

Digital Go-to-Market Strategies for Start-ups



Liza Smith, Chief Revenue Officer

Function vs. Speed: How Insurance Startups Can Have Both in a Digital Platform

According to data compiled by the Small Business Administration's Office of Advocacy, America's 30.7 million small businesses added 1.8 million new jobs in 2018, employing 47.3 percent of the private workforce.

While the pandemic has thrown hurdles in the path of small business owners, we can expect this sector to continue growing over the long term – creating an opportunity for small commercial insurance startups. An insurance startup's approach to the implementation of its technology platform could determine how well it's able to take advantage of these opportunities.

Historically, startups have taken one of two implementation strategies: a full-function approach commensurate with the traditional insurance experience vs. a slimmed-down just get-to-market "Silicon Valley" approach with a slick new business engagement model.

Here are the pros and cons of each method, and how to make the best of both worlds.

Method #1: The Full Function Approach

Insurance industry veterans branching out on their own tend to want the same robustness in their technology platform that they experienced historically. They know insurance is intricately complicated, and it goes beyond what they need to quote new business. They want to cover all the bases including:

- Leveraging technologies abundant in functionality, for example, the ability to handle end-to-end insurance transacting with multiple distribution types and sophisticated rating programs.
- Ensuring deep experience with detailed reporting and security handling capabilities to adhere to stringent regulatory requirements.
- Proven scalability and the full range of cloud hosting options.

Simply stated, they seek a comprehensive system to be able to handle all the heavy lifting 'day-one' and this approach can be hard to know where to draw the line as a start-up trying to get to market.



Method #2: The “Silicon Valley” Approach

The alternative approach is to focus on simplicity and speed. Startup insurers with more of a technology slant than insurance expertise may want just a quick quote functionality for straightforward coverages, and a sleek customer portal – the basics to get business on the books and satisfy clients’ simplest demands. This approach offers some advantages:

- The biggest benefit of this is speed to market. Typically, with this Silicon Valley-type technology, startups can hit the market within three or four weeks.
- A startup with an initial implementation of a ‘bare-bones system’ can start selling policies, attract new business, build a reputation, and score early wins.

However, this pared-down system may not be able to grow with the company over the long term once they want to take on more complex accounts, scale or expand their offerings. In some cases, they’ll need to hire business resources to compensate for the technology inefficiency shifting the spend from technology to resources can be costly and reduces the opportunity for scalability and expansion.



The Best of Both Worlds: How to Build a Functional, Scalable System

Finding the middle ground yields speed to market that startups need, without sacrificing functionality that enables sustainable growth. OneShield offers this advice:

1. Plan for Immediate and Future Functions Simultaneously

Identify systems with core functions necessary to get-to-market, while also mapping out functions to add in a ‘fast-follow’ implementation and, as well, other features over time.

Core go-to-market functions might include quick quoting, binding, policy issuance, billing, first notice of loss capabilities, and a couple of required ‘day-one’ integrations, and a simple portal to facilitate customer service. It is important that this functionality can be extended, not rebuilt, as your business requires more functionality or handling capabilities such as including quoting algorithms for more complex risks; additional API integration capability to connect with partner systems; multiple types of billing transactions; multiple distribution models; straight-through claims processing; and full end-to-end automation of policy administration.

All the functionality required for your desired system should be defined at the outset. Know what you want to do quickly, mid-term and long-term, and create a realistic roadmap to get there.

2. Don't Reinvent the Wheel

The core transactions of the insurance lifecycle are relatively consistent from carrier to carrier. As startups think about how they want to customize or configure specific functionality and workflows, they should focus on what differentiates them in the market.

An out-of-the-box system from a vendor with insurance expertise should do most of the insurance lifecycle. Don't make a change for change's sake if it adds no value to your business operations. Configuration should be made to offer something unique. Often, it has to do with the product offering, distribution, or relationship management. How you tailor your insurance product and interface with brokers, agents and clients will be unique to your company. That's where to focus customization efforts. Either way, begin with an initial strategy built around defining the Minimal Viable Product that gets you to market quickly. Because every month you don't go to market puts more pressure on the balance sheet. At some point, you need to move on to the business of doing business and trust in your implementation roadmap to let the technology optimization efforts follow.

Implementing OneShield has provided us with the ability to jump-start our business and become a compelling offering in the marketplace. The ability to add new products/lines of business cost-efficiently and in a timely manner has helped us remain competitive.



- Tom Dulapa, Executive VP, WestCongress

About OneShield

OneShield provides solutions for insurers of all sizes. Deployed in the cloud, our portfolio of standalone, subscription, and As-a-Service products includes enterprise-class policy management, billing, claims, rating, product configuration, business intelligence, and smart analytics. OneShield automates and simplifies the complexities of core systems with targeted solutions, seamless upgrades, collaborative implementations, and lower total cost of ownership. With corporate headquarters in Marlborough, MA, and offices in India and Canada, OneShield has 50+ products in production across P&C and specialty insurance markets. For more information, visit www.oneshield.com.

