CAPCO

TARGET ARCHITECTURE

ACCELERATING TECHNOLOGY MODERNIZATION FOR FRICTIONLESS
CUSTOMER JOURNEYS IN THE INSURANCE INDUSTRY

With insurance customers' expectations soaring and traditional insurers facing competition from disruptive, technology-driven insurtechs, the need for seamless digital experiences is paramount.

As they navigate the changing business landscape, the key priorities for insurers include:

- Providing omnichannel, unified experiences, not just for consumers but also for intermediaries including agencies, advisors, broker, and agents

- Creating an insurance platform as a service (PaaS) which can integrate with multiple user interface channels, including APIs to provide collaboration opportunities with marketers, digital brokers and fintechs and open up new business opportunities.

- Contributing to, and taking the lead on, interoperability across the insurance industry – e,g. the development and adoption of Fast Healthcare Interoperability Resources (FHIR) in the health space

- Launching new products by designing or enabling enhanced onboarding and integration experiences for third party ecosystems – e.g. hospital networks, value added service providers, commodity services

- Ensuring agility is embedded across the insurance value chain and supporting architectures to allow for a fast response to new and changing regulations, including Consumer Duty.

THE IMPORTANCE OF TARGET ARCHITECTURE

Sitting at the heart of this transformation journey, target architecture serves as a strategic blueprint, bridging the gap between legacy systems, laden with valuable historical data, and cutting-edge technologies that promise agility and innovation. It ensures a phased and structured modernization where disruptions are minimized.

The end result? A frictionless and personalised customer journey, from policy acquisition through to claims processing. As the industry grapples with evolving risks and digital-first consumers, target architecture provides the roadmap to navigate this complex landscape, ensuring that insurers not only remain competitive but also deliver good outcomes and unparalleled customer value.

The insurance industry is evolving, driven by technologies including AI, the Internet of Things (IoT), and blockchain. Technology advancements will always happen, and digital disruptors will likewise always emerge. The target architecture

for insurers is one which is focused enough to achieve the desired business outcomes while being sufficiently flexible to provide different technology paths to deliver those outcomes.

Target architecture here is the anchor for seamless technology adoption – consider, for example, how providers like Bupa and Zurich use AI for claims, or how Vitality and Sky collaborate on customer rewards.

Before going into the details of the target architecture, insurance capability maps will help to build that business centric view, which in turn will help to realise what technology capability and agility will be required in an insurer's digital transformation journey.

## INSURANCE – TYPICAL CAPABILITY MAP
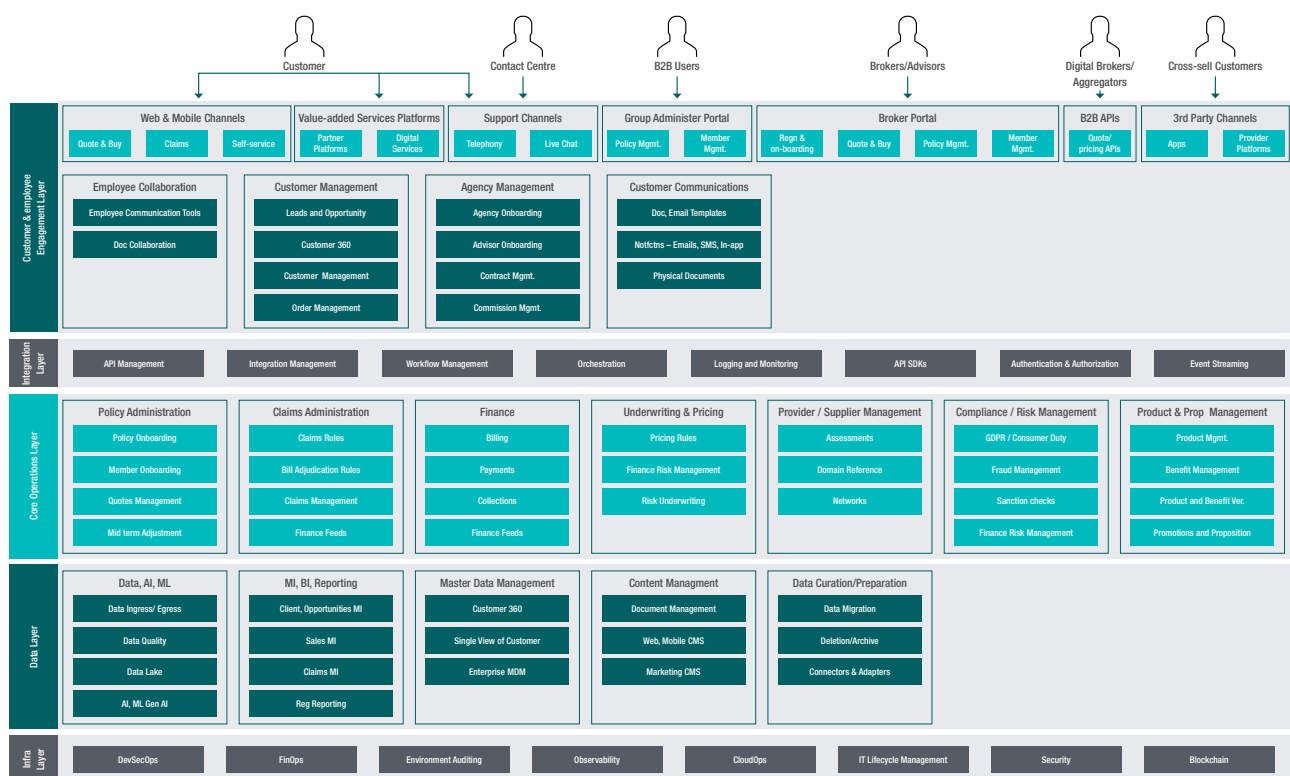
UNDERSTANDING TARGET ARCHITECTURE IN THE INSURANCE INDUSTRY

Target architecture facilitates event driven architecture, data transformation, cloud adoption, 3rd party integration, allowing SaaS solutions to work in tandem with the other technology stack. The 'build vs. buy' decision becomes pivotal, and the mantra is clear: namely, leverage SaaS for efficiency but custom-build where differentiation is key.

By providing a clear roadmap for integration and transformation, a target architecture streamlines processes, eliminates redundancies, and prevents inefficiencies. The outcome? A marked improvement in operational efficiency, ensuring that insurers are not just keeping pace with the digital age but leading the charge, delivering enhanced value to their stakeholders.

The following diagram depicts high level architecture to address all the required capabilities from various engagement channels (web, mobile apps, APIs) to core system of records for policy, claims administration and services and the supporting ecosystem of capabilities such compliance, regulations, data, AI/ML workflows and reporting.

INSURANCE – TARGET ARCHITECTURE
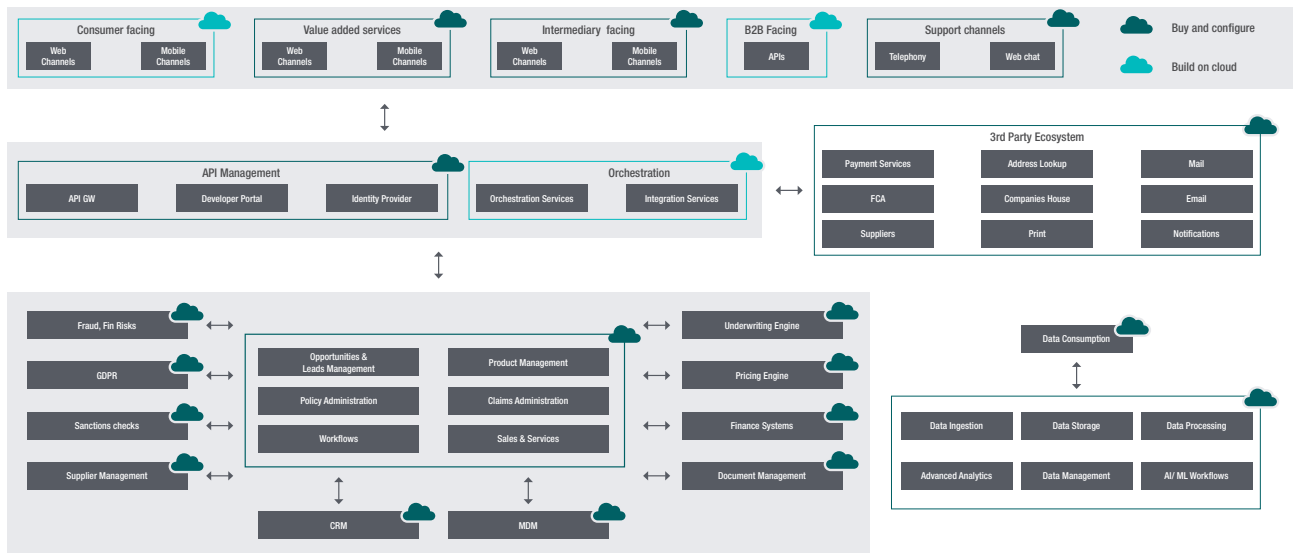
INTEGRATION WITH INSURANCE TECH

Innovation in insurance is not just about internal transformation, but also smart partnerships, with insurtechs and third-party service providers bringing fresh perspectives to solving business problems. Disruptors can open up totally new business models and enterprises can decide to harness those through partnerships.

A target architecture should be an enabler to let the enterprise integrate, partner, and easily collaborate with players providing a niche advantage to customers. A target architecture ensures that these cutting-edge solutions fuse seamlessly with existing systems, amplifying innovation without causing disruption, enhancing broker and underwriter relationships, and ensuring coexistence without accruing tech debt.

FRICTIONLESS CUSTOMER JOURNEYS AND EMPOWERING POLICYHOLDERS

The modern insurance policyholder demands more: seamless interactions, instant responses, and personalized services. Target architecture silently orchestrates these frictionless journeys, ensuring systems talk to each other, data flows smoothly, and the customer remains at the centre of it all. The result is enhanced customer satisfaction and loyalty.

To achieve this, multiple layers of the process must feed into each other. There needs to be a rich self-serve channel, with service reps empowered with real-time visibility and access to the right data, while integrated systems ensure seamless omnichannel experience. The goal is to address 'what' is important to customers in conjunction with 'how' the customer gets it.

LEVERAGING DATA IN TARGET ARCHITECTURE

The imperative to develop a targeted understanding of customer needs is pressing, and an explosion of data collection opportunities and tools means insurers are well positioned to mine customer data to gain insights. The ability to bring together and deploy internally generated and externally sourced data is key. Such data drives risk assessments, policy pricing, and claim settlements.

Yet, managing this vast data ocean poses challenges. The diagram below outlines the critical components of a data architecture blueprint.

When used as a reference point, a data architecture blueprint not only streamlines data management but also ensures efficient data integration. More crucially, in an era where data breaches are rampant, it fortifies data security and privacy, ensuring that insurers' most valuable asset remains uncompromised.

Quality data is also the foundation for AI and GenAI-driven insights. Effective data architecture can extract more value from this data, enabling precise personalisation and segmentation. The data architecture has to complement the overall target architecture to ensure the broader goals set out are achieved.

A MODERN DATA ARCHITECTURE BLUEPRINT
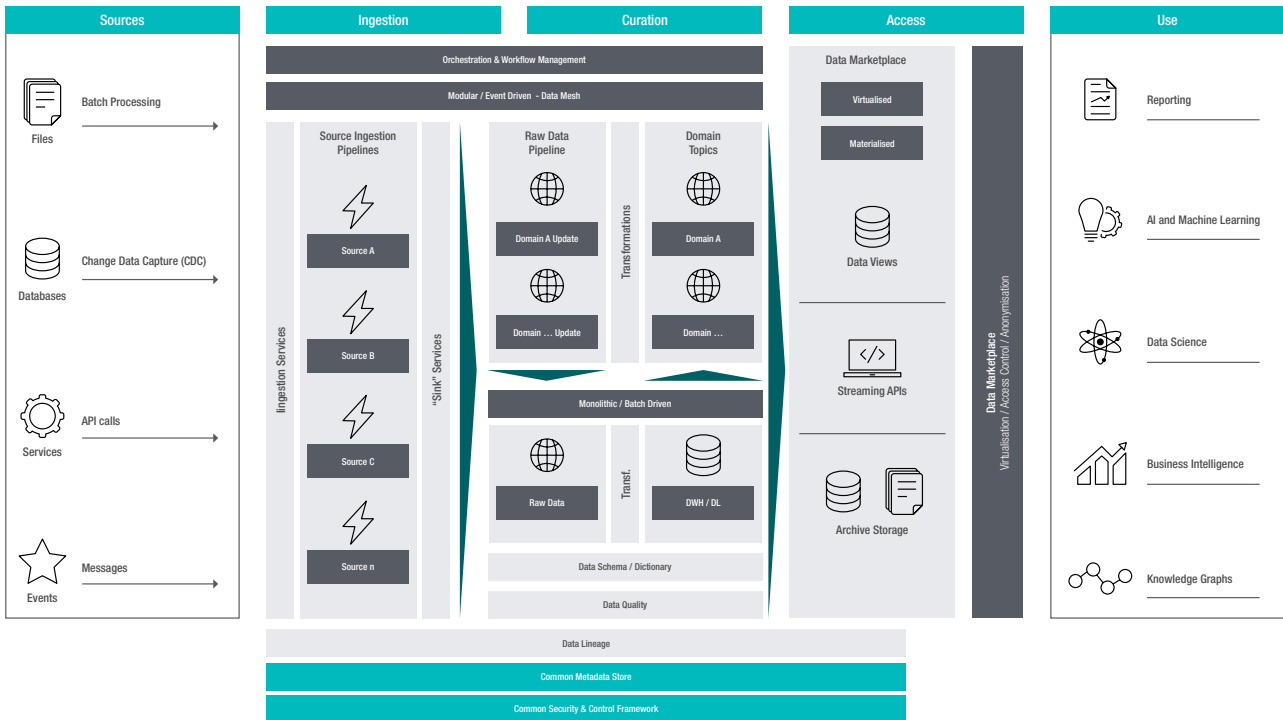
OVERCOMING CHALLENGES IN IMPLEMENTING TARGET ARCHITECTURE

Challenges in implementing target architecture, from tech debt to legacy constraints, require strategic navigation. Collaboration between IT and business stakeholders is crucial, especially when integrating third party solutions or balancing SaaS with mainframe systems.

Business Aspect	Present State	Capco Solutions
Legacy Systems & Tech Debt	Outdated tools: resistance to change; accumulated technical debt.	**Offerings:** Large Scale Programme Delivery, Technology Strategy, Core Modernisation **Greenfield vs Brownfield Strategy:** Advocate for a hybrid approach, seamlessly integrating the reliability of on-premises and legacy (Brownfield) systems with the innovation of cloud-based (Greenfield) platforms. This ensures business continuity while setting the stage for transformative modernisation.
Integration & Connectivity	Inconsistent data formats; challenges with 3rd party integration.	**Offerings:** Supplier Optimisation, DevOps at Scale, Cloud Acceleration **3rd Party Integration Excellence:** Design and implement frameworks that allow for seamless integration with tech partners and insurtech disruptors, enhancing service offerings and customer experience.
Data Utilization	One-dimensional data usage; not leveraging data for deeper insights.	**Offerings:** EUC Remediation, Technology Strategy, Intelligent Automation **Data-Driven Personalisation:** Harness the power of data to derive comprehensive insights, ensuring customers are better understood. Implement strategies that leverage these insights for tailored offerings and enhanced customer journeys.
Customer Experience	Inconsistent omni-channel experience; lack of personalisation.	**Offerings:** Intelligent Automation, Core Modernisation, Technology Strategy **AI-Driven Customer Engagement:** Deploy AI and advanced analytics to craft tailored customer experiences, ensuring a consistent and personalized omnichannel journey.
Onboarding Processes	Lengthy KYC/ Onboarding processes; manual verifications.	**Offerings:** Cloud Acceleration, Cloud Cost Management, Intelligent Automation **Streamlined Onboarding:** Design and implement automated, compliant, and swift onboarding processes, enhancing the customer's initial engagement and reducing operational inefficiencies.
Broker & Underwriter Dynamics	Traditional communication methods; lack of real-time data sharing.	**Offerings:** EUC Remediation, Supplier Optimisation, Intelligent Automation **Enhanced Collaboration Platforms:** Develop tools and platforms that foster real-time data sharing and decision-making between brokers and underwriters, driving efficiency and better risk management.
Gamification in Insurance	Traditional insurance models; lack of customer engagement.	**Offerings:** Core Modernisation, Intelligent Automation, Technology Strategy **Engagement through Gamification:** Introduce innovative models like the Vitality & Yulife approach, leveraging gamification to enhance customer engagement and loyalty.

CONCLUSION

Target architecture serves as both the guiding path and ultimately the underlying framework which allows insurers to implement modernisation programmes as well as establish the basis for future agility. Given examples like gamification or the broker-underwriter synergy, it is evident that a modern target architecture is the roadmap for the future for forward-looking insurers.

REFERENCES

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AUTHORS

Ashish Bhatt, Managing Principal

CONTRIBUTORS

Zoheb Ahmed, Senior Consultant
Aniruddha Godawale, Principal Consultant
Suki Adande, Consultant

CONTACTS

Matthew Hutchins, Partner
matthew.hutchins@capco.com

ABOUT CAPCO

Capco, a Wipro company, is a global technology and management consultancy focused in the financial services industry. Capco operates at the intersection of business and technology by combining innovative thinking with unrivalled industry knowledge to fast-track digital initiatives for banking and payments, capital markets, wealth and asset management, insurance, and the energy sector. Capco's cutting-edge ingenuity is brought to life through its award-winning Be Yourself At Work culture and diverse talent.

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