



# Xceedance targets a new outsourcing model

The Indian insurance services consultancy aims to change the way the re/insurance sector thinks about its options for outsourcing, innovation and insurtech.

**T**he years following Indian independence saw a period of wide-ranging government economic intervention and five-year plans. By the beginning of the 1990s the country was characterised by growth of the services sector as economic liberalisation swept through it.

Held up by some economists as the archetypal developing economy success story, services have led the charge in the country's expansion. While around half of India's labour force still work in agriculture, services account for nearly two-thirds of economic output.

However, while India is known

for its vast outsourcing services sector, used by developed market firms keen to reduce their back office spending and business operating costs, the services provided in India have not been seen as driving much change beyond that, for example towards innovating new and potentially disruptive ideas and technologies, to turn around business models in industries such as insurance.

It's this context that provides the backdrop for the growth of Xceedance: a business offering consultancy and back-office technology services to the insurance and reinsurance industry; and aiming to provide something different out of India.

Ex-Berkshire Hathaway India CEO Arun Balakrishnan, who now runs Xceedance, is keen to underline that the firm is more than just an outsourcing

operation; the business offers services for re/insurance companies critical in a fast-changing market, ranging from accounting services to the creation of complex data models and artificial intelligence programmes that allow businesses to price their transactions correctly.

Xceedance has expanded its business in recent years, including setting up a new London market office, targeting the City's concentration of re/insurance firms.

Advanced analytics, infrastructure management and process engineering form the lion's share of Xceedance's work, according to the CEO. He provides a concrete example of how Xceedance worked with a recent Australian client.

A surge in enquiries meant brokers working with the Australian client were unable

to deal with the requests. In response, Xceedance designed an artificial intelligence system enabling the company to deal with the elevated demand; as Balakrishnan explains, “it basically learns the outputs. So every time an underwriter makes some changes and sends a quote to a broker it captures that and brings it into the rating and price scheme.”

Technology is a long way from replacing the job of a broker, but it is increasingly important to completed deals. Balakrishnan says: “Do we foresee people writing very large accounts automatically? No, that won’t happen.

“There’s a role for technology in different areas. If you look at the low-ticket policies, the ones that cost a few hundred dollars, which are very commoditised, they will move to technology platforms that could see straight-through processing.”

Taking a more sophisticated example, Balakrishnan explains how his business offers businesses assistance with detailed catastrophe risk modelling: “Say there is one large factory of one of the large industrial companies spread over three kilometres, traditionally what happens is it comes into the statements as one location with £5bn of value. “How our team did it is to go to Google maps and map it out. Using KML you can export it out and you divide the whole area of the factory into grids of fair size.

“It could be 0.2 square kilometres, 0.5, whatever is reasonable. You divide the whole area into different grids, one grid which has a warehouse, is a different kind of risk to another grid that has the boilers. Another grid may be just barren.

“If you break it down into ten grids and you put it through the models, suddenly it is viewing that as 10 locations which are very close to each other but have different kinds of insured value associated with them.”

He sees this kind of bespoke, creative solution as critical to the practice of the business.

Another factor critical to the business is changing how the insurance industry thinks about talent in India. The growth in the country’s service industry has proved a boon for businesses around the world seeking to outsource operations. But this so-called labour arbitrage has resulted in some unhealthy stereotypes typical of nascent markets.

“Towards the end of the 1990s, GE set up outsourcing shops in India. Large companies started setting up call centres, things like that.

“So the first thought process was using India as an off-shoring location for the manual, basic, mundane tasks, which may not be done by very expensive resources in the US or the UK – can we have people in India do it?”

These more mundane, process-oriented jobs paid well in comparison to other sectors. A characteristic of the industry, however, was that employees were doing work that was not necessarily in proportion to their educational background.

“What was happening is that we were using skill resources – mathematics grads, statistics graduates, people with good computer science backgrounds, for very basic process-oriented work,” Balakrishnan says.

Balakrishnan says this is something Xceedance wants to change: by using India’s vast talent pool as an innovation

incubator, harnessed for the re/insurance sector. Instead of hiring Indian graduates for mundane tasks, Xceedance focuses on using their skills in a more appropriate way.

He underlines the pitch Xceedance uses to attract the best talent from India: “The pitch we have to people who want to join our company is: think about us as a foundation for insurance careers.

“You get the opportunity to work within IT, within underwriting, within cat modelling, within operations. But if you want to build serious insurance careers, we are the best foundation for that.”

He points out that before this, the only career option for young people wishing to enter the industry was the prospect of working for one of the nationalised insurance companies. “It was never a major career choice for many people,” says Balakrishnan.

Whether or not Xceedance fulfils its claim to be more than a services outsourcing business, time will tell. But if it succeeds in making the most of India’s generation of skilled engineers and technologists and finds credible ways of delivering disruptive solutions, it could carve out a valuable niche within an insurance industry grappling with technological shifts.

● By John Hewitt Jones – [john.hewittjones@euromoneyplc.com](mailto:john.hewittjones@euromoneyplc.com)

## Recent moves at Xceedance

2016-2017 represents significant change for Xceedance as the business continues to make senior hires and expand into Europe. After opening its corporate HQ in Boston in 2015, the three year-old company recently opened in London and has intensified its focus on the European market.

May this year saw the appointment of industry veteran George Freimarck, bringing experience from Guy Carpenter and Munich Re to the business. Xceedance has continued its spree of appointments, with Rajesh Iyer bolstering its analytics consultancy team in November.

Iyer has 20 years’ technical industry experience at businesses including Nationwide, the US Automobile Association, Mu Sigma and EXL, which will should help

the business with the aggressive acquisition of further tech talent.

The end of the year has brought the launch of offices in London and Krakow, led by Justin Davies and Marek Kaszczyc.

Davies takes up the role of head of region for Europe, the Middle East, and Africa, bringing managerial experience from Pitney Bowes and Xuber.

Kaszczyc has been appointed vice president, country manager for Poland in December. Kaszczyc brings experience in IT operations to the business and joins Xceedance from the role of the head of Aon’s business centre in Krakow.

The new offices in the UK and Poland will focus on strengthening the analytics and risk modelling section of the firm, and help the business juggle clients in Europe and the US.