
HfS FORMGUIDE:

Global Insurance BPO Providers

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Executive Summary

Given that times are tough for global insurance carriers, we believe that shared services and outsourcing will play a pivotal role in the coming years. Carriers are increasingly leveraging third-party service providers to help navigate challenging market conditions. Sensing the opportunity, the service provider community has accordingly invested in developing the next generation of core insurance business services. This has led to a rise in the complexity of offerings for the insurance vertical, as more and more providers join the fray. This document outlines the key providers and reveals the following groups: Leaders that are vertical experts and lead with platform-based high-value BPO solutions, Contenders that have significant insurance delivery capabilities and growing solution expertise, and Entrants that have made strides in developing their insurance vertical capabilities with critical investments that will bear fruit in the next few years.

The HfS FormGuide

HfS Research's recent Market Landscape report [Insurance BPO Round-up: Key Findings and Recommendations](#) supports this HfS FormGuide. The HfS FormGuide offers buyers a quick way to identify and understand the providers operating within a particular market niche. HfS Research analysts plot providers positioning services in the insurance industry along two major axes—market footprint and market potential. A provider's market footprint reflects the provider's current client base, industry experience, geographical spread, and delivery capabilities. Market potential measures the provider's ability to scale and offer insurance-specific solutions with a platform-based approach.

Exhibit 1: The HfS FormGuide – Notes for Buyers

HfS FormGuide **HfS plots service providers providing services to the insurance industry according to market footprint and market potential**

How do we define the insurance industry?	For this analysis, we considered service providers that cater to the property and casualty (P&C) and life, pension, and annuities segments of the global insurance market, along with peripheral markets such as reinsurance and brokers. We excluded the healthcare segment as the service provider dynamics are different; it is being covered separately.
What are the components?	<p>Outsourcing in the insurance vertical has taken two forms, involving core process outsourcing and horizontal business services. Core process outsourcing involves functions inherent in the insurance vertical, and the range of services outsourced is growing steadily. These include claims administration, policy serving, agency management, actuarial and new product development, and new business.</p> <p>For this analysis, we considered only core services and excluded horizontal business services such as finance and accounting, human resources, procurement, marketing, and legal services.</p>

Source: HfS Research, 2012

Context

Carriers face unprecedented challenges today. Regaining pre-recession profitability levels while facing growing regulatory scrutiny and shifting customer preferences is no walk in the park. Margin pressures are driving carriers to rethink the carriers’ operations strategies to unlock savings and new growth opportunities. Outsourcing is a key solution in their arsenal, with the primary objectives of lowering the overall cost of claims, reducing fraud-related risks, and standardizing operations. The service provider community has responded by offering a range of low- to high-end core insurance business services to help carriers navigate through economic volatility. From volume-driven claims administration and policy-serving services, service providers have evolved to offer much-needed help in service areas that require specialized skills and local business environment knowledge. The increasing complexity of offerings merits an analysis of different provider capabilities to help carriers understand related strengths and compatibility with their requirements. Accordingly, HfS Research conducted data analysis of several key service providers in the insurance BPO space to put together this FormGuide, through secondary research and participation from 16 service providers. Participating companies include Accenture, Capgemini, Cognizant Technology Solutions, CSC, EXL Service, Genpact, HCL Technologies Business Services, IBM Global Services, Infosys BPO, MphasiS, NIIT Technologies, Serco Global Services, TCS, Wipro, WNS, and Xchanging. Our analysis yielded the following insights.

Exhibit 2: The HfS FormGuide for Insurance BPO



Source: HfS Research, 2012

Exhibit 3: The HfS FormGuide Insurance BPO Groups

Form	Service Providers	Explanation	What will they do next?
Leaders	Accenture, EXL, Infosys, TCS BPO, WNS	<p>These providers offer the most evolved solutions for carriers and represent the changing face of “core BPO” in the insurance outsourcing industry. With significant experience in the insurance space, these companies leverage IT to offer services through a modern business platform-based approach. The focus is being an end-to-end solution provider to carriers, with niche specialties in core insurance operations areas. Their insurance back-office solutions are mature and enhanced by analytical insights that help carriers make better business decisions, beyond traditional support services. Their delivery capabilities feature significant onshore insurance expertise.</p>	<p>These providers have carefully evolved their insurance business services verticals, and the next step is to go deeper into their clients’ core businesses and take on more revenue-generating responsibilities. Services such as risk and regulatory compliance management, actuarial support, advanced claims and underwriting analytics, smart self-serve portals for customers, and line-specific specialist services in tandem with more comprehensive insurance business platforms will drive the next wave of growth for the insurance outsourcing industry.</p>

Form	Service Providers	Explanation	What will they do next?
Contenders	Capgemini, Capita, Cognizant, CSC, Genpact, HCL, IBM GPS, Wipro, Xchanging	<p>These leading providers leverage their significant delivery capabilities to offer a range of core insurance BPO services to their strong client bases. Providers such as HCL, IBM GPS, and CSC are already leveraging IT strengths to pursue integrated solutions on the back of prominent insurance platforms. Providers such as Capgemini, Cognizant, Genpact, and Wipro have also acknowledged the platform paradigm accompanying insurance BPO and are at different stages of evolution. All the Contenders have made noteworthy investments in developing analytics capabilities specific to insurance processes.</p>	<p>These providers have an eye on moving up the value chain by offering higher-end services to carriers through multi-process deals. They have impressive delivery capabilities with a growing onshore presence in key client markets. This puts them in a good position to offer scalable solutions to carriers. Providers in this group have insurance BPO practices that are not as mature as those of the Leaders. However, the Contenders are going in the right direction as they evolve their capabilities within the next few years.</p>
Entrants	NIIT Technologies, MphasiS, Serco BPO	<p>These providers have yet to build significant scale and client portfolios in the insurance business services space. Their strengths currently lie in IT and horizontal BPO services to the insurance industry.</p>	<p>The Entrants have a unique advantage as they grow their capabilities – the insight of developing solutions that directly address business issues for carriers. We are already seeing signs of niche, highly valuable solutions being incubated by this group that will help them compete more aggressively in the market.</p>

Source: HfS Research, 2012

Key Takeaways

The growing maturity of the insurance business services industry is evident in our research findings. Carriers have understood the value proposition that service providers bring beyond cost reduction; carriers are involving the top providers in key business activities that drive revenue growth. Providers have mature core back-office solutions that are being revamped to deliver more value to carriers. Through this FormGuide, we have observed three discernible forms of service providers: Leaders that are vertical experts and lead with platform-based high-value BPO solutions, Contenders that have significant insurance delivery capabilities and growing solution expertise, and Entrants that have made strides in developing their insurance vertical capabilities with critical investments that will bear fruit in the next few years.

Our key observations and takeaways from this analysis include the following:

- » Experienced service providers have developed niche strengths that address insurance line-specific issues. Providers that offer these do a much better job of demonstrating vertical expertise than simply stating it.
- » They also have very mature back-office operations for carriers, involving heavy volume processing. Although these processes offer a certain degree of cost savings and standardization, they need serious attention to stay lucrative. Embedded analytics, aggressive automation, and alternate pricing models are some examples of innovative thinking that differentiate between good providers and great providers of core insurance business services.
- » Platform play is crucial, and providers are in a race to add greater detailing, legacy compatibility, and functionality that carriers value most. Inorganic expansion is prominent in this area in the form of platform technology acquisitions. Through these, providers can quickly gain key technology and skills needed to win against established players.

What Are FormGuides?

The HfS FormGuides provide decision-making support to compare service providers in a specific marketplace. Service providers are plotted along two major axes, market footprint and market potential. A provider's market footprint reflects the provider's revenues in the specific market that HfS Research analyzes: service delivery capabilities and the nature of the clients. Market potential measures the provider's ability to scale and grow.

Methodology

For this study on the insurance industry, HfS Research used the following methodology:

- » Data collection
 - The data we used for analysis has primarily been derived from discussions with senior executives in charge of the service/vertical, in their respective companies. In a few limited cases where we were unable to include information from primary research, we have relied on our vast desk research databases.
- » Parameters
 - Companies have been compared with industry averages for parameters under market footprint and market potential.
 - Market footprint includes parameters such as current client base, industry experience, geographical spread, and delivery capabilities.
 - Market potential includes parameters such as the ability to scale, the ability to offer solutions to different segments within the industry, and the ability to offer insurance-specific solutions with a platform-based approach and service focus for the next three years.
- » We attributed weights according to what we believe are the most important parameters in both categories

About the Author

Reetika Joshi



Reetika Joshi is a Principal Analyst at HfS Research. She currently tracks the outsourcing industry, with a special research focus on the BPO and Analytics services markets. She regularly contributes to HfS' research content in the form of reports, rapid insights and blog posts. She also supports custom research and strategy projects; analyzing data, supporting client inquiry, conducting regular discussions and briefings with both buyers and providers, providing consultative, analytical and expert support to HfS clients.

Based in Pune, India, Reetika spent the last three years working with the sourcing research wing of business research and consulting firm ValueNotes. Her last profile as Project Manager encompassed a range of responsibilities including research product design and development (reports, models, etc. for the outsourcing community), managing custom research engagements, developing thought leadership through targeted content and community interaction, and supporting the business development team. Being a strong believer in the power of online communities, she was also responsible for driving the unit's web and social media strategy and presence.

Reetika has undertaken several research assignments across the outsourcing spectrum, including market studies in niche BPO and KPO areas such as analytics, medical transcription, market research and e-learning. She has served clients through multiple bespoke research engagements, including in-depth competitive intelligence studies, market and investment opportunity assessments, demand-side surveys and marketing communication optimization for outsourcing buyers, providers, consultants and investors. Her work has appeared in many industry-relevant publications and websites, including Outsourcing magazine, Global Services Media and the Horses for Sources blog. She has presented her views on the state of the outsourcing at various conferences.

Reetika has completed her Masters in Marketing Management with distinction from Aston University, UK, receiving Beta Gamma Sigma honors. She was awarded the Accenture prize for Best Student on her course. Prior to this, she received her Bachelors in Business Administration with distinction from Symbiosis International University, India.

On a more personal note, she enjoys reading (fantasy series in particular), travelling to world heritage sites, watching the odd foreign/independent film, kicking back with strategy/simulation gaming, and lastly, rooting for Google Android and the open source community.

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About HfS Research

HfS Research is the leading analyst authority and knowledge community for the global services industry.

In addition to researching business services and technology services strategies, HfS educates and facilitates discussion among the world's largest knowledge community of services professionals, currently comprising 120,000 subscribers. HfS provides a collaborative platform for the largest, highest impact, and most frequently visited professional community in the global services industry, offering rapid and insightful commentary on, analysis of, and debate about enterprise shared services, outsourcing, and global operations dynamics.

In 2011, HfS was awarded Outsourcing, BPO and Services Analyst Firm of the Year by the International Institute of Analyst Relations (IIAR), the premier body of analyst-facing professionals, and runner-up for overall Analyst Firm of the Year. Led by recognized industry expert Phil Fersht, HfS Research differentiates itself with its global team of expert services analysts with real industry experience, provocative and opinionated research, unrivalled market analytics, and a view of technology as an enabler for business process improvement. Its on-demand expertise relationship model helps clients leverage HfS knowledge and strategic insight in a rapid, responsive and engaging manner.

HfS Research also manages the [HfS 50 Sourcing Executive Council](#), the premier peer discussion group for enterprise outsourcing and business services executives. This by-invitation-only program fosters networking, debate and best-practices sharing among the most senior sourcing executives of large global enterprises. This powerful forum is shaping the strategic direction of the sourcing industry, influencing other buyers, service providers and intermediaries across BPO, ITO and shared services domains. HfS hosts and facilitates regular meetings, webinars, introductions and peer networking opportunities for HfS 50 members, and its analysts contribute to these interactions with candid, unbiased opinions based on current, relevant research, benchmarking data and deep sourcing governance expertise.

Now in its sixth year of publication, HfS Research's acclaimed blog "[Horses for Sources](#)" is widely recognized as the leading destination for collective insight, research and open debate of sourcing industry issues and developments. The thriving HfS LinkedIn community includes over 17,000 industry professionals who share views and information daily. More information about HfS Research can be accessed at www.HfSResearch.com. The company can be followed on Twitter at www.twitter.com/horses4sources and LinkedIn by joining The BPO and Offshoring Best Practices forum.

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