Executive summary

With increasing numbers of insurers relying on applications from Guidewire to support critical processes in billing, claims and policy administration, upgrades to the latest versions of this powerful software platform have become more important than ever. In fact, successful upgrades, based on lessons learned and leading practices, increasingly equate to leading performance in these functions. Given the pending release of Guidewire 9, the right approach to and optimal timing of upgrades are a top agenda item for both business and IT leaders across the insurance industry.

Because upgrades are critical to ongoing operational effectiveness and remaining on a supported version, insurers must clearly understand the requirements for success and seek an effective approach for the upgrade process. In fact, upgrades are so important that they should be taken into account when companies make decisions about configuration and customization during implementations. Setting the stage with an effective inception phase is key. Robust planning, preparation and scoping can lead insurers to select the optimal version of the software for their needs and objectives, define specific business and technical requirements, and confirm the best upgrade deployment options and timeline. The value? Insurers experience an efficient, low-risk upgrade process that enables them to boost the return on their investment in industry-leading Guidewire applications.

This paper will outline a tested approach to Guidewire upgrades and highlight leading practices for executing them.

The insights and recommendations on the following pages reflect EY’s long track record and our close, collaborative strategic alliance with Guidewire on successful upgrade programs.
Other success factors include:

- Choosing the right time for upgrades
- Recognizing the distinct advantages of conformance and out-of-the-box capabilities, as well as the long-term impacts of specific configuration decisions
- Clearly defining scope and engaging sufficient internal business and IT resources to support an upgrade project
- Access to external experts and specialists who are necessary for specific tasks within the project life cycle
- Deployment readiness and proactively troubleshooting potential data conversion issues
- An advanced methodology for development, testing and deployment — which helps prevent potential disruption to current operations and provides seamless integration with other enterprise systems and infrastructure

Making the most of your upgrades

Given that only the three latest versions of the Guidewire software are supported at any one time, upgrades usually occur at fairly regular intervals, most likely every two to four years. Thus, the question for insurers is not whether or if to upgrade, but rather when and how to do so most effectively. Each version of the particular applications presents unique performance improvement and process optimization opportunities based on new functionality and technical enhancements. Some of these new features may have an associated cost. The different baselines for current operations at insurers or across lines of business must also be accounted for. In that sense, insurers may need to conduct cost-benefit modeling when they have more than one option for their upgrade version.

However, the leading practices for the upgrade process itself will yield more value and yield it faster no matter which software version insurers choose. That value can take many forms, including:

- Increased processing capability and throughput in claims management and policy administration based on automated data gathering, improved integration architecture, better workflow management and rules-based decision-making
- Reduced claims settling and policy administration costs
- More responsive service to policyholders based on better data access
- Improved visibility into key operational metrics and stronger reporting capabilities
- Increased ability to leverage advanced capabilities for digital self-service channels and more consistent customer experiences
- Lower long-term costs for systems maintenance based on new features, reverting to out-of-box functionality, and reduced complexity in IT environments
Leading practices from successful upgrade programs

Adopting the optimal approach can help insurers realize the value of upgrades sooner and reduce the risk of business disruption. Experience shows that insurers would do well to focus on a few critical steps.

Choose the appropriate version

In some cases, it makes more sense for insurers to skip a version of the software in upgrading. In other situations, the next-to-latest version may be the most appropriate fit. Much depends on where insurers are today, both in terms of operational efficiency and current software installations. In other words, the latest may or may not be the greatest, depending on the specific needs, objectives and environment of individual insurers.

Choosing the right version is an important issue because not all software upgrades are created equal. For instance, some new versions of Guidewire ClaimCenter feature important new functionality to support certain lines of business (e.g., workers’ compensation or reinsurance), while other upgrades are more focused on technical enhancements. Whether the upgrade is significant or minor impacts the selection process, as well as the implementation and project plan itself.

Regardless of which version insurers choose for an upgrade, staying close or reverting customizations to out-of-the-box capabilities is typically the right way to go. Such a path would require a close evaluation of the current code base, newly introduced features and previous customizations.
Plan properly
The importance of this step cannot be overstated. Beyond identifying the optimal version of the software, the objectives are to:

• Eliminate the risk of unexpected re-work or other unpleasant surprises after the project is launched
• Prevent a prolonged timeline
• Engage the right resources from requirements to training
• Confirm deployment readiness of the upgraded application

Achieving these goals requires understanding the upgrade from several key perspectives, including user interface design and data issues. Further, various use cases should be examined to assess whether process refinements are necessary. Such a holistic view will cover the detailed impacts on infrastructure, database and architecture, as well as necessary adjustments to specific business processes.

Further, it is important to note that the upgrade planning phase may take longer than the inception phase of the implementation; each of these planning phases may take 6 to 10 weeks for most insurers, with full project timelines averaging 6 to 8 months. Planning is used to uncover all of the impacts, opportunities and dependencies of the upgrades. However, planning activities can typically incorporate all of Guidewire’s core systems (i.e., PolicyCenter, BillingCenter and ClaimCenter) simultaneously for those insurers upgrading multiple applications.

The main output of this important phase is a complete and detailed project plan with specific timelines, well-defined milestones, complete resource and budget requirements, and clear roles and responsibilities.

Think long term
Insurers should not consider upgrades or implementations as stand-alone or one-off projects, but rather as essential events in an ongoing life cycle. To that end, they must consider the future implications of specific configuration decisions, especially if they are deploying a version that is not the latest release.

Understand impact of scope
For many insurers, a more focused upgrade will lead to better results. The additional risk of increased scope – whether planned or unplanned (i.e., scope creep) – can lead to delays in deployment and longer overall upgrade project timelines.

Proactively address the common risks
An effective strategy for keeping projects on time and on budget is to proactively address common threats to upgrade success. Data issues are a frequent concern. For instance, companies must often update or correct data in the current version for it to work properly in the upgraded version. This is true because upgraded software may apply additional process and validation rules that can lead to issues with current data sets, even if those worked properly in the previous version of the software. The remedy – required SQL data script development – is frequently overlooked during upgrades because this effort is not required during implementations. Proactively planning for the right resources and actions to manage these data-related concerns will likely reduce the risk of surprises during the upgrade process.

Testing also presents a few challenges that should be addressed during planning. For instance, performance testing should replicate production environments in terms of data volume, transaction types, and the hardware and software involved. Additional development and testing time is also necessary if existing requirements and design documentation do not exactly match the application as configured in production.
It is also prudent to perform regression testing over a majority of the application, including areas that are not configured but may be updated by Guidewire. The objective is to confirm the newest out-of-the-box updates do not conflict with configured areas of the software. Overall, appropriate testing is critical to promote end-user satisfaction because users typically face an adjustment period with the updated user interface; thorough testing helps improve adoption rates by minimizing or eliminating defects in the application. Finally, effective upgrade plans should allocate the right resources and appropriate time to the testing phase.

Consider a flexible methodology

Whether insurers embrace waterfall or Agile development approaches, it is important to recognize the advantages of each methodology at different phases of the project lifecycle. For instance, waterfall principles are often ideally suited to inception and deployment phases, whereas Agile works particularly well during development and testing to help address and fulfill business requirements. It is not uncommon to deploy a hybrid approach using the best of Agile and waterfall approaches in executing upgrade programs.

Similarly, insurers should consider a combination of on-site and offshore resources in forming a project team to handle the critical work of upgrading as efficiently and effectively as possible.

Critical questions to ask

Insurers considering upgrades to Guidewire’s core software platform must address a number of key issues, including:

- Will the nature of the upgrade be “technical only,” with the same features moved to a newer Guidewire version? Or will it be a functional upgrade, with new features added?
- What are the performance improvement opportunities for the business and which version and configuration choices are most appropriate for seizing those opportunities?
- Will new functionality replace configured or customized changes to previous versions? How will previous customizations be reconciled with the latest code?
- What is the right mix of skill sets and experience levels to address both the business requirements and technical facets of the upgrade?
- What are the customer experience implications of upgrading to the new software?
- How can upgrades enhance reporting?
- How can accelerators be used to automate and speed up specific implementation steps or are they high level and generic?
- What is the plan for updating browsers, databases, enterprise systems and other infrastructural components that may not be compatible with older versions of the software?
Leverage accelerators

Given limited internal resources, most insurers will likely rely on external help from a consultant or systems integrator. One way to evaluate options in this area is the quality and completeness of the accelerators and process templates they can bring to bear. Beyond basic project management toolsets, insurers may look for highly actionable assets that can be used for key areas and work streams, including:

- Conformance management: evaluation of configuration to out-of-the-box processes
- Integration: reference architectures, working code samples and development tools
- Infrastructure: sizing estimation tools for hardware and storage
- Testing/software quality assurance: frameworks for unit testing, system integration testing and user acceptance testing in addition to automation, performance and availability
- Data: tools and schemas to fix and prepare data for the upgrade, as well as staging and mapping to support migration; extract, transform and load upgrade gap analysis and reconciliation; and financial reconciliation testing framework
- Reporting: integration maps to enterprise data warehouses, BI tools and reporting templates

Sweat the small stuff

Experience shows that insurers that deliver on the “soft” or “small” stuff – training, communications and change management – yield bigger and more tangible bottom-line value from their investments in Guidewire technology. This is especially true when the upgrade business case is heavily reliant on new functionality or the sunsetting of legacy systems. End-user training is critical to overcome adoption challenges, which can make the difference between outstanding and mediocre ROI. Knowledge transfer and updates to user documentation may be nearly as important. Last, if reporting processes and formats are to change dramatically, relatively senior leadership may also need to be considered an audience for communications and change management efforts.
Guidewire has become essential to operations at many insurers. As such, upgrades should no longer be considered a low-value task, but rather an important activity in maintaining high-performance operational environments in claims, billing and policy administration. That is how a robust approach to planning and the other phases of the upgrade process can pay dividends for insurers seeking higher levels of technology ROI, as well as environments that support operational excellence.
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