

Case Study

Zooropa Insurance





Company Profile

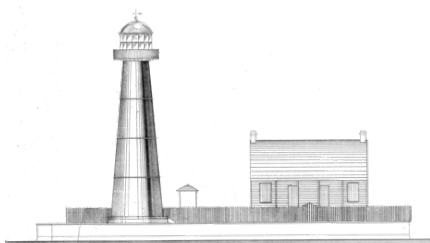
You have just joined as CIO/CTO of Zooropa Insurance (Zooropa), a \$975 million publically traded company that provides general insurance products that include commercial, personal, home, auto, life insurance and workers compensation. The company has a large footprint in the United States and Canada, and a growing presence in Asia.

The CEO wants you to lead a major Digital Transformation initiative for the company. This will include partnering with all Business Units to:

- Innovate on new products and business models
- Expedite product delivery
- Develop data analytics capabilities
- Improve customer support and satisfaction across all products
- Increase mobile presence
- ... and all the while reducing Infrastructure costs.

More on Zooropa :

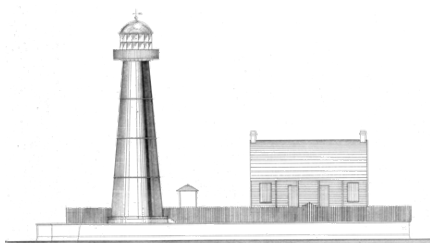
- The company philosophy is that technology is an enabler of business strategy
- Agents are vital to Zooropa as they bring in customers and revenue
- Zooropa's primary revenue is from premiums (net written premiums or NWP) obtained from its various lines of business
- Sales within the United States represent 80% of business volume for Zooropa





Business Challenges

- Both commercial and personal lines have experienced decreased premium growth in the past three years
- The \$500 million commercial lines business has experienced a 17% decrease in premium (NWP) over the past 3 years
- Zooropa lags behind its key competitors on profitability and growth metrics
- Market penetration has been lower than expected despite investment in Asia
- Threat of disruption exists in the US market from new startups focused on digital insurance
- Application innovation is slow and behind major competitors costing market share
- Highly regulated environment provides challenges to its business
- Certain products are highly regulated (e.g., workers compensation), and account for about 32% of NWP
- The CEO sees acquisition of smaller niche companies as a way to increase market penetration and revenues
- The Board is pushing for aggressive cost cutting in IT while driving innovation and growth





Future Business Strategy

In the next 3 years, Zooropa is focused on three strategic initiatives with an objective to accelerate profit and revenue growth by at least 10% YOY

1. Increase customer acquisition and improve retention

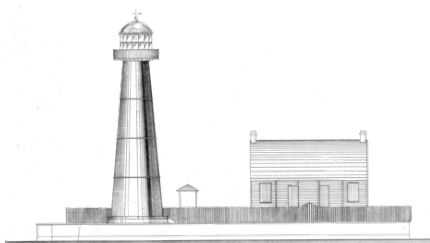
- Key activities
 - Improve customer service – self-service, automation, omni-channel support...
 - Increase customer insights – focus on data consolidation and analytics

2. Regional expansion

- Key activities
 - Partner, merger and acquisition opportunities
 - Support services: IT, finance, legal, etc. for the various markets
 - Gathering consumer insights
- Target countries and regions
 - Korea, Japan and China
 - Eastern Europe
 - Latin America

3. Diversify product offerings and reduce time to market for new products and services

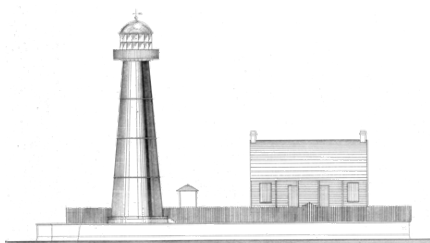
- Accelerate IT capabilities to develop and deliver digital products more quickly
- Build internal capabilities to innovate and “disrupt” the industry
- Seek partnership, merger and acquisition opportunities





Technology Profile

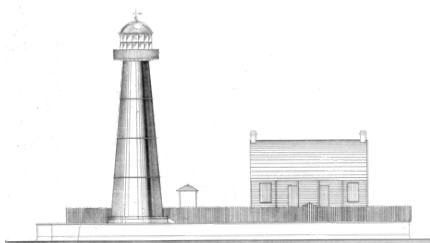
- Zooropa's IT infrastructure is 100% on premise
- Zooropa has 4 data centres: 3 in the United States and 1 in Singapore
- Zooropa's IT application landscape can be categorized as follows
 - Core and internal systems
 - Distribution and service channels
 - Underwriting
 - Claims processing
 - Policyholder services
 - External networks and partners
- Ownership of IT systems is dispersed throughout the organization, but there is a strong desire to centralize and standardize IT in order to improve efficiency and reduce cost
- Many IT applications have been inherited by the company through acquisitions and mergers
- Core financial applications around budgeting, planning, A/R etc. have been running on an Oracle ERP platform for the last 5 years
- Data warehousing and analytical applications have been running on traditional RDBMS
- System downtime and limited scalability are some key challenges faced today by agents
- Issues with efficiency of doing business with Agents as a result of IT limitations
- Current system interactions for agents are somewhat limited and time consuming
- Agency experience and overall productivity has been impacted as a result





IT Landscape and Infrastructure Challenges

- Three data centres costing millions of dollars to operate and one colo facility for Internet facing applications. Underutilised hardware, too many processes but no ownership, no data only “gut” feelings, business not aligned with technology
- Innovation takes too long as a result of drawn-out enterprise architecture, governance and procurement cycles
- Little or no room for rapid experimentation due to high costs and procurement timelines
- Gaps in skills and resources impact timelines
- IT methodology is mostly traditional / waterfall in nature, and processes are generally too slow to meet business expectations: it takes Zooropa at least 15 months to go live with key IT initiatives involving new products and solutions
- Heterogeneous IT environments across the company’s IT landscape leads to complexity and maintenance issues
- Many IT applications are old and need to be revamped and modernized:
 - Integration across these legacy applications remains a challenge
 - “Rip and replace” is a daunting prospect
 - Issues with data warehousing and analytical applications
 - Many applications have face significant performance and scalability challenges during the last 2 years
- Costs of hardware, software and maintenance have been increasing by 30% year-over-year, and 60% of hardware in all data centres needs to be refreshed
- Disaster recovery facilities have never been tested
- Inability to store detailed data due to limitations in storage infrastructure
- Limited analytical solutions are in place due to infrastructure challenges
- Connectivity and integration with external applications and partners has been difficult due to current infrastructure limitations
- Lack of standards and governance in many IT processes as a result of diverse and complex IT landscape, and developers think cloud is an opportunity to do as they please





Future IT Strategy

- Zooropa is seeking new technology platforms and solutions to provide competitive advantage to their commercial and personal lines of business with an aim to:
 - Allow rapid experimentation and innovation with reduced impact to costs
 - Accelerate speed-to-market for product design
 - Allow greater focus on core business needs, and less on infrastructure and administration aspects
 - Allow operation as a Lean organisation designed for rapid business decision making
- The new technology platform should enable Zooropa to meet various security, regulatory and compliance requirements
- Zooropa is seeking to leverage economies of scale around IT and operations
- Zooropa would like to leverage technology to increase efficiencies and automate business processes further
- Focus on Operational excellence
 - Process re-engineering and automation
 - Adopt industry standards (ACORD, ISO)
 - Eliminate manual cycles and dependencies
 - Currently, about 75% of processes require human intervention or manual workaround. Zooropa would like to automate at least 90% of application workflows

