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GENERALI VITALITY'S SUCCESS AND CLOUD INNOVATION

VIDEO TRANSCRIPT

(upbeat music)

Dave Vellante: Welcome back to theCUBE's presentation of the AWS Executive Summit at re:Invent 2021 made possible by Accenture. My name is Dave Vellante. We're going to look at how digital infrastructure is helping to transform consumer experiences, specifically how an insurance company is changing its industry by incentivizing and rewarding consumers who changed their behavior to live healthier lives, a real passion of mine, and getting to the really root cause of health. With me now are Simon Guest, who's the Chief Executive Officer of Generali Vitality, GmbH, and Nils Muller-Sheffer, who's the Managing Director and the Cloud First Application Engineering Lead for the European market at Accenture. Gentlemen, welcome to theCUBE.

Nils Muller-Sheffer: Thanks for having us.

Dave Vellante: You're very welcome. Simon, Generali Vitality is a really interesting concept that you guys have envisioned and now put it into practice. Tell us how does it all work?

Simon Guest: Sure. No problem. And thanks for having us on, David, it's pleasure to be here. So look, Generali Vitality is in its core a pretty simple concept. It's a program that you have on your phone. And the idea of this program is that it's a wellness coach for you as an individual, and it's going to help you to understand your health and where you are in terms of the state of your health at the moment, and it's going to take you on a journey to improve your lifestyle and your wellness, and hopefully help you to live a healthier and a more sort of mindful life, I guess, is the best way of summarizing it. From our point of view as an insurance company, of course, our historical role has always been to be the company that's there if something goes wrong. So if unfortunately, you pass away or you have sickness in your life or in your family's life, that's historically been our role.

But what we see with Generali Vitality is something a little bit different. So it's a program that really is supposed to be with you every day of your life to help you to live a healthier life. It's something that we already have in four European markets and in fact, in five from this week, I'm a little bit behind the times. So we're live already in Germany, in France, in Austria, in Italy and in Spain. And fundamentally what we do Dave, is to say to customers, "Look, if you want to understand your health, if you want to improve it by moving a little bit more, or by visiting the doctor more, by eating healthier, by healthy choices on a daily basis, we're going to help you to do that. And we're going to incentivize you for going on this journey and making healthy choices. And we're going to reward you for doing the same." So, we partner up with great companies like Garmin, like Adidas, like big brands that are, let's say, invested in this health and wellness space so that we can produce really an ecosystem for customers that's all about live well, make good

choices, be healthy, have an insurance company that partners you along that journey. And if you do that, we've going to reward you for that. So, we're here not just in difficult times, which, of course, is one of our main roles, but we're here as a partner, as a lifetime partner to you to help you feel better and live a better life.

Dave Vellante: I love it, I mean, it sounds so simple, but I'm sure it's very complicated to make the technology simple for the user. You've got mobile involved, you've got the back end and we're going to get into some of the tech, but first I want to understand the member engagement and some of the lifestyle changes, Simon, that you've analyzed. What's the feedback that you're getting from your customers? What does the data tell you? How do the incentives work as well? What is the incentive for the member to actually do the right thing?

Simon Guest: Sure, look, I think actually that the COVID situation that we've had in the last sort of two years is really crystallized the fact that this is something that we really ought to be doing and something that our customers really value. I mean, look, just to give you a bit of a sort of information about how it works for our customers. So what we try to do with them, is to get customers to understand their current health situation, using their phone. So, we asked our customers to go through a sort of health assessments around how they live, what they eat, how they sleep, and to go through that sort of process and to give them all the Vitality age, which is a sort of actuarial comparison with their real age. So I'm 45, but unfortunately my Vitality age is 49 and it means I have some work to do to bring that back together.

And what we see is that, two-thirds of our customers take this test every year because they want to see how they are progressing on an annual basis in terms of living a healthier life. And if what they are doing is having an impact on their life expectancy and their lifespan and their health span. So how long are they going to live healthier for? So you see them really engaging in this approach of understanding their current situation. Then what we know actually, because the program is built around this model that's really activity and moving, and exercise is the biggest contributors to living a healthier life. We know that the majority of deaths are caused by lifestyle illnesses, like poor nutrition and smoking and drinking alcohol and not exercising. And so, a lot of the program is really built around getting people to move more.

And it's not about being an athlete. It's about, getting off the underground one station earlier and walking home or making sure you do your 10,000 steps a day. And what we see is that that sort of 40% of our customers are on a regularly basis linking either their phone or their exercise device to our program and downloading that data, so that they can see how much they are exercising. And at the same time, what we do is we set our customers weekly challenges to say, look, if you can move a little bit more than last week, we are going to reward you for that. And we see that almost half of our customers are achieving this weekly goal every week. And it's really a fantastic level of engagement that normally as an insurer, we don't see.

The way it rewards work is pretty simple. It's similar in a way to an airline program. So every good choice you make, every activity to every piece of good food that you eat, when you check on your health situation, we'll give you points. And the more points you get, you go through a sort of status approach of starting off at the bottom status and ending up at a golden and a platinum status. And the higher up you get in the

status, the higher the value of the rewards that we give you. So almost a quarter of our customers now, and this has accelerated through COVID, have reached that platinum status. So they are the most engaged customers that we have and those ones who are really engaging in the program. And what we really tried to create is this sort of virtuous circle that says If you live well, you make good choices, you improve your health, you progress through the program and we give you better and stronger and more valuable rewards for doing that. And some of those rewards are around health and wellness

So it might be that you get discounts on gym gear from Adidas, it might be that you get a discount on a device from Garmin, or it might be actually on other things. We also give people Amazon vouchers. We also give people discounts on holidays. And another thing that we did actually in the last year, which we found really powerful is that we've given the opportunity for our customers to convert those rewards into charitable donations. Because we work in Generali with a sort of campaign called The Human Safety Net, which is helping out the poorest people in society. And so, what our customers do a lot of the time is instead of taking those financial rewards for themselves, they convert it into a charitable donation. So we're actually also linking wellness and feeling good and insurance and some societal goods. So we're really trying to create a virtuous circle of engagement with our customers.

Dave Vellante: I mean that's a powerful cocktail. I love it. You've got the data, because if I see the data, then I can change my behavior. You've got the gamification piece. You actually have hard dollar rewards. You could give those to charities and you've got the most important, which is priceless, you can't put a value on good health. I got one more question for Simon and Nils, I'd love for you to chime in as well on this question. How did you guys decide, Simon, to engage with Accenture and AWS and the cloud to build out this platform? What's the story behind that collaboration? Was there unique value that you saw that you wanted to tap, that you feel like they bring to the table? What was your experience?

Simon Guest: Yeah, we work with Accenture as well because the sort of constructs of this Vitality proposition is a pretty complex one. So you mentioned that the idea is simple, but the build is not so simple and that's the case. So Accenture has been part of that journey from the beginning. They are one of the partners that we work with, but specifically around the topic of rewards, we're primarily European focused organization, but when you take those countries that I mentioned, even though we're next to each other geographically, we're quite diverse. And what we wanted to create was really a sustainable and reusable and consistent customer experience that allowed us to go get to market with an increasing amounts of efficiency. And to do that, we needed to work with somebody who understood our business, has this historical, let's say investment in the Vitality concepts and so knows how to bring it to life, but then could really support us in making what can be a complex piece of work, as simple and as replicable as possible across multiple markets, because we don't want to go reinventing the wheel every time we moved to a new market. So we need to find a balance between having a consistent product, a consistent technology offer, a consistent customer experience with the fact that we operate in quite diverse markets. So this was, let's say the reason for more deeply engaging with Accenture on this journey.

Dave Vellante: Thank you very much. Nils, why don't you comment on that as well? I'd love to get your thoughts and really is kind of your role here, an Accenture global SI, deep expertise in industry, but also technology, what are your thoughts on this topic?

Nils Muller-Sheffer: Yeah, I'd love to, love to comment. So when we started the journey, it was pretty clear from the outset that we would need to build this on cloud in order to get this scalability and this ability to roll out to different markets, have a central solution that can act as a template for the different markets, but then also have the opportunity to localize different languages, different partners for the rewards, there's different reward partners in the different markets. So we needed to build an asset basically that could work as a template or centrally standardizing things, but also leaving enough flexibility to then localize in the individual markets. And if we talk about some of the most specific requirements, so one thing that gave us headaches in the beginning was the authentication of the users because each of the markets has their own systems of record where the – basically the authentication needs to happen. And if we somehow needed to still find a holistic solution that comes through

the central platform, and we were able to do that at the end through the AWS cognitive service, sort of wrapping the individual markets, local IDP systems. And by now we've even extended that solution to have a standalone cloud native kind of IDP solution in place for markets that do not have a local IDP solution in place, or don't want to use it for this purpose.

Dave Vellante: So you had data, you had the integration, you've got local laws, you mentioned the flexibility, you're building ecosystems that are unique to the local, both language and cultures. Please, you had another comment, I interrupted you.

Nils Muller-Sheffer: No, I just wanted to expand basically on the requirements. So that was the central one being able to roll this out in a standardized way across the markets, but then there were further requirements. For example, like being able to operate the platform with very low operations overhead. There is no large IT team behind Generali Vitality that, works the service or can act as this IT backbone support. So we needed to have basically a solution that runs itself, that runs on autopilot. And that was another big, big driver for first of all, going to cloud, but second of all, making specific choices within cloud. So we specifically chose to build this as a cloud native solution using, for example, managed database services, with automatic backup, with automatic ability to restore data that scales automatically, that has all this built in which usually maybe in a database administrator would take care of.

And we applied that concept basically to every component, to everything we looked at, we applied this requirement of how can this run on autopilot? How can we make this as much managed by itself within the cloud as possible, and then lend it on these services? For example, we also use the API gateway from AWS for our API services that also came in handy when, for example, we had some response time issues with the third party we needed to call. And then we could just with a flick of a button basically, introduced caching on the level of the API gateway and really improve the user experience because the data wasn't updated so much, so it was easier to cache. So these are all experiences I think that that proved in the end that we made the right choices here and the requirements that drove that to have a good user experience.

Dave Vellante: Nils, would you say that the architecture is a sort of a data architecture specifically, is it a decentralized data architecture with sort of federated, centralized governance? Or is it more of a centralized view, wonder if you could talk about that?

Nils Muller-Sheffer: Yeah, it's actually a centralized platform basically. So the core product is the same for all the markets and we run them as different tenants basically on top of the infrastructure. So the data is separated in a way, obviously by the different tenants, but it's in a central place and we can analyze it in a central fashion if the need arises from the business.

Dave Vellante: And the reason I asked that, Simon, is because essentially, I look at this as largely a data offering for your customers. And so, Nils, you were talking about the local language and Simon as well. I would imagine that the local business lines have specific requirements and specific data requirements. And so, you've got to build an architecture that is flexible enough to meet those needs, yet at the same time can ensure data quality and governance and security. And that's not a trivial challenge. I wonder if you both could comment on that.

Nils Muller-Sheffer: Yeah, maybe I'll give a start and then Simon can chime in. So what we're specifically doing is managing the rewards experience, so our solution will take care of tracking what rewards have been earned for what customer, what rewards have been redeemed, what rewards can be unlocked on the next level, and we foreshadow a little bit to motivate, incentivize the customer and asset that data sits in an AWS database in a tenant-by-tenant fashion. And you can run analysis on top of that. Maybe what you're getting into is also the, let's say the exercise data, the fitness device tracking data that is not specifically part of what my team has built, but I'm sure Simon can comment a little bit on that angle as well.

Dave Vellante: Yeah, please.

Simon Guest: Yeah, sure. So, look, I think the topic of data and how we use it in our business is a very interesting one because it's not historically been seen, let's say as the remit of insurance to go beyond the data that you need to underwrite policies or process claims or whatever it might be. But actually, we see that this is a whole point around being able to create some shared value in this kind of products. And what I mean by that is, if you are a customer and you're buying an insurance policy, it might be a life insurance or health insurance policy from Generali, and we're giving you access to this program. And through that program, you are living a healthier life and that might have a positive impact on Generali in terms of, maybe we're going to increase our market share, or maybe we are going through lower claims, or we're going to generate value of that then.

One of the points of this program is we then share that value back with customers, through the rewards on the platform that we've built here. And, of course, being able to understand that data and to quantify it and to value that data is an important part of the different stages of how much value you are creating. And it's also interesting to know that, in a couple of our markets, we operate in the corporate space. So not with retail customers, but with organizations. And one of the reasons that those companies give Vitality to their employees is that they want to see things like the improved health of a workforce. They want to see higher presenteeism, lower absenteeism of employees and, of course, being able to demonstrate that there's a sort of correlation between participation in the Vitality program and things like that is also important.

And as we've said, the markets are very different. So we need to be able to take the data that we have out of the Vitality Program and be able in the company that I'm managing to interpret that data so that in our insurance businesses, we are able to make good decisions about the kind of insurance product we have. I think what's interesting to make clear is that actually that the kind of health data that we generate stays purely within the Vitality business itself and what we do inside the Vitality business is to analyze that data and say, okay, is this also helping our insurance businesses to drive better top line and bottom line in the relevant business lines? And this is different per company and per market. Being able to interrogate that data, understand it, apply it in different markets, in different distribution systems and different kinds of approaches to insurance is an important one, yes.

Dave Vellante: It's an excellent example of a digital business and we talked about digital transformation. What does that mean? This is what it means. It must be really interesting board discussions because you're transforming an industry, you're lowering overall costs. I mean, if people are getting less sick, that's more profit for your company and you can choose to invest that in new products, you can give back some to your corporate clients, you can play that balancing act, you can gain market share. And you've got some knobs to turn, some levers, for your stakeholders, which is awesome. Nils, something that I'm interested in, I mean it must have been really important for you to figure out how to determine and measure success. Obviously, it moved, it's up to Generali Vitality to get adoption for their customers, but at the same time, the efficacy of your solution is going to determine, the ease of delivery and consumption. So, how did you map to the specific goals? What were some of the key KPIs in terms of mapping to their aggressive goals?

Nils Muller-Sheffer: Besides the things we already touched on, I think one thing I would mention is the timeline. So, we started the team ramping in January, February, and then within six months basically, we had the solution built and then we went through an extensive test phase. And within the next six months we had the product rolled out to three markets. So this speed to value, speed to market that we were able to achieve, I think is one of the key criteria that also Simon and team gave to us. There was a timeline and that timeline was not going to move. So we needed to make a plan, adjust to that timeline. And I think it's both a testament to the team's work that we met this timeline, but it also is enabled by a technology stack cloud. I have to say, if I go back five years, 10 years, if you had to build in a solution like this on a corporate data center across so many different markets and each managed locally, there would've been no way to do this in 12 months, that's for sure.

Dave Vellante: Yeah, I mean, Simon, you're a technology company. I mean, insurance has always been a tech heavy company, but as Nils just mentioned, if you had to do that with IT departments in each region. So my question is now you've got this, it's almost like nonrecurring engineering costs, it took one year to actually get the first one done, how fast are you able to launch into new markets just from a technology perspective, notwithstanding any local regulations and figuring out the go to market? Is that compressed?

Nils Muller-Sheffer: So if you asked specifically technology-wise, I think we would be able to set up a new market, including localizations that often involves translation of, because in Europe you have all the different languages and so on, I would say four to six weeks, we probably could stand up a localized solution. In reality, it takes more like six to nine months to get it rolled out because there's many other things involved, obviously, but just our piece of the solution, we can pretty quickly localize it to a new market.

Dave Vellante: But, Simon, that means that you can spend time on those other factors, you don't have to really worry so much about the technology. And so, you've launched in multiple European markets, what do you see for the future of this program? Come to America.

Simon Guest: You can find that this program in America, Dave, but with one of our competitors, we're not operating so much in the U.S. as Generali, but you can find it if you want to become a customer for sure. But yes, you're right. Look, I think from our perspective, to put this kind of business into a new market is not an easy thing because what we're doing is not offering it just as a service on a standalone basis to customers, we want to link it with insurance business. In the end, we are an insurance business, and we want to see the value that comes from that. So there's a lot of effort that has to go into making sure that we land it in the right way, also from a customer proposition points of view with our distribution risks, they are all quite different. Coming to the question of what's next? I mean it comes in three stages for me. So as I mentioned, we are in five markets already.

In the first half of 2022, we'll also come to the Czech Republic and Poland, which we're excited to do. And that will basically mean that we have this business in the seven main Generali markets in Europe related to life and health business, which is the most natural at let's say fit for something like Vitality. Then, the sort of second part of that is to say, okay, look, we have a program that is very heavily focused around activity and rewards, and that's a good place to start, but, wellness these days is not just about, can you move a bit more than you did historically, it's also about mental wellbeing, it's about sleeping good, it's about mindfulness, it's about being able to have a more holistic approach to wellbeing and COVID has taught us, and customer feedback has taught is actually that this is something where we need to go.

And here we need to have the technology to move there as well. So to be able to work with partners that are not just based on physical activity, but also on mindfulness. So this is how one other way we will develop the proposition. And I think the third one, which is more strategic and we are really looking into is, there's clearly something in the whole perception of incentives and rewards, which drives a level of engagement between an insurer like Generali and its customers that it hasn't had historically. So I think we need to learn, forgetting about the specific one or Vitality being a wellness program, but if there's an insurer, there's a role for us to play where we offer incentives to customers to do something in a specific way and reward them for doing that. And it creates value for us as an insurer, then this is probably a place that we'd want to investigate more.

And to be able to do that in other areas means we need to have the technology available, that is, as I said before, replicable faster market can adapt quickly to other ideas that we have, so we can go and test those in different markets. So, yes, we have to, we have to complete our scope on Vitality. We have to get that to scale and be able to manage all of this data at scale, all of those rewards at real scale, and to have the technology that allows us to do that without thinking about it too much. And then to say, okay, how do we widen the proposition? And how do we take the concept of Vitality that sits behind Vitality to see if we can apply it to other areas of our business. And that's really what the future is going to look like for us.

Dave Vellante: The isolation era really taught us that if you're not a digital business, you're out of business, and pre-COVID, a lot of these stories were kind of buried, but the companies that have invested in digital are now thriving. And this is an awesome example, and another point is that Jeff Hammerbacher, one of the founders of Cloudera, early Facebook employee, famously said about 10, 12 years ago, "The best and greatest engineering minds of my generation are trying to figure out how to get people to click on ads." And this is a wonderful example of how to use data to change people's lives. So, guys, congratulations, best of luck, really awesome example of applying technology to create an important societal outcome. Really appreciate your time on theCUBE. Thank you.

Nils Muller-Sheffer: Bye-bye.

Dave Vellante: All right, and thanks for watching this segment of theCUBE's presentation of the AWS Executive Summit at re:Invent 2021 made possible by Accenture. Keep it right there for more deep dives.

(upbeat music)

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