

# From Legacy to Innovation

Harness next gen technology  
to supercharge customer experiences



Capgemini 

A seamless, user-friendly customer experience is your North Star on the digital transformation journey. Choose the right strategy and build your roadmap to success.

## In brief

- Insurers must fully evolve their legacy technology to successfully resonate with and effectively meet the needs of the next generation of consumers.
- Complicated and heavily regulated insurance processes and the pervasiveness of pen and paper forms threaten successful digital transformation.
- Whether insurers adopt a greenfield approach, an API digital wrapper or a full-system digital transformation, a legacy migration plan must be created to minimize friction through the transition process.



A young beneficiary calls an insurer to file a notice of loss. After being redirected multiple times, they finally reach a customer service representative (CSR) who takes on their case. Only, that CSR is unable to access the deceased's policy data, restricting their ability to file the first notice of loss. The beneficiary is informed their parent's policy data is currently unavailable, offering them no explanation as to why; instead, the beneficiary is directed to another department that may have access to the older platform and the policy record. The CSR is sure the information is there somewhere... it's just a matter of retrieving it.

This scenario is becoming increasingly common as we approach the greatest wealth transfer we have ever seen.

The bigger challenge, though, is that when it does happen, the next generation of consumers is going to expect both convenient and seamless digital

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**An astounding 40% of today's life insurance assets are poised to change hands to their designated beneficiaries by 2040.**

experiences when choosing top notch life and annuity products that will serve them in their lifetime, not just in their death.

And insurers will have to evolve — both their foundational technology and their product infrastructure — to successfully resonate with and effectively meet the needs of this growing customer base.

## That's easier said than done. Here's why:

- The next generation has different expectations for life insurance and annuities. As a result, life insurance and annuities products must evolve to meet their needs as they come of age.
- The life insurance industry is complicated, heavily regulated and easily misunderstood by consumers. The red tape can make it difficult to distill complex language into clear, simple, user-friendly consumer experiences.
- It can be intimidating for a carrier to forego their perceived control of pen and paper forms in favor of a digital entry option. But by digitizing systems and processes, the insurer maintains control over the data and can vastly improve convenience and ease of use for customers, policyholders and beneficiaries as a result.

Legacy systems weren't designed for seamless customer experiences, so when organizations layer new solutions on top, the ecosystem becomes even more complex and inflexible. Inordinate amounts of time, resources, talent, energy, and money are sunk into legacy systems, paralyzing the industry from modernizing.

Insurers must commit to a [customer-centric](#) business model, make a digital start and utilize cost-effective, low-code tools that boost the customer experience and compel younger audiences to become their next customers. Now is the time to wipe the technological slate clean and rid our processes of the legacy system shackles holding us back from providing best-in-class customer experiences.

Set the customer experience as your North Star. Whatever roadblocks you encounter, keep the customer experience as your guiding light to stay the course toward a thriving digital future.

# 3 routes to digital transformation

The first step in reducing constraints in your organization's digital transformation process is to put a **legacy transformation plan in place**. Your plan should solve the efficiency, technical debt, complexity and sunken resource issues your legacy system is causing within your organization.

When striving for seamless digital transformation, life insurance carriers must keep two customers in mind: the internal customer, consisting of your claim's reps,

CSRs, agents and underwriters, and your external customers, or your insureds and their beneficiaries.

The question is: What's the best way for your organization to navigate the quest for full-system digital transformation? Here are three approaches to consider, from making a fresh start to getting immediate relief to transitioning one application at a time.

# ROUTE 1

## *Create a greenfield entity*

A greenfield project provides the business with a new end-to-end digital operation. It enables insurers to start fresh, establishing a new foundation, utilized initially for your new business. You're only adding products into the new system that you know you're selling. The greenfield solution addresses the customer experience because processes and data can be transitioned to the new platform as soon as it's live.

### Migration

Like all options, transitioning off the legacy mainframe requires a migration plan. Typically start with the most popular products being sold or those with the highest volumes — whichever will yield the most value. Alternately, begin with closed blocks on legacy mainframes to eliminate the mainframe technology, reducing costs, talent and resource challenges. Generative AI helps insurers migrate data from the legacy mainframe to the modern system in a straightforward, easily mapped way.

### Key considerations

The greenfield entity is the least "risky" option, providing the business with a new modern core to start doing business right away. If you're risk intolerant or need extreme speed, this is the option for your business. Even with a greenfield entity, though, remember, you'll eventually need to migrate off of the legacy system into the new one. For now, you're giving yourself — and your new customers — some quick relief.

# ROUTE 2

## *The digital wrapper*

The digital wrapper acts as an API layer around the legacy mainframe system, enabling it to integrate with already existing modern back-end applications or with digital low-code tooling to support a modern digital customer experience. Insurers will immediately recognize the benefit and are differentiated from the competition, while internal and external customers enjoy a modern, unified experience tailored to their needs.

### Migration

The digital wrapper gives carriers an opportunity to immediately take advantage of existing modern systems for a positive customer experience, while investing time into building a migration roadmap and eventually shedding the legacy/mainframe application fully. Generative AI is used to migrate the data into a new, modern system and chip away at what you don't need anymore, such as new business and underwriting functionality. It also helps migrate the blocks of business within the new system, creating flexibility for the future.

### Key considerations

This is the mid-way option when it comes to risk tolerance and a prudent, time-saving way to improve the customer experience during a larger digital transformation effort. The digital wrapper provides some immediate relief, delivering a unified customer experience, and providing the insurer time to build a roadmap from the legacy tech to the more modern system. Like the greenfield option, you still retain your legacy technical debt until you start making progress toward a full digital transformation; however, with this option, all customers old and new are exposed to improved digital experiences.



## ROUTE 3

### *Fix one component at a time*

Some carriers choose to update one legacy application at a time. A carrier may start by transforming their underwriting system, for example, and then move on to another system, such as illustrations, commissions, billing, claims, etc. This is more like app rationalization and eliminates the duplicate nature of many layered legacy applications.

#### Migration

There are tools in the market that support app rationalization, and can help identify the duplicate apps. Then, using generative AI, you can migrate the data, rules, calculations, etc. from the legacy system into your new or existing point system. Employing Generative AI to map and migrate your existing data will speed up the process and help with accuracy.

#### Key considerations

Upgrading one component at a time will simplify your tech stack, taking multiple point solutions, such as commissions, and breaking them down to a single system so that when you migrate off of the legacy system, you migrate completely and all your systems are in one place. This option can be challenging. It takes time and doesn't give notable relief until the process is finished. It's a long tail project, as data has to be migrated from one system to another, one at a time. While this solution doesn't address the customer experience, it does eliminate your technical debt one point system at a time.

# In conclusion

Which of the three options above are the best for your business? Consider the following four factors:

- **Risk tolerance.** We've come a long way by using generative AI to migrate legacy systems at a faster pace and an extremely high accuracy rate. But one or more of these options may not be at the level of your business' risk tolerance. It may be seen as too risky.
- **Strategy.** What are you trying to achieve over the next three to five years?
- **Technical debt.** Have you identified this number? Lean into it and allow it to weigh in on your decision.
- **Need for speed.** Is there demand to fast track a product to market, or to get one segment of the back-end system up and running quickly?

Total digital transformation is a significant undertaking. But with the right roadmap, modernizing systems is attainable and it offers insurers a sustainable path forward to serve insureds and beneficiaries for generations to come.

Ready to engage with us and build your roadmap to success? Contact our expert.



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