

inscom 2016 Report

DIGITAL EXCELLENCE

EMPOWERING INSURANCE



inscom 2016
insurance conference munich



Hilton Munich Park Hotel • September 19-20, 2016

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Digital Excellence – The Key to Success for Insurance Providers



Two years ago at inscom 2014, we spoke about digital transformation as an innovation driver in the insurance sector. Today we see that the pace of digitalization in the industry has picked up enormously, powered by new technologies that help insurance providers detect potential early on and take targeted action on it. Analytics, the Internet of Things (IoT) and artificial intelligence are making the necessary technology available. What’s more, they’re on the verge of a quantum leap.

Whether it takes the form of transformation or disruption, there is no stopping digitalization – even if it is proceeding in different directions and at different paces from one sector or insurance category to another. By integrating their clients and streamlining their digital processes, many insurers have already sustainably increased their digital efficiency.

But in the face of competitive pressure from new market players that challenge the traditional business models of insurance providers, that’s not enough. Insurers that want to keep that crucial edge in the constantly changing world of digitalization need to develop new digital strategies and business models and build their digital excellence by integrating both the old and new worlds. It is crucial that they consistently focus on customers and their digital ecosystem and make their interactions with customers a positive experience. Above all, they will achieve an edge by offering innovative solutions that meet their customers’ needs and by thinking outside the conventional insurance transactions box.

In the captivating and informative talks by top international speakers, inscom 2016 offered examples of just such solutions, along with insights not only into digitalization

strategies, innovative business cases and technological developments, but also into potential risk. On behalf of msg group, I would like to extend my heartfelt thanks to you – those who participated and those who attended. It is your contributions, dedication and suggestions that have made this eighth inscom a great success. Figures also bear this out: Our industry event once again achieved a new attendance record with a total of 330 attendees from 50 insurance groups. That fills us with pride and spurs us on to continue promoting the successful process of digitalizing the industry with intelligent solutions and to once again make inscom 2018 an industry landmark.

Hans Zehetmaier

Chairman of the Executive Board and Co-Founder of msg systems ag

Agenda September 19

Ballroom B/C		
8:30	Check-in	
9:30	Welcome Johann Ranft , Director Marketing & Communications, msg	
10:00	Traditional Insurance Business going Digital Hans Zehetmaier , CEO, msg	
10:30	AXA (Deutschland) goes Digital Dr. Andrea van Aubel , Member of the Executive Board, AXA Konzern AG	
11:00	Coffee Break	
11:45	msg News for P&C	msg News for Life + Health
12:15	Digital Auto Product with hybris Markus Rehle , Member of the Executive Board, HDI Versicherung AG	IV-PBeaKK 4.0—Implementation of a new Core System at Postbeamtenkrankenkasse Reiner Martin Ströhle , Director IT Center, Postbeamtenkrankenkasse
12:45	GoSMART—Implementation of the P&C Factory at Gothaer Dr. Guido Kautz , Program Management, Gothaer Systems GmbH Jörg Rippchen , Project Management, arc innovations GmbH & Co KG	Opportunities of Digital Processes for the Management of Life Insurance Run-off Portfolios Dr. Heinz-Peter Roß , Chief Executive Officer, Heidelberger Leben Group
1:15	Lunch Break	
2:15	Customer Relationship—In the Virtual World as close as in Reality Dr. Barbara Stoth , Managing Director, Braunschweig IT GmbH, Öffentliche Versicherung Braunschweig	Striving towards the new digital normal—How UNIQA is redefining Itself Dr. Alexander Bockelmann , Chief Digital Officer and Head of Group IT, UNIQA Insurance Group
3:00	Service Dominant Architecture (SDA): Core Component of Digital Transformation Prof. Dr. Markus Warg , Member of the Executive Board, SIGNAL IDUNA Group	
at 4:00	Transfer to the Oktoberfest	
or 6:30	Networking dinner at Hilton Munich Park Hotel (15th Floor)	

Demos at Digital Excellence Forum				Foyer 1st Floor
During the event, you will have the opportunity to learn more about the current topics in insurance IT presented by our experts as well as our partners.				
11:45-12:15	msg.BPC – Integrierte Business Partner Compliance Michael Thaler , Senior Project Manager, Soluton Consulting, msg, and Matthias Wenzl , Managing Director & Partner, CAWECO GmbH	12:45-13:15	Cognitive Services für Versicherer Dr. Matthias Quaisser , and Alexander Schäper , Cognitive Solutions Team Insurance IBM, IBM Deutschland GmbH	
12:15-12:45	Increase customer satisfaction and generate new revenue streams with IoT Karsten Fiolka , Senior Solution Specialist, Research&Innovation, IBU Insurance, SAP SE	14:15-14:45	Real time Profitability and Solvency Management Louise Cooke , Managing Director, NEXONTIS Consulting GmbH	

Agenda September 20

Ballroom B/C		
9:00	Summary	
9:15	Characteristics of Digital Leadership—What Insurance CIOs Need to Know Jürgen Weiss , Managing Vice President Industry Advisory Services – Insurance, Gartner	
10:00	Coffee Break	
10:45	InsurTechs—(How) are they changing the Insurance Industry? Frederik Wulff , General Representative, Markel International Deutschland	Financial Crime Systems Patrick Boscher , Financial Crime Systems Coordinator, Allianz SE
11:30	Start of the Cognitive Era with Watson Technology—Down to Earth: Specific Project at VKB Dr. Thomas Rodewis , Head of Digitalization, Versicherungskammer Bayern Mascha Minou Lentz , Associate Partner, IBM Deutschland GmbH	Front Office Transformation—AGCS Leverages Pega 7 to Renew Front Office Applications Walter Rieger , Principal Program Manager, Front Office Program, Allianz Global Corporate & Specialty SE
12:00	Lunch „In the Sky“	
1:30	Cyber Security is Key for Digital Transformation Dr. Ralf Schneider , Group CIO, Allianz SE	
2:00	Panel Discussion: Insurance 2020—Digital Transformation or Digital Disruption John Connors , CIO, General Reinsurance Corporation Robert Cummings , Senior Vice President IBU Insurance, SAP SE Ralf S. Engelschall , Head of msg Applied Technology Research, msg	
2:45	Digital Life 2025 Sven Gábor Jánoszy , Trend Analyst, Director “2B AHEAD ThinkTank”	
3:45	Closing and Farewell Johann Ranft , Director Marketing & Communications, msg	

Demos at Digital Excellence Forum			Foyer 1st Floor
During the event, you will have the opportunity to learn more about the current topics in insurance IT presented by our experts as well as our partners.			
10:45-11:15	Digital Excellence in Action! Create your own IoT-based Loyalty program for the digital customer Sven Roehl , Executive Vice President, msg global solutions Canada	11:30-12:00	Kundenzentrierung – Clever gemacht Ingo Gringer , Leiter Center of Competence Input/Output Management und Portale, msg

Side Session (RE)Insurance		Salon Cézanne
10:45-12:00	Panel Discussion: „Connecting for success in a global world“ Ruschlikon, London Target Operating Model (TOM) and ACORD Standards committed to jointly improve global operational efficiency and effectiveness, from placing to settlement	

Our heartfelt thanks goes out to all the partners who supported inscom 2016 with inspiring contributions.



Traditional Insurance Business Going Digital



“Instead of thinking solely in terms of process optimization, as insurers have done to date, they must have **customer and user experience** on their radar if they hope to get closer to the customer with their business models.”

Digital transformation will bring major changes to the insurance industry. To get from digital efficiency to digital excellence, insurers will have to consistently put their customers front and center, bring about the best possible customer journey using the Internet of Things and offer solutions that respond in a tailored way to customers’ needs.

The pace of digital transformation has picked up, driven by new technologies. Companies, markets, customers and business models are undergoing radical change, but not at the same speed everywhere. Industry comparisons show that the insurance sector already boasts a relatively high degree of digitization. Paperless processes are widespread, but the industry still has some catching up to do on its digital strategies and business models. These are urgently needed if insurers are to realize revenue growth despite the fact that new business is leveling off and margins are declining.

Discovery Life offers an example of what a successful innovative business model can look like. By rating its real risk based on behavior, the South African insurer

was able to lower its claims ratio and achieve a better risk level. This “vitality” rate also adds clear value for the customers because it holds them to a more healthful lifestyle. Discovery is using a franchise system to disseminate its successful model worldwide among other insurers.

The Internet of Things (IoT) and the enormous increase in digital devices will also help behavior-based insurance models to catch on, as the example of the IoT Analyzer for usage-based rates in auto insurance demonstrates.

While the insurance sector has given birth to such business models, things such as new risks and market players, sometimes even from other industries, are shaping the world of insurance as well. For example, developments such as self-driving cars, connected drive, e-mobility and the sharing economy are increasingly turning car manufacturers not only into mobility service providers but also into insurance brokers and – as a result of manufacturer liability – into policyholders. Roadside assistance services and claims management will become more important; vehicle premiums will decrease.



“The focus is on the customer. The Internet of Things is being integrated and user experience taken into account. That’s the path from digital efficiency to digital excellence.”

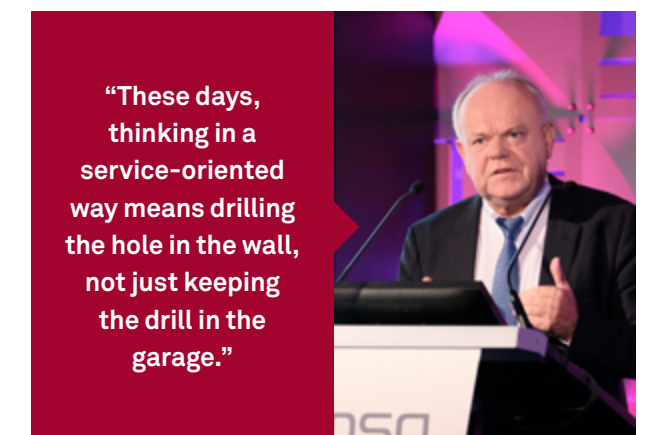
If insurers want to successfully leverage the opportunities afforded by the digital world, they will have to achieve digital excellence. This means:

- **Customer centricity and customer focus** are crucial. Digital analyses and predictive analytics help in understanding customers and putting their needs in focus.
- By **integrating the digital world**, insurers can create positive customer experiences. Omni-channel, IoT and a flexible bi-modal IT system lay the groundwork for digital communication with customers and make customer journeys consistent across all of their digital devices.
- A paradigm shift from the dominance of goods to that of services means insurers will need to think in terms of **solutions** and offer their customers products oriented toward their needs.

Not all segments of the insurance business face these challenges equally. For example, branches like auto insurance are under greater pressure to develop innovative business models than liability insurances.

In order to press forward with its own digital excellence, msg relies on the Innovation Autobahn, an initiative designed jointly with leading innovator HYVE. It is aimed at fast, agile development of innovative digital solutions. With its component-based platform, Insurance Suite, industry specialist msg assists insurers in implementing and further developing their business strategies. The key part of this integrated package solution is the I-Digital module. It uses IoT and omni-channel integration

and prepares human-machine communication to form the basis for digital interaction and robo-advertising. The central element of I-Digital is the msg Innovation Box. The “my Insurance” digital pattern structures customer needs into solutions. It particularly emphasizes customer self-service and customer business enabling – the more customers are integrated in this way, the more of a central role they play.



“These days, thinking in a service-oriented way means drilling the hole in the wall, not just keeping the drill in the garage.”



IT's all about customers

What distinguishes those companies that are already blazing new trails toward digital excellence?

Dr. Andrea van Aubel and Prof. Dr. Markus Warg have the answer: If you want to shift the focus to the customers and delight them with value-added services, you have to make your IT architecture service-oriented – or even service-dominated.

“For the systems of engagement to shine, the systems of record have to be in **good order.**”



Dr. Andrea van Aubel, Member of the Executive Board, CIO and CDO, AXA Konzern AG

AXA Deutschland Goes Digital

“Digitalization is the future.” AXA followed this maxim and became a pioneer in digital transformation by placing customers and their needs front and center. In doing so, the insurer concentrates on three areas:

- Digitizing business processes
- Providing value-added services for customers
- Integrating employees

For the systems of engagement to shine, the systems of record have to be in good order: Developing attractive customer portals and service apps calls for service-oriented architectures and flexible automated processes in the legacy systems. This is where AXA relies on msg.Life Factory and systematically updating its system landscape – thus laying the groundwork for innovations like its new customer portal and “Digimapp” product. This digital adviser portfolio allows the entire advisory process to run quickly, automatically and seamlessly from consultation to quotation through to sale and policy issuance.

To offer customers attractive value-added services, it is

necessary to know what they want. That’s why AXA relies on communication with its customers – about mobility for example – and develops innovative services from them. The AXA WayGuard app, which provides women with security at night on their way home, and the smart-PARKING service are two examples of services that go beyond actual insurance coverage and accompany customers through their everyday lives. Such value-added services do not necessarily have to be linked with insurance products, but they do create new points of contact with existing and potential customers.

If you want to achieve digital excellence, you will have to take your employees along on your journey and create the right working conditions. Digital natives engage in reverse mentoring with AXA digital immigrants to make the digital world accessible. Training courses and idea contests enhance employees’ digital potential.

Prof. Dr. Markus Warg, Member of the Executive Board, SIGNAL IDUNA Group

Service-dominated Architecture (SDA): A Core Component of Digital Transformation

Digitalization raises new expectations with customers and changes their behavior. In spite of this, basic customer needs remain unchanged. Top service experiences established by digital invaders like Uber, Airbnb and Amazon have a particular impact on these changes. Simple, fast, transparent, interactive, connected and competent are basic attributes of their business models, but what is crucial about them is that they do not sell products. Instead, they offer interactive and context-specific services with a high level of practical utility.

Established insurers should pattern their behavior after them and orient themselves more closely toward customers. That means moving away from simple products and toward service and customer-centered solutions. After all, customers don’t want to buy the copying machine – they want to get the copy they ordered. To harness the power of this transformation, insurance companies need to create agile, flexible and collaborative processes and structures without threatening existing operations. However, monolithic IT architectures do not allow much scope for this transformation.

Service-dominated architecture (SDA) allows a wide variety of resources to be integrated and orchestrated into agile, flexible and collaborative services in real time so that companies can achieve digital readiness and meet the challenges of their digitization projects. Three service systems and a data layer rooted in the system of engagement act as the basis for SDA. The system of interaction creates the preconditions necessary for an interactive and uniform customer experience. The system of participation allows third parties to be integrated, enabling insurers to draw on valuable external resources and capacities when providing services. The system of operant resources integrates human, technical, organizational and relationship-driven resources and processes them using defined logical operations and processes. Finally, the data layer allows dispositive data sets to be built. These can be analyzed and used separately from active operations and create the foundation for an understanding of customers based on data. This way, SDA enables valuable customer experiences

that distinguish themselves through high performance at the point of interface with the customer, interactivity, collaboration, the ability to co-create, data-based customer focus, and flexible integration of external service providers.

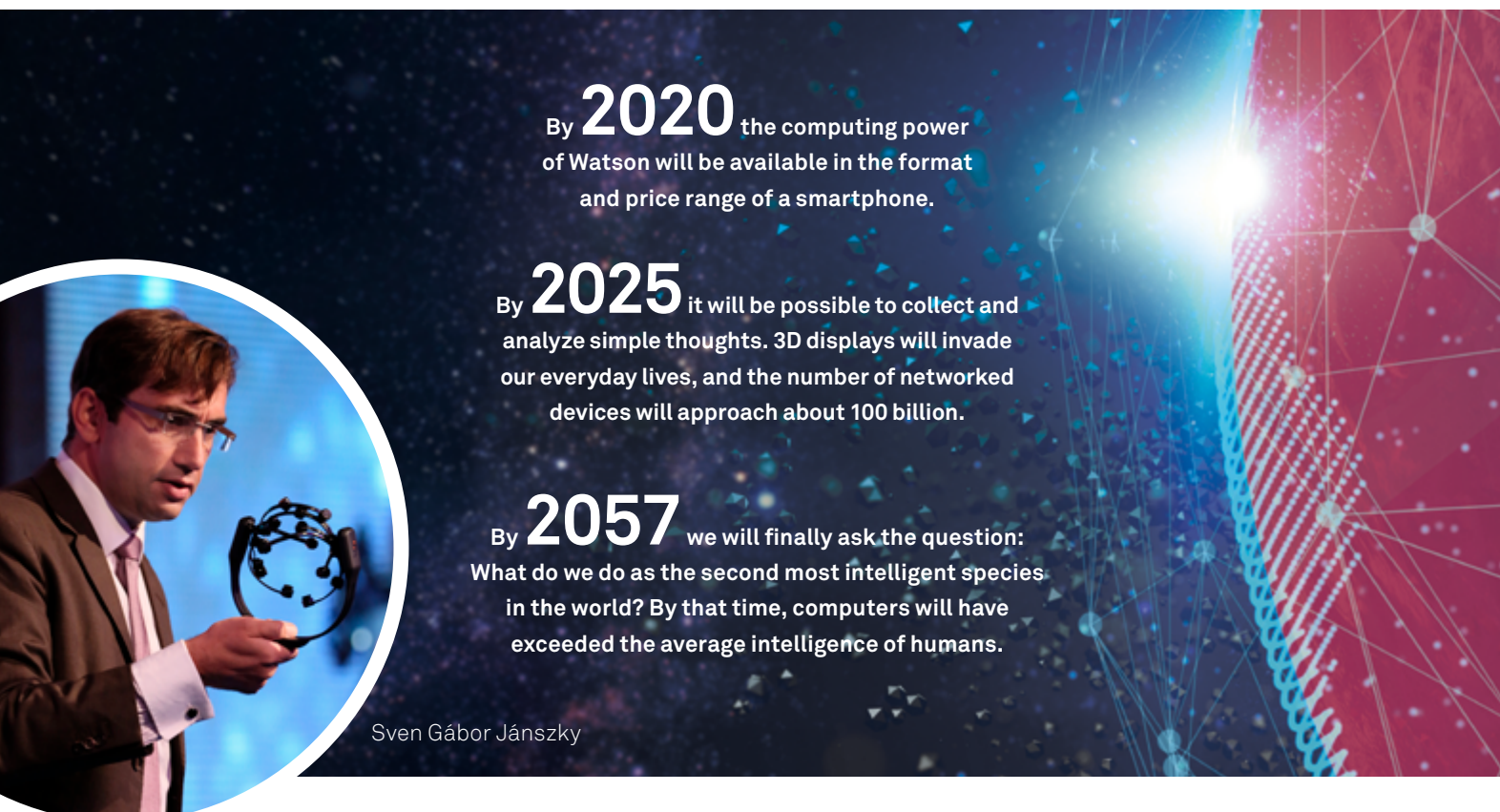


“Service-dominated Architecture (SDA) allows companies to leverage the **opportunities of digitalization** without increasing complexity.”

Digital Life 2025

Life is subject to constant change. New technologies arise, and old ones disappear. For most people, the things that vanish cause more trouble than new things do. Something else that changes is the pace of change. While current predictions still assume linear growth, the actual growth curve is rising exponentially. This means that the gap between forecasts and reality is continuing to widen. The future is “faster than real time.”

It all creates a feeling of insecurity about the future and forward-looking technologies. But we will continue to be flooded with these technologies – not because people want them, but because companies want to sell (new) products and turn a profit from them.



What sounds threateningly like science fiction for many will become normal in just a few years. There will be more trust in technology than in human judgment – for example, in the case of important medical diagnoses or clothing choices.

But what do these changes mean for the insurance company of the future?

As in many other industries, the standard line in insurance products is giving way to economy and premium pro-

ducts. Adaptive products are key here – those tailored to customers’ individual situations. The insurance company of the future will also be predictive: Rather than regulating claims, it will think ahead and offer tips on how to avoid accidents.

It is key to future success to see the “mental gap,” the unknown, as an opportunity and learn how to disrupt old routines.

Effective Cyber Security: What CIOs Need to Know

Along with continually advancing digitalization, threats posed by cybercrime are on the rise. Using the example of the 360° IT security framework by Allianz, Dr. Ralf Schneider explains what effective security depends on.



Dr. Ralf Schneider, Group CIO, Allianz SE

Cyber Security is Key to Digital Transformation

Companies today have to protect themselves from the huge threats posed by cyber crime. A quote from Sun Tzu, a general in 5th-century B.C. China, explains it best: “If you know the enemy and know yourself, you need not fear the result of a hundred battles. If you know yourself but not the enemy, for every victory gained you will also suffer a defeat. If you know neither the enemy nor yourself, you will succumb in every battle.” Applied to the digital world, this means that every company must know how secure it is in the digital world and who the potential attackers are. The six most important points of attack in cybercrime are:

- Email
- Web browsers
- Web-based business applications
- Mobile computing and remote access
- Insider threats and corrupted accounts
- Software purchases and use of open source software

“Ultimately a tiny snippet of code of just a few bytes in trillions of lines of code are enough to crack a system.”

To protect themselves from threats, companies have to invest in safeguards for their data and systems, but above all in people who can develop protective software solutions.

Allianz shows what a secure firewall can look like with its 360° IT security framework comprising seven protective shields:

1. **Prevention**, in order to test the performance capacity of a company’s security before others do it.
2. **Detection systems** to detect threats.
3. **Threat intelligence** to screen indicators of compromise in system memory.
4. Highly professional **incident management** in the event that the worst-case scenario has already occurred.
5. **Active defense** to scare off hackers with effective defenses.
6. **Shared solutions** to develop solutions such as encryption systems together with partners rather than relying on protection from the provider’s end.
7. **Cyber insurance** that covers the cost of data recovery, reinstalling processes or repairing reputation.

Strategies for Transitioning to the Digital World

Is digitalization in the insurance industry a transformative or a disruptive process? And what strategies and technologies can companies use to future-proof themselves? These are the questions that the panel discussion – always a highlight of inscom – revolved around. Participants agreed that understanding customers, shifting the focus more consistently toward them and in particular having a strategy and business model that narrow the focus of new technical opportunities are more important than the technical aspects.

“We are experiencing a transformation with heavily disruptive elements because new market players are changing the order of the insurance sector,” says Ralf Engelschall, Head of msg Applied Technology Research, summing up the question of transformation or disruption in the insurance industry.

Dr. Ralf Schneider believes that, in the digital future, the existing world of insurance will be replaced by something entirely new. The Group CIO of Allianz SE says there are three transformation strategies necessary for insurers to prepare themselves for this future: A strategy to modify and update the business model. A strategy to identify new potential. And above all a strategy for the right timing: When should you invest in which strategy – and with how many resources?

But how to develop strategies and make decisions if you have not yet decided where you are headed, your data quantities are huge, and your options are not clear? Mario Krause, Member of the Executive Board of Talanx Systeme AG, recommends a clear focus to gain control over floods of data. “We have to manage openness in the results. And because a broad-spectrum antibiotic will not work, we will need to focus on pressing forward with certain issues.” To do so, his company relies on small, agile “speedboats” that identify new approaches. Bob Cummings, Senior Vice President of IBU Insurance, SAP SE, agrees that a clear focus is indispensable: “Insurers have to concentrate on what they really do well and become part of an ecosystem.”

But above all, anyone who wants to use big data to gain a competitive advantage needs cognitive systems that will help them understand significances and thus – ultimately – clients and customers, enabling them to

develop products and services that will benefit both customers and the insurer itself.

That’s why Stefan Riedel, vice president of the Insurance Industry Unit at IBM DE/AT/CH, believes IBM Watson and its likes will become increasingly essential to the insurance industry.

But how do insurers recruit employees with whom they can push ahead with digitalization and achieve digital excellence? John Connors, CIO of General Reinsurance Corporation, urges insurers to get past obsolete structures and working styles in order to create an environment that attracts young, talented individuals. Dr. Ralf Schneider, on the other hand, banks on finding these people in his own company, rather than in the marketplace: “We have to leverage the strengths of employees and give them the chance to work autonomously,” he says. “After all, good people attract good people.”



“It would be wrong to just be driven by technology. Technology is supposed to inspire us.”

Ralf S. Engelschall, Head of msg Applied Technology Research, msg

“We need cognitive IT systems because they can handle our non-deterministic – that is, chaotic – world. Our current rule-based systems can’t do that.”



Dr. Ralf Schneider, Group CIO, Allianz SE



“In digital transformation, timing is key.”

John Connors, CIO, General Reinsurance Corporation



“The world of insurance is undergoing radical change: While the basic business model remains, the services and products have to become more personalized and piecemeal.”

Mario Krause, Member of the Executive Board of Talanx Systeme AG



“We must finally remove the glasses of the old product-based universe.”

Bob Cummings, Senior Vice President, IBU Insurance, SAP SE



“The future model for success calls for collaboration, sharing what we’ve learned, and supporting one another.”

Stefan Riedel, Vice President, Insurance Industry Unit, IBM DE/AT/CH

“Just because it’s always been done that way in the past doesn’t mean it’s bad. It’s a matter of trimming the correct outdated practices.”

Jörg Rippchen, Project management,
arc innovations GmbH & Co KG



GoSMART – Introducing P&C Factory at Gothaer

As part of its realignment with the GoSMART project, the Gothaer insurance group has launched P&C Factory from innovas for its commercial segment. Unlike with previous IT projects, Gothaer’s IT division (GoSys) did not develop the system, but instead acted as an integrator. Along with the advantages it gained in terms of standardization, process efficiency and the ability to remove obstacles between product definition and implementation, the project yielded several additional takeaways: When it comes to change processes within the context of digitalization, it is a matter of trimming the correct outdated practices, not simply doing everything differently.



Dr. Barbara Stoth, Managing Director, Braunschweig IT GmbH, Öffentliche Versicherung Braunschweig

Customer Focus in the Real World AND Online

Öffentliche developed its own response to digital transformation – Offensive 2030, a farsighted vision and an innovation process built to last. Digital support in the Processes & Service, Sales & Advisory and Branding & Image departments is a key element with added value for customers, advisers and the insurer itself. Among other things, digital support covers new products, mobile consulting and customer service. Öffentliche uses a portal to connect with its customers and offers fully integrated data exchange platforms for vehicle repair shops. A single sign-on to the broker portal and deep links allow communication with brokers.



“We will be as strong in the virtual world as we are in the real one.”

Markus Rehle, Member of the Executive Board, HDI Versicherung AG

Digital Auto Insurance Product with hybris

About 40 percent of auto insurance customers are ROPO (research online, purchase offline) customers, and that is a rising trend. To satisfy these customers, insurance companies have to adapt products, pricing, services and channels to customers’ needs and give customers an end-to-end digital experience, rather than offering silo-based solutions. HDI is using the HDI 4.0 transformation solution and the SAP Hybris e-commerce solution to overhaul its new business activities. Four key factors are essential to success:

1. Big data and data analytics form the basis for tailored products and services
2. Digital sales that respond flexibly to changes in the customer base and market
3. Highly automated back end to accelerate processes
4. Self-service portal to handle existing business, cross-selling and up-selling efficiently



“Our HDI 4.0 transformation solution will be making us a leading digital insurer.”

Rolf Kranz, Head of Solution Consulting,
msg systems ag

msg News on P&C

“Interconnecting innovative products and services into a new digital world is crucial for the digital success of insurers.”

msg uses the Insurance Suite to provide insurers with a package solution that provides perfect support for their digital processes. For example, the P&C Factory maps all subject-matter knowledge and facilitates the development of innovative products and services specific to the market and the customers.

I-Digital helps insurers, customers and partners interact and communicate, making processes like reporting claims possible in an automated, seamless and end-to-end routine. The Internet of Things Analyzer (msg.IoTA) allows IoT data to be evaluated analytically and predictively.



IV-PBeaKK 4.0 – Implementation of a New Core System at Postbeamtenkrankenkasse



IV/PBeaKK, the core system at PBeaK – provider of health insurance for Germany’s postal employees – dates from the 1990s and no longer meets the need for automated processes, black-box processing, digital communication or interconnectivity. To lay the groundwork for developing and interconnecting digital health insurance products and services, especially in e-health, PBeaK has started updating its core system. By implementing Health Factory, a market-tested standard product from Insurance Suite, the insurance provider has been able to reduce the complexity of the application landscape considerably, thereby cutting costs.

Milenko Radic,
Managing Director msg life Central Europe GmbH

Insurance Companies on the Move: Creating Value, Managing Risk, Acquiring Customers

Low interest rates, regulatory requirements and the high expectations of customers are forcing life insurers to ramp up their digital transformation projects to an enormous degree. msg.Life Factory offers them the perfect basis to do so. The tried-and-tested portfolio management system effortlessly adapts to the specific requirements of markets and customers, offers the latest actuarial and financial mathematics, and covers all processes, products and digital business models. Additionally, it allows for innovative investment products and services like customer self-service portals. The solution also equips insurers perfectly when it comes to group and multi-life business.



Maik Callies, Managing Director innovas GmbH

Health Insurance: News and Trends

Eine alternde Gesellschaft, die wachsende Zahl pflegebedürftiger Menschen und immer mehr gesetzliche Vorgaben stellen Krankenversicherer vor große Herausforderungen. Weitere Anforderungen, aber auch Lösungen, entstehen durch die Digitalisierung: zum Beispiel Wearables wie digitale Blutzuckermessgeräte, neue Produkte, Services und Kunden- bzw. Vermittlerportale sowie automatisierte Prozesse. Offene IT-Architekturen ermöglichen den Datenaustausch und die Vernetzung sowie neue Kooperationsmodelle wie die Beihilfe-Service-Gesellschaft. Darin haben mit der Anstalt für Kommunale Datenverarbeitung in Bayern (AKDB), der Consal Makler Service, der Global Side und der innovas vier Partner ihre Kompetenzen gebündelt und eine Plattform für moderne leistungsfähige Beihilfelösungen geschaffen – von Standardsoftware bis hin zu Full-Service-Angeboten.



Dr. Heinz-Peter Roß, Chief Executive Officer, Viridium Gruppe

Opportunities of Digital Processes for the Management of Life Insurance Run-off Portfolios

Viridium Group (formerly Heidelberger Leben Group) is the leading consolidation platform for life insurance portfolios in Germany. In order to operate its business model successfully and sustainably, the group relies particularly on the platform-based creation of standardized processes and standards (reverse alignment) – using msg.Life Factory as its core system. Viridium Group is employing it to lay the groundwork for an efficient, economical and service-oriented portfolio and policy management. In addition, the group is contemplating a web-based customer portal that is able to reduce process throughput times and increase customer satisfaction.



Dr. Alexander Bockelmann,
Chief Digital Officer and Head of Group IT,
UNIQA Insurance Group

On the Way to a New Digital Reality – How UNIQA Is Redefining Itself

In the process of transforming from an insurance provider to an integrated service provider, UNIQA has launched one of the biggest transformation programs in its history. To do this, the Austrian insurer is banking on optimizing its core business and expanding its digital expertise and partner systems. The insurer is also creating new business models and services such as a cutting-edge customer portal and health apps that create new experiences for customers. To optimize its digital operations, UNIQA is using key technologies like machine learning and, in particular, a new insurance platform that significantly reduces the complexity of the process and IT landscape.

“Digitalization is not a plan or a project – it has to be rethought and redeveloped again and again.”

John Connors, CIO, General Reinsurance Corporation
Liz McMahon, Facultative Business Project Leader,
General Reinsurance Corporation

msg.PUMA: Our Journey

To create the technological basis for its transformation into a digital reinsurance company, General Reinsurance Corporation standardized its IT landscape and now systematically draws on SAP and Microsoft solutions. As part of this transformation, the company is cooperating with msg to develop the Professional Underwriting Management Application (msg.PUMA) as a standard product for facultative reinsurance. It provides Gen Re with end-to-end integrated processes and uniform database and policy structures regardless of the insurance class in question. An integrative approach to technology, people and processes, along with clearly defined objectives, distinct roles, established methods and a defined scope, are all key factors in the success of this development, transformation and integration project.



“A shared vision, clear roles and a defined scope are elementary preconditions for successful IT projects.”

Tobias Berens, Head of IT,
Grundeigentümer Versicherung VVaG

SAP for Insurance & hybris –
Cornerstone for the Digital Insurer?

Today, the core IT systems of insurance companies are often the bottleneck when it comes to dealings with digital customers. To counter this problem, Grundeigentümer Versicherung relies on the marriage of SAP Hybris Commerce with SAP for Insurance. As part of a pilot project based on these two platforms, the application and policy issuance process was automated for two business lines on the direct customer portal. In the wake of their positive experiences, the remaining lines are being implemented with customer self-service, including the claims reporting process. In addition, broker portal functionalities are also being specified. The objective: A uniform portal on a uniform technology platform gives Grundeigentümer Versicherung the best starting conditions for a successful digital business.



“With SAP for Insurance and SAP Hybris Commerce, we are creating the basis for our future as a digital insurer.”

Dr. Uwe Hommel, Executive Vice President
Digital Business Services SAP SE

Business Transformation Based on
SAP’s Next-Generation Insurance
Platform

“Many changes have already
taken place in China
and India and will reach
Europe next year.”

To achieve digital excellence, insurers need end-to-end solutions helping them focus on customers, develop innovative products and business models and manage profitability, risk and compliance. Often, a look at Asia is worthwhile as it enables the better assessment of future trends. Already today, smartphones there are handling a multitude of everyday transactions. Mobile devices are also being used for payment – customer self-service is taken for granted. The Next Generation Insurance Platform (a project solution based on SAP for Insurance and other SAP solutions) offers fully integrated, automated solutions for successful digital transformation in order to meet changing customer demands worldwide.





“Cooperative projects with insurtechs are key to **successful survival** in the digital world.”

Frederik Wulff, General Representative, Markel International Deutschland

Insurtechs – (How) Are They Changing the Insurance Industry?

The digital insurance customer has high expectations for products, customer service, information and communication. Insurers are responding – but in many cases, very slowly. Agile and flexible insurtech companies with innovative business models are rushing to fill this gap and are gaining ever more market share. As long as traditional players concentrate on their internal processes rather than on the needs of their customers, the fear of disruption is well-founded.

The value creation mechanisms of these innovative start-ups are not yet extensive enough to challenge the very foundations of the industry’s business model. Even so, insurance companies must focus much more heavily on expanding their digital sales channels and innovative products and services – and in doing so, rely on cooperative arrangements with insurtech companies.

Peter Umscheid, Co-CEO, msg global solutions ag

msg News on SAP for Insurance

Customer centricity with omni-channel customer experience, usage-based products that are easy to understand, and partnerships with interconnected service providers are key success factors for the insurance business of the future. To ensure them, SAP offers a complete end-to-end solution that covers all areas, from front to middle to back office. msg has the world’s largest pool of SAP for Insurance experts and supplements the market-tested SAP platform with new standard products, such as Financial Service Accelerator on Hybris Commerce or the Insurance Analyzer product family. In doing so, msg supplies complete innovation projects with a factory approach and supports insurers in developing new business models with the Insurance Innovation Lab.



“Our strategy: Enhancing and supplementing the SAP insurance solution with our industry expertise by providing services and add-on products.”



Dr. Thomas Rodewis, Head of Digitalization, Versicherungskammer Bayern
Mascha Minou Lentz, Associate Partner, IBM Deutschland GmbH

Dawning of the Cognitive Age with Watson Technology – Down to Earth: A Sample Project at VKB

Responding faster and better to customer concerns, streamlining customer service – by using Watson from IBM, Versicherungskammer Bayern (VKB) consistently places the customer front and center. The cognitive system is able to evaluate even unstructured data, for example from customers’ letters or accident reports. Filled with the appropriate data, the adaptive system identifies expressions of dissatisfaction over time and assigns specific categories to them. Watson even understands irony and can read between the lines. Now that the pilot project has reached a successful end, Watson is being implemented in the complaint management and quotation departments of the health, property and casualty and life insurance business lines. The cognitive technology is also slated to be used for further applications in knowledge management.



“Watson helps us to put the customer front and center and improves customer retention rates.”



“We use cognitive technologies to face the challenges of the transformation to customer centricity.”



Patrick Boscher, Financial Crime Technology Coordinator, Allianz SE

Financial Crime Systems

As regulatory requirements increase in complexity, insurance companies' compliance risk increases too, rendering intensive and far-reaching due diligence audits indispensable. However, popular financial crime solutions often are not enough to meet the threat. For better protection, companies should therefore invest more resources in effective and efficient financial crime technologies and particularly in regular testing. These systems should be able to link different data sources (such as blacklists), provide intelligent analytics tools and guarantee better data quality.

“Only regularly tested and maintained systems help companies to meet regulatory requirements effectively and efficiently.”

Walter Rieger, Principal Program Manager, Front Office Program, Allianz Global Corporate & Specialty SE

Front Office Transformation – AGCS Leverages Pega 7 to Renew Front-Office Applications

Improving transparency, data quality and time and cost efficiency, as well as responding to customer inquiries more quickly – those were the goals that prompted Allianz Global Corporate & Specialty (AGCS) to launch CUBE (Central Underwriting Business Experience), a global transformation project, and establish an end-to-end solution for underwriting based on Pega technology in 2014. The globally standardized application now supports the entire underwriting process and plays an important role in improving efficiency and customer service and in generating further growth. The positive experience led AGCS to launch another Pega project. The aim of CLAWS (Claims Workflow System) is to optimize the company's end-to-end claims process.



“Integrating internal business users is very time-consuming, but sophisticated products with a high degree of customer acceptance make it well worthwhile.”

Dr. Michael Bartl, CEO, HYVE – the innovation company

Internet 5.0: Machine-Human Understanding

In the TAWNY innovation project, HYVE is developing an Internet of Things (IoT) service that can interpret human feelings and give machines some “emotional intelligence.” In other words, they “understand” emotions like stress, happiness, fear and attentiveness and respond appropriately. It is all based on physiological data gathered by wearables. Effective computer technologies use machine-based learning algorithms to compare this data with stored attributes of emotional states and classify them as needed. For example, TAWNY enables improvements in the workplace, intelligent cars, personalized insurance quotes and personal health applications that can enhance individuals' quality of life.



“TAWNY links current trends like big data, artificial intelligence, digital products and smart robots for a human-centered Internet of Things.”

Jacques-Etienne Grandjean, Vice President Sales, Enterprise EMEA, HERE

Sven Roehl, Executive Vice President, msg global solutions Canada

How Location Intelligence Enables Insurance Solutions in a Digitally Connected World

HERE is using its cloud-based Open Location Platform to enable intelligent insurance solutions for a digitally interconnected world. The company transforms data from devices, vehicles, infrastructures, maps and other sources into real-time local services. Insurers can utilize the collected information for innovative insurance products and services. For example, data on road behavior or especially accident-prone areas can be harnessed for usage-based auto insurance rates, for service apps to improve road behavior or for roadside assistance services in the event of emergencies. The location intelligence services from HERE supply the msg IoT Analyzer with valuable location information for the Internet of Things so that it can develop behavior-based rate models and better assess trends and risk.



“By viewing the world from the perspective of the location, we help people and businesses navigate their environment more safely and efficiently.”



Shared Success in Global Business

More efficient and effective digital processes in the global industrial insurance and reinsurance business, from quotation to settlement: This is the credo of a cooperative effort between Ruschlikon, ACORD and London Market Group.

The panel discussion on the topic of (RE)insurance featured an excellent lineup: Bill Pieroni, President and CEO of the standards organization ACORD (Association for Cooperative Operations Research and Development), Dietmar Meyer, Head of Technical Accounting at Munich Re and member of the Ruschlikon steering committee, and Joe Dainty, Global Head of Operations at Lloyd's and member of the Target Operating Model (TOM) steering committee of London Market Group (LMG), presented their cooperative efforts to update and digitalize the global industrial and reinsurance market. The presenter for the event was Régis Delayat, Group CIO of SCOR and chairman of Ruschlikon.

Ruschlikon, the global initiative of the reinsurance and industrial insurance business, has developed a cooperation model based on cutting-edge digitalization technologies. This model helps companies to draw maximum benefit from the potentials for efficiency and added value. As Bill Pieroni emphasized, "ACORD uses shared standards for data and key information to make end-to-end business processes possible along the length of the value chain."

Thanks to these standards and automated, cross-company best practice processes, participating businesses are able to lower expenses and costs as well as speed billing and claims processes, including cash flow. "What is more," says Dietmar Meyer, "we at Munich Re are using standardized processes and a global IT system to mitigate operating risk and improve data quality."

Another key partner is London Market Group (LMG), which has developed a Target Operating Model (TOM) as part of its sweeping modernization process. The aim of the model is increased efficiency and simplification of the London market, which focuses on global business. The global ACORD data standards are also used for risk

distribution. "In the London market, the collaboration with ACORD and Ruschlikon provides us with improved efficiency and therefore attractive conditions for market players on the global level," Joe Dainty explains in summary.

The shared journey of the panel was well-received by the audience – listeners from across the globe expressed interest in joining. "Operational excellence and digital transformation are not simply an important issue for individual companies; they also play a key role in the general collaboration between insurers, brokers and reinsurance companies. This is why all market players should invest in efficient processes and join the Ruschlikon initiative," Régis Delayat concluded.

Automated Processes, from Quotations to Self-service

The msg.Insurance Suite is msg's modular package consisting of components and services for end-to-end digital processing of all processes in the direct insurance business. One showcase at inscom gave an impressive demonstration of how the platform can benefit clients, sales staff and the back office.

msg.Insurance Suite offers insurers a holistic solution platform for all essential front office and back office functions along with analytical tools for all insurance divisions. The innovative, component-based all-in-one system facilitates the end-to-end digital processing of core business processes. msg.Insurance Suite has set new industry-leading standards, and can be individually customized to meet any insurer's needs.

The solution consists of independent, pre-configured standard software components that can be used individually or combined at will and seamlessly integrated into the insurer's IT landscape. The core systems msg. Life Factory, msg.Health Factory and msg.P&C Factory provide the insurance company with extensive support when dealing with the challenges specific to each division. Standardized cross-components can be integrated for use across divisions. This means significant cost

advantages and lower insurance expenditure for implementation and long-term releases management. Individual sub-components and services with high levels of pre-configuration complete the offer in a flexible and individual way.

msg.Insurance Suite meets all the strategic requirements essential to a future-proof application landscape. Product-centered processes and dynamically configurable models guarantee that products can be structured with maximum flexibility. What's more, the portal solutions included were designed responsively and are therefore optimized for all mobile terminal devices, among others. This is how msg.Insurance Suite is paving the way for digital insurance.





Innovative Solutions for Customer Focus, Collaboration and Customer Experience

Specific solutions and sample implementations that deserve the name of “Digital Excellence”: Experts at the inscom Digital Excellence Forum presented current showcases that demonstrated in a striking manner how the existing world of insurance can be united with the digital world – and what opportunities developments such as cognitive computing, integrated cloud and IoT solutions or the SAP HANA platform can present.

Dr. Matthias Quaisser, und Alexander Schäper, Cognitive Solutions Team Insurance IBM, IBM Deutschland GmbH

Cognitive Services for Insurers

Cognitive computing is already available to insurers in all segments of their value chain. Areas of application include marketing and distribution, contact and call centers, sentiment analysis and analysis of social media, image recognition, optimization of claims/benefits and underwriting. Many insurers are already using the cognitive services from IBM, easily available through an API.

Ingo Gringer, Head of Center of Competence Input/Output Management and Portals, msg

Customer Focus the Smart Way

This showcase focuses on the needs of the customer. As an example, it highlights the integration of social networks in order to purchase household contents insurance “on the couch.” The policy will be issued automatically and created in the Insurance Suite portfolio. The story showcased combines a contemporary user experience system with insurance-specific processes and SOA/non-SOA infrastructures. Cutting-edge services from the areas of cognition (IBM Watson), input management (Insiders), output management (kühn & weyh), digital signatures (is2), pricing and inventory (msg) and encryption (eperi) in a cloud solution (IBM) are integrated on a cloud basis.

Michael Thaler, Senior Project Manager Solution Consulting, msg
Matthias Wenzl, Managing Director & Partner, CAWECO GmbH

msg.BPC – Integrated Business Partner Compliance

International sanctions and laws against corruption, money laundering and financing of terrorist activities present entirely new challenges for insurance companies when it comes to collaborating with business partners and claimants. msg Business Partner Compliance (msg. BPC) integrates a fully automated system for identifying and verifying corporate information, thus simplifying integrity checks on business partners.

Louise Cooke, Managing Director, NEXONTIS Consulting GmbH

Real time Profitability and Solvency Management

SAP Performance Management makes it possible for companies to access profitability and creditworthiness information in real time, which allows them to better understand how their business is changing: Taking the form of a native HANA solution, it helps insurers to simulate profitability and creditworthiness in detail. An easy-to-use interface and the latest integration technologies allow insurers to integrate the tool into their existing system landscape at minimal expense.

Karsten Fiolka, Senior Solution Specialist, Research & Innovation, IBU Insurance, SAP SE

Increase Customer Satisfaction and Generate New Revenue Streams with IoT

Insurers have to offer more than the most cost-efficient products possible and a smooth claim settlement. Above all, they have to place customers in their focus – and that is why positive customer experience is key. The SAP HANA cloud platform provides a basis for new IoT technologies and devices on both the back and the front end. An example showing a customer in his “connected home” makes clear how insurers can adapt their business models and improve their service quality in order to generate maximum customer loyalty.

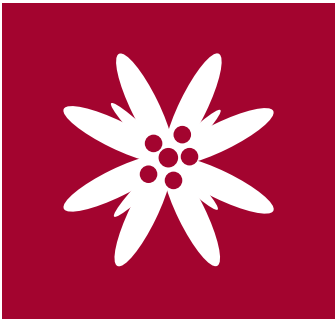
Sven Röhl, Executive Vice President, msg global solutions Canada

Digital Excellence in Action! IoT-based Loyalty Program for Digital Customers

Rewards programs, which give customers more control and feedback, are taking the world of digital insurance by storm. Using examples from the areas of health, life and auto insurance, the showcase demonstrates how insurers could analyze IoT data on the basis of the msg IoT Analyzer – winner of the 2016 SAP and HERE IoT Apps Challenge – and mine it to develop their own Internet of Things portfolio.



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