

Equinix.com

Achieving a Dynamic Future in the Insurance Industry

Begin Transforming Your Business
with Interconnection Oriented Architecture[®]



AT&T Business

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Executive summary

This e-book outlines the infrastructure changes and principles to consider when insurance businesses embark on a digital transformation journey, with the right solutions that aim to meet every dynamic digitization need.



Introduction

The insurance sector is faced with the need for rapid digital transformation due to changes in customer service preferences, the emergence of new business models, and the demand to support newly distributed ways of working.

Equinix recently identified six major trends currently shaping the insurance industry¹, their influence on digital transformation² and how companies can address them using Interconnection Oriented Architecture[®] to help securely connect people, locations, clouds and data.

¹<https://www.equinix.com/resources/whitepapers/6-trends-insurance-industry-innovation>

²<https://www.equinix.com/resources/whitepapers/insurance-industry-digital-disruption-innovation>



Six disruptive trends

The COVID-19 pandemic has left insurance organizations with no choice but to acknowledge the macro trends shaping the industry and to adopt contemporary IT services that can bring customer-focused delivery capabilities to their users, partners and clients.

The trends that we have previously identified and studied include:

#1 Changing demands

Customers are changing not only their behavior but also their ever-growing demands

#2 Insurance market revolution

Adapting means transforming: the current insurance market is on the verge of a revolution

#3 Business disruption

There's still a disruption in office-based business, and remote work is the new normal

#4 Partnerships and alliances

Companies are thriving in new ways through powerful partnerships and alliances

#5 Persistent digital disruption

Disruptive innovations continue to shape the modern insurance market and industry

#6 Shifting to risk reduction

Internet of things (IoT) technology is enabling companies to create better strategies to mitigate risk



Insurers meet new challenges

Nowadays, all sections of the insurance market are facing a number of obstacles related to business and technology.

These hurdles are created by a lack of procedures regarding information integration, customer service, underwriting and claims processing. At the same time, pressure on IT investment makes it difficult for insurance companies to seize digital opportunities and solve the challenges they face.

The challenges include:

Flexibility

Addressing customer needs for more flexibility.

All customers—individuals as well as businesses—expect flawless digital experiences every time they interact with a brand, setting the bar very high for insurance services.

Behavior

Inability to fully leverage data to understand client behavior.

Insurance and reinsurance companies must enable digital transformation. How best to do it? By re-architecting IT infrastructures and building a sustainable business.

Satisfaction

Capability to scale and adapt to improve customer satisfaction.

Undoubtedly, traditional IT can no longer keep up with customer demands and can no longer ensure that a business stays competitive.

Insurance from Core to Edge

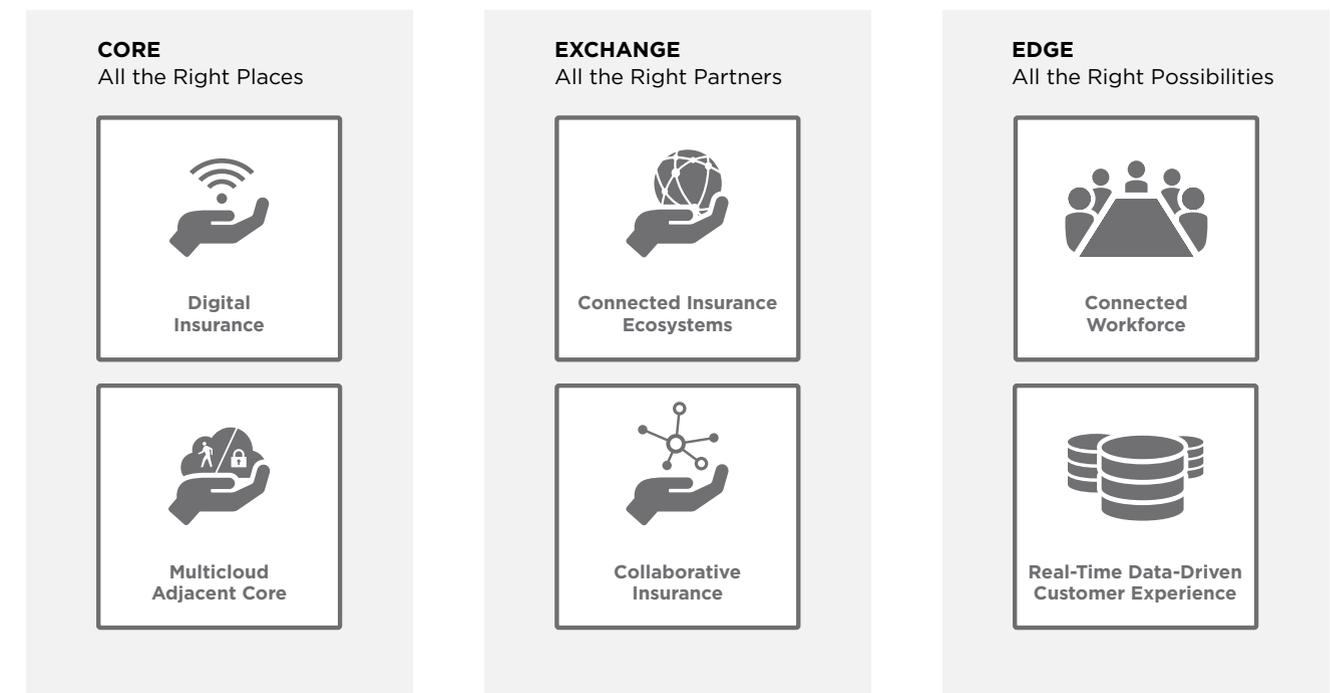
An insurer's traditional role has been to react to events once they have occurred. However, using a digital platform, and the wealth of data it makes available, empowers insurers to potentially reduce the effects of a loss—or even prevent it.

Today, it is possible for insurers to apply advanced analytics, such as modeling and artificial intelligence, to proactively participate in risk management.

Insurers must also radically rethink security to protect their digital assets. Infrastructure delivered via Equinix enhances security at the edge while simultaneously optimizing network performance.

Finally, this paradigm shift calls for a different insurer-to-Insurtech provider relationship—one that enables strategic change.

Infrastructure delivered via Equinix enhances security at the edge while simultaneously optimizing network performance





Digital transformation can dramatically improve every aspect of a business, especially the customer experience. It enables us to think from the customer's perspective, similar to the shift in healthcare from "treating sickness" to "encouraging wellness."³

Zee Hussain

Senior Vice President of Global Business
AT&T

³<https://www.business.att.com/learn/top-voices/financial-firms-need-more-integration-and-personalization.html>



The three stages of building a sustainable business

Today, long-term growth in the global insurance field requires a more thorough and integrated solution, one that addresses and overcomes a number of complex and increasingly common challenges.

It is no longer enough for insurers to rely only on high-performing bandwidth for remote work and all of its needs with regard to communication and engagement.

The three stages of transformation

What's required to establish a sustainable business future? To begin, notable changes should happen in manageable steps, rather than with a "big bang."

There are three obvious transformation stages that insurers can take toward competing in a cutting-edge future. The three stages can be broken down into smaller steps.

Stage #1

Modernize services to enhance/ differentiate the user experience

The insurance industry has been struggling with an array of technological changes for some time, and the recent pandemic has only added more to its plate. Although modernizing IT on its own would allow insurers to "keep the lights on," it doesn't offer many possibilities for progress in the long run.



The three stages of transformation

Stage #2

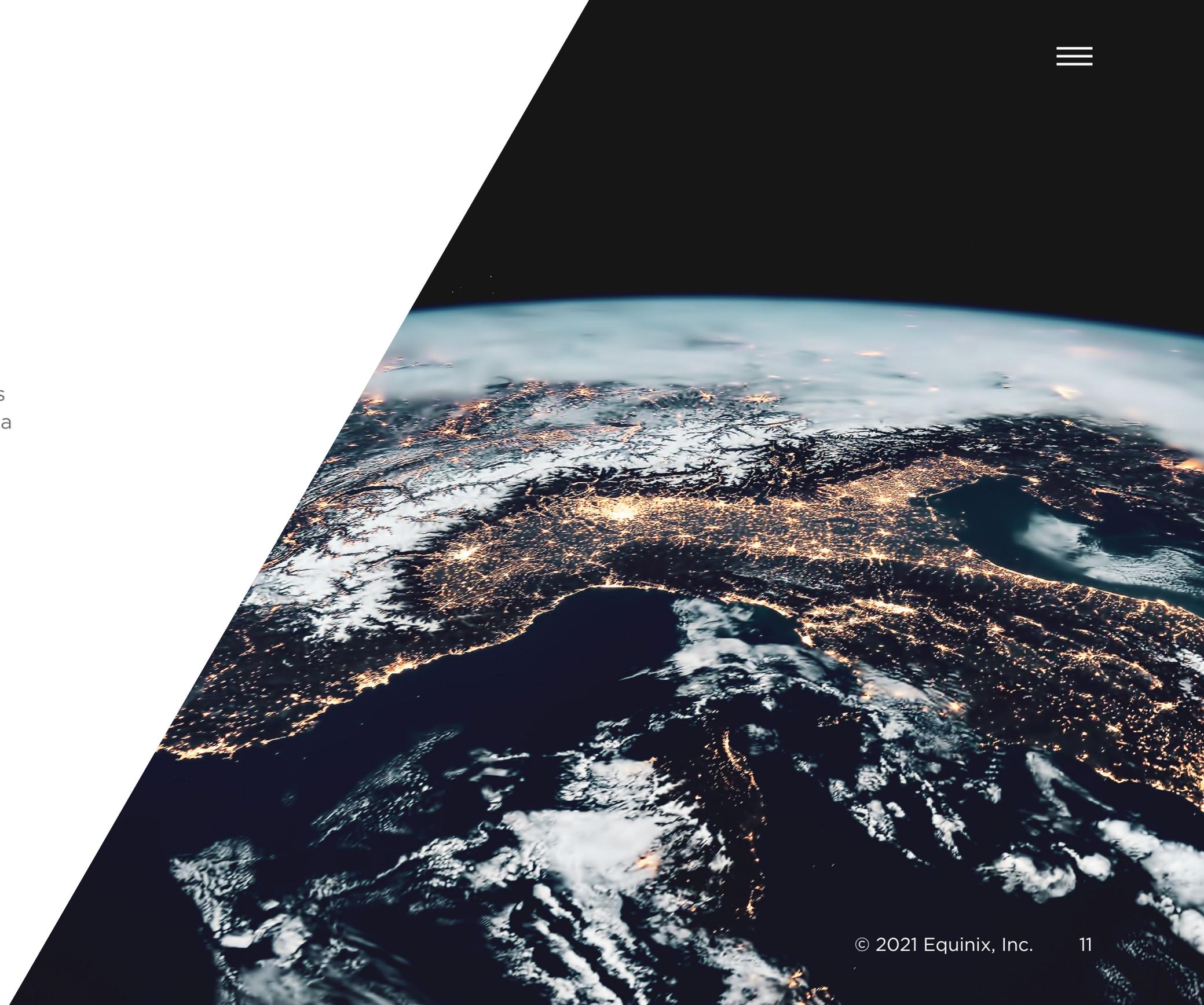
Integrate hybrid multicloud services

By optimizing traffic flow between on-premises infrastructure and clouds, applications, and data repositories at the digital edge, companies can grow business value with faster product and market insights.

Stage #3

Scale by integrating new ecosystem partners

Insurers need to begin at the infrastructure level and follow the steps that will take them to a dynamic stage, where they will be able to support workflows, meet customer demands and build valuable ecosystems.





THE THREE STAGES OF TRANSFORMATION

Stage#1: Modernize services to enhance/ differentiate the user experience

Focus on user experience [internal and external]

A hybrid cloud gives you agility in a competitive environment—and impacts performance. The location of your data is essential to the customer and employee experience.

When focusing on user experience, you can optimize and improve processes by creating:

Empowerment

—giving customers/employees the tools they need to solve their problem.

Customer and user experience are no longer just business-to-consumer (B2C) but have reached an upper level of business-to-business-to-consumer (B2B2C).

Omnichannel

—provided through texting, chatbots, and web or mobile digital self-service tools.

For example, financial services include agents and policyholders under the same umbrella. In the complex interactions of the insurance industry, intermediary agents have their own sets of communication and support tools.

The Insurtech market will reach new dimensions soon. To engage, insurers will need to build a customer-centric, digitally agile business model.

THE THREE STAGES OF TRANSFORMATION

Stage#1: Modernize services to enhance/ differentiate the user experience

Rethink consuming and managing your data

Providing access to enterprise applications and data anytime, anywhere, on any device and network is no longer something that rarely happens but a daily necessity in the current global context. To achieve this, data must be stored on either cloud-based services for contemporary systems or API-connected legacy hardware where the use of cloud is impractical. The need to deploy these diverse platforms is why it is crucial to rethink the way your data is consumed and managed.

Fortunately, Interconnection Oriented Architecture (IOA®) best practices enable real-time, secure interaction between people, locations, clouds, data and things to connect disparate platforms at the digital edge.

Today, data and analytics are all about using information rather than just moving it. As data is a powerful source that enables customer profiles, it can lead to meaningful, personalized and contextualized messaging.

THE THREE STAGES OF TRANSFORMATION

Stage#1: Modernize services to enhance/ differentiate the user experience

The IoT market is in full bloom and organizations seek to derive value from it. New practices are emerging. The use of drones and aerial imagery, smart home sensors and commercial sensors, including wearables, is becoming popular.

Enable the consumption of sensor-based data derived from the IoT

These developments amount to a dramatic increase in the data volumes insurers will have to consume.

However, IoT relies on a highly distributed network to capture data using real-time analytics. Without this capability, the data would lose power over time. Companies are confronted with processing information in as close to real time as possible, while its worth is still apparent.

This level of performance requires analytics at the edge, as well as 5G technology to reduce latency and increase bandwidth. The challenge is to build an IoT environment using edge architecture to enable processing and analytics closer to end users. Such placement also optimizes network costs while improving application performance.

““

AT&T Business, who has worked closely with Equinix for over 20 years, has witnessed that the COVID-19 pandemic has altered, and in many cases accelerated, how businesses approach IoT solutions. As businesses recover from COVID-19 curtailed operations, many will increasingly turn to IoT deployments to innovate, become more efficient, reduce their environmental impact, and scale their operations for their next chapter.”⁴

⁴<https://about.att.com/innovationblog/2021/iot.html>



THE THREE STAGES OF TRANSFORMATION

Stage#2: Integrate hybrid multcloud services

Pivot to a flexible, global infrastructure

Flexibility and scalability—these two words describe the primary features of a modern IT infrastructure. Flexible IT infrastructure capabilities and multcloud access enable successful business transformation and scalability for insurance organizations. Achieving this state is not just about infrastructure, however. It's also about access to simplified, secure ecosystems that address the time-sensitive needs of today's consumers.

You might be ready to expand globally, but how can you inexpensively test the markets? You need to find a platform that enables you to deploy direct and secure virtual connections—and Equinix can help you with this.

THE THREE STAGES OF TRANSFORMATION

Stage#2: Integrate hybrid multicloud services

Enable secure connectivity to business partners and IT services

The pandemic has highlighted the limitations of hardware-centric branch architectures, and the shift toward a remote working environment has increased the number of hurdles for insurers. As companies are getting used to long-term remote working, there is a real need to optimize and secure user connectivity for insurance partners and IT service providers.

Insurance businesses need security, reliability and optimal application performance. Adopting private connectivity to access cloud-based services and applications can accomplish this while increasing security and minimizing risk. To reduce security risks inherent to public internet connectivity, insurers can take advantage of the protection that comes from using private physical connections, or virtual connections between clouds and users.

AT&T has noted that due to the pandemic, millions of employees are now sitting outside the traditional corporate network, using the internet to access resources in the cloud from various locations and devices. This has created a challenge for some IT security managers who have less visibility of the network.⁵

⁵https://about.att.com/innovationblog/2021/retail_banking_technology.html

THE THREE STAGES OF TRANSFORMATION

Stage#3: Scale by integrating new ecosystem partners

In 2020, over 70% of CIOs had a cloud-first strategy.⁶ This includes workload determination for hosted, public or local cloud. 74% are currently using SaaS, and over 50% are using PaaS and IaaS.

⁶<https://blog.equinix.com/blog/2021/02/01/realizing-the-benefits-of-local-clouds-with-equinix-and-aws/>

Enable real-time collaboration with partners via a robust digital system

To truly leverage the current and future services expected of Insurtech, insurers need to alter their business models to fully accommodate digital and allow for distributed control, interconnect appropriate stakeholders, use APIs to link systems together, and optimize the use of software-defined networking and hybrid cloud.

These requirements are exactly what IOA[®] was designed to address.

Adopting a cloud-native approach and leveraging “as a service” collaborations are essential for a dynamic, successful future in the insurance industry.

A business ecosystem is created from digital trade flows between customers, partners and employees, requiring a scalable infrastructure that interconnects all participants and related digital flows.



Traveling the digital transformation path

How can insurers enable real-time collaboration through digital ecosystems?

To stand out and make a difference today, (technology-led) insurance companies need a change. Moreover, to meet an increasing number of digital demands, insurers must re-architect their IT infrastructures to enable digital agility and create capabilities that were previously impossible to achieve.

Following the three stages and the steps above will allow you to fully embark on a digital transformation pathway. Equinix will be there, ensuring your itinerary benefits from the right pit stops and that your destination unveils new territory powered by:

Direct and private connectivity

Equinix Fabric™ ensures safe interactions and access to sensitive information at the edge

Access to dense industry ecosystems

Equinix Metal™ helps uncover opportunities to deliver differentiated products and services

Innovation via business partners

Equinix Performance Hub® accelerates the creation of value-added solutions

Optimized network and cloud connections

Equinix Cross Connects help reduce costs on a vendor-neutral interconnection platform

Integrated, dynamic digital technologies

Platform Equinix® offers support for superior service to dispersed customers

Real-time data access, processing and analysis

Equinix Data Hub® helps deliver timely and personalized insights

Streamlined internal communication

Improved service and customer satisfaction

Proximity to partners and customers

Optimized product delivery

The highest standards of compliance

Contemporary data management tools

A focus on resiliency

Connectivity options like MPLS, VPLS, Direct Internet, Wireless and Fiber Broadband

Untethered AR/VR/spatial computing

Enabling video-heavy, bandwidth-hungry, latency-sensitive devices

IoT for claims and damage inspection

5G-enabled remote control of commercial drones beyond the line of sight

Traveling the digital transformation path

Insurance companies, partners and customers leverage IOA[®] to harness the power of direct and secure interconnection.

The Equinix insurance ecosystem currently consists of more than 144 companies worldwide, 1,400+ networks, 2,500+ cloud and IT service providers, and more than 8,000 global businesses.

The seven design principles for your digital transformation

Staying competitive in a cutting-edge environment requires insurers to agree that innovation must happen faster. Adopting new technologies in the insurance industry, however, may still be slower than in other service-based industries.

Innovation is a collaborative process that crosses the boundaries of industries, bringing together a variety of professionals, and it's based on two levels that insurers need to consider today:

- Maintaining and improving existing operations
- Building new ecosystems requiring edge computing

Finally, in the course of a digital transformation, what gives insurers and reinsurers the guarantee of success is a set of design principles. To fully follow the transformation journey, take into account these actions for each stage:





The future is dynamic

AT&T observes that digital transformation is an ongoing process. Even the most sophisticated, up-to-date organization today could find themselves falling behind as technology continues to mature. A big part of a successful transformation journey is committing to a mindset of experimentation, innovation and growth.⁷

Digital transformation has taken new paths, developing new concepts that represent the complexity of interconnected industries.

Similar to a rhizome, industry roots need to be dynamic. Insurance companies of the future must integrate systems to support mobile workflows, enable ecosystem evolution and meet new customer demands. For this, insurers, partners and consumers are meeting at the intersection of businesses and digital ecosystems.

Without this digital foundation, businesses can't transform at the rate necessary to meet rapid shifts in demand. To build this infrastructure, leaders are prioritizing digital initiatives, using interconnection throughout their digital core, edge and exchange.

By adopting IOA best practices throughout your transformation journey, you can confidently step into a dynamic new future.

⁷<https://www.business.att.com/learn/top-voices/financial-firms-need-more-integration-and-personalization.html>



Equinix and AT&T



The collaboration between Equinix and AT&T provides customers with integrated solutions that accelerate digital transformation initiatives while reducing latency, increasing flexibility and improving overall network performance.

Equinix is the world's digital infrastructure company™. Digital leaders harness our trusted platform to bring together and interconnect the foundational infrastructure that powers their success. We enable our customers to access all the right places, partners and possibilities they need to accelerate advantage. With Equinix, they can scale with agility, speed the launch of digital services, deliver world-class experiences and multiply their value.



Contact Us

Bring together all the right places, partners and possibilities you need to fast-track your digital advantage.

Contact us at Equinix.com/contact-us

About Equinix

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