

# SaaS is coming of age in the insurance sector

How to create value in a thriving business.

# Performing safe, efficient and reliable in an online world



Cloud computing, once viewed nervously by business leaders outside the most adventurous of the technology sector, has become the go-to place for communication, collaboration, information storage and resource management. Business-led services, like SaaS, now offer

a level of security, reliability and scalability that supports stable business process management, enabling companies to focus internal resources on innovation and customer service excellence.

In this White Paper we define SaaS as a delivery model in which software is licensed on a subscription basis and is centrally hosted in a public or private cloud.

A recent Gartner survey of Cloud adoption across enterprises operating in ten countries around the world found that senior business executives rated cost reduction as a key benefit of SaaS solutions, while senior IT leaders rated its contribution to operational agility, innovation and business advantage. Among the features that CIOs in the insurance sector value the most are ease of implementation, access to the latest software and updates, and the integration of data and applications across all operational functions within the business – in effect, the SaaS solution eases the burden of having to maintain a complex infrastructure in-house.

SaaS harnesses the power of the Web along with modern security tools to provide flexibility and cost efficiencies beyond what was available in earlier shared resource models. Previous models were often expensive to implement and customise, and once implemented could prove slow to change. In contrast, SaaS solutions can be implemented relatively quickly and are able to offer rapid response to changing market conditions and compliance requirements.

Today, SaaS is about more than renting computer services - it is about creating value in a thriving insurance business.

## Beyond cost cutting

Despite early concerns about data security and service reliability, Cloud computing has become almost ubiquitous in today's world of mobile, online connectivity.



Recent research by Vanson Bourne found that 90% of organisations surveyed already use some sort of Cloud-based application for functions ranging from email and document sharing to payroll and sales management. The development

of universal standards for software interoperability and greater penetration of reliable high-speed bandwidth has greatly improved the outlook for Internet-delivered services.

As a result, businesses are beginning to turn to solutions such as SaaS to relieve their operations of the burden of application and infrastructure management on core business functions. There are many reasons for the migration, but a recent survey by Gartner shows that 44% of the businesses transitioning their core functions to SaaS solutions cited cost reduction as their main objective. The total cost of ownership cycle for in-house application management – including the cost of purchase, customisation and implementation, as well as bug-fixing, patching and loading upgrades over the lifetime of the application – is significantly reduced, because all these functions are performed by the SaaS host.

But SaaS provides much more than a means to reduce IT costs. By standardising a significant portion of application infrastructure SaaS providers are able to not only spread the costs of maintenance and upgrades over a wide customer base, but also to invest in state-of-the-art monitoring and security measures that will benefit all users.

# Two challenges



In terms of its IT needs, the insurance sector has two challenges. On the one hand, the industry is being forced to respond to rapid changes in consumer behaviour based on the 24/7 life of the fully

mobile, always connected customer. Systems need to be open and accessible, with fast response times and the ability to handle a high degree of self-service and interactive customer service.

At the same time, regulations touch on every aspect of the insurance business. Solvency II provides strict guidelines on capital requirements and risk assessment. Compliancy is key.

## Need for innovation

Innovation has become a way of life in the industry. New behaviour monitoring and geolocation tracking devices provide data that is allowing insurers to refine their risk profiling and pricing down to the level of the individual, if the relevant permissions are available. New product offerings are emerging to take advantage of these capabilities and are gaining market share. New insurance companies are entering the market based on business models never before possible – selling and administering insurance products exclusively online – while some global non-insurance companies are muscling in with their own online-only insurance offerings.

The analytical tools that are being developed to help insurers stay ahead of the competition by learning consumer behaviour and spending patterns are also being deployed by customers to help them get the best deal.

## Stay compliant

The EU Data Protection Regulation 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 ensuring that customers understand what they are buying, and minimizing the risk that the products being purchased are unsuitable to the customer's needs. Compliance with all of these regulations must, where appropriate, be built in to the insurance company's data processing and data management systems.



## A new solution is needed

It is becoming increasingly clear to most insurance businesses that the legacy systems that have run their core functions until very recently will not be able to meet these conditions of operation in today's fast-paced market environment. A new solution is needed; one that will perform the basic functions of policy sales and administration safely and reliably in the online world of the Internet.

Ideally, this solution, whilst taking over much of the burden of infrastructure upgrades and maintenance, will also provide a more cost efficient pricing model that will relate costs more directly to volume of business than can be achieved with in-house, capital intensive solutions. It will provide regular updates to meet client needs for enhanced functionality as well as all emerging regulatory requirements. It will free up management and IT resources to focus on driving competitive advantage and value from the business. These are the needs that the Keylane SaaS solution has been designed to fulfil.

“BUSINESS-LED SERVICES IN THE CLOUD, LIKE SAAS, NOW OFFER A LEVEL OF SECURITY, RELIABILITY AND SCALABILITY THAT SUPPORTS STABLE BUSINESS PROCESS MANAGEMENT, ENABLING COMPANIES TO FOCUS INTERNAL RESOURCES ON INNOVATION AND CUSTOMER SERVICE EXCELLENCE RATHER THAN JUST KEEPING THE LIGHTS ON.”

# Support for the business team

According to Gartner, less than five percent of insurance companies currently run their core systems in a SaaS environment, but 50% see a transition into that resource on the cards within the next 5 years. Keylane understands and supports business leaders to make this decision.

## Data security is no longer an issue

One of the major concerns that keeps CIOs in the insurance sector awake at night is the issue of data security in a shared environment. In Keylane's view, the unique data protection and security needs of the insurance sector require a separation of operations with the ability to isolate and protect each client from the others. In the Keylane Hosting environment this is done by running the operations of each individual tenant in its own stack ensuring there can be no chance of policy confusion or accidental sharing of information. Clients using the Keylane solution have the operational and data security benefits of a private cloud alongside the cost and features benefits of a multi-tenanted environment.

## Support for the CIO

The objective of Keylane is to make life easier for customers. As specialists in the field of insurance applications, with over 50 live tenants on its European hosted sites, Keylane understands its customers' needs for speed, reliability, security and innovation. Keylane provides all technical management, including configuration, integration with the in-house application landscape, maintenance of application and infrastructure, and regular upgrades. Releases, include customer requested enhancements, host specified upgrades and legal/compliance updates. Customers have the option of adopting new features and are given support for integration with user interfaces.

## Continuity is guaranteed

Business continuity, another CIO worry, is assured through the use of two Tier 3 ISO 27001 certified data centres 35km apart in the Netherlands, built and managed to withstand physical disasters and cyber-attacks. This built-in redundancy ensures short restore times and no data loss in the event of an outage for whatever reason. Furthermore, there is both a production and a pre-production environment running, so testing and training on all parameters including internet connections can be done with no disruption to live operations.

The system has active, on-going event monitoring with 3rd party intrusion detection. Broad network access and rapid elasticity ensure reliability and scalability while the secure and redundant connections between data centres and to the European Internet Junction in Amsterdam and Rotterdam provide the flexibility needed for operational continuity.



## Enhanced value for the business

With this level of functionality, reliability, security and flexibility, SaaS is clearly ready for the most operationally critical and security sensitive core functions. Predictions for future growth in SaaS point to growing confidence in the technology; an early 2015 report from Goldman Sachs forecasts global SaaS revenues to reach \$106 billion in 2016, up 20% year on year.

It is clearly time for companies in the insurance sector to consider migrating core functions to the SaaS environment and freeing up valuable resources within the business. By choosing a SaaS host such as Keylane, with its proven industry experience over many active implementations, the new SaaS customer will benefit from some of the best experience and established infrastructure available in the sector.

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# More business benefits

**The SaaS environment, whether they are based on a multi-tenant or on the more secure single tenant architecture, is built for an optimal and secure operation of the solutions. It provides a wide range of business benefits, including:**

- **Ease of implementation:** These solutions are fully developed applications designed to operate in the intuitive usability environment of the Web. They are available on demand through standard or bespoke interfaces to user systems.
- **Regular updating:** Specialised SaaS hosts such as Keylane keep abreast of developments in the relevant markets, technologies and user experience to constantly update the application for the benefit of all clients.
- **Flexible pricing structures:** Use-based cost structures above a regular base fee enable the client to relate the exponential cost of IT directly to volume of use.
- **High degree of configurability:** The solutions are developed based on rules and tools that can be configured to the user's specific needs and interfaces.
- **Potential scalability:** Fluctuations in business volume as well as growth through acquisition can be accommodated within the elasticity built into host data centres, eliminating the problems of costly infrastructure upgrades and redundant capacity.
- **User support:** Technical support to help with the design of user and data interfaces, implementation and on-going use of the application is included in the service.
- **Enhanced monitoring:** The economics of the shared resource model allows for investment in state-of-the-art system security and data monitoring technologies that would generally not be financially viable for a single system operator.
- **Built-in disaster recovery:** The concurrent running of duplicate host data centres ensures quick recovery of customer data and operations in the event of any service outage or physical disaster.
- **Designed for the Web:** Applications designed for the Internet facilitate the open and mobile accessibility that is demanded by modern consumers.



### About Keylane

Keylane is a leading European supplier of SaaS based software solutions for insurers and pension institutions. More than one hundred financial service providers in Europe use Keylane's software and achieve measurable results such as a reduction in costs, a reduction of the time-to-market and higher levels of customer satisfaction. Thanks to its in-depth knowledge of the industry and world-class technology, Keylane is able to offer its clients an excellent service.

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