

# Reimagining insurance with cloud: Delivering real business outcomes

A practical guide to integrating cloud-native SaaS  
for faster innovation and sustained value



The insurance industry is changing fast and technology plays a key role in improving both efficiency and customer experience. However, there's a challenge: many insurers still rely on systems built decades ago. While these legacy platforms continue to serve important functions, they often slow down the rollout of new, innovative solutions.



## The legacy challenge

Recent research consistently indicates that approximately 74% of US insurance companies still rely on legacy platforms for core business functions and consumes 70% of IT budget just maintaining and supporting these applications<sup>(1)</sup>. Less than 40% of core insurance systems are currently on cloud-native SaaS platforms in the US, with most large insurers still in transition due to legacy dependencies and regulatory considerations.<sup>(3)</sup>

## A smarter way forward: Composable architecture

Instead of replacing entire core systems, insurers can adopt a modular cloud-based SaaS layer on top of their existing tech stack. This composable architecture allows them to solve specific business problems with minimal disruption. By externalizing the orchestration layer and keeping the legacy core intact, insurers can modernize without risking business continuity.

By 2025, nearly 99% of businesses (across all industries) are expected to use at least one SaaS solution. 91% of insurance firms are migrating to the cloud in some form, but most are not fully replacing legacy systems. Instead, they are integrating cloud-based SaaS applications (such as customer-facing portals, analytics, or CRM) with their existing legacy backends.<sup>(4)</sup>

### Start with business outcomes

Before building a cloud based modular SaaS layer it is critical to first determine and document the key business outcomes that will be delivered by doing this. This is critical for both prioritizing the components that are to be taken first and getting business/stakeholder buy-in. Some key specific business outcomes for a company:

**Each outcomes should be solving a specific problem which is crucial to the success of the business and not a generic one.**



Better distribution incentives and campaign management



Enhanced customer experience



Seamless claims process and faster settlement



Accelerated underwriting



Improved CRM capabilities

## Identify pain points and capability gaps

In parallel, for each of the specific business outcome area, identify the existing pain point that exists today and the impacting systems. This ensures connecting the dots between each business outcome, related pain points and the connected systems thus helping to identify the capability gap existing today.

The criticality gap should be the primary criterion for shortlisting the modules that will address this gap, forming the basis for prioritizing the modules to be integrated into the modular SaaS cloud layer. For instance, if the business area is to enable segmented incentive and campaign management and a gap exists in being able to set-up and launch parallel campaigns for different distributor groups, it makes it easier to focus on campaign and distribution management SaaS products (e.g. Vymo, C2LBiz, Callidus).

For the SaaS solution to be an appropriate fit, it is essential to ensure the solution is

### Choosing the right SaaS solution



Cloud-native



API-first to ensure easy connection/integration



Highly configurable (low-code/no-code)

A smooth integration of backend legacy core systems with the specific cloud enabled module depends on a strong cloud integration middle layer. This not only enables the ease of exchange between the cloud component and the backend system, it also ensures that the legacy core is stable and the SaaS module communicates efficiently with the backend through the cloud integration layer. One can consider API gateways, microservices for encapsulating the logic from legacy backend for this.

In our example, once the campaign management solution is identified, the next step is to pinpoint the key quick wins. This is crucial as it allows the business to demonstrate value delivery early in the implementation process, fosters user comfort with the system, accelerates training cycles and showcases early returns on the investments made. Also, identify a pilot target group for whom this will be launched, as this enables to test the solution robustness and get real time feedback which can be quickly incorporated into the solution.

For the campaign management solution, initiating a segmented campaign targeting a specific distributor group and tracking its progress can be an effective first launch. Subsequently, campaigns for various distributor groups can be set up to run concurrently, demonstrating the impact of focused campaigns by distributor segment.

Following this, the campaign incentive calculation and payout features can be implemented. This approach ensures that all stakeholders witness early benefits, directly influencing business outcomes such as increased revenue.

At every stage it is critical to monitor the performance of not just the SaaS solution but also of the cloud integration middle layer in terms of performance throughput, success of handshake/data transfer between the SaaS solution to legacy backend, error detection, etc. The robustness of this holds the key to elimination of issues related to data sync, refresh rates, etc.

As the initial set of solutions is delivered, it's important to identify the next set of pain points to address and integrate the corresponding solution components into the SaaS module. Additionally, evaluate the components currently in the legacy system that can be transitioned to the SaaS cloud. By addressing these components, one can gradually mitigate risks and migrate away from the legacy backend system in a secure manner, ultimately eliminating the need for large-scale upgrades or migrations. Phased implementation can reduce operational and project risk by approximately 50% to 70% compared to a big bang approach.<sup>(5)</sup>

Building on the initial example, after implementing the campaign modules, the next step is to transition the distributor setup and maintenance features from the legacy backend to the cloud SaaS. Over time, this will enable the entire distribution management system to migrate to the cloud without disrupting business operations. This transition will provide greater flexibility, ease of configuration and the ability to launch new distributor channels, campaigns, payouts and dashboards, all from the modern SaaS cloud solution.

Every organization is different in terms of size, etc. Organizations need to tune the approach appropriately, so as to create the best fit approach for them. While not exhaustive, the following categorization based on the size of the insurer can help in picking the appropriate approach.

Size of insurer	Key factors	Approach to start
<b>Small insurer</b> Small teams, limited IT budget, less complex legacy systems, fewer products, regions	<ul style="list-style-type: none"> <li>• High vendor dependency</li> <li>• Require faster ROI</li> <li>• High vendor dependency risk.</li> </ul>	Focus on plug-and-play SaaS. Use full SaaS suites where possible (end-to-end like Distributor management +incentive mgt together).  Prefer vendors offering "managed services" (ensures internal IT effort is low).
<b>Medium insurer</b> More products and regions. Moderate complexity systems	<ul style="list-style-type: none"> <li>• Integration and data consistency critical</li> <li>• Balance between speed and customization</li> <li>• More stakeholders to manage.</li> </ul>	Build an API Layer (Key as it helps set strong base to support future growth journey).  Pick modular SaaS carefully (fit to business needs, not just IT wish list).  Pilot in one business line (e.g., tied agents only) first before scaling.  Hybrid model: mix of SaaS and upgraded in-house systems.
<b>Large insurer</b> Complex legacy systems, Multiple lines of business, Large number of regions/ international spread	<ul style="list-style-type: none"> <li>• Complex inter-system connectivity/dependency slowing any change</li> <li>• Data security, compliance challenges</li> <li>• Major change management need.</li> </ul>	Build a full "Cloud Enablement Layer" (enterprise API gateway, Identity federation, MDM, event-driven architecture).  Modular rollout by business unit or region.  Consider SaaS orchestration tools (e.g., using Workato, Boomi) to handle complexity.  Strong governance structure needed (cloud team, integration COE, security board).



However independent of the size of the insurer, some of the following factors would apply to all organizations

- Start modular and build component by component
- Business outcome comes first and tech next, though both are critical
- API first always approach
- Focus on robust change management
- Security considerations

## Conclusion

The core cloud SaaS model should be primary, speed of implementation and depth depends on company size, each size demands different combination of change management, security etc. Adopting this approach offers several key advantages over the traditional method of migrating the entire legacy system in one go. It allows for a shorter implementation timeline and provides visibility of benefits to the business and stakeholders throughout the process. This incremental approach also significantly reduces the higher risks typically associated with large, single-project implementations.

### Sources:

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- (4) Kpmg.com 2025 and ensono.com and centricconsulting.com Nov 2024
- (5) Binariks.com Sept 2024

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