

Harvey Nash/KPMG CIO Survey 2017

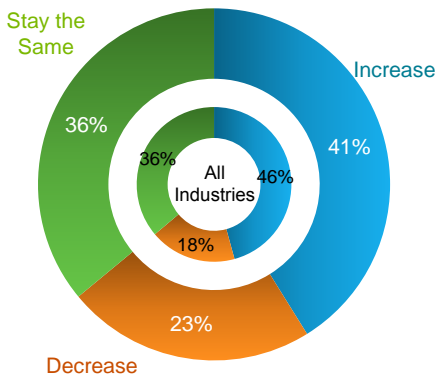
Insurance Sector Findings

The Harvey Nash/KPMG CIO Survey is the largest IT leadership study in the world, with almost 4,500 respondents across 86 countries, representing over US\$300bn of IT budget spend.

This insurance sector snapshot provides survey responses from more than 200 insurance companies on some of the key topics, and highlights several areas where this sector's responses differed significantly from those from across all industries.

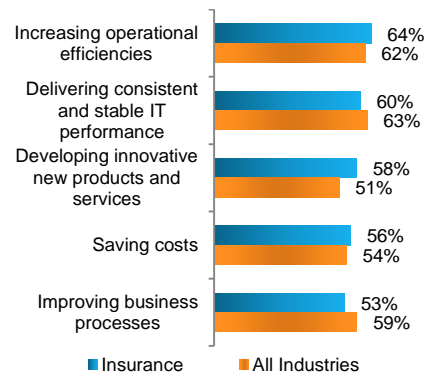
Key Topics

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



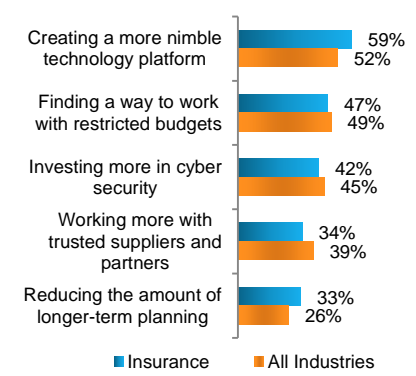
Insurance companies are **more pessimistic about their IT budgets for next year** than those in other industries, with fewer expecting a budget increase (41% vs 46% for all industries), and more expecting a decrease (23% vs. 18%).

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



Insurance company Boards most notably place a **greater emphasis on developing new products and services** (58% vs. 51% for all industries), and **less of an emphasis on improving business processes** (53% vs. 59%).

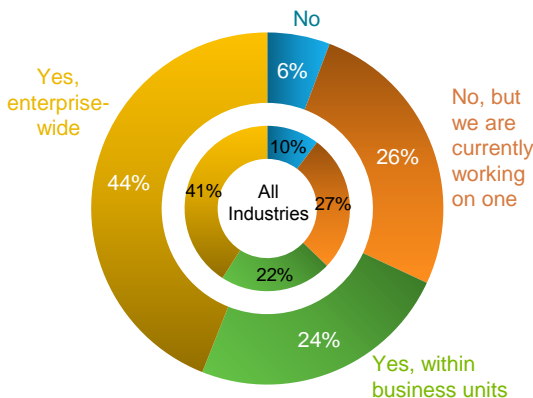
How have you adapted your technology plans to deal with uncertainty? (top 5)



To deal with uncertainty, insurance companies are **more likely to focus on creating a more nimble technology platform** (59% vs. 52% for all industries), and **reducing the amount of long-term planning** (33% vs. 26%).

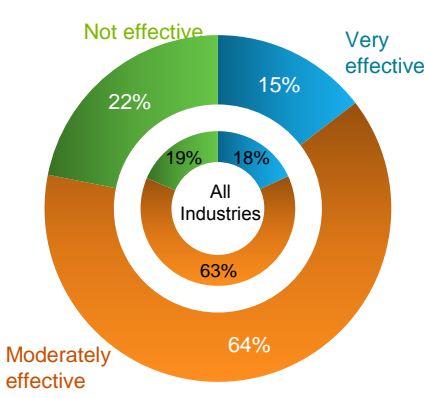
Digital Strategy

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



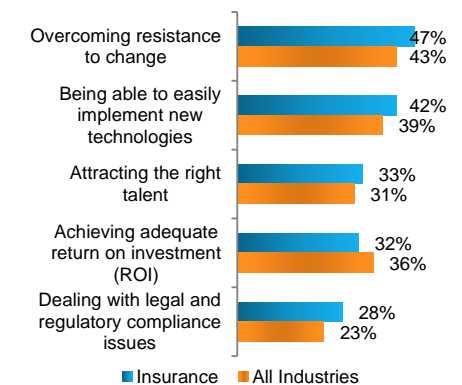
Insurance companies are slightly **more likely to maintain a digital business strategy** than those in other industries, either enterprise-wide (44% vs. 41% for all industries), or within business units (24% vs. 22%).

How effective has your organization been in using digital technologies to advance its business strategy?



Insurance companies **report low overall effectiveness levels in their digital strategies**, with just 15% describing their digital strategies as very effective, compared to an all-industries average of 18%.

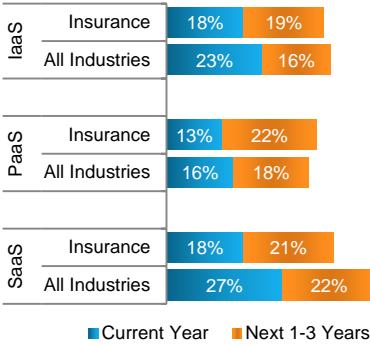
Which of the following represent the greatest challenges to your organization's successful implementation of digital capabilities? (top 5)



When implementing digital capabilities, insurance companies **tend to face similar challenges as other industries**, with overcoming resistance to change and being able to implement new technologies at the top of the list.

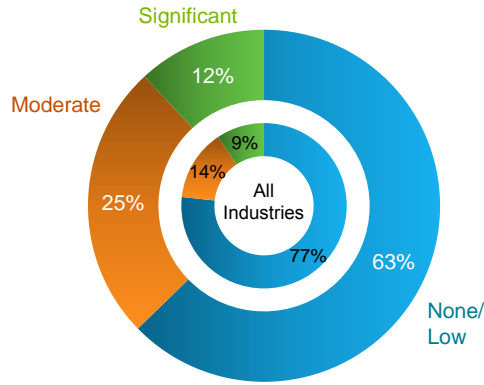
Technology & Innovation

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



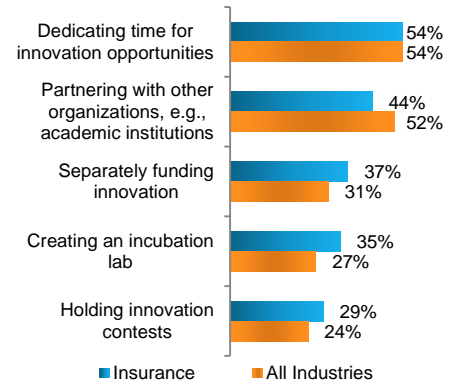
Compared to other industries, insurance companies are **somewhat less likely to currently invest significantly in all types of cloud services**, especially SaaS (18% current year significant investment vs. 27% for all industries).

How would you characterize your current investment in digital labor?



Insurance companies **have invested much more heavily in digital labor** than those in other industries, with more making both significant investments (12% vs. 9% for all industries) and moderate investments (25% vs. 14%).

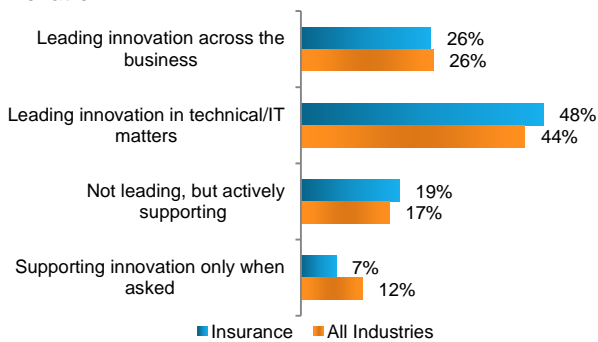
In which of the following ways is your organization fostering innovation?



To foster innovation, insurance companies most notably are **more likely to create an innovation lab** (35% vs. 27% for all industries), and **less likely to partner with other organizations** (44% vs. 52%).

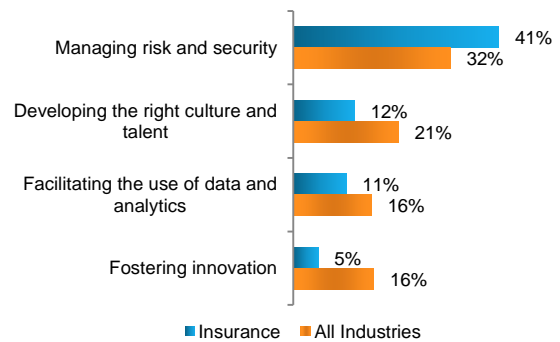
Significant Differences

Which of the following do you think best describes the role your organization's CIO is currently playing in promoting innovation?



The role insurance CIOs play in innovation at their companies **largely mirrors the all-industries average**, with 26% leading innovation across the business, and 48% leading innovation only in technical/IT matters.

How effective is your IT organization in each of the following capabilities? (Very Effective)



Compared to their peers in other industries, insurance companies **excel at managing risk and security** (41% vs. 32% for all industries), but **lag in key capabilities such as developing the right culture** (12% vs. 21%), **facilitating the use of data and analytics** (11% vs. 16%), and **fostering innovation** (5% vs. 16%).

Conclusions

Insurers are under unprecedented pressure to leverage disruptive technologies to drive out cost of complexity and legacy, and to enable growth. The survey results show that insurance company Boards place a greater emphasis on developing new products and services. This is no surprise since developments in technology and data analytics are creating great opportunities for insurers to provide their customers with the right service and products at the right time. A focus on the customer remains a priority and products must reflect their changing needs and demands.

Most notably, insurance companies have invested much more heavily in digital labor than those in other industries. Many insurers are using digital labor to drive their transformation strategies, including incubating concepts in venture capital units, or partnering with insurtech startups. The majority have robotics/automation pilot projects under way and have managed to automate routine processes. Insurance visionaries recognize that digital labor goes beyond cost savings and headcount cuts; it can unlock productivity, organizational agility and customer responsiveness, enabling them to compete with nimbler start-up rivals. Despite this potential, insurers often fail to turn pilot projects into full-scale production, or to share gains around the enterprise. It is therefore not surprising that insurers are behind in realizing value from their digital investments. Maintaining momentum and commitment to these investments together with a focus on driving culture change are critical to converting investment to value.

Further information

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