

Insurance Services

Property and Casualty Insurance BPO Services

A research report comparing BPO provider strengths, offerings and challenges.



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BPO providers address the challenges faced by Australian insurers

BPO providers help Australian insurers successfully navigate recent floods, manage cyberattacks and meet customer expectations.

Australian insurers have faced many challenges in 2022. From extreme weather events and cybersecurity breaches to changing regulations and heightened customer expectations, insurance executives are grappling with some testing situations.

The Insurance Council of Australia reported in June 2022 that:

“The destructive flood that swept through South-East Queensland and Northern New South Wales in late February and early March has caused \$4.8 billion in insured damages and is now the third costliest extreme weather event in Australia’s history.”

The Council added that “Close to 225,000 insurance claims relating to the event have been lodged across both states”. This figure represents 9 percent of the total Australian population, putting pressure on insurers to process claims in a timely manner.

On the cyber frontline, in late September 2022 a major hack of a telecom company, Optus, led to approximately 10 million customer records being breached. This is just a recent example of burgeoning cybercrime in Australia and its potential impact on insurance claims. The Australian Cyber Security Centre (ACSC) received 67,500 reports of

Insurers are racing to overhaul their technology



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cybersecurity incidents in 2020-2021 and A\$33 billion of self-reported losses from cybercrime.

Insurance customers want “the Netflix experience”

In addition to the floods, fires and cyberattacks that impact claim volumes and operations, insurers are racing to overhaul their technology and delivery models to meet much higher expectations from consumers that have become accustomed to 24/7 digital service and convenience from other industries and expect it from their insurers too. Customer experience (CX) has become a real competitive battleground, and insurers that lag on CX do so at their peril.

This creates a challenge for insurers, as they strive to balance the competing priorities of maintaining operations under pressure of escalating claims while keeping costs under control

and simultaneously modernising their technology and improving CX.

It must be recognised that while modern technologies such as AI, machine learning, intelligent process automation and advanced analytics can resolve the issues faced by insurers, they can also lead to new problems. That's because because if competitors deploy these more rapidly, the deployments create competitive disadvantage for others. Hence, speed of design and deployment is essential for success, leading to increased and urgent demand for scarce technology specialists and increased costs for those valuable resources.

BPO providers can be a strategic asset

Strategic partnerships with business processes outsourcing (BPO) providers can lighten the load for insurers. BPO providers can make available tens of thousands of experienced professionals

with insurance expertise, modern digital technology expertise or a combination of both. BPO providers have the resources to ramp up responses to major events such as the recent floods.

Providers also keep investing in comprehensive upskilling programs to create the capabilities that translate into digital transformation outcomes which produce competitive advantage.

Despite the above, ISG advisors report over the last two years growth in insurance BPO services has been soft. This is because many clients and providers have struggled to overcome COVID-19's impacts on delivery. BPO providers delivering transformational BPO in Australia is also relatively nascent. This is partly because providers do not always meet performance expectations. Providers must ensure that their basic operations are of high standards before engaging to deliver more complex operations,

including digital transformation.

Nevertheless, providers are expanding their services beyond traditional BPO to encompass strategy, consulting and digital transformation of services and processes they already manage – and they see appetite from their insurer clients to keep innovating.

Several key themes that emerged in the research for this study are presented below.

Customer, agent and employee experience are priority goals: This presents insurers and their provider partners with the challenge of reimagining and redesigning the customer journey. It requires the use of modern methodologies for building digital products. These methodologies include customer research and analytics, design thinking and agile product development to put customer needs first as products and services



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are updated. These developments can enhance customer experience by overlaying an attractive, cohesive, modern and mobile exterior “lipstick” on clunky legacy architectures where customer data is often stuck in silos. Modern data and analytics technologies can also unlock customer data available across the customer journey and, as a secondary step, legacy systems can be migrated to modern architectures, including cloud.

Increased personalisation: To improve CX, insurers see opportunity to provide personalized quotes to applicants based on specific personal circumstances. Departing from traditional practice where insurers assess risk and consequent premium costs by placing an applicant in broad risk categories, AI and machine learning technologies can help craft personalised policies and premiums. This can help win new customers through attractive premium offers while effectively

managing risk. This approach doesn't require the applicant to submit additional application details because savvy insurers and InsurTechs are capturing data digitally – for example, uploads from fitness wearables in the case of life and health insurance.

Insurtechs are increasingly influential:

These digital native businesses are aggressively challenging established insurers with new models and processes in a similar way that FinTechs have done in financial services. InsurTechs focus on transforming the traditionally lengthy and unwieldy processes in the insurance sector, and BPO providers are increasingly partnering with them to offer point solutions to their insurance clients. For example, InsurTechs provide policyholder self-service solutions, AI-based SaaS solutions for claims, underwriting, fraud intelligence, customer engagement automation and real-time analytics.

AI, machine learning and data analytics are key technologies: Providers can help insurers deploy solutions based on these technologies to simplify processes, create frictionless straight-through processes, reduce fraud and increase indemnity savings. Insurers can start taking advantage of their vast data assets and employ advanced AI for more effective and speedier underwriting, pricing and risk management. Providers are responding by investing heavily in upskilling their staff in these technologies.

Increasing appetite to outsource complex processes: Providers say insurers are looking beyond outsourcing transactional processes such as customer onboarding or claims handling and are focusing on outsourcing highly skilled insurance domain processes such as underwriting and actuarial services. This reflects insurers' confidence in the professional insurance experience of

providers' staff, backed by their expertise in AI, machine learning and advanced analytics technologies. Providers have built centres of excellence in these domains.

A move towards outcome-based commercial agreements: Providers report insurers are beginning to explore contracts where price is based on tangible business outcomes rather than input-based factors such as the number of FTEs. Insurers want to manage costs and have some control over the volume and value of the services provided. While such contracts are becoming more common globally, ISG Australia advisors report limited adoption thus far. One of the challenges is that many deals involve a principal provider and one or many technology partners, which increases the effort in constructing such contracts and managing performance thereafter.



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The report shows how BPO providers are deploying new services, products and partnerships to address some of the key challenges of their Australian insurer partners.

Insurance executives are grappling with some testing situations.



Provider Positioning

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| | Life and Retirement Insurance BPO Services | Property and Casualty Insurance BPO Services |
|----------------|---|---|
| Accenture | Product Challenger | Product Challenger |
| Acquire BPO | Not In | Contender |
| CCI | Not In | Contender |
| Cognizant | Market Challenger | Market Challenger |
| Concentrix | Not In | Contender |
| DXC Technology | Market Challenger | Product Challenger |
| EXL | Leader | Leader |
| Genpact | Leader | Leader |



Provider Positioning

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| | Life and Retirement Insurance BPO Services | Property and Casualty Insurance BPO Services |
|---------------|---|---|
| Infosys | Contender | Product Challenger |
| TCS | Leader | Rising Star ★ |
| Tech Mahindra | Contender | Not In |
| TSA | Market Challenger | Leader |
| Wipro | Leader | Leader |
| WNS | Rising Star ★ | Leader |
| Xceedance | Not In | Product Challenger |



This study analyses critical factors for BPO services in the **Australian Insurance industry** in 2022.

Simplified Illustration Source: 2023



Definition

The outsourcing and technology landscape is changing rapidly and is not limited to backend transaction process services. Outsourcing and technology providers are becoming strategic partners to insurance organizations, helping them transform their businesses and provide better customer experiences (CX). With CX as a competitive differentiator in the insurance sector, leaders can grow their businesses in a more cost-effective manner. In addition, providers are increasingly open to forming long-term, mutually beneficial relationships with insurance organizations, enabling them to progressively increase the value of the services provided.



Scope of the Report

In this ISG Provider Lens™ quadrant study, ISG includes two quadrants: life and retirement (L&R) BPO services and property and casualty (P&C) BPO services.

This ISG Provider Lens™ study offers decision makers:

- Transparency on the strengths and weaknesses of relevant providers
- A differentiated positioning of providers by product segments and functional services
- Information on each provider's transformation and digital-enabling capabilities
- Focus on regional markets – in this case Australia; other reports in this series cover Europe and the U.S.

The study serves as an important decision-making basis for positioning and go-to-market considerations. ISG advisors and enterprise customers also use information from these reports to evaluate their current and potential new service provider relationships.

Provider Classifications

The provider position reflects the suitability of BPO service providers for a defined market segment (quadrant). Without further additions, the position always applies to all company sizes classes and industries. Where service requirements from enterprise customers differ and if the spectrum of providers operating in the local market is sufficiently wide, a further differentiation of the providers performance is made according to the target group for products and services. In doing so, ISG either considers the industry requirements or the number

of employees, as well as the corporate structures of customers and positions IT providers according to their focus area. As a result, ISG differentiates them, if necessary, into two client target groups that are defined as follows:

Midmarket: Companies with 100 to 4,999 employees or revenues between \$20 million and \$999 million with central headquarters in the respective country, usually privately owned.

Large Accounts: Multinational companies with more than 5,000 employees or revenue above \$1 billion, with activities worldwide and globally distributed decision-making structures.

The ISG Provider Lens™ quadrants are created using an evaluation matrix containing four segments (Leader, Product Challenger, Market Challenger and Contender), and the providers are positioned accordingly. Each ISG Provider

Lens quadrant may include a service provider(s) which ISG believes has strong potential to move into the Leader quadrant. This type of provider can be classified as a Rising Star.

Number of providers in each quadrant: ISG rates and positions the most relevant providers according to the scope of the report for each quadrant and limits the maximum of providers per quadrant to 25 (exceptions are possible).





Sweet Spot - Australia Property and Casualty Insurance BPO Services

Xceedance

Overview

Xceedance is a strategic operations services company driving transformation in the insurance sector through BPO, technology and data services partnerships with global insurers.

It is headquartered in Worcester, U.S., and has more than 3,000 employees providing solutions to over 150 insurance clients through more than 250 engagements. Clients are located in Australia, the US and Europe (including the UK).

Key Provider Capabilities

Xceedance's purpose is to help catalyse insurance ecosystems for the benefit of society. Its services help deliver market-leading outcomes, including enhanced risk management, operations and customer experience (CX) for insurers and their end clients, agents and other partners.

Key capabilities include:

- **Focus on insurance:** Xceedance focusses solely on the insurance industry. 100% of its strategic initiatives, management time, R&D and investment is spent on deepening its understanding of key challenges in the sector and delivering superior solutions to insurers'

challenges. Clients rely on Xceedance to launch new products, drive operations, implement cutting-edge technology, deploy advanced analytics and achieve process efficiencies.

- **Deep domain expertise:** The company leverages its deep insurance domain knowledge to support all facets of the insurance lifecycle. Xceedance's expert team helps insurance clients mitigate key challenges such as fast-evolving policyholder and CX expectations, evolving regulatory changes, legacy automation limitations, cost pressures and the scarcity of experienced domain talent.
- **Technical knowledge and experience:** Xceedance's experts have in-depth knowledge of multiple insurance

lines of business (LOBs). In Australia, Xceedance's services help clients with a wide range of commercial insurance product lines and personal auto insurance.

- **Platform knowledge:** Xceedance's team of experts has experience in multiple platforms, including Salesforce, Oasis, AIR Touchstone and Duck Creek along with its proprietary platform.
- **Service excellence:** Xceedance's offshore service centres have a proven record of providing service excellence to insurers, (re)insurance brokers and MGAs worldwide, with dedicated local account management.

Benefits Delivered

- **Supported a global insurer in ANZ to go live with a new core system in six months.**
- **Assisted a specialty insurer in APAC to automate bordereau processing with 100 percent accuracy.**
- **Manages over 10,000 policy transactions per day for a large general insurer in ANZ.**
- **Saved 50 percent effort with database automation and improved overall development lifecycle.**



Xceedance

Sweet Spot

Xceedance's sweet spot in P&C insurance is its strong focus on the insurance market and consequent capability to deliver solutions and services that address emerging and existing challenges.

It deeply understands the fast-changing insurance market and continues to evolve its focus on solutions for technology modernisation and automation in Australia and services to help clients address talent shortages.

With its strong partner ecosystem, Xceedance maximises value to clients.

Given its focus on the end-to-end insurance lifecycle, it constantly assesses and adds insurtechs and other partners that challenge the status quo. Through partnerships, it reduces cycle times in developing solutions that address clients' pain points. Its learnings from such partnerships help develop a more holistic service engagement for clients.

Xceedance partners with insurance clients to provide holistic solutions such as pure digital transformation (DX), strategic operations services, insurance platforms or a combination of these, including BPaaS.

Key service offerings include:

- Strategic Operations Support (SOS)—executes clients' business processes to meet quality and throughput expectations
- Process Engineering—streamlines client workflows and support using process experts and methodologies
- Platform Proficiency—integrates a selection of digital technologies, data science and specialised automation, as Xceedance is technology agnostic
- Consulting Services—helps clients leverage consulting and business process design to deliver optimal solutions

Future roadmap

Technology-driven operations: Focus on strategic investments in blockchain, RPA, ML and AI, NLP and optical character recognition

On-demand services: An A la carte option for property and casualty (P&C) insurers, reinsurers, agents and brokers, initially in North America

IFRS 17: Global compliance for transparent reporting of a company's financial position and risk

Finance and accounting: End-to-end processes in the CFO line and finance transformation management

New products launch: Forms library for product design and implementation support

Right balance of digital engagement and human touch





Appendix

Methodology & Team

The ISG Provider Lens™ 2023 – Insurance Services analyzes the relevant service providers in the Australia market, based on a multi-phased research and analysis process, and positions these providers based on the ISG Research methodology

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The research and analysis presented in this report includes research from the ISG Provider Lens™ program, ongoing ISG Research programs, interviews with ISG advisors, briefings with services providers and analysis of publicly available market information from multiple sources. The data collected for this report represents information that ISG believes to be current as of November 2022, for providers who actively participated as well as for providers who did not. ISG recognizes that many mergers and acquisitions have taken place since that time, but those changes are not reflected in this report.

All revenue references are in U.S. dollars (\$US) unless noted.

The study was divided into the following steps:

1. Definition of Insurance Services market
2. Use of questionnaire-based surveys of service providers/ vendor across all trend topics
3. Interactive discussions with service providers and vendors on capabilities and use cases
4. Leverage ISG's internal databases, advisor knowledge and experience
5. Use of Star of Excellence CX-Data
6. Detailed analysis, evaluation of services and service documentation based on the facts and figures received from providers and other sources.
7. Use of the following key evaluation criteria:
 - * Strategy and vision
 - * Innovation
 - * Brand awareness and presence in the market
 - * Sales and partner landscape
 - * Breadth and depth of portfolio of services offered
 - * Technology advancements



Author & Editor Biographies

Lead Author



Angus Macaskill
Lead Analyst

Angus Macaskill brings than 30 years' experience to ISG from the technology, media, and market research sectors. Prior to his move into tech media and market research Angus spent 15 years working at ICT vendors where he held technical, project management, sales and marketing and product management roles in global ICT corporations. As Product Manager, Health Industry Solutions, at Fujitsu NZ Angus was instrumental in driving

Fujitsu to become the leading IT supplier to the NZ Health sector. Angus recently finished up a 3-year stint on the leadership team at 3P Learning, a global Ed Tech SaaS business delivering apps and content to more than 6 million users. As Product Manager, Angus helped to transform the business and grow new markets.

Research Analyst



Jocelyn Cheung
Regional Support Analyst, APAC

Jocelyn Cheung, is a regional support analyst at ISG, based in Hong Kong, and is responsible for supporting and contributing to ISG Provider Lens™ studies for the APAC and global markets.

Jocelyn is part of the DataDriven team, which is the Asia Pacific research partner for ISG and has contributed to multiple IPL reports.

Her areas of expertise lie in BPO, financial services, and market research. Jocelyn develops content from an enterprise perspective and authors the global summary report and enterprise contexts. Along with this, she supports the lead analysts in the research process and ad hoc research assignments.



Author & Editor Biographies



IPL Product Owner

Jan Erik Aase
Partner and Global Head – ISG Provider Lens™

Mr. Aase brings extensive experience in the implementation and research of service integration and management of both IT and business processes. With over 35 years of experience, he is highly skilled at analyzing vendor governance trends and methodologies, identifying inefficiencies in current processes, and advising the industry. Jan Erik has experience on all four sides of the sourcing and vendor governance lifecycle - as a client, an industry analyst, a service provider and an advisor.

Now as a partner and global head of ISG Provider Lens™, he is very well positioned to assess and report on the state of the industry and make recommendations for both enterprises and service provider clients.



About Our Company & Research

ISG Provider Lens™

The ISG Provider Lens™ Quadrant research series is the only service provider evaluation of its kind to combine empirical, data-driven research and market analysis with the real-world experience and observations of ISG's global advisory team. Enterprises will find a wealth of detailed data and market analysis to help guide their selection of appropriate sourcing partners, while ISG advisors use the reports to validate their own market knowledge and make recommendations to ISG's enterprise clients. The research currently covers providers offering their services across multiple geographies globally. For more information about ISG Provider Lens™ research, please visit this [webpage](#).

ISG Research™

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ISG offers research specifically about providers to state and local governments (including counties, cities) as well as higher education institutions. Visit: [Public Sector](#).

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ISG

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