Why cloud-based transformation? Why now?

No matter their size or unique product offerings, property and casualty (P&C) insurers face a range of market pressures and imperatives. First and foremost, there is the ever-present pressure to reduce costs. Then there is the need to establish highly flexible operating and technology environments to keep up with fast-moving markets and satisfy rising customer expectations. Typically, such environments are only possible with sophisticated and fully modernized systems for core operations.

Especially for small and mid-sized carriers, the modernization of legacy IT systems— with their limited flexibility and high maintenance and support costs— represents a likely source of cost savings, improved business performance and stronger customer-facing capabilities.

Of course, many business and IT leaders associate new technology with big investments and disruptive implementations, especially when it comes to critical platforms, like policy administration, claims, billing and reporting. That’s why the answer lies in cloud-based environments for these core systems. Such an approach has the potential to deliver cost savings of 30% to 40% when compared to traditional, on-premise solutions. The savings result from:

• Design that is 90% conformant. Configuration changes are made to out-of-box capabilities where it offers market differentiation (such as product model setup and rating setup), while core processes are standardized
• Pre-configuration and the availability of reusable assets that shorten implementation times
• Reduced testing periods as a result of automated test scripts
• Lower infrastructure and maintenance costs due to virtualization and use of the cloud
• Higher rates of conformance leading to lower upgrade costs together with simplified patches, dot releases and defect resolution
• Lower PMO overhead, attributable to faster implementation cycles

EY Insurance Nexus™

The complete strategic offering for cloud-based modernization of core insurance technology for P&C carriers

Achieving operational excellence with EY and Guidewire
Introducing EY Insurance Nexus™

EY Insurance Nexus™ is a complete, pre-configured and pre-integrated offering, powered by Guidewire’s industry-leading technology. Developed in conjunction with Guidewire and a diverse set of insurers, EY Insurance Nexus™ enables P&C carriers to efficiently and effectively migrate core insurance operations to the cloud, often in less than one year.

The strategic offering includes pre-configured functionality for core business operations, including policy, claims and billing, as well as critical support functions (such as document management, accounting and reporting). EY Insurance Nexus™ also provides a cost-effective support model for ongoing maintenance and upgrades, which can be delivered outside a carrier’s IT environment. And we know how to customize where it counts, in areas that can provide true differentiation, such as product model and rating setup.

The specific components of EY Insurance Nexus™ include:

- Fully integrated Guidewire InsuranceSuite — PolicyCenter, BillingCenter, ClaimCenter, ContactCenter, Portals, DataHub and InfoCenter
- Nearly 100 pre-built standard integration application programming interfaces (APIs) (geocoding, address verification, general ledger, document management, CLUE, etc.), pre-configured products, processes and lines of business
- Optional modules and features to support the full insurance life cycle — document generation and management, distribution, security SSO, operational accounting and reporting
- Cloud-based hosting and infrastructure services with options for separate instances
The smaller-sized P&C carrier market has specific needs that today are not broadly addressable by a traditional Guidewire solution implementation.

- Guidewire InsuranceSuite Version 8: pre-configured baseline offering using industry-leading practices
- Other software options from EMC, Microsoft, SAP and more
- Pre-built integrations to customers’ internal and external systems
- Application managed services, including upgrades
- Infrastructure hosting services

90% conformant with base offering
- Pre-configured leading practices solution that carriers can leverage with reduced implementation and support costs

Conformant offerings allow for reduced implementation cost and reduced production support cost
- Significantly reduced upgrade costs
- Production support team shared across clients, reducing effective cost per client

*Includes rating and reinsurance management
Technology at the next level

EY Insurance Nexus™ is engineered to meet a range of needs and objectives of all types and sizes of carriers, enabling them to address common issues and challenges related to growth and business transformation.

- Update and modernize legacy systems – for insurers whose current systems are unable to support future business plans
- Launch new products and lines of business, expand into new markets and standardize operations across smaller subsidiaries – for carriers seeking to execute growth strategies in an accelerated, effective and economical fashion
- Reduce long-term costs and minimize the impact of future upgrades – for existing Guidewire customers who are seeking higher lifetime technology ROI and a better approach to upgrades and ongoing application maintenance
- Large carriers trying to bring synergies and cost efficiency across smaller subsidiaries (such as smaller operations in different countries)
- Provides smaller-sized carriers the technology and business capabilities that were previously only available to and affordable by much larger insurers

Shorter implementation timelines, lower costs and reduced risk

Beyond Guidewire’s world-class technology, EY’s approach to implementation and end-to-end life cycle support is designed to reduce risk and shorten the time to reach production. During six key phases, we use specific EY Insurance Nexus™ pre-built assets:

- Inception: define project scope, infrastructure and governance: project chartering; resource planning; roadmap development; infrastructure setup, integration planning; testing; conversion strategy. Critical assets to manage project scope and reduce delivery risk include pre-built project spring plans, project governance tools, structures and conformance frameworks, and associated delivery methodologies.
- Build: configure, integrate, test and refine approach: complete user stories; define integration requirements; design and develop integrations; complete work packets; configure and test configurations; implement change management and training. Multiple pre-defined processes and pre-built integrations streamline this phase of the project.
- Test: confirm that requirements are met: develop and execute test for systems integration, user acceptance and performance cases; confirm accuracy of extracts for downstream systems. Critical assets include pre-built automation and performance test scripts, which significantly reduce the effort and timeline required for this phase.
- Deploy: launch and transition to new support model: pre-deployment readiness check; communications to impacted parties (internal and external); dry run rehearsals; go-live execution; support handover, workshop training; operational support documentation.
- Production support: application and interface support; infrastructure management; change management; business analysis support; problem diagnosis and root-cause analysis; knowledge management; ongoing configuration and customization. EY’s specialized team uses standard, ITIL-based production support processes customized for EY Insurance Nexus™ and a production support run book for monitoring, error-handling and other key activities.
- Post-implementation enhancements: changes to products (new or existing), business processes or functionality; required legal or regulatory changes; new Guidewire product releases.

In addition, we provide robust program management and organizational change management to help the new tools and ways of working take hold and the expected benefits materialize. The specific steps include change readiness assessments, stakeholder engagement programs, and robust plans for end-user training and communications. These steps are critical to going beyond mere technology implementation and achieving the broader value proposition of business transformation. Our approach is designed to deliver the big-picture goal of business value while efficiently executing the many specific tactical details at every step of the journey.
The advantage of accelerators

Based on our long and successful track record with Guidewire implementations, upgrades and support, EY has developed a full set of accelerators to reduce risk, streamline implementations and increase the return on investment in a cloud-based solution.

- **Conformance management**: framework to achieve optimal balance between out-of-the-box standardization and market differentiation
- **Program and project management**: frameworks and toolsets for scoping, budgeting and issue management; pre-defined sprint plans and project management tools setup
- **Functional**: process-specific business rules, specifications and maps
- **Integration**: reference architectures for implementation and integration within heterogeneous environments, with nearly 100 pre-built standard integration APIs
- **Infrastructure**: sizing estimation tools for hardware and storage
- **Testing/QA**: frameworks for unit testing, user acceptance testing and performance and availability, and pre-defined automation and performance test scripts
- **Data migration**: tools and schemas for data staging and mapping, and extract, transform and load gap analysis and reconciliation
- **Reporting**: integration maps to enterprise data warehouses and BI tools and reporting templates, with more than 90 additional reports based on Guidewire InfoCenter
- **Change management and training**: knowledge transfer, training and communications

Getting to value: the business case for cloud-based transformation:

The benefits of EY Insurance Nexus™ include:

- Faster speed to market through rapid implementation cycles — typically under one year: for carriers, this means the ability to launch new products much faster than when using traditional models.
- Reduced burden on carriers’ business and IT resources thanks to outsourcing of ongoing maintenance and support tasks.
- Lower total cost of ownership from reduced implementation and support: there is also increased cost flexibility from a range of payment options, including flat annual fees or pay-per-transaction models. EY Insurance Nexus™ total cost of ownership (TCO) is about 30% to 40% cheaper than a traditional on-premises implementation. Those savings result from highly conformant solutions (up to 90%), pre-configuration, virtualized infrastructure, and more cost-effective upgrades and maintenance.
- Increased access for small and mid-sized carriers to business and technology platforms that historically have only been available to large carriers, as well as access to advanced insurance products based upon Guidewire, EMC, SAP and other leading technology, with support from EY.
- A strong foundation for advanced digital and analytical capabilities — especially relative to enhanced customer experiences via portals and mobile apps.

Asking the right questions

When considering the deployment of cloud-based environments and the right partners for transformation, business and IT leaders must address a range of critical questions.

- What are the key components of the business case for moving core systems to the cloud?
- What are the current constraints of legacy systems? And what is the risk of product obsolescence?
- Does a long-term technology road map exist for upgrading core systems and what are the cost implications?
- How can cost reduction opportunities be balanced against the need to improve performance and establish new and advanced capabilities?
- What’s the right level of standardization and alignment with out-of-box product capability to reduce total cost of ownership?
- What are the key implementation risks and what is the plan for mitigating those?
- What are the unique integration dependencies and what is the plan for prioritizing and testing them?
- Where should key resources be located — onshore, near-shore, offshore or some combination?
- What is the optimal contract structure — e.g., capacity-based, performance-driven, SLA-based — with technology solution providers?
Why EY for cloud-based transformations with Guidewire?

Insurers seeking a world-class platform to deliver significant cost savings and substantial gains in computing capabilities should consider EY Insurance Nexus™ based on our:

- **Track record of success**: deep experience with scores of successful Guidewire projects, close collaboration with Guidewire and an eight-year alliance.

- **Tested, low-risk approach**: lessons learned and leading practices from successful cloud-based transformations and standardized process models, accelerators, and configuration templates to reduce implementation risk and shorten the time to value.

- **Comprehensive offering**: Guidewire InsuranceSuite with pre-configured core and support functions in a baseline offering, plus pre-built standard integrations, robust production support and infrastructure hosting services delivered via an advanced environment.

- **Strong team**: more than 1,300 Guidewire professionals, as well as more than 9,700 insurance specialists and Guidewire Centers of Excellence around the world.

- **Flexible delivery models**: designed to place the right resources at the right locations (onshore, near-shore or offshore) based on unique client needs and objectives, with multiple working shifts per day to maximize productivity.

- **Thought leadership and industry innovation**: strategic investments and collaborations with Guidewire in developing next-generation capabilities, including mobile apps, customer and agent portals, sensors and telematics.
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