

Blueprint Two

7
steps



**to prevent
digital
transformation
costs from
spiralling
out of control**

Introduction

Blueprint Two sets out the plan for the digitalisation of Lloyd's insurance marketplace with an ambitious timeline to enable the market to operate in a new digital environment by the end of 2024. This digital transformation will enable Lloyd's and London Market participants to significantly reduce costs by removing inefficiencies, increasing innovation and improving customer experience.

To capitalise on these benefits, it is now imperative that Lloyd's and London Market participants ensure they have the right technology and processes in place to operate successfully in the new marketplace and meet the required digital milestones as set out in Blueprint Two.



About this guide

No matter what the scale of the organisation, any such transition to digital can be somewhat overwhelming. There is a huge amount to consider in terms of data strategy, processes, people, compliance – before we even mention the technology itself.

With what may seem like an ever-growing list of requirements and considerations, it's all too easy to let the vast amount of technology options and potential strategies create an unmanageable strain on resources and budgets.

So how do you assess your options with real clarity, create a genuinely manageable plan with limited resource, and ensure you are keeping control of those potentially escalating IT budgets?

This short guide has been created to help you take a step back and address exactly that: a simple to understand seven-point guide to managing your budgets through the digital transformation process required for Blueprint Two.

So what is really required for Blueprint Two?

Whilst the requirements will differ depending on your organisational role within the Lloyd's and Company Markets, Lloyd's has outlined **four key considerations to get "benefits ready"**, that should apply to all organisations looking to benefit from the digital transformation of the market.



Data mindset

As with any digitalisation strategy, data sits at the heart of the Blueprint Two programme. Lloyd's is aiming to create a data-first environment, through the creation of the Core Data Record (CDR). This will help standardise data across different stakeholders, enable information to be automatically uploaded via the Digital Gateway, and speed up end-to-end processes.

To take advantage of this much-needed improvement, it's vital that stakeholders adopt a data-first approach and review their business systems strategy – or perhaps put one in place. This should involve reviewing the data architecture, governance and processes, ensuring formats align with the requirements of the CDR and other internal and partner systems. Automated data validation via the Digital Gateway will give those taking advantage of the Digital Services a major benefit in terms of speed and accuracy – so it's imperative that participants start planning to get their data in the right structure now.



Connected technology

Through the transformation of the Lloyd's and Company Market systems and processes, Blueprint Two is enabling improved services directly with the London Market as well as the strengthening of the wider ecosystem – allowing stakeholders to connect together as a whole and improve efficiency, accuracy and the potential for innovation through more collaboration.

It is imperative that participants review existing technology solutions, such as internal policy and claims software, to ensure that the entire technology stack can work seamlessly as a whole as the London Market enters this next phase of development. The question is not "how can I make my system conform to Blueprint Two?", but rather "is my system open enough to be able to cope with changes as Blueprint Two and the market evolves?". This question can be properly answered with existing technologies.

Those making the most of the evolution of the London Market will integrate their internal systems with the Digital Gateway, IPOS (International Premium Orchestration Service) and ICOS (International Claims Orchestration Service), and will ensure their system is open via detailed and well documented APIs to capitalise on further developments.

It's vital that stakeholders review how connected their "connected technology" is. It's not simply a case of having API connectivity, as there will be various levels of functionality and performance depending on the APIs themselves. Forward thinking participants will be working with their systems providers to ensure they know exactly how this connectivity will work, what the limitations or opportunities may be, and what the process will be for fully automating connection with the London market and partners for placement, claims, administration and other core connected services.



Your digital organisation

Beyond having the right data strategy and connected technology in place, it's equally as vital – though easy to overlook – that the organisation and structure is in place to move to the "new world". This will require assessing what a best-practice "digital first" organisation looks like, in terms of talent, strategy, objectives, culture, organisational structure and processes.

Blueprint Two exist to make life easier and services better, not distract companies from their core business objectives. However, those who fail to fully consider what impact it will have on the business as a whole, and most importantly the talent required to really embrace the transformation that the process offers, will likely get left behind.



Adoption ready

So you've got the data, tech and organisational strategy to adapt to the new tech world, but how will you roll it out and ensure your business is set to adapt to change? It's time to get practical and make sure you're "Adoption ready" – that you have a launch plan in place and have moved beyond the thinking to the doing. This doesn't

start and end with a one-off "transformation" programme: organisations that succeed will have an Agile approach, ready to adapt as technology continues to improve and can respond to the unexpected, with the leadership and communications processes in place to make sure this is adopted across the entire organisation.

Learnings from digital transformation in insurance

As anyone who's either taken a look through Blueprint Two, is already underway with a digital transformation programme or has even a passing knowledge of updating legacy insurance tech, you'll know there's a lot to consider, and that it is all too easy to squander huge budgets on chasing a transformation dream.

Whilst this is a new programme for the London Market, insurers have, understandably, been investing substantially in technology for many years to update their legacy systems, with varying degrees of success. So what can we learn looking at the experience of the wider insurance market?



IT spending is increasing...but for what return?

Despite improvements in technology, and the improvements in efficiency that digital solutions can offer, it's notable that spend on IT has been growing year on year, and is expected to continue to do so for the foreseeable future. Insider Intelligence claims that IT spend in insurance is expected to grow 25% between 2022 and 2026, with over \$6bn spent on IT in the UK P&C sector alone.

And according to Aite Novarica, roughly 20% of IT spend in 2020 was planned to be on "transformation", with more than 50% of all insurers planning for new systems or major enhancements in portals, business intelligence and predictive analytics.

So, in summary, we're seeing a significant spend on technology in the sector, and it's growing. But with so

many now spending big on "digital transformation" just to try and keep up with the market – and ultimately therefore likely spending big to stay still – it's clearly easy to spend money on tech, but not always so easy to spend it wisely.

So how do you put yourself in the best position to keep budgets under control, manage resources efficiently, stay on track and realise all those unarguable "Cheaper, Faster, Better" benefits outlined in Blueprint Two, whilst actually delivering the competitive advantage you're aiming for?

We've outlined seven practical steps which you can start taking right now to get yourself in the best position to be digital ready without letting your costs spiral out of control.



7 Steps to avoiding overspend in a digital evolution programme



1 Really understand your current costs...

Put simply, you can't manage your costs if you don't know what they are and how they are changing over time. Blueprint Two as a project is the means to the end, and that end should include major increases in efficiency and reducing your administration costs. But if you're spending more to get there than you will get back in benefit, and you haven't taken a laser-focused approach on where you expect reductions to come, you can get stuck in a cycle of spending for very little ROI.

You should be able to benefit from any changes from Blueprint Two without damaging your profitability if you go about it in the right way.

Don't get started with any planning until you've thoroughly analysed your spending on IT and processes at a granular level, identified the processes you're aiming

to improve in addition to the mandatory requirements and analysed what those improvements can be expected to do to your overall costs.

It is surprisingly difficult to allocate costs to existing processes, and even harder to set realistic and measurable benefit measures. Get insights from others who've been through the process before, to assess whether your cost/benefit assumptions are realistic. Then when it comes to evaluating your spend on technology, you will have a clear understanding of what makes good business sense when it comes to driving efficiency.



2

Explore your revenue opportunities... **with caution**

Whilst cost efficiencies offer a baseline understanding of potential ROI through efficiencies, it's also vital you take a deep dive into what's driving your revenues – and more importantly what's limiting them.

Speak to your business development teams to understand what processes are limiting their scope, and explore how improving technology can potentially open up new opportunities. Where can better systems and processes be deployed to open-up opportunities for upsells, or even new markets? But this is where you need to be realistic and ultra-disciplined.

It's easy to put multiple potential benefits as an upside to a major technology investment, to sell-in the benefits of digital transformation to your management team, or even yourself. But remember that "potential" means just that.

Having too big a list of potential benefits, without a clear priority or plan for what is actually going to drive revenue generation will mean losing focus and is one of the main reasons technology projects overrun – and spending escalates. Priorities change, the landscape shifts, and that long list of revenue opportunities is forever being amended and chased. Focus on one or two benefits, get them right, then add more.



3

Do your Blueprint Two homework

Technology can be complex and Blueprint Two will update many years of complex legacy system development and processes. With the many "known unknowns" documented by Lloyd's Market Association and Lloyd's, this transformation project is continuing to shift and evolve.

To get the most out of your digital evolution, it's vital you know Blueprint Two inside out. Appoint an internal Blueprint Two Champion and work with experts who can guide you through the process. This doesn't mean expensive consultants, but rather partners and your existing tech vendors who will work closely with you to make sure your

team is on top of the process at all times.

This isn't just knowing the tech, it's knowing the timeline and learning best practice. Getting started on anything before you are 100% clear on the processes and programmes will slow you down significantly. Weeks spent on planning will save months, if not years, in successful execution. Strong governance principles are key to keeping you on track to deliver against the expectations of the Blueprint Two programme and the value it can bring to your future operations.



Plan for flexibility – and don't get sidetracked by hype!

Don't rely on what you already know from your existing tech providers – do your own research around Blueprint Two requirements. The technology decisions you make now will impact efficiency across your entire business eco-system for many years to come.

Do your market research: assess what technology you need not only to integrate with the Lloyd's Digital Marketplace, but what you need to upgrade your internal systems and integrations with eco-system partners. Get out and talk to key players in the market about what software developments are likely to be crucial to you in the foreseeable future.

But don't get sidetracked by hype – this is where the costs can really rack up!

Tech vendors will repeatedly try and sell you unrealistic outcomes from AI, Blockchain, Crypto or whatever the latest hype solution is. These are all things that can be beneficial to you if used properly. Often the cost of implementing the latest technology can be huge, and the outcome uncertain. Plan for change, and if there's no business case for it now, keep your options open.

Low-cost, flexible, cloud-based admin software, with strong APIs linked to analytics will allow you to take advantage of technology developments when they are ready to add value to your business, without needing you to spend big just in case.

Not all APIs are created equal

There are some big questions to ask yourself: what kind of future proofing do you want to have access to? What lines of business might you want to pivot in? The key to this is open architecture. Will your prospective software have open APIs? Will you be able to review them with your IT team to make sure they will not only connect, but connect with all the functionality you need?

While most software providers make big claims about them, the reality is that not all APIs are created equal. For example, the APIs created three or four years ago worked to different standards and weren't necessarily designed to deliver true inward and outward exchanges of actionable data, which is increasingly essential for effective integration.

It's therefore important to get your tech provider to walk you through the functionality of their APIs and to demonstrate how it works with your own systems and that of existing and prospective partners. You need to be confident your solution will integrate smoothly with current and future technologies to help you stay ahead of the digital curve.

Get your vendor selection right

Fully review your policy and claims administration system thoroughly, and make sure you have a solution that is designed to future proof your business. You absolutely must have a highly functional, highly flexible, modern core platform with excellent APIs.

When choosing a new software solution, resist the temptation to overly customise a system because you've "always done it that way". A standard system, utilising built-in no-code tools for flexibility, will likely be continuously upgraded, reducing ongoing costly customisations and updates you have to solely bear the brunt of.

Radically question any customisation needed; where it's a must, get your vendor to include it to the core, or adapt the system so that the low/no-code part of the system can cope with your bespoke requirements.

Functionality should be a given. If the system cannot demonstrably do the basic functions of insurance, but has a super architecture, you are storing up problems.

Review costs thoroughly against the rest of the market. Costs have reduced significantly due to improvements in cloud technology, and the days of having to pay huge sums for a core application are gone. If the implementation is going to take forever and cost the earth, re-examine point 1, to understand what you can simplify to lower the impact and systems implementation cycle.

Be totally clear on what you want. Functions, features, technology, commercials. Stick to it.

The vendor selection process is fraught with difficulty. Companies are blinded by technology, buzzwords and functional fit. Salespeople are incentivised to get the deal done and extol the virtues of a system. It is not an ideal situation.

The real question requiring an answer is "What will be the reality of the relationship over years?" Look to the future and reflect on financial constraints further down the line which perhaps you hadn't fully considered. Opting for low-code tools can help you rely less on expensive IT services and become more self-sufficient. A good software provider will support you to future-proof your business by building your internal digital capabilities which is a win for the corporate balance sheet.

While obvious, make sure you interrogate the small print. Don't end up being tied into a never-ending journey of spiralling costs for service upgrades and bug fixes you never asked for and didn't plan in. The devil really is in the detail.



Lay out your strategy... and govern it ruthlessly!

So you've analysed your business, pinpointed your potential cost savings, researched the insurtech landscape and software vendors, appointed your internal Blueprint Two Champion... it's time for documentation!

Lay out your strategy in a way that will ensure you stay focused and

manage your costs: assign clear responsibilities for everything, and then govern it ruthlessly.

Of all the points made here, this is the one element that ruins 99% of implementations and relationships. Governance is so important to delivery success and cost effectiveness it should be mandatory

in implementation. There can be a temptation to get on with the task of cutting code but without structure, responsibility and accountability, code and change becomes a source of cost not business value.

However all too often in any project delivery the basics are forgotten.



Scope

The cost of delivery, and what is agreed to be delivered is utterly vital to be set at the outcome. This is a non-negotiable.



Change management

Most scopes creep. Either through design or change as the real requirements for a change come to light during the change. But if you ignore change management practice, documenting what is agreed and ensuring that this is signed off by all parties, you are charging headlong into a lack of trust, escalating costs and failure. Just do it.



Project oversight and documentation

The first casualty of a project, is the project itself. Do the boring stuff brilliantly and you'll have a clear framework for innovation. Documenting and recording meetings, agreements and outcomes is vital. Having a risk register, clear project documents, committees to approve decisions, proper escalation and executive sponsors is the difference between success and failure.



Benefit case review

If there was a benefit case made, this should be the arbiter of success or failure. Did the change really deliver the benefits?



Be brave, be bold but do one thing at a time – it's all about scale

Your digital evolution is about confidence and scale – not recklessness. Most transformations require major system and operational surgery. You can't be timid and nibble around the edges to be successful. However, be brave and bold in one area at a time. Changing everything at once will leave you wondering where all the money went and looking for a new CIO.

Scaling your digital evolution, by keeping it bite-sized, doesn't mean scaling down your ambition. Rather, it means you develop your digital maturity at a pace that suits your business, targeting longevity with a well-defined foundation and room to build. A new platform can deliver success within a couple of months, but that's not a given as you wrestle with "known unknowns" and even "unknown unknowns" so it's critical to build in time to reassess and pivot if it isn't delivering. Be brave, change one thing, do it well, roll it out.



The no-code option

It's worth paying close attention to the extent to which a software system allows you to configure products and what level of technical skill is required to do so. Does the process involve extensive coding or are there low or no-code options? How intuitive is it for non-specialists?

Make sure you have a proper look at the configuration tools available to see how easy they are to use and invite the right people (i.e.,

those who will be using the platform on a regular basis) into any demonstrations.

The aim is to build a picture of how quickly and easily people can configure products. Is it a genuine "self-service" model, meaning that non-IT specialists can do it themselves? Or will it require a certain level of in-house technical support which, of course, may then mean making long-term change requests as your needs change.

Undertake a thorough costs review

In summary...

10 Must Dos

Here's an easy check-list of practical actions to make sure you're getting started on the right path to success with Blueprint Two.

Identify one or two priority revenue opportunities

Appoint a Blueprint Two Champion

Undertake a technology audit

Review your policy and claims admin software's APIs

Evaluate the software market and collate realistic costs

Choose new partners wisely, and interrogate the smallprint

Document your strategy with clear responsibilities

Create and follow strict governance procedures

Plan for change... build in time to reassess

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About

Genasys Technologies

For 25 years, we've been on a mission to make insurance easier for insurers, MGAs, brokers and their customers. We passionately believe technology should add value without being costly, time-consuming or complicated. Our end-to-end, cloud-based, modular insurance administration platform offers unique flexibility and control for businesses. Clients can select from hundreds of out-of-the-box products across policy, billing and claims. Our low-code tools make it easy to rapidly build and deploy new products, and our modern, beautifully-designed APIs make it easy to integrate with external specialist software while maintaining a single view of customers – all-in-one core system.

Get in touch

Want to find out more?
We're a friendly bunch, so no oversells, no jargon, just simple answers to your questions. We can chat virtually when it's convenient for you.



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