IQ Category One: The Beginners

Insurance

- Defined digital strategy
- Business model innovation
- Collaborative ecosystems
- Tangible progress
- Ecosystem governance
- Core and more
- Data ownership
- IT platform

Source: 2018 ecosystem survey, BearingPoint.
Digital and platform disruption

The industry is characterized by fierce competition between traditional insurers, GAFAs and constantly growing InsurTech start-ups, mainly focused on the customer relationship and experience. Insurers are having to pivot from a fully risk/guarantee position to a product/service one, placing themselves in the center of an ecosystem of partners designed to accompany the customer 24/7. This perspective is viable in numerous worlds of needs, from mobility to home.

Case study

In 2017, Generali, an Italian insurance company, announced partnerships which included Nest, the Alphabet company that is pioneering developments in smart homes. Nest’s products help detect both smoke and carbon monoxide in people’s houses, sending alerts to customers’ phones. Generali, in turn, provides the insurance that covers the property in case of damage.6

Ecosystem evolution

Strategic progress has been relatively slow in insurance – only 40% say that their “digital strategy has been defined and is being implemented”. In addition, they need to overcome significant execution challenges, including governance and technology. Only 31% have a specific person in charge of the ecosystem who has clear metrics and performance measures, and the biggest challenge they face in terms of ecosystem management is “having the right technology in place to manage monetization”.

Moving forward

Insurers need to begin by working out what customer problems they want to address and the ecosystems they need to be part of. In particular, working out which ones they can dominate and lead by owning the customer relationship – drawing on their particular strengths – rather than ecosystems where they would merely be a participant “plugging” in for insurance to a customer problem owned by someone else. With a focused strategy, they can avoid the risk of a piecemeal, lackluster approach, where the scope of the ecosystem – and the number of actors involved – is limited.