

VIEWPOINT

Brokers' struggle to digitise poses a threat to success of Blueprint Two

While the technology and infrastructure has been around for the a while, many brokers have yet to make the investment to digitise and streamline their business processes



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It seems everyone these days is talking about data. But why does it matter and how can it help Lloyd's to progress Blueprint Two?

The easy answer is that for the market to digitise it needs to adopt common data standards, which will enable high-quality, consistent information to be shared across the Lloyd's ecosystem in a timely and cost-efficient manner.

In the past, Lloyd's has come under fire for its track record of managing technological change. However, the plans under Blueprint Two to implement common data and operating standards are both practical and achievable. The real challenge when it comes to adoption is something much more basic and one few in the market seem to be talking about.

Take the discussion about defining common data standards. Naturally, third-party service providers such as Novidea are keen for more clarity as to what those standards will be and on the application programming interfaces (APIs) Lloyd's will publish. More guidance on the technical aspects

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of integration and testing would be welcome and would improve the overall process.

Nevertheless, Lloyd's is making good progress here, having announced the first version of its Core Data Record initiative in March. Lloyd's is also showing it is keen to take the views of market participants on board. After all, the decision with Blueprint Two for Lloyd's to not build its own digital placement platform surely proves that.

When reading most of what is being said in the market about digitisation, Blueprint Two and the multitude of third-party providers, one would think the main challenge in relation to adoption is the threat of different systems developing divergent standards and processes.

Real challenge

In reality, we must not underestimate the challenge of getting Lloyd's brokers to adopt these

changes, as many are just not ready for the change. This is not to be derogatory about brokers – far from it; they do an excellent and important job for their clients and the market. However, they are not, in most cases, technology specialists and they need support.

Not only that, but many brokers also still rely on legacy technology systems where their most valuable client data is siloed. It can take them days, sometimes even weeks of manual processes to analyse this data. Many still keep some of their essential information in paper files.

Multiple on-site back-office legacy systems. Multiple front-end systems. Data siloes. Paper files. Reliance on Excel spreadsheets. This is not a market that is ready to connect seamlessly with Lloyd's open systems via APIs.

The truth of the market today is that while best-of-breed third-party systems are perfectly po-

sitioned to connect brokers with Lloyd's, many brokers have not yet made this investment.

The challenge of adoption of Blueprint Two and common data standards, therefore, is the broader issue of digitisation in the London market. In the short term, we are likely to see a two-tier system develop. Brokers with flexible, end-to-end cloud-based broking systems will be able to submit data to Lloyd's and the rest of the market ecosystem within minutes. Those with legacy systems will take days at best.

This will lead to an inner circle of digitised brokers who will reap the rewards, driving down costs and enhancing their client service to retain and win more business, while the rest will struggle to keep up and their businesses will suffer as a consequence.

In this context, the definition of common data standards looks more like a first step for broader market digitisation than anything else. Of course, there are many positives to all of this. Blueprint Two aims at shifting the market towards a digital ecosystem. This means brokers that were on the fence about implementing an end-to-end system are now more likely to go ahead and take that leap. This is already happening.

It will also open up the mar-

ket, giving easier access to brokers from outside the London market with a more streamlined approach that enables Lloyd's to access new markets and compete on a global scale.

Beyond legacy systems

It will also encourage the market to move beyond legacy systems and look to work with best-of-breed third-party suppliers that are aligned with the Blueprint Two principles, enabling brokers to trade digitally with syndicates far more easily than before. It should encourage brokers to digitise and streamline processes across their businesses, which brings a multitude of other benefits.

Sometimes it is said in business that solving difficult problems is the key to success longer term. This is the case here. For many brokers, adapting to a digital ecosystem and evolving towards a truly digital business model is a huge challenge that will be the real obstacle to the success of Blueprint Two.

However, with Lloyd's, third-party vendors and brokers all pulling in the same direction, the benefits for the market as a whole will be huge. ■

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