tinubu®

Build vs. Buy?
Credit insurance software

Should you build your own
credit insurance
management system or
buy an off-the-shelf solution?

TINUBU

Tinubu is the business facilitator and exchange enabler that delivers fluidity and simplicity to the insurance industry by using the strength of collective performance.

Our company is an alliance of technology software and insurance expertise offering the best combination to its clients. It covers the entire value chain of credit insurance & surety with one end-to-end platform, connecting every part of your business with one digital highway.

Created in 2000 and headquartered in Paris, France, Tinubu is an independent software provider and employs 170 people, located in Paris, London, New York, Orlando, Singapore, and Montreal.

Its clients represent 30 of the top 60 Credit & Surety underwriters worldwide.

CONTENTS

FOREWORD

Maybe your on-premises legacy system is no longer able to oversee the lifecycle of your products, from commercial and risk underwriting to claims payment. Or perhaps you're not happy with your current vendor and want to switch to a new cloud-based solution.

Whatever the reasons, you should carefully weigh up your options before investing in new technology. One major decision you'll need to make is whether to build your own system or buy an off-the-shelf solution from a dedicated software developer. You should also be keeping an eye on the future. Are you simply maintaining the status quo? Or are you future-proofing your company so as to be more competitive and thrive in a world of disruption and change?

Insurance companies have not been very quick to modernize their systems, instead focusing on enhancing legacy systems and maintaining the status quo. Deloitte reports that "no more than 10% of innovation resources are going towards fundamentally changing the way insurers do business, compared to 90% towards keeping them running as they always have — only hopefully better, faster, and cheaper."

So why not look at your system upgrade as an opportunity to break away from your competitors, and differentiate yourself as a leader in innovation and digitisation?

EXPERTS

CONTRIBUTORS

AN INTERNATIONAL TEAM WITH A BROAD DIVERSITY OF PROFESSIO-
NAL BACKGROUNDS IN KEY SECTORS WITH A PASSION TO HELP YOU
BRING OUT THE BEST IN YOUR BUSINESS.

OFFER SADEY

CHIEF INFORMATION OFFICER

Artificial Intelligence enthusiast,
passionate about technologies, he leads
the technology vision, the innovation
and the cloud transformation of the
company.

MARC MEYER

SVP SUBJECT MATTER
EXPERT

With more than 30 years of experience
in the Trade Credit Insurance industry,
he handles the most important client
accounts and plays a major role in the
development of the international port-
folio.

FUNDAMENTALLY CHANGING
HOW INSURERS OPERATE
AND PROVIDE VALUE
IS BECOMING
A MAKE-OR-BREAK
NECESSITY.
THAT MEANS
MOST INSURERS CAN NO
LONGER AFFORD
TO MERELY DABBLE
IN INNOVATION."

Accelerating insurance innovation in the age of InsurTech
Insurers of the future will need to evolve and transform
Deloitte Center for Financial Services

TECHNOLOGICAL CHANGES

IN CREDIT INSURANCE

ARE YOU KEEPING UP WITH TECHNOLOGICAL CHANGES?

Today, smart insurance companies are leveraging technology in order to improve their business processes and increase market share. They're automating workflows, speeding up underwriting, and making it easier for agents and brokers to interact with their customers, whilst simultaneously reducing costs.

Research by McKinsey & Company shows that the potential benefits of digital innovation in insurance include a 40% reduction in IT costs, a 40% increase in operations productivity, more accurate claims handling, and in some cases, increased premiums.

For example, automating the underwriting process leads to faster decisions, lower costs and greater profitability. In addition, automation gives companies the ability to react quickly to market and regulatory changes.

Modernization is vital, but insurers often miss out on its benefits because they haven't thought through all of its ramifications for their organizations. In particular, McKinsey says companies don't always have a clear view of what's needed and the impact of their decisions. They don't realize that they need to modernise their core systems and/or fix data-conversion problems.

Digital transformation means taking a long, hard look at your current system. How does it stack up against best-in-class data management? What are the must-haves you should look for in upgrading your systems?
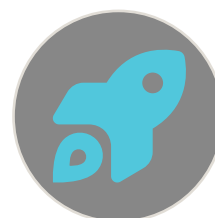
KEY AREAS

IN A STUDY ON INSURANCE INDUSTRY INNOVATION, EY FOUND THAT DIGITAL TRANSFORMATION COULD DELIVER VALUE IN SIX KEY AREAS:

Cost reduction

Customer experience enhancement

Speed to market

Sales productivity

Underwriting efficiency

Claims efficiency
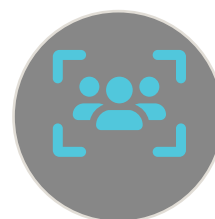
Digital Transformation in Insurance, EY

ASK YOURSELF THESE FOUR QUESTIONS

Any new technology acquisition should begin with these questions:

1. What's your objective?

2. What's the scope of your project?

3. What's your time frame, budget, and in-house capability?

4. What does success look like (what's your return on investment?)

Tackling these basic questions can help you decide whether it's best to build or buy.

FOR INSTANCE,

IF YOUR ORGANIZATION
IS A MULTILINE
INSURANCE COMPANY,
DOES YOUR IT TEAM
UNDERSTAND YOUR
CREDIT INSURANCE
BUSINESS?

CONVERSELY, IF YOUR
ORGANIZATION IS A
MONO-LINE CREDIT
INSURANCE COMPANY,
DOES YOUR IT TEAM
HAVE THE EXPERTISE
TO BUILD A NEW AND
FLEXIBLE SYSTEM THAT
CAN BE SCALED
OVER TIME?

OBJECTIVE

OF YOUR ORGANISATION

WHAT'S YOUR OBJECTIVE?

"One potentially positive result of the COVID-19 pandemic," notes Rob McIsaac, executive vice president at Novarica, "is that the sudden shift to digital and virtual operations has high-lighted some of the manuals and partially digitized processes carriers still have." As a result, he says, companies are looking to shake up the way they do things.

However, McIsaac also notes, "Many insurers struggle to define what innovation is and how it will look at their company."

- What does credit insurance innovation look like for you?

- Do you have a strategy for replacing or integrating your data management system?

- Have you determined the needs of your key stakeholders, such as underwriters, credit managers, agents, claims handlers and customers?

Begin by carefully assessing the systems that you have and then comparing where you are to where you want to be. Identify any gaps and what it will take to fill them. Then create a strategy for getting there!

> "EVERY DOLLAR INVESTED IN DIGITAL TRANSFORMATION SHOULD BE EVALUATED IN TERMS OF HOW IT CAN OPTIMISE SPECIFIC PROCESSES AND FUNCTIONS TODAY WHILE IGNITING SUSTAINABLE GROWTH FOR TOMORROW."

Digital Transformation in Insurance, EY

SCOPE

OF YOUR PROJECT

─────

WHAT'S THE SCOPE OF YOUR PROJECT?

While credit insurers are all at different stages in their digital transformation, most are looking for an enterprise-wide solution which, at a minimum:

- Automates manual processes.

- Improves efficiency and workflow.

- Provides online portals available to both brokers and policyholders.

- Digitizes forms, financials, and work-in-progress reports.

- Allows for electronic signatures.

- Provides a reporting dashboard and data analysis with Business Intelligence.

- Is easy to use and scalable.

- Can be updated.

- Allows high-quality online services to be offered to end-users

01

Policyholder & Broker Portals

Through the portal, policyholders & brokers should be able to submit questionnaires or mid-term adjustment requests, accept policy proposals, request limits, and declare overdue and claims.

02

Commercial Underwriting

You'll need a solution that enables you to manage your commercial underwriting process via a comprehensive quote builder feature. (End-to-end policy lifecycle management, Policy document issuance and eSignature, Calculation of premiums, fees, and taxes, etc.)

03

Risk Underwriting

You might need a solution that offers professional risk underwriting capabilities, including risk assessment and risk monitoring. (Assessing and deciding on credit limits, buyer risk assessment with possible automatic scoring and decisions, exposure management with buyers, groups and country caps, etc.)

04

Claims Management

Will you need to be able to improve your understanding of claims issues and how to manage them proactively? You will need a solution for providing Claims vetting and management, Indemnity payment, Recovery management, collection & salvages, etc.)

05

Reporting & Analytics

You'll need to be able to provide quick and easy access to all data using powerful visualization tools. (Dashboards, business intelligence & analytics, Service Level Agreements (SLAs), monitoring and management reports, Data feed to downstream systems, etc.)

06

Security & Compliance

Digital security and compliance can pose significant headaches if they aren't part of your solution. Can you reliably and effectively safeguard your data?

TIME FRAME BUDGET CAPABILITY

FOR THIS PROJECT

WHAT'S YOUR TIME FRAME, BUDGET AND, IN-HOUSE CAPABILITY?

When deciding whether to build or buy, you'll need to weigh up factors such as cost, time to value, control, system maintenance, usability, cloud vs. on-premises, and obsolescence. Let's take a look at some of these in more detail:

Cost

If you do build your own system, you'll bear all the costs yourself — and they can be high. They include not only design and development but also ongoing support, upgrades, bug fixes, and migration. These costs can sometimes even be multiplied by the number of different solutions used by your teams, each activity having its own tool.

Your investment can be quite high compared to a software-as-a-service (SaaS) solution, where all the costs are borne by the SaaS developer, and you pay a fraction of your build costs in a subscription or licensing fee. It has been estimated that buying software set up by an experienced team can be ten times cheaper and five times faster than doing it yourself!

Time to value

Canadian InsurTech Breathe Life notes that most estimates for a do-it-yourself software implementation are up to two years. "Over this length of time, the scope of the projects can often change, adding further complications and delays, which in turn add more costs that will not have been budgeted. Compare this to delivering an 'out-of-the-box' SaaS solution, and implementation drops dramatically," Breathe Life says.

Bear in mind that the longer it takes to develop a solution, the further you will fall behind your competition. Also, consider your opportunity costs. Would staff and resources be better deployed elsewhere? Will your IT team have to spend time learning about credit insurance when there are vendors who already have years of credit insurance experience?

Digital transformation has accelerated during the pandemic and requires insurers to shorten their solution development cycle times. Rather than measuring upgrade times in years, now you have to move at a much faster pace.

The solution must also be adapted to the new working conditions of employees, such as remote working, on top of being flexible enough to support multiple teams and multiple sites. The scalability of the solution is also crucial in order to deal with your customers' increasing business.

ACCORDING TO MCKINSEY, OFF-THE-SHELF SOFTWARE HAS FOUR DISTINCT ADVANTAGES:

★★★★★ Faster and less risky implementations compared with modernizing or building a new proprietary platform

★★★★★ Best-practice functionalities and regular upgrades that include product and process innovations as well as regulatory requirements

★★★★★ Cost benefits from shared development between multiple insurers

★★★★★ Access to a pool of skilled resources outside the insurance company

IT modernization in insurance: Three paths to transformation, McKinsey

Control

It's a myth that the software you build yourself gives you the greatest control. Off-the-shelf solutions can be configured to fit your business rules. Furthermore, specialty software developers offer a complete suite of credit insurance solutions, giving you more options than you could build with a limited budget or a short time frame.

Out-of-the-box solutions are also constantly being improved, ensuring that you have the latest iteration. You can also benefit more regularly from new features as standard, but also, in certain cases, from technological advances resulting from LAB innovation research.

McKinsey & Company says that off-the-shelf software packages for insurers "are typically much more streamlined and include ready-made functionality for pricing, underwriting, customer self-service and automation, and claims processing. As a result, they can improve efficiency across the enterprise."

System maintenance

Did you know that most legacy insurance systems are at least 20 years old, and some are even up to 40 years old? The headache of constantly patching an aging legacy system has driven many companies to adopt SaaS solutions, where the software provider takes care of all the maintenance, upgrades, and security patches.

Do you have the resources to maintain your own system? What are the trade-offs?

Cloud or on-premises

For accessibility, scalability, cost, and maintenance, it's hard to beat a cloud platform compared to an on-premises solution. Microsoft 365, SalesForce, Google Apps, and DocuSign are just a few of the cloud-based programs your employees may already be using.

If you build your own data management system, can you match the reliability and scalability of a hosted solution?

Are you able to scale your solution as your clients' businesses grow, manage the resilience of services, manage your incidents, your SLAs, and your 24/7 support?

MCKINSEY & COMPANY
SAYS THAT
OFF-THE-SHELF
SOFTWARE PACKAGES
FOR INSURERS ARE
TYPICALLY MUCH MORE
STREAMLINED AND INCLUDE
READY-MADE FUNCTIONALITY
FOR PRICING,
UNDERWRITING,
CUSTOMER SELF-SERVICE &
AUTOMATION,
AND CLAIMS PROCESSING.
AS A RESULT,
THEY CAN IMPROVE
EFFICIENCY
ACROSS THE ENTERPRISE."

IT modernization in insurance: Three paths to transformation, McKinsey

ROI

RETURN ON INVESTMENT

WHAT'S THE RETURN ON INVESTMENT?

When thinking about your project's ROI, ask yourself the following questions:

- Which approach will help you lower costs, enter new markets, do more business, and improve customer engagement?

- Which one will grow with your business and best accommodate your changing needs?

- Which one will your employees actually use? Which one will become obsolete faster?

Once you've decided on the upgrades you need, you can create an ROI analysis that considers cost, time to complete, and value to your company. You should also be able to estimate the potential savings you will make by modernizing your systems.

"TO ACHIEVE A RETURN
ON YOUR INVESTMENT,
IT IS FIRST ESSENTIAL
TO CLEARLY LAY OUT
WHAT THAT RETURN
WILL LOOK LIKE TO YOU."

Build vs. Buy, Breathe Life

"CLOUD ADOPTION CONTINUES TO EXPAND. DIGITAL TRANSFORMATION, CLOUD-FIRST INITIATIVES AND A BULLISH LEVEL OF CONFIDENCE IN THE SECURITY OF PUBLIC CLOUDS IS DRIVING AN EXPANDED USE OF CLOUD SERVICES."

2020 Cloud Threat Report, Oracle and KPMG

01

Insurers are embracing the cloud

It's highly likely that you'll find the best solutions on the cloud. According to the research firm Strategy Meets Action, the majority of new insurance core systems are now cloud-based rather than on-premises. The cloud has many advantages, including lower costs, greater scalability, and enhanced data security.

For example, Novarica reports that a majority of insurers are now looking at cloud and SaaS models as a way to address the high cost of core system upgrades.

A study by Harvard Business Review Analytic Services found that nearly 60% of mid-sized to large firms are leveraging cloud-based applications to drive business transformation and gain a competitive edge. These firms are moving beyond on-premises software and siloed information channels so as to increase innovation, extend efficiency across their organizations, and provide new types of insights in order to create a 360-degree view of their customers.

The Harvard data demonstrate that when businesses move to cloud-based software applications, they benefit from faster deployment, greater time to value, and higher return on investment. Top-performing companies are able to leverage technology to reduce their IT running expenses, freeing up more financial resources to spend on performance improvement and innovation.

These companies are removing manual processes, adding automation, and improving workflow by shifting to the cloud. Digitization also allows them to focus on analytics, forecasting, and strategic marketing.

Cloud-based solutions can also facilitate collaboration and data sharing across departments, eliminating the siloing that occurs when insurers have separate legacy systems for policy administration, accounting, and other functions.

02

Security

No other software development issue causes as much stress these days as cybercrime and data compliance. Take a long hard look at your data security needs. How well can you safeguard your systems? If you go with a hosted solution, how good is their security?

Oracle and KPMG's Cloud Threat Report for 2020 confirms that more and more companies are moving to the cloud for their data management needs. In addressing cyber risk and fraud in the cloud, the report says, "The verdict is in, and the sentiment is clear — public cloud environments are viewed as more secure than what organizations can deliver in their on-premises environments."

Nearly nine out of 10 participants surveyed by Oracle and KPMG reported using SaaS as their main delivery mechanism for business-critical applications. Yet the majority also said they were concerned about service providers becoming complacent in their security measures.

SaaS may be more secure than your company's on-premises systems, but you still need to make security a top priority. Always ask about a SaaS provider's certifications and compliance audits. Your provider should be at least PCI DSS compliant in order to ensure that sensitive data is protected at all stages of storage, processing, and transmission.

03

COVID-19 has accelerated digitization

An article by McKinsey & Company argues that the "rapid migration to digital technologies driven by the pandemic will continue into the recovery." McKinsey says there is evidence that tech-savvy companies have leaped five years ahead in the span of just a few months due to COVID-19.

"By focusing on setting up or enhancing a cloud-based data platform and equipping agile teams with automated software delivery, CIOs can double, or even triple, development speed in the short term," McKinsey notes.

More specifically, KPMG reports that COVID-19 has put insurers "on the fast track to technology adoption." The pandemic, according to KPMG, has accelerated business innovation and a shift from physical to digital channels and products, resulting in "end-to-end automation and optimization of processes."

Has the pandemic changed the way you do business? How is it affecting your technology strategy and budget?

CONCLUSION

Ultimately your decision to build or buy a new system will depend on how you view your investment. If your goal is digital transformation in order to set the stage for future growth, your choice may be very different than if you simply see your task as enhancing the status quo.

At Tinubu, we think credit insurance & surety companies need to be agile and forward-thinking to compete and rapidly respond to market changes. We encourage you to acquire software that fosters collaboration and change, increases efficiency and automation, provides actionable data, and delivers new insights into customer relationships. In other words, software that transforms your business!

Here are six strategic questions to ask yourself as you plan your company's digital journey:

1. Is there collaboration across the company in all aspects of your products' life cycles?

2. Are you breaking down the silos dividing underwriting, compliance, customer service, and claims?

3. Are you fostering a culture of innovation? Are new insights being shared, and are employees empowered to act on them?

4. Are you designing software solutions with the end user in mind?

5. Do you have a roadmap for digital change?

6. How will your software acquisition differentiate your company within the marketplace?

Let us show you how our world-class credit insurance management software can help you achieve your goals and make your business more agile and more competitive. Tinubu Credit Insurance solution is a cloud-based solution for automated underwriting, account risk analysis, credit life-cycle management and analytics, at the enterprise level.

"PLANNING IS DIFFICULT RIGHT NOW WITH THE UNCERTAINTIES OF THE WORLD, BUT LEADERS NEED TO HAVE A VISION FOR WHERE THEY WANT THEIR COMPANIES TO GO. NOW IS THE TIME TO MAKE YOUR COMPANY AS ADAPTABLE AS POSSIBLE WHILE ALIGNING ON YOUR LONG-TERM GOALS."

Four Key Lessons about Digitization from the Pandemic, Simon Tucker