Research: Agile InsurTechs and Middle Management Stump Digital Transformation Progression

In association with

Duck Creek Technologies

Insurance POST

Digital transformation has been at the forefront of the industry's mind, especially in light of recent times. Digitalisation of products, services and offerings are now an essential part of any business's foundations, with many falling behind in the current digital age, the question being, what is holding them back?

By Izabela Chmielewska, Commercial Content Editor

Duck Creek Technologies conducted a survey surrounding this issue setting out to find answers to the following questions in relation to digital transformation:

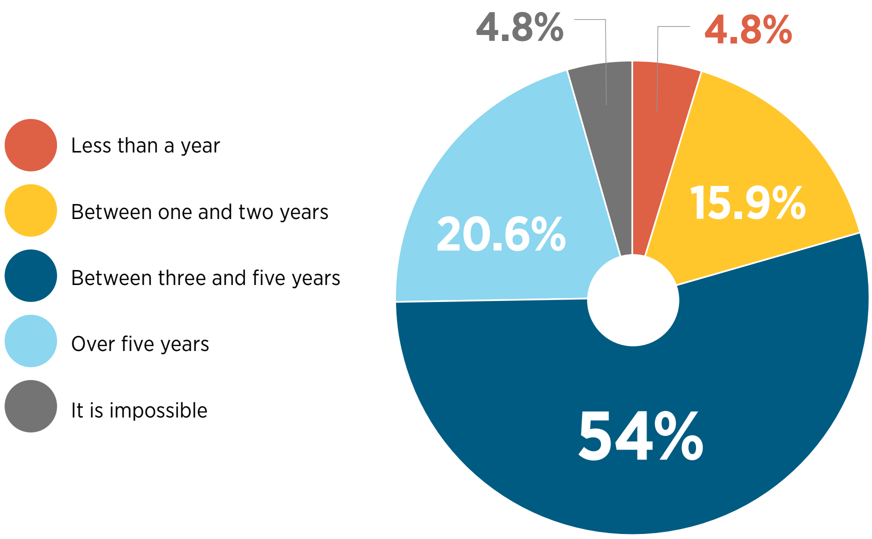
- How long do you estimate it would take to perform a full greenfield digital transformation at your company?
- Where do you envisage the biggest blocker to such a digital transformation coming from?
- How was your employer's appetite for digital transformation impacted since the start of the pandemic?
- What do you think are the biggest drivers to perform a greenfield transformation?

Key Finding 1: Greenfield Digital Transformation is arriving sooner than you think.

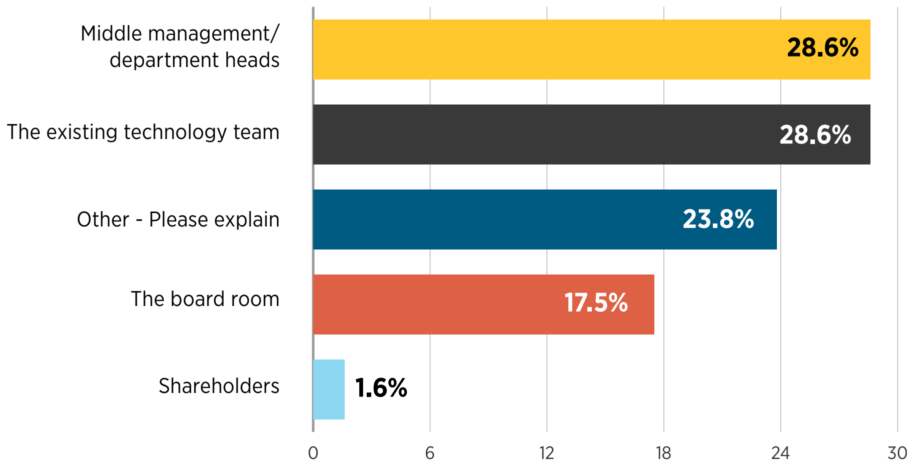
With greenfield digital transformation being a hot topic in recent years, over 60% of respondents believe it would take between three and five years to perform a fully-fledged greenfield digital transformation within their companies.

Complex and (potentially) bank breaking, greenfield digital transformation breaking free of current system, business and talent model constraints that come with transforming technology used within businesses.

1.How long do you estimate it would take to perform a full greenfield digital transformation at your company?



2. Where do you envisage the biggest blocker to such a digital transformation coming from?



Other – Please explain

1. Broadband standard.
2. Brokers/coverholders.
3. Don't see blockers for projects with credible business cases.
4. Existing legacy system complexity.
5. Financial prioritisation.
6.Funding.
7. Investment in IT resource and technology.
8. Lack of budget.
9. Legacy IT.
10. Legacy systems and culture.
11. Nature of work.
12. No blockers here.
13. Resource.
14. The sheer complexity of it.
15. Too much other change ongoing.

Greenfield aims to function via a fully digital operating model for sales, customer service and information by building a totally new SAP environment. In doing so, it aims to use digital technologies to enhance customer experience with real-time management and act as a trial for the wider enterprise where businesses can test future models for operations whilst continuing its efforts to transform the entire organization.

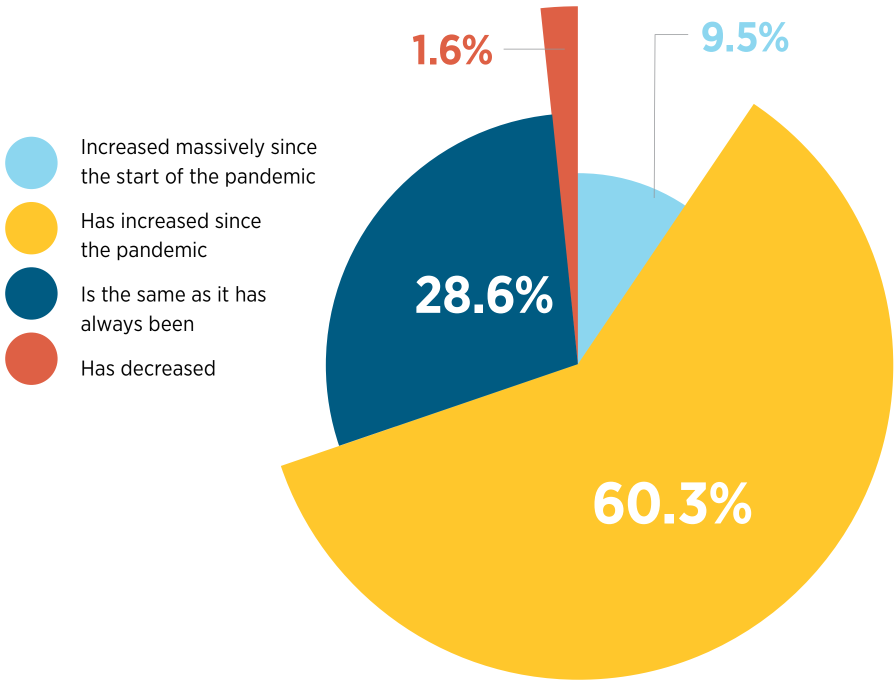
The approach for digital migration is largely controlled by the organisation, and often stem from a desire to standardise best practices and address deep-rooted challenges in current systems and design enterprise structures.

Key Finding 2: Middle Management & Existing Tech Teams are the current obstacles of Greenfield change.

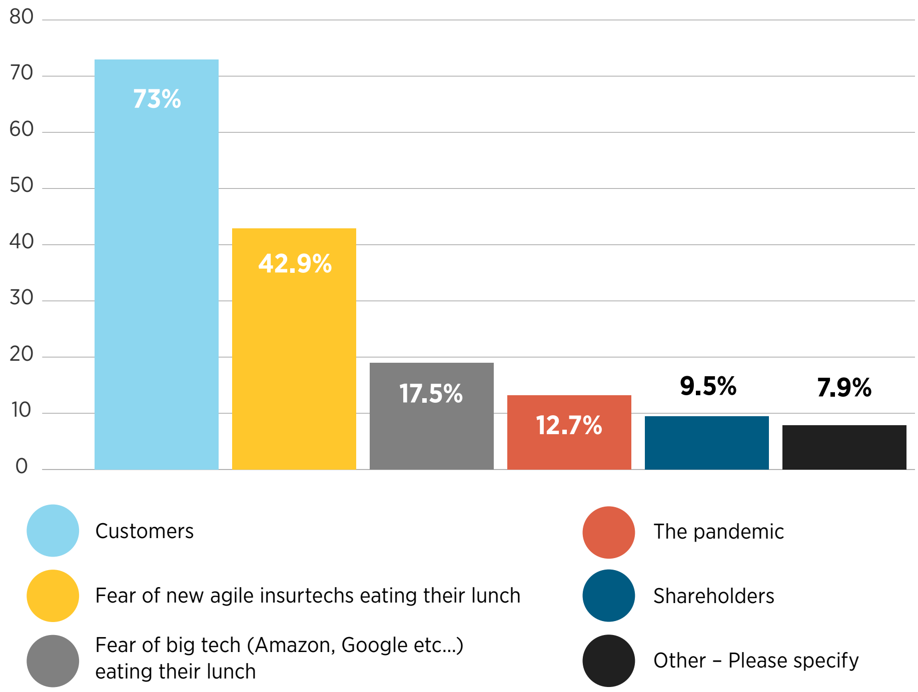
As it currently stands, existing tech teams and middle management are seen as the biggest blockers in terms of progress relating to greenfield digital transformation progress, with an overarching 57% of respondents attributing the setbacks to the latter, both standing at 28.6% each.

Interestingly, despite respondents' general agreement of these being the core blockers of greenfield digital transformation advancements, almost two thirds of respondents state that their employer's greenfield digital transformation appetite has increased since the start of the COVID-19 pandemic, with 9.5% seeing a massive increase.

3.In terms of appetite for digital transformation, do you think your employer's appetite to perform a full greenfield digital transformation has:



4.What do you think are the biggest drivers to perform a greenfield transformation?



Other – Please explain

1. Cost.
2. Cost - which is why it normally fails.
3. New distribution channels.
4. Regulation.
5. Staffing cost reduction.

Key Finding 3: InsurTechs are the new… Google?

Despite how significantly coronavirus has seemed to influence their point of view and determination on the surface, many attribute the biggest drivers for this digital transformation to the customer, with the fear of new and agile InsurTechs coming in at a close second.

Large technological corporations such as Google and Amazon do not seem to worry employers as much, with a mere 19% of respondents indicating this in the survey, suggesting that the most significant influencing factor driving employer appetites for digital change still remains as the customer.

Greenfield implementation is a major change that impacts every way in which an organization works. The benefits of a clean slate, adoption of best practices and opportunity to implement more automation, innovation and control can drastically change the quality of customer experience offered, thus becoming better aligned with the business's strategic direction.

Conclusion:

In summary, the research conducted by Duck Creek Technologies has laid bare that respondents are more scared of agile InsurTechs than they are of large technology corporations. The general consensus throughout the survey is that bigger tech companies have other, more pressing priorities which take precedent over smaller matters such as digital transformation.

Greenfield digital transformation is becoming more prevalent now than ever, with the pandemic directly, (and indirectly) influencing employer appetites and plans to move forward with fully-fledged company-wide greenfield implementation.

The question remains, how do we overcome the biggest blockers of greenfield implementation without sacrificing the quality of services provided in the industry?