

Unlock tomorrow with the power of SaaS

The technology that can transform the
future of the life and pension industry





Keeping pace with an evolving industry

We can all see the life and pension industry is changing rapidly.

Consumers today expect service to be instantaneous, experiences to be seamless, and processes to be simple. To support these customer demands, technological infrastructure should be agile, cost-effective, and easy-to-use. Businesses need to continue to be compliant and prepare well in advance for legislation updates in the future.

Being ready for that means laying strong foundations today, embracing digitalisation

and technology in the right way to reap the rewards tomorrow.

But where to start?

In this whitepaper, we discuss how the life and pension industry could flourish over the next few years by prioritising technology that can boost productivity and efficiencies.

We look at how business automation can reduce slow manual processes, costly updates, and time spent managing and maintaining often sluggish legacy systems.

We look at how the industry can develop peace of mind when it comes to the regulatory and compliance issues it is constantly facing.

And we look at how technology can combat the slowing growth, rising competition and tricky market conditions that have increased the pressure on all life and pension companies.

Over the next few pages, we offer a path forward to help life and pension companies boost their speed, agility, and flexibility to meet those evolving consumer demands, use automation to shorten time to market for new products and services,

and keep data safe while staying compliant.

Unlock tomorrow with the power of SaaS

SaaS (Software as a Service) simply means cloud-based applications accessed through the web or an API. Because it offers easy access to better and continuously improved customer experiences, analytics, innovative business processes, scale, compliance and security, we believe that it is inevitably the future of the industry.

Digital transformation powered by SaaS

How technology can help the life and pension industry meet customer expectations

SaaS is not new – it has become an increasingly dominant part of digital transformation in many industries over the last few years. Companies are reaping the rewards of platforms that serve customers better and automate slow manual processes.

It helps that they are increasingly backed by tech giants, and the sight of these leaders racing to create easy-to-use, flexible, and customer-centric models in heavily regulated spaces, is not unusual, even in life and pensions.

SaaS: A business decision

That said, among some life and pension companies, SaaS has not taken off as much as we anticipated. One of the reasons might be because, while they understand the need to change, some companies might think of it as an IT decision, not a business one.

We strongly believe the case is actually a business one. On-premise IT platforms are costly to run, lack agility, and make compliance an arduous process, all of which mean companies are jeopardising their customer base, market share and investment budgets.

The bottom line is that IT is vital for business development and sets the limits – constrictive or freeing – on just how agile a life and pension company can be in launching new products and services and winning more business.

The result is that the companies getting in front now are the ones embracing SaaS and the cloud to stay relevant.



31%

of insurers said they were 'extremely concerned' about the speed of technological change.

Insurance trends 2019, PwC, 2019



Taking a closer look

Consumers are demanding more satisfying experiences. This means that, in a market where the bar is low for engaging customers, great experiences can be the competitive advantage companies need.

Life and pension companies find it a challenge to activate their customers and to meet new customer demands for a number of valid reasons: outdated mainframe and legacy systems consisting of multiple applications; a host of interfaces and data transition between apps; and changes to multiple systems and suppliers.

This uncertainty and lack of flexibility impedes the ability of companies to adapt to the market, keep customers satisfied, and get new and updated products out faster. This is a key area where SaaS can make all the difference.

A man in a dark suit and light blue shirt is looking at a laptop screen. The screen displays a line graph with a blue curve and a bar chart at the bottom. The word 'INVESTMENT' is written vertically on the screen. There are various digital overlays, including a 'Enter Password' prompt, a keyboard layout, and a bar chart. The background is dark with orange and blue geometric shapes.

90%

of insurance respondents say that in five years, consumers will buy most of their insurance through online and mobile apps.

Get comfortable outside your comfort zone,
Accenture, 2019

How SaaS can help



Everything taken care of

SaaS is accessed online, not through company-managed infrastructure, which means the provider manages everything, from access and performance to maintenance and security, leaving companies freer to focus on improving the business.



Easy to calibrate

Cloud hosting offers access to a variety of delivery options, which can all be changed easily when customer behaviours change. These smoother, more customer-focussed processes can be instrumental in converting leads.



Automated means faster

SaaS handles complex business processes, from launching a new product or processing policy applications, alterations, and claims much faster than legacy systems.



Stay ahead of the rest

SaaS is updated frequently and automatically, so businesses are always using the most up-to-date version. That also means always having access to best practice from the very start, and not having to make changes and complete testing across multiple legacy systems. And that in turn, frees up time to focus efforts elsewhere.



The agility to adapt

Because SaaS grows with companies, it makes it easy to make fast, effective changes in response to market conditions or customer trends.

A business fit for the future

Enabling lasting optimisation with SaaS

Slowing growth, rising competition and a difficult financial environment have increased pressure on life and pension companies to improve productivity and optimise their businesses, especially those in the middle.

Recent research by McKinsey & Company has revealed a disparity between the top performers and the rest of

the industry: "The top quintile is taking all the industry economic profit with an average of \$764 million a year. Companies in the middle three quintiles just barely made their cost of capital, while those in the bottom quintile lost an average of \$976 million a year."

It highlights that the life and pension industry as a whole has not prioritised productivity

and efficiencies, while expense ratios for many life and pension companies have even increased. Investments in automation may have boosted labour productivity slightly, but overall cost ratios do not seem to have followed.



Taking a closer look

At the moment, many life and pension insurance companies are still burdened by maintaining and managing costly legacy IT systems. Simplifying this landscape and reducing its costs should be the first priority.

The on-premise headache

When insurers use on-premise software, the onus is on the owner (specifically, the IT department) to keep it updated so it can be as compliant and competitive as possible. That is a big responsibility for the IT department, when companies would be better served thinking of it as a critical business issue.

It is a risky investment, particularly for life and pension companies, who need a cost-effective way to standardise IT and ease the burden of maintaining complex infrastructure.



"Keylane's SaaS technology provides new opportunities for us to focus on our core business and growth ambitions."

Jaap van den Hoek, Manager IM AOV at a.s.r.

How SaaS can help



Focus on business

SaaS allows companies to focus on building a business instead of focusing on hosting, updates, bug-fixing, 24/7 availability, patching and more. From developing complex software to keeping up with trends, it offers freedom to grow.



Flexible and agile

Subscription-based models offer great flexibility in both licensing and their feature-rich, easy-to-use apps, which can be configured for each business. Automatic updates mean everything functions smoothly, even during upgrades



Wider base, lower costs

By standardising a significant portion of application infrastructure across a wide customer base, SaaS can spread the cost of maintenance and upgrades, and reduce the continual pressure to develop and innovate.



Expertise on call

SaaS gives companies access to a much larger team of R&D experts who continuously work on the SaaS platform, making it fast and easy to create new functionality.



Invest in other areas

With lower infrastructure and maintenance costs, SaaS business applications considerably reduce the percentage of spending on IT, which can be reinvested from back office to front, focusing more on customer experiences.

"All in all, the industry has not been able to improve its overall cost efficiency: cost ratios... have increased around 10% from 2012 to 2017."

The productivity imperative in insurance,
McKinsey & Company, 2019

Walking the line

Staying safe, secure, and compliant with SaaS

The last two decades have seen a big increase in regulation for the life and pension industry, which means insurers are spending more time, money, and resources on compliance.

The EU Data Protection Regulation, for example, covers the use of individual data, underwriting, data portability and the right to be forgotten. In addition, all companies in regulated regions must support the principle of treating customers fairly, by making sure customers understand what they are buying, and minimising the risk the products are unsuitable.

Regulations such as Solvency II have combined with already significant domestic rules and require effort on the part of life and pension companies, directing attention away from growth. The introduction of new regulations in 2023, such as IFRS 17, will require further work on areas like data management strategy and risk processes.

Compliance with all of these should, if possible, be built into the insurance company's data processing and data

management systems – and they need to be flexible enough to respond to rapidly changing regulations.

We also anticipate that as more insurance companies move to digital and service-based offerings, conduct considerations and compliance will become even more important.



“Compliance rules are very strict for life and pension insurance companies, they spend a lot of time, money and resource making sure they are compliant.”

Roy Smeets, Senior Vice President IT, PD, Hosting, Keylane



Taking a closer look

Regulations differ across countries, and life and pension companies need to adapt their policies and procedures to be compliant wherever they do business.

That said, increased regulations present a growth opportunity for some life and pension companies. It is easy to see a situation where the most adept could even offer regulatory insurance services to others in the industry and beyond.

The challenge for companies is configuring their product offerings, user experiences, and data quickly, to comply with different, ever-changing national policies.

The limits of trust

Trusting an external supplier to keep data safe, secure, and compliant is a hurdle for life and pension companies, who are worried they are relinquishing control of their data.

In fact, data security tends to be a key barrier to adoption for life and pension companies. This is down to the sheer volume of data, but also the fact that the information

stored is often of an extremely sensitive and personal nature, something that makes it a highly attractive target for criminals.

Business continuity is also critical. Companies need to be sure that any breach does not impact customer data and services, and that they can be recovered in the event of a service outage or disaster.

That goes some way to explaining why life and pension companies are taking extra care performing risk assessments when they look to invest in a SaaS platform; relying on an IT environment created in the cloud by an external supplier requires a lot of trust – even if that cloud is private and secure.

How SaaS can help



More peace of mind

Providers take care of updates, ensure policies and data security measures are futureproof, and guarantee an effective disaster recovery plan, taking the pressure off life and pension companies.



Unlock time and money

SaaS providers take all the burden of compliance, security, and regulation, leaving companies to focus on business growth, saving time, money, and resources on complying with regulations.



Stay compliant and up-to-date

Unlike on-premise options, SaaS cloud solutions have compliancy built into them. Their flexibility and agility helps them instantly meet constantly changing rules, regulations, and industry standards, removing the difficulty and expense of handling them.

51%

of insurers feel cyber and data regulation is the top challenge in adjusting to digital disruption.

Get comfortable outside your comfort zone,
Accenture, 2019

Unlock tomorrow

The life and pension industry is evolving fast and as we have seen, adapting with it is the best way to future success. SaaS allows businesses to digitally transform by giving them the powerful tools they need to thrive.

In fact, more than 150 customers across Benelux, Nordics and DACH have already chosen Keylane platforms because they know we help optimise business processes and empower customers to be future-ready.

By enabling life and pension insurers to place the consumer at the heart of their business, SaaS can delight consumers, reduce churn, and help companies get ahead.

Get started with Keylane

As an industry-leading SaaS platforms provider, we have the experience you can rely on.

We work with you to develop flexible, agile, and scalable solutions that meet changing industry demands and sharpen your competitive edge.

But we do not stop there.

We unburden our clients by taking end-to-end responsibility, leaving you free to focus on achieving your core business objectives.

Ready to unlock tomorrow? Visit our website or contact our team to find out more about how Keylane can help empower companies with the power of SaaS.

Who we are

Keylane is a leading SaaS platform provider for the insurance and pension industry. Keylane empowers the insurance and pension industry to transform their business and achieve their goals through innovative solutions that redefine how insurance software works. 150+ customers across Benelux, Nordics and DACH regions run their business on Keylane platforms. Visit keylane.com to find out more or get in touch with one of our local offices.





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