

PARTNERING SUCCESSFULLY WITH INSURTECHS

Traditional insurers and insurtech start-ups have little in common – other than a shared future. How can they capitalize on their respective strengths to create successful, profitable partnerships?

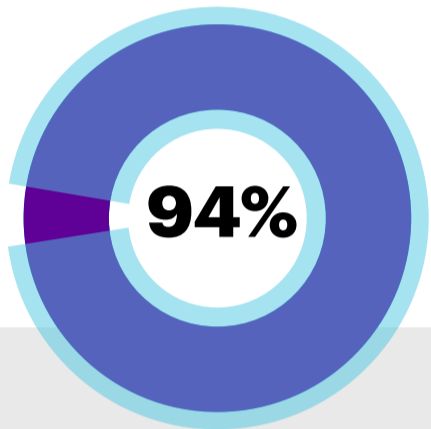
INSURERS

Some more than 300 YEARS OLD	Huge BALANCE SHEETS
Traditionally CONSERVATIVE	Lack new TECHNOLOGY SKILLS
Entrenched LEGACY	Unsure how to HARNESS NEW TECHNOLOGY

START-UPS

Some less than 300 DAYS OLD	Huge INVESTMENT INFLOWS
Brashly DISRUPTIVE	Driven by TECHNOLOGY INNOVATION
Inherent AGILITY	Unsure how to UNLOCK THE INSURANCE MARKET

DESPITE FUNDAMENTAL DIFFERENCES, INSURANCE COMPANIES AND INSURTECH START-UPS ARE REALIZING THEY NEED EACH OTHER.



of insurers say adopting a platform-based business model and engaging in ecosystems with digital partners are critical to their success.

Source: Accenture Technology Vision for Insurance 2017

Q: What is the biggest challenge facing insurtech start-ups?

A: “To understand the industry deeply. Start-ups with little or no prior knowledge of the insurance industry struggle to quickly demonstrate their value proposition ... Our approach to new partnerships is simple: we open the discussion by sharing why we exist, and ask in return why the insurer exists ... If the ‘why’ of the insurer resonates with ours, then the basis of understanding is set”.

Renaud Million, co-founder & CEO of SPIXII.

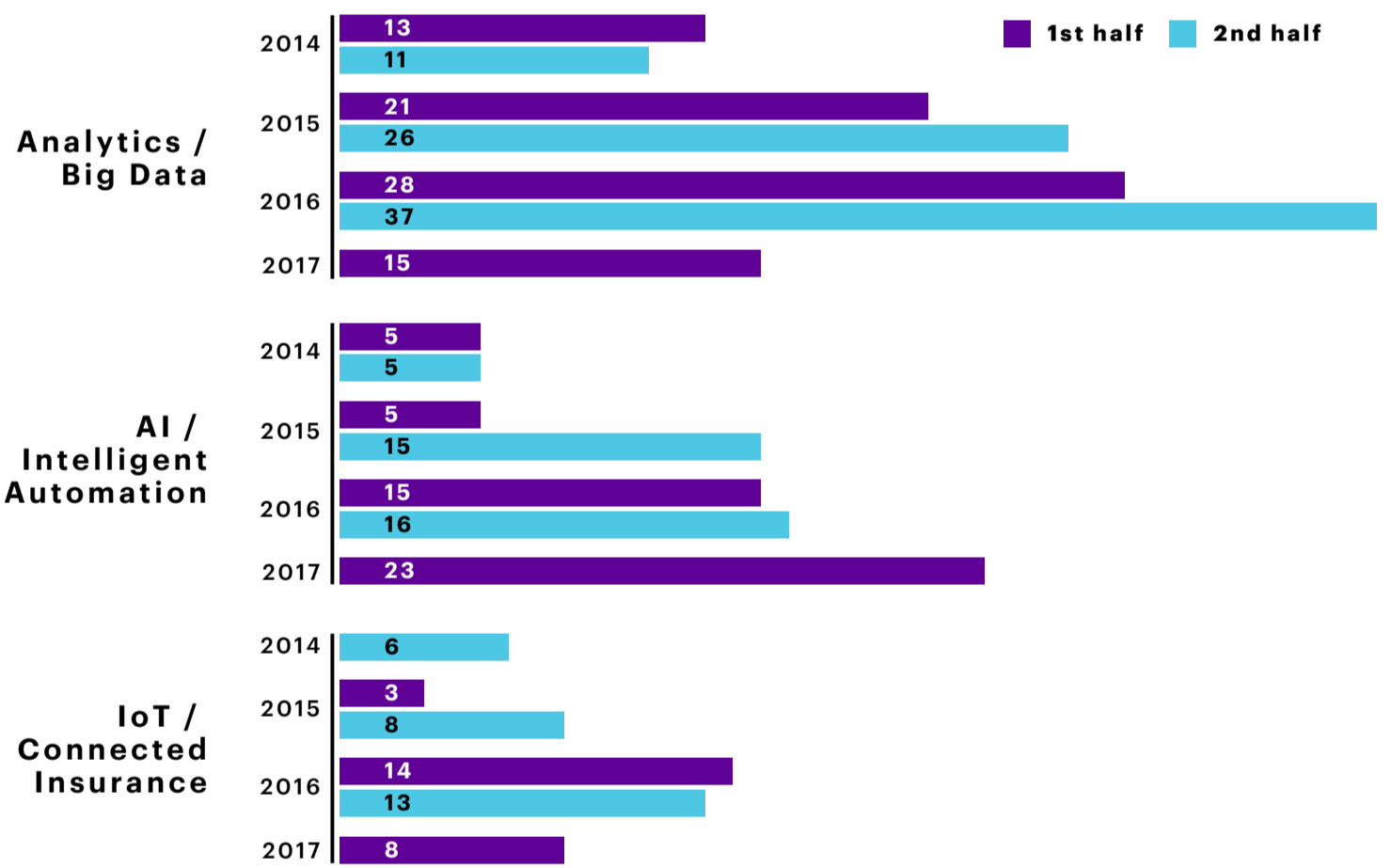
There is growing recognition that insurance will ultimately benefit most from the fintech boom.

- Banks started the fintech journey earlier, and have more mature innovation strategies
- Insurers have been slower to progress
- Insurtech is driven primarily by personal-lines P&C insurance, but life is gaining momentum
- Most of the investment is in big data & analytics, artificial intelligence and the Internet of Things

NUMBER OF INSURTECH DEALS INVOLVING ANALYTICS AND BIG DATA, ARTIFICIAL INTELLIGENCE AND INTELLIGENT AUTOMATION, AND INTERNET OF THINGS.

56% of 2016 insurtech deals

70% of total investment in insurtech (2016)



3X Insurtech deals in the priority technologies – big data & analytics, AI and Internet of Things – roughly tripled between 2014 and 2016, and AI deals continued to grow strongly in the first half of 2017.

5X Insurtech investments by insurers, as a proportion of the total number of insurtech deals, increased almost five times from 3% in 2014 to 14% in 2016.

PROFITING FROM THE MISMATCH

How can insurers and insurtechs take advantage of the differences between them to engage effectively?

INSURERS SHOULD

- Develop your overall innovation agenda, then determine where insurtech sits in it.
- Embrace innovation as part of your everyday business, across the entire organization.
- Develop a culture that fosters innovation, driven from the C-suite, with effective incentives.
- Create an innovation strategy that places a high priority on data, funding and partnering.
- Draw inspiration and learning from those who are further along on their fintech journeys, especially their ability to look beyond financial services.
- Don't feel threatened by start-ups whose cultures or working practices seem radically different to your own.

INSURTECHS SHOULD

- Understand the market and the business challenge you are solving for.
- Ensure your proposition is clear, concise and related to that specific challenge.
- Look beyond personal-lines P&C insurance, which most insurtechs are targeting.
- Be patient, and support traditional insurers on their cultural and technological journeys.
- Determine where the solution and business boundaries sit.
- Adopt a flexible partnering approach, and consider forming broader ecosystems.

TO LEARN MORE ABOUT THIS RESEARCH, AND TO DOWNLOAD OUR DETAILED REPORT, USE THIS QR CODE.

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