5 strategic benefits of cloud-native development for insurers

"Now, it just takes 10 minutes to provision an application environment. Our potential time to market to roll out a new application has gone from 6-12 months down to just a couple of weeks."

Dr. Nikolas Nehmer
Head of Helvetia Container Platform,
The Helvetia Group[1]

Introduction

For insurance, like many industries, the cloud represents a part of digital transformation. Insurers might have started their cloud journey for a number of reasons, including scalability, improved customer experience, greater agility, cost savings, and access to innovation. However, to take full advantage of the value from cloud computing, insurers must adopt new methodologies and processes. Cloud-native development is an approach to building and running applications that uses a service-based architecture, microservices, containers, and application programming interfaces (APIs). Here are 5 key benefits for insurers that adopt a cloud-native development approach as part of their application development and cloud strategy.

5 benefits of cloud-native development for insurers

Speed

The insurance industry has been built on legacy technology infrastructure. In most cases, the technology is decades old, built up over time. These heritage systems have been reliable and trustworthy throughout the years, but they are slow to adapt and at times are inflexible to the changing needs of policyholders. Insurers can gain development speed and improve automation by migrating applications to a modern container-based platform, decreasing the time it takes to deliver new products and services to market. Furthermore, by looking for components within monolithic applications where microservices and APIs can be used, insurers can speed up development that requires communication with legacy applications.

Reusability

Cloud-native applications take advantage of a ready-to-use infrastructure that allows developers to access and reuse existing components such as caching services, APIs, data virtualization, rules, and workflow engines. This process reduces the complexity of the development process. Developers can now focus on the intricacies of the specific application, not building the common framework.

On-demand infrastructure

Rather than having teams build segregated applications that will require IT support, cloud-native development models promote on-demand provisioning that allows developers throughout the organization to access the infrastructure they need, when they need it. A cloud-native development approach based on containers (with orchestration technology) can provide developers with the control, visibility, and self-service that they want while giving IT organizations a consistent platform for ease of maintenance.

1 *Red Hat case study. "Swiss insurance company achieves 99.9% uptime for insurance services," Oct. 2019.*

Continuous integration/continuous delivery (CI/CD)

To keep pace with the demands of policyholders and development teams, insurers need a reliable way to quickly push code changes into production while still getting feedback from those changes. Cloud-native development models employ a CI/CD deployment methodology that can improve the delivery of code changes, allowing changes to be made more frequently. In addition, CI/CD streamlines the deployment of applications to selected infrastructures in a reliable and consistent manner, all while automating the testing and security compliance. CI/CD enables insurers to deliver cloud-native applications without impacting operational capacity.

DevOps culture

To adopt a cloud-native approach, groups within IT and business lines need to collaborate. Development teams must partner with IT operations and the lines of business to deliver needed business functionality. In some instances, this scenario represents a shift in culture away from step-by-step monolithic development practices to a more collaborative, agile methodology. While new tools and technology can help start to break down the barriers that monolithic processes have created over time, a DevOps culture is predicated on collaboration.

Building a cloud-native development organization

Choosing the right cloud-native development platform can help insurers deliver applications fast without sacrificing quality. Continuous delivery approaches automate quality testing at every step of the process rather than letting testing pile up at the end.

When policyholders have almost limitless choices and limited time, insurers must deliver the right apps quickly to provide a superior customer experience. They can accomplish this goal through a better application process, faster and more convenient claims handling, or connecting insurance to other aspects of a policyholder's lifestyle.

While often reliable, legacy systems have lengthy product cycles and lack the agility needed to compete in today's marketplace. Cloud-native software development helps insurers be more responsive in their market, giving them the ability to rapidly reshape products and develop, deliver, and test new ideas quickly, over and over. New application development and delivery approaches are required, but old habits are hard to replace.

Red Hat provides tools to help insurers create cloud-native applications

Red Hat® OpenShift® Container Platform and Red Hat Middleware create a foundation of open source tools and technologies that empower developers to design, develop, deploy, and integrate cloud-native applications across any cloud infrastructure. Our container platform enables insurers to continue their cloud journey, introducing a modern DevOps methodology while providing the flexibility to build and run scalable applications regardless of the environment.

Learn more

Discover how cloud-native development can help your organization build new applications, get more value from existing applications, and adapt to modern best practices. Read our cloud-native development e-book.

About Red Hat
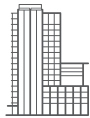
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