

**NEWS RELEASE
JANUARY 2015**

Managing Insurance in a Digitalisation Era – What are the Challenges

Rhys Collins, Head of African Operations at SSP

The IT landscape is shifting as we move from the IT Industrialisation Era into the Digitalisation Era. This is according to Gartner's 2014 survey, 'Taming the Digital Dragon'. There is a definite change in focus moving from Processes to Business models and a change in capabilities from purely IT management, service and management to Digital leadership.

Many of the challenges in South Africa are not too dissimilar to those experienced in more mature insurance markets - it is the customer journey which is the silver lining.

While elements of digital strategy are becoming more visible in the African insurance sector, there is still a huge amount to be done to digitise the industry. Many insurance businesses have added digital channels to the customer journey to remain competitive. These include digital quote capabilities; the ability to buy products online and electronic marketing capabilities for promotion. Most insurance companies can now interact with customers across web and phone, as well as face-to-face.

However, in many cases this digital experience is only skin deep. Beneath the surface the core back-end systems are made up of legacy platforms that are creaking at the seams and struggling to keep up. The volume of digital transactions that are coming through the front end, as well as the amount of data that is received and needs to be collated, analysed and interpreted, continues to grow. In order to manage this and provide consumers with the immediate information they require, on the appropriate device, insurance businesses must change their models to become end-to-end digital businesses.

Recent InMobi research illustrates that users spend on average 114 minutes per day online. Smartphone and tablet usage is growing by an estimated 20% per annum and the internet is accessed more frequently from a mobile device than a PC. Consumers are increasingly demanding simplicity, transparency and speed in their transactions.

This is supported by PwC's 2020 research which identifies mobile technology as having a major impact on the insurance industry over the next three years. Slow broadband in some territories is recognised as a limiting factor for the application of mobile technology in sales and claims processing.

Learnings should be drawn from digital strategies in more mature markets. The UK non-life insurance market for example is one of the most digitally mature. 86% of customers carried out some kind of online research and 50% of policies were bought online, compared to a quarter (26%) globally and less than 10% in Canada. Yet, despite the huge opportunity they are struggling to cope with digital channels. The maturity of the UK market has led to ubiquitous digital access and the development of social networks, resulting in increased consumer power and less control for businesses. The overarching implication is that insurance products will increasingly be bought, not sold.

Expectations of transparency, relevancy and simplicity will drive increased product innovation for smaller target groups. Insurance businesses will need to invest in mobile and interactive technologies for multimedia content creation and product distribution across multiple digital platforms. PwC research suggests that the role of the intermediary sales channel will also reduce, and customers will demand a direct relationship using their own online and offline trusted networks to guide their choices. Globally, the number of mobile internet users is poised to overtake desktop ones. In addition, the number of internet-connected devices is expected to reach 50 billion by 2020, which will have a significant impact on the availability of real-time information.

Insurance businesses need to exploit this growth in information to automate intelligent decision making and drive better pricing, underwriting and fraud decisions for competitive advantage. By 2020, PwC predicts that the use of unstructured data from social media, mobile devices, video and audio will complement the existing structured data within traditional insurance business processes to enable insurers to make strategic real-time decisions to drive better customer journeys.

Incrementally digitising the insurance business

All the research points to a real need for insurance businesses to re-design their traditional customer journey processes to create an end-to-end digital experience that meets changing consumer and business journey needs.

For most insurers with deeply embedded legacy systems a phased approach, managed incrementally, is recommended which incorporates both front and back end solution refreshment. Additionally, insurers can combine the benefits of social media and mobile devices with telematics to develop new products for smaller target markets.

Becoming digital for most companies will mean an overlap with existing processes and strategies that are enabled by IT, as well as a wholesale change in the culture of the business and the way it operates. The key to digitisation is to map out what you want the digital customer journey to look like, and to then review this against the existing platforms in the business and identify how they need to evolve to support being digital. The important factor will be establishing which elements of the business's processes will drive most value in the shortest timescale.

Approaching digitisation as a journey rather than a large single step will enable insurers to retain the strengths gained from years of operating experience whilst moving to an integrated end-to-end digital model.

ENDS

About SSP

SSP is the leading provider of general insurance technology solutions, operating in more than 50 countries across the UK, Europe, Asia Pacific, Africa and USA.

With more than 30 years' experience and industry expertise, we develop and implement technology solutions and back office systems that enable our customers to reduce the cost of their operations, increase their distribution and create a better customer experience - improving our customers' profitability and effectiveness.



Uniquely positioned, with end-to-end visibility “from the insurer to the insured”, we understand the challenges our customers face and leverage our capabilities to provide significant industry value across the entire value chain.

Contact SSP to find out more:

Cathy Jackson / Nicola Honey (Cathy Findley Public Relations, SSP's PR Agency)

Email: cathy@findleypr.co.za

Phone: +2711 463-6372

www.ssp-worldwide.com

Sandown Mews West, 88 Stella Road, Sandton 2196, South Africa