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## A strategic Guide to Modernizing Insurance IT Infrastructure Accelerating Cloud Uptake and Migration in the EU Insurance Sector

### Executive Summary

The insurance industry in the EU region is in the midst of a major transformation driven by changing regulatory landscapes, evolving customer expectations, and a pressing need to modernize legacy IT systems. As insurers seek ways to improve operational agility, secure compliance, and meet customer demands, cloud uptake and migration emerge as vital components of their overall IT strategy. This whitepaper outlines the current landscape, the unique challenges for insurers in the EU region, and best practices for successful cloud migration and IT modernization.



# 1. The Changing Landscape of Insurance

Insurers face several pressures that underscore the urgency for IT modernization and cloud adoption:

- **Regulatory Pressure:**

New regulations such as Solvency II, DORA, GDPR, and NIS2 require insurers to implement more robust data management and operational resilience strategies. The need to comply with environmental, social, and governance (ESG) standards also brings added complexity, as insurers must enhance reporting and transparency.

- **Growing Operational Complexity:**

Insurers often operate through multiple legal entities (e.g., life, property, investment units), each with distinct regulatory and business requirements. Cloud solutions can enable a multi-instance architecture, supporting data isolation while ensuring secure and efficient data exchanges across units.

- **Increased Competition:**

Insurers are increasingly recognizing the importance of proactive churn management for retaining existing customers. When a policyholder is already contemplating cancellation, there is less than 5% chance of reversing that decision. This underscores the need to detect subtle signs of churn early and consistently throughout the customer journey, which calls for IT agility and **embedding data analytics capabilities** close to business units.

- **Legacy Technology Constraints:**

Many insurers continue to rely on monolithic, outdated systems that may limit operational efficiency and drive up costs. Migrating these legacy systems, or at least off-loading some of the tasks to modern cloud-based platforms can improve scalability, reduce maintenance burdens, and foster agility.

Given these pressures, insurance companies are increasingly investing in cloud technologies to enhance their operational infrastructure, improve customer service, and ensure compliance.

## 2. Key Trends Shaping Cloud Migration in Insurance

Several industry trends reinforce the case for cloud adoption in the insurance sector:

### Enhanced Compliance and Risk Management

Compliance demands are increasing across the insurance industry. With complex, multi-entity operations, insurers are compelled to track and report on a wide range of data, including financial transactions, customer information, and environmental metrics. Cloud solutions can centralize compliance workflows, ensuring a consistent approach to regulatory adherence across various functions and legal entities. Automated reporting and monitoring can also ease the regulatory burden, making it easier to stay in sync with evolving standards.

### Data-Driven Decision Making

The move toward data-driven decision-making is reshaping insurance operations. Insurers can leverage analytics to improve underwriting, pricing, and fraud detection. Cloud platforms enable insurers to process real-time data at scale, empowering them to generate actionable insights. By consolidating customer data across product lines, cloud systems also help insurers achieve a seamless, omni-channel customer experience, improving retention and satisfaction.

### Financial Close and Reporting Processes

The financial close process is essential for insurers, requiring data reconciliation across business units and external reporting for regulatory compliance. Automating financial close processes in a cloud environment can reduce manual effort, minimize errors, and ensure timely compliance. Additionally, cloud-based automation provides a more predictable workload for finance teams, enhancing work-life balance and employee satisfaction.



# 3. Benefits of Cloud Uptake and Migration for Insurance Companies

## A. Improved Scalability and Flexibility

A cloud-based, multi-instance architecture allows insurers to maintain isolated environments for different legal entities, such as life, property, and casualty divisions. This approach enhances scalability, security, and compliance while minimizing operational disruptions. Insurers can leverage cloud scalability to manage resource demands during peak periods, ensuring seamless service to customers.

## B. Enhanced Data Ecosystems and Integrated File Transfers

With cloud migration, insurers can ensure more secure and efficient data exchanges across business units, customers, agents, and third-party partners. Cloud platforms also support the creation of comprehensive data ecosystems, facilitating efficient customer management, claims processing, and retention efforts. This data ecosystem is particularly valuable for tracking customer interactions, supporting personalized marketing, and refining customer segmentation strategies.

## C. Realizing Automation Beyond Cost Savings

While reducing operational costs is one benefit, cloud-based automation enables insurers to achieve operational resilience and improve service quality. Automated workflows reduce the manual workload across various functions, from claims processing to regulatory reporting, allowing insurers to focus on strategic objectives like enhancing customer experience and improving agility.

## D. Strengthened Employee Satisfaction and Work-Life Balance

Automation can alleviate the manual burden on insurance employees, particularly during high-stakes processes like financial close. By removing repetitive tasks, automation fosters a healthier work-life balance, improving employee satisfaction and reducing reliance on specific personnel. This shift can mitigate operational risks related to workforce dependency and ensure consistent performance even if key employees leave.





## 4. Key Considerations for Successful Cloud Uptake and Migration

### Assessing Legacy System Requirements and Integrating with Cloud Platforms

Migrating from legacy systems can be complex, especially for insurers with long-standing mainframe technology. A phased approach to migration is often ideal, enabling insurers to gradually shift their core functions to the cloud without significant operational disruption. This approach can include:

#### ■ Hybrid Cloud Models

Hybrid models allow companies to maintain on-premises legacy systems while adopting cloud-based solutions for new functionalities.

#### ■ APIs and Middleware

API-led integration strategies can bridge legacy systems with cloud solutions, supporting seamless data exchange and maintaining continuity during migration.

### Addressing Security and Compliance

Data security and regulatory compliance are essential in cloud environments. Ensuring compliance with DORA, GDPR, Solvency II, and local data protection regulations should be a core part of any cloud strategy. By selecting providers with certifications in data protection and security, insurers can mitigate risks while enhancing operational resilience.

### Emphasizing a Customer-Centric Architecture

Insurers that prioritize customer-centricity should focus on creating a unified, end-to-end view of customer data. This requires an IT architecture that supports omnichannel interactions, allowing customers to access services across digital and analog channels. Cloud-based solutions with robust API capabilities enable insurers to integrate across departments, providing a 360° view of customer interactions and improving overall service quality.

This does not imply that an insurer must use the same cloud provider for all of his cloud needs. Easy data transfers between several cloud providers may be enabled, and depending on operational and financial criteria, it is feasible to make an instant decision on which load to allocate to which cloud provider.



## 5. The Business Case for Cloud Migration: Lessons from Real-World Deployments



### Case Study - Aviva's Cloud Migration Journey

Aviva, a leading European insurer, successfully migrated its core functions to the cloud, achieving end-to-end process visibility, reducing operational incidents, and optimizing resource usage. By adopting cloud-based automation, Aviva was able to streamline workflows across departments, reducing manual intervention and minimizing downtime. This shift has enabled Aviva to foster a culture of continuous improvement, empowering employees to implement process automation independently and improving company-wide.



### Case Study - Ergo Hestia's Financial Close Transformation

Ergo Hestia, member of the ERGO Group AG, an international insurance conglomerate owned by leading global reinsurer Munich Re, implemented cloud-based automation to overhaul its financial close process. This transformation significantly reduced the time and complexity involved in reconciling data across multiple business units, ensuring timely regulatory compliance. Although the project initially posed challenges, Ergo Hestia realized substantial gains in efficiency and accuracy, setting the stage for future digitalization efforts.

## 6. Strategic Recommendations for Insurance Cloud Migration

### 1. Develop a Phased Migration Plan

Given the complexity of legacy systems, a phased approach minimizes operational disruptions and allows for risk-free and gradual adaptation to new cloud environments.

### 2. Focus on Data Ecosystem Readiness

Ensure data compatibility and integration capabilities before migration to support seamless data exchange across business units, customers, and partners.

### 3. Prioritize Security and Compliance

Select cloud providers with high data protection standards and compliance certifications. Regularly review and update compliance strategies to align with evolving regulations.

### 4. Empower a Culture of Continuous Improvement

Encourage teams across departments to implement automation and process improvements, fostering operational resilience and enhancing service quality.

### 5. Leverage Case Studies and Best Practices

Learn from other insurers' successful cloud deployments to mitigate common challenges and leverage proven strategies.

## 7. How ANOW! Supports Insurance-Specific Challenges

### Compliance and Regulatory Management

Insurance companies must meet a complex web of regulatory requirements, from Solvency II to DORA and NIS2. ANOW! facilitates compliance with automated reporting and real-time tracking, ensuring insurers remain agile in a highly regulated industry.

### Mitigating Legacy System Constraints

ANOW! seamlessly integrates with legacy systems, supporting a phased migration approach to minimize disruptions. This compatibility allows insurers to modernize at their own pace, progressively shifting core functions to the cloud.

### Integration with any building-block of your existing IT architecture

With ANOW!'s extensive list of out-of-the-box connectors, you can leverage and make the most of your previous investments in ITSM software such as ServiceNow or Jira, your container architecture, your SAP systems, your data-analytics tools, your RPA software or dozens of other systems.

### Strengthening Work-Life Balance and Reducing Talent Dependency

ANOW!'s automation capabilities allow insurers to eliminate repetitive, manual tasks, reducing dependency on specific individuals and fostering a balanced work environment. This improvement contributes to employee satisfaction, aids in talent retention, and ensures operational resilience.



# Conclusion: Building a Resilient Future with Cloud-Based Automation

For insurers in the EU region, cloud migration offers a pathway to improved compliance, operational resilience, and customer satisfaction. The successful transition to cloud-based infrastructure requires careful planning, an emphasis on compliance, and a customer-centric approach. By implementing best practices for cloud migration, insurers can position themselves to respond rapidly to regulatory changes, enhance service quality, and optimize their operations, ensuring long-term resilience in a competitive and evolving market.

ANOW! offers a future-proof automation and orchestration solution that empowers insurers to modernize their IT infrastructure, enhance compliance, and streamline operations. By providing a robust, scalable, and secure foundation for cloud-based insurance operations, ANOW! enables insurers to unlock new efficiencies, drive customer-centric services, and prepare for the future of digital insurance.

[Learn More](#) about how ANOW! can support your cloud migration and automation needs.

