

## Interview with John Cusano, MD of Accenture's Global Insurance Industry, on Accenture's Insurance Technology Vision 2014

### Introduction & Q1:

Hi, I'm Franklin Feinberg. Every year, the Accenture Technology Vision report identifies the key trends that will shape the future of enterprise IT. This year the theme is: From Digitally Disrupted to Digital Disruptor. John Cusano, the Managing Director of Accenture's Global Insurance Industry, is here to help us understand the report and its implications for the insurance industry over the next few years. John, tell us about the Technology Vision, and why it's significant?

A: Thanks Franklin! For many years now, technological innovation has been driving change across every sphere of business, insurance included.

This is why Accenture, for the past 15 years or so, has studied trends in technology: to understand the forces that are affecting our clients, and the opportunities innovation presents for them to boost their performance.

Last year our theme was "Every insurer is a digital insurer." This year we've evolved this concept by examining the bold trends that are becoming characteristic of larger companies.

While things like analytics, mobile, social networking and cloud are still driving these trends, the focus now is on how these technologies are being woven into the next generation of insurance business strategies.

Q2: The main theme this year is "digital disruption" – can you explain?

A: To an ever-increasing degree, digital innovation is affecting every facet of the insurer's operations. It's changing the ways consumers interact, and the types of service they expect from their insurers – and I don't mean just once a year when the renewal notice goes out.

Location-sensitive advice on how to avoid traffic congestion sent to their mobile phone? Yes, they want that. Lower premiums because the Nike bracelet they wear tells their life insurer they're exercising regularly? They want that too. These are all great opportunities for insurers to play a bigger role in their customers' lives, to become part of ecosystems that meet their higher-order needs – even to become life coaches.

But we also know that if consumers don't get what they want, they're quite prepared to go elsewhere – a recent Accenture survey found that 23 percent would consider buying insurance from Google or Wal-Mart.

Insurers aren't going to get the better of this challenge with a few isolated digital initiatives. That's playing to avoid losing. They're facing fullscale disruption, and nothing less than a strategic, enterprise-wide response is needed. That's playing to win!

Q3: You say your study of technology innovation has evolved – what exactly is different this year?

A: In the past, it tended to be the smaller, more specialized and more agile firms that were able to create digital business and operating models that set the pace. This year we're focusing on the bigger carriers that have recognized the opportunities of digital, and are leveraging their vast resources, their strong balance sheets and their extensive capabilities to embrace disruption and turn it to their advantage.

In short, the disrupted have the opportunity to become the disruptors.

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**Q4: What are the main components of this disruption?**

A: We've identified six emerging themes that reflect the shifts that are being seen among the digital power brokers of tomorrow. These are the large insurers that recognize, as they leverage their scale to redefine digital in their business, that "big is the next big thing".

The first of these themes we're calling The Digital - Physical Blur. As the real world comes online with wearable devices, smart objects and machines, real-time intelligence is becoming a practical proposition.

Next is From Workforce to Crowdsource. Technology now allows organizations to tap into a global, virtual workforce that includes any willing individual who's connected to the Internet.

Then there's The Data Supply Chain, which enables data to flow easily and usefully through their entire organization.

Harnessing hyperscale recognizes that hardware is now a hotbed of innovation that's creating new opportunities to massively scale, increase efficiency, drive down costs, and boost system performance.

The fifth trend is called The Business of Applications – just as in the consumer world, enterprises are rapidly adopting apps in a push for greater operational agility.

And then finally, Architecting Resilience relates to the pressure on businesses to support the non-stop demands placed on their processes, services and systems.

**Q5: How are all of these trends playing out in practical terms in the insurance industry?**

A: We've already seen how specific markets have been transformed – aggregators in the British auto insurance market, and direct online sales in the US are two of the most prominent examples.

Research by Accenture and many others shows that consumers are insisting that their insurance providers embrace digital – they reject old world service models, they want their providers to use the tools and channels that they do, they want them to help them manage rather than simply insure against their risk. They're willing to hand over their personal information if it's going to get them better coverage ... I could go on and on.

In short, the game has changed. And to win in this new game – rather than simply avoid losing – they'll have adapt their business models to include unlikely alliances and ecosystems, collaboration with regulators to drive innovation, and much more.

In the next few podcasts in this series I'll be going into more detail about the six themes we're focusing on. I'll include some practical examples of how leading insurance companies are using digital innovation to become the disruptors their competitors fear. I hope you'll stay with me!

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