FROST & SULLIVAN
BEST PRACTICES
AWARDS

FROST & SULLIVAN

2020 BEST PRACTICES AWARD

Shift

2020 GLOBAL
CLAIMS SOLUTIONS FOR INSURANCE
MARKET LEADERSHIP AWARD

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Industry Challenges

The insurance industry is undergoing an immense transformation, with a surge of new companies and business models, dubbed insurance technology (insurtech), leveraging artificial intelligence (AI), machine learning (ML), Internet of Things, and other tools to manage claims effectively, optimize back-office operations, and improve customer service. Amid this transition, forward-thinking insurance providers are incorporating claims automation solutions, allowing them to review and process insurance claims more quickly, accurately, and efficiently. By resolving claims and issuing settlements quickly, insurance companies can optimize their back-office processes, build customer satisfaction, and scale their volume of resolved claims.

While claims automation solutions can provide several key benefits, if insurers do not implement them properly they can become vulnerable to claims leakage (lost revenue through claims inefficiencies and fraud). Further, the data-driven rules-based algorithms, conventional technology for this market, are not fully effective against evolving fraud tactics. Once fraudsters learn the rules of these types of automated claims processes, they can work around the rules by manipulating their identities, addresses, and other factors to take advantage of the system. Rules-based automation solutions focus on fraud patterns in retrospect, which makes them ineffective against fraudsters and scammers that adapt and evolve. They also do not take into account the wealth of additional contextual data—i.e., internet images, advertisements, weather data, and documents—that can be used to understand the full nature of claims. As a result, business rules-based systems often return high false-positive rates in their analyses, delaying the claims process, increasing operational expenses, and negatively impacting customer experiences. When insurers encounter suspicious claims activity, they pass their claims on to special investigative units (SIUs) for further investigation. Incorrectly flagged claims waste valuable time and resources and decrease customer satisfaction.

However, solutions providers in this space face several daunting challenges. To succeed in this market, solutions providers must consider claims data holistically, developing solutions that deliver accurate and timely outcomes. They must enable clients to make informed decisions while minimizing false positives. Finally, they must understand that each insurance carrier is unique. Insurers have different operational processes, and they deal with different types of fraud, so solutions providers must develop products that are agile and scalable.

Market Leadership

Founded in 2014 in Paris, Île-de-France, Shift Technology originated when its three founders—who all worked in the insurance industry—identified a market gap in insurance fraud detection. They developed a cloud-based solution, Force, which leverages AI and ML to analyze massive amounts of data and identify individual and network fraud, allowing fraud handlers to manage their processes more effectively. After Force's success, the

company enhanced its platform with Luke, a solution that automates claims handling and processing through an intuitive user interface. With Force and Luke, Shift Technology has established a global presence, with a staff of about 200 employees providing software-as-a-service (SaaS) based insurance fraud detection services in more than 25 countries (with offices in Paris, Boston, Tokyo, London, Madrid, Zurich, Singapore, Toronto, Sao Paulo and Hong Kong). The company processes hundreds of millions of claims annually for a growing roster of roughly 80 leading health, travel, and property and casualty insurers such as Mutuelle Assurance des Commercants et Industriels de France in France, Axa in Spain, Pan-Asian FWD and MS&AD, and CNA and Assurant in the United States (US).

Empowering Insurance Providers through Two Automated Solutions

Force is an AI-native, cloud-based fraud detection solution. It draws on a library of hundreds of fraud detection scenarios and third-party datasets to identify and analyze potential individual, network, provider, and internal fraud. Then, the solution assigns each claim a numerical fraud detection score based on its propensity for fraud, and crucially it provides a rationale for its conclusion with actionable insights for fraud handlers.

Force can ingest data from a variety of sources—even searching the internet for information such as geolocation, mapping, social media, weather, credit and financial history, criminal history, and public images—to verify data and gain a holistic understanding of suspicious insurance claims, resulting in a hit rate of 75%. The company defines hit rate as the percentage of claims flagged as suspicious that are assigned for further review. Through its network link analysis tool, Force can detect suspicious correlations between individuals, as when specific individuals appear in multiple claims or have repeated connections with other individuals that appear in those claims. Viewing these claims in isolation may not create suspicion, but seeing them together and recognizing patterns can be a useful guide for detecting potential fraud. Force also provides entity resolution, in which the technology recognizes when a single individual submits multiple claims with slightly different personal information—i.e., names, phone numbers, emails, or addresses.

Luke is the company's AI-native claims automation solution. It includes an intuitive user interface that guides policyholders through the claims process with a series of steps, allowing them to upload images, documents, and other information to expedite their claims. It also verifies coverage to ensure it matches the types of claims submitted. Luke leverages data from Force to provide analyses that enable fraud handlers to make quick and accurate claims decisions, determining if claims should be paid out right away or if they should be passed onto a claims professional or Special Investigator for further consideration. This capability is particularly beneficial to insurers that need to process high-volume claims analysis, as it allows them to accelerate the process, especially quickly for meritorious claims. A transparent solution, Luke also combines well with legacy claims platforms with seamless integration.

Combining AI with a Human Element to Deliver Excellent Customer Service

Shift Technology understands that use cases, fraud patterns, and client procedures and business practices can vary greatly. So the company spends a four- to six-month integration process, starting with fully understanding its clients' businesses and analyzing their historical data. During this period, the company draws on its library of several hundred fraud scenarios and determines which fraud models are the best match for its clients' needs. After the integration goes live, the Shift Technology team keeps track of new scenarios and adds them to the company's technology's library so that other existing customers can use and refer back to them as well.

Shift Technology assigns at least one data scientist to each client to guide them through the implementation process. The company retains about about 100 data scientists on staff that begin working with clients at the moment of contract signing though to deployment and after. Depending on how many lines of business the clients have, or claims volume they process per year, they could receive multiple additional data scientists to refine their solutions and build out additional fraud scenarios—on top of the initial set of use cases—which are specific for the particular carrier.

In its business paradigm, Shift Technology stresses that it is not an arbiter of fraud, but an enabler of detection. Rather than dictating the course of action—or simply providing an algorithm as some of its competitors do—the company lets its clients decide whether or not to investigate claims. Shift Technology scores claims with propensities for fraud—indicating whether or not it believes claims are legitimate—and provides its rationale and reasons to its clients who then decide whether or not to pass the claims onto SIUs for further investigation.

Using Funding to Expand Geographically and Product-wise

As part of the burgeoning fintech scene in France, Shift Technology has cemented its place as a top contender in the global insurtech space. In 2018, the company joined Plug and Play Tech Center as part of its Insurtech Inaugural Batch 2018 in Munich, Germany, and received an undisclosed amount in funding. The following year, the company raised $60 million of Series C venture funding in a deal led by Bessemer Venture Partners, bringing the company's total funding to nearly $100 million since its founding. Shift Technology plans to use the investment for research and development, new product development, and continued global expansion. While the company will continue to build out its operations in Europe, it views the US and Southeast Asia as strategic markets as well.

Product-wise, the company is currently adding new capabilities to Luke. Shift Technology also sees AI opportunities in adjacent markets within the insurance claims industry, such as compliance, underwriting, and anti-money laundering. Setting it apart from other SaaS providers, the company will remain committed to only insurance segment products so as to continue to grow its specialized skillset. Shift Technology built both Luke and Force, specifically for the global insurance industry—particularly health, travel, life and property

and casualty insurance sectors—and the company will continue to build products that benefit insurance providers.

Conclusion

Digitalization is taking hold in the insurance industry, with numerous enabling insurance technology (insurtech) companies enabling carriers to optimize their operational efficiency with automated solutions that leverage artificial intelligence and machine learning. As fraudulent attacks evolve and become more sophisticated, technology providers must develop solutions that can adapt as well, and consider a holistic view in determining claims outcomes. Shift Technology created Luke and Force to automate claims processes and help insurers detect fraud accurately and swiftly. By minimizing false positive rates and streamlining claims resolution, the company provides an invaluable service to the insurance industry to which it has completely dedicated its efforts. With this major contribution, Shift Technology earns Frost & Sullivan's 2020 Global Market Leadership Award in claims solutions for the insurance industry.

Significance of Market Leadership

Ultimately, growth in any organization depends upon customers purchasing from a company, and then making the decision to return time and again. Loyal customers become brand advocates; brand advocates recruit new customers; the company grows; and then it attains market leadership. To achieve and maintain market leadership, an organization must strive to be best-in-class in three key areas: understanding demand, nurturing the brand, and differentiating from the competition.

Understanding Market Leadership

Driving demand, strengthening the brand, and differentiating from the competition all play critical roles in a company's path to market leadership. This three-fold focus, however, is only the beginning of the journey and must be complemented by an equally rigorous focus on the customer experience. Organizations that demonstrate best practices, therefore, commit to the customer at each stage of the buying cycle and continue to nurture the relationship once the customer has made a purchase. In this way, they build a loyal, ever-growing customer base and methodically add to their market share.

Key Performance Criteria

For the Market Leadership Award, Frost & Sullivan Analysts focused on specific criteria to determine the areas of performance excellence that led to the company's leadership position. The criteria considered include (although not limited to) the following:

Criterion	Requirement
Growth Strategy Excellence	Demonstrated ability to consistently identify, prioritize, and pursue emerging growth opportunities
Implementation Excellence	Processes support the efficient and consistent implementation of tactics designed to support the strategy
Brand Strength	The possession of a brand that is respected, recognized, and remembered
Product Quality	The product or service receives high marks for performance, functionality, and reliability at every stage of the life cycle
Product Differentiation	The product or service has carved out a market niche, whether based on price, quality, or uniqueness of offering (or some combination of the three) that another company cannot easily duplicate
Technology Leverage	Demonstrated commitment to incorporating leading-edge technologies into product offerings, for greater product performance and value
Price/Performance Value	Products or services offer the best value for the price, compared to similar offerings in the market
Customer Purchase Experience	Customers feel they are buying the most optimal solution that addresses both their unique needs and their unique constraints
Customer Ownership Experience	Customers are proud to own the company's product or service, and have a positive experience throughout the life of the product or service
Customer Service Experience	Customer service is accessible, fast, stress-free and of high quality

Best Practices Recognition: 10 Steps to Researching, Identifying, and Recognizing Best Practices

Frost & Sullivan Awards follow a 10-step process to evaluate Award candidates and assess their fit with best practice criteria. The reputation and integrity of the Awards are based on close adherence to this process.

STEP	OBJECTIVE	KEY ACTIVITIES	OUTPUT
1 **Monitor, target, and screen**	Identify Award recipient candidates from around the globe	• Conduct in-depth industry research • Identify emerging sectors • Scan multiple geographies	Pipeline of candidates who potentially meet all best-practice criteria
2 **Perform 360-degree research**	Perform comprehensive, 360-degree research on all candidates in the pipeline	• Interview thought leaders and industry practitioners • Assess candidates' fit with best-practice criteria • Rank all candidates	Matrix positioning of all candidates' performance relative to one another
3 **Invite thought leadership in best practices**	Perform in-depth examination of all candidates	• Confirm best-practice criteria • Examine eligibility of all candidates • Identify any information gaps	Detailed profiles of all ranked candidates
4 **Initiate research director review**	Conduct an unbiased evaluation of all candidate profiles	• Brainstorm ranking options • Invite multiple perspectives on candidates' performance • Update candidate profiles	Final prioritization of all eligible candidates and companion best-practice positioning paper
5 **Assemble panel of industry experts**	Present findings to an expert panel of industry thought leaders	• Share findings • Strengthen cases for candidate eligibility • Prioritize candidates	Refined list of prioritized Award candidates
6 **Conduct global industry review**	Build consensus on Award candidates' eligibility	• Hold global team meeting to review all candidates • Pressure-test fit with criteria • Confirm inclusion of all eligible candidates	Final list of eligible Award candidates, representing success stories worldwide
7 **Perform quality check**	Develop official Award consideration materials	• Perform final performance benchmarking activities • Write nominations • Perform quality review	High-quality, accurate, and creative presentation of nominees' successes
8 **Reconnect with panel of industry experts**	Finalize the selection of the best-practice Award recipient	• Review analysis with panel • Build consensus • Select recipient	Decision on which company performs best against all best-practice criteria
9 **Communicate recognition**	Inform Award recipient of Award recognition	• Inspire the organization for continued success • Celebrate the recipient's performance	Announcement of Award and plan for how recipient can use the Award to enhance the brand
10 **Take strategic action**	Upon licensing, company is able to share Award news with stakeholders and customers	• Coordinate media outreach • Design a marketing plan • Assess Award's role in future strategic planning	Widespread awareness of recipient's Award status among investors, media personnel, and employees

The Intersection between 360-Degree Research and Best Practices Awards

Research Methodology

Frost & Sullivan's 360-degree research methodology represents the analytical rigor of our research process. It offers a 360-degree-view of industry challenges, trends, and issues by integrating all 7 of Frost & Sullivan's research methodologies. Too often companies make important growth decisions based on a narrow understanding of their environment, leading to errors of both omission and commission. Successful growth strategies are founded on a thorough understanding of market, technical, economic, financial, customer, best practices, and demographic analyses. The integration of these research disciplines into the 360-degree research methodology provides an evaluation platform for benchmarking industry participants and for identifying those performing at best-in-class levels.

360-DEGREE RESEARCH: SEEING ORDER IN THE CHAOS

About Frost & Sullivan

Frost & Sullivan, the Growth Partnership Company, enables clients to accelerate growth and achieve best-in-class positions in growth, innovation and leadership. The company's Growth Partnership Service provides the CEO and the CEO's Growth Team with disciplined research and best practice models to drive the generation, evaluation and implementation of powerful growth strategies. Frost & Sullivan leverages more than 50 years of experience in partnering with Global 1000 companies, emerging businesses, and the investment community from 45 offices on six continents. To join our Growth Partnership, please visit http://www.frost.com.