



Case Study: Insurance

Multi-year IT transformation leads to operational stability and digital success for U.S. insurer

Carrier embarks on a radical overhaul.

Having provided auto insurance to policyholders in more than 20 states for over 100 years, this national insurance carrier struggled with inflexible, disparate IT systems. In an environment of rising costs and severe profit pressures, the company was concerned its antiquated IT architecture would prevent it from meeting its growth objectives and increase the risk of disruption from digitally savvy competitors.

In 2010, the company's service levels were low and costs were not aligned to industry benchmarks. Years of acquisitions, coupled with the end of a decades-long IT outsourcing arrangement resulted in an IT architecture comprised of nine policy administration systems (PAS), four claims administration systems (CAS), 1,300 databases and three phone systems. These systems, while connected, were so convoluted that when one went down, it took hours to be restored. Batch processes took hours rather than minutes to run. One major network outage brought down virtually every system in the

At a Glance

This national insurance carrier was sorely lagging on the technology front, leading to low service levels and significantly higher costs than the industry standard. Growth through acquisition left the company with duplicative systems across all areas of the organization, from policy and claims administration platforms to phone systems. These disparate and loosely connected systems led to frequent outages and long recovery times.

The company hired a new CIO to lead an IT transformation and subsequent digital program. The CIO engaged Cognizant

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Savings from transformation help fund digital disruption

Collaboration and an architectural roadmap deliver a new customer-centric platform that enables digital and data capabilities.

company, and recovery took nearly a day, disrupting the business and its customers. In one year alone, the company experienced more than 350 major technology failures.

Realizing that it needed a drastic technology overhaul, in 2011 the company hired a new CIO with the mandate that he help it become an innovative digital player. The CIO turned to Cognizant, which had worked with the company since 2003, to first help stabilize its IT infrastructure. Both partners understood that operational stability was critical during the transformation journey.

Although the East Coast member population was double that of the West Coast, the company was serving only a single-digit marketshare of East Coast policyholders compared to more than half on the West Coast. This untapped market presented an extraordinary opportunity, but it required significant changes in systems, processes and products. “We couldn’t change the systems and technology fast enough, and our systems wouldn’t scale to allow us to grow at the pace we needed. We had to fix the architecture to do that,” said the company’s CIO.

After conducting a detailed inventory of IT systems and vendors, the CIO was shocked to find the company used nearly 500 different vendors, and it was clear that nearly every system required major changes. Rearchitecting IT systems and rationalizing the vendor list to 150 or less was a bold challenge that came with a big price tag—approximately \$600 million. The program would take more than six years to fully implement, potentially risky for an established player in a traditionally risk-averse industry. However, the company’s leadership was convinced it was the right move and approved the program.

The CIO selected Cognizant as its partner so the business could continue to operate and

to help stabilize the existing IT infrastructure and then develop and implement an enterprise-wide digital architecture. The resulting benefits from the six-year project were numerous.

Outcomes:

- Reduced IT costs by 37%.
- Increased first call resolution rates by up to 60%.
- Reduced claims processing time by 60%
- Increased NPS by 41%.
- Improved fraud prevention and detection by 400%.

grow throughout the six-year transformation. In addition, he asked Cognizant to implement a new core applications portfolio and a unified digital infrastructure. “I made a bet that Cognizant could deliver the brains, leadership and skills to get this done,” he said.

The Cognizant team collaborated with the CIO to develop an architectural roadmap that would deliver a customer-centric platform comprised of core systems of record as well as systems of engagement that would enable digital and data capabilities. As the major systems replacement work began in 2012, Cognizant began stabilizing legacy systems by fixing bugs, extending functionality and improving overall reliability to create a bridge to the new digital architecture.

Once Cognizant achieved a stable IT environment, the team began to consolidate and replace all PASs and CASs, install a new customer relationship management (CRM) system, and implement data analytics and digital platforms that would engage

customers and agents within a flexible, web services-oriented architecture. Simultaneously, the company began changing its underlying insurance products to be more consistent across regions and to better meet customer demand, creating additional disruption to an already challenging initiative.

Making insurance simpler, personal and proactive yields big benefits

The benefits the company achieved through its extensive digital transformation spanned the entire enterprise, including policy and claims administration, data and analytics, digital solutions for customers and agents, CRM, human resources and accounting. The program:

- Improved overall IT delivery reduced IT costs by 37%.
- Improved real-time processing increased first-call resolution rates by up to 60% and reduced claims processing time by 60%.
- Improved policyholder retention by 5%.
- Increased the company's Net Promoter Score by 41%.
- Provided a 360-degree view of the customer, offering visibility into the effectiveness of

the company's products and agents across geographies.

- Provided enterprise-wide metrics of performance data, including key performance indicators.
- Optimized claims reserves and improved subrogation through analytics.
- Improved fraud prevention and detection by 400%.

Digital solutions, including web-based customer self-service capabilities, increased customer satisfaction and reduced the cost of customer service. This ultimately led to web portal sales of approximately \$260 million in annual premiums. In addition, the new agent portal gives the company's more than 4,000 agents instant access to all customer information, allowing them to work more efficiently and cost effectively.

By 2016 the program was complete, and the company's revenue had increased by nearly 40%, a strong testament to the organization's ability to master change and to Cognizant's ability to help it get there.

About Cognizant

Cognizant (Nasdaq-100: CTSI) is one of the world's leading professional services companies, transforming clients' business, operating and technology models for the digital era. Our unique industry-based, consultative approach helps clients envision, build and run more innovative and efficient businesses. Headquartered in the U.S., Cognizant is ranked 193 on the Fortune 500 and is consistently listed among the most admired companies in the world. Learn how Cognizant helps clients lead with digital at www.cognizant.com or follow us [@Cognizant](https://twitter.com/Cognizant).

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