

Think Globally. Act Efficiently.

Here's why some insurers are better
than others at international expansion.

While most U.S. insurers have spent the past few years retrenching through the economic downturn, insurance is still a growth market in regions such as Asia and Latin America.

In fact, between 2006 and 2010, the number of insurers in Asia, the Middle East, Eastern Europe and Latin America on the Forbes Global 2000 list grew from 17 to 26 companies, and total assets more than doubled — from \$161 billion to \$329 billion. These markets still lag North American and Western European markets in overall revenue, but their combined profits during that period nearly tripled — from \$5.2 billion to \$15.4 billion.

It's no wonder that more U.S. companies are increasing their focus on these markets. Many large companies based in both North America and Europe established a presence in these regions more than a decade ago. These entrants typically started modestly, partnering with locally domiciled companies. Now, a growing number of these multinational companies are starting to take a global approach to product development, technology and operations.

A Unified Approach

This commitment to thinking globally and acting more efficiently translates into real cost savings — through common application development and IT support, reusable product components, fewer resources, and increased influence with IT suppliers, according to Rich Carreau, global chief technology officer for Financial Services at CSC.

“Reuse of product components, consistent processes and common systems mean faster time to market for new products and services with increased competitiveness at reduced cost,

allowing organizations to become more efficient and responsive across all markets,” Carreau said. “Most U.S. companies have been using this strategy domestically. Multinational operations are the logical next frontier.”

CSC is working with a number of large multinational companies to support global initiatives. One North American life insurer, for example, adopted a global service-oriented architecture (SOA) for applications in various countries — giving different regions the flexibility to use different tools while working in a common framework. To solidify its infrastructure, the insurer recently began the process of consolidating six data centers in Asia as part of a program to provide a shared computing capacity.

“For companies doing business in multiple countries and regions, you’ve got to tailor your products and distribution program to each individual market,” according to the company’s operations manager. “To ensure a consistent level of support, we’re focusing on shared infrastructure, services and practices to increase efficiency.”

Best Practices in Globalization

Insurance applications are another potential area for consolidation. Most multinational technology decisions have been made on a country-by-country basis — often based on regional considerations such as language, currency and access to IT support.

“As each country or region builds out its own systems and infrastructure, the overall enterprise ends up with multiple systems that do the same thing, and maintenance costs escalate,” Carreau noted. “This makes it difficult to create an enterprise-wide plan for the future, and as the strategic importance of these operations grows, these redundant systems become barriers to growth.”

Carreau recommends that multinational insurers consider several approaches to globalization:

- **Global administrative platform.** Adopt a common product and policy platform that can be configured easily to support regional variations and modified quickly to support global initiatives.
- **Global product repository.** Establish a common repository for products and product attributes that can be reused in multiple regions.
- **Standardized processes.** Adopt and enforce common processes for policy administration, customer service, IT support and other activities.
- **Shared resources.** Look for ways to cross-train employees to support multiple regions and lines of business, enabling the staffing of services based on demand.
- **Consistent, standard reporting.** Through standardization of systems and data management, organizations can better support enterprise-wide business intelligence.

Adopting a Global Platform

CSC has provided systems for several leading European insurers throughout Europe, Asia and the Middle East. In fact, CSC worked with one company to adopt a single global platform and set up regional technology hubs in Ireland, Argentina and Asia that can customize offerings for their regions, share their functionality and process business in other hubs remotely as needed.

“CSC worked with this leading financial services firm to design and implement 88 standard insurance processes that can be reused by the hubs globally,” Carreau said. “The result: the insurer can offer an Italian bond product to the Mexican market administered out of the Ireland hub by Argentinean staff.”

This development methodology allows code and functionality to be moved from hub to hub, significantly reducing development costs and time to market. In order to work with existing infrastructure, a global integration architecture enables rapid deployment at the hubs.

Rolling out new technology can be challenging due to varying levels of resources available. While countries with more sophisticated business units are more likely to be resistant to change, they can also serve as important centers for seeding new and emerging markets with systems and support.

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Failing to properly coordinate systems modernization can result in piecemeal versions of the same system, hindering a company’s ability to introduce global updates to applications. One of the most common mistakes companies make is adopting a new system in one region even though other regions are in no position to implement and maintain the new technology successfully.

“It’s not about finding the sexiest technology available — it’s about finding a common platform that can be supported throughout your operations effectively and inexpensively,” Carreau said.

Software and Business Processes as a Service

CSC’s experience in managing global insurance operations is grounded in the company’s business process services operations, which manage millions of policies for both life insurance and property and casualty carriers.

CSC’s employees in the United States, South Africa and India use common insurance systems and business process management tools to standardize practices and meet the industry’s highest service levels for policy processing and call center response rates. CSC’s operations managers are able to shift

work to various locations to meet peak processing demands — and ensure the work is being done by the best available resources.

These same capabilities are within reach of many multinational insurers interested in moving to an on-demand model. The introduction of cloud computing — through a private cloud, public cloud or a hybrid approach — can help organizations quickly deliver capacity as needed on a pay-per-usage basis.

“As multinational companies explore options for making their global operations truly global,” Carreau added, “new delivery techniques such as Software as a Service and Business Process as a Service have the potential for game-changing benefits such as variable costs, increased speed and greater scalability.”



Learn more about CSC’s global insurance software and services at www.csc.com/multinational