



vmware®

The Future of Data-Driven Insurance

How to transform and drive a sustainable competitive advantage through adopting a cohesive hybrid technology stack, enabling the strategic use of data across internal and external sources

Contents



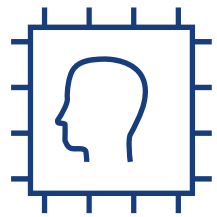
INDUSTRY TRENDS

Insurance at a crossroads

Five ways the insurance is changing in 2023

The insurance sector is on the verge of a seismic, tech-driven shift. [According to McKinsey](#), AI will enable a complete reimagining of the industry by 2030. Meanwhile, [Accenture reports that](#) 67% of insurance leaders think their current business models will change “beyond recognition” within five years.

Change is coming for traditional insurers and disruptive InsurTechs alike. Five key trends are combining to catalyze a data-driven revolution in the sector.



Shifting customer expectations

From corporate insurance buyers to retail customers, people today want to be able to get quotes fast, manage their policies via self-service portals, and process their claims rapidly online. Moreover, [Accenture research shows that](#) around 80% of customers are interested in personalized insurance products or services – and [seven in 10 would share](#) their personal data in exchange for lower premiums.



Intensifying competition

Faced with an ongoing cycle of economic uncertainties, insurers today find themselves at an inflection point. As a price-driven market, differentiation in the insurance sector requires data analysis, real-time insights for offering and pricing innovation, and cooperation within the digital consumer and payments ecosystem.

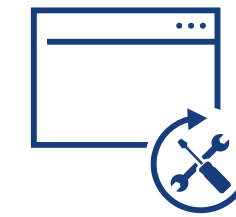
The latest [research from McKinsey shows that](#) insurers that have defined a clear source of distinctiveness that allows them to compete beyond prices are the most successful in this environment. Doubling down in areas such as digital transformation to develop these differentiating capabilities is a proven strategy for success.



Macroeconomic uncertainty

Economic turbulence, geopolitical headwinds, environmental challenges, and capital constraints are placing pressure on insurers’ operating models. [EY reports that](#) this cocktail of challenges has made business resilience a top priority for insurers in 2023.

Insurance leaders are accelerating plans to maximize cost efficiency and modernize processes to help their businesses navigate this shifting landscape. That means funding innovation, optimizing business processes, modernizing systems, and automating processes to enable operational efficiency and resilience.



Evolving risk environment

Insurance is the business of risk. But the processes many insurers use to measure and mitigate cyber risk, fraud, and climate risks are unsuitable for today’s turbulent and fast-moving business environment.

The volume and sophistication of cyberattacks continue to rise across the globe. A changing planet is impacting insurers’ ability to model and predict catastrophe risks. Pandemic-era digitalization of claims management means more effective fraud detection systems are vital for ensuring business efficiency.



The sustainability agenda

There is growing evidence that consumers want to do business with insurers that have strong records on sustainability. [One survey](#) following the COP27 conference found that almost half of consumers would pay more for insurance products from a sustainable provider. [Oliver Wyman reports that](#) the sustainability agenda evolved rapidly for insurers over the past 12 months. The management consulting firm expects to see a greater emphasis on net-zero transition planning in 2023.

INDUSTRY TRENDS

Why data-driven innovation is essential

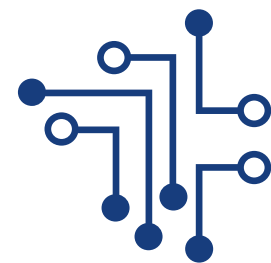
How insurers are adapting to industry changes and trends

Data-driven innovation holds the key to meeting the challenges the industry is facing head-on and establishing modern operating models fit for the future of insurance. This white paper highlights how insurers are implementing new technologies and data architectures in the following areas to streamline processes, enhance predictive models, and leverage analytical insights to make faster, better decisions.



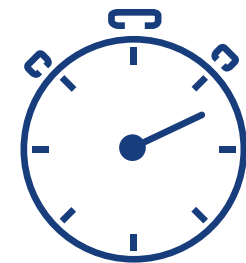
Enhancing customer experience

Insurers are developing innovative customer experiences to build, retain, and grow market share. They are creating seamless, multi-channel experiences that use advanced capabilities such as self-service portals and auto underwriting, as well as new products using IoT data.



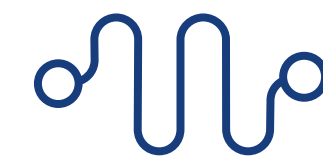
Technology modernization

Digitalization is straining legacy systems and encouraging insurers to embrace new technology platforms. Many are broadening their focus from risk and cost reduction to prioritizing experimentation with new business models, markets, and technology partnerships to drive innovation, competitive differentiation, and profitable growth.



Maximizing digital efficiency

Complex, multi-party workflows and siloed data cause inefficiencies, increased operational costs, and unhappy customers. Insurers are seeking to maximize the value and efficiency of their digital ecosystems and implement data platforms that drive better decisions and generate greater value for themselves and their customers.



Bolstering resilience and mitigating risks

Insurers are investing in tools to guard against cyberthreats and ensure compliance with ever-changing laws and regulations. They are also deploying advanced fraud detection systems to streamline claims management processes.



Implementing sustainable practices

Regulators and customers alike are pressuring insurers to implement more sustainable business practices. This includes increasing transparency and accountability in their governance structures, as well as working with governments to provide citizens with access to essential products (e.g. flood insurance).

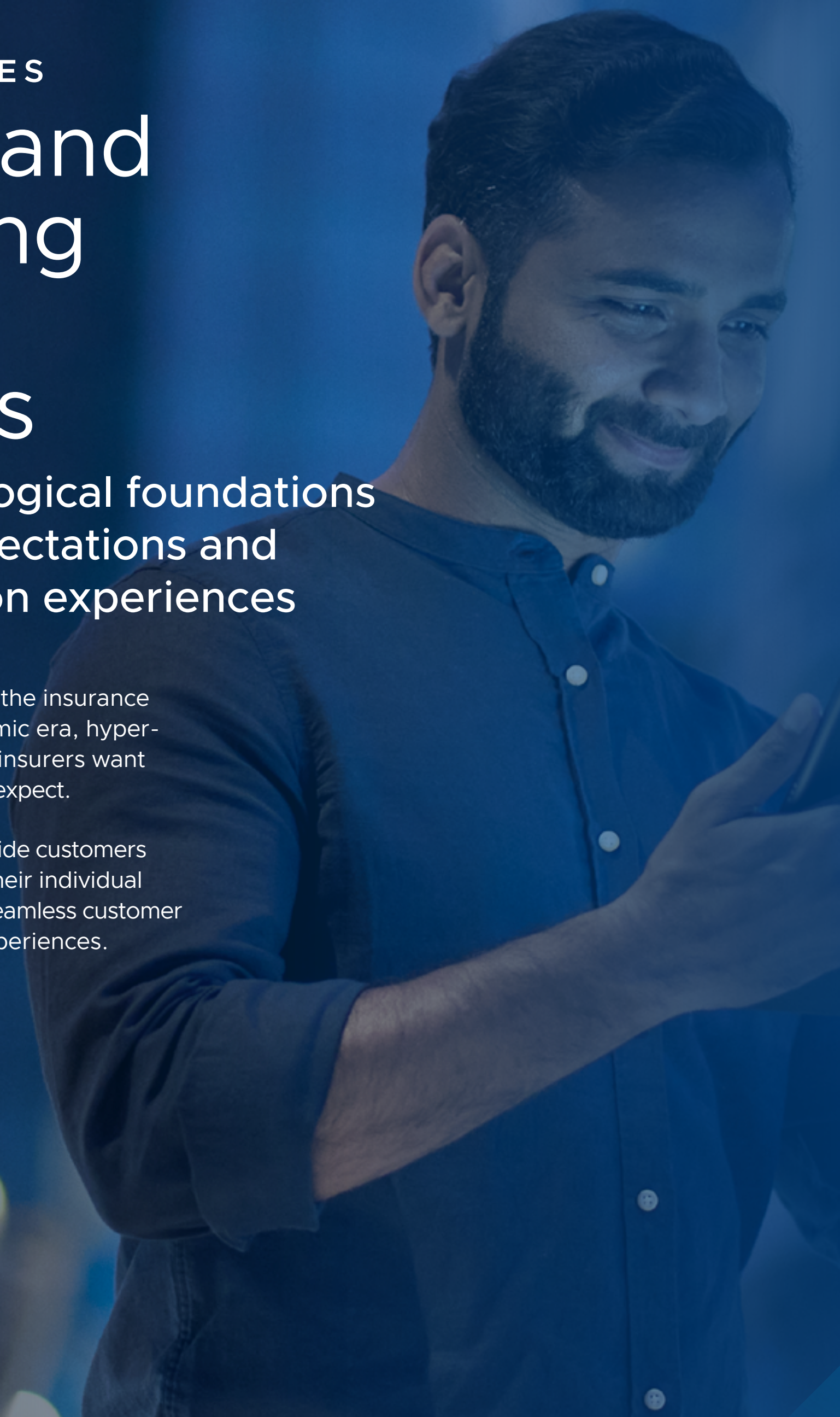
VMWARE CAPABILITIES

Enhancing and personalizing customer experiences

Providing the technological foundations to meet customer expectations and deliver next-generation experiences

Personalization has always been a goal of the insurance quotation process. But in the post-pandemic era, hyper-personalization has become the standard insurers want to provide and that customers increasingly expect.

This means using data and analytics to provide customers with rapid quotes and policies tailored to their individual needs and risk profiles, as well as crafting seamless customer journeys with connected, omnichannel experiences.



Two precursors for hyper-personalization

Realizing this vision for the future starts with unifying your company's data to facilitate advanced customer segmentation. It also requires the ability to leverage real-time data insights, adopt and integrate new data models swiftly, and deploy digital capabilities that provide tailored experiences to each audience segment throughout the customer journey.

Deliver advanced personalization capabilities

VMware Private AI helps organizations realize value from their generative AI initiatives faster while maintaining the privacy and control you expect for your sensitive data, whether it resides in a data center, public cloud, or at the edge.

Our integrated solution's DevOps automation and microservices orchestration streamline the development of AI-powered personalization capabilities, while our partners' MLOps capabilities enable the effective lifecycle management of these models in production. We also support app and service development through integrating our infrastructure seamlessly with leading AI platforms and other third-party providers.

Unify customer and operational data

VMware can provide a unified platform for managing and storing structured and unstructured customer and transaction data, securely handling batch and real-time processes. Through data integration and infrastructure solutions, we'll facilitate the seamless flow of data between CRM systems, data warehouses, and analytics platforms to enable customer segmentation projects.

87%

of insurance and financial services IT leaders believe modernizing their app portfolios is necessary for enhancing the customer experience¹

¹ [VMware & Forrester, 2020](#)

VMWARE CAPABILITIES

Responding to a changing risk environment

The foundations you need to enable better risk modelling, AI-powered fraud detection, and greater resiliency

The limitations of the insurance sector's approach to risk have been thoroughly exposed in recent years. Unprecedented events have rendered legacy models for quantifying risk obsolete, while digitalization has created new risk exposures for firms to mitigate and manage.

250%

The amount insured losses from natural catastrophes have increased over the past 30 years, with perils such as wildfires and storms causing an even faster rise in insured losses²

² FCA, 2023

VMWARE CAPABILITIES

Unlocking the flexibility and agility to scale

How a hybrid multi-cloud architecture built on cloud-adjacent infrastructure will enable your business strategy

Ensuring your underlying technology infrastructure is flexible and provides the agility you need to scale will prove vital to enabling your firm's data-driven future. An effective ecosystem will support cloud-native apps, enable the efficient migration of apps across clouds, empower you to spin-up and scale services in response to demand, and provide visibility into cloud and IT performance.

Support agile, multi-cloud data consumption

Streamlining data collection and aggregation from multiple digital sources will enable faster, better decision-making and may reduce costs significantly. As insurance leaders expand their firms' ecosystems to ingest data from new sources, the ability to rapidly combine information from across clouds and data stores will prove vital for enabling next-generation services and capabilities.

VMware can support this by helping your firm phase-out centralized data strategies and embrace a distributed, interconnected digital architecture. At the same time, our multi-cloud model can provide the flexibility you need to optimize your existing infrastructure for maximum efficiency, ensure systems run in the most efficient environment for each use case, and fully realize your business' performance potential across the value chain.

A multi-cloud approach is also the most effective way to access and manage the data that fuels today's AI systems. Many businesses want to harness data that is highly distributed, residing in on-prem private clouds, across multiple public clouds and at the edge.

Provide scalable, global infrastructure

Cloud technologies enable the scalability and business resiliency you need to achieve your digital transformation goals. But accessing the best technologies for your specific needs often isn't possible when you're locked into dealing with a single cloud service provider across geographies and business units.

That's why VMware specializes in enabling hybrid multi-cloud ecosystems that provide the right capabilities enterprise-wide. We also support operational excellence by enabling infrastructure auto-scaling to ensure service reliability, APIs to enable new offer distribution capabilities, and edge computing capabilities, so you can deploy resources close to the data sources they'll draw on.

Improving operational excellence

is the most frequently cited driver of technology investment decisions among insurance sector IT leaders³

³ [Gartner, 2023](#)

VMWARE CAPABILITIES

Streamlining operations to drive efficiency and impact

How to enable systems modernization, shortened development timelines, and robust AI governance

Your data and technology teams are at the front lines of insurance's data-driven revolution. They are critical to making the sector's AI-powered future a reality. So, arming them with the tools they need to drive efficiency and impact is vital. That means adopting a flexible, composable approach to technology development.

80%

The amount organizations that adopt a flexible, composable approach to technology development will outpace their competition by⁴

⁴ Gartner, 2020

SUCCESS STORIES

How we're enabling the data-driven insurers of tomorrow

Three success stories from the cutting-edge of insurance sector innovation

Enhancing risk management at Travelers

Commercial property insurer Travelers wanted to improve the performance of the underwriting model steering vital risk management processes. So, VMware conducted a two-week, 360-degree health assessment to identify what was causing the issues so they could be remedied. As a result, Travelers was able to improve the model's reliability and performance.



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How VMware supports Achmea's cloud-readiness

Dutch insurance provider Achmea wanted to reduce its IT environment diversity and unlock technological economies of scale to enable innovation and remain relevant to customers in a constantly changing market. So, the firm standardized its technology on VMware and Azure Cloud from Microsoft.

VMware Cloud Foundation provides a futureproof platform that allows Achmea to digitalize and innovate its activities and services, while supporting its cloud-readiness. The company's wants 80 percent of its apps to run in the cloud by 2025.

SUCCESS STORIES

How we're enabling the data-driven insurers of tomorrow

Three success stories from the cutting-edge of insurance sector innovation

Enabling greater agility and resiliency at Clal

Israeli insurance company Clal was looking for a partner and solutions that would enable it to be more agile, after an office fire exposed the limitations of its technology infrastructure. VMware achieved this by virtualizing key Clal data centers, implementing a disaster recovery solution, and enabling agile app development via the VMware Tanzu platform.



Let's talk

We're ready to transform your business into the data-driven insurer of the future



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