STRATEGIES TO ACHIEVE

IMPROVED SPEED TO MARKET

TABLE OF CONTENTS

KEY STRATEGIES TO

INCREASE SPEED-TO-MARKET

In today's digital environment, life insurers and annuity providers must be able to bring new and innovative products to market frequently and rapidly. As consumer needs evolve, insurers must keep up with their increasing demands and lifestyle changes, and expand into new markets with compelling and relevant offerings or risk losing market share to competitors.

However, despite all the efforts they've taken over the past two decades to automate new business and underwriting processes, insurers still find it difficult to launch new products. Their siloed and legacy technology environments hamper their agility and their processes hold them back from quickly launching new products in the marketplace.

Insurance organizations have struggled to transform their systems and processes, often investing in building or buying expensive new business and underwriting software systems that are difficult to implement and integrate. The high degree of complexity and lack of agility within their environment makes it difficult for carriers to introduce new products. Aging technology and mainframe-based systems extend the time-to-market and increase the costs of new product offerings. In addition, antiquated systems and processes and a complex environment make it challenging to maintain the product once it's in the marketplace. In order to make a simple change, insurers may have to touch dozens of different aging systems.

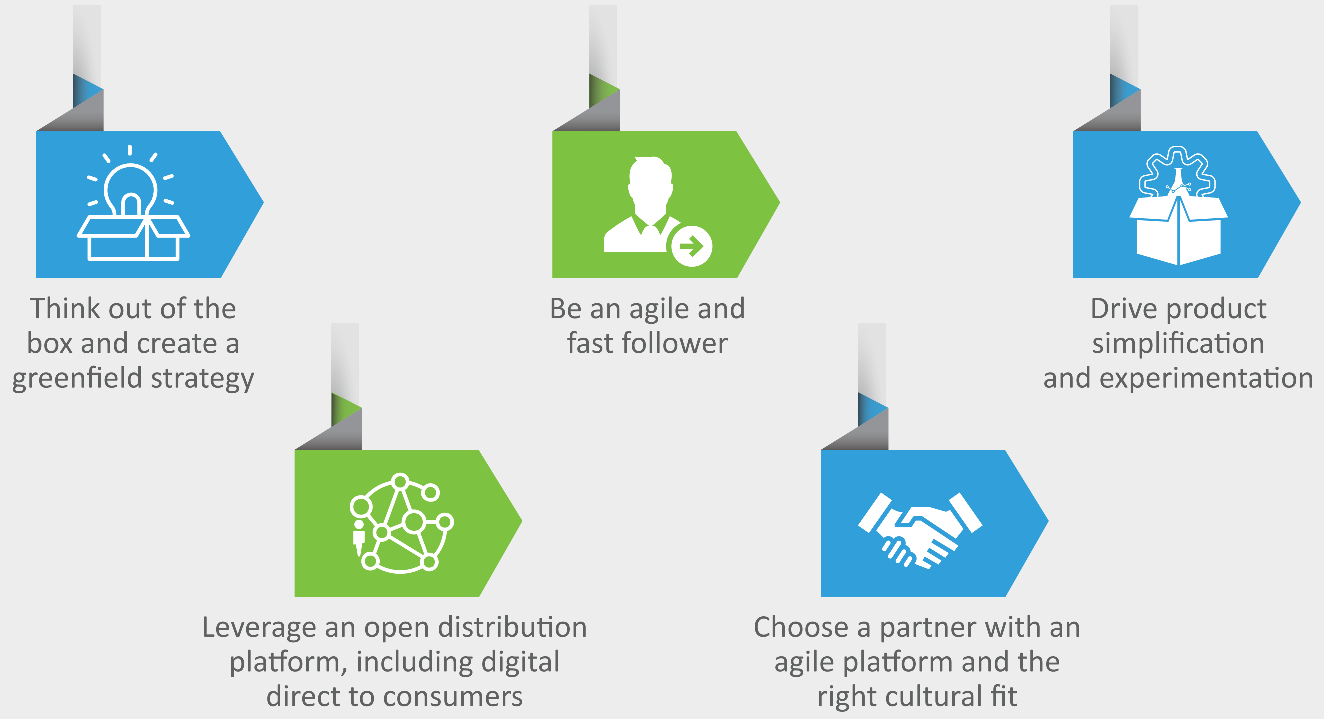
Implementation costs are significant and due to their complex environment, carriers work against themselves when they have to go live with manual processes when they launch a new product. They increase their ongoing fixed costs because they cannot resolve their environmental complexity in a timely manner and increase risk and ongoing costs. Day Two becomes Day Never.

Day Two Becomes Day Never

What’s more, insurance organizations and annuities providers typically have to deal with competing priorities. Despite their critical role in revenue growth, new product introductions often have to get in line behind more pressing business demands, like addressing regulatory changes. Faced with competing priorities, organizations wind up putting off new product development and launches.

In order to grow and even remain viable, life insurance and annuities companies must be able to launch the right products fast. Lagging behind will impact revenue and their book of business. Organizations that can’t get the right products to the right market swiftly and efficiently won’t be able to draw new customers or keep the customers they have. They will miss out on opportunities to increase share of wallet and they will be unable to meet the needs of their insureds. These organizations will become less attractive to distribution partners and they will have a hard time meeting their business goals.

Here are five strategies that can help organizations get innovative, targeted products into the marketplace quickly and efficiently.



THINK OUT OF THE BOX AND CREATE A GREENFIELD STRATEGY

New product development and introductions are completely different than other insurance organization activity. Insurers must take an innovative approach to these unique endeavors to launch products quickly and effectively.

In the past, carriers didn't have many transformation options. They had to transform on-premise, creating the changes within their own walls before implementing. Under these conditions, activities occur in a vacuum, stifling innovation. The process is also disruptive and costly, taking carriers up to five years to transform an on-premise ecosystem on its own. And the project success rate was typically dismal – nearly half of all these projects failed under these very constraining conditions.

Today, carriers have another option. They can take a Greenfield approach where they can plug into a partner's existing administration ecosystem. Not only does the organization enjoy an outside perspective, it also benefits from the partner's expertise. A carrier needs to choose a partner prominent in the field and noted for its state-of-the-art ecosystem and policy administration as a core competency.

> A greenfield approach gives insurers the opportunity for low-risk transformation.

Partners eliminate the guesswork, since they already have a sophisticated solution that's already in place and fully operational. In addition, a new Greenfield strategy has the potential to get a carrier up and running in a fraction of the time as an on-premise ecosystem transformation. In addition, a Greenfield approach enables carriers to launch the new ecosystem within nine months, and at the end of the project, carriers end up with a Tier One, best practice ecosystem. They are then in a position to launch new products within 90 days.

BE AN AGILE AND FAST FOLLOWER

Innovation is becoming more and more typical as we move forward. Historically, however, fast followers that have the ability to get products to market quickly with an agile platform can follow closely behind.

Not everyone needs to be the leader of the pack. There are great rewards for true innovators who are the first to take these kinds of chances. If carriers don't get truly innovative products to market very quickly, they may lose out on tremendous opportunities. But while it's admirable to be known as a trailblazer, the possibility of failure can be high. It's inherently risky to be the very first to introduce a new product type or go after a new and untried market.

There are distinct advantages to being not first, but second, out of the gate. Organizations that are fast followers – close behind the trailblazers – can realize great benefits without incurring the same amount of risk. If another company has already done it, a carrier can get similar products to market very, very quickly.

DRIVE PRODUCT SIMPLIFICATION AND EXPERIMENTATION

Market conditions and customer needs continue to change dramatically – it's certainly not our grandfather's market anymore where insurers could introduce a product and then sell it unchanged for ten years. Today, carriers are seeing the lifespan of products shorten. It's not uncommon for insurers to launch a product, find it's not relevant or appropriate after only 10 months and then be forced to turn it into a closed block, legacy product. It's a frequent occurrence in a changing world.

These days, we are living with a new normal where change seems to be the only constant. Interest rates, changing market conditions, evolving consumer demands, increasing demand for a great customer experience are all changing and growing and driving the need for products to be different. However, the need for differentiation doesn't mean insurance products have to be complex. In fact, the opposite is true. Today, it's become imperative to simplify products – and also to experiment fast.

In the past, as an industry, we have created a great deal of complexity in our products. Simplification is something the markets will continue to demand. In the past, it was, carriers sold whatever they could, and adding bells and whistles to products would give them a market advantage. That's not the case any longer.

Now, it's important for carriers to simplify their products and make them easy to understand. For instance, historically, the industry has piled riders on top of riders and more riders. Today, insurers need to be more open and flexible with their bundling of features, instead of merely adding a succession of riders. If a carrier offers a death benefit rider or a guaranteed minimum benefit rider on top of an annuity, for example, it must make these provisions simple and avoid complexity by adding an entirely new rider.

Simplification is not necessarily a complicated endeavor. In order to simplify, carriers must standardize product features and processes wherever possible, differentiating only where they can create a market advantage. Standardizing comes with many benefits around launching products and developing a very efficient model, for instance.

Experimentation has become part of innovation. They go hand-in-hand and one drives the other. Carriers now need to be able to quickly launch products that are attractive to customers and create variability, and they also must have the ability to test the marketplaces more effectively. The days of legacy thinking, of launching a product and then going to market with a campaign and selling to customers, are passed. Today, the market, customers and customer needs are very dynamic. Everything around us is changing, and the pace of this change is increasing exponentially. Carriers don't automatically know what products will work and what won't work. It's necessary to test the product and the market at the same time.

LEVERAGE AN OPEN DISTRIBUTION PLATFORM, INCLUDING DIGITAL DIRECT TO CONSUMERS

The right distribution has become part of critical differentiation – and success. Today, carriers need to have a distribution platform that's somewhat agnostic. Insurance organization must have a wider platform that's capable of attracting and satisfying any and every means of distribution. As carriers innovate, different products will appeal to different markets.

In the past, annuities were sold exclusively by the carrier's own agents. However, now, customers need greater choices and it's become essential that carriers can tap into every potential touch point a consumer has. These days, life insurance and annuities are typically sold as part of estate planning and a retirement portfolio, and sales may be through broker dealers, bank channels or wire houses, in addition to independent and captive agents.

Today, the increasing array of sales channels is a double-edged sword. More and varied sales channels and channels that meet evolving consumer needs for self-service as well as help from independent agent and captive agents, for instance, increase the possibility of sales success. But while more extensive and expansive distribution is so beneficial, some carriers are being held back by old distribution methods and capabilities.

In order to drive revenues and profitability, carriers must have an open distribution platform that crosses every potential distribution channel. Rather than their own captive distribution, open distribution gives carriers access to different markets and different ways of touching the customer. Captive distribution might have been adequate in the past, but it's not going to serve carriers well in the future.

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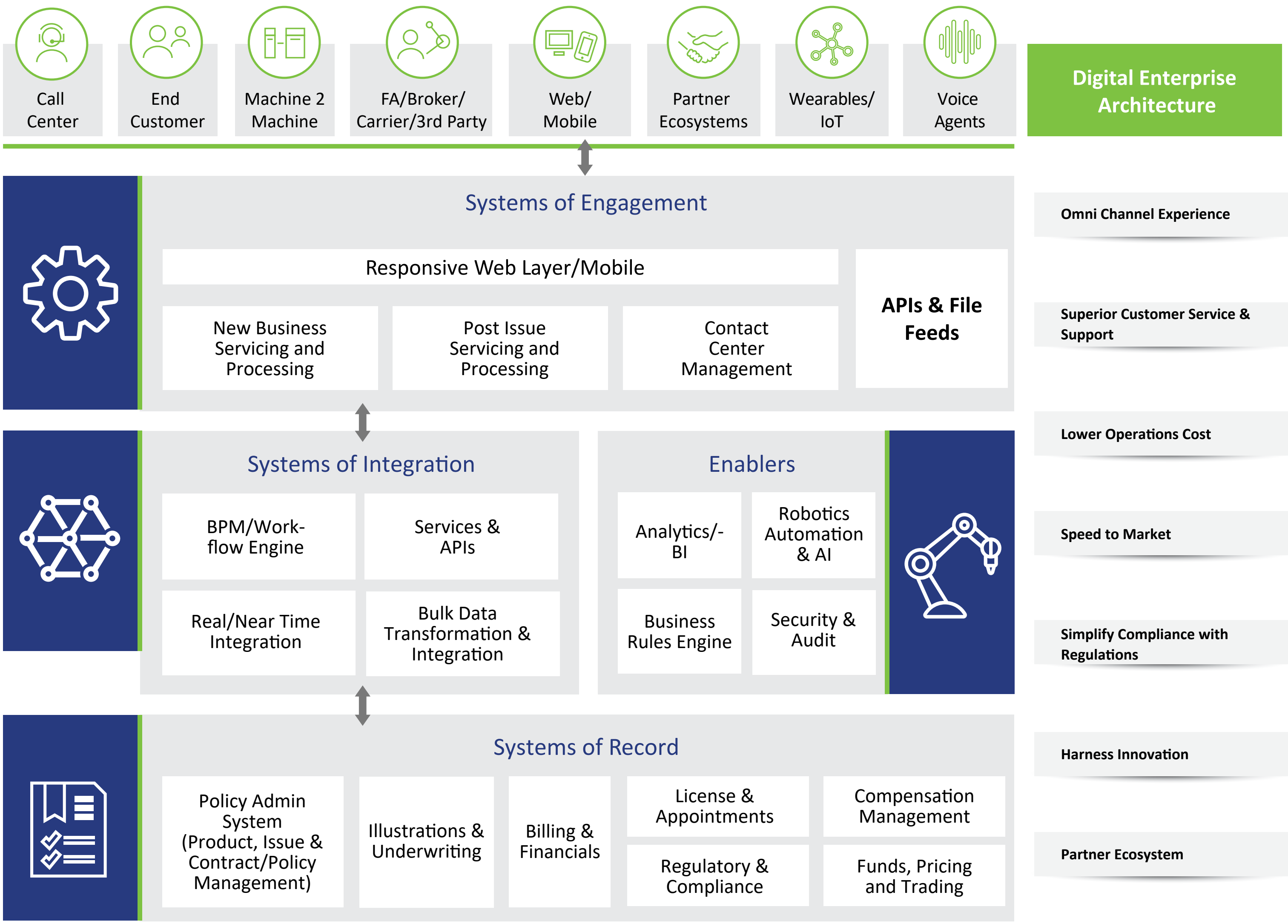

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CHOOSE A PARTNER WITH AN AGILE PLATFORM AND THE RIGHT CULTURAL FIT

A partner can make all the difference for carriers looking to get the right products out to the right market quickly and efficiently. But it's imperative that insurers choose the right partner, an organization that can enable them to optimize their go-to-market strategies.

While a partner's platform is important, it's not the only consideration. It's true that it's become critical for insurers to have an agile platform to future-proof from changes to the market, products and consumer preferences, as well as regulatory requirements. Agility can help carriers create innovative products and drive innovation whenever the need arises. An agile platform that's flexible and can scale is a requirement, but the right partnership can be just as important. A partnership with an outside provider that not only has an agile platform but other qualities can help carriers standardize for greater efficiencies, provide state-of-the-art technology and move from a CAPEX to an OPEX cost model to truly variabilize costs. A partner can also bring a knowledge base and expertise that many carriers simply do not have in-house.

Technology does make a difference, of course, and the right partner will offer modern, sophisticated tools. Some partners might offer innovative tools on the front end, but their back end might be built on old technology. These partners can hamstring carriers for future growth. Instead, insurers need to go with a partner that has considered future growth as it has built its foundation so it has the flexibility to deal with unpredictable markets and innovation-driving agility.

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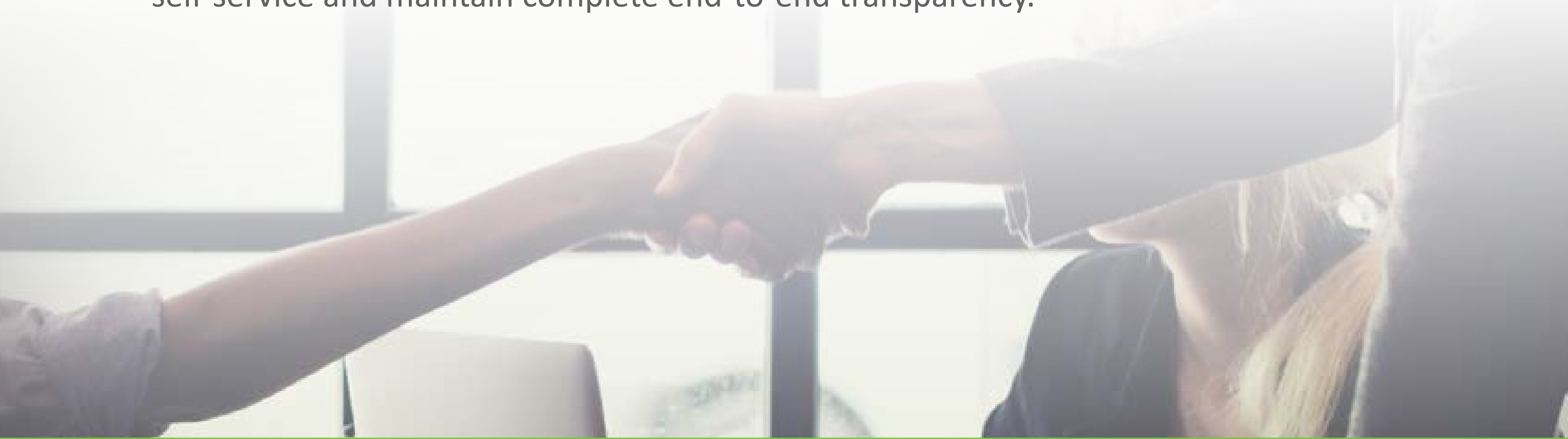
The right technology partner can help carriers simplify their products. It's important for carriers to involve their partner as early in the process as possible to ensure mutual accountability for the simplification.

Mutual trust and respect between partner and carrier is also essential. This means a partner must bring proven expertise to help carriers realize their objectives.

And finally, carriers should choose a partner that's a good cultural fit with its organization. The partner's culture needs to be forward-thinking and reflect the aspirational goals of the carrier. The partner should be an extension of the carrier's culture and add value. At the same time, the partner should mature and challenge the carrier sufficiently to help take it to the next level.

When life insurers and annuity providers introduce a new product to the marketplace, they must get off to a flying start. SE2 has developed and refined a proprietary process that enables carriers to speed their products to market. This process leverages advanced technology, deep industry knowledge and expertise and proven processes developed in collaboration with insurance carriers.

Partnering with SE2 can give carriers a cost-effective and superior way to get their products to market fast, to take advantage of opportunities for growth. SE2 gives carriers a way to build out new products and support in-force business. Its nimble, state-of-the-art platform allows carriers to launch new products in record time so they're among the first to market with their innovative offerings. Best-in-class technology and a proven implementation approach gives carriers the means to reduce time and cost to market, improve consumer and producer experience, leverage ACORD standards, enable wholesaler/marketing self-service and maintain complete end-to-end transparency.



SE2, an Eldridge Industries portfolio company, is a leading technology and third party administration company focused on the North American life and annuity insurance industry. SE2 has an unmatched track record in optimizing back-office operations to future-proof insurance companies. SE2 combines peerless industry domain knowledge with a leading-edge administration technology platform to help clients launch products rapidly, improve efficiencies, shift to a variable cost model and maximize profits while dramatically improving the customers' experience. SE2 supports more than 20 direct clients, represents more than 35 carriers in North America and services more than 1,000 life and annuity products. SE2 has approximately $100 billion in assets under administration and has been recognized as an industry-leading innovator. In May 2017, SE2 was recognized as one of the "20 Most Promising Insurance Technology Solution Providers" by CIOReview. Visit SE2 at www.SE2.com, LinkedIn or info@SE2.com to learn more.