Competitive Landscape: IT Service Providers to the Global Insurance Industry

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By Analyst(s): Rajesh Narayan, Jeff Casey

Initiatives: Industry Markets and Technologies

IT service providers to the global insurance market overlap among many common technology- and insurance-specific capabilities. This research will enable IT services vendors to align their capabilities with go-to-market messaging to effectively target insurance opportunities and maximize revenue.

Overview

Key Findings

- Based on responses to Gartner research, enterprise business initiatives driving the maximum revenue for vendors in the insurance market include developing new (and improving existing) products and services, operational agility (and cost optimization), speed to market and customer experience.

- According to Gartner survey respondents, cloud technology, APIs and microservices, data and analytics (D&A) and AI/machine learning (ML) are the most important skills and offerings, which IT service vendors provide to insurance carriers.

- Application consulting services are generating the maximum revenue in the insurance-related IT services consulting space, with IT strategy and governance consulting close behind, and operations/process consulting rounding out the top three.

Recommendations

- Surpass common tech value propositions of AI, digital transformation, domain expertise and automation by focusing on strengthening execution of insurance business initiatives that are enabled by technology. Examples include improving speed to market, customer-centric business processes and creating operational agility and resilience across the insurance value chain.

- Clarify the value of the solution provider by building and branding software and services accelerators, frameworks and assets specific to the target subsegments of insurance. For example, "Commercial Lines Underwriting Intake Automation" distinguishes the value proposition for the target segment for an underwriting solution.

- Establish long-lasting foundations that enable success for clients by considering various solution options and advising clients on the right approach and strategy to achieve business outcomes. These will need guidance on team structure, enterprise architecture, cloud strategy and metrics of success, such as building a digital first notice of loss (FNOL) for the specific areas of impact within the insurance value chain with a cloud-first mindset.

Forecast Statements

- Gartner forecasts global IT spending in insurance will increase by 7.2% in 2023 to reach $213.5 billion in constant U.S. dollars.

- IT services spend, between 2022 to 2027, is forecast to grow at a compound annual growth rate (CAGR) of 9.4% to reach $138.6 billion, driven by growth in infrastructure/integration as a service(IaaS) at 23.6% and consulting at 11.4%.

Analysis

This research focuses on IT service providers serving the insurance industry through consulting services, business process services, infrastructure implementation and managed services and application implementation and managed services. For a detailed definition of each segment, see Market Definitions and Methodology: IT Services.

Insurers outsource technology services to tap into a broader talent pool that can help them speed up time to market for new products and services, optimize costs and innovate.

Common needs across insurers of all types are:

- Developing new or improving existing products and services.

- Improving operational agility and speed to market.

- Cost optimization across the insurance value chain.

Insurance enterprises employ IT service providers to integrate systems to improve operations and redesign processes that leverage new systems or technology. This has necessitated the vendors to increasingly focus on developing resources with both technical and insurance business domain expertise and the ability to execute and deliver specific insurance business outcomes.

IT service vendors are responding by leveraging emerging technology, offering prebuilt solutions and engaging in insurance-specific partnerships. They are investing in consulting capabilities that help clients reimagine business processes and leverage technology and data to differentiate from their peers.
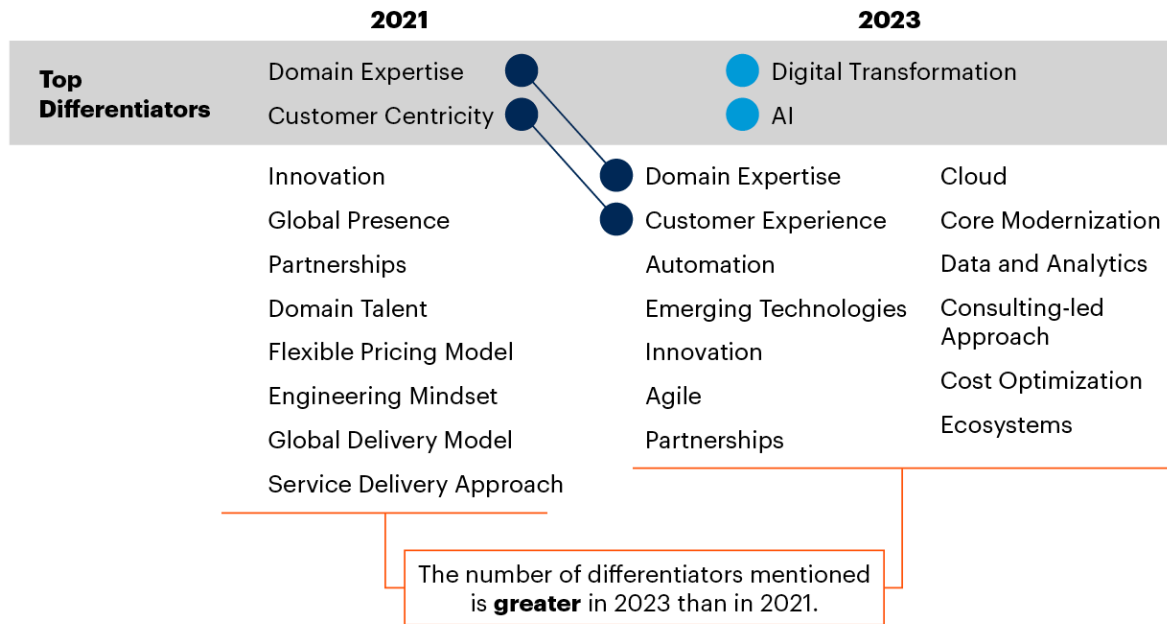
Competitive Situation and Trends

The increasing digitalization of insurance business and processes is creating major opportunities for IT service providers. The competitive forces, driven by the insurers' needs for digitalization, are shaping the IT service companies' response. The IT service companies seek to differentiate themselves and maximize industry success by leveraging their historical strengths and investments in new capabilities to serve insurers.

The survey data trends highlight that differentiators such as domain expertise and customer centricity called out in 2021 have given way to a broader focus on digital transformation and AI, with other attributes becoming table stakes. See Figure 1 below for more detail in the word clouds of value propositions defined by IT service vendors in 2021, and now in 2023.

Figure 1: Convergence in IT Services Value Propositions

Convergence in IT Services Value Propositions

Top Differentiators	2021	2023	
	● Domain Expertise	● Digital Transformation	
	● Customer Centricity	● AI	
	Innovation	Domain Expertise	Cloud
	Global Presence	Customer Experience	Core Modernization
	Partnerships	Automation	Data and Analytics
	Domain Talent	Emerging Technologies	Consulting-led Approach
	Flexible Pricing Model	Innovation	Cost Optimization
	Engineering Mindset	Agile	Ecosystems
	Global Delivery Model	Partnerships	
	Service Delivery Approach		

The number of differentiators mentioned is **greater** in 2023 than in 2021.

Source: Gartner
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The current economic climate is forcing greater scrutiny of business value from tech investments. This creates both challenges and opportunities for service providers. Margins are eroding where the value realization to the client is not clear. Considering that, there are more opportunities to create revenue from managed services on a continuous basis when the service provider has implemented a digital solution and successfully deployed it to an operational state. This push to move beyond reliability to value realization is crucial to success. True differentiation among providers is based on how their customers experience them (see How Providers Work With Their Customers Drives Differentiation in IT Services).

While all vendors prioritize technical and domain skills and showcase technical delivery excellence, Gartner has identified three primary vendor strategies and their approach to target the insurance industry based on their innate strengths (see Figure 2):
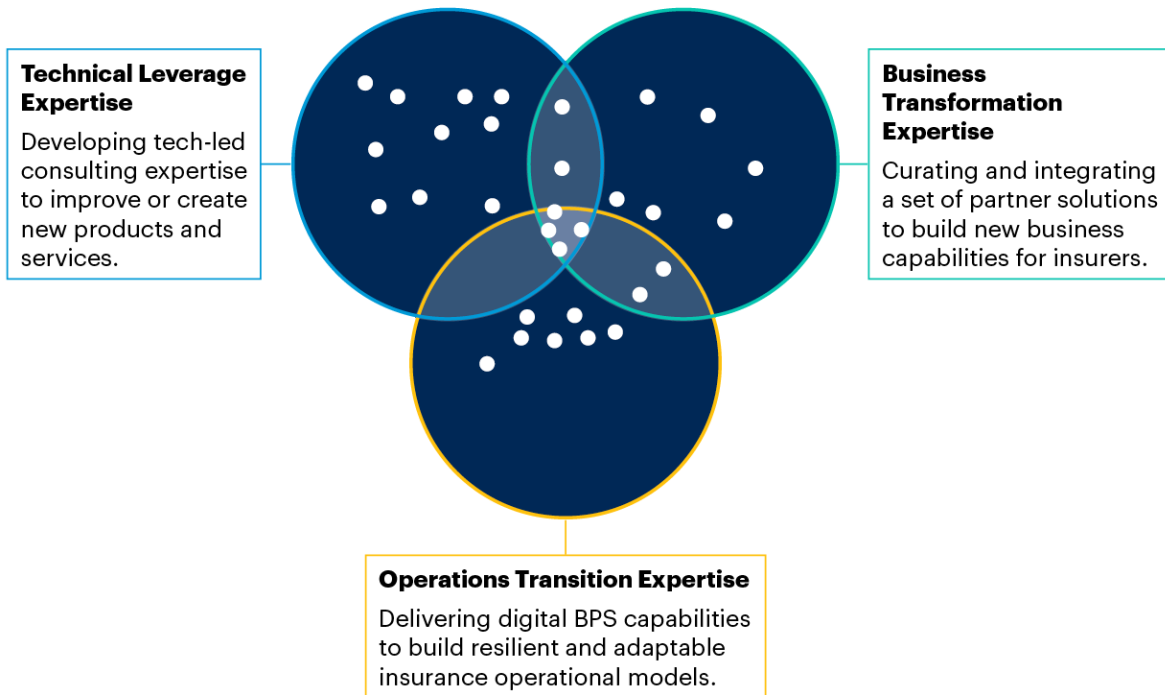
- Developing tech-led consulting expertise to improve or create new products and services

- Curating and integrating a set of partner solutions to build new business capabilities for insurers

■ Delivering digital business process services (BPS) capabilities to build resilient and adaptable insurance operational models

Figure 2: Competitive Forces Create Distinct Go-to-Market Responses by Vendors in Insurance

Competitive Forces Create Distinct Go-to-Market Responses by Vendors in Insurance

○ Vendor

Technical Leverage Expertise

Developing tech-led consulting expertise to improve or create new products and services.

Business Transformation Expertise

Curating and integrating a set of partner solutions to build new business capabilities for insurers.

Operations Transition Expertise

Delivering digital BPS capabilities to build resilient and adaptable insurance operational models.

Source: Gartner
Note: Vendors clustered together means they are doing the same/similar things, while vendors separated means they are doing different things.
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Gartner.

As the figure above depicts, some vendors can overlap in different groups depending on their capabilities. The larger vendors like Accenture, Deloitte and EY are often found in the intersection of all the above initiatives and play a larger role in regulatory-led changes, such as environmental, social and governance (ESG) reporting or compliance-led initiatives. They are outliers. There are also a few other vendors who show tendencies between the groups. For the most part, the data from the survey has been leveraged to highlight competitive forces and dominant vendor characteristics for placement in one of the depicted clusters.

It is important to keep in mind that vendors might have different strategies in different geographies or for different industries depending on availability of domain skills, assets and talent. The clustering of vendors in this report are based on inputs to the Competitive Landscape for IT Services in Financial Services Survey and publicly available information as it pertains to the insurance industry, specifically property and casualty (P&C) and life insurance. [1] Keep in mind that the vendors could differ in their capabilities and behaviors based on the region of operation or the insurance subsegment, such as life insurance versus P&C. [1] Analysis of such variations in behavior is outside of the scope of this research, which is more global and aggregated in nature.

Developing Tech-Led Consulting Expertise to Improve or Create New Products and Services

Insurance business stakeholders consistently rank improving existing products and services and creating new ones as critical to their insurance strategy and success, such as usage-based insurance using telematics. Such initiatives require urgency in getting these products and services to the market to retain competitive edge in rate and rulemaking in response to changing market conditions. Vendors are required to provide and scale domain-experienced resources who understand industry challenges, regulatory structure, solution ecosystems and insurance terminology and can quickly grasp specifics of the client's business. They are also expected to have familiarity with the insurance systems that are in play to create such products and services.

IT services companies with such domain and digital expertise are called to team up with client personnel to innovate, create or improve new products and services for insurance. Vendors who work in this model tend to score vertical and technical expertise as extremely important to their success. They tend to invest in digital and multiexperience platform expertise in particular as compared to the other groups, apart from partnering with leading core system vendors in the space. These firms generate more revenue from upfront consulting for such initiatives as compared to the other clusters. Most clients of these vendors seem to depend on their ability to speed up time to market and co-innovate using emerging technology for products and services. It is, therefore, natural that while selecting partners, vendors in this cluster look for rapid deployment capability in addition to reliability, business and industry functionality.

Example vendors that exhibit behaviors described in this cluster include:

- The Add Value Group

- Birlasoft

- Cognizant

- GFT

- HCL Technologies

- LTIMindtree

- NTT Data

- Synpulse

- Trask

- Virtusa

- ValueMomentum

- Zühlke Engineering

Curating and Integrating a Set of Partner Solutions to Build New Business Capabilities for Insurers

While the approach discussed above focuses on improving the traditional business model through collaboration with an IT services provider, building a new digital business capability is not an expertise that is inherent within an insurance enterprise. New digital business capabilities often involve new value propositions, customer segments, financial models and processes. In planning for such initiatives, the insurer needs vendors with advisory skill sets and experience in stitching together a solution with different players and capabilities from inside and outside the insurance enterprise. An example of a digital-first business model will be to enable straight-through processing for claims with a digital intake process initiated by customer self-service.

IT services companies with expertise to design new digital business capabilities tend to focus more on business strategy expertise compared to other groups in addition to technical and vertical expertise. They are positioned to offer business outcome-based pricing to back up their expertise. They tend to invest in and recruit innovative clients to participate in internal financial services advisory boards, which leverage peer collaboration among key clients and industry leaders to focus on critical issues, build expertise and source innovative ideas. Insurance companies expect vendors in this cluster to manage cost and enable scale for these new business models by leveraging digital operations. Vendors competing in this manner also look for rapid deployment capability in partners in addition to reliability, business and industry-specific functionality.

Example vendors that exhibit behaviors described in this cluster include:

- Capgemini

- EPAM

- Hexaware Technologies

- Infosys

- Profinit

- SLK Software

- Tech Mahindra

Delivering Digital BPS Capabilities to Build Resilient and Adaptable Insurance Operational Models

Insurance value chains typically turn inefficient over a period by accruing technical debt and complexity, evolving regulatory requirements and changing economic conditions. This atrophy creates opportunities for IT service providers with the right skills to assess system resilience issues and any bottlenecks in the process, and address these issues using hyperautomation, digital intervention and transformation of business processes. Beyond technology, vendors who compete through process expertise and optimization tend to have a strong operational footprint that can manage processes and guarantee SLAs with human intervention when system exceptions occur.

IT services companies focused on bringing end-to-end value chain improvements in insurance consider deep insurance and vertical expertise as extremely important to their success. This cluster has the maximum percentage of respondents offering business-outcome-based pricing as part of their commercials. The focus of vendors in this cluster is to leverage digital intervention along with a human-in-the-loop approach to ensure resilience and smooth operations. This group intends to invest in generative AI (GenAI) and process automation as compared to the other groups, most likely because of the greater value these techniques represent to operational productivity. An example can be seen in EXL's investments in GenAI. [2] They tend to focus on building effective long-term partnerships with solution providers and value contract flexibility. Toward this, they plan to invest in revamping their partnership portfolio as a key element of their practice roadmap. Insurance clients expect working with such vendors to result in reduction of risk from IT service delivery failures.

Example vendors that exhibit behaviors described in this cluster include:

- Coforge

- EXL

- Genpact

- Mphasis

- Tata Consultancy Services

- WNS

- Xceedance

Competitive Profiles

The seven representative IT service vendors (listed below in alphabetical order) were selected due to their alignment to the competitive trends and clusters discussed above. Profiles differ largely from the vendors profiled in the last edition to highlight the variety in size and capabilities available for insurers to select from. This section is not intended to provide an exhaustive list of technology providers in the market, nor is it a list based on market share or number of customers.

Birlasoft

Product or Portfolio Overview

Birlasoft is a global professional services company headquartered in India, serving 27 locations across North America, Latin America, Europe, the Middle East, Africa and APAC regions. According to fiscal year 2022 data, approximately 30% of Birlasoft's financial services revenue is generated from insurance. The vendor offers a range of IT services and technical expertise that includes consulting, application development and maintenance, infrastructure management, managed services, security and compliance, D&A, artificial intelligence/machine learning (AI/ML) and cloud computing.

It lists the following solution accelerators built for insurance on its website: Intelligent Intake Automation, Producer Workspace, Blockchain Premium Audit and Fraud Analytics.

How Birlasoft Competes

Birlasoft relies on relationship building with financial services clients and espouses the ability to work with insurance carriers of all sizes. It invests time in understanding the strategic goals of the organization and the unique challenges and opportunities that the client faces by:

- Maintaining insurance domain and technology capabilities. It has a focused approach for developing proofs of concept to solve business problems building proprietary solutions for the industry.

- Augmenting resources for clients in the areas of core insurance platform services, automation and customer experience.

- Conceptualizing, designing and executing platform modernization initiatives, including CRM, core systems modernization, data strategy (for prebuilt Internet of Things [IoT], as an example).

Birlasoft focuses on providing technical expertise on the client's demands and has prebuilt accelerators for insurance from past experiences and investments in the vertical. Its main approach is to consult with clients and then scale resources to staff initiatives collaboratively with the client.

Capgemini

Product or Portfolio Overview

Capgemini offers IT services from strategy and design to engineering and operations, and is headquartered in France, with operations in 40 countries across North America, Latin America, Europe, Middle East and Africa and APAC regions. According to fiscal year 2022 data, of the total IT services revenue generated from work performed in financial services, approximately 40% is from insurance. Capgemini brings together consulting capabilities to create new business capabilities or improve existing ones for its insurance clients. It provides services across the insurance value chain ranging from marketing and distribution to claims management with a customer experience focus, and offers an amalgamation of insurance domain and technological capabilities in a Rightshore model fit for client context.

How Capgemini Competes

Capgemini brings to market offerings to help Insurers achieve one or more of the following business outcomes, including adaptability, agility, customer centricity and cost efficiency. Further, the vendor:

- Invests in insurance thought leadership by annually publishing reports, such as the World Property and Casualty Insurance Report and the World Life and Health Insurance Report.

- Differentiates by investing in domain-led solutions, partner ecosystems, rightshoring practices, and continuous training regimen for business, domain and technical resources.

- Adopts a framework — The Collaborative Business Experience™. This approach is designed to help clients achieve better, faster, and more sustainable results working collaboratively as "One Team."

The above capabilities and investments establish strategic value and allow Capgemini to play a lead role in business and technology services to insurance clients. This is achieved through strategic consulting engagements, digital transformation projects, application data management (ADM), managed services and business operations. These engagements are delivered by leveraging One Capgemini approach, thereby fostering Capgemini resources to lead such implementations.

EY

Product or Portfolio Overview

EY offers IT consulting and implementation services focused on digital transformation, core systems modernization and risk and compliance across the front, middle, and back offices through a team of business experts and technologists. EY is headquartered in the U.K., with operations in 158 countries across North America, Latin America, Europe, Middle East and Africa and APAC regions. According to fiscal year 2022 data, of total IT services revenue generated from work performed in financial services, approximately 26% is from insurance. EY supports clients in modernizing systems, processes and products to enhance business and customer-facing platforms and services. The vendor invests in technology IP in insurance to help carriers execute and manage the risk of their modernization initiatives, and it consults in IT strategy and governance. The company leverages microservices, cloud, omnichannel integration, API management and open-source technologies to enable digital transformation and end-to-end automation.

How EY Competes

EY competes by positioning itself as a reliable partner to build the right systems supported by the right governance structure to navigate disruption, manage regulatory change and integrate technology to transform and achieve growth. To do this:

- EY Financial Services has taken an IP-led approach to build new financial services-specific platforms, such as EY Nexus for financial services (banking, insurance and wealth), EY Financial Crime, EY Comply, and several others. This enables EY to position accelerators that reduce technology complexity and organizational barriers to change.

- EY's Managed Services address insurance core systems (policy, billing, claims, etc.) and noncore systems (tax, risk, finance, etc.) with easy-to-integrate solutions using technology.

EY is able to play across different elements of the IT services landscape by leveraging insurance domain and functional expertise integrated with end-to-end technology delivery capabilities at scale, while consulting on IT strategy and governance to reduce risks around implementation, security and noncompliance. This allows EY to build a strategic roadmap for technology modernization across core and noncore processes and systems.

LTIMindtree

Product or Portfolio Overview

LTIMindtree is a global professional services company headquartered in India, serving 31 countries across North America, Europe, the Middle East and Africa and APAC regions. According to fiscal year 2022 data, approximately 31% of LTIMindtree's financial services revenue is generated from insurance. The organization offers support to insurance clients in the following areas: core modernization, cloud adoption, data and insights, customer engagement/experience, ESG strategy and data collection. It lists the following solutions for insurance on its website: Underwriting and Risk Intelligence, Claims Efficiency and Loss Prevention, New-age Distribution and Customer Service.

How LTIMindtree Competes

LTIMindtree goes to market by leveraging an ecosystem of partners that allows it to help insurance clients align on a strategy, identify and choose platforms and partners, and build a solution fit for the organization's specific needs. It further:

- Maintains insurance domain and technology capabilities, focused subindustry offerings for P&C and life insurance, and a strong partner ecosystem.

- Includes providers of core systems, D&A, low-code platforms and digital adoption platforms.

- Built a set of business transformation services in various insurance process areas, such as underwriting, claims transformation, customer engagement, distribution and compliance.

LTIMindtree focuses its scale of technical and domain-skilled resources along with partnership with key software players in technical execution of projects in Insurance. It works collaboratively with its insurance clients to provide scale where needed.

Tech Mahindra

Product or Portfolio Overview

Tech Mahindra is a global professional services company headquartered in India, serving over 50 countries across North America, Latin America, Europe, Middle East and Africa, and APAC regions. According to fiscal year 2022 data, approximately 40% of Tech Mahindra's financial services revenue is generated from insurance. The organization delivers enterprise IT estate modernization, which is positioned to help insurers be scalable and flexible, and to help them be powered by a dynamic core, open architectures, digital connectivity and immersive experience. This is supplemented by its Value Realization Office, which aims at making transformation sustainable, optimizing total cost of ownership (TCO) in the long term. It lists several solutions for insurers on its website. These include digital engineering for insurtechs and insurers, digital product and cloud-native engineering, underwriting transformation, platform-led core system modernization and more.

How Tech Mahindra Competes

Tech Mahindra goes to market based on the strength of its insurance expertise and partnerships across core and noncore solutions. It builds cross-industry emerging technology competencies, such as AmplifAI competency for GenAI-led solutions. It further:

- Offers solution-scoping options and selects product engineering methods in close coordination with the partner ecosystem for each client.

- Builds proprietary frameworks and solution accelerators to fast-track migration and large-scale transformation to the cloud.

- Optimizes managed services through digital quality assurance, intelligent automation and in-house assets.

Tech Mahindra brings specific initiatives and strategic consulting to ensure alignment with client goals and frameworks to help with success in execution. Tech Mahindra also positions its capabilities to take on an operational role postdeployment through managed services.

WNS

Product or Portfolio Overview

WNS is a global business process management company headquartered in India. It serves clients spread across North America, Europe, the Middle East and Africa and APAC regions. According to fiscal year 2023 data, ending 31 March 2023, approximately 77% of WNS's financial services revenue is generated from insurance. As a global business process management (BPM) organization, the vendor offers an array of homegrown IP and partner-driven, end-to-end, industry-specific and cross-industry solutions across P&C, life and annuities (L&A) and third-party administrator (TPA) insurance segments. It combines insurance knowledge with technology, advanced analytics and process expertise to co-create digitally enabled business transformation solutions for insurance carriers, reinsurers, brokers, managing general agents (MGAs) and syndicates like Lloyd's of London Market. WNS also encompasses GenAI, hyperautomation (robotic process automation [RPA], AI and cognitive computing), natural language processing and machine learning, blockchain, IoT, business process as a service (BPaaS) platforms, embedded analytics and process reengineering frameworks among its solutions and capabilities.

How WNS Competes

WNS's go-to-market strategy for insurance leans on its ability to offer services delivered from a mix of onshore, nearshore and offshore locations. These services benefit clients from the perspectives of access to domain expertise, skills and talent, cultural alignment, language capabilities, business continuity, risk mitigation, scalability, efficiency and cost-effectiveness. Some highlights of WNS's competitive edge in Insurance include:

- Mature actuarial and analytics practice — which comprises 1,050 experts — WNS's Actuarial Center of Excellence (COE) and an analytics practice driven through WNS Triange's Unified Analytics Platform (UAP).

- WNS's "skin-in-the-game" approach, which involves offering the following commercial models:

    - Outcomes-based (including gain-share, risk-reward and TCO models).

    - Transaction-based model.

- Integrated technology services practice backed by an established partnership ecosystem and targeted proprietary investments. This enables WNS to deliver holistic solutions along with its partners.

WNS leads with a process engineering mindset and considers technology and analytics infusion within processes in the overall value to the carrier. WNS offers the ability to bring operational resilience through business continuity and the risk mitigation-oriented nature of its solutions.

Xceedance

Product or Portfolio Overview

Xceedance is a global professional services company headquartered in the United States, serving about 15 countries across North America, Europe and APAC regions. According to fiscal year 2022 data, 100% of the financial services revenue of Xceedance is generated from insurance, specifically P&C insurance. Xceedance provides operations management in areas of underwriting, policy service, billing and collections, finance and accounting, contact center services, print and distribution, and on-demand support, claims third-party administrator (TPA) and services. It offers technology and digital investments specific to insurance, including digital solutions suite and MGA agility suite. Capabilities also include D&A, consulting and advisory, automation services, digital transformation, data and analytics, actuarial, catastrophe and exposure management, application development, architecture services, systems and infrastructure, testing COE and system integration.

How Xceedance Competes

The main components of the Xceedance go-to-market strategy are insurance-only focus, digital-first services and solutions, and watertight governance. The company provides visibility into day-to-day operations to clients with a teaming structure that offers simplicity and standardization in execution. The organization:

- Participates in various industry associations actively and maintains P&C-specific affiliations, including those with rate-making agencies and standards bodies.

- Offers an adaptive right-shoring model and embeds underwriters, actuarial, claims, billing and operations resources at the onset of an engagement.

- Leverages a library of standardized form templates and application development practices to assist in execution and delivery for its clients.

Xceedance primarily operates in the process value addition space through operations management and leveraging technology accelerators where it makes sense. Xceedance has expanded its footprint through acquisitions and investments in insurance technology assets. This can result in IT services revenue over a period in addition to the operational revenue streams.

References and Methodology

This competitive landscape situation and trends is informed by inputs from the "Competitive Landscape for IT Services in Financial Services Survey." From 16 May through 21 July 2023, Gartner surveyed vendors that serve the broader financial services industry, and specifically the insurance industry, to verify the capability clusters and to identify unique go-to-market strategies and differentiators among vendors targeting the financial services space. This was an online survey, and it generated 30 responses with a split of 42%, 33% and 25% across Asia/Pacific (APAC), North America and Europe, respectively.

The research Market Share: IT Services, Worldwide, 2022 was referenced for identifying providers who are focused on financial services as a significant portion of their revenue.

This competitive landscape situation and trends are also informed by vendor briefings and multiple interactions within the insurance team at Gartner with providers and end users.

The research Forecast: Enterprise IT Spending for the Insurance Market, Worldwide, 2021-2027, 3Q23 Update was leveraged to showcase the strong projections for growth in the insurance IT services sector.

We provide a profile of sample vendors in this report to help illustrate how these patterns manifest in real life. For the purposes of this research, the vendor responses from the Competitive Landscape for IT Services in Financial Services survey have served to aggregate such tendencies and highlight strategies of differentiation. [1]

Inclusion in the list does not imply Gartner's opinion on the quality of the service rendered by the service provider compared to that of others not included. The vendors were respondents to the survey that helped highlight the forces discussed in the analysis and examples highlighted are part of the information shared with Gartner through the survey and vendor briefings.

Evidence

[1] Competitive Landscape for IT Services in Financial Services Survey.

[2] Generative AI, EXL.

Document Revision History

Competitive Landscape: IT Service Providers to the Global Insurance Industry - 29 June 2022

Recommended by the Authors

Some documents may not be available as part of your current Gartner subscription.

Use Competitive Positioning to Win More Deals in Insurance

Market Share Analysis: IT Services, Worldwide, 2022

Market Share: IT Services, Worldwide, 2022

4 Ways IT Services Vendors Can Build a Strategic Relationship With Insurers

Vendor Rating: Deloitte

Vendor Rating: Accenture

Vendor Rating: TCS

Forecast: Enterprise IT Spending for the Insurance Market, Worldwide, 2021-2027, 3Q23 Update

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