

# Unlock Tomorrow: Modernising Core Insurance Systems



# Introduction

## Past the tipping point

Technology moves fast, and today many insurers are trapped between a rock and a hard place – continue to allocate specialised staff and resources to support siloed legacy systems that lack the ability to integrate with modern technology, or commit to a migration and implementation of an all-in-one, core insurance platform.

The reality is that continued commitment to shoring up legacy systems directly hinders business strategy, growth and market agility, adding unnecessary complexity and spiralling costs to operations. This eats away profit margins and limits an insurers ability to develop competitive products and services.

This is by no means a new issue – insurers have had to struggle with this question for over a decade if not longer, but today the issue is more urgent than at any time before.



## Axon, a unified insurance platform

Keylane, a renowned and trusted turn key provider of Axon, a core insurance platform, has acquired more than **twenty-five years' experience** in implementing Axon for large, legacy-bound insurance companies, doing so quickly and efficiently with no business disruption.

This whitepaper will discuss the learning points and critical criteria to consider when preparing your insurance business for modernisation.

### Topics that will be covered are:

- ▶ **Business concerns** in relation to using an outdated technology stack for core insurance business processes.
- ▶ The importance of **architectural considerations** when reviewing modern core systems.
- ▶ Ensuring success and mitigating risks by teaming up with a trusted and experienced **industry partner**.
- ▶ Adapting a core insurance platform **delivery strategy** to address and prepare for future scenarios.

# Escalating legacy challenges

Insurance providers running legacy core systems to power their operations face four key issues that impact every level of business operations and hinder both innovation and growth potential:

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## Limited business agility

The key difference between a successful and struggling insurance provider often comes down to business agility and time-to-market capabilities. How enabled are you to respond to market changes, such as opening a new point of sale? How quickly can you update processes to support evolving customer journeys? And can you leverage new technologies and utilise value-added services from third parties? When insurers depend on legacy systems, it becomes challenging to support forward-looking business strategies, ultimately impeding your competitiveness.

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## Increased operational cost

At the heart of the legacy management challenge is cost, impacting all business levels. Running outdated systems requires a dependency on scarce IT specialists. And what about the potential time and cost implications of unplanned downtime? Maintaining legacy systems is expensive, yielding diminishing returns. Coupled with unhappy employees forced to navigate redundant systems and perform duplicate data-entry tasks, you may also find yourself contending with high staff attrition.

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## Vulnerability and security concerns

Legacy components pose a high risk of causing availability issues and security threats due to gaps in regular patches and updates. These issues will hinder recovery and escalate costs. Worse still, successful cyberattacks can severely harm both business and reputation. In an industry where trust forms the foundation of retaining customers, insurance providers must be enabled to mitigate these risks. Furthermore, vendors are not inclined to support outdated end-of-life components, such as system software, operating systems, and network components.

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## Navigating the demands of regulatory compliancy

The insurance industry is heavily regulated, and providers must be in full compliance with government legislation. This is challenging for companies that run their operations on an outdated technology stack. Many insurance companies also find the auditing process to be a daunting task. Tapping into multiple databases, aggregating datasets and enriching reports is a fault sensitive process. Coupled with the serious consequences of non-compliance, providers today are looking for ways to automate compliancy work. Be it planning and data analysis, to reporting and governance.

# An open and versatile platform

When reviewing the foundation of a new core insurance solution, keep in mind that it does much more than just maintain product definitions, workflows and user dialogs – it also empowers insurers to make forward looking business decisions, and respond quickly to future market changes.

As such, a core insurance platform cannot stand on its own. It needs to support well established work processes by seamlessly integrating with commercial systems and in-house developed point-solutions. At the same time, a core system needs to encourage **innovative solutions** in the area of operational efficiency and customer engagement.

This is why today's insurers are wise to look for platforms where they can quickly test and implement innovative solutions and benefit from an existing partner eco system.

Let's consider some fundamental capabilities to include when planning for a new core insurance solution.

## A modern data model for flexible product configurations

Ensuring future proof flexibility, access to low-level data and core system functionality is a crucial aspect to consider.

Not all systems allow full access to the data needed for limitless product definitions. Instead, they provide a set of pre-defined insurance products, catalogs and templates. This introduces vendor dependency and will over time restrict your ability to quickly bring new insurance products to market. In contrast, Axon grants direct and unlimited access to all elements of your insurance products, which allows you to easily **repurpose product definitions** for new use cases. For example, you could create a boat insurance by reassembling product attributes of an automotive insurance.

By taking this approach, Axon limits the number of products that need to be configured, **reduces complexity** and, over time, maintains the relationships between products and versions. And, as Axon is designed with the ability to easily run updates of multiple products with a single click, you are guaranteed that all policies are updated to the latest product version.

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### A layered architecture

When customising a core insurance system to meet your requirements, it is essential to not break the upgrade path. And it goes without saying that you need to be able to benefit from all the latest platform updates without having to do extensive regression testing or to worry about broken functionality.

Keylane has solved these issues with a monthly release schedule, and by designing Axon with a layered architecture. In combination with **No-Code functionality** for core configurations, all your definitions and customisations are guaranteed to stay unchanged, including your integrations to other systems.

This design also empowers business users to define core assets and user interface components themselves – without the need to acquire development time & resources from the IT organisation.

## System integrations

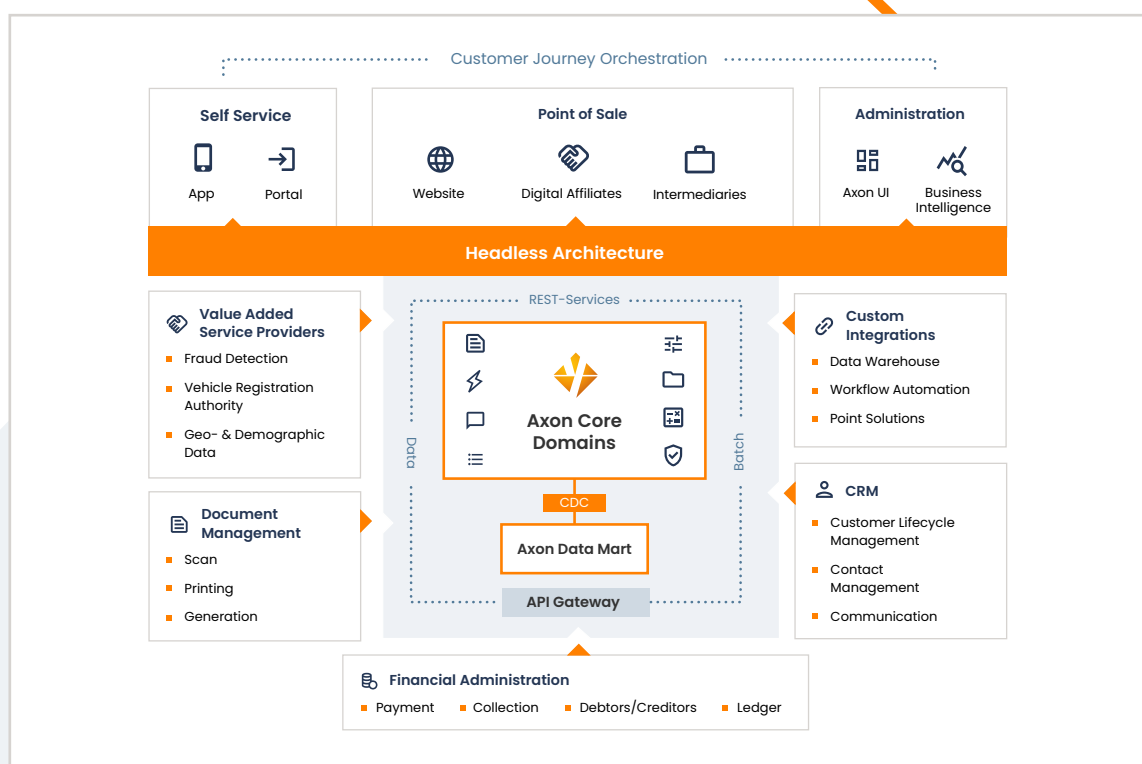
Axon is a market ready insurance platform. This means that it's delivered with a country layer that goes beyond simple multi-language support by offering full process integration and adherence to legislations and regional practices.

In addition to this, Axon comes with a set of **pre-built integrations**, such as bank interfaces, connectivity to postal code suppliers, vehicle registration authorities and much more.

These out-of-the-box integrations are developed using 'best-of-breeds' principles and are part of Axon's core functionality and supported accordingly by Keylane.

Also of note is that Axon's out-of-the-box integrations are configured per client – decisions that form an important part of implementation and hosting conversations.

Custom-built integrations to Axon are done using the plugin framework, a set of **extension points** that are built on a modular architecture and powered by a modern API built to industry standards. All Axon interfaces are backwards compatible.



*Axon in a sample application landscape*

## Plugin framework

With the plugin framework, Axon can invoke an online service in an external system and doesn't require a pre-defined format. The reverse is also true, as Axon exposes core data and key functionality through well-defined extension points.

For example, Axon plugins are used to enable **seamless connectivity** to financial ledgers and Customer Relation Management (CRM) systems.

Another common use case is to set up realtime data exchanges to third party fraud detection services and integrating it as part of the policy acceptance or claims process.

**Through its network of partners, Keylane provides a growing catalog of plugins that Axon customers instantly benefit from.**





### Flexible front-ends

Axon is intended to be used by customers, intermediaries and service points, offering extended access through a **ready-to-go portal** with an intuitive user interface.

Insurance providers may extend the Axon front-end using its **headless architecture**, decoupling the presentation layer from the application logic and database. This allows insurers to use various front-end technologies and devices to build innovative and targeted experiences for all types of scenarios without having to restructure the back-end systems. Extending the front-end also allows for best-of-breed solutions, such as mobile apps for claims registration or embedded widgets that can be deployed on affiliate sites.

Another core benefit of the headless architecture is that it allows for a **decoupled release schedule** of front-end applications.

Axon supports multiple methods for both external front-end portals and applications such as **REST services** and JavaScript widgets.


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### Realtime data and predictive analysis

Axon Data Mart is a **realtime** subset of the production database, and stores data for quick analysis, which is achieved by queries – a go-to solution for when you need to run business analysis without adding additional load to your production environment.

Simply run a Business Intelligence tool to generate reports ad-hoc or to create custom-made **dashboards**. This allows you to, for example, benchmark claims processing times, understand bottlenecks and seasonal variations and preemptively take necessary actions.

 Also of note is that **Axon Data Mart** is part of the plugin framework, offering an authorised retrieve/deliver mechanism to exchange data to other systems via a REST service.

# A trusted industry partner

**A core insurance platform implementation is more than a software purchase. Insurance providers also look to core platform providers to:**

- ▶ **Provision the platform in a target environment** to ensure all business processes and assets are implemented correctly, including external system integration.
- ▶ **Migrate policies, claims and parties from legacy systems**, including but not limited to historic data and premium changes.
- ▶ **Guarantee a ready-to-use system** in the production environment, including onboarding and training employees.
- ▶ Deliver **continuous** technical and functional platform enhancements.
- ▶ **Proactively assist and support** the insurance provider with data for improvements & compliancy requirements.

## Delivering successful implementations

After an extensive vendor selection process has been completed, it's time for implementation. But implementations cannot be taken lightly. Leading industry analysts refer to a 70% fail rate in respect to large IT projects, and too often than not digital transformation projects do not result in improved corporate performance.

Keylane implementations, on the other hand, boast a **100% success rate**. Likewise, Keylane has a proven track-record in completing large and critical Axon implementations within diverse and complex environments without failure. Going a step further, Keylane is the only provider of core insurance systems that offers a value-driven approach while taking full responsibility for the end-to-end implementation of your new mission-critical core system.

For Keylane's clients, this offers the peace of mind of working with **a tried-and-tested partner** that has a deep understanding of the ever-evolving insurance industry.

Keylane's Axon implementations are overseen by a team of highly experienced technology experts and senior consultants. Their detailed knowledge and understanding of Axon's functionality and underlying technology guarantees an in-scope and on budget implementation.

To achieve **seamless implementations**, Keylane gathers stakeholders from all key parties to form a working team tasked with steering the preliminary process. From here an extensive evaluation of existing applications, databases and supporting infrastructure begins. The result of this process sees both parties able to move confidently from a feasibility study to a clear and achievable integration plan.

## Keylane boasts a 100% success rate for implementations.

### Stress-free migrations

When implementing a new core insurance platform, one of the highest priorities for both Keylane and its clients is the successful migration of legacy data. To make sure a migration of legacy data is successful, Keylane enacts a **controlled process** that includes planning, data cleansing, extraction, transformation, loading and post-migration testing and validation.

Successful legacy data migration is achieved by migrating all client data using proven, standardised and fully **automated tools** that also provide an audit trails for adherence to strict governance and audit expectations.

Keylane strongly believes that every data migration requires extensive planning and a pitch-perfect execution. As such, all migrations are supported by a team of dedicated Keylane migration experts.

# Agnostic delivery model

For an insurance provider's operations to run without disruption, a core insurance system is typically provisioned by adopting one of two delivery models:

**On-Premise solutions** offer more control at the expense of higher upfront investment, ongoing maintenance costs and scalability.

**Cloud-based solutions** enable scalability and flexibility but require a trusted industry partner that can deliver a consistently high quality service with regards to service availability, data security and compliance.

A third method is for insurance providers to opt for a **hybrid approach**, wherein they combine aspects of both on-premise and cloud-based solutions for optimal control and scalability.

Ultimately, determining which of the above delivery model is best for your business depends on the long term goals of your organisation.

Keylane's approach is to encourage **true independence** from specific technologies or platforms. As such, Axon is fully enabled to support on-premise, cloud-based and hybrid implementations. In addition, Keylane also believes that building a platform that goes against a technological lock-in allows more adaptable and versatile services to be created.

**Axon is fully enabled to support on-premise, cloud-based and hybrid implementations.**

## Keylane SaaS

Keylane SaaS is the combination of Axon cloud delivery, monthly release updates and the daily operations required to ensure the full service catalog remains available and performs optimally. Keylane offers multiple cloud options, including private & public cloud, and the ability to run in a customer public cloud.

Axon has a **modular design**, and uses a container based architecture to meet insurance providers' current and future needs. This approach allows for greater management of changing workloads, better overall performance and improved cost-efficiencies.

Keylane's SaaS solutions come with **all ITIL processes** in place, enabling insurance providers to fully comply with laws and regulations.

Year after year, Keylane tests Axon constantly against the highest and most demanding industry needs and requirements, and continues to prove it can meet the growing needs of insurance providers.



# Conclusion

For insurance providers struggling with the dilemma of migrating away from ageing architectures to a unified insurance platform, the time to commit to that migration is now. As an industry, we are at a **major inflection point** in terms of new technologies – consider the rapid adoption of commercial AI services, and how such technologies are forcing even the largest and most successful companies to evolve now or be left behind.

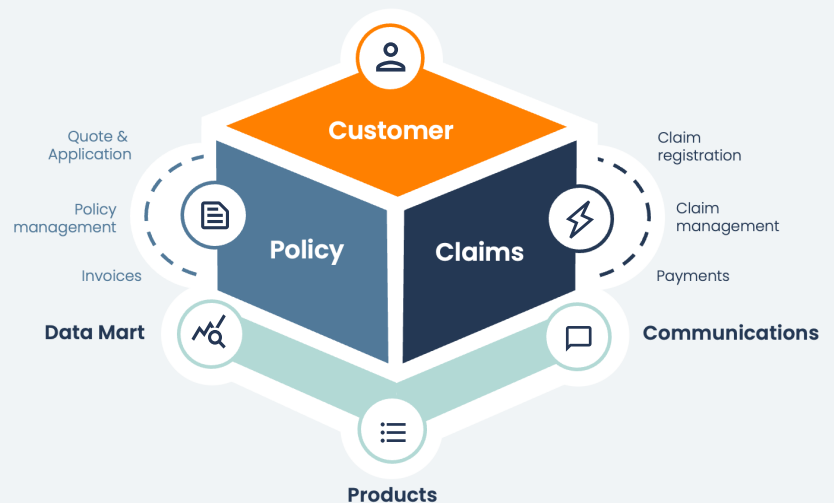
Start by identifying what your **future-fit business requirements** are, and investigate how an insurance platform offers functional readiness, true extendibility, realtime data sharing and ease-of-use.

And **go beyond the platform** – it's equally important to find a provider with a provable reputation for excellence coupled with an exceptional track record in successful migrations, integrations and implementations.

But most importantly of all is that you view your insurance company as if through a future-lense, taking a forward focused perspective into all technological discussions. The rock and the hard place that many insurers are trapped between today are in fact doors. One to the past, and one to the future.

## The Axon platform

With Axon, Keylane fosters trust and empowers lasting partnerships by providing an all-in-one unified core insurance platform that ensures a 24/7 uptime for its clients. Keylane provides and implements continuous upgrades to Axon, guaranteeing that its clients are able to comply with the latest rules and regulations.



## A partnership with Keylane

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With a proven track record in successful implementations, our dedicated experts, supported by capable partners, work to deliver an ecosystem of emerging technologies that enables Keylane's clients to deliver innovative services and products while driving profit, customer growth and true market innovation.

Headquartered in Utrecht in the Netherlands, Keylane employs around 700 people and delivers services to over 225 insurance companies across the Netherlands, Belgium, Germany, Denmark, Norway, Switzerland and the Netherlands Antilles.

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