

Agility is our answer

Gert De Winter, CEO, and Adrian Honegger, Head of Group Strategy & Digital Transformation at Baloise Group share their insights into how digitalization is transforming their industry



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KPMG With “Simply Safe”, you’ve created a strategic blueprint for the next five years. What are the most important aspects of this strategy?

Gert De Winter Besides continuing and improving all the things we already excel in today, Simply Safe consists of two main pillars: making our processes, products and interactions brutally simpler and going beyond insurance. This means not only paying out on claims, but also expanding the classic value chain with simple customer-oriented services. Upstream, this could be in the area of prevention, for example through a partnership with a provider of early warning systems for fires. Downstream, this could mean providing services that are normally required only after a claim has been made – such as the Life Coach. In the event of bereavement, the Life Coach not only offers emotional support, but also provides assistance and advice to help customers make the necessary arrangements. Speed and innovation are critical when launching a new product like this, and these can only

be attained through the right corporate culture. Another important part of the strategy is to foster a work environment that motivates all our employees to be agile, innovative and entrepreneurial.

Is the Simply Safe strategy primarily targeted at the Swiss market, or do you expect it to drive growth in other countries in which you are active?

De Winter It is a group-wide strategy that will, however, be implemented differently in different countries. I see growth on various levels: firstly, we can invest in markets where we already have a strong presence; secondly, we can drive growth in new areas such as insurance policies that can be taken out in just a few minutes via a mobile device. Our Germany-based startup FRI:DAY is a great example of this, and will allow us to grow in a market where we have less of a foothold than in our other, core markets. Cross-market launches of new initiatives are also important – so if a product works in one of our core markets, we try to implement it in another market as swiftly as possible.

Where do you see your greatest challenges?

De Winter Our greatest challenge is undoubtedly cultural: our employees need to get used to the agility we expect from them. That takes time.

Adrian Honegger It’s not just important to know and understand where we want to go, but also to demand and foster the necessary skills we need to get there – otherwise agility, innovation, entrepreneurship, autonomy and digitalization are just empty words. For organizations, being agile means working patiently and diligently to develop the necessary skillset over many years in an adaptive system. At Baloise, we already have thousands of years’ collective experience with agility, scrum, kanban, etc. We’re still not professionals, but we’re already amateurs.



Gert De Winter
CEO of Baloise Group



Adrian Honegger
Head of Group Strategy & Digital Transformation at Baloise Group

You've invested in new open-space offices. What feedback have you received from your employees?

Honegger The new work environment helps foster stronger networks, osmotic communication, and the democratization of relationships and information. The open spaces have improved our agility and learning culture, and have thus furthered our efforts to become a more versatile organization. In addition, we are one of the first insurers to flatten our hierarchy in a bid to speed up processes and increase employees' sense of responsibility. However, noise and reduced privacy remain challenges as before.

What do you expect from your employees over the next five years?

De Winter Agility, curiosity, entrepreneurship, innovation, making mistakes and building trust. It's clear that this will not be an easy time, but a palpable cultural shift is already taking place in our company. This pleases me and reinforces my belief that we're on the right track.

Do you also need to define another type of goal?

De Winter Yes, our strategy should be regarded as a triangle: motivated

employees do good work and this makes for satisfied customers which leads to higher returns for the benefit of our shareholders. How will we achieve this? We've now set far more group goals than individual targets, both on a divisional and inter-divisional level, and this is changing our employees' cultural behavior.

Let's talk about customers and digitalization. The customers of the future are more heterogeneous, individual and demanding. How does that impact your strategy?

De Winter One key point to note when it comes to digitalization: you have to differentiate between the use of digital technologies and their incorporation into a company. It's the same difference that Adrian spoke about between knowledge and ability. We have been using digital technologies for many years now and are one of the pioneers in our industry. We are still learning just how digitalization changes culture – both inside a company and in our society. For example, today we no longer decide how customers communicate with us, but rather they decide which channel they prefer – phone, email, chat, etc. Another challenge is complexity, as products need to be individually tailored to the customer.

Honegger Today, for example, you can't take out an insurance policy at the weekend because there are no digital solutions. But it's not only 20 to 30-year-olds who want this – the older generations do too. We have to learn what our customers need and adapt accordingly. The key word here is "omnichannel".

Is the omnichannel approach new in Switzerland?

De Winter Yes, I think so. Multichannel is nothing new, but the connection of the channels, so that the customer receives a seamless experience, is new. We're working intensively on the development of the customer experience in this area.

What are you doing in the area of cyber insurance?

De Winter Although cyber insurance is still viewed as "exotic" in the insurance world, in the future it will be as common as, say, liability or car insurance. Our lives are becoming increasingly digital. In some cases, devices that lack the appropriate protection are being used for payment processes, sensitive data storage and sensitive communication. Making a purchase with a credit card over an unsecured wifi network is just one example of this.

Honegger This makes life easy for fraudsters, so we believe it is our duty to educate our customers and offer them an emergency product to ensure they're as well protected from cyber threats as possible. At the end of March 2017, Baloise was therefore the first Swiss insurer to launch a comprehensive cyber insurance policy for private individuals.

You recently launched GoodDrive in Luxembourg. How does this benefit your customers?

De Winter In Luxembourg, Baloise has developed an innovative approach to vehicle insurance. Thanks to our driving behavior analysis app, Game of Roads, we've made a name for ourselves among young drivers. With GoodDrive, we recently launched the first connected car insurance based on data that we collected from the Game of Roads app. GoodDrive is aimed at young drivers: the more sensibly a person drives, the lower their premiums. Discounts for careful driving can be as high as 30 percent. This is a great example of how new digital technologies in the insurance sector can be used to benefit everyone.

The collection of customer data is increasingly important – think telematics and wearables. How are you dealing with the issue of data protection?

Honegger As an insurer, we've been working with sensitive data for more than 150 years. We follow strict guidelines, and all employees receive regular training on this important issue. So the collection of data through new technologies doesn't mean that we have to fundamentally change our approach to data security. However, we will no doubt have to adjust the way we process data due to new collection methods.

Are there companies that impress you?

De Winter Actually, no. There's too much talk about the Googles,



"We offer established expertise, while the startups offer innovation."

Amazons and Zalandos of this world – but there are lesser-known companies who are doing really well too.

Honegger I'm impressed by our startup FRI:DAY. This March, its first product came on the market, a car insurance solution that can be canceled monthly, with a super-streamlined offer process. At FRI:DAY, the customer will be king.

Your joint ventures F10 and Anthemis see you teaming up with two external parties. Why is working with external partners important?

De Winter Collaborations with external partners create diversity and allow us to learn from one another: we offer established expertise thanks to our many years' experience, while the startups offer innovation.

Honegger Our new watch insurance offers a specific example of this. You can sign up to it online in two minutes – all you need is a photo of your watch. We then use image recognition software to do the rest, in a way that nobody else in Europe is doing at present. As customers sign up online, they are accompanied by an animation of two of our employees. This emotionalizes the product, which is known to be an important sales tool. When you take out

an insurance policy with us, it should be a fun, personal experience.

De Winter This image recognition software is also important for the claims department. Difficult cases are still handled by our employees on site, but everything else can be processed digitally with an app and a photo. We always need to be a step or two ahead of the competition – and innovations like this ensure we are.

You are aiming to attract a million more customers. How are you planning to achieve this?

De Winter Baloise is a rock-solid company. We have one of the most profitable non-life portfolios in Europe and have always been well capitalized. We have earned the right to grow, and this growth will come the more we push ahead with the cultural shift that's already under way – through innovative, entrepreneurial and agile employees. I have no doubt about that.

Honegger The insurance market is picking up pace. If we can support our customers 24 hours a day, we'll keep up. As Gert said, agility is key. If we can act faster, we can have more contact with our customers and be stronger than ever.