Technology

## Insight

# Weather Alert

## Today's forecast for insurers: Cloudy with a good chance of innovation.

The cloud is fast gaining traction as the go-forward technology platform in the insurance industry, as both IT and business executives recognize its advantages and value. By 2020, analysts predict, half of enterprises won't even have their own data center.

The cloud provides lower IT costs, elastic processing power and high flexibility. In addition, it enables other digital technologies, such as social media, mobility, big data and advanced analytics. But its greatest value is providing agility so insurers can innovate to support new data and analytics-driven business products and processes digitally in real time.

Cloud computing refers to the use of computing resources that reside on a remote machine and are delivered to the end user "as a service" over a network, namely the internet. It helps organizations focus on their core business instead of technology issues through four service models: applications (software as a service); infrastructure (infrastructure as a service); platform (platform as a service); and connectivity (network as a service).

Analytics as a service is an especially high-value and fast-growing SaaS area that provides access to any data, anywhere, by any user at any time without needing to worry about installing and maintaining analytic apps on a user's computer.

Capabilities such as dashboards, data exploration and visualization, "what-if" scenario analysis, predictive modeling and planning are all part of a single application suite with a common user interface using a single log-in from anywhere on any device.

**By**
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Data can be accessed wherever it resides—in the cloud or on premise. Imagine how this ease of use and availability can improve insight not only inside your organization but also can be used by your customers, business partners and service suppliers. Think of a digital corporate cockpit; an integrated set of corporate key performance indicators that can be viewed by the boardroom, middle management, technical professionals as well as operational/call center staff providing a top-to-bottom view of your business in real time allowing you to drive your business instead of just analyzing it. Data and analytics are the life blood for competitive differentiation in today's market—be it property and casualty, life or health insurance.

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Cloud software licensing is subscription basis versus fixed cost, making it more affordable as an operational expense rather than a capital expense. Beyond initial licensing and maintenance, support costs also are lower.

Longer term, all applications will be cloud based. Shorter term, digital startups have the advantage to "go cloud" from the get-go. But mature organizations can take advantage as well by using a hybrid supplemental approach for new information consumers (e.g., customers, partners, vendors/suppliers, new use cases).

So while cloud apps may not meet all your needs as they are still maturing, for maximum agility, organizations should use a "cloud-first" approach and fall back to an on-premise approach as needed for functionality or due to data security requirements.

The bottom line: Don't think of either premise or cloud, but rather think both, and start leveraging cloud capabilities now. **BR**

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