

# Augmenting The Future: The Emerging Role of the Cognitive Insurer

*Where Digital Business meets Digital Intelligence*

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## The Market Dynamics: business and technology trends are moving rapidly on multiple fronts...



### NextGen Digital & Mobile Expectations

- Millennials outnumber boomers 78m to 68m
- 58% want to transact on mobile vs 25%
- Gen Z's expectations even higher



### Cloud-based Agility & Consumption Models

- 2016 cloud spend of \$3.1B is 3% of IT spend
- Leading third start half of app projects on cloud



### Explosion of Data, Cognitive & RPA

- Insurance data up 94% from 2015 to 2017
- Firms who excel at analytics & cognitive grew revenue at 1.6X & profit at 2X vs peers



### Regulation & Fraud Sophistication

- Increased regulatory pressure
- Litigation cost \$300B from 2009 to 2015



### Internet of Things

- Over 20B connected devices by 2020
- 20-30% consumers will share data on health, lifestyle, & driving habits

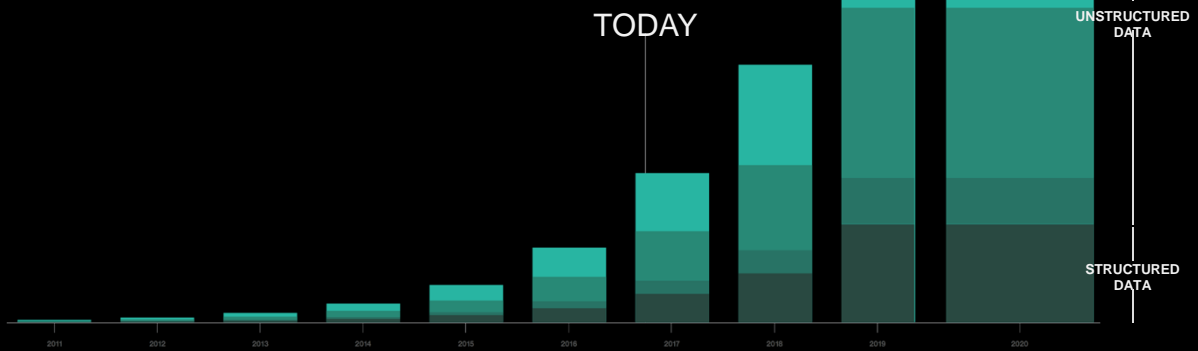


### New Fintech & Ecosystem Players

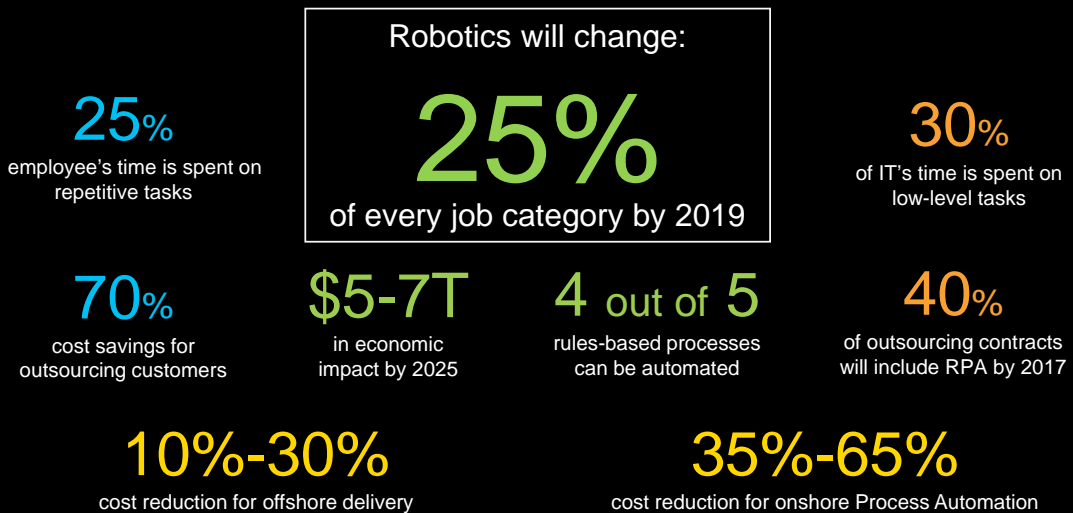
- InsureTech funding from \$800M (2014) to \$2.7B (2015)
- Emerging platform plays (e.g., Majesco cloud)

...creating a compelling need for investments in  
new operating models and capabilities to respond & compete

The Challenge: The explosion of digital and IoT content makes it impossible for humans to make sense of it all



## Why Automation is Getting So Much Attention?



Source: 2015 Everest Group Study and IBM Research

# What is Robotic Process Automation (RPA)?



## Software Robotics

Computer software which provides a "Virtualized FTE" that can manipulate, operate, and orchestrate other applications, follow business rules, and execute transactions

More than just a desktop script or macro

Can execute program API's and other program objects



## Software Which Mimics Human Actions

Teaching "robots" to "drive" applications the same way that a human does through the User Interface

The "bot" is programmed to follow pre-determined computer pathways between the screen and data repositories, move or populate data between locations, conduct calculations, perform actions and trigger downstream activities



## New Capabilities

- Instantaneous scalability
- Improvements in speed, accuracy, compliance
- Intelligent automation & auditing
- Creates a virtual workforce
- Continuous improvement

# The Automation Opportunity is Even Greater when Combined with Cognitive Augmentation

## Desktop Automation



- ERP Scripting
- Workflow
- Macros
- Screen scraper
- Auto eMailer

Simple Transactional Data

## Robotic Process Automation



- Extensible and adaptive pre-built process object libraries
- Global robotics command center and dedicated SMEs
- Partner resilient with secured virtualized infrastructures

Structured Data/ Simple Rules

## Intelligent Process Automation



- Extend RPA capabilities to address common obstacles of unstructured data and complex rules

Unstructured Data/ Complex Rules

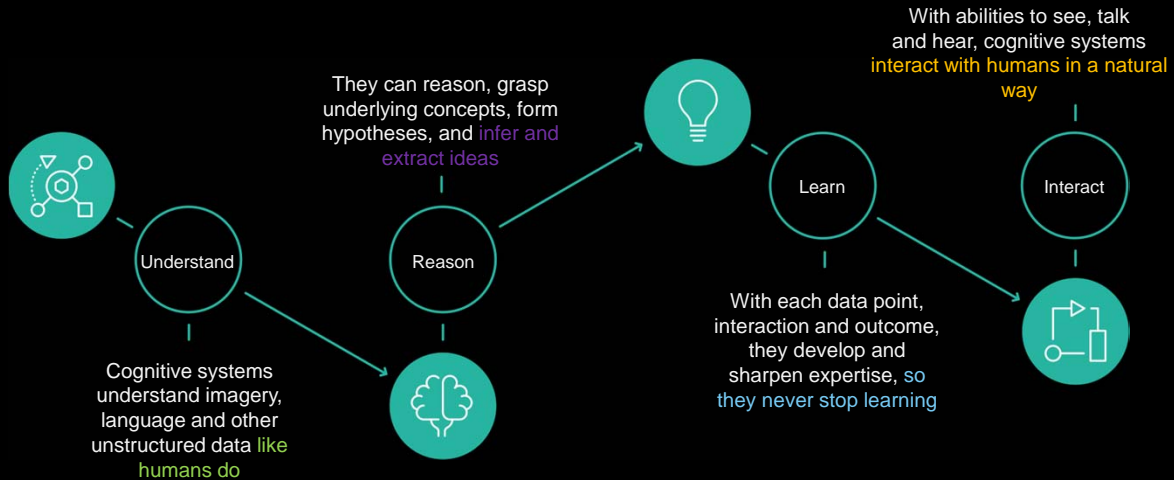
## Cognitive Augmentation



- Autonomous decision-making ("reason and remember")
- New insights and data discovery ("learn")
- Personal and interactive support ("engage")
- Insight-driven knowledge
- Industry-specific virtual assistants

RPA Meets Cognitive Computing

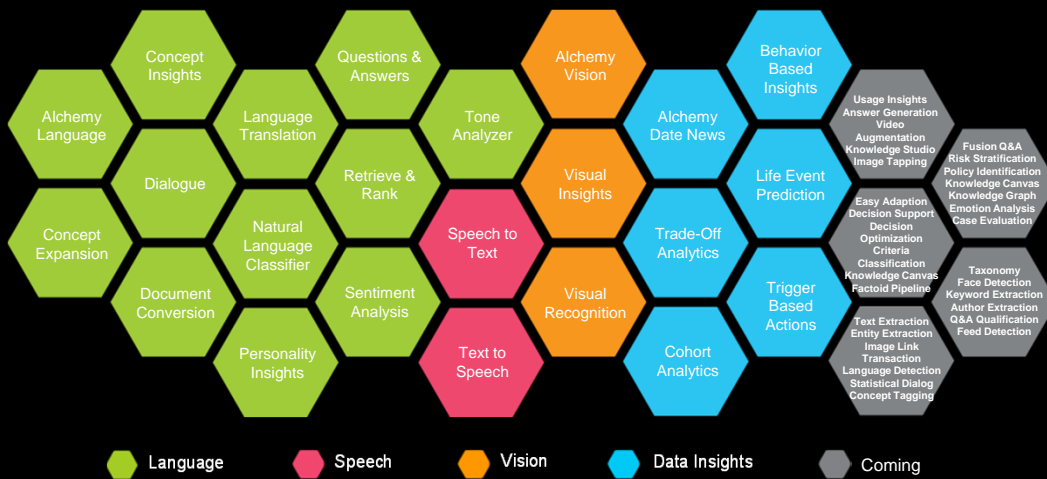
# What is a Cognitive Business?



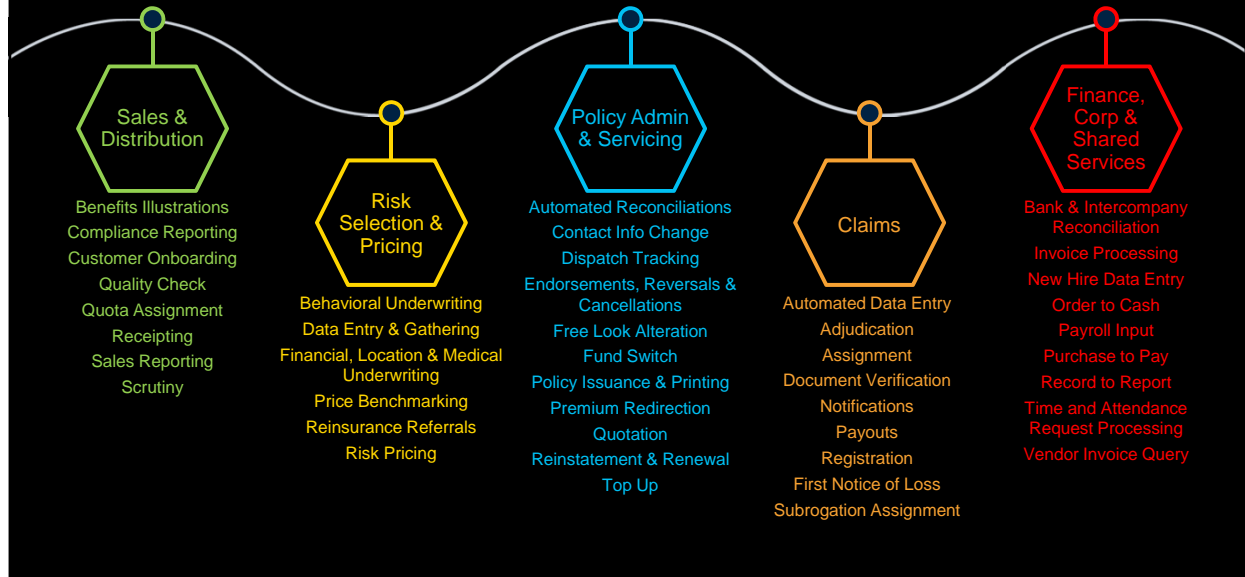
A cognitive business has systems that can enhance digital intelligence exponentially

# ...but, what is Watson?

IBM brings the cognitive experience together inside the Watson Ecosystem by using functions modeled on human cognition



## Certain insurance processes are a “natural fit” for Cognitive Augmentation...



## Where is Cognitive Computing being used currently?



**Improved Customer Engagement**

- Understand customer wants and needs
- Empower advisors by augmenting insurance expertise
- Interact in natural language



**Actionable Insights**

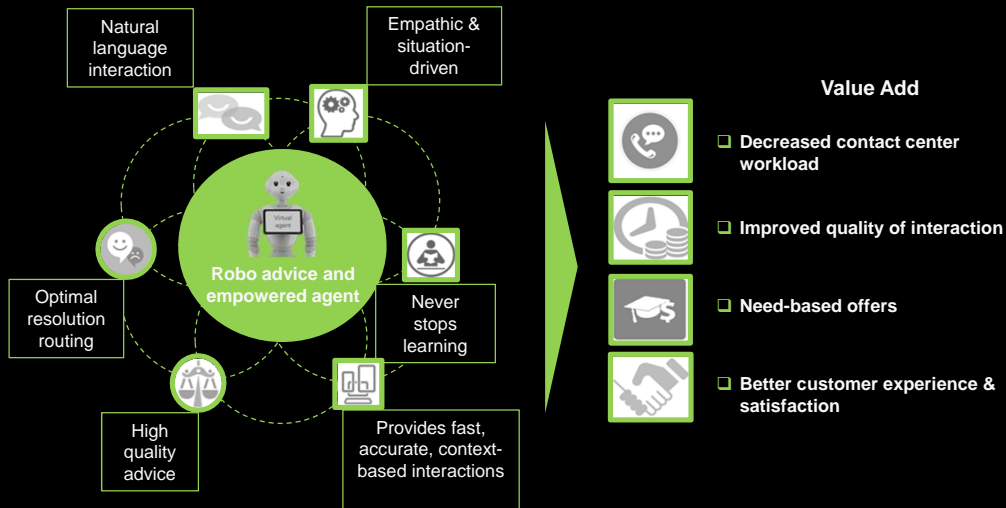
- Facilitate new products and services
- Enable sophisticated pattern recognition
- Leverage untapped data sources



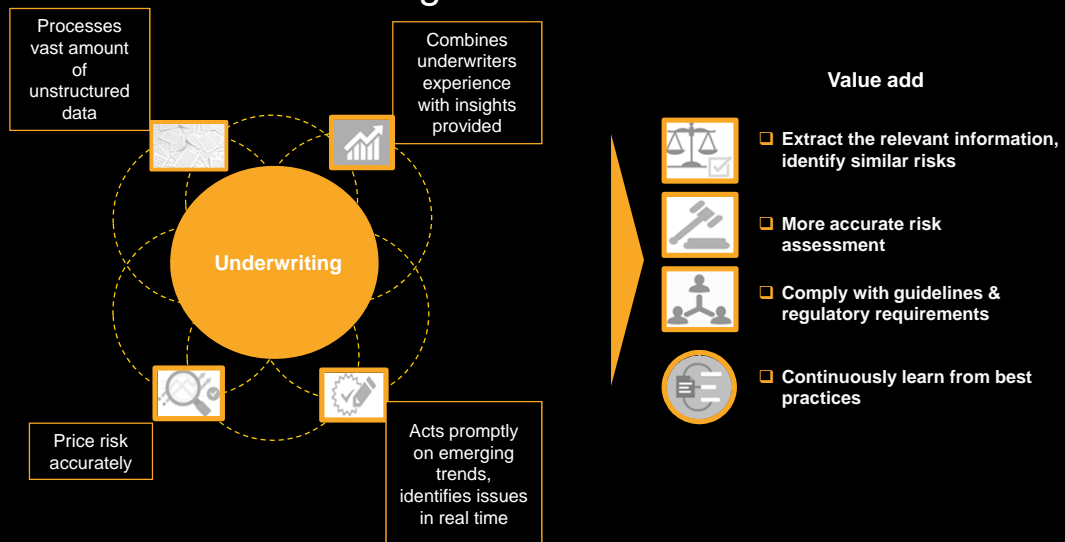
**Enterprise Transformation**

- Extract best practices and improves guidelines
- Automate & augment knowledge-based insurance processes
- Manage regulatory environment

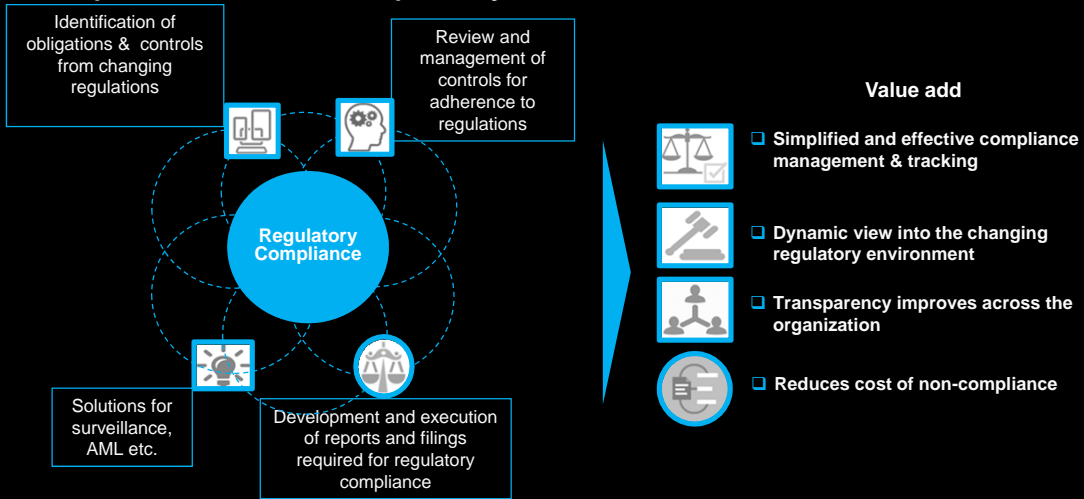
# The cognitive-enabled virtual advisor helps insurers provide better service to customers



# Cognitive computing helps insurers predict information in the right context for underwriting



# Cognitive systems help insurers manage regulatory compliance and complexity



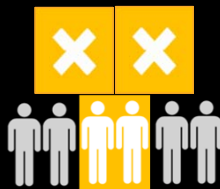
## ...while we are on the topic of regulatory compliance

**OVERWHELMING AMOUNT**  
of content & constant change



**300M pages**  
of regulations by 2020;  
20,000+ new regulations  
last year

**MANUAL PROCESS**  
error prone and costly



**\$8B**  
analyzing regulations, identifying  
obligations, and determining  
control requirements

**LACK OF HOLISTIC VIEW**  
results in duplicative controls  
and costs



**\$12B**  
annually managing and  
updating regulatory  
controls

To answer the question “Will Cognitive and Automation Replace Human Workers?”, it is important to understand what each excels at.....

**Humans excel at:**



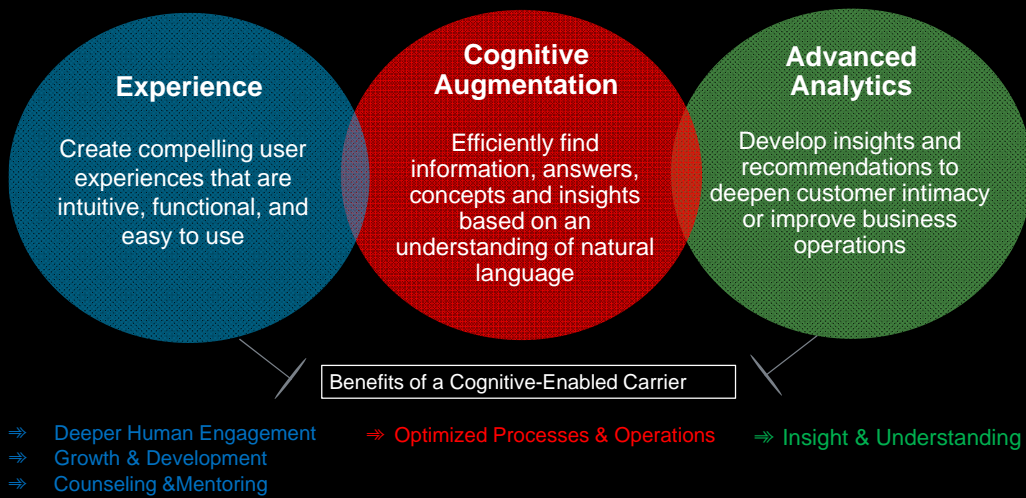
**Cognitive systems excel at:**



**Virtual robots excel at:**



A better question: “How can Insurance Carriers remain relevant in this era of rapid technology disruption?”





# Questions?



# Thank you!



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