



## About Vaudoise Assurances

Vaudoise Assurances is among the ten largest private insurers in Switzerland. The company was founded in 1895 and offers high-quality consultations and products in all insurance segments and in pension benefits. It is represented throughout Switzerland by its many agencies. The Group has 1,650 employees, among them 100 apprentices and trainees. Vaudoise Assurances returns part of its profits to its customers in the form of a reduction in their premiums. In 2020, these reimbursements amounted to CHF 34 million.

### **About Jean-Daniel Laffely**

Born in 1965, Jean-Daniel Laffely graduated from the University of Lausanne (HEC), where he majored in Economics. He joined Vaudoise Assurances as Chief Risk Officer (CRO) in 2006. By 2009, he was leading the Finances & Investments department and was named Deputy General Manager in 2012. From 2017–2020, he also acted as Chairman of the Board of Directors for Berninvest AG and of Vaudoise Investment Solutions AG as well as being a member of the Board of Directors of Vaudoise Asset Management AG in Bern. Mr. Laffely was named CEO of Vaudoise Assurances in May 2020.



[FROM LEFT TO RIGHT]

**Jean-Daniel Laffely**, CEO, Vaudoise Assurances

**Jean-Marc Wicki**, Director, Insurance, Western Switzerland

**Thomas Schneider**, Partner, Head of Insurance

**Bobby Zarkov**, Partner, Digital Innovation Services

# From strategy to business model: accelerating the digital transformation of insurance

An interview with **Jean-Daniel Laffely**,  
CEO, Vaudoise Assurances

Jean-Daniel Laffely was appointed CEO of Vaudoise Assurances in 2020 as COVID-19 was spreading across Europe. He shares his thoughts on how the pandemic affected the decisions he took in his first days, as well as his view on achieving digitalization ambitions in the insurance industry.

From identifying transformation projects to giving them the best chances of success – and not being scared to fail – his experience can provide lessons for us all as the industry moves into its next phase of development.



## “Digital transformation is not only a matter of technology. It is also about having people with a forward-looking mindset.”

You became CEO just after the first wave of COVID-19 in Europe had begun. How did this influence your initial actions in your new role?

**Jean-Daniel Laffely** I really did not think that I would start my new role in such circumstances and that my first action would be to close our head office and agencies. But we were lucky that we had already equipped all our employees with laptops in 2018 as part of a smart-working concept. Within one day, we began working on a home-office basis. Important for me was that we not only organized remote meetings, however, but also coffee times and yoga lessons for employees' well-being. In the second wave, there was some weariness among our employees, which is why we decided at that time not to impose 100 percent homeworking. Employees could decide for themselves whether or not they wanted to come back to the office.

What are your take-aways from the first lockdown?

We learned many lessons, including the fact that people are very flexible when there is a matter of urgency. This flexibility is particularly high when clear guidance are given, and the mission is well defined. The second lesson is how quickly new technologies can be assimilated at home. This worked really smoothly for us.

This immediately created a trend – fueled by the media – that homeworking is great, and everyone should do it. In the past, an employee had to ask their manager if they could work from home, and it was at the manager's discretion to say yes or no. At Vaudoise, we are thinking about reversing the burden in our business in the future, when there is no lockdown, so that an employee gets one day per week of homeworking unless their manager says why this should not be granted. The homeworking day is therefore almost automatic, and additional homeworking days may be requested. While we put in place some KPIs to monitor productivity, homeworking is based on a principle of trust.

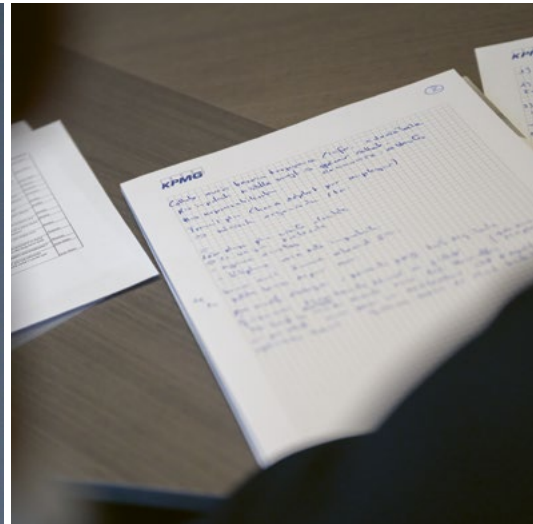
How has homeworking impacted communication between management and employees? And what about with your clients – have digital tools replaced personal contact?

I believe the main change affects middle management more than our employees. Middle management must be able to manage employees remotely, convey expectations qualitatively and, at the end of the day, change their working habits. And employees have the opportunity, even more than usual, to take more responsibility. I believe they want this. Let's assume that COVID-19 disappears – in tomorrow's world, the concept of employee empowerment will be even stronger, making work more interesting for both employees and managers.

Paradoxically, our clients prefer the telephone or more basic digital tools such as Skype and Facetime, as the human voice allows better interaction, so these means of communicating are still the best way for our salesforces. At least, this is what we experience at our organization, though we understand that some of our competitors and partners have seen a rise in more digital-based means of communication.

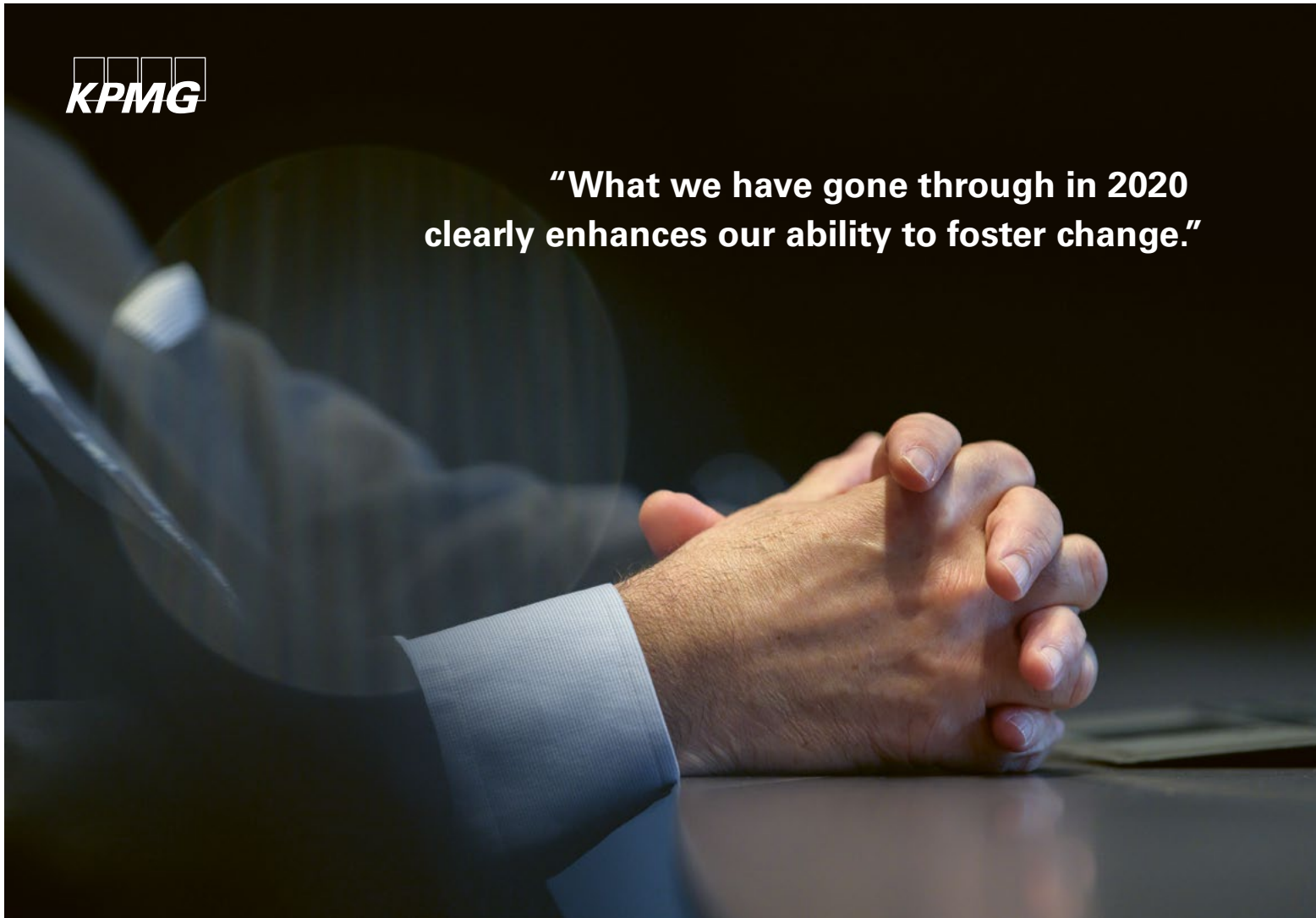
Has COVID-19 caused you to make any changes when you look more broadly at your strategic path?

We have not fundamentally changed our plans at a strategic level. There will be some delays, however, as it is inevitable that we may fall a bit behind on large projects. But what we have gone through in 2020 clearly enhances our ability to foster change in how our teams work now that everybody knows how to use collaboration tools. This will optimize working time and make things more efficient on major initiatives such as our digital transformation program. Our legacy system at Vaudoise needed transforming. We had already started a transformation project to change it in 2018. The pandemic did not change this need.



[TOP LEFT] Jean-Marc Wicki, KPMG  
[TOP RIGHT] Thomas Schneider, KPMG  
[BOTTOM LEFT] Bobby Zarkov, KPMG

**“What we have gone through in 2020  
clearly enhances our ability to foster change.”**



Do you feel that the pandemic has accelerated your digital transformation overall, and if so, in which areas?

It only partly has, because as I said before, we were already well equipped. We started our digital transformation two years ago. With regard to our digital strategy, redesigning processes is a crucial element. We must think in terms of client experience, not be too introspective. For instance, one of the first measures we took one and a half years ago was to ask the Executive Committee to prioritize the resumption of e-business in the motor vehicle segment. Vaudoise used to be one of the first in the Swiss market to be very active in this area. This is a good example of our true multichannel strategy where clients can choose their distribution channel and we must serve them in all channels with the same price, same look and digital first. These are the classic elements on the market today. Our vision of omni-channeling is that an advisor is available all the way, as we offer three variants according to clients' budgets. That is the basic strategy, then we can always switch to the expert model.

There are more than one hundred agencies in your distribution network – do you anticipate this model changing due to your digitalization initiatives?

I am often asked for my view on Vaudoise's distribution network in ten years. We believe a dense distribution network is still appropriate for our brand and for visibility in the market. It is not our intention to reduce the number of our agencies. The job description of agency employees has changed over the years, however, and will continue to do so. The number of advisors and the agency structure will adapt according to market conditions and needs, and some agencies will become specialists in particular subjects. The idea is to work smartly so we are serving our clients whatever their location. This is partly why we have done things a bit differently by regrouping agencies virtually instead of physically. We have a virtual call center for the whole of Switzerland, for instance, which allows us to be even more efficient in answering the one million calls we receive each year from our customers.

What do you see as the main challenges in digitally transforming the insurance industry more broadly, and do you expect business models to be widely affected?

For me, the number one challenge for the insurance sector is that we see start-ups being created that of course have no legacy. Vaudoise is not the only one in the Swiss market that must deal with legacy, needing to revisit many elements connected to old working processes before we can concentrate more on straight-through processing, which is critical going forward. There is also a challenge in understanding the client's needs. The usual, too technical point of view must be replaced by a more client-oriented perspective in order to make the client's life easier. This is extremely important to me, and I see a lot of optimization potential in this respect.

Finally, there is a lot of talk about ecosystems. Insurance companies need to be able to integrate insurance services into a larger model. This could involve start-ups, some of which have very good solutions for interacting with end-customers but are less good at long-term processing. That's why Vaudoise believes in partnering, so that we can take the best from each party and improve our clients' experience overall.

What steps do insurance companies need to take to be able to achieve their digital transformation ambitions?

You need to redesign processes before you can embark on a digital transformation project. It is a question of readiness. There must also be strong governance tools in place so that missions, roles and responsibilities are clear. Digital transformation is not only a matter of technology. It is also about having people with a forward-looking mindset. They must come from the business side in the broad sense and not simply look to repeat what we have done in the past. This is very important. And finally, we must be pragmatic. Today, at a governance level, the risk is to have too many discussions without anybody making a decision. A methodology is necessary to allow people to take responsibility. I would like to mention the notion of 'fail better'. Risks sometimes need to be taken, and if it doesn't work, we stop and improve things over time.



Automation holds significant potential when digitalizing the value chain, from the first client contact through to paying out on a claim. How is Vaudoise addressing this?

There is already optimization potential in traditional processes, without necessarily talking about artificial intelligence. In terms of automation, we are using technology to improve how we manage minor cases, whereby claims are automatically analyzed and paid out if the criteria are met. This makes our lives easier and is both quicker and more efficient at meeting the client's needs. There is also potential to develop in the area of chatbots. Vaudoise has a strategy of proximity as regards client relationships, but the client doesn't necessarily need to be in contact by telephone; they can access their client account on the Internet and check if they have been paid. This is an example of where chatbots can easily deal with a task.

As regards blockchain, there are things to be done. We have a few internal blockchain specialists and I believe there is also strong potential in that area. Overall, the Swiss industry is not yet very mature in this respect.

How as a business do you ensure continuous innovation and improvement?

It's a challenge, but we have leaders within our company who are good examples of how we can innovate. We don't tell them what to do. Rather, we give them the budget and let them organize themselves as they wish. Vaudoise has also introduced the concept of 'innovation green boxes'. The green box allows any employee to suggest innovation concepts. In addition, we organize seminars on innovation concepts and 'Hackathons', and we invite external bodies such as institutes to present their solutions to us. We have created a kind of community to support innovation and make clear to our employees that they are allowed to think about such matters. I think we need to strengthen this innovation process even further.

You mentioned ecosystems and Vaudoise's affinity for partnering. Could you tell us a little more about how you support broader innovation in your industry?

Many start-ups have presented their concepts to us. Sometimes it is very interesting, because after five minutes we may conclude that it will not work in Switzerland for such and such a reason, but that the person should try it out abroad instead. For our part, we have invested CHF 15 million in a French fund and have set ourselves a double-digit million budget to support innovative start-ups. We sometimes invest in the start-up itself because of what it is doing today, and sometimes we invest in the individual because we think they are smart and very innovative – so in the person rather than the idea they are developing. This is also innovation capital that we intend to use to help the development of certain companies on the Swiss market. We are moving more actively towards advising start-ups, bringing value to both parties.

With so many possible projects with potential, but given the expensive nature of digital transformation, how does Vaudoise decide which projects should ultimately be in focus?

We have to define priorities, of course. Typically, we organize preparation rounds, we have a strong project management office, and we manage projects in a structured manner. Over the past three years, we have worked on many projects and made a lot of progress. We have reoriented our teams' project activities to apply a clear focus on digital transformation with particular goals. We have announced a budget in excess of CHF 150 million for our digital transformation. To this end, we have created two committees. Firstly, a digital transformation committee that aims to reduce the Executive Committee's workload. Secondly, a Board-level committee that keeps an eye on our activities. We have a new Board member who has extensive experience in transformation and who helps us a lot in this respect. With so much at stake, and so many fascinating transformation initiatives in the pipeline, this is a truly exciting time to be involved in projects that could reshape our industry.

**“Fail better ... Risks sometimes need to be taken,  
and if it doesn't work, we stop and improve things  
over time.”**



Jean-Daniel Laffely, CEO, Vaudoise Assurances