

# Atos' Vision on becoming an Agile Insurer

Surviving and thriving  
in Insurance

Opinion Piece

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# Agile Insurance

## A vision for staying ahead of the existing industry's burning platform

The insurance industry is feeling the heat. Just a few years ago, everyone's biggest concern was compliance, market volatility, or low rates. Traditional operating models were set in stone. Insurers were protecting customers over the long-term, often deciding what was good for the insuree without transparency or clarity. Most insurers did not anticipate dramatic changes in customer expectations and behaviors. Others did.

Incumbent insurers – slow, steady, and previously successful – are now under threat from new, flexible players who are breaking the mold. These new players are geared to meet emerging customer expectations with innovative digital experiences powered by super-fast technologies.

New operating models are exploding onto the scene, well financed and often successful. For example, Oscar and Vitality offer preventive healthcare plans or pay-how-you-live insurance. Cuvva allows its customers to get insured on a friend's car with hourly insurance available from their mobile phone. InsurPeer goes one step further, bringing together individuals under a peer-to-peer insurance system.

These new operating models are not limited to new players. Tokio Marine already provides temporary and context-driven insurance products. Charles Schwab is getting real traction with its combination of robo-advisors and long-term savings products that go beyond the traditional model for life insurance.

If we all thought that change in the banking sector was disruptive, then the burning platform of the current insurance operating model is set to eclipse it. This formerly technical, slow-paced, and inwardly focused industry is being forced to open up.

### Why change?

Value drivers based on agility are accelerating new ways of giving customers what they want. For example:

- » Shifting the focus of R&D from actuarial or risk based product development to innovation labs.
- » Moving away from labor-intensive underwriting to Big Data Analytics.
- » Getting rid of lengthy fraud management for claims and using digital technology to facilitate claims in real-time.

All of which means one thing for insurers: It is time to focus on fresh target operating models.

Forget what you already know across multiple areas of your business. Think afresh and transform your operations to a business model that can adapt as demands change. Critically, become a more humble, open, pragmatic, and customer-centric business that is agile enough to respond to changing demands.

### Atos Now Insurance

With Now Insurance, Atos provides the support enterprises need along their digital transformation journey by creating customer-centric financial business models for the future. Establishing closer connections to customers, data, and emerging technologies, Atos Now Insurance enables Financial Services providers to operate with real-time speed, agility and security.

Learn more about Atos Now Insurance at [atos.net/insurance](https://atos.net/insurance)

# No turning back?

The insurance industry is unlike any other. So attempting to transform will not be easy. But insurance basics are being called into question and new methods of selling insurance are emerging. The nature of risk mutualization and selection is moving towards targeting and tailoring with the growth of companies like Oscar. Pay How You Behave models are as much about rewarding better behaviors than aggressive risk selection. The ultra-personalized and contextualized coverage, such as that provided by Cuvva, is an attractive development for consumers.

Just as importantly, those customers want to take things into their own hands by self-defining products based on their knowledge or appetite for risk. All of this impacts existing processes and roles to the extent that some will no longer be valid. In fact, the rapid adoption of technologies such as Internet of Things (IoT), Blockchain, and Intelligent Automation or Robotics will only accelerate their demise.

Behind this dramatic change are six disruptive forces that have combined to set the market alight and there is no turning back:

## 1 A new economic and risk context

- » Following the most recent financial crises, the economic climate is much more volatile. This has created new attitudes to risk and insurance. Financial regulators have tightened their compliance obligations, forcing insurers to operate under a multitude of rules - from Solvency II to DIA2.

## 2 Shifting demographics

- » The Baby Boomer generation is ageing and requiring an increasing number of later-life services. Meanwhile, a digital-only generation has been raised on instant service provision and expects the same of any lifestyle service provider. Added to this, governments are moving away from protecting the population so the onus is being placed on individuals and the private sector.

## 3 The rise of the empowered consumer

- » Consumers of all ages are individuals who expect personalized or tailored services to be available anywhere, at any time, and on any one of their devices. They want an insurance company that is easy to do business with and transparent in its approach. They want an 'adult-to-adult' engagement. And they want to take a more active role in selecting their services.

## 4 Better insights from Big Data

- » Insurers can now discover precisely why a consumer would choose a product, the price they are willing to pay, and their specific risk factors. Data can come from consumers inputting information or from social media analysis, wearables, or Internet of Things (IoT) devices. The differentiating factors are the ultra-fast technologies that can store, and compute all of this information in close to real-time as well as the art of analyzing it.

## 5 Increased competition

- » Insurers have to compete with banks, telcos, and consumer brands that have higher profiles. They also have to compete with start-ups that can jump to the head of the queue by offering customers a specific service that is more amenable and probably cheaper. These InsureTechs are one of the hottest segments in the FinTech arena because they can get new products to market faster than any incumbent can.

## 6 New markets are being created

- » As the consumer and economic contexts change, new areas of business are created. Collaboration in day-to-day life (such as car-sharing, crowd-funding, etc.) means people need different services and associated insurance. But players that can act fast quickly fill these new markets. For example, GAFA - Google, Apple, Facebook, Amazon - are exploiting the spaces that emerge between traditional insurance markets and new consumer demands.

The simple conclusion? A new style of insurance industry is emerging. Every insurer will have to respond. Those that are slow do so will fail. So will those that do not respond at all. The time to act is now.

# What will success look like?

In the new insurance landscape, successful insurers will be those that saw the opportunity and grasped it. They will be the only ones that changed their target operating model to become agile enough to respond to the new market conditions in which:

## » New customer expectations are met

Products and services are specifically geared to consumer needs and behaviors. At the front-end, product developments are designed to be mobile-first, simple, and transparent. Behind the scenes, insurers employ a strategy that brings together the core skills of tied agents and new routes to customers.

## » Personalization and contextualization are ubiquitous

Customers have more choice and exercise their judgment in selecting products that fit with their lifestyle – regardless of where they are, what time of day it is, and what engagement platform they use. Data becomes a differentiating factor in getting to know precisely what these customers prefer.

## » Relationships are trusted and more intimate than ever

The intelligent use of data is matched by robust security. Insurers are trusted to look after people's most important information, with consumers retaining control over how and when it is used. Over time, this equates to a more equitable relationship in which the customer offers further insights into their personal preferences – information they do not share with just any company.

## » The value chain has been disintegrated and reintegrated

Insurers will recognize they can no longer do everything well and efficiently (e.g. product design and pricing, CRM, risk management vs. IT, back-office operations and more). They will decide what to focus on and what to leave to partners or other market players.

These new market conditions are the foundations for the vision of Agile Insurance. The Agile Insurer is far more adaptive than its predecessors – creating value through an ecosystem of partnerships between its customers, goods and service providers, and competitors across multiple industries.

They will rely on their partnerships to complete the full value chain. They will also depend on collaboration with InsureTechs to add new services to the portfolio. Most importantly, to the customer they will appear humble, transparent, proactive and responsive.

But what is the route to becoming an Agile Insurer?

## How do you get there?

Put simply, it means clarifying what you do. What do you want to be known for to your clients? Where do you want to compete?

This means choosing your target operating model and sticking to it. It might seem easier to try to be all things to all people. But in a digital era defined by disruptive influences, it is only a matter of time before you are fighting fires rather than forging ahead with innovative new ideas.

We have tentatively defined 5 key target models:

## 1. Multi-channel, Multi-product 4.0

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Taking the traditional, generalist model and revisiting it for truly efficient operations and capital management, you choose the market segments and clients you want to serve. You then multi-equip them with products and offer the omnichannel, contextual, and seamless experiences they are looking for.

## 2. Product manufacturer and charterer

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Focusing on compliance, risk, capital management, and know-how at scale, you target specific lines of business or products. Efficiency-driven, you are able to serve various partners in your ecosystem by developing a reputation for product excellence.

## 3. Scaled operating platform

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You see the value in integrating and scaling the operations of popular mid-sized players. By originating the platform on which they sit, you benefit from scale and the ability to drive the solutions towards your own customer priorities.

## 4. Line of business category killer

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Developing new value propositions and taking them to market quickly is your competitive differentiation. You target specific customer segments, often ditching current operations to start afresh in the high-growth, high-value new market.

## 5. Usage player

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You are meeting a specific need, such as personal mobility. The ecosystem you participate in is populated by a high proportion of non-insurance service providers and product manufacturers. You are the provider of choice for e-insurance offerings and new propositions that provide the most value via a seamless customer experience.

For traditional insurance players then, there is still much to be done to realize the vision of Agile Insurance, whichever target operating model you select. Given that most big businesses are not noted for their speed of change, the question remains as to how you can achieve transformation on this scale, in a relatively short period of time, and before your competitors overtake you. This requires an intimate understanding of what needs to change and how quickly.

# Where to start?

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Achieving success as an Agile Insurer will require a transformation roadmap in which you have defined your operational objectives. It demands an honest assessment of where your business stands and where you want it to go. This process begins with some searching questions, including:

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## “Can we meet new customer expectations right now?”

- » What do we know about our customers and potential customers?
- » Can we offer a seamless and relevant ‘phygital’ consumer experience?
- » Can we truly provide contextual advice while protecting customer data?
- » How are we responding to the drivers of engagement for Millennials?  
Protecting their data, offering easy changes to coverage, sourcing answers, managing accounts or access to services online?

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## “Where can we really take our business?”

- » Are we the right size and structure to compete?
- » What do we need to do to integrate InsureTechs, new technology, and partners into our ecosystem?
- » How do we use mobile, wearables, and IoT in our markets or business models?
- » How can we embed our insurance offerings into any third party goods or services?
- » Can we actually deliver the out-of-the-box products and services that the market demands, i.e. automated travel insurance claim payments when a flight is delayed?

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## “In what state is our current operating model?”

- » How do we manage legacy IT for efficiency and compliance?
- » Are we any good at automation, standardization, and straight-through processing?
- » How is intelligent automation and customer empowerment impacting our delivery model and processes?
- » How good are we with our own data and that from external sources?

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## “Can customers and regulators really trust us?”

- » Are we as open and transparent as people expect?
- » How will we deal with changing regulatory obligations?
- » What are we doing to stay ahead of new cyber threats?
- » How will transformation affect our internal processes and organization, our people, and the company culture?

To become or retain your position as an industry leader, transformation will need to take place in different areas of your business and at different speeds. It will need to adapt to a continuously changing environment. By setting clear objectives, being aware of the different timeframes, and approaching change with pragmatism you can succeed. The starting point is committing to agility and then carefully selecting your transformation programs. For example:

### Establishing a 'phygital' customer experience

Creating a distinctive and seamless approach to customer experience and being there for them wherever they need you - in person or online - while allowing them to manage their insurance the way they choose.

### Building trust and intimacy

Providing the true data protection and contextualized advice that customers value, while keeping up-to-date with expanding digital threats.

### Introducing ultra-personalization

Targeting offerings by creating modular, temporary, or real-time products and driving customer behavior to reduce losses.

### Improving process efficiency

Reducing the overall cost to operate through better use of Big Data, automation, Business Process Management, and introducing measures to improve your Net Promoter Scores.

### Rationalizing legacy infrastructure

Decommissioning old systems, introducing IT modernization or process optimization to reduce technology total cost of ownership, and ensuring compliance with sustainable management of former activities.

### Centering on value chain 'focalization'

Leveraging industry-leading processes, technologies, and partners to benefit from their scale and know-how, to innovate and achieve best-in-class efficiency ratios on non-differentiating processes.

### Embedding Insurance 3.0

Integrating insurance offers with retailers, FMCG manufacturers, and automotive companies to adapt to the new ways of reaching the customer.

### Developing new value propositions

Becoming a disruptor by creating new products and services faster than competitors, with agile processes that ensure you can start from scratch each time while meeting expected levels of service.

**Transforming any business in such a shifting insurance environment is going to be tough. But when the existing industry is a burning platform there is no turning back. Forgetting what you know and rethinking your operating model is the only way forward in the insurance industry.**

Focusing only on those areas where you can add value and make money will be key to success. This means relinquishing some areas of your operation that are no longer efficient or worth keeping in-house. But accepting that non-traditional players - whether established brands from other industries or InsureTechs - are making in-roads into your market segments does not have to spell the end of your involvement.

Creating an ecosystem in which specialisms are defined and everyone can contribute to a more significant share of market will be the mark of success. This vision of Agile Insurance means embracing these players into your own ecosystem. This will mean becoming more humble as a business, accepting the role of others and adapting to new market conditions with trial and error.

Defining your own target operating model will help you become more open and pragmatic as a business. It will also ensure consumers understand what you do, know that you do it well, and that you aim to do it on their behalf, not just yours.

So ask yourself the tough questions, focus on customer expectations, and then choose your transformation programs.

Do this and bring in new partners you can rely on and you can escape the heat of the current industry's burning platform. Fail to act quickly and your business could be left smoldering in its ashes.

## Journey together with Atos Now Insurance

Agile Insurance offers a new but necessary alternative to the traditional insurance business model. To become an Agile Insurer before your competitors, you will need the support of an expert partner that can guide you along your transformation journey. By working together with Atos Now Insurance you will not only quickly escape the fires of the industry today, but find that you lead the industry of tomorrow. Learn more at [atos.net/insurance](https://atos.net/insurance)

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# About Atos

Atos SE (Societas Europaea) is a leader in digital services with pro forma annual revenue of circa € 12 billion and circa 100,000 employees in 72 countries. Serving a global client base, the Group provides Consulting & Systems Integration services, Managed Services & BPO, Cloud operations, Big Data & Cyber-security solutions, as well as transactional services through Worldline, the European leader in the payments and transactional services industry. With its deep technology expertise and industry knowledge, the Group works with clients across different business sectors: Defense, Financial Services, Health, Manufacturing, Media, Utilities, Public sector, Retail, Telecommunications, and Transportation.

Atos is focused on business technology that powers progress and helps organizations to create their firm of the future. The Group is the Worldwide Information Technology Partner for the Olympic & Paralympic Games and is listed on the Euronext Paris market. Atos operates under the brands Atos, Atos Consulting, Atos Worldgrid, Bull, Canopy, Unify and Worldline.

For more information, visit:  
**[atos.net/insurance](https://atos.net/insurance)**

Please contact:  
**[marketing@atos.net](mailto:marketing@atos.net)**