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A MENDIX EVENT

USING LOW CODE TO MODERNISE INSURANCE

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A Mendix event:
Using low code to modernise insurance

A discussion dinner was held on the 23rd of May, sponsored by Mendix, a subsidiary of Siemens AG, and attended by senior executives from across the insurance sector. The event's title was 'Using low code to modernise the insurance sector'. The session was introduced by Paul Fondie, Global Industry Principle at Mendix, and moderated by Roger Camrass, Research Director of CIONET International.

Describing the context for the discussion

With its unique longevity, the insurance sector currently needs to modernise its core applications and systems. Today's end customers expect 'easy to transact' interfaces copying the 'Amazon effect' as do brokers, agents and other intermediaries. Internal staff look for intelligent underwriting tools and faster ways to respond to the increasing burden of regulation. But few insurance companies have the means or resources to achieve wholesale modernisation of their core systems.

According to Paul Fondie of Mendix, the solution is to build around the core by adopting low-code tools and associated platforms. These can help accelerate digital transformation by integrating cloud, mobile, data and API interfaces. In his experience, multi-year projects must be replaced by rapid application development techniques that reduce costs, speed up time-to-value, and improve resource utilisation.

What are the challenges in the insurance sector?

Delegates agreed that legacy continues to dominate the insurance landscape amongst the more prominent players. Even the newcomers complain about legacy blockers. According to the delegates, new approaches are needed that can deliver value quickly and help to retain customer engagement (brokers and agents) in a fast-moving marketplace. Insurance companies must also adopt an omnichannel approach to meet consumer expectations, emphasising online and mobile apps.

One delegate spoke about the need for a clear vision to drive her business forward. In her words 'Once you have a vision, you can figure the rest out'. Another delegate stressed adopting a 'value stream' approach when modernising processes and systems. This delegate emphasised the need to demonstrate quick wins by generating minimum viable products (MPVs) and building these on top of legacy applications.

Risk was also seen as a growing concern within legacy environments. Managers must assess risks in real time rather than depending on lagging data. In all these respects, delegates see IT as offering 'centres of enablement' that combine design thinking with agile development methods and flexible platforms. Many admitted that the only solution to monolithic core systems was to outsource them rather than attempt wholesale modernisation.

Many challenges were discussed, including the decomposition of legacy systems, simplifying the IT estate, introducing API platforms and taking advantage of Software as a Service (SaaS). However, much of the evening's discussion focused on low code as an effective means of addressing many of the above problems in a time and resource-efficient manner.

What is low code?

The delegates offered various views on what low code is and what it can deliver to the insurance sector. These included improved collaboration between business and IT, a modular approach that can reuse components and simplify IT applications. Rob Smith, CEO of Mendix UK, responded that low code should be seen as an overarching philosophy that engages all stakeholders in the development process. This goes beyond the idea that low code is another IT tool.

According to industry definitions, low code is an approach to software development that simplifies and accelerates the application development process by exploiting visual interfaces and pre-built components. These enable developers to create applications with minimal high coding or reliance on traditional programming languages. According to one delegate, two graduates he employed recently were able to develop new web applications in weeks rather than months.

In summary, low code is used to develop web and mobile applications, workflow management systems, process automation tools and internal business applications such as CRM.

Using low code to modernise insurance systems

In tackling monolithic core systems that are ubiquitous across the insurance sector, low code can assist joint teams of business and IT analysts to achieve desired business outcomes such as rapid product development, improvements in customer experience and data-driven decision-making. It is also a powerful mechanism for implementing regulation changes within national markets. According to delegates, some of the benefits of low code include:

- Speed of development: expediting new insurance products, process automation and launching customer-facing applications. This improves efficiency and enhances customer experience.
- Improved business-IT collaboration in areas such as underwriting and claims processing. Collaboration helps ensure complete IT alignment with business requirements.
- Enhanced customer experience in areas such as portals and self-service tools. Insurers can quickly implement features such as policy underwriting, claims processing, and compliance checks by streamlining the development process.
- Integration of legacy systems where insurers have complex IT landscapes that require higher levels of connectivity, especially at the data level. Insurers can enable data exchange across the IT landscape by using pre-built connectors and APIs.

Delegates agreed that low code has the potential to drive digital transformation in the insurance sector, enabling insurers to develop innovative applications, streamline processes, enhance customer experiences, and adapt to evolving market demands more efficiently.

What to do next

The meeting concluded with some practical ways forward that included:

- Selecting a low code platform that can support multiple development teams of business and IT professionals. Such platforms provide vital governance standards.
- Apply value stream mapping to critical business processes such as claims that can deliver improvements in customer and employee experiences.
- Identify 'quick wins' that can demonstrate the value of low code against traditional high code techniques.
- Create a 'centre for engagement' within IT that provides appropriate low code skills, tooling and platforms to support joint development teams.

As a global leader in low code techniques, Mendix is happy to offer advice and guidance to business and IT professionals in the insurance sector as well as elsewhere.

Roger Camrass
Researcher director

A pioneer of today's Internet as an ARPA research fellow at MIT in the seventies, Roger has spent over forty five years helping corporations harness the power of new technologies such as cloud, mobile communications, e-commerce, voice recognition and satellite. He was a partner at EY responsible for e-commerce during the dot.com boom. He is a graduate of Cambridge University and MIT, and a visiting professor at the University of Surrey.

See **rogercamrass.com**