

GUIDEWIRE CLOUD MIGRATION: TRANSITIONING YOUR CORE PLATFORM EFFICIENTLY

A cloud migration factory facilitates a seamless, rapid and successful transition to Guidewire Cloud as organizations migrate from on-premises core systems.

In brief

- Increasing demands on the insurance industry — from environmental challenges to evolving customer expectations — are causing a permanent shift that insurers must actively respond to.
- Companies need to transition to a modern core systems, cloud-based platforms that can handle the complex needs of their business and customer base with efficiency and ease.
- A cloud migration factory facilitates the most efficient, rapid and successful transition to Guidewire's cloud-based platform.

In this rapidly changing world, insurers are facing obstacles causing permanent shifts across the industry. This new landscape is fraught with intense demands from all sides — including higher catastrophe claims, higher replacement costs for insureds and heightened regulatory requirements, to name a few. Looking ahead, consumer expectations will only increase exponentially.

Insurers are now challenged with facilitating user-friendly, digital customer experiences on par with the online, accessible interactions consumers enjoy in essentially all other areas of life. New competitors are already disrupting the industry as they aim to meet consumer needs. The rise of InsurTechs has taken off at a fast and furious pace — even Amazon offers their own insurance now.

So, what can insurers do to withstand these volatile economic conditions, sustain their businesses in the face of heightened claims and costs, and perform with modern and digital capabilities that reach today's customer?

The answer lies in your core system — the software engine that can either stagnate and limit your business or unlock the ability to meet new demands with agility, flexibility and speed. Insurers must take active steps to modernize their backend and frontend systems into a cloud-based solution that has the capabilities to meet the complex needs of their business and customers today and in the future, with ease and user-friendliness.

Even companies who have modernized their legacy systems but aren't operating on a cloud-based platform will need to upgrade to realize the value they need in today's environment, as less than half of insurers feel they are achieving the return on investment they expected after undergoing core systems modernization.

Software as a service (SaaS) providers like Guidewire supply cloud-based, modern core software solutions that lift the digital burden from the insurer. By outsourcing their software needs to an modern, agile system, insurers using Guidewire's modern core system benefit from reduced costs and complexities and increased flexibility and responsiveness.

Moving to Guidewire Cloud can provide your organization with all the benefits of a SaaS and simplify IT operations in the process by leveraging hyperscaler capabilities to meet the increasing demands for network capabilities, computing power and storage in an increasingly data-driven society.

For those organizations that wish to get ahead and gain a competitive advantage, the time to update your core system is now. The wave of software providers moving from legacy systems to the cloud is industry-wide, and Guidewire and other providers like it have already initiated their evolution.

Making your cloud transition as seamless as possible

Overhauling your core system is no easy feat. This is a multifaceted transformation that requires diligent change management and training to ensure optimal utilization of the new platform. Here are three steps to get from point A to point B:

1. Build the business case

Key stakeholders in the business rely on you to bring forward tech and software initiatives that are needed to stay relevant and stay ahead. To build a strong business case for moving to the cloud you'll need to:

- Establish a shared strategic vision and incorporate migration to the cloud into your long-term business strategy
- Clearly communicate the benefits, of which there are many. Stick to the major takeaways that cloud enables:
 - A more user-friendly, efficient, intuitive customer and employee experience
 - Better access to higher quality data that drives deeper insights to tailor product offerings
 - Decreased maintenance costs and limited drain on internal IT resources

Insurers also must consider the continued investment software providers like Guidewire make in cloud-based platforms such as Guidewire Cloud and factor that into the business case. For example, self-managed Guidewire products will only include technical patches going forward, and product support will eventually discontinue. It is not a matter of if you'll be updating your core system to the cloud, it's a matter of when.

This must be communicated to key stakeholders and considered as a significant factor when building out a cloud-based system implementation timeline.

2. Upgrade core systems to the cloud

While upgrading to the cloud is a big step, it doesn't have to be overwhelming. Planning for an efficient, phased and predictable cloud migration will pave the way to a more agile and flexible system.

So, what's the best way to take the plunge?

A cloud migration factory can facilitate the most seamless transition to cloud platforms like Guidewire Cloud, unlocking an efficient, predictable and successful transition to the new platform.

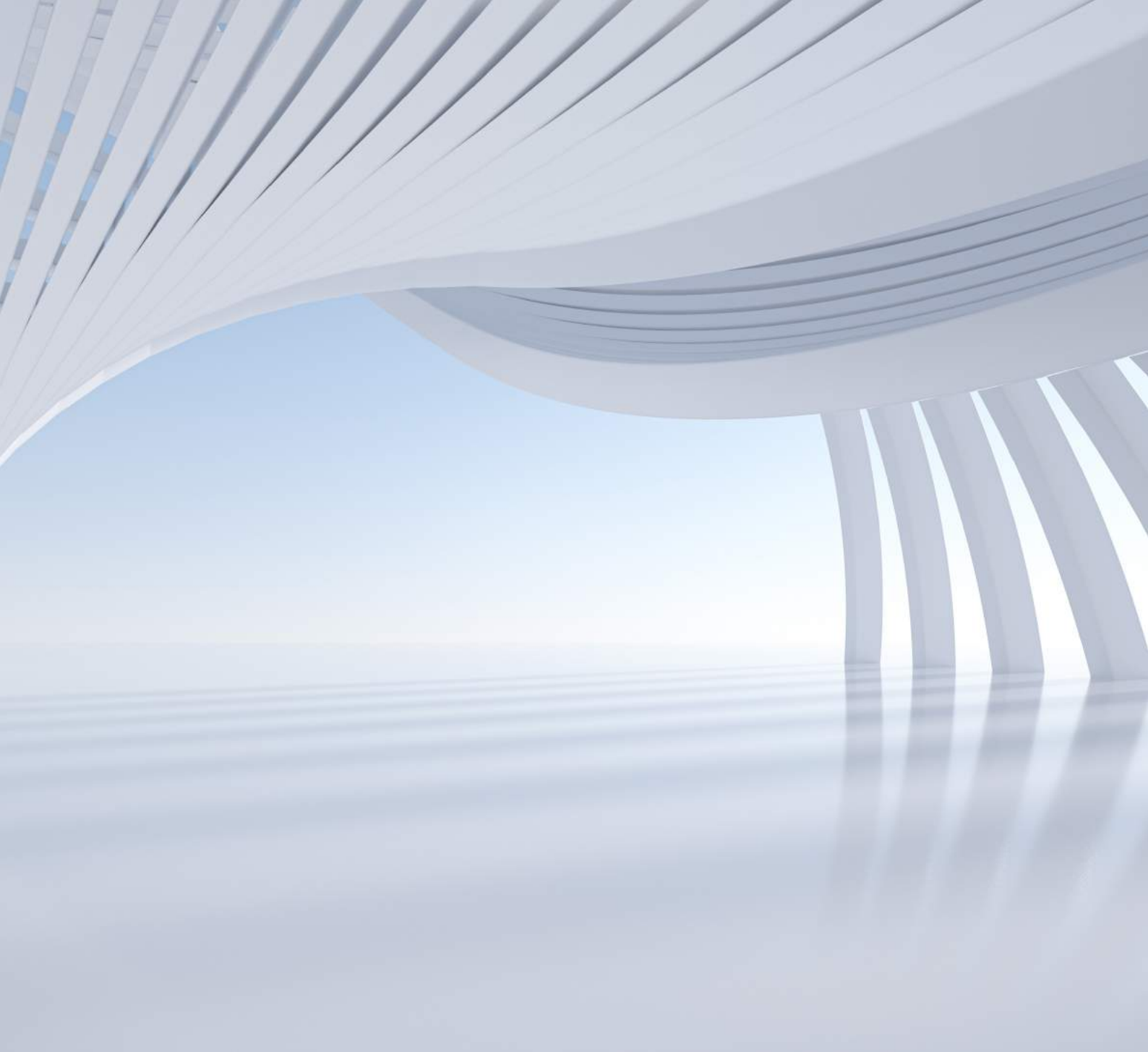
An upgrade factory will ideally run out of a single location and operate on standardized, repeatable processes to help your business engage the right processes and procedures that will ultimately propel you through the transformation to the cloud.

Advantages of a cloud migration factory include:

- **Scalability.** Resources can be increased and reduced based on business needs during the cloud transition.
- **Speed to market.** Implementation time and costs can be reduced by 10 to 20%, driven by cloud platform expertise and industrialized processes.
- **Predictability.** Standardized, repeatable processes drive consistency in delivery and reduces testing effort by 10 to 15%.

Transitioning to the cloud requires key considerations to maximize your return on investment. More specifically, additional thought is needed initially around the following

- A. Enabling technical agility.** Technical decisions during the cloud transition should ensure they enable future capabilities that align with the organization's business strategy. Key competencies of a cloud-based platform include digital capabilities to enhance customer and agent experience, data accuracy and insights to drive decisioning, reduce expenses and loss ratio, and price accurately, and automation to drive operational efficiency and reduce costs.
- B. Driving change adoption.** Insurers may think that the move from self-managed to Guidewire Cloud requires less change management than a traditional core platform modernization, but the reality is that the cloud transition is still quite complex and has a lot of organizational change implications, from changes in functionality and process to align with Guidewire Cloud standards, to shifting from an on-premises model to a SaaS model.
- C. Building an operating model.** Inherently in the shift from self-managed to the modern cloud, the IT support model changes. Most insurers aren't prepared for this type of change, which can create confusion around roles and responsibilities while not appreciating losing control over certain aspects of IT operations. Similarly on the business side, there's additional opportunity to streamline operations to align business agility with the technical agility introduced by cloud.



3. Experience the value you've created by migrating to the cloud

Now that you've past the implementation phase, you can harness cloud-based core system features that a factory model can help you implement, including:

Improved experiences. Experience is one of the true differentiators, especially in the insurance world where products and services are increasingly commoditized. A cloud-based platform can help enable and enhance digital experiences across the insurance value chain, from policy acquisition to servicing to claims.

Enhanced efficiencies. Cloud can enable efficiency in several areas: automation, processes, and expense reduction. Distributed data across the cloud ecosystem combined with third party data can drive accuracy and insights in underwriting, claims, and analytics.

Innovation at speed and scale. Cloud can leverage innovation to drive not only solving current customer needs through new products, services, and business models, but also creating new markets for future customer needs. Connected insurance, for example, can leverage IoT devices to better understand risk and prevent claims. Embedded insurance can introduce new customers to insurers to which they normally wouldn't have access. Generative AI can be leveraged to provide insights or drive efficiency/automation. The possibilities are endless.

In conclusion

The insurance industry is transforming at a rapid and sometimes daunting pace, but with every change comes an opportunity to evolve. With the right cloud-based core system and successful implementation, insurers will be equipped with the flexibility, agility and digital capabilities they need to thrive around the next corner and beyond.

To learn how Capgemini can help you maximize the value of your Guidewire Cloud platform, visit <https://www.capgemini.com/gb-en/about-us/technology-partners/guidewire/> or contact us at : insurance@capgemini.com

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