In many cases, the underlying systems that have been administering these old policies are also still in existence for multiple reasons—lack of business rules knowledge and associated complexities, cost of transforming these systems, risk aversion and desire to continue business as usual, lack of thought leadership and vision, prevailing culture and organizational change management challenges, prior transformation and value realization challenges, and so on.

Insurers have executed transformation programs utilizing a structured methodology with the help of SIs (System Integrators) and platform vendors as well as their global sourcing partners. In recent years, carriers have been adopting Agile/DevOps/CI-CD-based methodologies including automated release management. But the results from these transformations have been mixed. Some of them have successfully realized value, while others have struggled with budget and timeline overruns as well as ROI challenges.

Using emerging cloud-based technologies, with proper planning and execution, carriers can successfully transform their legacy and older systems and realize greater value. Additionally, with an innovative data-first approach (aka data-driven transformation), they can decouple data, create data and application independence, discern much higher value, and move toward future-proofing.

A data-first approach involves starting with data conversion rather than ending with it (after a new system has been implemented). When executing using this approach, an insurer can also consider emerging technology and cloud-based computing to achieve better results.

DATA-FIRST TRANSFORMATION APPROACH

Insurance operations and technology transformations have typically followed a structured methodology to get from an "as-is" (current) state to a "to-be" (future/target) state. At the conclusion of transformations, data is moved from a current to a newly updated system(s). We deviate from that approach and recommend an innovative data-first approach. In this approach, a carrier will focus on the data to start the transformation program and then (or in parallel) undertake the necessary process, systems, and technology transformations. This entails creating a powerful data repository, preferably in the cloud, thereby decoupling the data and setting the stage for a data-driven enterprise.

Regardless of the current systems and data sources, insurers should start by organizing a data and rules (calculations) transformation team. This team will be responsible for undertaking the process of moving all core insurance operational data (policy, claims, and billing) and underlying rules to a data lake or a data lakehouse. A data lakehouse is a new, open data architecture that combines the capabilities of data lakes and data warehouses and enables the application of powerful business intelligence and machine learning to structured and unstructured data.

The first step in the process is to gather the details of the data across the enterprise, along with any relevant data management and business rules. Simultaneously, the transformation team should establish data governance practices along with any necessary workflows to ensure privacy and security requirements are met. This will protect the data and provide necessary controls for stakeholders (customers, agents/brokers, and employees).

Business, operations, and IT need to work together in establishing the data governance leading to robust data management policies. This involves building the necessary controls to safeguard and enable consistent handling of data throughout the enterprise as well as ensure its quality and availability. Figure 3 provides an overview of data governance.

Figure 3: Data Governance Model
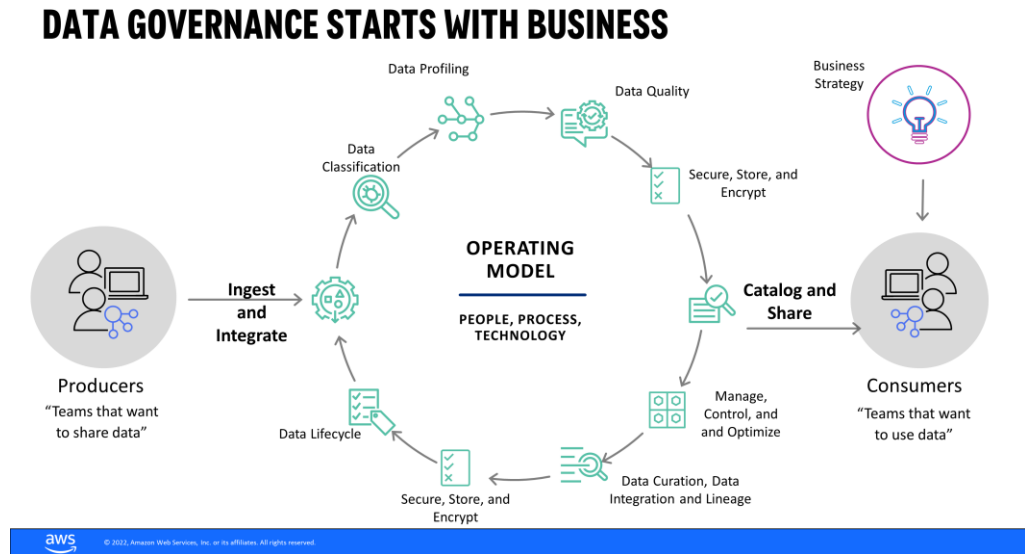
Source: AWS

Once the data governance is established, carriers can analyze and organize data management in such a way that a strategy can be created to extract, cleanse, secure, transform, and load core data to a data lake or a data lakehouse, preferable based in the cloud. Cloud vendors as well as other third party vendors have created tools to help insurers to undertake this journey. Figure 4 provides an overview of this journey.

Figure 4: Process Flow for Moving Data to a Data Lakehouse/Data Lake
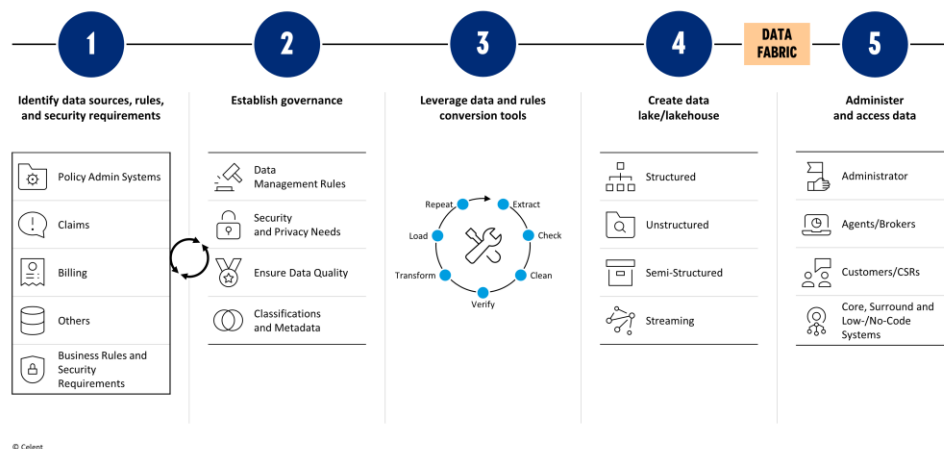
Source: Celent

Depending on the source systems, complexities, and volume, a specialized team of data engineers; SMEs (including rules specialists); program lead; cloud engineers; and a combination of personnel, as required, from in-house, SIs, and cloud providers need to be organized to strategize, plan, and execute this transformation.

The conversions of business rules and calculations need specialized attention and experienced personnel to ensure the thoroughness and accuracy in the extraction, interpretation, and movement to the target storage platform in a cloud data repository (lake/lakehouse). As needed, AI/ML models can be created for rules extraction purposes.

There are firms that specialize in data and rules extraction from various source systems (including legacy). These firms also bring proven framework and tools to undertake this data conversion journey. Oliver Wyman, Celent's parent company, is one of the firms that specializes in this area along with a proven tool (Fulcrum). We have included a case study in this report. Equisoft's Universal Conversion Technologies (UCT), among others, also provide capabilities to successfully extract, transform, and migrate data.

In the data-first approach, once data and rules are extracted, instead of loading them to a target core system, they are loaded into a data repository such as a data lake/lakehouse. An insurer should use a team of data and cloud engineers to architect this conversion along with a set of tools to optimize the process. Cloud providers have been constantly innovating and evolving multiple tools for secure data conversions that can bring accuracy, speed, cost-effectiveness, and efficiencies to the process. We have included a data conversion case study undertaken by Resolution Life using Amazon Web Services (AWS) tools and solutions. Other cloud providers also have similar tools and technologies.

After the data and rules are set up in a data lake/lakehouse, we recommend architecting a data fabric to connect it to target core systems, surrounding systems, and any remaining legacy systems.

Data fabric is a newly evolving data architecture and framework to integrate all data sources, in real time or near real time, using a combination of microservices, APIs, containers, and Kubernetes. It connects, integrates, secures, and governs data in a multicloud and multisystem environment. The idea is to build a data fabric architecture and automate the data integration, driven by data governance aspects, to ensure data accuracy across all stakeholders and operate in a truly data-driven enterprise.
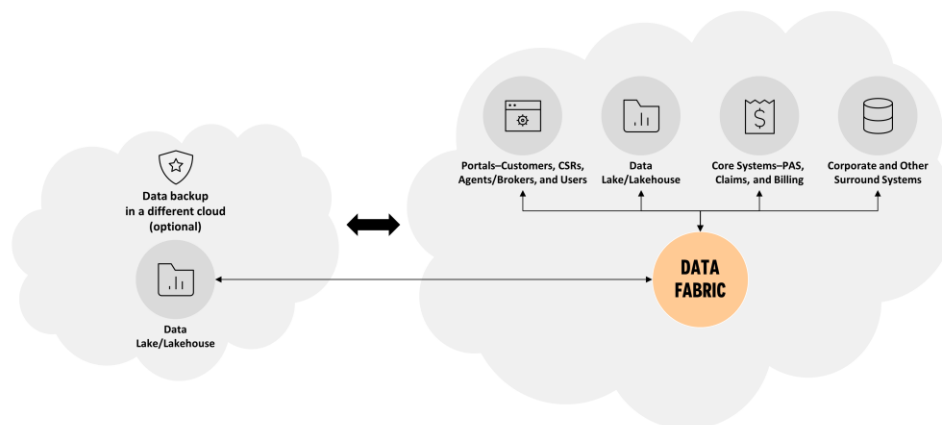
DATA-FIRST TARGET OPERATING MODEL

Once the data and rules from source core systems are moved to a data lake or a data lakehouse, the process and application transformations can be completed. Insurers can simultaneously architect a data fabric considering the target-state application architecture. By addressing data and business rules first, insurers have the flexibility to transform core platforms as well as mix and match systems by taking advantage of the latest in technologies like low code no code (LCNC) and advances in cloud computing, AI/ML, IoT, and edge computing.

The data-first target operating model depicted in Figure 5 connects data repository, front-end systems, core systems, corporate, and other surrounding systems using a data fabric. Optionally, insurers can create a backup in a different cloud by extending the data fabric connection.

Figure 5: Target Operating Model

Source: Celent

New applications and necessary extensions including LCNC platforms can be implemented using any structured methodology that an organization is comfortable applying. Insurers can utilize appropriate partner ecosystem (e.g., system integrator,

cloud provider, platform vendor), as needed. One important aspect to consider in this approach is to make sure the data stream (data transformation) is emphasized separately and run in parallel so that the data fabric can be built and enhanced, as required, to keep up with the target-state architecture. If partners are utilized, it is important to ensure that they are knowledgeable of and experienced in collaborating using a data-first model.

CASE STUDIES

Insurance companies have undertaken numerous transformation programs that map to some or all aspects of a data-first transformation. There are many providers that specialize in data conversion as well as in the data management process, including ETL, data storage, analytics, and visualization. Multiple cloud providers offer tools and solutions to store data in a secured data lake/lakehouse. We chose three case studies based on their relevancy to some or most of the characteristics of a data-first approach to transformation. Additionally, these case studies provide a guidance to insurers undertaking a data-first transformation.

We chose a data-first/data-driven transformation case study of an insurer (ICW) that worked with a service provider (Percipience). ICW was able to successfully transform legacy applications and retire the mainframe by engaging in a data-first philosophy. This resulted in substantial benefits including new product introductions (previously not possible due to system limitations), robust insights, and year-over-year cost savings.

We also chose a data-first approach case study undertaken by Resolution Life utilizing AWS' tools and solutions. Together, Resolution Life and AWS extracted data from 14 legacy administration systems of Voya Financial and cleansed and moved them to a data lake in AWS. Resolution Life is administering these closed block policies from the data lake by utilizing a LCNC platform from Out Systems and linking back to legacy systems for a small percentage of complex calculations.

Our third case study focuses on the data conversion process in the insurance sector. This is a specialized area that needs both tools and experience. For this case study, we chose Oliver Wyman, our parent company, and its Fulcrum tool and underlying proven methodology. There are other specialized providers with proven tool and solutions to accomplish this work (e.g., UCT, an Equisoft company, has a proven data-conversion solution).

Data-Driven Transformation and Business Achieved by ICW

Key Objectives
- Remove all legacy workers' comp applications and processes from the mainframe, reduce cost, and position the mainframe for retirement in 2023 (about $1 million in savings targeted in 2022 to help fund a portion of the transformation).

About ICW

Based in San Diego, ICW Group Insurance Companies is the largest privately held insurance company domiciled in California. Quoting more than $3 billion annually, ICW Group represents a group of Workers' Compensation, Assumed Reinsurance, Catastrophe, General Liability, and Commercial Property insurance carriers, including Insurance Company of the West and Explorer Insurance Company. ICW Group is recognized nationally as an industry leader in helping policyholders achieve fewer and less costly claims while elevating the trusted agents who advise them.

- Develop and bring to market three new P&C lines of business (LOBs) by the end of 2022, as well as support enhancements to workers' comp products (these were not possible in legacy systems).

- Design, develop, and implement a new Ceded Reinsurance application, and integrate it with the new enterprise data platform.

- Implement a new enterprise data platform that can be integrated to all source applications to establish a single source of truth, and a consolidated source for all reporting and analytics.

- Improve data quality and consistency with automated reconciliation processes to improve business confidence and eliminate the manual efforts currently needed throughout the organization to effectively serve clients, grow the business, and meet regulatory and compliance requirements.

- Redesign all operational and management reports to improve information availability and establish consistency in terms and measures used throughout the business.

- Increase the level of data availability and granularity to enable more advanced analytics and provide greater insight into business performance and opportunities (including the creation of a custom Actuarial Data Mart and a sophisticated Loss Triangles Application).

Solution

ICW started with a data-first approach and partnered with Percipience Consulting to build out its data repository. The data work stream underpins all functional work streams and is the critical foundation for all other efforts. The data work stream was broken into two primary efforts:

1. Tactical execution of and support for functional work streams including definition of documentation format and standards, data inventory, definition of data transformations performed, and plan for deployment.

2. Initiation of data governance processes that delivered a consolidated enterprise data dictionary and reports that improved the quality of information provided, including a reduction in number of reports (from over 800 to about 170).

Once the data transformation was completed, it became an easier, efficient, and effective way to transform core systems and retire legacy platforms.

Benefits Achieved

- Introduced an enterprise-level data platform that integrates with all the new systems providing real time insights.

- Eliminated batch and onerous monthly financial reconciliation processes.

- Improved actuarial support—data can be quickly reconciled to accounting data from the same source and claim lists, rather than disparate environments.

- Legacy system retirement resulted in $1 million in savings per year.

- Enhanced customer experience by providing a 360-degree view of customers and access to better information and allowing self-service through improved and new portals.
- Enabled product innovation and expansion—ICW introduced three new P&C products to complement the company's flagship workers' compensation product, which provided more options for agents and policyholders, and grew ICW revenue and market share.

Data-First Transformation by Resolution Life

Context

Resolution Life purchased about 1 million closed block policies from Voya in January 2021 and set out on a path to transition them completely to its books by December 2023. These policies were administered in 14 admin systems and consisted of 459 applications. Resolution Life partnered with AWS and low code no code (LCNC) provider Out Systems to accomplish transition of closed block policies from Voya. Resolution Life executed using an agile method with the help of tools from AWS.

About Resolution Life

Resolution Life is a global life insurance group focusing on the acquisition and management of portfolios of life insurance policies. Since 2003, prior Resolution entities together with Resolution Life have deployed approximately US$18 billion of equity in the acquisition, reinsurance, consolidation, and management of life insurance companies. Together, these companies have served the needs of approximately 13 million policyholders while managing over US$372 billion of assets.

Resolution Life today has operations in Bermuda, the UK, the US, Australia, and New Zealand, assisting the restructuring of the primary life insurance industry globally.

Resolution Life provides a safe and reliable partner for insurers as they restructure by:

- Focusing on existing customers, rather than seeking expansion by new sales.
- Delivering policyholder benefits in a secure, well-capitalized environment.
- Returning capital to institutional investors in the form of a steady dividend yield.

Key Objectives

- Provide better customer service.
- Improve self-service.
- Optimize service operations.
- Create reusable technical solutions.
- Form seamless integration with legacy systems.

Solution

- Organized into three groups: People, Process, and Technology with the following objectives:
  - People: Create an organization for the future with a product team of 6–12 resources focused on customer outcomes.
  - Process: Move from an agile methodology standpoint and shorten timeline (shift left) as much as possible.
  - Technology: Release features quickly, efficiently, and successfully and deploy to production (moving from monolithic to microservices by tapping into new technology).
- Adopted a serverless technology to be cost effective and move things faster.

- Applied AWS Glue as a tool for data conversion (AWS Glue is a serverless data integration service that makes data preparation simpler, faster, and cheaper).
- Utilized a LCNC platform from Out Systems as a presentation layer, which was built very quickly (between five and seven months).
- Leveraged MuleSoft for API management, and other SI partners as needed.
- Figure 6 provides an overview of the operational data hub (ODH) data-ingestion framework utilized by Resolution Life with the help of AWS:

Figure 6: Data Ingestion Framework
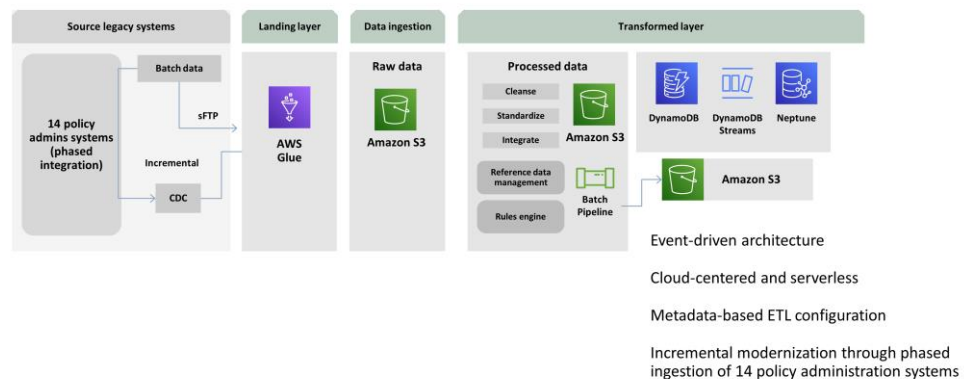
Source: AWS

Benefits Achieved

- Created a new customer portal (self-service) in five months.
- Developed a new customer service representative (CSR) portal in seven months.
- Over 1 million policies ingested into the data hub.
- Developed empowered employees and happy customers.
- Customer service request processing time reduced from days to seconds.
- Self-service commissioned for high-volume service requests.
- Created reusable data ingestion framework.

Data-First Transformation by a Large Global Insurer

Context

This large global insurer was experiencing significant challenges as its legacy systems had disaggregated data schemas that existed even within the same systems, requiring the standardization of fields. It was missing dimensional data tables

(mortality, COI, etc.), which were either updated only once in the legacy system or manually provided as part of data entry. The insurer was concerned with compliance issues and wanted a standardized data layer so it could use the data for other efforts. The insurer partnered with Oliver Wyman, which used the Fulcrum tool to support this effort. Fulcrum is a modern cloud-native platform that sits between systems A and B and recreates product and data logic prior to migration to system B.

Solution

- The team began by utilizing the available product documentation to configure the products in the Configuration and Validation Engine (CAVE) as well as help define the types of data elements that were required. A proprietary set of models, Product Spider, which has been built covering most of the products currently in the US and UK markets, was leveraged to accelerate product configuration.

- The team then worked with source systems to extract raw data, which was delivered in a format-agnostic manner. This data extract included relevant information, such as:

  - Policy-level information (e.g., policy issue date).

  - Rate files (e.g., fee rates, unit values by fund).

  - Policy history from inception, and any capturing of policy values.

  - Available documentation on the data elements above.

  All personally identifiable information (PII) was masked. Then the raw data was processed into the Fulcrum standard data layer (SDL). This data layer was consistent across products and platforms, which helped with the migration onto the insurer's desired data repository.

- Each policy was independently created and then reprocessed using CAVE, applying all the transactions during the agreed validation period and recalculating all policy values. All values computed were reconciled against the values from the policy admin system to identify which policies validated and which needed further investigation. During this step, processing logic rules from the policy admin system were recreated by running various permutations until the team saw convergence between Fulcrum and the policy admin system. Over time, as the logic in CAVE was refined, the validation levels improved until a level of confidence was established that the logic in CAVE correctly replicated the product and processing logic that exists in the policy admin system. Changes in CAVE configuration were reflected in all outputs from the process.

- While the CAVE was being configured, systematic errors in the policy admin system were identified via analysis of the breaks, which were documented and shared with the insurer. A list of impacted policies was created along with the possible impact to policyholders due to the errors.

- Standardized outputs were created that aided the migration and could then be used to configure and then validate policies in the insurers target data repository:

- Calculation specifications were built based on a first-principles review of available product documentation. For noncontractual processing logic, machine learning was utilized along with discussions with the insurer to determine the logic.

- The specifications were documented as spreadsheet outputs.

- The spreadsheets generated aligned with the insurer's data-migration strategy and target-state design.

- Each of the spreadsheets produced was tested and validated for matching results with the policy admin system on the full volume of policy and transaction data during the agreed-upon validation period.

- Evidence of matched results was shared with documented test pack (e.g., test cases, data, input and output fields, and values in the policy admin system) used for each of the spreadsheets.

- Approximately 90% of values matched between Fulcrum and the policy admin system. Where there were mismatches, investigations on policy details and findings were shared along with an agreed plan to fix them.

- As part of the investigation of mismatched calculation results, SMEs were liaised with to reconcile the differences and agree on a path forward.

- Calculation spreadsheets were delivered for review, approval, and baseline progressively instead of using a big-bang delivery.

Figure 7: Fulcrum's Six-Step Approach
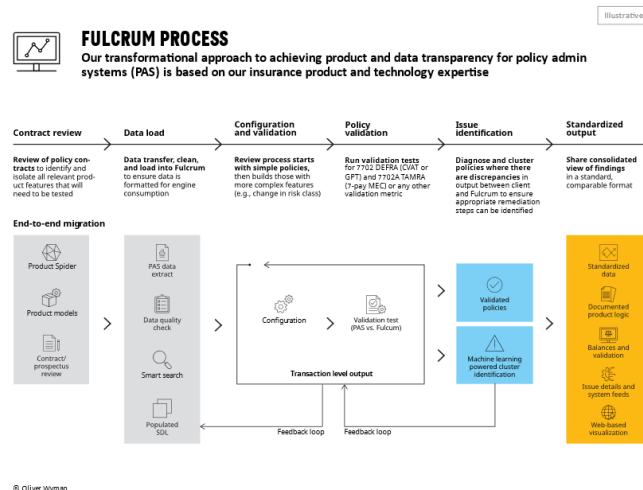
Source: Oliver Wyman

Benefits Achieved

- Rapidly stood up a universally linked standardized data layer, taking only 16 weeks to provide a clean, standardized data layer usable for various initiatives.

- Covered over 200 products, accounting for more than 1 million policies.

- Removed manual processes from data transformation, making it easier to audit data and resolve issues.

DATA-FIRST TRANSFORMATION BENEFITS

As discussed throughout this document and as seen from the case study examples, the benefits of a data-first transformation approach are numerous. This transformation method provides flexibility, scalability, dependability at reduced costs, and improved operational efficiencies.

Figure 8: Benefits Summary

DATA-FIRST TRANSFORMATION BENEFITS

Product Innovations	Future-Proofing	Revenue and Profitability	Customer Experience	Risk Prevention
Speed to Market	Operating Efficiencies	Powerful AI/ML Models	Personalization	Single Source of Truth
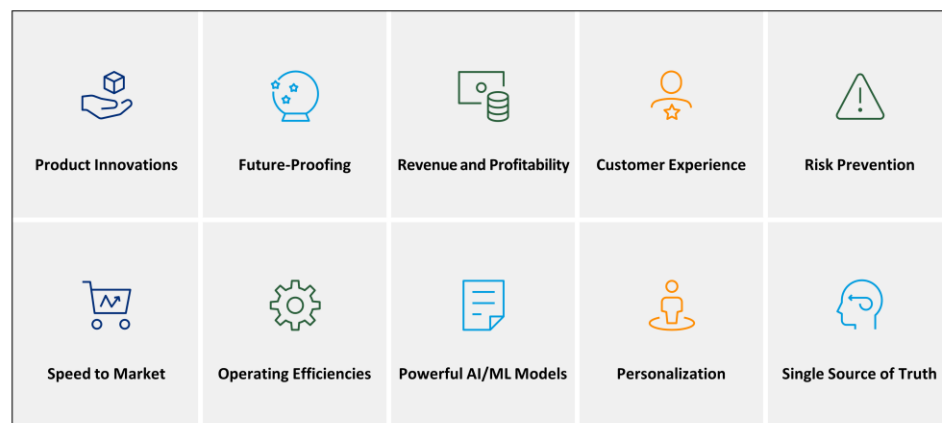
© Celent

Source: Celent

As illustrated in Figure 8, insurance companies can expect the following benefits:

1. Better governance and decoupling of data provide a means to maintain a **single source of truth** across the enterprise.

2. **Product innovations:** Since insurers will be able to access various data sources, run powerful analytics, and mix and match systems, it becomes easier to innovate and not be limited by the system's features and capabilities.

3. Increase **revenue and profitability** due to better administration, underwriting, and claims practices coupled with reduced leakage.

4. Carriers can strive toward **risk prevention** by efficiently utilizing data to prevent a situation rather than mitigate it after the fact.

5. Carriers can also strive toward **future-proofing**, since this approach gives them an ability to integrate emerging technologies quickly and efficiently, resulting in less effort (thus less costs) needed for future transformations and enhancements.

6. **Speed to market:** Newer products can be introduced faster, and regulatory changes can be implemented sooner.

7. Better customer insights and improved **customer experience** (CX) including the possibility of increasing policyholder touchpoints as well as upsell and cross-sell capabilities.

8. Gained **operating efficiencies** including on-demand opportunities by taking advantage of cloud computing innovations.

9. Run **powerful AI/ML models** across enterprise for various purposes to significantly enhance automation and improve decision support.

10. Cater to wide variety of customer segments from boomers to Gen Z with the flexibility and **personalization** abilities based on their preferences.

> **"** A data-first transformation provides a foundation to build operations and systems that can enable product innovations, speed to market, better decision support, and, most importantly, an excellent policyholder, agent, broker, and user experience.

PATH FORWARD

Regardless of what stage of transformation your insurance company is in, data-first transformation approach can be considered. It creates a foundation for current and future systems to provide better business support. Along with many benefits discussed throughout the document, a data-first transformation can also help insurers embed products; improve policyholder service and business retention; automate and improve underwriting process; and detect fraud and reduce claims leakage.

> " Reimagine the possibilities with a data-first transformation.

Moving to a data-first transformation requires a paradigm shift from the way insurers think and are organized. Executing in a cloud-based model converts an IT department into a high-performing and nimble organization that is better equipped to support and add greater value to a business and its operations.

With this type of transformation, companies will be better prepared to evaluate and incorporate emerging technologies. For example, AI and ML models can be developed to drive new processes and algorithms by accessing data from a data lake/lakehouse, and a new application can be created quickly using LCNC and integrated via data fabric with core and surrounding systems.

Another significant advantage of this approach is that it gives insurance companies the freedom and flexibility should they outgrow their current core system(s) or become dissatisfied with their current system (application) vendor. With data decoupled, insurers can swap their existing core system with a new core system or combine with a LCNC or other applications platforms (including custom built) without having to go through an elaborate transformation process. Systems can be mixed and matched, as necessary.

With data being at the heart and soul of any organization, this approach truly creates a data-driven enterprise. Data and marketing science can be taken to the next level. The personalization for policyholders, agents, brokers, and employees (users) can be significantly improved.

As shown in this report, a data-first approach provides many benefits and improves the prospects of value realization from any transformation initiative. Even if there are no transformation initiatives underway, an insurance company can start taking stock of all its data and moving the data into a cloud-based data lake/lakehouse. Even if the insurance company is in the midst of a transformation program or programs, we recommend organizing a separate team to focus on data and start creating a data repository.

How to get started with data-first transformation

A data-first program begins by establishing strong data governance. This starts with a business as depicted in Figure 3. Once data governance is established, create a cloud-based data repository (data lake/lakehouse). Then extract, cleanse, and move the company's data to this repository (see Figure 4). Moving all the data to a repository will be a complex and time-consuming exercise depending on the makeup and culture of the insurance company. This journey can be undertaken regardless of any transformations underway (whether in the beginning, middle, or toward the end of a program). The objective should be to get to the future state as shown in Figure 5.

Achieving a data-first target operating model includes setting up a data fabric architecture that can seamlessly connect the data repository, core systems, surrounding systems, LCNC platforms (if any), backup source, as well as any other applications or systems. Powerful AI/ML models can also be run by connecting to a data fabric to auto sync data and generate predictive analytics and insights.

Once the insurer reaches the target-state operating model, carriers must reorganize their operations and IT to support this model and provide flexibility to the business.

This can be a game-changer for your organization and can set a stage for future-proofing technology investments. Cost and effort to undertake this journey depend on your company's setup, culture, and organizational readiness.

LEVERAGING CELENT'S EXPERTISE

If you found this report valuable, you might consider engaging with Celent for custom analysis and research. Our collective experience and the knowledge we gained while working on this report can help you streamline the creation, refinement, or execution of your strategies.

Support for Financial Institutions

Typical projects we support include:

Vendor short listing and selection. We perform discovery specific to you and your business to better understand your unique needs. We then create and administer a custom RFI to selected vendors to assist you in making rapid and accurate vendor choices.

Business practice evaluations. We spend time evaluating your business processes and requirements. Based on our knowledge of the market, we identify potential process or technology constraints and provide clear insights that will help you implement industry best practices.

IT and business strategy creation. We collect perspectives from your executive team, your front-line business and IT staff, and your customers. We then analyze your current position, institutional capabilities, and technology against your goals. If necessary, we help you reformulate your technology and business plans to address short-term and long-term needs.

Support for Vendors

We provide services that help you refine your product and service offerings. Examples include:

Product and service strategy evaluation. We help you assess your market position in terms of functionality, technology, and services. Our strategy workshops will help you target the right customers and map your offerings to their needs.

Market messaging and collateral review. Based on our extensive experience with your potential clients, we assess your marketing and sales materials—including your website and any collateral.

RELATED CELENT RESEARCH

ICW Group: Digital Foundation Through Data Modernization
March 2023

Extending the Value Chain of RPA Through AI, Cloud and APIs
January 2023

Data Management for Insurance: Best Practice and Solutions Technology Trends
Previsory: Life and Annuity Insurance, 2023 Edition
November 2022

Technology Trends Previsory: Property & Casualty Insurance, 2023 Edition
November 2022

Cloud Transformation Practices: A Snap Poll for the Celent Executive Panel
October 2022

The Data Tsunami: Recognizing The Risk In Property Casualty Data Transformation
September 2022

Business Data Strategy: Underwriting and Actuary Case Studies
August 2022

The Many Facets of Insurance System Modernization
March 2022

Best Practices in Cloud Adoption in Insurance
December 2022

Securing Insurance Data: Confidential Computing and Data Lineage Use Case
December 2021

For more information, please contact info@celent.com or:

Nanda Rajgopal   nrajgopal@celent.com

Americas

EMEA

Asia-Pacific

USA
99 High Street, 32nd Floor
Boston, MA 02110-2320

+1.617.262.3120

Switzerland
Tessinerplatz 5
Zurich 8027

+41.44.5533.333

Japan
Midtown Tower 16F
9-7-1, Akasaka
Minato-ku, Tokyo 107-6216

+81.3.3500.4960

USA
1166 Avenue of the Americas
New York, NY 10036

+1.212.345.3960

France
1 Rue Euler
Paris 75008

+33 1 45 02 30 00

Hong Kong
Unit 04, 9th Floor
Central Plaza
18 Harbour Road
Wanchai

+852 2301 7500

USA
Four Embarcadero Center
Suite 1100
San Francisco, CA 94111

+1.415.743.7960

Italy
Galleria San Babila 4B
Milan 20122

+39.02.305.771

Singapore
138 Market Street
#07-01 CapitaGreen
Singapore 048946

+65 6510 9700

Brazil
Av. Dr. Chucri Zaidan, 920
Market Place Tower I - 4° Andar
Sao Paulo SP 04583-905

+55 11 5501 1100

United Kingdom
55 Baker Street
London W1U 8EW

+44.20.7333.8333