



CIO Survey 2016

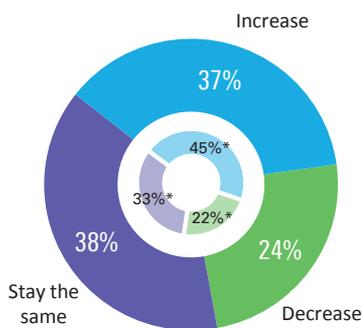
Insurance Sector Findings

The Harvey Nash / KPMG CIO Survey is the largest IT leadership study in the world. Almost 3,400 respondents across 82 countries representing over US\$200bn of IT budget spend.

This **insurance industry** sector snapshot provides survey responses from over 160 insurance companies on some of the key topics and highlights several areas where this sector's responses were significantly different from those from across all industries.

KEY TOPICS

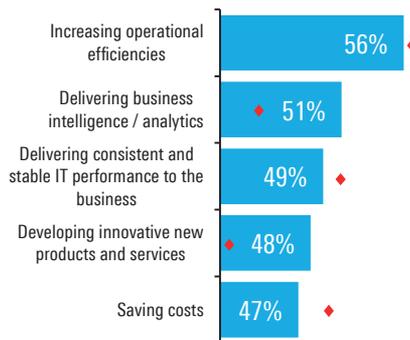
Looking forward, over the next 12 months, do you expect your IT budget to?



Insurance companies are **more pessimistic about their IT budgets** for next year. Overall 45% of respondents expect an increase in their IT budget vs. only 37% of insurance firms.

*All-industries average

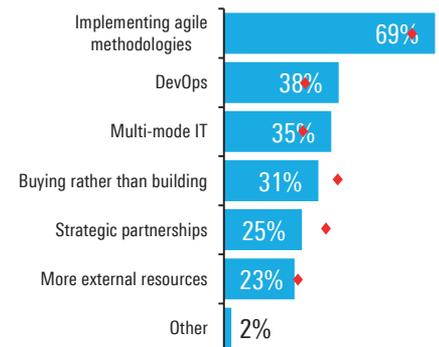
What are the key business issues that your management Board are looking for IT to address (top 5)?



Insurance companies **place a higher priority on developing innovative new products and services and delivering business intelligence/analytics** than the all-industries average.

◆ All-industries average

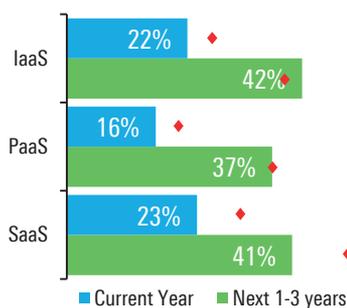
What steps are you taking to become more agile and responsive?



Insurance companies are **more likely to implement agile methodologies and DevOps** than the all-industries average where only 59% are implementing agile and only 28% are implementing DevOps.

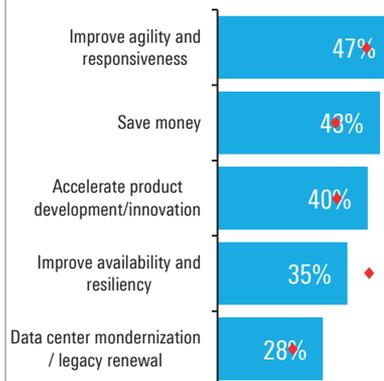
CLOUD

How would you characterize your current investment in the following cloud services and how do you expect that to change over time? (Significant investment)



While insurance companies plan to spend close to the all industry average on IaaS and PaaS cloud services, **only 41% plan significant investments in SaaS** versus 49% for the all-industries average.

What are your top three reasons for using cloud technology?



When investing in cloud services, Insurance companies **place more emphasis on cost savings**, naming it as the number two reason versus only number four for the all-industries average.

What are your top three biggest challenges when adopting cloud?



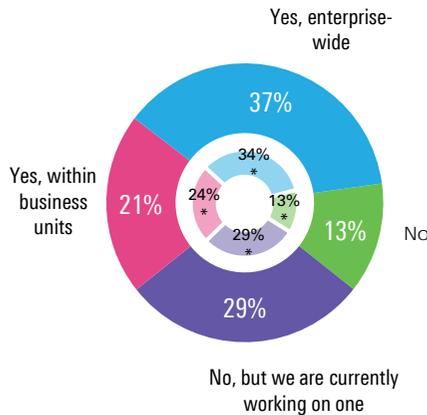
Insurance companies face **much more cloud adoption challenges around data loss and privacy risks and legal and regulatory compliance issues** than the all-industries average, which would be expected.



All data is sourced from the Harvey Nash / KPMG CIO Survey 2016. Due to rounding, numbers may not equal 100%

DIGITAL DISRUPTION

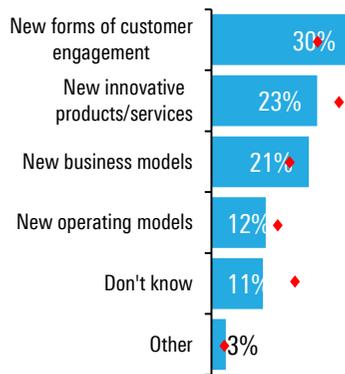
Does your organization have a clear digital business vision and strategy?



Insurance companies are **slightly more likely to have an enterprise-wide digital business strategy** than the all-industries average.

*All-industries average

If you are currently experiencing digital disruption, what is the primary source of disruption?



Insurance companies are **more likely to face disruption from new forms of customer engagement and new business models** than the all-industries average.

◆ All-industries average

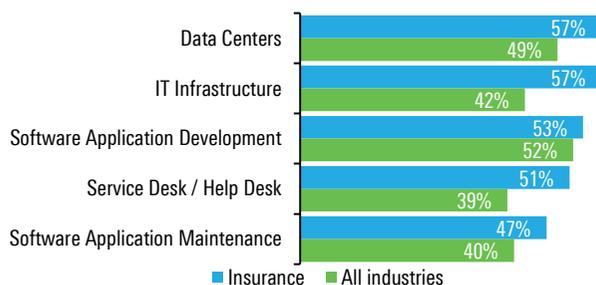
What is the primary method you use for coping with digital disruption?



Insurance companies are **much more likely to hire people** to cope with digital disruption (33%) versus the all-industries average (26%).

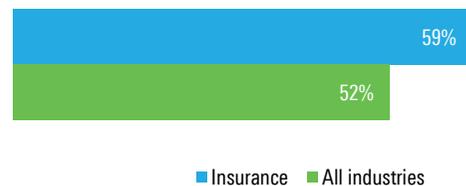
SIGNIFICANT DIFFERENCES

Which functions do you outsource? (top 5)



Insurance companies are **bigger outsourcers** than the all-industries average, especially with their service desks, data centres and IT infrastructure.

How do you expect your spend on outsourcing to change over the next 12 months? % who responded 'Increase':



Likewise, insurance companies are **more likely to increase their spending on outsourcing over the next twelve months** than the all-industries average.

CONCLUSIONS

The Insurance industry has seen unprecedented change in the last decade, and CIOs are having to keep up with the changing demands of their business. This is reflected in the CIO survey findings from the sector.

Insurance firms are more likely to ask their CIOs to focus on developing innovative new products and services, and delivering business intelligence / analytics, compared to the all-industries average. This is a result of changing customer needs leading to demand for new products and offerings (e.g. using technology to social / peer-to-peer insurance network where the policy holders are incentivised to grow the network to reduce premium), and customers expecting new ways of finding, researching and purchasing insurance products. This is again reflected in the finding that insurance companies are more likely to face disruption from new forms of customer engagement and business models (e.g. pay-by-the-mile insurance to make products more engaging and integrated into customers lives), than the all-industries average.

At the same time, insurers must tackle the cost and agility issues created by historic underinvestment in aging systems and infrastructures, whilst finding new ways to leverage data and advanced analytics to inform true risk-based pricing.

As we would expect in a highly regulated industry, insurance companies face more challenges around data loss, privacy risks and legal / regulatory compliance issues when adopting cloud. And predictably, insurers are bigger outsourcers when compared to the all-industries average, since they tend to outsource their service desks, data centres and IT infrastructure.

FURTHER INFORMATION

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