

Whitepaper.

The Platform- Thinking Insurer.

Robert Rimmele and Mohammed Brückner

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Contents.

INTRODUCTION	4
WHAT DO WE MEAN BY PLATFORM?	5
THE SCENARIO: VALUE CHAIN MODULARIZATION	6
IN ACTION: APPLYING PLATFORM THINKING TO VALUE CHAIN MODULARIZATION	8
ADOPTING PLATFORM THINKING: STRATEGY AND PRACTICE	10
HOW WE HELP	11



Introduction.

Insurers are continuously developing and refining strategies for the digital age across business and technical functions. But the platform-thinking insurer is likely to create (and scale) market advantage more quickly, address legacy more effectively and build new capabilities more efficiently.

In this whitepaper we explore platforms and platform-thinking as an instrument for digital transformation in Insurance: accelerating innovation, unbundling value chains, increasing productivity, reducing legacy drag and enhancing customer experience.

About the authors.



Robert Rimmele

Robert is a Principal Architect at Ascent, with over 20 years' experience of delivering practical technical consulting to global insurers and reinsurers. His main interests are large-scale architectures for data intensive applications and software development models and organisations.



Mohammed Brückner

Mohammed is an experienced and passionate technologist with a proven track record of solving complex business challenges across a range of industries for more than 17 years. His specialist subject is the evolving world of Platform Economies - the business models and ecosystems that are built around digital platforms. He is also the author of *IT's Not Magic, It's Architecture* and *The DALL-E Cookbook For Great AI Art: For Artists. For Enthusiasts.*



What Do We Mean By Platform?

There are two primary interpretations of a platform: as a business model (typically external or public-facing; an ecosystem or a marketplace) or as a technical architecture (internal or external-facing; a foundation for the delivery of services, capabilities or experiences).

Whichever definition you prefer, platforms share one key defining characteristic: **the network effect** – the direct and indirect benefits generated by standardizing interactions between users and systems at scale.

Platforms operate on foundational principles designed to drive business efficiency, growth and mutual advantage: re-use, democratization, collaboration. As insurers increasingly adopt composability as a strategic digital north star (the ability to blend or build with standardized capabilities across business functions to serve a range of use cases and contexts), a platform-first approach becomes a necessity. At a business level, platform-enabled 'modularization' enables insurers to rethink their value chains and create new service options for end-users and customers, additionally supporting continuous improvement without major operational disruption.

Data as a Service is one example of the power of the platform: embedding data collection, processing and delivery into the platform design removes capability or knowledge based-barriers to adoption and speeds up time-to-value, with pervasive management planes at every level to ensure effective process governance. Integrated data pools offer unified access points, democratizing the analytical capabilities vital for decision-making alongside secure development protocols – all contributing to increased operational efficiency and effectiveness.

Of course, no introduction is complete without a reference to AI – and in the case of platforms, its ability to drive personalized value to platform users (and systems, through automation and process optimization). Integrating generative AI tools into platforms and platform stacks enables businesses to transform the way users navigate, harness, engage with and consume platform capabilities and content: through search, summarization, translation or natural language presentation. And meeting user and market demands more closely and effectively is indisputably intelligent.



The Scenario: Value Chain Modularization.

Value Chain Modularization is a strategic approach designed to enhance efficiency, manage complexity and improve flexibility in supply chains. It allows businesses to source parts of the value chain from external service providers or to offer parts of the value chain as a service to external consumers.

Value chain modularization is compelling for insurance companies due to several advantages:

- **Agility and Flexibility:** By breaking down the value chain into modular components, insurers can adapt more swiftly to changes in the market, customer demands, and regulatory requirements. Each module can be adjusted independently, delivering greater operational and commercial flexibility.
- **Cost Efficiency:** Modularization enables insurers to optimize costs by focusing on specific components. They can choose to build, buy or partner for each module, reducing unnecessary expense. They can also reuse modules in different workflows. Parts of the process may be optimized by someone who specializes in this function and reused in various applications.
- **Innovation and Collaboration:** Collaborating with external partners (such as insurtechs, data providers, or other ecosystem players) becomes easier when the value chain is modular. Insurers can tap into external expertise and technologies to enhance their offerings or they can offer their expertise to others playing different roles in an insurance ecosystem.
- **Customer-Centric Approach:** Modularization allows insurers to tailor their services to individual customer needs. By integrating specialized modules, they can create personalized experiences and improve customer satisfaction.
- **Scalability:** As insurers expand their operations or enter new markets, modularization facilitates scale. They can add or remove modules as needed without overhauling the entire system.

In summary, value chain modularization empowers insurance companies to stay competitive, innovate, and deliver better services to their customers.

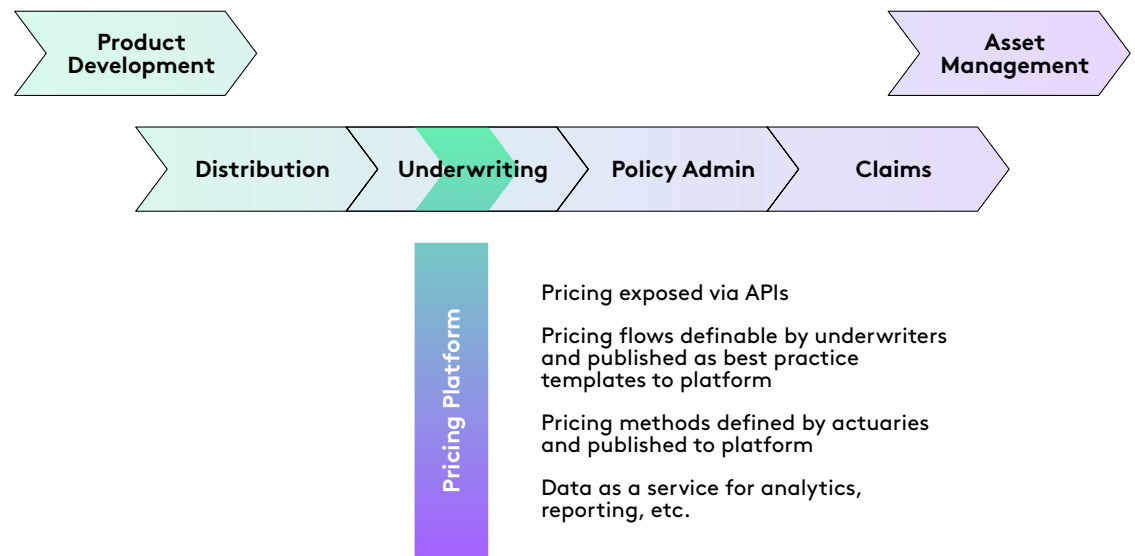


Figure 1: Pricing extracted to a pricing platform composable with other functions in various underwriting or insurance pipelines.

While platforms have a horizontal view of the IT landscape, value chain modularization takes a vertical perspective, separating domains and business functions rather than layers.

Value chain modularization initiatives often start with a powerful application containing a large set of core functions that can be split out into common services for reuse. These independent services may also be organized into sets.

For each “module” you may want to:

- Modernize existing systems
- Build new systems from scratch
- Buy a product that best fits your needs.

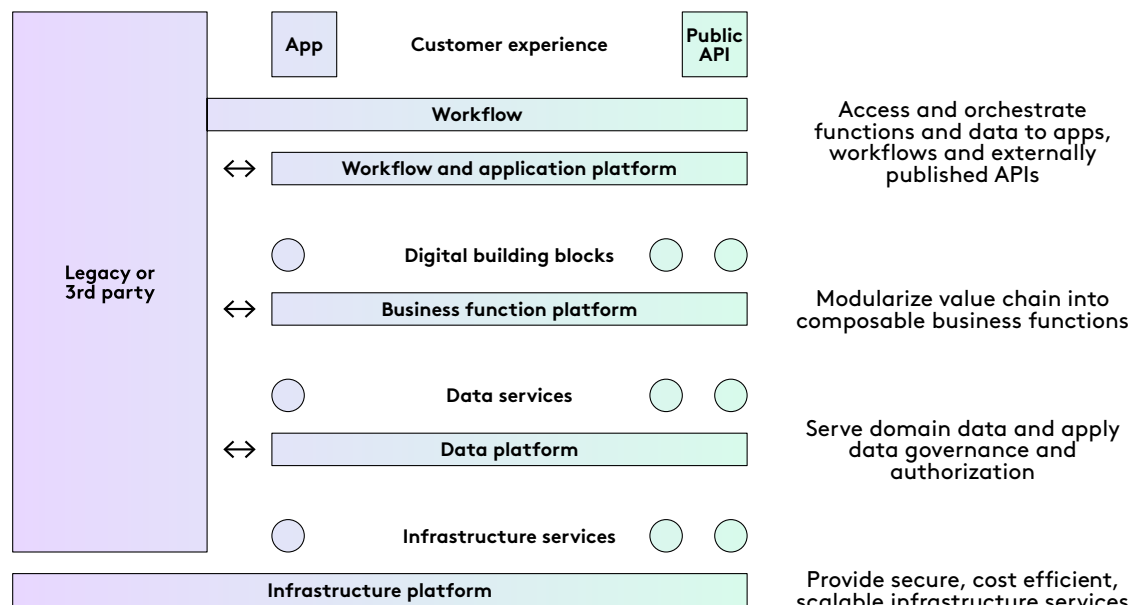
A fundamental risk with this approach is of course the danger of creating new silos, so it is imperative to use similar principles in domain engineering as you would for platform engineering.



In Action: Applying Platform Thinking to Value Chain Modularization.

So how do you apply a platform-thinking approach to value chain modularization?

First, we would apply platform principles to each layer of the IT backend, resulting in an architecture driven by platform engineering teams:

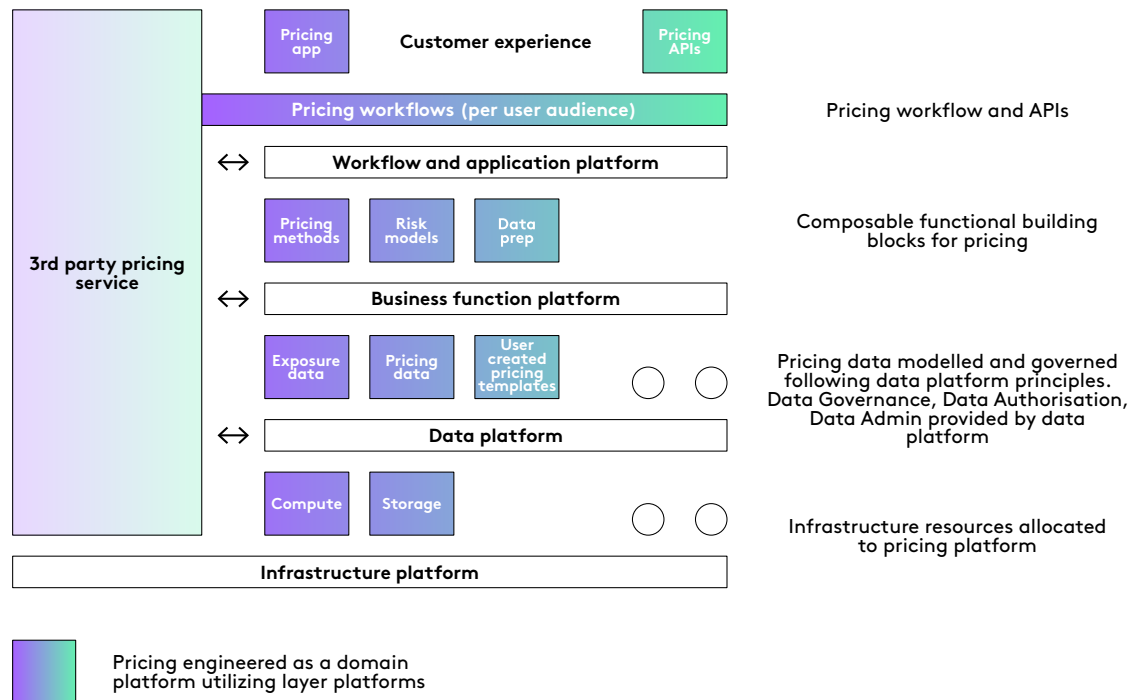


- **Infrastructure**
The technical foundation of organizations; owes much of its maturity to the widespread adoption of cloud technology.
- **Data**
The data platform is an integrated set of services, methods and tools that collectively meet an organization's data needs. Takes care of the acquisition, storage, distribution, delivery and governance of data. It is the foundation for managing an organization's data ecosystem, supporting both users and applications.



- **Business Function**
Offers digital modules that encapsulate key functions for easy assembly.
- **Orchestration**
Agile and responsive to requirements; offering the quickest time to market.

Next, the platform stack would be leveraged by domain engineering teams to create business value. Consider this pricing platform example:



Essentially, the term **platform thinking** means a mindset that applies similar principles to platform engineering (architecture layers) and domain engineering (value chain modules) and combines the two perspectives. A platform-thinking organisation uses platform engineering teams to design and manage a well-defined stack of platforms, domain engineering teams to design and manage business functions of the value chain and product teams that assemble and design user journeys into products.

Platform thinking effectively removes or reduces the tension between opposing forces:

- Innovation vs standardization
- Autonomy vs. central control
- Time to market vs. quality
- Business knowledge vs. technical expertise.

Balancing long-term goals with short-term needs is key. Successful platforms must be able to evolve over time while addressing current requirements efficiently. For insurers, this might be adopting flexible pricing models that are able to react dynamically to market changes over time, sustaining or building competitive edge.



Adopting Platform Thinking: Strategy and Practice.

Platforms provide common functionalities that businesses can leverage to build unique value propositions and offerings. This approach lowers costs and accelerates deployment without restricting creative freedom or innovation potential.

Moving to platforms in business and IT is an initiative rife with challenges, but the growth opportunities and value potential it creates are worth the journey. Here's some of the pitfalls to be aware of.

One typical and significant issue is around **incorporating third-party products**, which often exist as monoliths that span system layers and resist easy transformation into modular services.

The tendency within organizations to favour **line-of-business applications** due to existing funding structures is equally problematic, resulting in similar issues: each application becomes an island, disconnected from the wider enterprise ecosystem.

Budget silos compound these problems by encouraging fragmented approaches toward technology investment. Instead of promoting a cohesive strategy, they lead to disjointed applications that serve narrow departmental interests rather than broader organizational objectives.

Dealing with **legacy mindsets** also presents its own set of obstacles. Established ways of thinking can prevent teams from adopting more agile and integrated platform strategies necessary for today's digital landscape—a reluctance rooted deep within corporate culture.

Platforms are frequently launched with lofty ambitions but **inadequate consideration of practical execution or scalability**. Initiatives that do not take into account the realities of existing capabilities or market conditions typically result in strategic misfires rather than success.



How We Help.

Ascent has an extensive track record of building platforms across a wide range of industries and has helped many insurance businesses with the implementation of their platform-thinking strategy, both from a technical (for example cloud landing zones) and business (for example insurance pricing platforms) perspective.

We collaboratively navigate the complexities of platform implementation with a clear focus on time-to-value for your business, building the robust foundations that support growth and innovation.



How Ascent helps Insurers and Reinsurers.

Ascent helps leading global insurers and reinsurers to build new capabilities and accelerate digital maturity in the cloud. Over the years we've worked on a wide range of projects in the industry, from underwriting process automation and exposure data transformation to innovative applications and complete technology replatforming.

Find out more about our experience at links.ascent.io/insurance-case-study.



Data & analytics

Helping you predict, prevent and personalise at scale.



Process digitisation & automation

Free your underwriters, actuaries and agents.



Legacy system & application modernisation

Transform performance, scale, governance.



Technology replatforming & cloud service adoption

Industrialise, centralise & standardise across the value chain.



AI-driven innovation

Build richer products and more informed experiences for your customers.

Get in touch.
links.ascent.io/insurance-contact-form

