# INNOVATION IN INSURANCE
## ONLINE DAYS

**2021**

# Innovation in Insurance
ONLINE DAYS

Post-conference booklet

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CONSULTING

# Innovation in insurance:
## Many reasons for optimism

In the exceptional years of 2020 and 2021, insurers and banks have made great strides in their digital transformation. Companies are addressing topics such as data management, process automation, cloud and DevOps. Insurers have not been known as fast movers, but that changed last year.

Around 1,000 participants from 17 countries attended the ninth edition of our Innovation in Insurance conference. Not only did they learn how insurers and banks are digitalising and automating many parts of their value chain, but they also came to share their insights and experiences. They exchanged their experiences with ongoing digitalisation projects in Germany, the UK, Poland, Japan, the US and numerous other countries. Every country, every company and every project is different, but there are many similar patterns that help us to master the tasks of digital transformation.

Our Innovation in Insurance booklet summarises the sessions and shares with you the many different views and perspectives. When asked who will be the main driver of the insurance business in ten years', the majority said it will be either Insurtechs or big tech companies, with insurers following at a significant distance. We believe that the financial industry should be more confident and there are many reasons why it will be more successful than its representatives think. The Innovation in Insurance brochure gives you many insights into why it is reasonable to be optimistic.

Michał Trochimczuk,
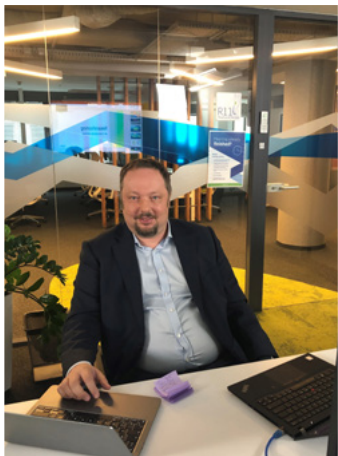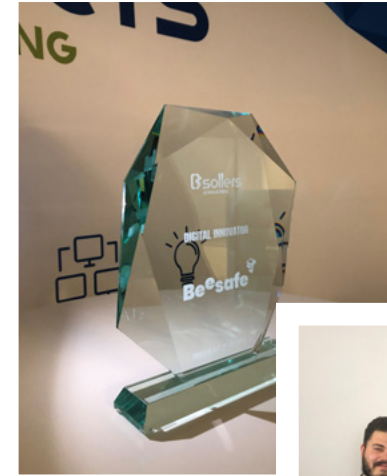Managing Partner
& co-founder of Sollers Consulting

Marcin Pluta,
Managing Partner
& co-founder of Sollers Consulting

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INNOVATION IN INSURANCE
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# **Technology** opens up opportunities for insurers

Michał Trochimczuk,
Managing Partner at Sollers Consulting

**I**n the era of digitalisation, any insurer might easily be replaced by another one, warned Michał Trochimczuk, Managing Partner at Sollers Consulting, in the keynote presentation at Innovation in Insurance. The risk of becoming marginalised due to many white-label products available on the market is continuously increasing. Trochimczuk highlighted that actors like aggregators, brokers, retailers, and banks are performing on the frontstage, while insurers are hidden in the back. As a result, "customers may no longer know or care who their insurer is." Insurers are being reduced to the role of ultimate risk carriers.

## Opportunities for the sector

No one knows what the future will bring, but smart usage of available data allows to anticipate trends that will shape the industry in the upcoming years. In Trochimczuk's opinion, trends that will have remarkable impact on the insurance market are sharing economy, autonomous vehicles, drones, and telehealth. In the last section of the keynote, Sollers' Managing Partner shared his opinion on technologies that will help insurers adapt to the rapidly changing environment and support them in their digital transformation.

> "Bancassurance, aggregators, and growing embedded insurance bring new sales opportunities."

> "Insurers must innovate and adapt their products to the quickly evolving sharing economy."

## 📌 KEY TAKEAWAYS:

- Data from connected devices will make it easier for insurers to play an active role in shaping customer health
- Cyber-attacks have generated an insurance market for cyber solutions, but insurers must remain cautious, to avoid becoming victims of ransomware attacks themselves
- Insurers wrongly assume that the main purpose of cloud implementation is to reduce business costs
- The gap between supply and demand for skilled IT professionals is growing every year

# Transformation needs collaboration and leadership

David Stevens,
Co-Founder and former
CEO of Admiral UK

Dr Jürg Schiltknecht,
CEO of Basler Germany

Hans Vranken,
CEO of AXA Direct Japan

Roger Hodgkiss,
CEO of Generali Poland

moderator: Marcin Pluta,
Managing Partner
at Sollers Consulting

Transformation, legacy systems, and the role of leadership and management were the main talking points of a panel discussion with David Stevens (Co-Founder and former CEO of Admiral UK), Dr Jürg Schiltknecht (CEO of Basler Germany), Hans Vranken (President and CEO of AXA Direct Japan), and Roger Hodgkiss (CEO of Generali Poland). "The insurance industry is at the beginning of a revolutionary transformation," stated Marcin Pluta, Managing Partner and Co-Founder of Sollers Consulting, who moderated the discussion. "Digitalisation has fundamentally changed industries such as media, music, and retail, and this is also starting to happen in the financial sector," Pluta said. "Technology is the driver: new technologies are emerging, evolving, and maturing, and they offer a lot of opportunities for insurers who are open to change."

According to Stevens, there is great potential in automation if it is done in a customer-centric way. "The last thing that should be automated will be complex claims processing. Almost everything else in customer interaction will automate faster," Stevens said. "Serve your customers on the phone if you need them on the phone but give them the option to go online."

> "In the past, intuition and judgement were important, but nowadays, it is advanced, statistical methods."
> – David Stevens (Co-Founder and former CEO of Admiral UK),

Insurers should not automate in areas where complex advice and trust are essential, agreed Dr Schiltknecht. "As transformation continues, honesty and trust within the organisation are key to success," he said. "The magic word is collaboration - between IT and business. We should promote a no-blame culture and learn quickly from mistakes." Business and IT should not fight each other, Vranken agreed, stressing that digital distribution has made progress during the pandemic. "Covid has caused a cumulative shift, convenience has become a key driver," he said.

> „Insurers should digitalise whenever possible and stay human wherever necessary."
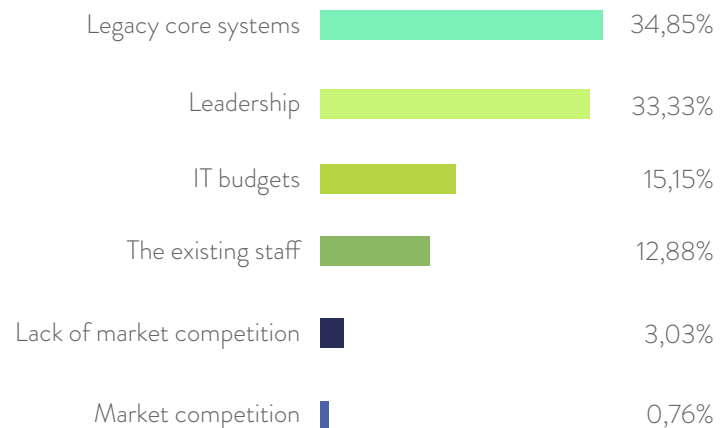> – Dr Jürg Schiltknecht, CEO of Basler Germany

> "Covid has caused a cumulative shift, convenience has become a key driver."
> – Hans Vranken, CEO of AXA Direct Japan

> "Customers often trust the intermediary more than the insurer."
> – Roger Hodgkiss, CEO of Generali Poland

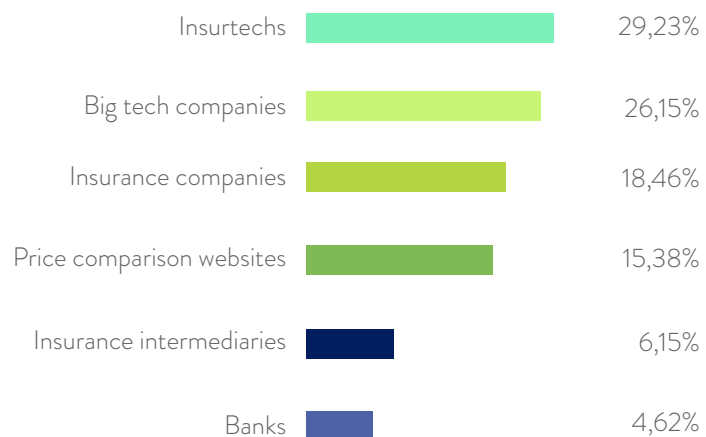## 🔊 KEY TAKEAWAYS:

- Outdated IT systems prevent fast digital transformation
- Leadership needs to start the change
- Constant incremental change is a good option
- Data is one of the most important values that insurers possess
- The main issue is not the lack of data, but structuring it
- Automation will take place in the back office but might expand to sales and services
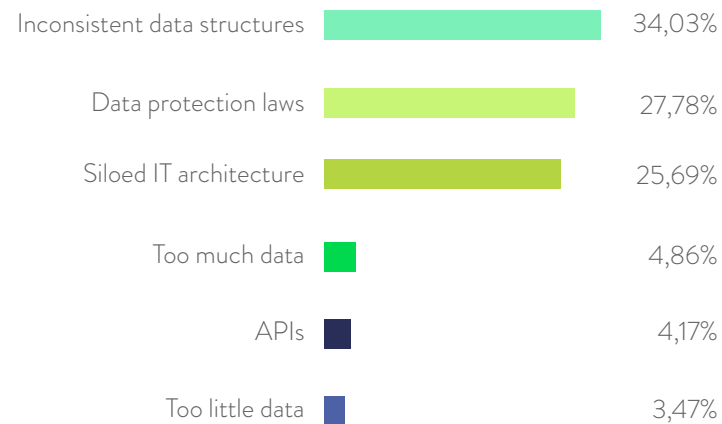
## Q 1: What is the main blocker in transforming the insurance business?

| | |
|---|---|
| Legacy core systems | 34,85% |
| Leadership | 33,33% |
| IT budgets | 15,15% |
| The existing staff | 12,88% |
| Lack of market competition | 3,03% |
| Market competition | 0,76% |

## Q 2: What will be the main drivers of the insurance business in ten years'?

| | |
|---|---|
| Insurtechs | 29,23% |
| Big tech companies | 26,15% |
| Insurance companies | 18,46% |
| Price comparison websites | 15,38% |
| Insurance intermediaries | 6,15% |
| Banks | 4,62% |

## Q 3: What is the main blocker for setting up a fully data-driven business approach?

| | |
|---|---|
| Inconsistent data structures | 34,03% |
| Data protection laws | 27,78% |
| Siloed IT architecture | 25,69% |
| Too much data | 4,86% |
| APIs | 4,17% |
| Too little data | 3,47% |

# Insurers need to address the issues in their existing IT landscape

## Summary of the Innovation in Insurance surveys

Insurers are struggling with the challenges of digitalisation in a number of areas. They want to establish data-driven business models but are blocked by siloed IT architectures and regulation. They recognise that the future is in the cloud and that they should start with core systems but shy away from the expected transformation costs and data compliance concerns. Automation is important, with a strong focus on claims and other high-frequency business processes. These are the findings of the surveys conducted during the Innovation in Insurance conference, which was attended by around 1,000 people. "While digital transformation is accelerating, the industry is still struggling with many internal issues. Insurers are speeding up their activities, but they should do so in a well-thought-out way," comments Michał Trochimczuk, Managing Partner at Sollers Consulting.

Lack of leadership and problems with outdated IT systems are seen as the main challenges for the industry. 33% of respondents at the conference believe that there is a lack of leadership, while 34.9% say that outdated IT is blocking the progress. In addition, insurers seem to struggle to understand the code quality of their IT systems. When asked if financial firms are good at quality assurance, 52.5% respond that it is hard to say, but many areas need improvement.

> "New technologies are coming and they offer many opportunities for insurers. But the industry needs to address the problems in its existing IT landscape."
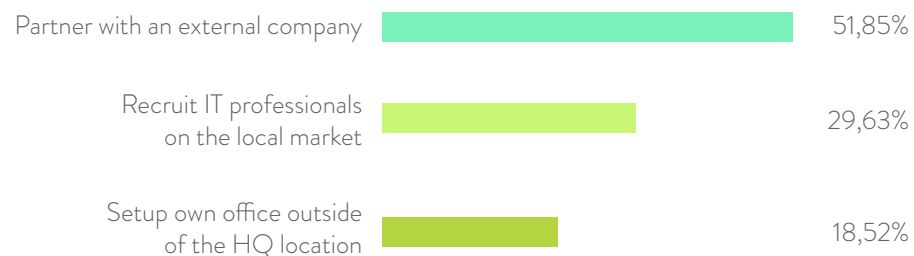> – Marcin Pluta, Managing Partner at Sollers Consulting.

Overcoming outdated IT structures and ensuring solid code quality are crucial, considering that automation has become so important. 65.6% of respondents say processes will be automated in the next three years, 8.6% say processes have yet to be selected and 9.7% say there are no automation plans at all. With an approval rate of 34.8%, claims processing is the focal point of automation.

There is a widespread consensus that the industry will move to data-driven business models, but in reality, there are serious internal and external issues to be solved. 34% of respondents say that inconsistent data structures are the biggest blocker to adopting a fully data-driven business approach. 27.8% point to data protection laws and 25.7% are concerned about siloed IT architecture.

**Poll:** What would be the best option for your company to ensure solution delivery capability?

| | |
|---|---|
| Partner with an external company | 51,85% |
| Recruit IT professionals on the local market | 29,63% |
| Setup own office outside of the HQ location | 18,52% |

**KEY FINDINGS:**

- Leadership and legacy systems are key blockers to transformation
- Data utilisation and cost & risk optimisation are the biggest challenges
- Inconsistent data structures, data protection laws, and siloed IT architectures are the major difficulties for data-driven business models
- InsurTechs and tech companies will be the main drivers of the insurance industry
- A majority believe that a company should move the core system to the cloud first
- High costs and data compliance are the biggest blockers to cloud transformation
- 65% of insurers plan to automate processes in the next three years
- Automation is focused on claims and other high-volume processes
- 52.5% of insurers say they do not know how big their quality assurance problem is, but many areas need improvement
- Partnership with external companies is the best option to ensure the delivery of services

# "We expect the entire industry to eventually move to cloud-native core insurance platforms"

Mike Rosenbaum,
CEO of Guidewire Software

moderator: Michał Trochimczuk,
Managing Partner
at Sollers Consulting

Accelerating technological innovation and moving core insurance systems to the cloud were the main talking points of an interview with Guidewire's CEO Mike Rosenbaum conducted by Michał Trochimczuk, Managing Partner at Sollers Consulting. Rosenbaum elaborated that Guidewire's future will be in the cloud. "We expect the entire industry to eventually move to a cloud-native core insurance platform. The vast majority of our customers will be running a cloud-based platform," he said.

Technological change will have a fundamental impact on the insurance business. "It's changing quite a lot, and that's quite dangerous because it's changing slowly," Rosebaum said. However, over the course of ten years, we can expect "pretty dramatic changes", he added. Risks can be packaged and measured differently. "That's fundamental

> "The business objective and the IT that supports it are part of the same thing."
> – Mike Rosenbaum, CEO of Guidewire

to the insurance industry," he stated. In addition, Rosenbaum sees many changes in how insurance is distributed. One of the key drivers will be data. The approach and attitude to data has changed a lot and will continue to evolve very rapidly. "When you think about machine learning and artificial intelligence, we are still in the very early stages of applying these technologies, but they will give us advantages," Rosenbaum said.

As a consequence, the pace of innovation is also increasing in terms of core insurance systems. "Our life cycle has shifted from product innovation every two years to product innovation every six months," Rosenbaum remarked. He recommended investing in platforms that can keep up with this pace. "Find technology platforms that will evolve with you."

> "The investments we make in platforms are based on the assumption that they will evolve."
> – Mike Rosenbaum, CEO of Guidewire

# Amica: Following a core outward strategy

Matthew Wolff,
Department Vice President
at Amica Insurance, USA

Tomasz Turowski,
IT Manager,
Sollers Consulting

**A**mica Mutual decided to move its IT infrastructure to the cloud; yet, unlike other insurers, the US-based company started the move from its core systems. "Many carriers look to start with smaller applications to build out their Cloud knowledge and technology stack," said the Amica representative Matthew Wolff during the conference. However, Amica has taken a different approach, concentrating on a "core outward" strategy where the largest, enterprise-class applications are moved to a SaaS or IaaS platform first. Amica is a middle market insurer focusing on private clients, with 1.5 million policies in force. It has most of its key technologies on a Cloud native platform, including CRM with Salesforce, Oracle for finance as well as core Life applications and HR systems.

"Because of constant changes in technology and customer behaviour, most of the insurance companies are facing major challenges," said Tomasz Turowski, IT Manager at Sollers. Their IT-architectures are getting more complex with every new integration and process automation; thus, refreshing and upscaling the infrastructure is needed

much more often. "Responding to these changes implies higher expenses to buy, maintain, and improve IT infrastructure," Turowski said. "But insurers want to focus on their business instead of spending their efforts on IT and being blocked by it."

To address this challenge, Amica Mutual decided to move its core system to Guidewire Cloud. For Amica, the key factor was that future upgrades would be managed by Guidewire. When Amica set up the Guidewire Cloud program, it focused on maximizing modularity and avoided dependencies across Guidewire applications.

> "Insurers want to focus on their business instead of spending their efforts on IT and being blocked by it."
> – Tomasz Turowski, IT Manager at Sollers Consulting

> "When coupled with improvements to security, elastic scaling and speed-to-market, the economics of the cloud become pretty compelling"
> – Matthew Wolff, Department Vice President at Amica Insurance

**LESSONS LEARNED FROM THE PROJECT:**

- Design for cost: non-performing code, database queries can increase total cost of ownership
- Cloud Operations: Start building SaaS skills
- Kanban worked better when the teams were responding to defects

# Cloud adoption:
## how to do it right

Radosław Zegadło,
Software Development Director,
Digital Care Group

Korneliusz Fraczek,
Head of Cloud Solutions,
Sollers Consulting

Dominik Kamiński,
Cloud Architect,
Sollers Consulting

**T**ogether with Radosław Zegadło, Software Development Director at Digital Care, Sollers' Cloud Team, consisting of Korneliusz Frączek and Dominik Kamiński, presented how significant Cloud Computing will be for the insurance industry.

Insurers are quickly moving forward with their cloud adoption, which puts them ahead of many other industries. Still, only 10% of their resources are currently kept in the cloud and numerous advantages and benefits are yet to be discovered. The most challenging issues that insurers are facing appear to be regulatory requirements, vendor lock-in, data security, and optimal cost management.

Digital Care's unique success story has proven how the access to easily-scaling cloud ecosystems can increase rapid growth of a company and its geographical expansion.

Currently, the company offers leasing and protection programs for mobile devices in Poland, Lithuania, Latvia, Italy, Russia, and Croatia. Ever since day one, Digital Care has been an organisation with great focus on the customer and innovations; the latter naturally inspired the company to move its IT to the cloud.

The migration took several months, but it allowed the company to undergo a smooth and comprehensive cloud adoption process – from data warehouse, through core systems, to customer portal. Digital Care is now a fully cloud-based organisation. The path required the right approach on multiple levels: legal, infrastructure, and applications. Through constant cooperation with the local regulator, cloud service providers, and partners, the company was able to tackle all challenges and achieve the goals set for the transformation.

To fully benefit from the cloud, companies need to consider different migration strategies – from simple infrastructure replacement to completely redesigning their IT landscapes. New cloud-native strategies allow them to fully benefit from their transitions, while keeping the costs in check. "There is not much more innovation on-prem left," Dominik Kamiński stated in his final words, stressing that it will be really difficult for insurers to focus on experimenting and implementing new technologies by using only the standard "on-premise" approach.

> "Cloud is a mindset shift that allows to redirect focus from underlying IT to the business".
> – Korneliusz Frączek, Head of Cloud Solutions, Sollers Consulting

> "There is not much more innovation on-prem left."
> – Dominik Kamiński, Cloud Architect, Sollers Consulting

### ◁— KEY TAKEAWAYS:

- Cloud computing enables continuous growth and rapid expansion
- Insurers do not need to go all-in from the start
- Even starting with lift & shift generates multiple benefits

# Warta: finding the way from myth to reality in process automation

Rafał Stankiewicz,
Vice-President of the Executive Board,
Warta SA

Rafał Karwowski,
Head of Process Automation,
Sollers Consulting

Lennart Imorde,
Process Automation Specialist,
Sollers Consulting

## KEY LESSONS LEARNED:

- Automation is happening now. Do not put it off!
- Define the path to automation. It is advisable to start small and validate the results before moving forward.
- You need to find the right starting point.
- Simple claims can be a good starting point because of their high automation potential.

The time for automation is now. How to approach this in order to create value was the main topic of a presentation by Rafał Stankiewicz, deputy CEO of Polish insurer Warta, together with Rafał Karwowski, Head of Process Automation, and Lennart Imorde, Process Automation Specialist from Sollers Consulting. Automation is one of the most important things changing the world; it is happening everywhere, in every industry, not just manufacturing, they stressed.

Rafał Stankiewicz reported on Warta's success story. Warta is one of the European market leaders in insurance automation. Together with Sollers Consulting, they automate new processes. Success was achieved by defining the smallest parts of a process, automating them, validating the results, and then going one step further. As a result, Warta was able to add value in a relatively short time. Automation is not a thing of the future, it is happening now. It is necessary to meet the demand for faster growth and to exploit the potential that exists in every company. According to Karwowski, there are many examples around the globe where automation adds great value. However, companies should not forget about people, who are the most important part of any process in any company. "To put them at the centre, we need to be sure that change is managed properly - with clear communication," stressed Karwowski. The business objectives of automation also need to be detailed.
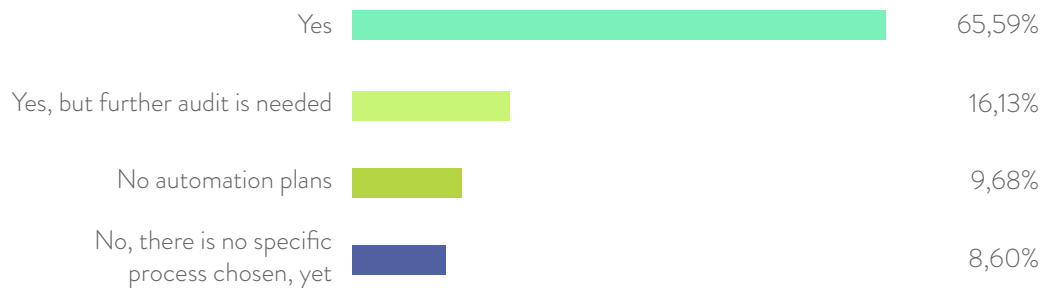
There are a lot of myths about automation. However, not all of them are true. The key to success is to find the right starting point. One of the examples given during the presentation were simple claims. Because of their volume and the number of repeatable tasks that need to be done, their automation potential is very high. Once started, automation needs to be validated and decisions made about next steps.

> "When automation supports people, they can better deal with meaningful tasks."
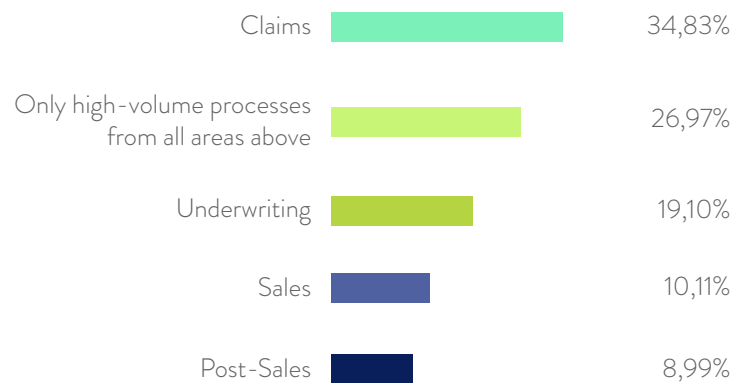
> "Simple claims have the highest value for an insurance company. There is a lot of automation potential here."
> – Rafał Karwowski, Head of Process Automation, Sollers Consulting

> "Our business and IT people sit together."
> – Rafał Stankiewicz, Vice President of the Board, Warta SA

**Q1:** Do you have processes chosen to be automated in next three years?

| | |
|---|---|
| Yes | 65,59% |
| Yes, but further audit is needed | 16,13% |
| No automation plans | 9,68% |
| No, there is no specific process chosen, yet | 8,60% |

**Q2:** What areas will be focused on automation in the next few years?

| | |
|---|---|
| Claims | 34,83% |
| Only high-volume processes from all areas above | 26,97% |
| Underwriting | 19,10% |
| Sales | 10,11% |
| Post-Sales | 8,99% |

# Process Automation –
## Lessons from Europe

Airi Tokuda,
Senior Analyst,
Sollers Consulting

Vanessa Sihite,
Analyst,
Sollers Consulting

- A highly automated IT landscape consists of many components.
- AI and RPA are the most used automation tools on the Japanese market, while the European market is more advanced and uses various tools.
- Sollers' approach to process automation focuses on automating selected, quick-wins, and priority processes.

**D**uring their session, Airi Tokuda and Vanessa Sihite, respectively Senior Business Analyst and Business Analyst at Sollers Consulting, focused on Process Automation and what lessons Japanese insurers could learn from Europe. Market competition, demand for better customer experience, cost inefficiency, and low productivity are driving insurers to automate their business processes. As Vanessa Sihite said, "the introduction of high levels of automation is a mountain to climb." Full automation is an ambitious goal and the required components depend on the company's situation and business processes.

Moving on from paper-based processes and digitising paper documents, most insurers are currently automating data entry and routines. Throughout the session, the panelists introduced various process automation trends from Japanese and European markets. While AI, OCR, and RPA are the most used process automation tools on the Japanese market for all industries, the European market is more advanced and utilises various tools in different areas of the insurance business.

Airi Tokuda introduced two process automation projects that Sollers led in Europe. The first project was process automation within Guidewire ClaimCenter for a German insurer. Processes which were carried out manually by a dedicated department were automated within Guidewire ClaimCenter, which allowed to change and simplify the whole structure of the claims department.

The second project Tokuda mentioned was process automation using the Camunda BPM tool in a big Polish insurance company. The insurer is using Guidewire ClaimCenter as the core system for claims. Sollers developed a PoC for sending a custom welcome message by connecting Guidewire ClaimCenter and Camunda. Sollers also supported the automation of several business processes, such as sending initial contacts from the adjuster, sending the required documents, calculating personal liability, paying insurance claims, etc.

Airi Tokuda later explained the first steps in Sollers' process automation project: from the organisation of process analysis, up to the iterative delivery of automations. It is important to note that Sollers' approach focuses on automating selected, quick-wins, and priority processes, while ensuring knowledge transfer.

> "The introduction of high levels of process automation is a mountain to climb."
> – Vanessa Sihite, Business Analyst at Sollers Consulting

> "Sollers' approach to process automation focuses on automating selected, quick-wins, and priority processes."
> – Airi Tokuda, Senior Business Analyst at Sollers Consulting

# Leveraging data in insurance
## – do it the right way like Beazley

Mark Moerdyk,
Chief Technology Officer, Beazley

David Garcia Mediavilla,
Enterprise Data Architect, Beazley

Dariusz Zieliński,
Head of Data, Sollers Consulting

**KEY TAKEAWAYS:**

- Insurers have problems with smart usage of their data due to siloed architecture, low flexibility of processing, and obsolete data governance programs
- Value triggered by data: better decision making, smarter underwriting, better understanding of customers, better products and services
- Complications and limitations around data landscapes prolong the process of transformation.

**N**owadays, data is everywhere, presenting the insurers with a lot of opportunities. Unfortunately, many companies have problems with smart usage of their data due to siloed architecture, low flexibility of processing, and obsolete data governance programs. Dariusz Zieliński, Head of Data at Sollers Consulting, together with Mark Moerdyk, CTO at Beazley, and David Garcia Mediavilla, Enterprise Data Architect at Beazley, presented a modern approach to data architecture.

Beazley is well-aware of the existing limitations and that is precisely why the UK-based insurer has started the transformation. It will allow them to track data lineage, better manage data quality, adapt to volatility within technology and insurance markets, as well as enable strategic business capabilities much more quickly.

We could observe what value can be triggered by data in insurance, starting from better decision making, faster and smarter underwriting, through better understanding of the customers, and ultimately tailoring better products and services for them. "We were absolutely adamant: we do not want it to be another IT project. If we are going to drive the right attributes in the company, it needs to be cultural," said Moerdyk.

Beazley is aiming high and wants to evolve from a product-driven to a customer-driven insurer. It is not an easy journey – there are many complications and limitations around the current data landscape, which prolongs the process of transformation. David Garcia Mediavilla explained the importance of a data catalogue and described the principles adopted in modern data architecture design. He also highlighted that domain-oriented decentralised data ownership, data democratization, "data as a product" paradigm, and federated computational governance prompted Beazley to implement and build upon data mesh topology.

> "Technology on its own cannot achieve the result. Technology is just an enabler."

> "We do not want it to be another IT project. If we are going to drive the right attributes in the company, it needs to be cultural."
> – Mark Moerdyk, Chief Technology Officer, Beazley

> "We have a set of principles that lay the foundation of our modern data architecture. They act as a framework to help to increase data capabilities."
> – David Garcia Mediavilla, Enterprise Data Architect, Beazley

# Technology should not disrupt existing value chains

Beth Diamond,
Group Head of Claims, Beazley

Scott Kellers, Deputy Head of Claims/
Head of Syndicate Claims, Liberty Specialty Markets

Jakub Wróblewski,
London Market Practice Lead,
Sollers Consulting

Wojciech Korobacz,
London Market Expert,
Sollers Consulting

Specialty claims managers at Lloyd's and in the London Market are focusing on personalised customer service. Technology will play an important role in supporting and enhancing human interaction in the claims process. Beth Diamond, Global Head of Claims at Beazley, and Scott Kellers, Head of Syndicate Claims at Liberty, two practitioners representing two of the largest specialty insurers in the London Market, shared their expertise and discussed the future of specialty claims.

Lloyd's of London is considered the world's leading specialty insurance market. It is famous for its traditions and habits; however, the traditional market is undergoing a technological, operational, and cultural change.

Asked if a technology-based approach is appropriate for claims handling in the specialty market, Diamond and Kellers pointed out that it is the human aspect that is of greatest value.

"When people talk about automated claims processing, what they really envision is an end-to-end AI solution, and within the specialty market, that is a pretty limited opportunity," Beth Diamond said. "A computer is fine when we are processing a payment, but what the client is looking for from a specialty claims manager is service. They are looking for that human touch, knowledge, and experience."

Innovation through technology should not disrupt the existing value chain; it is beneficial as long as it helps to maintain that unique value for customers. A list of potential areas which could benefit from the introduction of more technology includes predictive analytics that improve loss mitigation and assessment, better management of documentation, and analysis of unstructured claims data to ensure smarter triaging and allocation of claims. Technology also helps speed up payments, as the payout process is handled directly after the claim decision, and it increases the transparency of the process for all parties involved.

The panellists presented compelling visions of the claims adjusting profession in five years' time. No one questioned the need to maintain personal involvement in claims handling, but in a growing market with an increasing number of claims, the support of technology seems inevitable. There is a huge potential in technology to complement, but not replace, the role and expertise of professionals in the process.

"When a customer has a claims experience, you want to make that experience as smooth as possible. If you add that value, it will be very hard to lose that customer again because their experience was fantastic, as you added the empathy and the personal touch," adds Scott Kellers.

## TECHNOLOGY POTENTIAL IN CLAIMS MANAGEMENT:

- Predictive analytics that improve loss mitigation and assessment.
- Documentation management
- Volatility analysis of unstructured claims data
- There is a great potential for technology to complement, but not replace, the role and expertise of professionals

# BNP Paribas: how DevOps can support Agile transformation of big organizations

Małgorzata Dąbrowska,
RB/PF IT Line Managing Director,
BNP Paribas

Michał Piotrowicz,
Head of DevOps,
Sollers Consulting

**N**owadays, we are all aware that IT and software development are at heart of every company. "To stay competitive on the market, organisations need to pursue different methods to improve their delivery," emphasised Michał Piotrowicz, Head of DevOps at Sollers Consulting. "One of the biggest steps forward was the implementation of Agile, which improved the way we develop. On the other hand, it exposed problems in further steps of software lifecycle, such as delayed product delivery or poor quality of solutions," he explained. DevOps, a concept of streamlining Agile into further stages of software delivery and to central entities in the organisation, challenges and answers those issues.

To illustrate the impact of the concept, Małgorzata Dąbrowska, Managing Director in IT at BNP Paribas Polska, presented the story of their successful transformation. With the support from Sollers, the bank managed to combine Agile and DevOps practices to implement a brand new client-facing platform in just 9 months, which significantly improved the way they operate. "BNP was undergoing transformation and operational merger in parallel. To deliver successfully, we needed to become more flexible and faster in IT," she said. Thus, the efficiency of development was more crucial to the success of the project than ever before.

Sollers Consulting sees that, unlike BNP Paribas Polska, most companies that want to improve the situation are merely scratching the surface, focusing on the imple-

mentation of tools. As Piotrowicz pointed out, "there are two more important factors - embracing culture supporting change and lean processes, stripped of unnecessary paperwork or hand overs." DevOps ensures the speed of delivery within the organisation, applying solutions such as unification of the delivery process, automated governance, autonomy of teams, and integrated tools.

> "To stay competitive on the market, organizations need to pursue different methods to improve their delivery"
> – Michał Piotrowicz, Head of DevOps, Sollers Consulting

> "To deliver successfully, we needed to become more flexible and faster in IT"
> – Małgorzata Dąbrowska, RB/PF IT Line Managing Director, BNP Paribas

## ◁— KEY TAKEAWAYS:

- Holistic DevOps implementation can boost an agile transformation
- Improvements on the project level are not enough in the long run if they lack organisational support
- Effective DevOps practices consist of 3 pillars: embracing the culture, lean processes, and state-of-the-art tools

# Beesafe:
## launching a digital insurer

Rafał Mosionek,
CEO at Beesafe & Compensa TU SA –
Vice President and Member
of the Management Board

Mateusz Barański,
Lead Consultant,
Sollers Consulting

Krzysztof Kołodziejczyk,
Managing Consultant,
Sollers Consulting

**T**he success story of launching an innovative insurer in cloud within six months was at the centre of the presentation about VIG developing Beesafe. Rafał Mosionek, President of the Management Board at Beesafe, described the journey that started with a clear definition of goals and success criteria and allowed for an agile delivery of an innovative brand in a perfectly tailored IT ecosystem.

Krzysztof Kołodziejczyk from Sollers explained how this fully remote endeavor was organized and how Beesafe's mindset of keeping focus on market differentiators and total cost of ownership (TCO) allowed to manage the scope of the project in an agile way, shifting the majority of the effort into the areas that helped Beesafe stand out from the market.

In the final part of the presentation, Mateusz Barański offered a deep-dive into the Sollers Delivery Model, which leverages more than 20 years of experience in implementing IT solutions, combining agility with robust planning, phasing, and numerous tools available for Sollers' clients.

## KEY TAKEAWAYS:

- Clear definition of goals and success criteria support an agile delivery
- Keeping focus on market differentiators and costs improved scope management
- The Sollers Delivery Model is deeply embedded in agility

# One of the most exceptional
## transformation projects on the German insurance market

Ricarda Mertens,
Project Manager
at Basler Versicherungen

Ira Klefisch,
German Market Expert,
Sollers Consulting

**R**icarda Mertens, Project Manager at Basler Germany, and Ira Klefisch, Consultant at Sollers Consulting, reported on the first project phase of the K2 transformation project at Basler Germany. Due to its enormous scope and the parallel introduction of a new policy, claims, accounting, and contact system, the K2 project is one of the most exceptional in the German insurance industry. The report provided background information on the IT transformation and presented the planning and organisation of the first project phase.

The biggest challenges during the first release were the German-specific functionalities such as eVB and VWB processes. These GDV-specified functionalities are complex and difficult to simplify, especially for the motor insurance sector. The connection to external systems, such as the BiPro interface, which is particularly important for the broker business, could be partially reused through the country layer made available by the system provider. Other interfaces, such as the GDV claims network, were fully implemented by the project teams. The introduction of special focus teams proved particularly helpful here. Employees formed teams and concentrated on individual processes, which they then implemented completely and end-to-end. Attention was always paid to ensuring the exchange of knowledge within the company.

The system was successfully introduced under the difficult conditions of the lockdown. According to Ricarda Mertens, the cooperation with Sollers and other service providers was one of the most important success factors. She praised the "good cooperation with the external partners with Guidewire experience and the infrastructure provided for virtual working". With confidence and a lot of energy, the Basler and Sollers teams are starting the next phase of the project and the upcoming IT migration.

> "Good cooperation with external partners is one of the most important success factors."
> – Ricarda Mertens, Project Manager at Basler Germany

> "Functionalities specified by the GDV, especially in the motor vehicle sector, are complex and difficult to simplify."
> – Ira Klefisch, Consultant at Sollers Consulting

### ⊨ KEY TAKEAWAYS:

- German-specific functionalities such as eVB and VWB processes are complex and difficult to simplify
- Ensuring the exchange of knowledge within the company is crucial
- Agile project management ensured progress of the project during lockdown

# How to manage
## your IT migration projects

Manuela Moog,
Programme Manager Digitalisation,
Basler Germany

Wiktor Zadworny,
Senior IT Architect,
Sollers Consulting

Martin Kulanek,
Head of Migration,
Sollers Consulting

**M**igrating data from a legacy system is in most cases one of the crucial parts of IT projects. There are many ways to manage the migration and the associated risk. The workshop "Flying through trade-offs" provided insights into the data migration strategy of Basler Germany and the experiences of Sollers Consulting. Martin Kulanek, Head of Migration at Sollers Consulting, made the case for the necessity of migration projects, even if they are not only associated with high costs, but also disrupt business-as-usual.

The migration of claims data is usually done in a 'big bang' approach, where all data is migrated in a short period of time. When it comes to migrating policy data, however, insurers follow a different strategy. There are two options here: in a 'big bang' approach, the entire portfolio is migrated at once. In an on-renewal approach, policy data is migrated on an ongoing basis when individual policy data is changed or the policy is cancelled. According to Wiktor Zadworny, Senior IT Architect at Sollers, migration using the on-renewal approach is less risky, but it takes longer, and employees have to work in parallel in different systems. On the other hand, the 'big bang' approach to migration takes less time. Regarding data history, there is an important question: how much history is needed to run the current version of the product and how much history needs to be migrated to the target system to keep it running. To make an informed decision, one must also analyse the portfolio for possible simplification of migration. This analysis includes the number of products, lines of business, and coverages to be migrated.

Basler Germany has decided to replace its policy administration system. Manuela Moog, Programme Manager at Basler, reported that they wanted to migrate the data from the legacy system "shortly after the introduction of the new system" and "in a technically simple way". Therefore, the decision was made to migrate the active policies not on a renewal basis, but in a medium-term approach. The scope of the migration included policies and claims in motor insurance. The main challenges were data quality, testing, infrastructure, and project management. Basler is still preparing for the go-live of the migration, so fingers crossed for its success!

### ✄ KEY TAKEAWAYS:

- An on-renewal approach to migration is less risky
- A 'big bang' approach to migration takes less time
- The amount of historical data can be scaled up or down

# Quality Assurance: A key factor for customer satisfaction

Paolo De Totero,
CIO,
ConTe

Michał Stanik,
Head of QA,
Sollers Consulting

Natalia Gibasiewicz,
QA Knowledge Manager,
Sollers Consulting

Paolo De Totero, CIO at ConTe, together with Michał Stanik and Natalia Gibasiewicz, respectively Head of Quality Assurance and Quality Assurance Knowledge Manager at Sollers, discussed the crucial role of software quality assurance in achieving customer satisfaction. For the last few years, the Italian insurer ConTe has been steadily introducing enhancements to its internal organisation to achieve even better quality of products and services. They have addressed a variety of areas, such as DevOps with release management, test coverage, test automation, as well as the general way of working in a form of scaled Agile.

In its quality transformation, ConTe's target was to build a permanent product lifecycle focusing on quality and regular pace of delivery. To achieve this goal, two major investments had to be done: in culture and in test automation.

De Totero emphasized that the quality and the general governance of the products, processes, and services can make a major difference for the customer. In his opinion, insurers should invest more in both quality and technology. It is difficult, however, to get such funding without gaining an organizational buy-in and an understanding of why such changes are necessary and beneficial. It requires changes on the organisational level - a change of mindset - as enhancing quality should be done on a company level

and not remain a single, isolated project. It makes the cost of technology and quality more understandable for business managers, which is crucial for the next steps.

"When striving to achieve better customer satisfaction, insurers often struggle with the quality dilemma: whether to be fast in the delivery process or to be safe and maintain good quality of systems and products. It is possible to be both safe and fast, but the delivery process, especially parts connected to the quality, have to be organized in a smart and efficient way," said Gibasiewicz.

Many insurers tend to think that quality is limited to running tests during certain project phases. However, we should think about quality as an end-to-end process that touches each stage of the delivery lifecycle, from planning and design, through development and testing, up to release management.

As Stanik stated, defining what should be tested (which processes to cover) and how it should be tested (which types of tests should cover which functionality) is crucial. Only if it is done correctly, will we be able to gain buy-in from business that is crucial for successful quality transformation. ConTe managed to do it and as a result achieved 70% less regression on production and more than doubled software releases.

"Insurers often struggle with the quality dilemma: whether to be fast in the delivery process or to be safe and maintain good quality of the system and products."
– Natalia Gibasiewicz, Quality Assurance Knowledge Manager at Sollers Consulting

"Defining what should be tested and how is crucial to obtain buy-in from business that is necessary for successful quality transformation."
– Michał Stanik, Head of Quality Assurance at Sollers Consulting

## 📣 KEY TAKEAWAYS:

- Obtaining organisational buy-in is crucial
- Enhancing quality should be done on a company level and not remain a single, isolated project
- We should think about quality as an end-to-end process that touches each stage of the delivery lifecycle
- It is crucial to define what should be tested and how it should be tested

# Nearshoring: the human factor behind innovation

Dan Lewis,
Head of IT Delivery, Admiral

Arkadiusz Baran,
Lead Consultant, Sollers Consulting

Marcin Olcha,
Partner, Sollers Consulting

**D**an Lewis, Head of IT Delivery at Admiral, Arkadiusz Baran, Lead Consultant at Sollers Consulting, and Marcin Olcha, Partner at Sollers Consulting, explained how the old-fashioned concept of nearshoring evolved into an innovation booster.

Marcin Olcha referred to the companies listed in the Fortune 500 and Forbes, explaining statistics according to which the majority of top tier organisations back up their "resourcing" models with the help of nearshoring. He then followed up with examples of key areas of focus for modern insurers.

"In order to become innovative, insurers need to build and maintain strong teams of professionals who will be able to put ideas into practice quickly," said Arkadiusz Baran, Lead Consultant at Sollers Consulting. As he explained, innovations require a fresh talent pool and an encouraging working environment. Building teams and knowledge, as well as setting up innovative engagement, starting with training and research, and finally, a lot of uncertainty, bring complications that risk-avert organizations like insurance companies consider too hazardous. This is, in general, time- and cost-consuming, resulting in many wasted opportunities.

Well-tailored cooperation, ensuring rapid access to first class specialists both in IT and business, becomes irresistible. Flexibility in team and skills scaling enables instant ability to grasp new opportunities and implement them in a cost-effective manner.

"This kind of cooperation is not possible if partners do not share a similar culture, respect the same values, and build an honest and trustful relation," commented Dan Lewis. He mentioned how important it was for Admiral to get convinced that this sort of collaboration aims at a common goal and is mutually beneficial, as otherwise it could not last. Lewis appreciates the focus on knowledge sharing and the "one team" culture that he observes every day in the mixed team composition. Before the pandemic, teams have cooperated in a real "nearshore" mode, often working from the same place either in the UK or even in Poland.

> "In order to become innovative, insurers need to build and maintain strong teams of professionals that will be able to put ideas into practice quickly."
> – Arkadiusz Baran, Lead Consultant at Sollers Consulting

> "This kind of cooperation is not possible if partners do not share a similar culture, respect the same values, and build an honest and trustful relation."
> – Dan Lewis, Head of IT Delivery at Admiral

## ⊨ KEY TAKEAWAYS:

- Nearshoring has evolved from a cost reduction solution to an innovation booster
- Building a strong team of professionals is often considered too costly and time-consuming
- Nearshoring can offer flexibility in team and skills scaling in a cost-effective manner
- Cooperation requires a similar culture and an honest, trustful relation

# AXA Direct Japan: agile business transformation through Guidewire implementation

Noriaki Watanabe,
AXA Direct Japan/アクサダイレクト –
Chief Operations Officer

Airi Tokuda,
Senior Analyst,
Sollers Consulting

**N**oriaki Watanabe, Chief Operations Officer at AXA Direct Japan, together with Airi Tokuda, Senior Business Analyst at Sollers Consulting, presented the case of a digital transformation project incorporating Guidewire implementation. Although ADJ had worked with a system serving the company well for two decades, with the ever changing market, it was time to upgrade and enhance the system to meet the current demands. AXA Direct Japan decided to launch their first project using agile methodology.

"The key to the project's smooth start was inception," explained Tokuda. Since AXA Direct Japan did not have know-how about agile and since it was Sollers' first project in Japan, inception workshops helped both sides understand agile methodology and Japanese insurance business, which resulted in better project plans and initial backlogs.

The release was done in stages, starting with a minimum viable product (MVP) and gradually extending the functionality and scope. Still, as it is quite common, the project faced a number of challenges. Difficulties such as time differences, language, and cultural barriers have been overcome by adjusting work styles and using IT tools. Looking back, Watanabe considered the key factors that made the project so successful the "collaboration between business and IT, strong leadership and steering committee, agile methodology and quick adaptation to it, and staged releases."

The two-year project with Sollers has brought AXA Direct Japan many tangible benefits such as better customer experience and reduced development time. On top of that, there was one more positive outcome that they could not have had anticipated at the start of the project, namely the rapid realisation of remote work. In 2020, due to the outbreak of COVID-19, just like in many other countries, Japan switched to remote work. Thanks to the digitalisation they had implemented in the project, AXA Direct Japan gained an environment which could easily handle a lot of things online, allowing them to start working remotely in a quick and smooth manner.

> "The key to the project's smooth start was inception."
> – Airi Tokuda, Sollers Consulting

> "Digitalisation enabled us to reach a customer with a digital mind."
> – Noriaki Watanabe, AXA Direct Japan

## KEY TAKEAWAYS:

- Rapid adaptation to agile methods is the key to success in agile projects
- Digital transformation can enhance business resilience
- Digitalisation facilitates a fast and smooth transition to working remotely

# Guidewire and Polish insurance startup Beesafe honoured with the Sollers Award 2021

**P**latform provider Guidewire Software and Polish insurance startup Beesafe have received the Sollers Award 2021. Guidewire was honoured as an "Innovation Enabler", Beesafe as a "Digital Innovator". "In their ten years of collaboration, Sollers and Guidewire have helped 37 insurers in 11 countries prepare for their digital future," said Michał Trochimczuk, Managing Partner at Sollers Consulting on the first day of the Innovation in Insurance conference. "We congratulate the Beesafe team on the successful launch of the new insurance company. Beesafe sets new standards in terms of customer experience in the market," highlighted Marcin Pluta, Managing Partner at Sollers Consulting on the last day of the conference.

Trochimczuk pointed out that Guidewire is well prepared to offer insurers much more than merely an administration tool for policies. "It is an insurance platform building its own ecosystem," he said. "Trends such as broad availability of shared services including the cloud, a shift to continual IT innovation, and the ability to embed analytics throughout the lifecycle mean that insurers will be much better equipped to succeed in the years to come," commented Mike Rosenbaum, CEO of Guidewire. "This recognition is shared with the customers that Guidewire and Sollers are honoured to serve."

In his laudation, Pluta elaborated on the high ambitions of the Beesafe team in setting up the new digital start-up. "The motor insurance was implemented in a digital ecosystem approach and many features were added to create a unique customer experience," Pluta said. "All of this was achieved in an almost completely remote working mode."

Rafał Mosionek, CEO of Beesafe explained how VIG established an insurance distribution brand that makes buying insurance as easy as possible. "Thanks to modern technology, Beesafe's offering includes many features that create real value for clients," he said.

> "Our innovative approach might be a breakthrough for direct distribution in Poland."
> – Rafał Mosionek, CEO of Beesafe

> "Insurers will be much better equipped to succeed in the years to come."
> – Mike Rosenbaum, CEO of Guidewire

# Innovation in Insurance online days
## in the media

【ソラーズコンサルティングがInnovation in Insuranceを開催】保険会社と銀行がデジタル化を加速
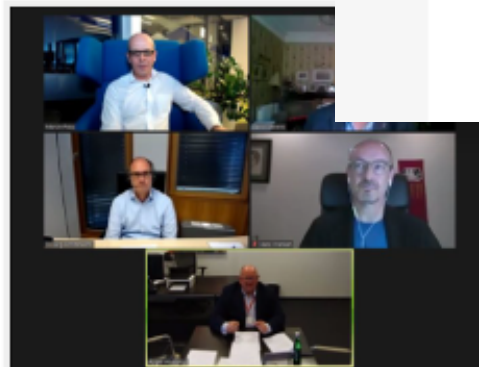
INNOVATION IN INSURANCE
ONLINE DAYS

2021

arbeit der Gruppe erreicht werden sollen. Schon jetzt sieht sich die Baloise mit mehr Arbeitsplätzen als Vorreiter beim agilen Arbeiten.

**Lieber langsam als zu viel und zu schnell**

Dass die Digitalisierungsinitiativen oft sehr langsam erfolgen, sieht David Stevens gelassen. Er ist Mitgründer und ehemaliger Chef des britischen Versicherers Admiral. „Sowohl die Strategie ‚zu viel und zu schnell' als auch ‚gar nichts unternehmen' ist meist zum Scheitern verurteilt", sagte er. Stevens sprach sich stattdessen für konstante schrittweise Veränderungen aus.

Er betonte, dass Versicherer durchaus über die Schlagkraft verfügen, um eigenständig einen Wandel in Gang zu setzen, und diese Rolle nicht zwangsläufig von Insurtechs eingenommen wird. „Die jungen Player gehen oft sehr naiv an die Sache ran und glauben, dass es nur um die richtige User Experience geht – dabei geht es um viel mehr", monierte er.

Die Diskussionsrunde: Marcin Pluta (Managing Partner bei Sollers), David Stevens (Mitgründer und Ex-Chef von Admiral), Jürg Schiltknecht (Chef von Basler Deutschland), Hans Vranken (CEO von Axa Direct Japan) und Roger Hodgkiss (CEO von Generali Polen). Für eine größere Ansicht klicken Sie bitte auf das Bild
© Screenshot/Sollers Consulting

Daten gehören zu den wichtigsten Werten, die Versicherer besitzen. Darin waren sich alle Teilnehmer einig. Jedoch gibt es noch deutliche Unterschiede im Grad der Nutzung. Bei Axa Direct Japan werden die gesammelten und aufbereiteten Daten bereits verwendet, um ein vollständiges Bild vom Kunden zu

We look forward to seeing you again at

# Innovation in Insurance 2022

**WHEN:** April 2022 | **WHERE:** Warsaw

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