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Solutions That Deliver:

What Every Insurer Needs to Know About Low-Code

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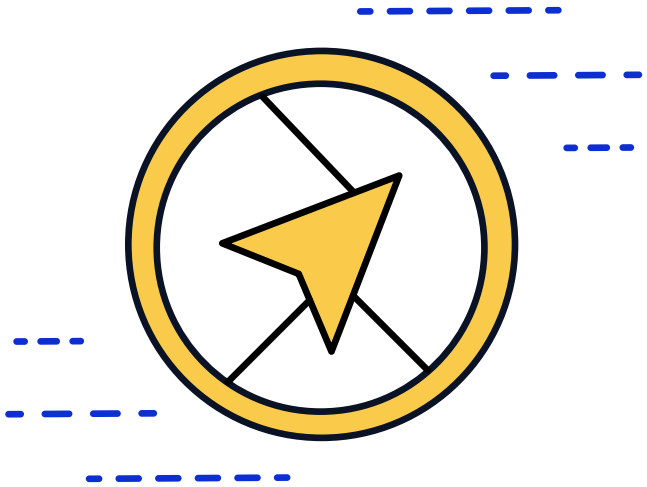
Executive Summary

Before 2020, digital transformation was on the roadmap for most insurance organizations, and some projects even had funding and priority. However, in many cases, compliance projects and urgent needs consumed development budgets and left digital transformation more a hope than a reality.

When the pandemic hit, though, customers and firms needed to adjust overnight, as it became painfully apparent that those digital initiatives needed to be prioritized immediately for the future of the business. Transformation roadmap items became business-critical.



Low-code is rapidly becoming the engine driving these initiatives in insurance. Digital transformation, process automation, business agility, and improved customer journeys are all low-code strengths. A recent survey from Mendix explored how firms use low-code and where they see opportunities and concerns. Key outcomes include:

- Low-code offers untapped value to the insurance industry, even those organizations already using it.
- Low-code is meeting and often exceeding expectations, providing tangible business value.
- Low-code offers significant speed benefits over traditional development. This has proven helpful in digitizing processes exposed by the COVID pandemic but is essential moving ahead.
- Critical needs like cloudifying, modernizing, replatforming, and integrating client journeys are ideal use cases for low-code.
- Integrations must be managed carefully, less because of platform concerns and more due to traditional thinking and legacy systems and processes, as well as concerns about government regulations.

Background

In September 2021, Mendix contracted with Momentive to conduct a global survey about low-code in financial services and insurance (FSI). The study aimed to learn more about how the industry views low-code, uses, and potential concerns.

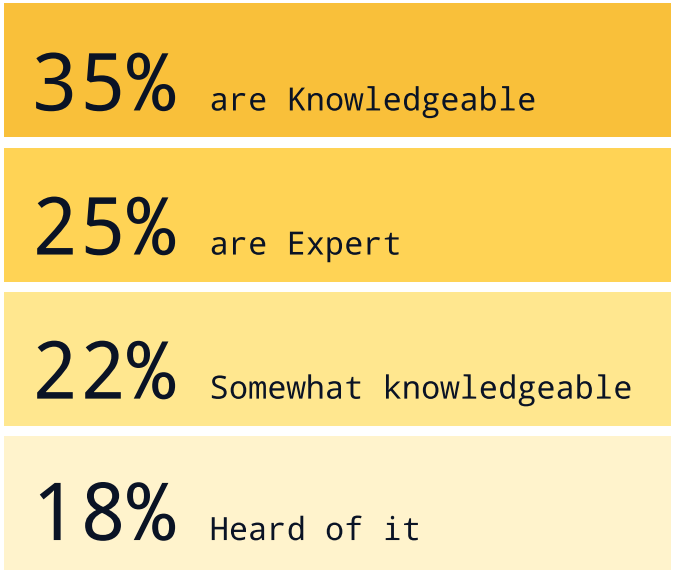
The survey had 1,414 total respondents from across the globe.

Respondents all identified as sole decision makers, key stakeholders, or responsible for making SaaS decisions for their organizations. They reported being from one of Business/Product Line, Data/Analytics, Digital/Innovation, Finance, HR (Human Resources), Marketing, IT, Operations, Risk/Compliance/Audit, or Sales.

Respondents' firms ranged in size from less than 500 global employees to over 20,000 global employees.

Finally, all respondents knew at least something about low-code. Many worked for organizations that had deployed a low-code solution from at least one of several low-code platform providers.

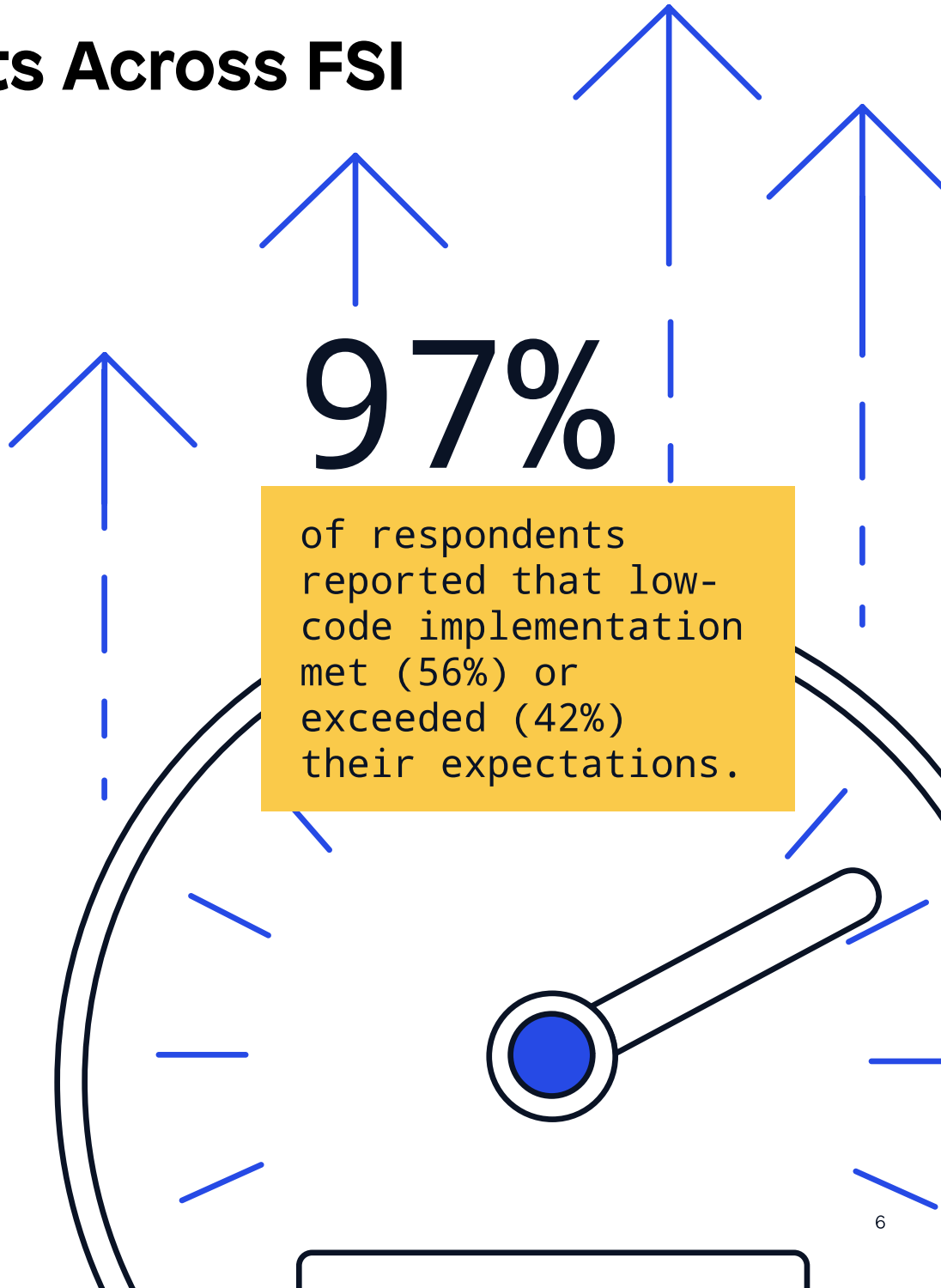
How would you describe your familiarity with Low-Code/No Code platforms?



Low-Code Gets Results Across FSI

Not only are more FSI organizations using low-code to fuel their digital transformations, they're getting more than they expected.

How has implementing Low-Code/No Code performed to your expectations?

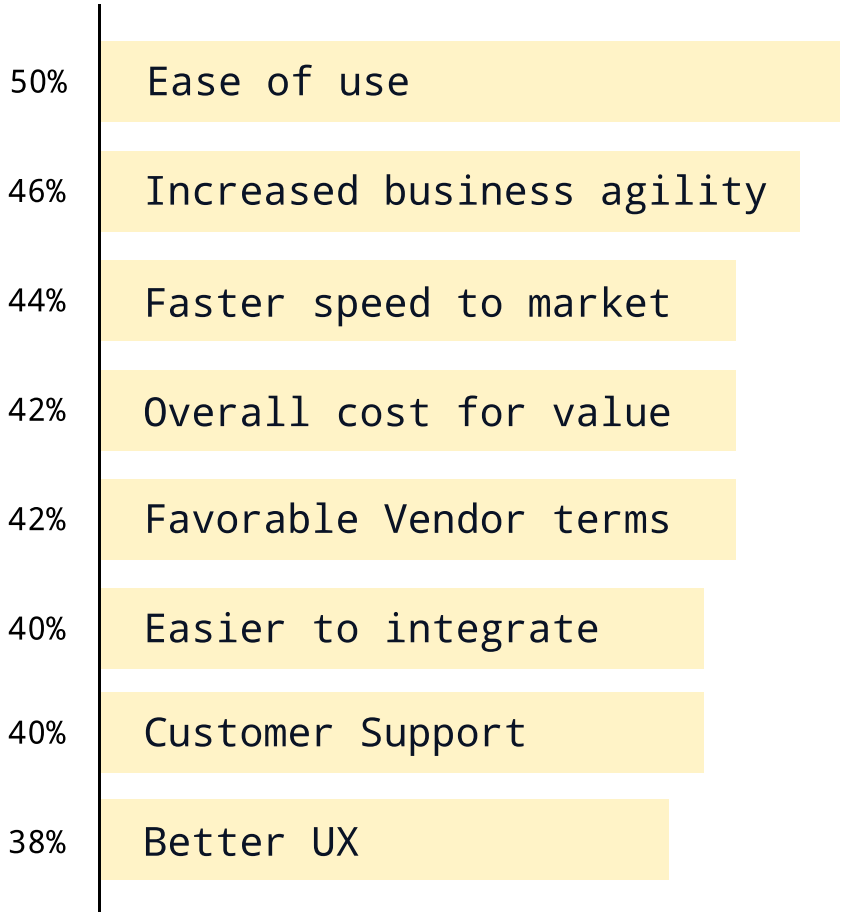


That number is eye-opening, and drilling down into the data provides an even more compelling story. FSI organizations aren't just seeing one benefit from deploying low-code. They see several.

Key Benefits

The top reported benefits were ease of use, increased business agility, and faster speed to market. Put another way, **low-code users deploy solutions faster and with fewer resources while also opening their business to future possibilities.** Low-code is a critical catalyst to help supercharge organizational change and an innovative mindset.

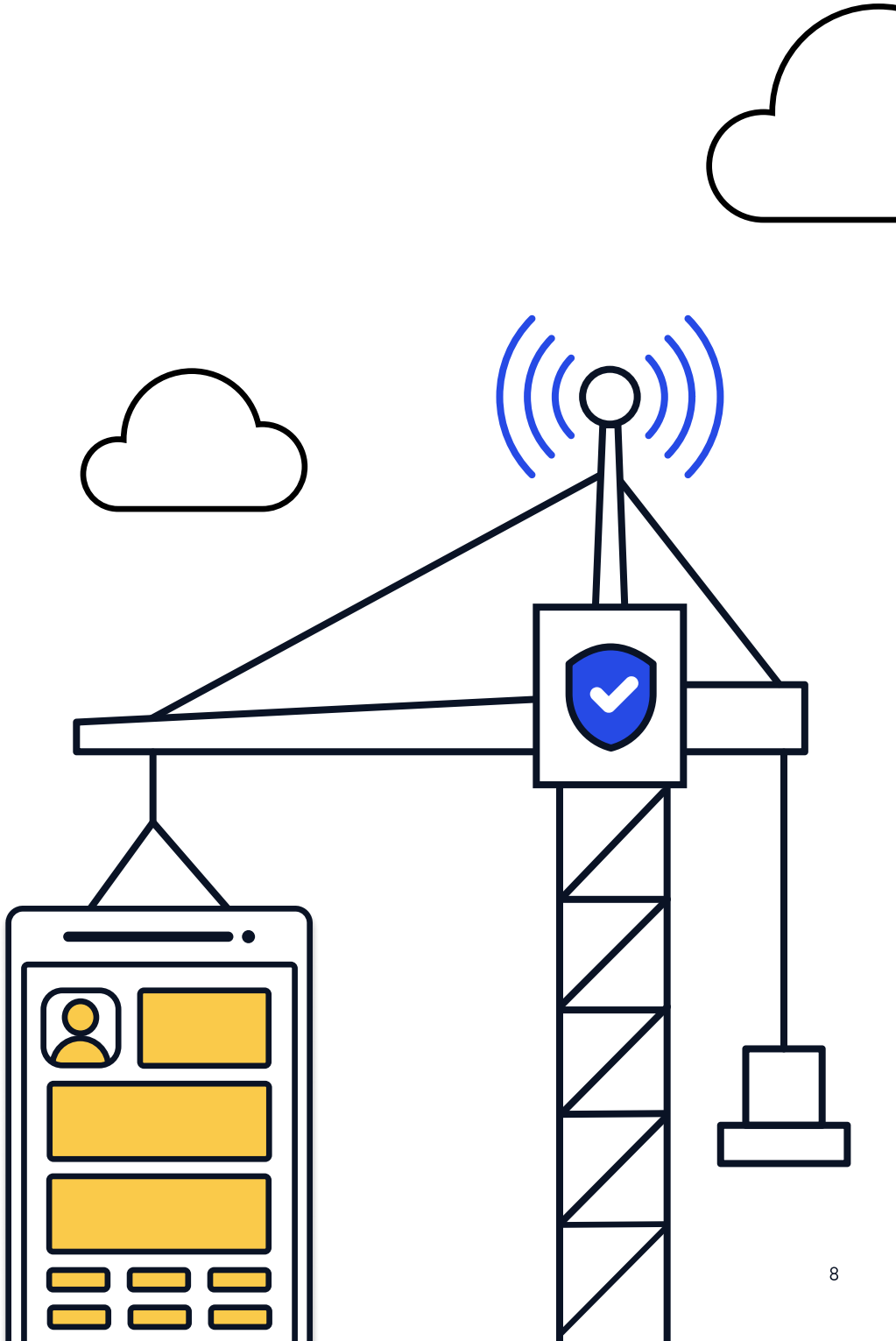
Which of the following reasons describe the way Low-Code/No Code exceeded your expectations? (Select all that apply)



Build Vs. Buy

Many organizations use commercial-off-the-shelf (COTS) solutions for one of a few reasons: either they're the industry standard, they don't believe there is a viable technical alternative, or they don't think there is an affordable alternative. Low-code is a viable alternative, but can organizations see the same level of success even if all the COTS pre-baked standards aren't there? 97% of survey respondents think so and are having success taking control of their digital experiences.

The Business Development Bank of Canada (BDC) invested millions of dollars and five years into traditional development to help modernize their loan application and approval technology, only to show no deployable solutions. After turning to low-code, BDC built a prototype in 4 days and deployed a solution that added automation to their processes in under a year. Those results are echoed repeatedly with organizations that deploy low-code.

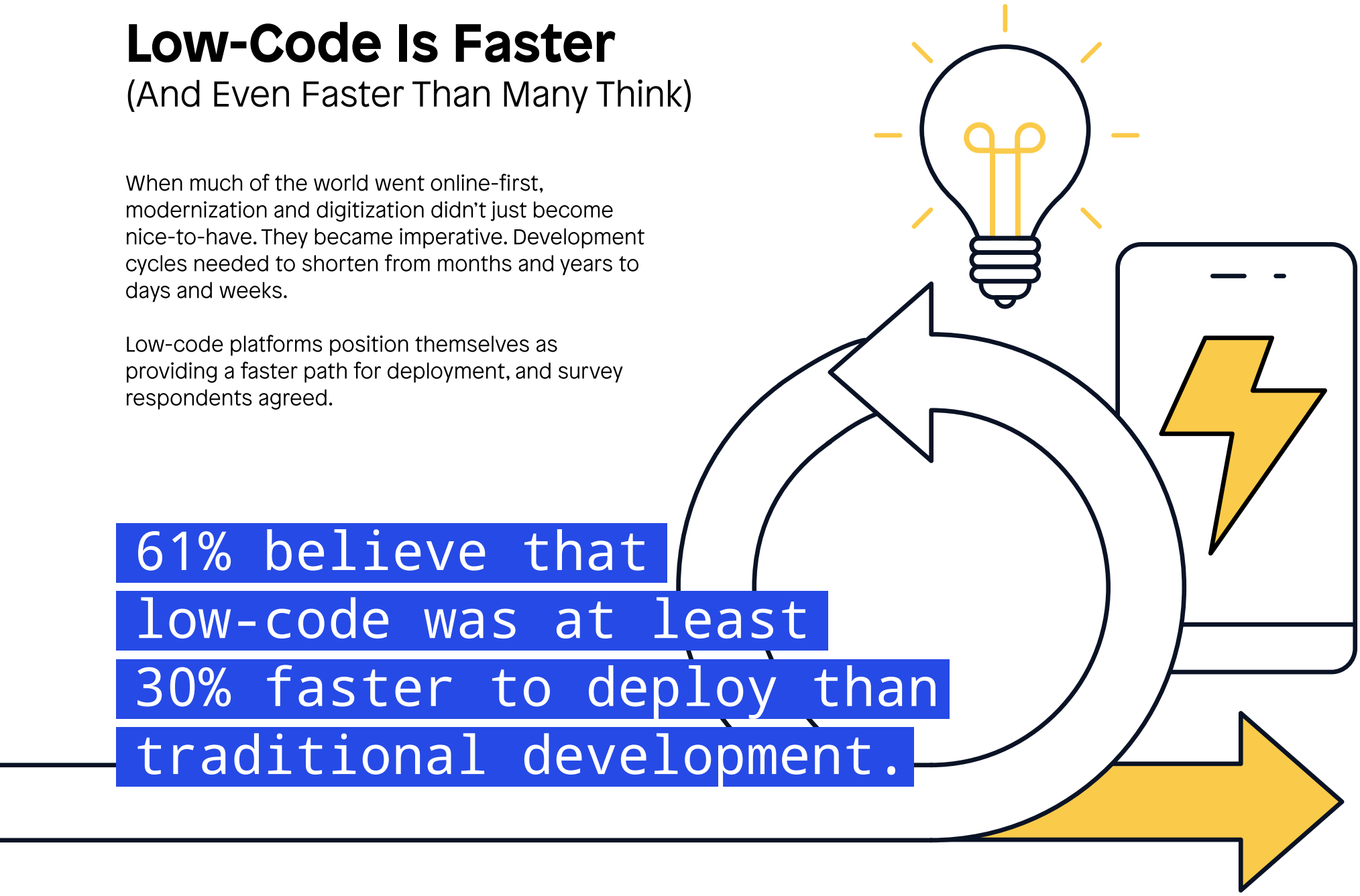


Low-Code Is Faster

(And Even Faster Than Many Think)

When much of the world went online-first, modernization and digitization didn't just become nice-to-have. They became imperative. Development cycles needed to shorten from months and years to days and weeks.

Low-code platforms position themselves as providing a faster path for deployment, and survey respondents agreed.



61% believe that low-code was at least 30% faster to deploy than traditional development.

If anything, this data point undervalues how much speed low-code is capable of. A recent article showed that low-code can increase development speed by up to 90%, and that's not just theoretical. Organizations using low-code see substantial time savings over and over again. Even organizations already utilizing low-code can continue to gain efficiencies.

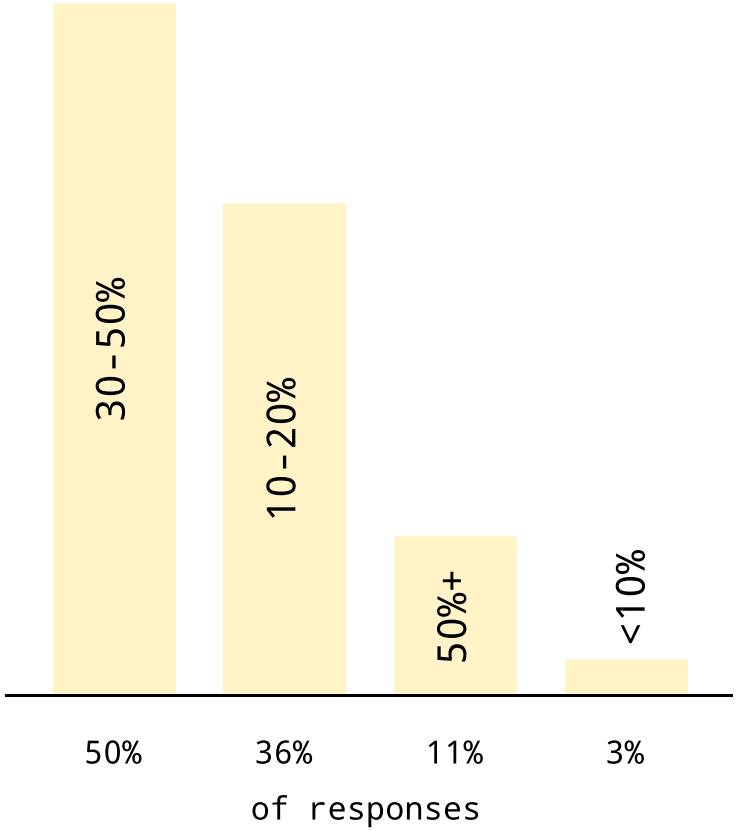
Increasing development speed reduces the number of resources (people and money) required, meaning that organizations utilizing low-code realize time and cost savings using the same measure.

There are numerous examples to demonstrate this value. Zurich Insurance built and deployed a facial recognition app that uses a recent photo to give an indicative quote for life insurance. The Zurich team worked in an agile manner assigning a product owner, scrum master, and two developers to participate in four demos and quickly iterate toward a working application. Ultimately, the front end took only four days to create, and total development time just seven days. That app processed over 63,000 images in its' first year.

SAGA Healthcare received a build time and budget quote of 3 years and €12m for their transformation before turning to low-code. Six months and €250k later, they deployed their low-code-developed solutions to the public.

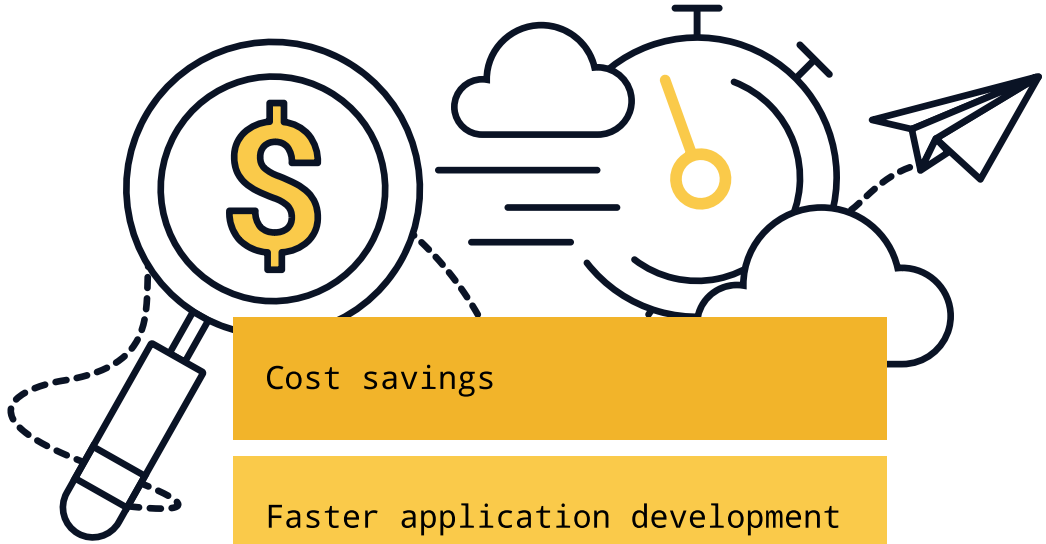
The world isn't slowing to where it was pre-2020. Instead, the pace of change will only continue to increase. Localized events, widespread emergencies, and business and market disruptions will happen, and organizations must respond immediately. Low-code helps organizations do just that.

How much faster on average do you believe Low-Code/No Code platforms can improve the speed of application development?



Unexpected Benefits

Items like cost savings, increased agility, and faster development are the obvious benefits organizations are getting out of using low-code. However, businesses are seeing other tangible benefits that might be less apparent. Some apply directly to development, but others get into culture and employee experience.



Please rank the following benefits of Low-Code/No Code platforms.

- Cost savings
- Faster application development
- Business agility/speed to market
- Expanded citizen development
- Wrapping & renewing legacy tech
- Omnichannel experiences/ synchronization
- Ease of integrating multiple systems/data sources
- Rewriting old custom apps on the cloud

Citizen Development

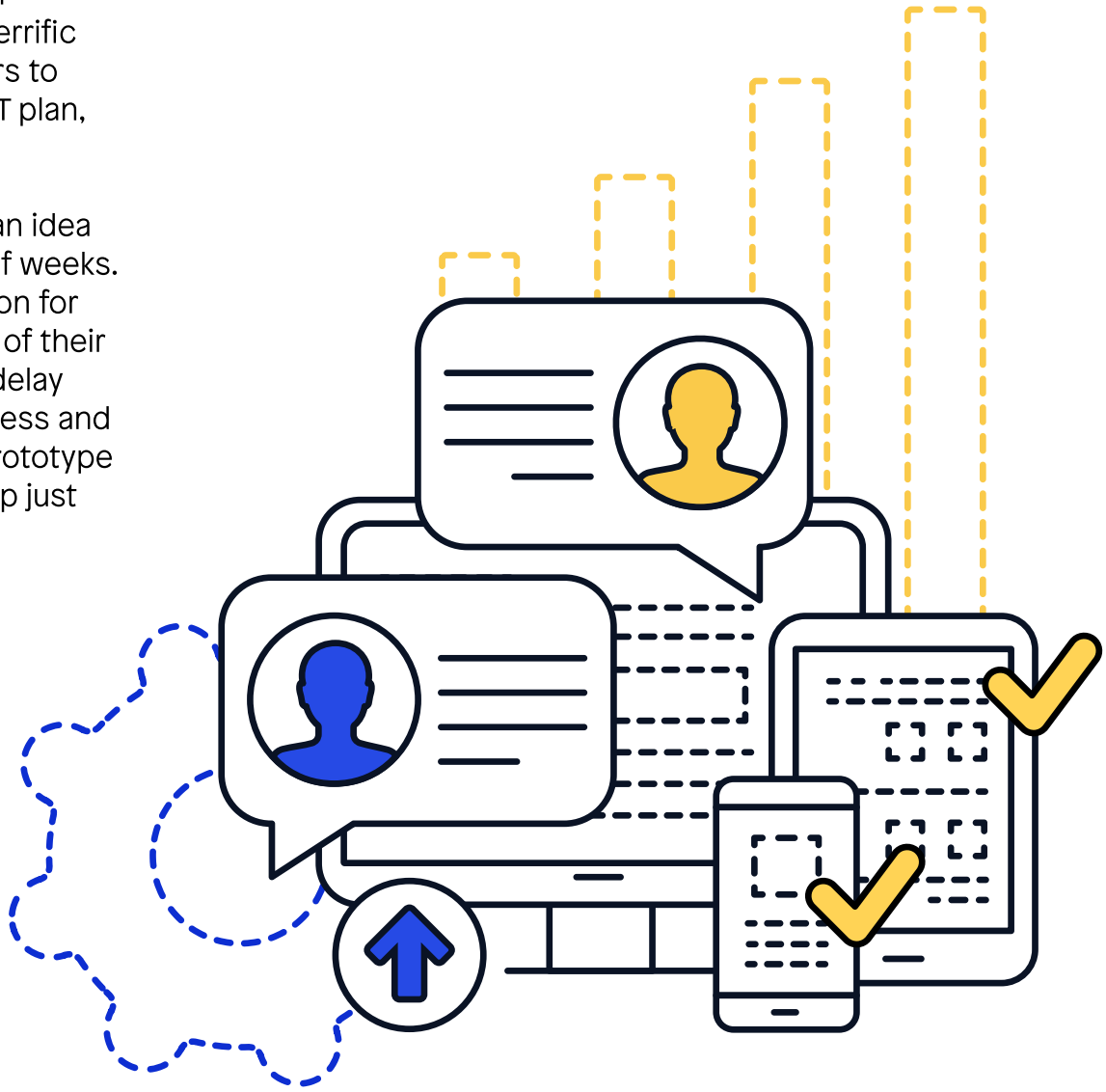
Mendix defines citizen developers as "business users with little to no coding experience that build applications with IT-approved technology and automated adherence to IT governance controls." In other words, staff from the business can identify issues affecting their jobs and are empowered to build solutions. According to a recent Gartner report, 61% of organizations either already have or are thinking about implementing a citizen development program. Citizen development allows organizations to boost IT and business productivity and increases collaboration.

Many low-code platforms give anyone the tools to test, build, and deploy with a visually-based interface that requires zero coding. These present positives for both the business and employees.

IT/Business/Customer Collaboration

Because low-code accelerates development so much, there are always new features and user stories to build, test, and deploy. This offers terrific opportunities for business and IT stakeholders to collaborate. “Fusion teams” of business and IT plan, build and celebrate success together.

Zurich Insurance used this approach to take an idea from prototype to a live solution in a matter of weeks. A customer had requested a mobile application for reporting motor vehicle accidents, as drivers of their corporate vehicles would often significantly delay accident reporting. With input from the business and customer, the DevOps team put together a prototype application in just 90 minutes with the live app just weeks later.



Wrap and Renew

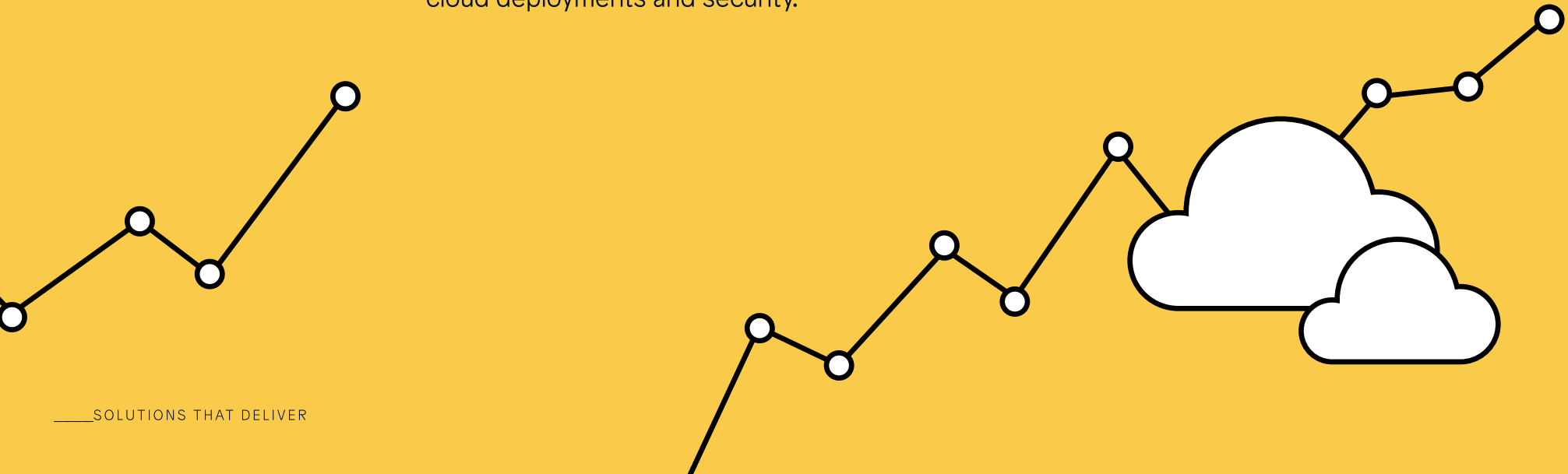
Wrapping and renewing is the idea of keeping core systems but giving them a UX overhaul. The concept of wrapping and renewing isn't new; organizations have discussed it for years with legacy sprawling infrastructure and systems.

Refreshing and renewing systems to gain immediate value instead of a long, drawn-out replacement often makes sense. Some examples might be building a new web or mobile experience for a legacy application, pulling together multiple systems and processes to connect customer journeys, or accelerating prototypes/MVP capabilities.

Erie Insurance identified that they needed more customer-facing native mobile apps to keep up with the competition. However, Erie could not easily do this because of legacy systems. Erie used low-code to act as an "experience layer" on top of their current architecture. In instances where people needed to interact with, consume information from, or write information to, Erie's core systems, low-code apps now facilitate those interactions.

Potential Risks and Solutions

Even though current conditions require organizations to think about innovative solutions, the idea of integrating new platforms raises questions about potential risks. Within financial services and insurance, the concerns about low-code fell firmly within two areas: cloud deployments and security.



Cloud Deployments

Within cloud deployments, the top three areas of concern were clear. These include **integration to legacy on-premise (48%), lack of support for a particular provider (31%), and data residency (18%).** Given existing infrastructures, these concerns make total sense, but low-code platforms provide value here as well.

Many low-code platforms connect to public cloud providers such as IBM, SAP, Microsoft, AWS (Amazon Web Services), and Google. In addition, some top providers allow for hybrid cloud deployments and even on-premise deployments.

Data residency is also a significant concern that low-code providers must deal with in an increasingly global environment. Many providers use their cloud offering to combat that, allowing customers to determine where their data resides.

The possibilities are endless for leaders willing to challenge traditional thinking.

Two large banks, Rabobank and ABN AMRO, decided to move their operations onto public clouds, which significantly impacted their customer journeys. Rabobank built a fully integrated online portal managing €18 billion for 500,000 customers in a matter of months while reducing IT costs by 50%. ABN AMRO has deployed more than 200 end-user solutions.

Top providers are working with these deployment concerns in mind and are well-prepared for any contingency.

Security

Keeping data, processes, and organizations secure was the other top concern from survey respondents. The top two risks were government regulations (40%) and internal policy (38%).

With government regulations, respondents from Germany and the United Kingdom responded 9-11 points higher on average than elsewhere, indicating the impacts of modern regulatory regimes. Regardless of where a firm is, it is incumbent on low-code providers to meet and exceed needs there. Top providers must prioritize security because providers who don't take compliance seriously open customers to serious risk.

When looking at internal policy, banking firms with fewer than 5,000 employees were 20% more likely to be concerned about this than larger firms. These firms may have less security staff, and those staff need to think operationally. Organizations simply may not be aware of the compliance capabilities that low-code can provide.

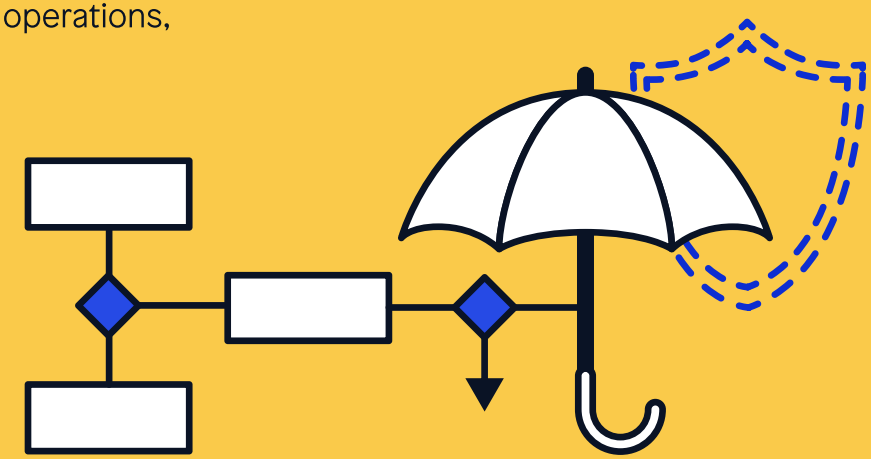
Integrating low-code platforms can make security more manageable, adding further value to the low-code proposition.

Low-code can help enable innovative thinking because low-code providers are always thinking about the future.

Low-Code for Insurance

Respondents represented much of the insurance industry, identifying as coming from an agency, broker, insurer, insuretech, reinsurer, service provider (claims, risk engineering), or other. Respondents also worked for organizations of all sizes that insure health, life/saving, multiline, and property and casualty.

Finally, respondents came from business/product line, data/analytics, digital/innovation, finance, HR, IT, marketing, operations, risk/compliance/audit, sales, or other.



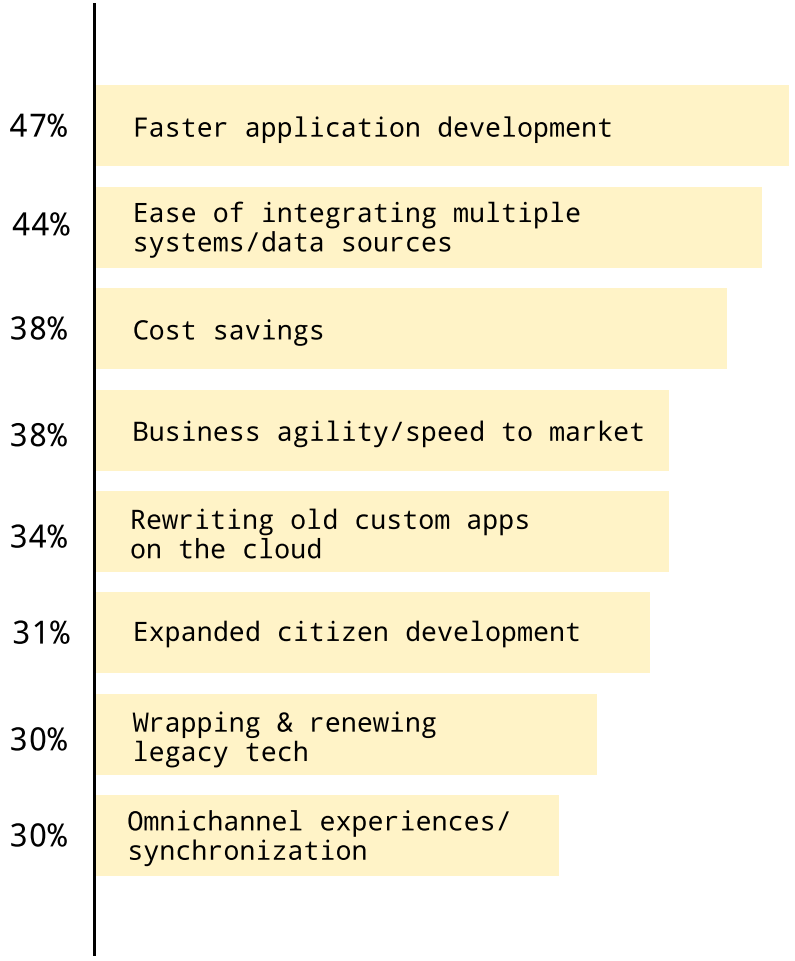
Benefits

Insurers saw faster application development and ease of integration as the two key benefits to low-code, with cost savings and general business agility right behind.

Interestingly, only 55% perceived low-code as 30-50+% faster than traditional development compared to 61% of the overall survey. That may indicate that low-code isn't as widespread in insurance as elsewhere.

A recent Forrester report, The Future of Insurance, points to a more agile, customer-centric approach being critical for insurers. Speed is an enormous part of that. When comparing the survey results with Forrester's findings, it's clear that there is competitive opportunity out there for insurers willing to embrace low-code.

What do you see as the 3 primary benefits of Low-Code/No Code platforms?



Use Cases

The three top-cited use cases for insurers were IT, sales and distribution, and claims. These fit well with the strengths of low-code platforms.

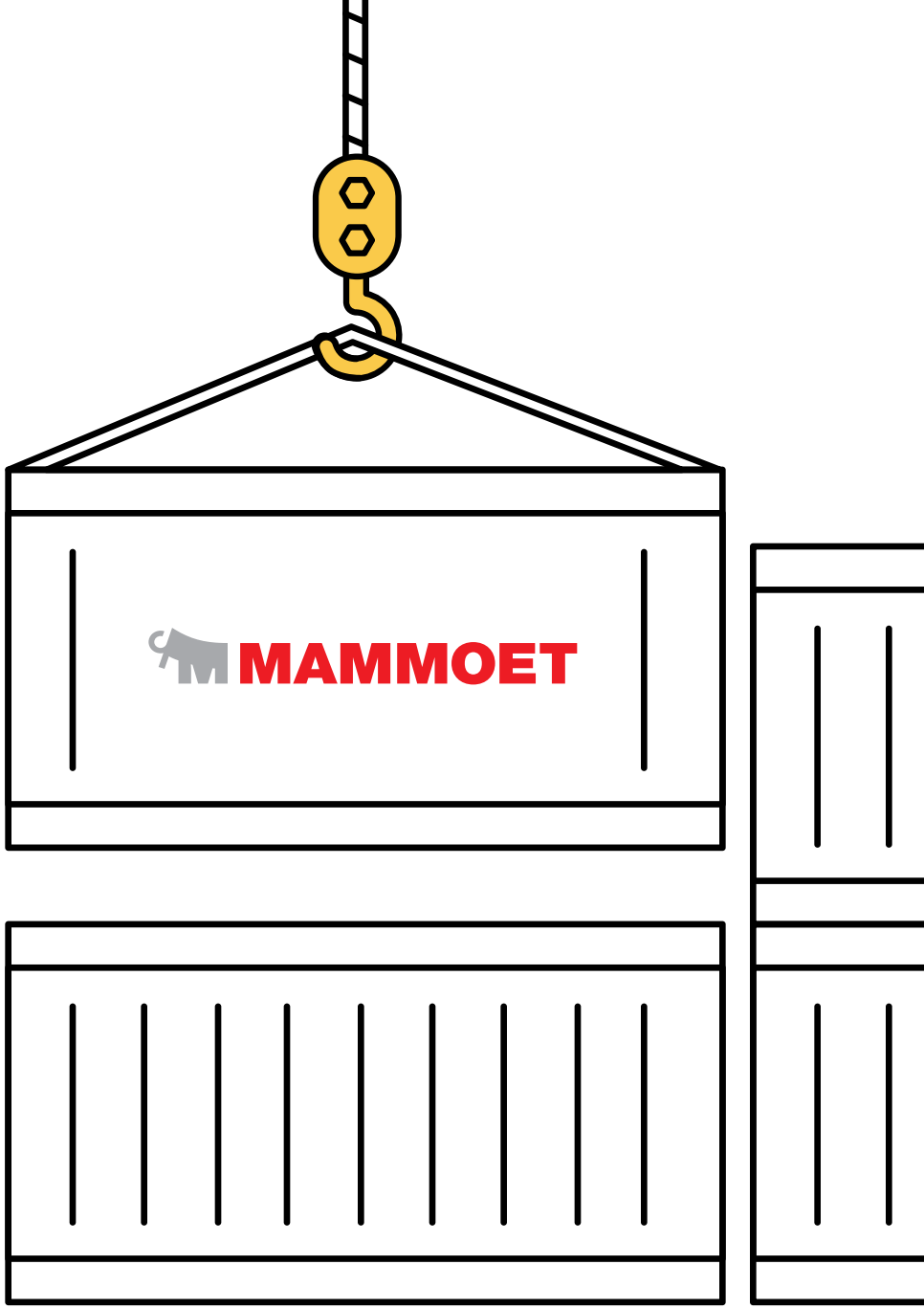
When asked what areas they felt no-code was weaker, insurers didn't identify industry-specific needs so much as organizational areas like marketing, sales and distribution, and finance.

Which apps solution areas were missing with Low-Code/No Code platforms?

That points to the desire to use low-code as a platform for general IT usage and to automate the business. One path for insurers could be integrating low-code into a specific part of the business, seeing how that goes, taking the findings, and expanding.

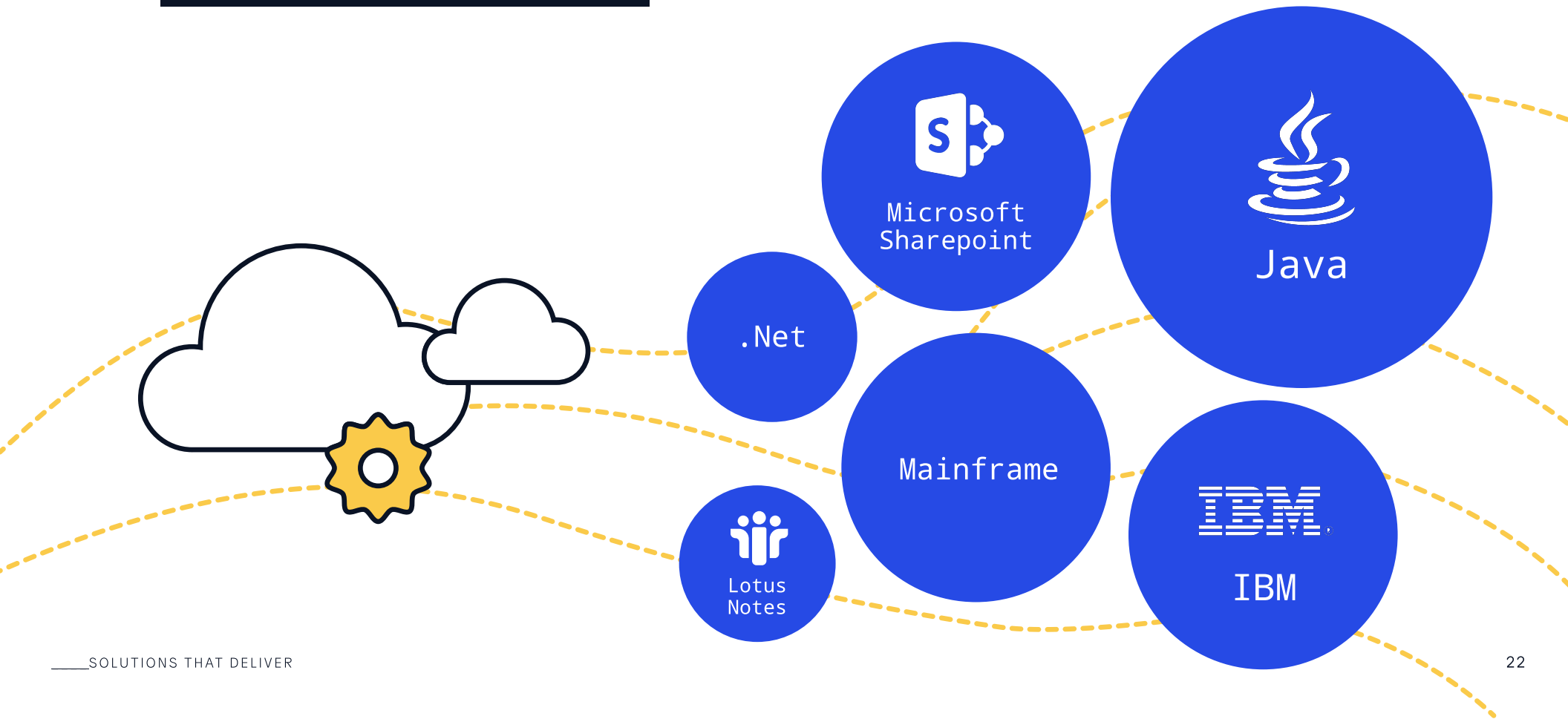
Mammoet, a transport and logistics business, started its low-code journey with three solutions (timesheets, project support, digital work orders). After realizing savings of €3m from just these solutions, Mammoet is integrating low-code throughout their organization. Low-code provided them the keys to innovative thinking.

Next, replatforming legacy applications rated out as the fifth-highest low-code benefit. This indicates an awareness that insurance is dealing with many legacy applications and a growing appetite for new paths and solutions.



Which of the following legacy custom apps would you use Low-Code/ No Code platforms to rewrite on the cloud?

Custom Java applications were the highest-ranked target, followed by Mainframe, SharePoint, and IBM. Replatformings are an excellent use case for low-code given the benefits of security, performance, maintainability, and reusability of modules and components across multiple low-code apps and customer journeys.

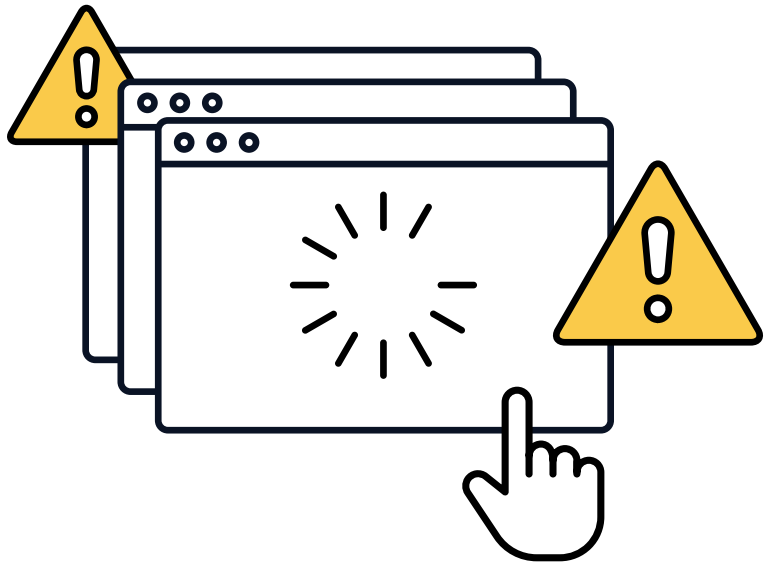


Potential Concerns

Insurers' top concern is integrations, with 42% noting it. Interestingly, insurers also see ease of integration as one of the top benefits of low-code. One explanation is that while low-code platforms make integrating client journeys and experiences more manageable, other issues like legacy thinking, existing contracts, vendor speed, and support challenges can't be solved solely by a low-code platform.

Many organizations have navigated these challenges, though. MS Amlin is an insurer that utilized low-code to build a multi-layered, end-to-end insurance solution. The organization took their selected core system and built a layer of low-code apps and microservices on top of it to handle internal processes such as setting up new products, underwriting, and handing claims. On top of that is another layer of end-user applications, like a self-service portal.

Insurers are also concerned with security/risk of using low-code platforms, with the two leading concerns being government regulations (44%) and internal policies (23%). In many cases, internal policy dictates how company policy and processes comply with regulations.



Insurance Conclusions

The things that insurers want and need low-code to excel in, such as replatforming and speedy development, are things that leading providers do every day. That explains, at least in part, why so many insurers are having their low-code expectations met. When looking at the data, though, it's also clear that low-code can provide further value and competitive advantage for insurers that are willing to explore additional capabilities.

The Increasing Value of Low-Code

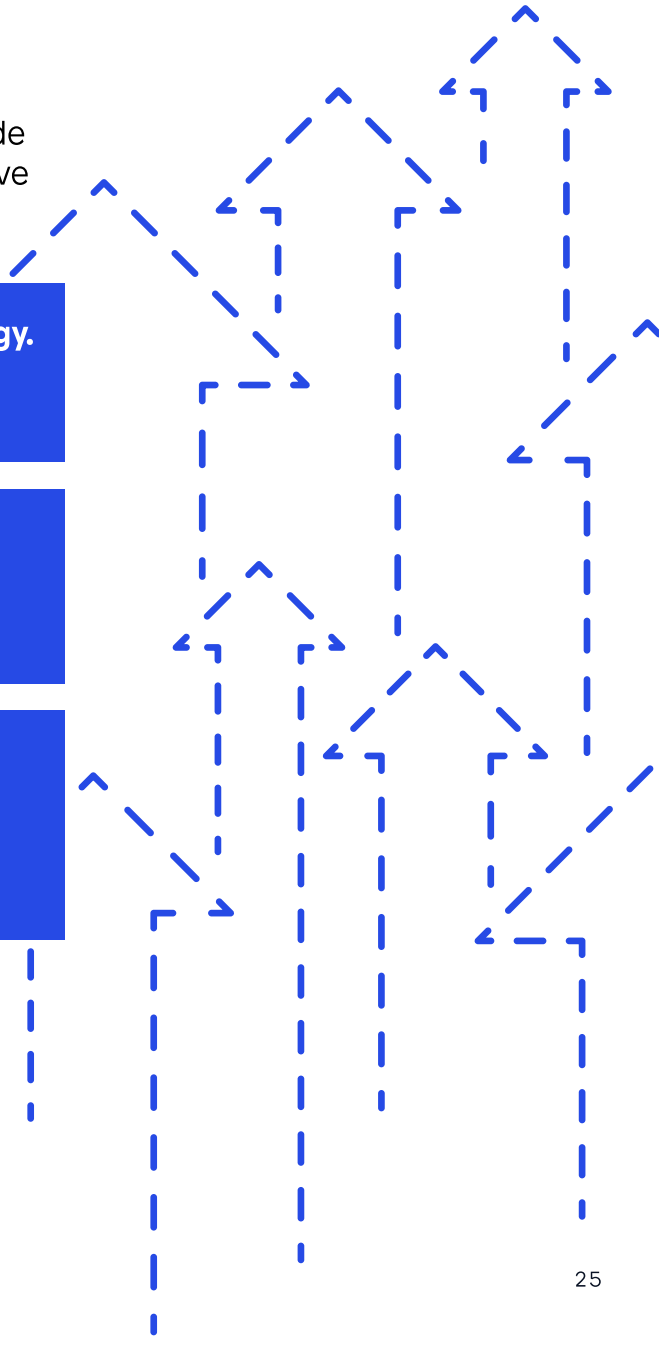
The data shows a considerable role for low-code platforms in insurance digital transformation and operations. At the least, organizations should be exploring low-code integration because competitors already are, leading to considerable risk of competitive disadvantage. Think of the following when considering potential low-code fits:

Continually evaluate where low-code fits with your digital transformation strategy. Development roadmaps are constantly shifting in today's environment, and new opportunities for automation are opening all the time.

Challenge legacy risk and security concerns, especially those not driven by data. Strategies that have worked for decades are under disruption. Don't be late to modernizing your processes.

Choose leading vendors with the key capabilities you need and stability to be a long-term partner. Understanding your technology strategy in conjunction with low-code is critical for success. Knowing where you want to use "best of breed" solutions across your technology portfolio vs. "one size fits all" solutions is vital.

Low-code allows organizations to unlock untold value and gain competitive advantage through process efficiency, improved user experience, and automation. It will be the primary driver of digital transformation in the present and the future.



About Mendix

Mendix is a leader in low-code enterprise application development and is a leader in Gartner's Magic Quadrant for Enterprise Low-Code Application and Multiexperience Development.

Read more about the Mendix platform and how it can drive your organization forward. Speak with a Mendix representative to learn how your business can start today.

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AuraQ provide innovative, bespoke technology solutions for the global insurance and financial services markets.

Supporting insurers who aspire to differentiate themselves in a rapidly evolving marketplace, our mission is to enable our clients' digital vision, helping them achieve the most efficient and effective ways of working. We help redefine the customer experience while also automating insurance processes and facilitating the modernisation and integration of legacy systems - www.auraq.com

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