FINEOS

Eliminate siloed workflows to increase productivity, reduce customer churn, and cut costs

A FINEOS New Business & Underwriting White Paper

Carriers suffer under the burden of siloed systems born of decades-old technologies. Here, we examine how the resulting siloed workflows crimp efficiency, productivity, and customer satisfaction, and what carriers gain by adopting platforms that provide an integrated source of data truth that serves the whole enterprise.

A history of disconnection

Traditionally, employee benefits carriers have resorted to disparate and disconnected systems for various aspects of life, accident, and health insurance—from billing and policy administration to claims management and payments. But many of these core systems are now outdated. They were made in a time when systems could only stand alone; integration with other systems was not a viable or dependable option.

Legacy obstacles

To meet expanding customer expectations and achieve the efficiency and productivity gains required to successfully compete in today's digital market, it's critical that carriers begin the process of updating and integrating these disparate systems. It's time to allow the data within them to flow throughout the organization. Post-sale data should be seamlessly available to policy admin and all other downstream assets and solutions. However, Dan Watt, FINEOS VP of Product Management, says, "Right now, there's a giant obstacle consisting of legacy systems and outdated processes

"Among the greatest shortcomings of [insurers'] existing core system environments is that key data is often locked away in silos, only truly useful in its originally intended function. For real transformation to take place and innovation to flourish, these walls need to be broken down to liberate data so that it can be exploited to the fullest."[1]

– Insurance Innovation Reporter

holding it back, preventing it from enabling downstream systems."

That obstacle stymies workflow efficiency. Siloed systems that hoard their data ensure that employees spend time manually accessing and re-entering information. "They're doing what somebody just did two weeks or even two days ago," Watt says, "inputting those same plan designs."

1 Marcel Gordon, "Tear Down the Walls: Liberating Siloed Data to Drive Innovation," Insurance Innovation Reporter, November 2019
"*Quotes from Dan Watt are from the FINEOS GroupTech Talks Podcast"

"...a startling number of application landscapes across the industry continue to rely on decades-old technologies... As digitalization accelerates and encompasses an ever-wider share of the insurance value chain, an improvement on the front end alone is not enough. Achieving the full benefits of digitalization requires real-time data access as well as agile features development in core systems."

— McKinsey & Company [2]

From wasteful disunity to the benefits of integration

For group carriers, removing silos means uniting everything from pre-sale to post-sale, from case install and beyond. After selling a new case, you should never have to start over from scratch; the pre-sale information should flow seamlessly into the post-sale environment. "The ultimate goal," summarizes Watt, "is one source of truth that feeds every aspect of the business in a kind of hub-and-spoke model."

Lack of data continuity costs time and money

This would be a huge boon to a carrier's most direct customer—the broker. "There's a lot of handholding and a lot of extra meetings because brokers are also aware of the silos out there," Watt explains. "They understand that even though they were working with the sales rep and the underwriter in excellent partnership, the project may be handed off to another team who has to re-acquire all that knowledge from multiple sources, causing delays, headaches, poor customer experiences, and increasing the opportunity for errors."

Avoiding death by a thousand cuts

"You have to leverage and integrate that source of truth once you have it," Watt continues. "It needs to happen automatically, not via manual entry or dual entry or confirmation. That one source of truth should feed your downstream systems, from billing to claims to commissions. That way, you don't open yourself up for manual entry and the inevitable errors and omissions that can be like a death by a thousand cuts."

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The benefits of integration with workflows to match

McKinsey identifies three "primary areas of value" to be gained by adopting core systems that provide an integrated source of truth, while adjusting workflows to take advantage of them.

① Increased gross written premiums and reduced churn – Digitization enables faster time to market for both new products and adjustments to existing products in addition to enabling pricing that quickly accommodates market trends and customer preferences.[3]

② Increased operations productivity – As workflows adapt to easy access to integrated data, productivity increases. McKinsey notes that the total number of policies per FTE is more than 40% higher in organizations with modernized IT.

③ Reduced IT cost – IT cost savings for organizations with modernized IT can be up to 41% compared to those with legacy systems.[4] However, realizing such savings requires decommissioning of older systems and avoiding overly complex configurations.

3 Krish Krishnakanthan, Jens Lansing, Björn Münstermann, Peter Braad Olesen, and Ulrike Vogelgesang, "IT Modernization in Insurance: Three paths to transformation," McKinsey, November 2019
4 Ibid
"*Quotes from Dan Watt are from the FINEOS GroupTech Talks Podcast"

Solutions within reach

When it comes to siloed workflows, the industry recognizes both the problem and the solution. According to Deloitte's 2021 Insurance Outlook, 95% of those surveyed are already accelerating or looking to speed up digital transformation that promote integration, with significant variances by region.[5]

Europe

59%	37%	3%	1%

North America

55%	41%	5%

Asia-Pacific

41%	52%	8%

■ Already implemented　　■ Planning to implement　　■ Do not have plans to implement　　■ Do not know

Note: Percentages may add up to more than 100 % due to rounding.
Source: The Deloitte Center for Financial Services Global Outlook Survey 2020.

5 Gary Shaw, Neal Baumann, "2021 Insurance Outlook: Accelerating recovery from the pandemic while pivoting to thrive," December 2020
"*Quotes from Dan Watt are from the FINEOS GroupTech Talks Podcast"

Gauge organizational impact

No matter where you are on the journey, erasing silos to unleash the full flow of data can take multiple forms. Marcel Gordon of "Insurance Innovation Reporter" identified integration approaches and rated their organizational impact in the areas of IT investment, team investment, transformation impact, and input/output.[6]

| Integration Approach	IT Investment	Team Investment	Transformation Impact	Input or Output
Human Integration	None	Small, Upfront	None	Mainly Output
RPA	Small, Upfront	Small, Upfront	None	Both
Batch transfer/ETL	Small / Medium, Upfront	None	Little	Mainly Output
Targeted APIs	Variable, Ongoing	None	Some	Both
Overlay platform	Medium, Upfront	None	Significant	Both

6 Marcel Gordon, "Tear Down the Walls: Liberating Siloed Data to Drive Innovation," Insurance Innovation Reporter, November 2019
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The rolling thunder approach

To gain tangible integration benefits, carriers need to employ targeted APIs, platform adjustments, or system upgrades. While the latter options may seem daunting, modern platforms enable a "rolling thunder" approach. You can update one aspect of your business, e.g., claims or billing, the modernization of which will provide maximum bang for the buck. In doing so, you can simultaneously lay the foundation for updating and integrating additional systems. No modern platform should demand you "rip out and replace" systems all at once. Modularity and subsequent integration should be table stakes for a modern carrier platform.

Gaze into the very near future

The industry is entering a cloud-based world where APIs can make data flow from multiple systems into a centralized repository. This is how you eliminate siloed workflows. Dan Watt of FINEOS and analysts from Deloitte to McKinsey agree. "When it comes to the near future," Watt concludes, "I see more data solidly integrated, more rich data traveling back and forth through every aspect of the policy lifecycle. I think that's what we're all building toward."
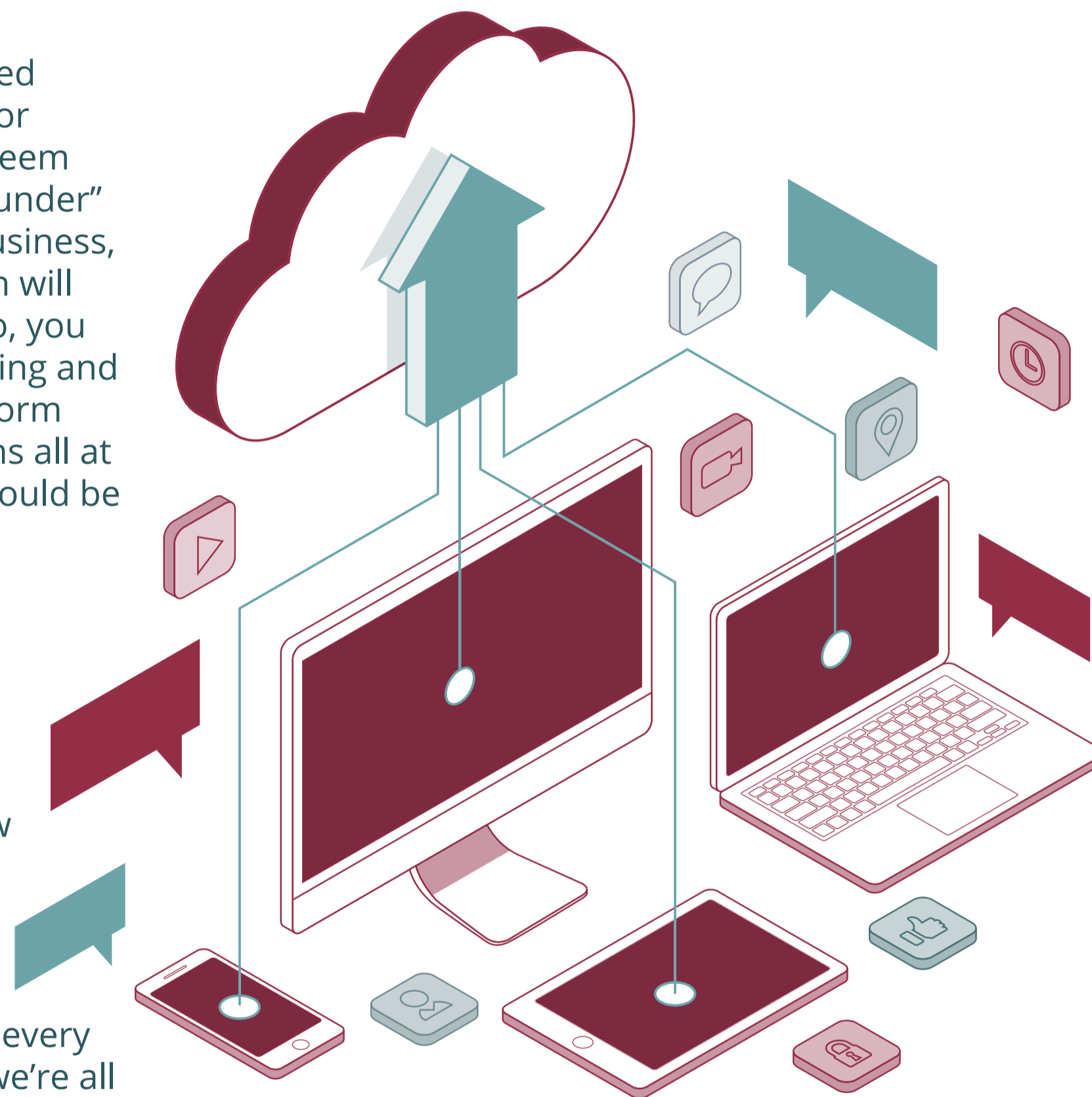
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About **FINEOS** Corporation

FINEOS is a leading provider of core systems for life, accident and health insurers globally with 7 of the 10 largest group life and health carriers in the US as well as 6 of the largest life insurers in Australia. With employees and offices throughout the world, FINEOS continues to scale rapidly, working with innovative progressive insurers in North America, Europe, and Asia Pacific.

The **FINEOS Platform** provides core administration capabilities including integrated disability and absence management (IDAM), billing, claims, payments, policy administration, provider management and new business and underwriting; all of which are configurable to operate independently or as **FINEOS AdminSuite** the leading Employee Benefits end-to-end core administration suite.

For more information, visit **www.FINEOS.com**.