Capgemini

Open Insurance Transformation

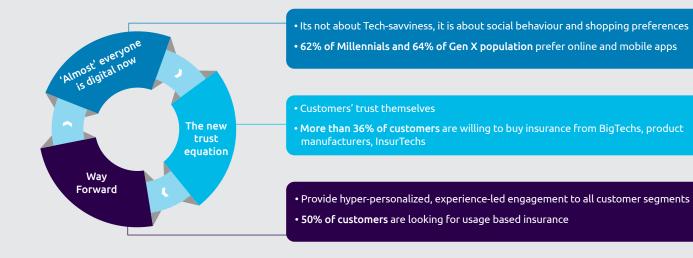# Harness the power of ecosystem business models to thrive in the Insurance marketplace of the future

The insurance industry is rapidly evolving with customers' preferences, technology advancements, risks trends and the growing foothold of InsurTechs.

Relationships between insurers and their customers are undergoing constant change as the insurance ecosystem grows and diversifies. Gone are the days of a home office/field office orientation that was supported by underlying processes with technology driven by the needs of the traditional insurance industry approach. Competition and digital transformation drive leading to reimagining core processes and customer experiences. Legacy models have undergone a paradigm shift with new types of products and new ways of selling and servicing. All these industry dynamics are pointing to one prominent business model in the future which is "open".

Today, customers expect a digital experience with personalized offerings from their insurers. And in the COVID-19 era, there has been an increasing demand for more digital touchpoints for day to day transactions. The World Insurance Report (WIR) 2019 highlighted that the three major business models, "Usage-Based Insurance", "Insurance with Value-Adds" and "Insurance as a Value-Add" are evolving fast while customers are demanding more. In fact, according to the WIR 2020, Usage-Based Insurance is mainstream now. Moreover, the concept of trust in insurance is changing, as the customers' willingness to purchase insurance from BigTechs and product manufacturers is rising.

World Insurance Report 2020: Key Findings

'Almost' everyone is digital now
- Its not about Tech-savviness, it is about social behaviour and shopping preferences
- **62% of Millennials and 64% of Gen X population** prefer online and mobile apps

The new trust equation
- Customers' trust themselves
- **More than 36% of customers** are willing to buy insurance from BigTechs, product manufacturers, InsurTechs

Way Forward
- Provide hyper-personalized, experience-led engagement to all customer segments
- **50% of customers** are looking for usage based insurance

To address these evolving preferences, insurers need to continuously evolve the enterprise technology at pace with the demand for efficiency, industry opportunities and risk management. Insurers need to actively engage in and exploit new digital ecosystem partnerships to create innovative products and services for customers, thereby future-proofing their business. Insurers need to implement an **Open Insurance Architecture** to drive these types of business models. This architecture facilitates integration and interoperability with partners such as InsurTechs, digital MGAs, service providers, channel partners, technology/data providers and other insurers, in the ecosystem.

"Open" insurance business models

Open business models allow external and cross-industry collaboration with secure exchange of data, services and business functions to future-proof the businesses and augment revenue streams by building upon the growth in other industries. In the competition towards capturing new opportunities, business agility will play a vital role in defining the winners. Ultimately, customers experience higher value in purchasing and using insurance that meets their lifestyle and digital native demands.

In response, insurance carriers will need to develop ecosystem partnerships to future proof and augment revenue streams
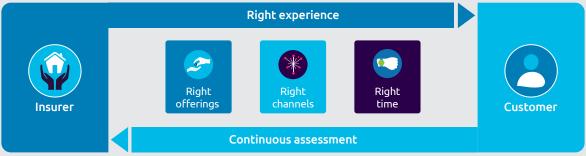

InsurTech Firms

Banks

Marketplace of goods

Payment Processors

INSURANCE Ecosystem

Healthcare

Hospitality

Retail

Wealth Management

Right offerings, right channels, and right time is essential to engage

Experience-led engagement
across the entire lifecycle – from product design to distribution to engagement

Engage with me the way I prefer

Right experience

Insurer

Right offerings

Right channels

Right time

Customer

Continuous assessment

Make the data talk

The landscape is evolving! Are you?

Source: Capgemini Financial Services Analysis, 2020

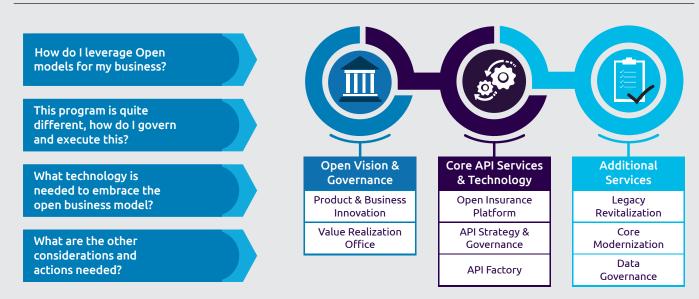| Key Driver	Imperative Business Model Transformation
Reaching customers at the right and most impactful times	Customers buy insurance when true value is perceived, such as an expensive purchase, a new life event, catastrophe or global health crisis. Insurers, with the help of top-notch data analytics tools and techniques, should be reaching out to customers at such critical moments.
Customer engagement through right channel	Omnichannel presence is critical for insurers to provide seamless experience to their customers. A right mix of digital channels as well as offline models such as brokers, agents etc. is imperative to maintain a 360-degree view of customers.
Launch innovative products for delivering right value	Insurers should evolve from one-size-fits-all products to offering new and innovative products that align with policyholders' specific and individual preferences. For example, usage-based insurance is getting more prominence across all customer segments.
Reduce costs and focus energies on critical functions	Emerging players and InsurTechs are leveraging data to enable unforeseen levels of business process automation and orchestration. Insurers can embed these third-party services in their value chain to reduce costs.

Capgemini's Open Insurance Transformation

Capgemini's **Open Insurance Transformation** offering provides accelerated and risk-mitigated transformation with a robust operating model and an industrial development approach to achieve the business goals of the insurer.

The offering helps insurers to scale up their digital maturity and become **Inventive Insurers** that integrate new technologies into their processes, collaborate with ecosystem partners, and create a personalized digital experience for customers.

With Open Insurance Transformation, we bring a comprehensive set of modular services and proven IP to address the end-to-end open transformation needs. Every insurer is at a unique level of maturity and we will design the transformation adapting to the context.

Capgemini brings comprehensive services and proven IP as the partner for your Open business transformation

| How do I leverage Open models for my business? |
| This program is quite different, how do I govern and execute this? |
| What technology is needed to embrace the open business model? |
| What are the other considerations and actions needed? |

Open Vision & Governance	Core API Services & Technology	Additional Services
Product & Business Innovation	Open Insurance Platform	Legacy Revitalization
Value Realization Office	API Strategy & Governance	Core Modernization
	API Factory	Data Governance

Features of the end-to-end offering includes:

- Co-innovation with ecosystem partners
- Designing new experiences for customers and employees
- Highly secure and compliant platform for safely exchanging data with external partners
- Industrialized approach for delivering new APIs to the market quickly
- Embedded ACORD® next generation digital standards
- Revitalizing legacy to participate in Open Insurance
- Enhancing data governance to protect the interests of all parties

Capgemini Open Insurance Transformation brings in its proprietary IPs, assets, frameworks and solutions from vision to implementation to organizational change in accordance with the insurer's requirement to embark on an "open" approach.

Capgemini brings comprehensive services and proven IP as the partner for your Open business transformation

The vision for the collaborative business models is key in driving the rest of the transformation. This vision requires a deep understanding of the market evolution, emerging risk, customer preferences and future ecosystem possibilities and coordinating them with the insurers business strategy.

Our well-recognized Insurance business thought leadership from the World Insurance Report®, World InsurTech Report® and Capgemini Research Institute provide a robust base for the new business models. We have extensive experience in delivering such business model innovations starting from the vision to the design and to the roadmap. Our network of Applied Innovation Exchanges® drive the collaborative innovation between the insurer and external business partners.

Capgemini Open Insurance Platform

The ability to exchange data in a highly secure and compliant manner is the most critical capability that insurers must acquire. The Open Insurance Platform is a proven Capgemini proprietary solution with banking grade security and out of the box ACORD APIs for easier adoption.

It consists of an insurance API Gateway layer containing prebuilt APIs for external partners such as Aggregators, Digital MGAs, InsurTechs, data providers and more. It works with enterprise APIs to integrate with legacy and modern core insurance systems, along with supporting shared service capabilities.

As a pre-integrated platform containing abstraction layers, it allows interoperability with external partners. It can be deployed on-premises or on the cloud, enabling a highly agile, secure and efficient enterprise that can get products faster to market to keep up with customer expectations.

Capgemini's Open Insurance Platform is built per the 4 tenets, on proven technology with industry standards

Enabling Agility

- Complete auto provisioning
- End to end DevOps tooling
- Industry standard domain models – ACORD
- Micro services based middleware

Security

- DDos & threat protection, traffic control
- End to end encryption
- Two-way secure digital trust
- Explicit customer consent
- Cyber Analytics & Monitoring

Open Innovation

- AIE innovation ecosystem
- Developer portal
- API sandbox

Open APIs

- API factory blueprint
- API analytics
- API Gateway
- Pre-built Open Insurance OOTB APIs
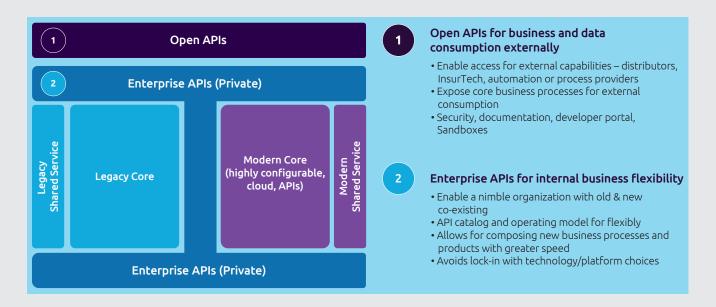
Capgemini Open Insurance Platform

API Strategy & Governance

API-based enterprises are nimbler, making the ability to adopt an API ecosystem a key architectural transformation step needed for a successful Open Business model. This offering focuses on building the API ecosystem, providing insurers the much-needed agility for quicker product and service launch.

From API strategy to execution, we bring high-velocity, low-cost, and factory-based approach, design and build accelerators to transform the operating model for API-based architecture. Capgemini's distinct API assets approach enables insurers to achieve external as well as internal flexibility to harness the full power of Open Insurance.

Two distinct API assets need to be built for harnessing the full power of Open Insurance

1	**Open APIs**
2	**Enterprise APIs (Private)**

Legacy Shared Service | **Legacy Core** | **Modern Core (highly configurable, cloud, APIs)** | **Modern Shared Service**

Enterprise APIs (Private)

1. Open APIs for business and data consumption externally
- Enable access for external capabilities – distributors, InsurTech, automation or process providers
- Expose core business processes for external consumption
- Security, documentation, developer portal, Sandboxes

2. Enterprise APIs for internal business flexibility
- Enable a nimble organization with old & new co-existing
- API catalog and operating model for flexibly
- Allows for composing new business processes and products with greater speed
- Avoids lock-in with technology/platform choices

We will also leverage Capgemini's proven tools such as https://www.capgemini.com/service/technology-operations/economic-application-portfolio-management-eapm/(eAPM) and CAP360. These solutions combined with our industry leading expertise on insurance digital platforms will provide high quality and predictability.

Benefits of Capgemini's Open Insurance Transformation

- **Future-proof Business** - Fosters ecosystem partnerships for product and service innovation and new distribution models as well as enable insurers to be a partner and preventor.
- **Business Agility** – APIs and cloud-ready platforms enable faster time-to-market.
- **Accelerated Business Transformation** – With marketplace of APIs on Open Insurance Platform, quickly implement evolving business models and distribution models.
- **Improved Customer Experience** – Deliver new purchase and usage experience for insurance with connected policies and value-added services.
- **Interoperability** – Alignment to industry (ACORD open API digital standards) allows easier switching to newer external capabilities and partners.
- **Reduced Costs** – Open Insurance Platform provides an industry best practice solution and reduces the investment needs. Using external partners across value chains reduces the costs

The Capgemini Open Insurance Transformation facilitates inventing, building and launching open business models for digital ecosystem collaboration and the Capgemini Open Insurance platform serves as a stepping stone for insurer's to transform them into an Open / Inventive insurer.

Open Insurance Transformation in Action

Designing new products for new consumers via new channels

Capgemini developed a portfolio of digitally-native products to put life insurance in the reach of the millennials. An operating model was established by Capgemini that allowed friends and families to gift life insurance to new parents through popular third party baby registries such as babylist in the US.

Combining retail, insurance, and technology

Capgemini helped a retail client enter into the insurance business by providing intelligent insurance that included smart processing thru connected home devices and maintenance services. A new business model was developed to support the customer experience and operations, ensuring a feasible commercial model.

Leveraging social apps for customer acquisition and policy servicing

Capgemini Solution helped client to integrate their mobile app, website with a popular social messaging app in China to acquire new customers by providing a personalized product and service policies of existing customers.

Why Capgemini

We bring powerful and proven end-to-end capabilities and assets to rapidly enable your business to agilely engage with external partners and develop solutions that meet evolving customer needs.

Capgemini's Open Insurance Transformation solution is very uniquely positioned to transform your organization to be future-ready. Our unsurpassed capabilities have been integrated together in this offering to deliver high impact. Our proven partnerships with industry providers such as Guidewire, Duck Creek, Majesco, AWS, MuleSoft, ACORD etc. enable us to bring best-of-breed technologies to our client. We also collaborate with leading InsurTechs, maximizing the business value for carriers. Additionally, we have successfully enabled multiple global insurers to innovate new products and distribution channels and optimize value chains.

For a detailed demo of our solution, email us at insurance@capgemini.com

About
Capgemini

Capgemini is a global leader in partnering with companies to transform and manage their business by harnessing the power of technology. The Group is guided everyday by its purpose of unleashing human energy through technology for an inclusive and sustainable future. It is a responsible and diverse organization of 270,000 team members in nearly 50 countries. With its strong 50 year heritage and deep industry expertise, Capgemini is trusted by its clients to address the entire breadth of their business needs, from strategy and design to operations, fueled by the fast evolving and innovative world of cloud, data, AI, connectivity, software, digital engineering and platforms. The Group reported in 2020 global revenues of €16 billion..

Learn more about us at

www.capgemini.com

People matter, results count.