Duck Creek Technologies

7 Questions Every P&C Insurer Should Ask Before Investing in Cloud Software

Understand key criteria for choosing a true SaaS-based insurance platform that frees your teams to focus on innovation and growth—not IT management complexity.

P&C Insurers Are at a Crossroads

Property & Casualty (P&C) and general insurers know that modernizing on the cloud is vital to their growth in an increasingly complex business and risk environment. A recent study by Capgemini showed that over 80 percent of P&C companies are using cloud infrastructure. Yet, many still struggle to fully reap its rewards.

One of the key barriers is that operating on the cloud does not necessarily eliminate management burden. If insurers simply migrate or 'lift and shift' existing applications and IT infrastructure to the cloud, they still need to invest dedicated staff, resources, and expertise to handle maintenance, upgrades, and ongoing management—just as they would on-premises. This is a costly endeavor that adds complexity for many resource-constrained teams, hampering the insurers' ability to adopt AI and other transformative technologies.

Insurance IT leaders are at a crossroads. They want to ensure their IT investments in the cloud are delivering the right outcomes. Achieving this requires moving to a truly cloud-native SaaS (software-as-a-service) solution that will allow them to fully harness the cloud's scale, efficiencies, and innovation technologies to streamline the insurance lifecycle—from policy administration through claims, billing, payments, and more. By choosing SaaS over self-hosting (either on-premises or in the cloud), they can avoid hefty infrastructure costs and management and empower teams to focus on priorities that will drive growth and deliver value to shareholders and policyholders.

From Legacy IT to Cloud-Native SaaS

With technologies like GenAI poised to fundamentally change how all industries will compete and thrive, today's insurers feel the urgency to move off current systems that aren't working to a cloud-native SaaS platform that offers a true path to modernization.

As insurers evaluate insurtech platforms, it's important to know what to look for in a solution.

This eBook outlines key criteria to consider—including system management/upgrades, scalability, data and reporting, software development, and more—providing 7 questions every insurer should ask to ensure they're working with a provider that can support their transformation.

1 How does the solution help you manage upgrades and stay current with technology?

In a true cloud-native SaaS environment, the provider maintains the software and continuously and automatically deploys updates, giving customers access to the latest features without needing to download and install updates. This is a major consideration for every IT leader that has experienced the pain of downtime, performance issues, and business disruption when patching or upgrading systems.

Keep in mind, this is not true of all cloud-based solutions. When evaluating offerings, make sure to clarify this point. For instance, your team should not have to make any upgrades to the system in order to receive new features or security patches. The only part of the process your staff should be involved with is in testing and validation to ensure the updates are working correctly—which is true of software in any environment. If you're going to need technical staff to assist with the deployment of updates, then you're not dealing with a true SaaS solution.

Your SaaS provider should provide a regular cadence of updates, clear communications, expectations regarding downtime, and the opportunity to opt in or out of features.

Dig into these capabilities with the following questions:

- How often are deployments happening throughout the year?
- What skillsets do my staff need to keep up with the cadence of deployments?
- Are deployments optional or are they required?
- What type of downtime should I expect as new updates are being deployed?

2 How does the cloud solution help you go to market faster with new products?

A key characteristic of cloud-native SaaS platforms is the use of low-code/no-code. This development model uses drag and drop tools that reduce the need for traditional software developers. This is the way of the future. Gartner expects that by 2025, 70% of new applications will use low-code or no-code technologies. That number was less than 25% in 2020.

By contrast, traditional software applications typically use conventional coding in programming languages like Java, C#, Python, or JavaScript. This approach relies on extensive development work by skilled software engineers and often requires significant time and resources for development, testing, and maintenance.

The benefits of low-code/no-code are powerful, enabling insurers to react to new market trends and customer requirements with greater speed and agility. Instead of relying on technical engineers, business users can make changes—for example, leveraging their knowledge of the claims process to build out tailored workflows that improve the customer experience. Similarly, technical staff benefit from an intuitive framework for defining and modifying core system content, data, workflows, and user experiences.

SaaS providers are even taking low-code/no-code to the next level with pre-coded configurations that can be strung together to support specific business workflows, making it even easier for insurers to build products unique to their business.

When evaluating insurtech SaaS platforms, here is guidance on questions to ask:

- Does the platform use no-code/low-code?
- Are low-code configuration tools available to support development?
- In what ways will I be able to customize the platform?
- When it comes time for an upgrade, what are the requirements of staff to update the code used with the solution?
- If a coding change is made in one application, how are those changes propagated throughout systems?

3 How does the SaaS solution leverage data to drive business outcomes?

Collecting, analyzing, visualizing, and providing actionable insights is not only crucial for driving decisions and operating smarter, faster—it's table stakes for insurers. A modern insurance platform needs to seamlessly integrate analytics and data management capabilities, providing a single source of truth so insurers can make more informed underwriting and renewal decisions, reduce claims cycle times, achieve lower combined ratios, and deliver better customer experiences that differentiate the business.

It's important to evaluate the data strategy, platform capabilities, and knowledge of the provider. Do they understand what your organization is trying to accomplish? Will they be able to help you build these mechanisms into your product and workflows?

When talking to the provider, make sure to address the following data areas:

Data sources - A modern SaaS platform not only leverages data across policy, billing, and claims systems, but also pulls from external data sources to augment analysis.

Visualizations - Creating visualizations can be labor-intensive. Your provider should be a partner in creating tailored visualizations that support the needs of users.

Reporting - The solution should be robust with dashboards, pre-built reports, scorecards, and other analytic content that delivers critical information to the right people, across the organization.

Data timeliness - The solution should enable you to configure your system so that it provides you with critical business intelligence data in near-real-time, or low data latency.

Industry expertise - Look for a provider that truly understands the insurance industry – not just the technology. They should be able to walk you through insurance use cases where data can enhance the experience.

Emerging technologies - GenAI and other intelligent technologies are transforming insurance, so it's important to work with a provider that is deeply engaged with it. What does their AI roadmap look like and how will the platform support it?

4 How does the SaaS solution handle integration with third-party solutions?

Insurtech platforms can be incredibly robust but won't have all the capabilities you'll ever need, especially as technology advances. Integration with third-party solutions needs to be part of the evaluation process. For example, you may wish to integrate solutions that enhance pricing, telematics, risk assessments, appraisals, sales and service, damage estimates, and various analytics. The right SaaS platform will allow you to bring in these niche solutions to enhance your overall offerings and differentiate your business.

Look for a provider that is committed to supporting third-party integrations, including:

Large partner ecosystem - Their partner ecosystem should cover the gamut of what you might be looking for today, but also what you might want down the road. This shows that the provider is committed to helping you continually innovate—and won't limit your options.

Standards for partners - What criteria does the provider use for vetting partners? You want to trust that your provider is working with the best partners and has standards for managing those relationships.

Integration expertise - The right provider will work with you and the third-party to integrate their solution with clean integration patterns, workflow instructions, and more, so you can take advantage of new capabilities in unique ways and quickly integrate them into your core systems and processes.

Open to your preferences - The provider should be open to helping you integrate solutions that are outside of their partner ecosystem. You don't want to be pressured into using a solution you aren't comfortable with. Find one that will work with you and your preferred vendor to integrate the solution.

5 Can the SaaS solution scale with my growing business?

Traditional on-premises deployments and lift-and-shift cloud migrations limit scalability by imposing significant constraints. As IT leaders know, on-premises setups require substantial investment in physical hardware and infrastructure, making it slow and costly to scale up. Similarly, lift-and-shift cloud migrations, which simply move existing applications to the cloud without optimizing, still require manual intervention to provision and allocate resources. The static nature of these deployments hinders your ability to adapt to new requirements.

A truly cloud-native SaaS solution offers an entirely different cloud architecture that is designed from the ground up to be highly scalable. It enhances flexibility through a multitenant architecture by allowing multiple customers to share the same application and underlying infrastructure while keeping their data and configurations separate. This model reduces overhead costs and resource duplication since the underlying hardware and software are used more efficiently. It also enables easier updates and maintenance, as changes can be rolled out universally rather than on a per-customer basis. Consequently, businesses can rapidly adjust to increasing demand without the need for substantial new investments in technology or infrastructure. This scalability not only supports growth but also fosters innovation by providing a flexible and cost-effective platform for expanding services and features.

When evaluating scalability, consider the following questions to ensure the solution offers a multi-tenant SaaS architecture that can support growth:

- What is your architecture design for scalability?
- How does your solution handle peak loads and traffic spikes?
- What is your approach to resource allocation and management?
- How frequently do you perform updates and maintenance?
- How does pricing adjust to support cost-effective growth?
- How much notice must I give to increase the scale?
- What kind of support and service level agreements (SLAs) do you offer?

6 Is the SaaS solution demo a true representation of the product?

Demos are an invaluable tool during a software evaluation, helping you understand a product's usability, interface, and how it may support your workflows. But not all demos are created equal. Some are simply screen recordings or visual representations of a working product. Some are shown in isolated environments with custom code to demonstrate how the product might work. Some are shown in working environments, entirely run by the product, using live features of the product.

Each approach has its advantages—some more so for the provider in terms of showcasing their best features—so it's important to get a realistic view.
To make an informed decision, understand how the demo was designed from the start.

A few related questions include:

How long did it take you to build the demo? For a true SaaS solution, it should be an actual working version of the product, not a carefully curated view that took weeks or months to build.

Is this demo powered by the software or was it designed with custom code? Highly customized demo environments are impressive, but what matters most is whether the product functionality and features can support your unique needs.

Can I interact in a hands-on way with the demo? SaaS products typically come with interactive features and dashboards that can be showcased in real-time during demos, providing a more engaging hands-on experience.

Can I venture outside of the demo environment? Will I be able to view how the back end works or pull up a specific feature on the fly?

7 What do credible industry experts and third parties say?

Moving off legacy software and investing in cloud-native SaaS technology to run your mission-critical applications is a major decision that will impact your business for years to come. It's a decision that not only needs the IT leader on board but also buy-in from stakeholders across the organization. Taking time to do your due diligence and secure feedback and validation from credible third parties is vital to the evaluation process.

Unbiased industry analysts are regularly conducting audits of the insurtech landscape and sharing their assessments across the scope of technology vendors. In addition to engaging with top firms like Gartner and Forrester, it's worth getting insight from firms like Celent and Everest Group that have built strong insurance-focused practices.

You'll also want to speak with industry peers and the provider's customers to gain a well-rounded view of the solution's strengths, weaknesses, and to get a feel for how committed the provider is in areas like support and their track record for technology innovation.

Here are a few well established analyst sources to include as part of your assessment:

- Gartner's Magic Quadrant
- Celent's XCelent Awards
- Forrester's Wave Report
- Everest Group's PEAK Matrix Assessment

Accelerate Your Cloud Journey

Transitioning to a cloud-native SaaS solution is one of the most important moves an insurer can make to stay competitive, innovate, reduce costs, and empower teams to work faster, smarter, and more efficiently. Insurers are not waiting—they need solutions that will not only help them take advantage of all the cloud has to offer today, but also give them a foundation on which to integrate AI and other intelligent technologies.

To learn how Duck Creek Technologies is helping insurers modernize, explore Duck Creek OnDemand, a cloud-native SaaS delivery solution designed for P&C and general insurers. With over 20 years at the forefront of insurtech, Duck Creek has been helping insurers grow and innovate faster with a full suite of insurance technologies. With Duck Creek OnDemand, insurers can take the next steps in their cloud transformation to reimagine, modernize, and continuously deliver game-changing results. Contact us today to accelerate your journey to the cloud.

Duck Creek Technologies

duckcreek.com