



Enterprise Digital Adoption in Insurance | Pinnacle Model™ Analysis 2018: A Playbook for Digital Excellence

Insurance IT Services

Market Report – March 2018: Complimentary Abstract / Table of Contents



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* Banking, financial services, and insurance

Custom research capabilities

- Benchmarking | Pricing, delivery model, skill portfolio
- Peer analysis | Scope, sourcing models, locations
- Locations | Cost, skills, sustainability, portfolio – plus a tracking tool
- Tracking services | Service providers, locations, risk
- Other | Market intelligence, service provider capabilities, technologies, contract assessment



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Background and scope of the research

The rise of consumer orientation toward next-generation digital technologies has changed the role of enterprise IT from a cost center to a new-found revenue center for insurance firms. Digital is needed for survival in this fast evolving ecosystem. Insurers are adopting digital to improve market share, engage customers, and explore alternate channels for revenue.

Digital adoption elicits transformation in the organizational DNA, these involve both strategic and operational changes. As the pace of these transformations intensifies in few enterprises, it produces leaders and laggards.

The scope of this report deep dives into these organizations, culminating in the Digital Pinnacle Enterprises™ in insurance, a set of enterprises that have outperformed their peers in several dimensions.

This report offers a deeper look at five key capabilities encompassing 18 key dimensions in which insurers are making investments for digital transformation, and further evaluation of five key dimensions where Digital Pinnacle Enterprises™ in Insurance showcase higher maturity.



In this research, we present our findings from a recent study with 23 insurance enterprises. We will also look at the challenges, technology trends, and success metrics for insurers in their digital transformation journey. We focus on:



Digital adoption trends



Digital investment themes and key barriers for insurance



Implications for the insurance industry

Scope of this report



INDUSTRY

Insurance (Life, Annuities, and Pension (L&P); Property and Casualty (P&C); and reinsurance)



MARKET SEGMENT

Digital services



GEOGRAPHY

Global



SOURCES

Everest Group's survey of 23 large global insurers; Prior Everest Group research

Overview and abbreviated summary of key messages

To better understand enterprises' digital strategies, Everest Group conducted a study of 23 insurance organizations across North America, Europe, the United Kingdom, and Asia Pacific. We identified five key capabilities in which enterprises are making investments for digital transformation, and further identified 18 key dimensions where Digital Pinnacle Enterprises™ in insurance differentiate and reap higher returns than the industry average. We evaluated enterprises on capabilities such as strategy, organization and talent, process transformation, technology adoption, and innovation. This report presents key findings from this digital enterprise study.

Some of the findings in this report, among others, are:

Key takeaways

- Digital Pinnacle Enterprises in insurance value design thinking, coupled with a “customer-first” strategy indicating an effort to optimize the customer experience
- They are aggressively investing in Proof-Of-Concepts (POCs) and pilots on new technologies
- Digital Pinnacle Enterprises in insurance are early adopters of futuristic technologies, they try to map their core competencies with the new digital economy generating better revenue streams
- Digital Pinnacle Enterprises in insurance have recognized customer experience and cost optimization as the key drivers for making digital investments

Key characteristics of Digital Pinnacle Enterprises™ in BFS

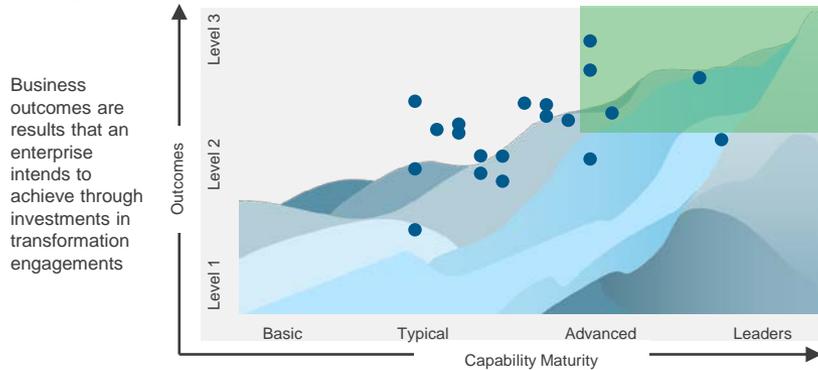
- Around 75% of Digital Pinnacle Enterprises in insurance have analyzed customer journeys to create future digital strategy
- About 75% of them have identified technology levers such as RPA, AI, Blockchain, and IoT to be key drivers to enable future business models
- Close to 75% of Digital Pinnacle Enterprises in insurance report augmented profits and reduction in costs from digital innovation projects, while less than 30% of other insurers have achieved such a feat indicating better allocation and utilization of funds for digital projects.³

This study offers a deep dive into digital adoption by insurance enterprises; below are four charts to illustrate the depth of this report

Digital Pinnacle Enterprises™ in insurance

Key digital barriers

Percentage of respondents



Capability maturity is a quantitative measurement of an enterprise's internal capabilities to achieve desired outcomes

Key maturity indicators



Digital metrics maturity
Percentage of respondents



100% Digital Pinnacle Enterprises™



37% Industry average

Digital Pinnacle Enterprises in insurance

- Define a series of new metrics (business-aligned) to measure the impact of digital investments
- Not just define metrics but also establish clear roles & responsibilities to continuously track ROI

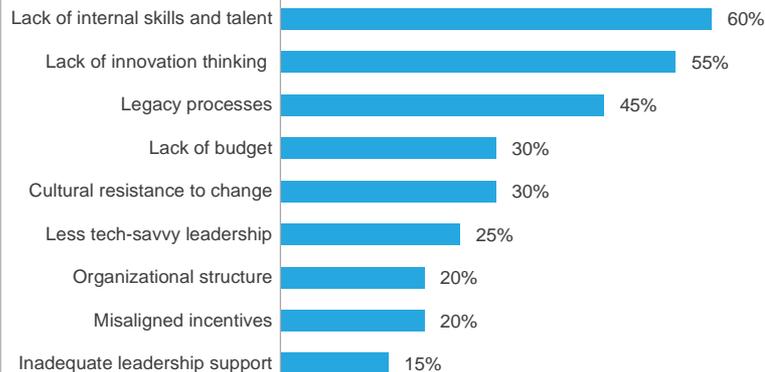
Case studies in insurance

- XYZ conducted an extensive study with Mobile Marketing Association in 2017 to understand the evolving metrics in measuring cross-marketing effectiveness in mobility

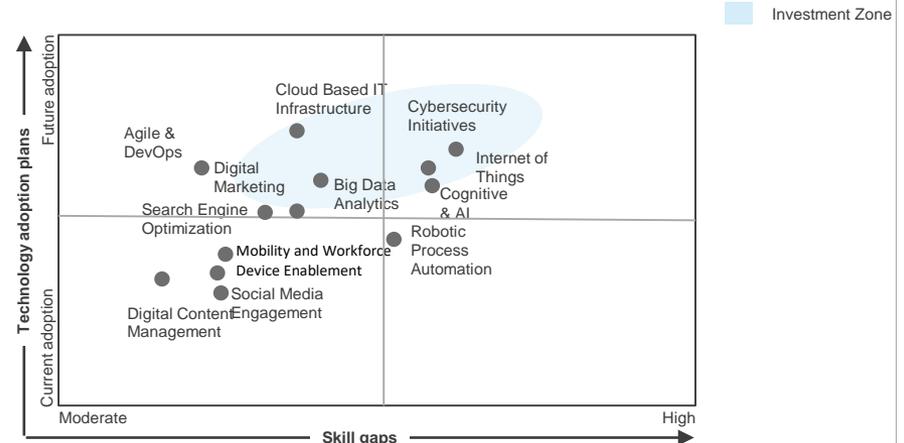
Barriers to adoption

Key digital barriers

Percentage of respondents



Skill gaps versus technology adoption



Research calendar for 2018 – Insurance IT services

Published
 Planned
 Current release

Flagship reports	Release date
Application Services in Insurance – Service Provider Landscape with PEAK Matrix™ Assessment 2018	Q2 2018
Product Implementation Services in Insurance – Service Provider Landscape with PEAK Matrix™ Assessment 2018	Q2 2018
Insurance ITO Annual Report - Building memorable experiences	Q3 2018
State of Cloud Adoption in Insurance	Q3 2018
Bundling of Insurance - Rise of Non-traditional competitors in Insurance or Activation of New Channels?	Q3 2018
Digital Services in L&P Insurance – Service Provider Landscape with PEAK Matrix™ Assessment 2018 and Profiles Compendium	Q4 2018

Thematic reports	Release date
Enterprise Digital Adoption in Insurance Pinnacle Model™ Analysis 2018: A Playbook for Digital Excellence	March 2018

Note: For a list of all digital services reports published by us, please refer to our [website page](#)

Additional Insurance IT services research references

The following documents are recommended for additional insight on the topic covered in this report. The recommended documents either provide additional details on the topic or complementary content that may be of interest

1. **Enterprise Digital Adoption | Pinnacle Model™ Analysis** ([EGR-2017-4-R-2402](#)); 2017. In this report we present key findings from the digital enterprise survey. , Everest Group conducted a survey for 328 organizations across North America, Europe, the United Kingdom, and Asia Pacific. We evaluated enterprises on five key capabilities: strategy, organization and talent, process transformation, technology adoption, and innovation. This report identified five key dimensions where Digital Pinnacle Enterprises™ differentiate and reap higher returns than the industry average.
2. **Insurer of the Future: Insurance ITO Annual Report 2018** ([EGR-2017-11-R-2463](#)); 2017. In this research, we analyze the current trends and the future outlook for large, multi-year application outsourcing relationships for the global insurance sector. The research also captures key movements in volume/value of insurance AO transactions, evolving trends, market dynamics, and emerging priorities of buyers in the last 12 months.
3. **Digital Services – PEAK Matrix™ Assessment and Market Trends: Redefining customer experience with digital** ([EGR-2017-4-R-2351](#)); 2017. Digital adoption has moved from being an IT agenda to an organization-wide agenda, and enterprises are increasingly investing in digital technologies for achieving organizational goals. This research presents an assessment and detailed profiles of 22 IT service providers featured on Everest Group's PEAK Matrix for digital services for 2017.

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About Everest Group

Everest Group is a consulting and research firm focused on strategic IT, business services, and sourcing. We are trusted advisors to senior executives of leading enterprises, providers, and investors. Our firm helps clients improve operational and financial performance through a hands-on process that supports them in making well-informed decisions that deliver high-impact results and achieve sustained value. Our insight and guidance empower clients to improve organizational efficiency, effectiveness, agility, and responsiveness. What sets Everest Group apart is the integration of deep sourcing knowledge, problem-solving skills and original research. Details and in-depth content are available at www.everestgrp.com.

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