Innovation and Agility
The Key to Survival
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Contents

► Digital disruption is changing the game

► How to reimagine and activate breakthrough innovation & agility

► Establishing a culture of innovation & agility
Ideas are scary
“It’s **not the strongest** of the species that survives, nor the most intelligent that survives. It is the one that is most **adaptable** to **change**.”

Charles Darwin
Reimagine to compete in a digital economy

“If you go to bed tonight as an industrial company, you will wake up tomorrow as a software company”

Jeff Immelt
Speaking at the 2015 Gartner IT Expo – October 2015
Adapt and compete at the speed of change

“It will become a digital world that will change our life, our health, our education, our business models at the pace of a technology company change”

“Don’t underestimate your competitor of the future – not your competitor of the past.”

“Either we disrupt or we get disrupted.”

John Chambers
Speaking to 25,000 attendees/customers at Cisco’s annual conference, Cisco Live – June 2015
Digital impacts companies in all **sectors** and across all **functions**

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<td>has demolished 52% of</td>
<td>of the Fortune 500 since 2000</td>
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<tr>
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<td>(Constellation Research)</td>
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<td>2000</td>
<td>52%</td>
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Fostering a culture of agility and innovation
Gartner predicts that the future is all digital

1. By 2018, 20% of all business content will be authored by machines.
2. By 2018, more than 3 million workers globally will be supervised by a "roboboss".
3. By 2018, 20% of smart buildings will have suffered from digital vandalism.
4. By 2018, 50% of the fastest-growing companies will have fewer employees than instances of smart machines.
5. By 2018, customer digital assistants will recognize individuals by face and voice across channels and partners.
6. By 2020, autonomous software agents outside of human control will participate in 5% of all economic transactions.
FinTech is bringing disruption to the financial ecosystem

### Wave 1: Current innovations

**Deposits & Lending**
- P2P lending
- Crowdfunding
- Money management tools

**Investments**
- Engaged investing
- Visualisation tools

**Insurance**
- Social Insurance
- Wearables

**Payments**
- Integrated payments
- Contactless payments

**Enterprise**
- Cybersecurity
- Big data analytics
- Compliance monitoring

### Wave 2: Future innovations

**Deposits & Lending**
- Open data
- Identity Management
- Financial inclusion

**Investments**
- Algo advice
- Internet of Things
- Autonomous vehicles

**Insurance**
- Smart contracts

**Payments**
- P2P payments
- Off-rail payments

**Enterprise**
- Blockchain
- Social Insurance
- Wearables
These innovations will fundamentally reshape the insurance industry

» There are now c.4000+ FinTech startups around the globe

» FinTech firms have their sights set on virtually every aspect financial services

» Global investments in FinTech increased from $4bn in 2013 to $12bn in 2014
What can we learn from FinTech?

Digital is a **way of being** and operating, not a thing

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*EY analysis of top performing FinTech firms based upon available missions, strategies, and product/solution descriptions available on public websites.*
The question should not be...what is YOUR digital or innovation strategy?

Instead...
What is YOUR business strategy in the new digital world?
So where does Agility and Innovation fit
Customer centricity --- the heart of innovation
Customer centricity --- the heart of innovation

Brand Centric

Customer Centric
The new insurance customer: Reacts emotionally – simplicity is key!
Digital Success Stories
Digital trends and leading practices
A number of new and disruptive business models are emerging from the digital landscape

Key digital trends in insurance
► **E-commerce** (web/mobile life and health sales portals)
► **Customer servicing** (online claims, fund operations, pre-approval and claim status check)
► **Online financial advice**
► **Mobile payments** (especially for missed payments)
► **Wearable technology** (e.g. smart watches or fitness trackers)
► **Robotics** (e.g. for automated / back office processes)
► **Drones** (claims and disasters)
► **Live / chat access to doctors, etc.**
Digital trends and leading practices (Life)
Haven Life (Mass Mutual) - US

Reach new segments: Millennials
Digital trends and leading practices (Health)
AIA - Singapore

Access to discounts on health insurance linked to accumulated ‘Vitality Points’

Embrace wearables and ‘Pay-as-you-live’ insurance
Digital trends and leading practices (MENA)
BUPA Arabia - KSA

Improve the customer experience and reduce costs
Fostering a culture of agility and innovation

Simplify products and messages

Source: www.metrolife.com
Berkshire Hathaway (Air Care) – US

Integrate with external data systems to identify when customers need you… and help them proactively

Source: AirCare website and image from Forrester
Fostering a culture of agility and innovation

The Climate Corporation – US
(Sold business to AmTrust)

Weather Happens

The Climate Corporation monitors the weather locally, using weather stations, radar & satellites.

Get Paid Automatically

So if a covered weather event occurs, The Climate Corporation automatically sends payment to you.

Know your customer’s pain points and simplify the process for delight

Whether an ideal year or a shortfall year, you meet your profit goal.

No claims
No adjuster
No waiting for payment
Biometrics is a way to reduce fraud **while** improving the customer convenience.

Source: [www.usaa.com](http://www.usaa.com)
Kroodle by AEGON – The Netherlands

- Kroodle is Aegon’s insurance brand for the tech & social savvy new generation.
- Customers can connect and receive services through their social networks.
- Examples of products are home, college, liability, gadgets and scooter insurance.

Source: https://www.kroodle.nl/
First Direct Bank – UK

• Digital conversations about your brand are already happening. Why not taking the lead of the dialogue?
• Provide customers with a space to have an open dialogue with you
Digital trends and leading practices (GI)
Barclays Blue Prism – UK

Robots improve customer experience and decrease cost
Mobilizing Social Care
The call conundrum

Customers prefer online service to the phone channel and actively avoid calling a customer service number.

However…

Customers feel forced back to the phone when:
- They don’t know that their needs can be serviced online.
- Online service doesn’t meet their needs (slow, incomplete)
- Customer journeys are not optimized for web self service
- They feel that their issue is too complex

Source: https://www.zendesk.com/resources/searching-for-self-service
In June 2015 SocialBankers reported that approximately 80% of all questions people ask businesses on social media are happening on Twitter\(^1\). Why? Customers feel that companies are more inclined to react when the question or complaint has a chance of going viral. Insurers are jumping on the bandwagon too. MetLife and AIG both have around 27K followers…

\(^1\) [http://www.wired.com/2015/08/twitter-will-lose-fight-become-1-800-number-web/ August 6, 2015]
WWF took advantage of the fleeting nature of Snapchat to illustrate just how easy it is to lose a species. The campaign reached 40,000 tweets and 120 million timelines in just a week and WWF exceeded their monthly donation target in 3 days after launching the campaign.
ALS Ice Bucket Challenge campaign raised the awareness and caring for ALS disease patients through competitiveness, social media narcissism, and low barriers to entry.

The campaign has led to:
• more than 2.4 million tagged videos
• Since July 29, 2014, ALS association has raised over $220 million in donation, compared to previous year’s $5M.

The path forward: Innovation
Innovation is the art of making hard things easy and creating new viable business offerings.

- **Identify problems worth solving**
- **Build the full ecosystem necessary to fully serve the needs of customers**
- **Develop disruptive business and operating models**
- **Design a delightful experience that changes the life of the customer for the better**
Agile innovation is different

Traditional innovation

- Varies
- Low to medium
- Low to medium
- Rigid and directed

Agile innovation

- Low to medium
- High; accepts change even late in the project
- High
- Fluid and self-organizing

Cost Implications
- Low to medium

Leadership - acceptance to change
- High; accepts change even late in the project

Collaboration outside of firm
- High

Project Planning and Management
- Fluid and self-organizing
Everybody is an innovator. Leverage collaboration to build a culture of innovation.
Robust innovation is built upon six building blocks

Innovation is realized as:

**Strategies** that accelerate,

**Cultures** that stimulate, and

**Ideas** that activate growth
Fostering a culture of agility and innovation

EY's agile innovation flight map

90-day sprints
Even a hospital can innovate!
Can YOU articulate the same simple mission?

What you can expect from Tim Hortons in the next 5 years

- Unwavering focus on improving and delivering the ultimate guest experience
- Becoming one of the industry’s most consumer-centric, innovation-driven companies
- Leveraging technology for competitive advantage
- Tim Hortons "Wherever, Whenever, However"
- Disciplined management and execution
Do you “come to work each day willing to be fired?”

Do you recognize yourself?

- Lack of humility?!
- Tendency to over promise and under deliver?!
- Ignoring checks and balances?!
- Keeping things to yourself?!

….these are all characteristics of a successful innovator!
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