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Implementing a Digitally Integrated Operations Model

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Executive summary

In the process of embracing the next wave of digital disruption, enterprises today remain on a constant lookout for opportunities that yield differentiated results on their investments. Traditionally, there has been an inertia in undertaking end-to-end transformation projects owing to the risks involved in such engagements. Even in today's changing times, organization's transformation efforts are siloed and are being carried out in specific business units. Such disconnected investments may yield some initial quick returns, but these are miniscule when compared to the potential benefits achievable from establishing a unified digital operating model.

Substantial benefits can be reaped if enterprises understand the activities that drive customer value and make targeted efforts to improve and enhance them. For instance, insurers such as Allstate and Metromile have established innovative business models by employing analytics to offer usage-based insurance and enhance benefits for the customers. In another example, Amtrak has a chatbot solution that helps visitors plan a vacation, book reservations, navigate Amtrak.com, and get route information, amongst other things.

For any enterprise to be able to innovate at scale and identify transformational revenue-enablement opportunities, it is imperative to transform its core operating model. However, holistic transformation of the existing operations model is a challenging task, as it requires synchronizing communication across teams, managing process inefficiencies, guarding against any dip in customer experience, and establishing strong governance and security protocols, all the while managing operations costs. Siloed disconnected investments may yield quick initial returns, but these are minuscule when compared to the potential benefits that can be achieved with a digitally integrated operating model. Enterprises, thus, need to be mindful of these challenges and address them early on to achieve their end goal of instituting a future-ready operating model.

This viewpoint discusses the benefits of a digitally integrated operations model and will help enterprises understand and manage the challenges in establishing such a model as part of their transformation journeys. In particular, we:

- Evaluate the characteristics of a digitally integrated operations model, its architecture, and expected business outcomes
- Understand the challenges associated with the transition, transition steps involved, the role of a service provider, and how it varies by the maturity of operations
- Assess the readiness and gaps in operations and businesses transforming their operating models

Introduction to a digitally integrated operations model

Everest Group take

Businesses need to harmonize their operations to fuel customer-centric growth in today's digital era. An integrated approach to modernization will help accelerate value realization across business functions, processes, people, and technologies. Such an approach and, consequently, a digitally integrated operations model will help reorganize business layers and remodel existing talent and governance mechanisms to deliver streamlined workflows, facilitate data capture/ modeling, and enable intelligent decision-making.

Traditional operating models have a narrow focus on driving efficiencies within different business functions and, hence, these functions continue to operate in silos, with investments restricted to streamlining their own operations and lowering the individual cost of ownership. This siloed approach significantly limits enterprises' ability to navigate and adapt to changes in the business environment and customer requirements, and it needs to give way to a leaner, integrated, and digitally enabled operating model that helps enterprises maintain their relevance, drive profitable growth, and attract and retain their customer base.

Understanding a digitally integrated operations model

One of the top priorities of CXOs today is to remodel existing operating models to keep up with dynamically changing customer expectations. The process of integrating operations requires a multi-pronged approach and a robust foundational strategy aimed at revisiting the talent strategy, optimizing processes, leveraging data, and remodeling the technology stack. The resultant operating model should bring about a significant shift in the manner of carrying out operations, by harmonizing the firm's operational, people, and technological assets. Exhibit 1 (on the next page) lays out the architecture of a digitally integrated operations model.

To elaborate, a digitally integrated operations model has six key components:

Process layer

This layer comprises a cohesive network of processes aimed at improving efficiencies. To achieve this state, process flows need to be redesigned and continuous process improvement measures need to be implemented through a rigorous feedback loop. In particular, the processes in a digitally integrated operating model should have:

- **Seamless connectivity between front-, middle-, and back-office processes:** Archaic and siloed processes that complicate workflows and create unnecessary bottlenecks continue to beset firms across industries. An integrated model will have functional coherence across the front, middle, and back offices, ensuring smooth communication and ease of transaction by eliminating unnecessary handoffs. It will also help eliminate process leakages and redundancies through extensive process mapping and standardization of workflows

Case example: In fact, a recent study[1] has revealed that globally, commercial banks have lost **US$3.3 trillion** in revenue over 2019 alone due to the archaic nature of their onboarding processes, which adversely affected customer conversion.

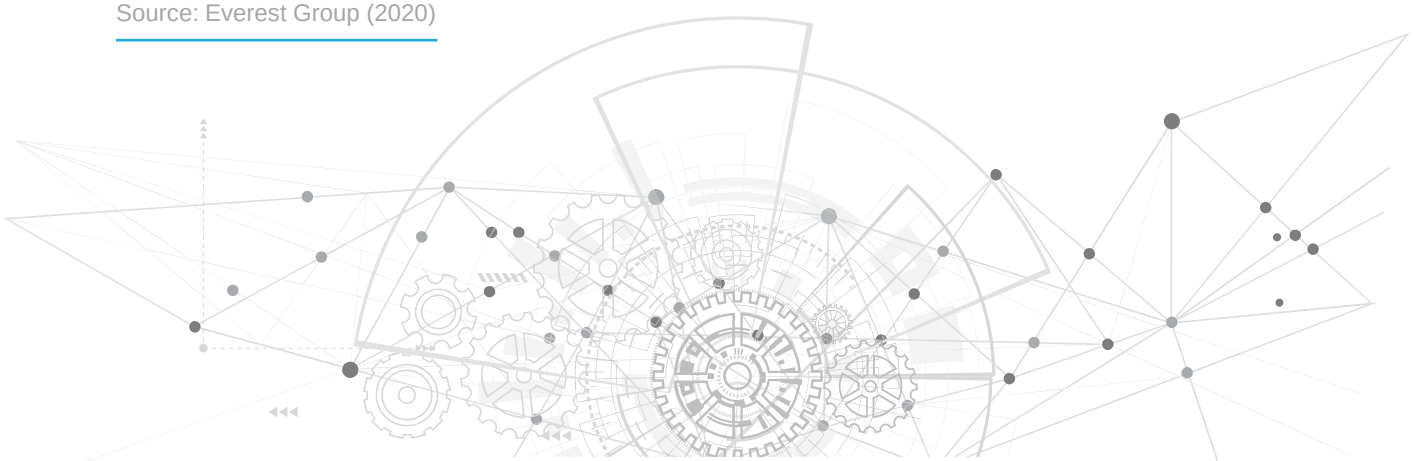
1 Banking SOS: Industry Trends Report 2020

- **Flexibility to quickly adapt:** Processes in an integrated operating model are agile and nimble and can quickly adapt to changes in the operating environment, such as regulatory modifications. This agile state is characterized by regular communication between stakeholders that supports iterative process improvement cycles

EXHIBIT 1

Architecture of a digitally integrated operations model

Source: Everest Group (2020)



DIGITALLY INTEGRATED OPERATIONS MODEL

Governance structure	Process layer			Talent and organization structure
	Front office	Middle office	Back office	
KPI monitoring	Digital layer			Center of Excellence (CoE)
	Automation and cognitive intelligence	Omnichannel	Self-service	
Modified service levels	Data layer			Virtual training programs
	Centralized data storage	Digitized data	Data-driven insights	
Change management	Technology layer			Innovation incubation
	Advanced technology stack	Cloud-based infrastructure	Core platforms	

Digital layer

Traditionally, enterprises' digital investments have been siloed and opportunistic, with limited scalability and outcomes. With a well-defined and structured digital investment strategy, digital solutions can interact with each other in a unified ecosystem to drive business outcomes. Some of the key features of an integrated digital ecosystem are:

- **Driven by user experience:** Digital strategies in such an ecosystem are centered around innovating on user experience and not driven by quick fix solutions initiated by siloed units. These strategies establish collaborative and interactive digital workflows throughout the organization, and different levers such as omni-channel, self-service, and chatbots are the front-end champions working seamlessly with the background data and technology layers

- **Embedded with intelligent automation**: Future-ready digital workflows require smart automation capabilities embedded throughout the value stream, in which man and machine work interactively to maximize efficiencies, talent throughput, and utilization; and enable error-free decision-making

Case example: Piraeus Bank created an integrated, intelligent digital solution suite by leveraging process mining solution to identify process gaps post RPA implementation. This helped reduce consumer loan lead time by **86%,** while improving relevant KPIs.

Data layer

Data is at the core of the digitally integrated operations model, allowing organizations to make well-informed business decisions.

Case example: The opportunity provided by data was showcased at Google Cloud Next'18 by HSBC's Group CIO, who said, "Apart from **US$2.4 trillion** of assets on our balance sheet, we have at the core of the company a massive asset in the form of our data."

The data layer of a digitally integrated operations model has the following characteristics:

- **A centralized database:** Integrated operations rely on a central repository, which eliminates data redundancy, reduces data loss during transitions and handoffs, and institutes data standardization, enabling ease of access across various integrated systems and geographical boundaries
- **Digitization at scale:** The process of transformation digitizes the incoming information stream to establish an efficient system of tracking, modeling, and analyzing data. This movement away from paper-based data helps drive more efficient, compliant, scalable, and accessible data models
- **Analytical decision-making:** Centralized and digitized data enables enterprises to react appropriately and adapt quickly to changing buyer demands and market conditions. Such data-driven decision-making is backed by advanced analytical and predictive/ML-led models, which triangulate rich internal & external datasets to identify complex patterns and deliver suggestions

Technology layer

Over the years, large organizations have cobbled together complex systems that have not been able to keep up with new devices, consumption models, and ways of interacting with customers. An integrated model's technology layer addresses these challenges through the following features:

- **Lean, cloud-based infrastructure:** A cloud-based infrastructure supports agile processing via strengthened networks and round-the-clock, easy accessibility of systems. It enables rapid business expansion at limited additional costs and brings about efficiencies through economies of scale and leverage of advanced data computing methodologies
- **Modernized technology stack:** In an integrated model, the traditional siloed and fragmented IT stack collapses into an integrated platform with a well-connected system of records. This modernized infrastructure layer does away with various restrictions that enterprises face when attempting scalable transformation. Further, the underlying infrastructure can integrate with the open API environment, which fuels external ecosystem connectivity and product innovation

Governance structure

Remodeling operations requires well-defined governance strategies that effectively monitor progress and allow proactive intervention and continuous improvement. Such a governance system should have:

- **Effective change management:** The new operating model requires a strong change management program to streamline activities to gain better synergies and prepare for contingencies. It requires defined change agents, both internal and external, to help streamline roles and responsibilities
- **Multi-tier, fluid governance model:** Change initiatives must be supported by a robust governance model that ensures responsibility and accountability across the board – from the operational to executive levels. Further, the governance model must adapt through different stages of remodeling. Frequent interactions at operational levels during the initial stages of transition should pave the way for a balanced, multi-tier structure with a defined cadence of interaction at the steady state of operations
- **Realigned KPIs:** Traditional KPIs will be insufficient in the face of a fundamentally new operating model, and KPIs and SLAs would need to be realigned to ensure that performance is tracked against business outcomes and not just operational targets

Talent and organization structure

Enterprises will also need to redefine their existing talent strategies to align the talent mix with evolving methods to conduct operations. To achieve this, they should focus on:

- **Powerful leadership:** A robust leadership, across functional and business units, which can handle ongoing interventions and is flexible enough to adapt to and address contingencies will help lead firms toward their desired goals
- **Center of excellence-led approach:** Instituting a shared services model helps eliminate redundancies and facilitates resource pooling across disjointed functions within an organization. By segregating core operations from others, an organization can prioritize its strategic objectives and accelerates the firm's progress
- **Open culture to foster innovative ideas:** A revamped and integrated operations model needs an open-door policy that welcomes suggestions from any level of the organization to innovate, evolve, or improve. The model encourages in-house incubation of new ideas borne out of on-the-job learning and reflections

According to a study conducted by Everest Group, organizations that effectively leverage third-party providers for contact center operations achieve **2.6X** improvement in customer experience, compared to their peers

Benefits of a digitally integrated operations model

A digitally integrated operations model harmonizes business units to work toward common business goals, significantly increasing business efficiencies and outcomes that cannot be realized with disjointed digital interventions.

- **Increased speed to market**
  An integrated front-to-back office operations ecosystem enables quick adaptation of operations/ decisions in line with external, more real-time information and thus, appropriate reactions to changing customer needs. Lean processing on a modern technology layer expedites solution developments, thereby increasing the speed to market and reducing gaps in the existing product portfolio

  Case example: A case in point is Italy-based insurance company Generali, which plans to invest **US$1 billion** in digital transformation by 2021 to achieve product and distribution innovation and cater to changing customer demands and demographics.

- **Cost efficiency**
  The model plugs operational cost leakage points by eliminating redundancies and efficiently utilizing talent and technology

  Case example: BHP Group's trading entity, BHP Billiton, created a transformation office to accelerate change across the firm and boost overall performance through better safety standards, lower costs, and significant increase in up-time through a significant rise in access to its production data.

- **Improved agility and flexibility**
  A centralized and accessible data repository helps adapt to changing business requirements, including customer experience innovation, regulatory compliance, rapid design and implementation of solutions, efficient operational scale-up, and quick recovery from business interruptions

  Case example: Volvo Group's innovation lab works closely with business areas in agile sprints, leveraging collected telematics data to invent and design the products and services for the future.

- **Enhanced customer experience**
  With quick and smooth transactions and greater enablement of self-service and customer agents through a robust data and technological foundation, the model improves customer experience. Data-backed insights further help deliver differentiated value to customers

  Case example: Bank of America has been building mobility and self-service capabilities, which helped move **55%** of its total client payments to digital platforms, assisted over **50%** of its consumers to go paperless, and accounted for about **30%** of its annual sales through digital channels in 2019. Its physical centers now specialize in addressing complex customer needs.

- **Reduced Total Cost of Operations (TCO)**
  By building an integrated operations model, organizations can cut the leakages that accompany siloed operations and thereby reduce their TCO. To know more about how enterprises can derive enhanced value by engaging with a third-party in a TCO-linked commercial construct, please refer to Everest Group's report Achieving High Value through a Total Cost of Operations (TCO) Pricing Model

Let us now take a look at the model's applicability, considering the specific case of the insurance industry, where competition in terms of customer experience has led to increasing elimination of traditional operating models.

Transitioning to the digitally integrated operations model – focus on the insurance industry

Everest Group take

In the wake of market disruptions, insurance carriers – both traditional and greenfield – want to move away from traditional business models and embrace a digitally integrated operations model to build differentiated capabilities. The nature and intensity of challenges on this journey vary for traditional and greenfield setups and understanding these hindrances is key to designing a customized and effective transformation roadmap.

In order to understand the journey to the digitally integrated operations model, we will be looking at the case of an insurance carrier. To appreciate the nuances of the journey, we will start by understanding the industry disruptions.

Key disruptors in the insurance industry

- **Changing market dynamics:** Over the past year, several factors have impacted global macroeconomic conditions, including Brexit, the US-China trade war, and the upcoming US 2020 presidential elections. The evolving global pandemic situation due to COVID-19 has added another element of complexity to existing geo-political uncertainties
- **Increasing underwriting discipline:** A persistent soft pricing environment is gradually giving way to hardening of rates, with pricing more aligned to the underlying risk characteristics. This increasing underwriting discipline has brought significant attention to insurers' ability to gather, digitalize, and analyze vast amounts of data
- **Growing financial pressures**: The insurance industry depends on getting sufficient returns from investing the premiums collected, to be able to pay out claims, maintain sufficient reserves, and fuel operations and growth. Declining interest rates have impacted the profitability and increased operational pressures for insurance firms
- **Evolving competitive landscape**: Many new entrants have entered the industry and are transforming the creation and distribution of insurance products, including bringing about changes in the way of conducting business and intensifying the competition across different customer experience parameters, such as convenience, velocity, and personalization
- **Consumer expectations**: The pervasiveness of online channels is shaping consumer expectations, and insurers need to cater to an increasingly online demographic that wants simplified and personalized experiences. Thus, they need to align their product portfolios and distribution strategies with customer expectations and deliver the expected value
- **Compliance norms**: With greater leverage of technology and newer ways to conducting business and running operations, the scrutiny from regulators for data-related compliance requirements is increasing. Traditional carriers face challenges in conforming to these evolving requirements due to their siloed legacy infrastructure and operations.

These challenges have forced insurers to rethink their business models and embrace a digitally integrated operations model. However, the journey toward achieving this model is different for different insurers, depending on their state and scale of operations.

Classifying insurance carriers

We have classified insurance carriers into two broad categories based on their operating model's characteristics:

- **Traditional carriers**
  These insurance carriers are established players, with extensive operations across various business units. They have made many acquisitions over several years, remain burdened by fragmented and archaic infrastructure, and have highly complex and interdependent workflows. To create sustained value for their customers, they have started considering the transformation of their operations, but they face an uphill task in cutting through the existing operational clutter. Thus, they typically opt for slow-paced transformation that requires intensive project management and stakeholder coordination, which can lead to fatigue among the teams involved
- **Greenfield setups**
  These insurers are at the opposite end of the spectrum when compared to traditional carriers. They are beginning their operations from scratch and want to start with lean, uncluttered operations, and, therefore, they offload non-core activities that would slow their growth. These firms have met a fair degree of success in their initial digital pilots and are looking to expand rapidly to create a strong and sustainable business model

Exhibit 2 compares the two types of insurance entities, which would have different journeys to the final digitally integrated operating model.

EXHIBIT 2

Categories of insurance carriers

Source: Everest Group (2020)

Category 1 - Traditional carriers

Insurance enterprises that have large running operations and are looking at either an end-to-end operational transformation or elimination of gaps in existing product portfolios

Legacy infrastructure and technology	No urgency to transform	Investment appetite with unclear transformation vision	Risk-averse, reluctant to change due to sunk cost in legacy infra	Burdened by disparate acquisitions	Experienced pool of resources

Category 2 - Greenfield setups

Insurtechs and startups that are setting up their operations from scratch and have no existing processes

No burdening assets	Experimentative and risk-taking	Dynamically changing transformation scope	High-risk appetite	Low experience in process creation and maintenance	Building the workforce from ground-up

A key difference in the transition journeys for the above two categories of insurers is the intensity of challenges to be faced during the transition, even though, the nature of these challenges would remain same for both. For instance, for a traditional insurance carrier, the key challenge as part of organizational process would be to understand the gaps in its existing state – siloes, interdependencies, redundancies, or bottlenecks. In contrast, for a greenfield setup, the challenge would lie in mapping processes from scratch to integrate them, while also ensuring coherence and efficiency. Thus, as implications along these challenge themes vary for both types of entities, their considerations and strategies to attain the desired outcomes from their digitally integrated transformation agendas would also differ.

Exhibit 3 contrasts the magnitude of difference across multiple challenge vectors to transition to a digital operating model for these categories of insurers.

EXHIBIT 3

Challenges and their intensity across buyer categories

Source: Everest Group (2020)

Low High Traditional carriers Greenfield setups

		Rationale for intensity	
Challenge Vector	Intensity	Traditional carriers	Greenfield setups
Organizational processes		Existing processes in silos with complicated and fragmented workflows, bottlenecks, and redundancies	No standard workflows in place; need to map processes effectively to deliver efficiencies
Technology infrastructure		Outdated legacy infrastructure; compatibility issues with latest applications and technologies	Setting up infrastructure from scratch, in line with the underlying technologies to be utilized
Data		Absence of mechanism to capture real-time data generated during customer conversations and inaccessible forms locked away in silos	Lack of data due to limited business scale and customer base; no standardized processes to take in and process data
Stakeholder buy-in		Risk-averse nature of leadership, comfort with current state, lower confidence in unproven digital themes	Disruptive, experimental mindset of leadership; growth agendas fueled by higher risk appetite
Financial capital		Being an established entity, decently placed to fund transformational projects; however, need to navigate bureaucratic hurdles in budget approvals	Securing funding/investments is a big hurdle initially; internal reserves may not be enough to accommodate all requirements
Human capital		Access to an experienced pool of resources; rapidly aging workforce could be an immediate concern	Limited access to talent due to lower brand value and initial budget constraints to support a larger and well-equipped resource pool

Having looked at the challenges that beset both types of organizations, we now discuss the typical transition journeys and how they vary across the two buyer categories.

Typical transition journey and the role of third parties

Everest Group take

While both types of insurance carriers go through similar transition steps, the key considerations for them vary, especially during the early stages of modernization, due to differences in their starting points, available resources, and the intensity of change management required as the model evolves. Engaging with a third party that possesses relevant experience helps drive various phases of this journey and future-proof outcomes.

Given that the operating model differs for traditional and greenfield insurers, their transition to an integrated state of operations would also take distinct courses. Traditional carriers will try to ensure business continuity and minimize customer downtime during the transformation. Greenfield setups will have to carefully chart out the scope and project plan in line with their aspirations and align it with their investments in resources. Exhibit 4 (on the next page) identifies the key transition steps to a digitally integrated state of operations and highlights the salient features of this journey for both types of organizations.

Accelerating transformation – Third-party engagement models and associated best practices

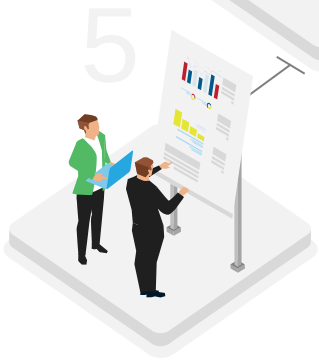
The journey to a digitally integrated operations model is a complex one for both traditional and greenfield insurers. Many a times, insurers display high risk aversion toward undertaking such journeys because of different limitations. It is thus beneficial to engage with third-party service providers that can bring in the requisite talent, technology, and operational expertise, as well as experience and perspectives from past engagements. To maximize the benefits that can be achieved from their transformation partners, organizations should follow the following best practices:

- **Engage early:** Involving third-party service providers early in the transition journey helps them align with the enterprise's vision to transform, internalize business needs, and become more proactive during the later phases of development and implementation. Best-in-class enterprises have leveraged third-party service providers to support their strategic roadmaps and outline the transition steps
- **Regularly communicate with stakeholders at all levels:** Establishing proper communication channels involving different levels of leadership at different periodicities helps monitor progress at an operational and business level and relay expectations and feedback. This helps all parties to become aligned in terms of the strategic priorities throughout the transition exercise
- **Evaluate their strengths and gaps:** An inward comparison of the insurer's expertise vis-a-vis areas where it may fall short in supporting transformation efforts, such as areas related to IP, technology/digital assets, and talent-related requirements, helps identify the areas for which third-party service providers should be engaged to support a speedy and efficient transition
- **Focus on outcomes:** Organizations should formally lay down the business outcomes they want to achieve through the engagement, continually monitor progress, and formalize these outcomes in commercials to incentivize the service provider
- **Enter into partnerships for joint solutioning and co-creation:** Service providers should be encouraged and incentivized to expand their role from vendors/suppliers to transformation partners and collaborate with their service providers to co-create innovative solutions

EXHIBIT 4

Typical transition steps for traditional organizations and greenfield setups

Source: Everest Group (2020)

Transition step	Category 1: Traditional insurers	Category 2: Greenfield setups
	**Building knowledge support**	
	• Documenting the Current Operating Model (COM) • Analyzing existing COM inefficiencies • Introspecting the success of existing digital initiatives • Aligning set objectives with firmwide strategy	• Understanding industry landscape and operational issues • Identifying value creation vectors for targeted whitespaces • Defining and aligning processes with customer journeys • Establishing the scope and pace of transition
	**Defining Target Operating Model (TOM)**	
	• Process transition prioritization based on risk-benefit ratio • Mapping transition activities • Charting mitigation plans for bottlenecks • Laying out the technology stack and location strategy	• Translating the GTM into operational elements • Defining an organizational model for governance and metrics • Outlining process workflows, talent, and technology needs • Establishing a degree of centralization
	**Project planning and management**	
	• Carrying out asset mapping, conceptualizing the project span, and defining ownership • Identifying and documenting the scope of transition • Breaking down transition activities from the process to task level, and identifying corresponding resources and milestones • Identifying the role of third parties and preparing a consideration set • Conducting talent benchmarking to identify resourcing requirements for the transformed state • Defining/calibrating KPIs to track whether development efforts are in line with expectations	
	**Implementation**	
	• Carrying out pilots to fine-tune transition efforts • Implementing sprints and quick review mechanisms to support expansion efforts • Assigning stakeholders for specific transformation activities to manage change and track progress • Identifying enablers of change, and establishing an open communication chain to relay expected shifts/progress	
	**Reporting**	
	• Periodic benchmarking of progress against defined KPIs (frequency to be higher in initial phases) • Ensuring the developed/transformed workflows are flowing well/interlinked • Assessing data quality through the developed processes • Strengthening functional leadership to handle ground-level issues, involving senior stakeholders to finalize key changes	

Successfully instituting a digitally integrated operations model

Insurance-in-a-box case study – Convex Group

Overview

Convex Group is a greenfield insurance firm set up in 2019 with an initial investment of US$1.7 billion and operations in Bermuda and London.

Scope / business need

The company aims to become a best-of-breed specialty insurer for bureau and non-bureau markets by emerging as a differentiated player that leverages an agile and data-driven operating model embedded in its overall business model. To attain its business objectives in the shortest possible time, Convex Group opted for end-to-end outsourcing to a single service provider, WNS, to deliver the solution in an outcome-based model.

Convex Group's desired features from the new operating model were:

- **Rapid time to market:** Convex Group wanted to implement its operations in a nimble manner to minimize its go-to-market time
- **Data centricity:** The company wanted to build its operations by leveraging data as a key asset to help it differentiate in this complex specialty space
- **High outsourcing leverage (principle of maximum outsourcing):** As stated earlier, Convex Group wanted to outsource a large part of its operations – including the creation and implementation of core processes and applications – to minimize its operational burden and grow without the limitations of ramp-up and day-to-day management
- **Agile and lean operations:** As the firm was in its institutional stages, it needed its operations to remain adaptive and flexible, so that they could change as the firm evolved
- **Modern platforms and robust infrastructure:** Being free from the chains of legacy and being able to innovate quickly was imperative. It thus, wanted to institute a modern and light infrastructure that would support dynamic reconfiguration and scalability. It also wanted to deploy agile, future-ready platforms focused on data gathering and analysis

Transformation approach – "In-a-box" model

To meet Convex Group's business needs, WNS designed a complete self-service solution that would combine operational and domain expertise, talent, and modern technology and infrastructure to accelerate Convex Group's time to launch and scale. The range of outsourced services covered process and technology across underwriting, claims, finance and accounting, and HR operations.

Some of the salient features of the Convex Group-WNS engagement are:

- **Outcome-driven approach:** Convex Group focused on driving business outcomes rather than extensively designing the underlying processes or mechanisms. It entrusted WNS with a majority of operational work pieces, including the end-to-end technology implementation, while remaining focused on driving core insurance activities for business growth
- **End-to-end responsibility to service partner:** Convex Group wanted a single BPO partner to select, implement, and run core elements of the technology ecosystem, while remaining focused on the outcomes. WNS established synergies by engaging the right platform partners and enablers across insurance, finance, and HR processes. Further, the go-live module was operationalized with customized underwriting and claims rule books, process designs, and secure micro-SORs and templates

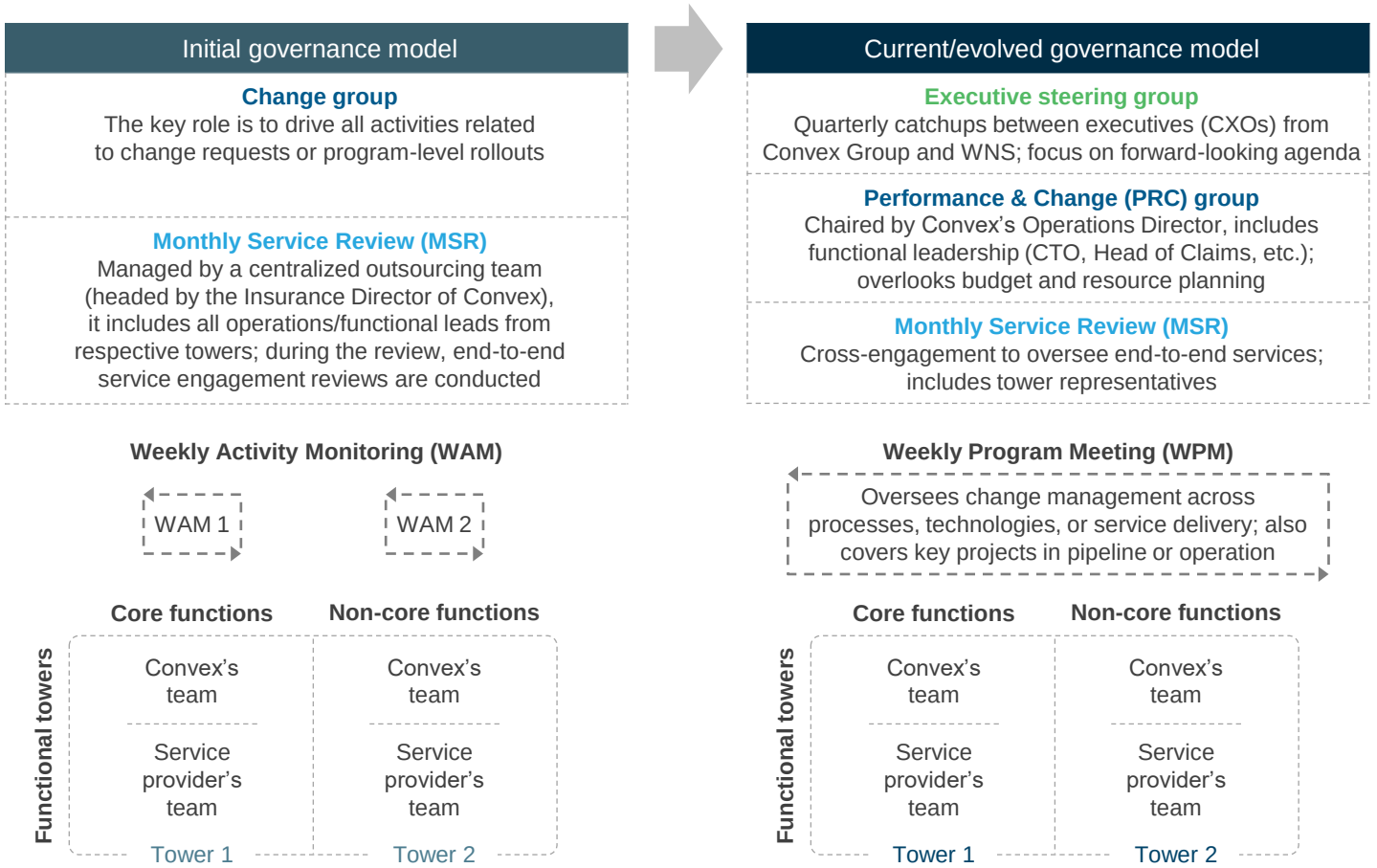
- **Multi-layered technology model:** The company initiated the build-out by understanding the extent of customization required by the core platforms (claims, policy, records management systems). It sought to establish the core systems first to ensure alignment with the overall business architecture and then create a separate layer for bespoke rules and conflict resolution
- **Phased deployment:** The entire model was developed and rolled out in phases – an interim model with a Minimum Viable Product (MVP) launch to support early stages, followed by a resilient market-tested core systems architecture with a cohesive solution covering aspects around industrial processes, systems, and people. By limiting the degree of customization required, Convex Group achieved scalability, resiliency, and functionalities such as APIs linked to partner portals
- **Nimble governance structure:** The governance layer combined two sets of responsibilities – frequent operational performance reviews and decision-making related to change management. At the inception, Convex started with a change-focused governance structure, which evolved into a multi-tier structure gradually

Exhibit 5 below details the changing governance structure at Convex Group.

EXHIBIT 5

Changing governance structure with business requirements

Source: Everest Group (2020)



Business impact

Leveraging the in-a-box solution provided by WNS, Convex Group was able to:

- **Achieve speed to market:** The solution expedited Convex Group's launch process. The company was able to:
  - Set up its initial end-to-end workflows (for both core and non-core operations) within one month
  - Create an interim underwriting tool in under one month, with steady state rollout in four months
  - Obtain necessary regulatory approvals within three months
  - Launch steady-state operations, including all processes and platforms, within nine months
- **Surpass growth projections:** The in-a-box solution experienced high demand following its launch, and the insurer's client base and topline grew faster than expectations, with it achieving almost twice the forecasted volumes during the first renewal season
- **Ensure scalability and flexibility:** The resiliency of WNS' in-a-box model allowed Convex Group to sustain and manage the rapid increase in scale consistently over months, while also delivering on the promise of customer centricity

Key learnings / best practices

Convex Group's partnership with WNS and the in-a-box model hold important lessons for firms looking to embark on a similar journey. Any organization that seeks to modernize its operating model should have:

- **Clarity of vision:** An organization should have a clear vision of the final state of operations and approach to be employed to achieve that state; getting access to the right resources is critical to manage challenges as you progress further into the transition
- **Consistent stakeholder management:** Clear and consistent management of key stakeholders in the organization, especially their availability to support decision-making around technology build initiatives, is necessary to ensure that timelines and quality expectations are met
- **Robust, controlled change mechanism:** Regular communication flows must be established between all internal and external stakeholders (enterprises and third parties) to align on the priorities upfront and tackle any ambiguities in a timely manner
- **Refined process designing:** Interdependencies and interlinkages must be identified to sequence the process activities and minimize any inefficiencies from creeping into the system. A clear process design will also help capture the complete set of information across all ongoing activities and improve data quality simultaneously

The way forward

To achieve its rapid growth aspirations, Convex Group focuses on four key areas:

- Developing a robust, reliable way to address day-to-day operations issues within a growing business
- Ensuring platform flexibility by testing, reviewing, and rebuilding the foundation for future volumes and scale
- Building a talent model with multi-faceted, multi-layered skills, including cross-functional collaboration
- Continuously monitoring the market and industry trends to incorporate best practices that will help Convex stay ahead of competition

Assessing the need for a digitally integrated operations model

An enterprise looking to transform its operating model can make use of the following checklist to help ascertain its need and relevance for the business. We have prepared a list of requirements, which enterprises can score on a scale of 1-5, with 1 implying not important and 5 implying extremely important.

Business requirements

- Our industry is going through disruption and we would like to be the disruptors rather than the disrupted
- We have a rapidly evolving consumer demographic that is tech-savvy, with lower brand affinity and loyalty
- We focus on a customer-centric approach that reduces customer effort and improves customer experience
- We are looking to add digitalized products and services to our portfolio
- We are looking to rapidly expand our client portfolio by adding new segments and geographies
- Our business needs to be nimble to handle the changing business and regulatory dynamics

Operational requirements

- We need to accelerate the implementation and integration of our digitalization programs
- We need to rethink our operating model to achieve a step change in efficiency gains and ultimately establish a CoE-led target operating model for enterprise-level transformation
- We want to create seamless integration between front-, middle-, and back-office processes by eliminating operational and system silos
- Our process definitions need to be clear and aligned with current and prospective business requirements
- Our operations must be agile and flexible to successfully navigate a dynamic business environment
- We aim to transform our talent model to succeed in the digitalization journey

Technology requirements

- We want a unified, lean, resilient, future-ready platform architecture to enable a hyper automation ecosystem encompassing the cloud, cognitive, and automation
- We believe that a modernized and completely scalable technology stack is a key priority for our growth
- We want to standardize the disparate technological solutions across the organization
- We are looking to break data silos to unlock exponential value from centralized data and analytics
- We need to integrate automation and AI seamlessly into our technology ecosystem for competitive advantage
- We want to drive continuous improvements through iterative innovation cycles rather than one-off projects

If an enterprise’s score across each of the sections adds to more than 15 points and the overall score adds to more than 50 points, the enterprise should strongly consider the digitally integrated operations model for itself.

Conclusion

In their quest to tap into a tech-savvy, digitally adept customer base, many organizations are sporadically launching technological interventions that remain confined to business/functional silos, resulting in lost value. To realize the full value from their modernization efforts, enterprises need to embark on enterprise-level transformation, establishing a digitally integrated operations model that integrates operational workflows across the front, middle, and back offices. Such an operating model would need enabling investments across all the operational components – technology stack, data, digital solutions, processes, talent, and governance structures.

However, as enterprises embark on this journey, they would need to self-assess their current state of operations; business, operational, and technology requirements; and the availability of resources to assess their readiness for such a transition. Enterprises at different starting points in their business – whether traditional or greenfield – would then need to plan for customized roadmaps to reach the desired state.

Many enterprises, especially incumbents, tend to avoid this modernization journey because of extensive internal constraints, such as sunk costs in legacy infrastructure, a complex web of workflows and data units, and limited knowledge/experience of at-scale transformation. Such enterprises can leverage third-party support to orchestrate their end-to-end transformation journey and accelerate value realization. Additionally, they can establish winning relationships with such strategic partners by adopting prevalent best practices, such as involving the service providers early in the journey and establishing robust stakeholder communication mechanisms.

While the journey to the digitally integrated operations model is complex and requires complete commitment from all the stakeholders at all levels of management, enterprises stand to gain significant benefits by executing it successfully. Those that adopt a carefully calibrated approach, with regular monitoring, feedback, and process improvements, would stand to gain the most.

Everest Group is a consulting and research firm focused on strategic IT, business services, engineering services, and sourcing. Our clients include leading global enterprises, service providers, and investors. Through our research-informed insights and deep experience, we guide clients in their journeys to achieve heightened operational and financial performance, accelerated value delivery, and high-impact business outcomes. Details and in-depth content are available at www.everestgrp.com.

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