

For CIOs,
COOs and IT
Directors

The 8 Tiers of Cloud Migration

This ebook summarizes the key findings from our webinar
Broking in the cloud – core elements to cloud migration.

Novidea 



INTRODUCTION



Almost every insurance broker realizes they need to be on Cloud. It's now a common board directive to move broking systems onto Cloud, for example.

But the question often remains: What *is* Cloud?
In particular, what is *true* Cloud?

That's why we hosted a webinar alongside Craig Beattie to provide the answers. Craig is Senior Analyst in the insurance practice of research and advisory firm Celent. He has years of experience evaluating technologies in our industry. Together, we wanted to help senior IT professionals in the UK broking market to understand where they truly are in their Cloud journey. As well as where they want to be.

We also had some fantastic contributions from Keith Bucknall and James Willison. Keith is IT and Projects Director at Specialist Risk Group, a fast-growing insurance broker based in the City of London. James Willison is the Managing Director of Web Connectivity, a software provider and consultancy that we partner with at Novidea for our London Market clients.

The webinar proved so popular that we collected its most interesting insights for this ebook. And that includes some eye-opening findings from polls we ran with those brokers who attended.

Using this ebook as a guide, you can verify exactly where you are on your Cloud migration journey, exactly where you want to be, and exactly how to get there.

I hope you find these insights useful. If you have any questions, please feel free to reach out to me on [LinkedIn](#), or via the [Novidea website](#)

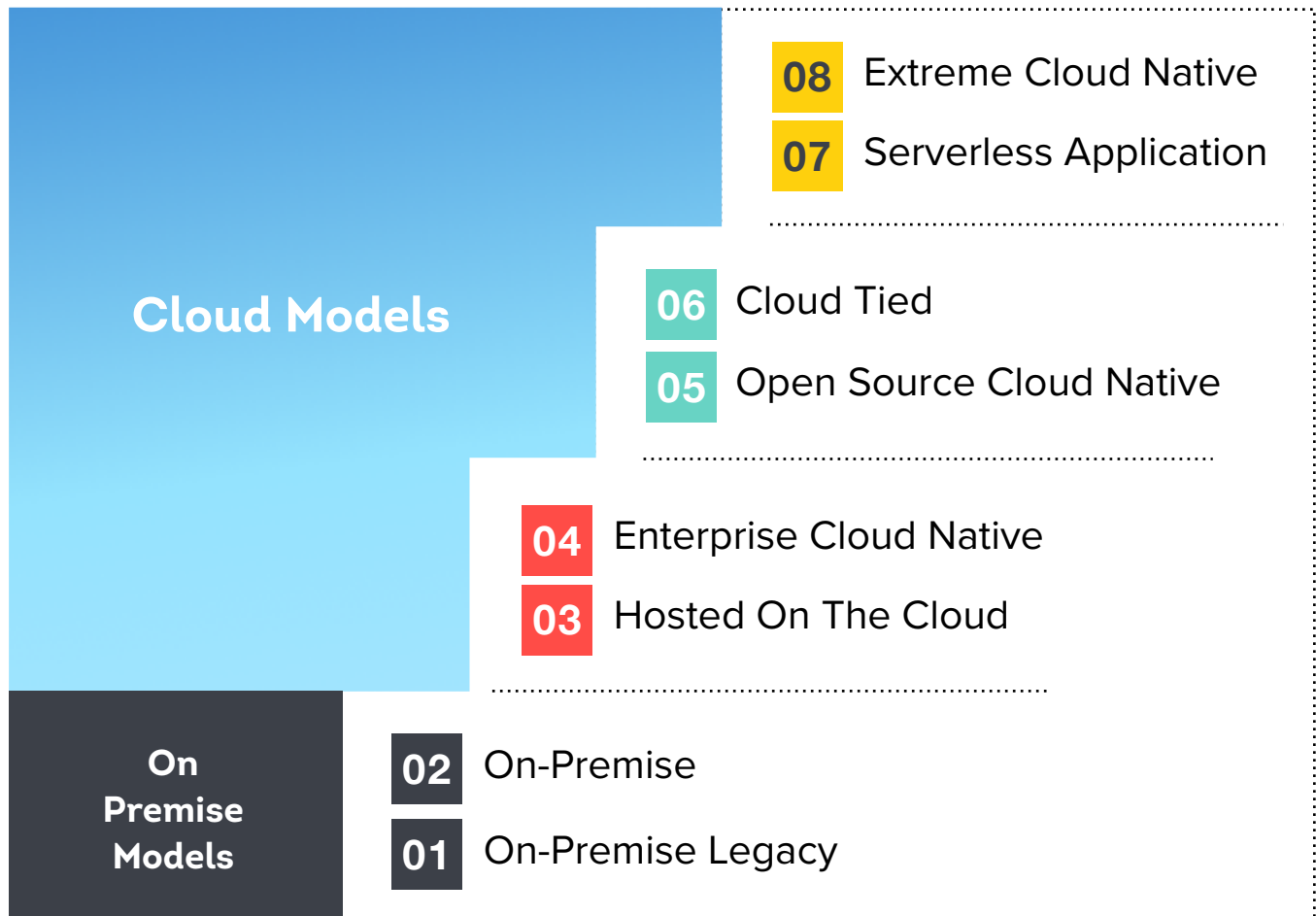
Ben Potts,
Managing Director, UK
Novidea

Celent's 8-tier model of Cloud migration

Most software vendors claim to offer cloud technology to insurance brokers, with many claiming their software is “cloud native”. Yet there’s no commonly agreed definition among vendors for what cloud native means. So their services can differ wildly.

At the same time, brokers, MGAs and insurers are increasingly requesting “cloud native” software from vendors. They also mean different things when using this term.

Research advisory firm Celent took notice and set out to clear up these misunderstandings. They published a paper that classifies cloud technologies into the following eight tiers:



This approach makes it much simpler for senior IT professionals to understand the different “cloud native” models, how they compare with the other cloud-based software models, and the relative benefits of each.

How to know which Cloud model you're on now

Because of the confusion around Cloud, many brokers don't know what model they're currently following. When they see the Celent tiers model, they often find they're not at the level they thought they were. This even includes proactive companies like SRG and Web Connectivity, who said as much during our webinar.



"If you asked me last week I'd have said we're on cloud 9! This Celent tiers system caused a lot of debate and conversation internally. So we looked at this in detail and we'd now put ourselves as a 5-plus."

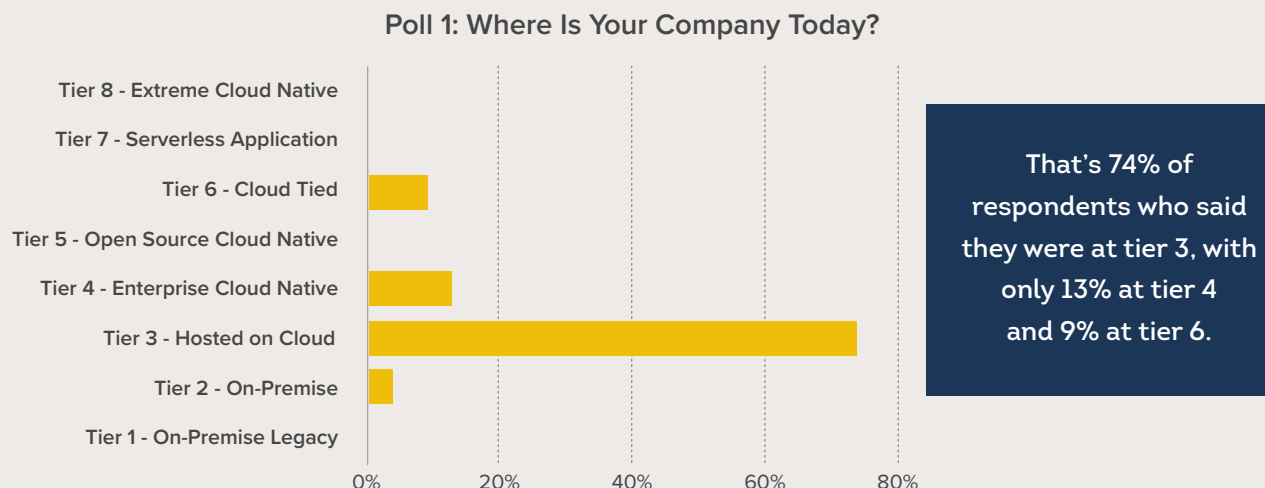
James Willison, Managing Director of Web Connectivity

"Who knew there were 8 levels? Before this webinar I would have said 'of course we're number 8 and we're at the top'. It's interesting to understand the scale and where we lie with each of them."



Keith Bucknall, IT and Projects Director at Specialist Risk Group (SRG).

Having introduced the 8-tier Celent model on the webinar, we ran a poll with our attendees to ask where they thought they were on that scale. The answers were eye-opening:



If you're still unsure where you are right now, try asking these technical questions to help gain more clarity:

Key questions

How they relate to Celent's 8-tier model

01	Which coding language is your cloud software built on?	Tiers 6 – 8 are built on a variety of coding languages. Tiers 3 – 5 are typically built on Java or .NET.
02	Is your cloud software multi-tenant (your users have specific privileges, but you share the architecture with multiple other clients)?	Tiers 6 – 8 are multi-tenant. Tiers 3 – 5 maybe multi-tenant
03	Do you have to run automated scripts to update your software, or are updates evergreen and continuous?	Tiers 5 – 8 are evergreen. Tiers 3 and 4 require automated scripts.
04	Are your applications stateful or stateless?	Tiers 6 – 8 are stateless. Tier 5 may be stateful or stateless. Tiers 3 and 4 are stateful.
05	Is your software system elastic?	Tiers 5 – 8 are elastic. Tiers 3 and 4 may be elastic.
06	Can you connect to an ecosystem via APIs?	Tiers 4 – 8 offer this. Tier 3 does not.
07	Is your cloud software serverless?	Tier 7 is the only one guaranteed to be serverless. Tiers 6 and 8 may be serverless. Tier 5 is probably not. Tiers 3 and 4 are not serverless.
08	Are you running on a microservices architecture?	Tier 7 runs on a nano-services architecture. Tier 4 runs on a microservices architecture. Tiers 3, 5, 6 and 8 may or may not run on a microservices architecture.
09	Is your cloud software based on a DevOps approach?	Tiers 4, 6 and 8 are based on DevOps. Tiers 3, 5 and 7 may be based on DevOps, but may not be.
10	Are your applications based on containers?	Tier 7 is not based on containers. Tier 5 is based on containers. Tiers 3, 4, 6 and 8 may or may not be based on containers.
11	Is your software multi-cloud or single-cloud?	Tiers 6 and 8 are single cloud. Tier 7 may be multi-cloud or single cloud. Tiers 3, 4 and 5 are multi-cloud.

How to know which Cloud model you want to migrate to

When deciding which tier you want to reach, you need to understand the benefits.

Here are the various benefits Craig Beattie highlighted during the webinar:

08

Extreme Cloud Native

Even more focused on the optimal way to deliver business functionality. Major benefits include performance, scalability, and the flexibility to develop and configure the system quickly, with minimal or no coding. Allows huge numbers of users high-performance access to the platform from anywhere using tablets, mobiles and other devices. Ability to integrate with other ecosystems.

07

Serverless Application

A real step change. In steps 6 and below you're still thinking how many machines do I need and how do I organize them? From tier 7, you're no longer worrying about what machine's running it. You can focus completely on the business functionality you want to deliver.

06

Cloud Tied

Some vendors are leveraging capabilities from one specific cloud but going a little deeper, which improves productivity and often also agility. When tied to one cloud, you can no longer operate on-premise or in other clouds.

05

Open Source Cloud Native

Libraries of ready-made cloud-based applications built for general purposes that can be adapted for specific industry or business needs. Insurance software vendors often adopt these models as a way of moving their software services into the cloud.

04

Enterprise Cloud Native

Cloud environments intended for use by large enterprises. Designed to solve many of the common challenges facing large enterprises. Typically built with on-premise in mind. Tends to increase the agility/speed of change within an enterprise compared with tier 3.

03

Hosted on the Cloud

"Lifting and shifting" an on-premise application onto the cloud. Because this application resembles on-premise models, it doesn't require a huge mindset or behaviour shift within a broking business. It can be adopted quickly

02

On-Premise

More modern systems, but still run on-site, requiring on-premise servers, storage and hardware.

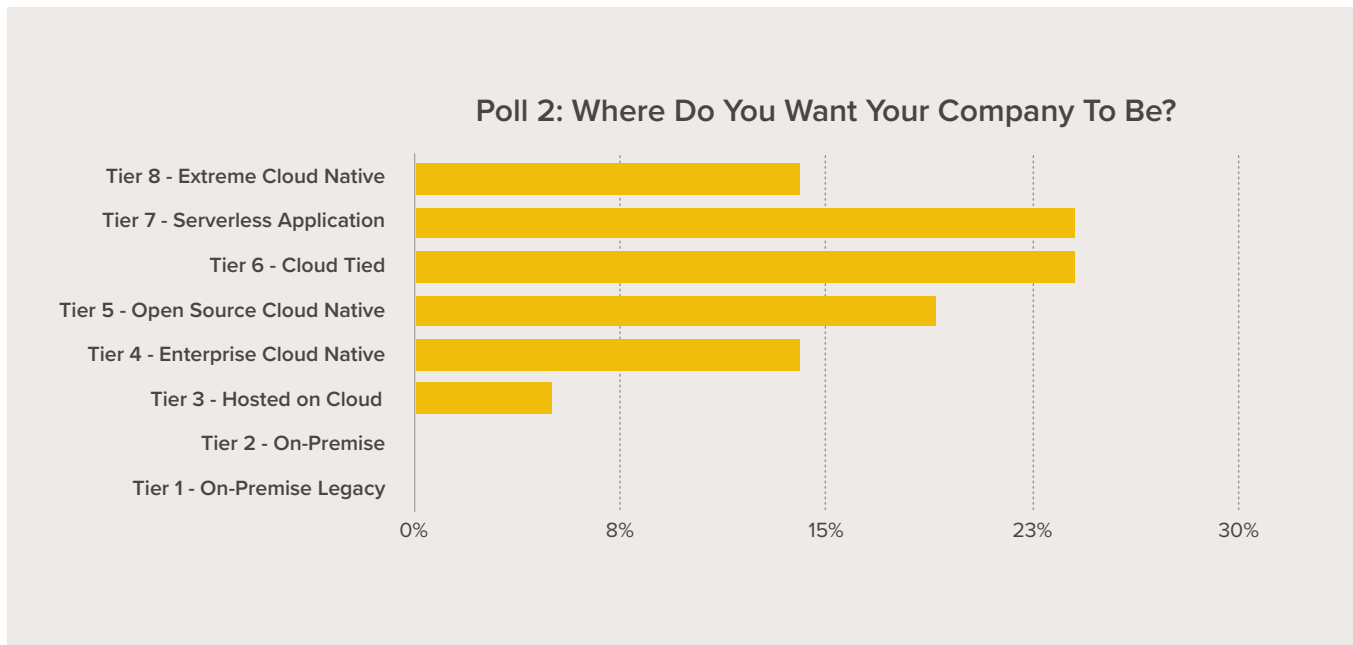
01

On-Premise Legacy

Often a barrier to change because maintenance takes up valuable time and resource, and because legacy systems are hard to integrate with newer technology.

Where do most brokers aim to be?

We ran a second poll with webinar attendees to ask them which tier they wanted to reach:



As you can see, almost everyone wanted to move up from tier 3, with 62% of respondents opting for tiers 6, 7 or 8 as their desired end goal.



“As we’re going through now changing our line-of-business applications, we have a number of applications that are cloud tiered. With Novidea we are up to number 8. Where we want to be? My personal mission is not to have anything in any of our offices that means we’re tied to any location.”

Keith Bucknall, IT and Projects Director at Specialist Risk Group (SRG).

“Right now, we’re multi-tenanted. Everyone’s always on the latest version. There’s no different people being on different versions of the software. There’s no upgrade path as such. All elastic services. People are able to use APIs and micro-services in a dev-ops environment. Our immediate aim is to move that to a 7. We’ve got a roadmap in place to get to a 7, not quite got the full roadmap to get to an 8 – not at the moment.”



James Willison, Managing Director of Web Connectivity

How to know which tiers are right for your business

The higher up the tiers you go, the more you can focus on business performance, scalability and flexibility.

Cloud 8 allows huge numbers of users high-performance access to the system on tablets and mobiles, so you don't have to be tied to a desktop in a single location.

This can lead to higher productivity, more flexibility and faster digital processing of data and contracts.

However, different tiers suit different businesses. For example, tiers 3, 4, 5 and 7 are typically "multi-cloud". When considering going multi-cloud, ask yourself what the benefits and drawbacks would be for your business.

Large brokers have more complex needs, such as issues of data residency in different territories. Therefore they often want to consider multi-cloud as an option.

But going multi-cloud means you need the capability in your organization. You'll need to think about servers and containerization. You'll have to understand what the different cloud providers are doing and be able to put in place the people, the technology and the effort to ensure you can control and understand that.

"That's fine for a massive multi-national operation with a huge IT department, but it won't work for everyone in the insurance industry," Craig says.

In our poll, more than a third (38%) of respondents were looking for a solution that would go deep into a particular cloud (tiers 6 and 8). With a cloud-tied solution, you get the benefit of evergreen updates, best-in-class data security, and not having to worry about servers and hardware in your organization. These options are likely to offer the most flexibility and the fastest development times.



A leading specialty risk insurance broker based in London, with £350m GWP in 2019. An Insurance Times Top 50 Broker.

IT and Projects Director Keith Bucknell joined SRG in 2017. SRG had acquired several companies, resulting in a mix of on-premise legacy systems - some 20 years old.

Step 1: Move to tier 3

Keith started by "lifting and shifting" their on-premise infrastructure and Citrix onto the Microsoft Azure Cloud.

This was to help staff get used to the benefits of Cloud by continuing to use Office 365 applications they were familiar with.

Step 2: Update the application stack

"As we're going through now updating our line-of-business applications, we have a number of applications that are cloud tiered," Keith says. "With Novidea we are up to number 8."

Results

In just two years, Keith moved all of SRG's on-premise infrastructure onto tier 3, while updating the line-of-business applications to sit on higher tiers - which makes it easier to respond to market changes and capture new business.

Wider benefits of cloud migration

All this activity has supported SRG in growing its GWP by 18.6% between 2017 and 2019.

The scalability and flexibility of cloud hosting allowed SRG to change and adapt quickly, from onboarding acquisitions to coping with remote working in the wake of Covid with no disruption to the business.

How to go from tier 3 to tiers 6, 7 or 8

So, you're currently at tier 3, and you've decided you want to reach tiers 6 – 8. This was the broad trend indicated by our polls during the webinar, with almost two-thirds of respondents aiming for tier 6 and above.

But how do you get there?

There are a number of factors to consider.

Advice from a broker who's done it

As IT and Projects Director at Specialist Risk Group, Keith Bucknall oversaw the transition of several legacy on-premise systems onto the cloud before reviewing and updating the group's application stack so that some applications now sit on higher tiers – including tier 8. His advice is simple.

- First, get a full picture of the IT architecture within your business. How can you make the most of the infrastructure you have?
- Second, work out what you want to change and why you want to change it. What are the end goals? What does the rest of your stack look like? How could it be improved to serve your goals?
- Finally, look at how to execute that change. Do you want to do a proof of concept in a small environment? Or do you want to Big Bang it in one go, with the potential business disruption that implies? Who do you need to involve internally in the business? Or will you bring in an outside contractor or partner to do it for you?

Advice from a broking software partner

James Willison is the Managing Director of Web Connectivity, a software provider and consultancy that we partner with at Novidea for our London Market clients.

James thinks testing and going step-by-step makes the most sense too.

- First, look at where you're going to get the most impact and benefit for the business, he suggests.
- Second, test it and prove it and move on from there.

“I don't think everyone's going to put their entire systems on the cloud on day one. You need to sandbox certain areas to get those proven first. And learn from the experiences of people who've already done it.”

Advice from Craig at Celent

When it comes to your own cloud migration, Craig suggests a list of questions and points to consider:

- How prepared are you for the transition? What resources and infrastructure do you have in place, or could you have in place, and how quickly?
- How familiar are you with the cloud?
- Look at guidelines from the FCA (and other regulators if you're multinational) about what they're interested in and how that applies to the cloud.
- How do you want to manage the core elements of your business?
- To go straight from tiers 1, 2 or 3 to tiers 6, 7 or 8 is just about finding the right provider. Finding the right way of doing that migration.
- Would you prefer to trial it? Take a few things into the cloud, become familiar with it, learn about what works in the cloud and what doesn't, take time to allow the culture within the organization to change.
- There's a change management aspect as well. There might be pushback from people within your organization who don't think cloud is right for them. Take baby steps, ie by starting with Office 365. Try something out. Then everyone gets familiar with the different ethos and you can convince people that using the cloud is possible.
- Find the right partner. Have someone hold your hand while you're going into the cloud.
- A vendor higher up the tree will be faster at responding to requests for new integrations, new APIs, new digital means for broking and distributing business.



I hope you've found some practical value in this ebook. There are many routes to getting on Cloud, and not every business needs to be on tier 8. At Novidea, we made the decision to work with the Salesforce ecosystem and build a broking platform on it. We call our approach Big Technology, and we see lots of value in you building on a technology that's constantly investing in performance, scale and legal compliance.

If you want to go further and get advice from Craig, Keith, James and Novidea on how to choose the best cloud migration partner, just click [here](#) to download that report.

Otherwise, if you have any questions about the topics discussed, please get in touch. We're happy to help.

Ben Potts,
Managing Director, UK
Novidea



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