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# Decrypting Innovation

## A practical approach

11<sup>o</sup> Insurance Service Meeting  
Rio De Janeiro, September 21, 2017

# A story in three acts



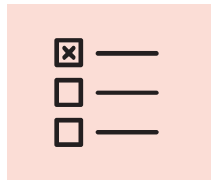
## ACT 1

**Extraordinary times of change**, outside and inside your industry, that make innovation more imperative today than ever before



## ACT 2

**A disciplined approach to innovation:** why it generally fails and what makes good innovation discipline – modern methods for innovations



## ACT 3

**Innovation in insurance:** opportunities, notable examples across the ecosystem, role of leaders



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# Extraordinary Times of Change

**Sometimes things change...**



Uber innovates by integrating many existing things...  
... elegantly



UBER  
EVERYONE'S PRIVATE DRIVER™







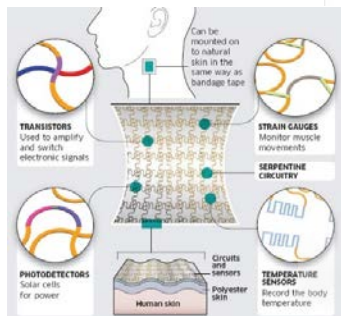
## HEALTH



**proteus**<sup>®</sup>  
DIGITAL HEALTH



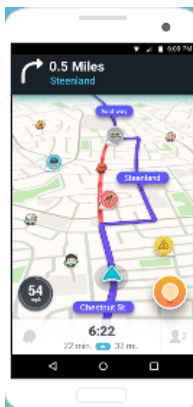
Powered by you



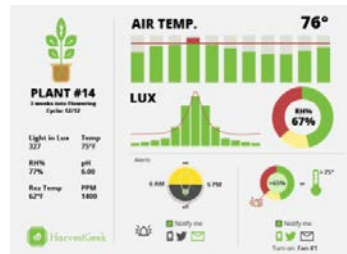
The average person is likely to generate more than one million gigabytes of health-related data in their lifetime. Equivalent to 300 million books.

IBM Watson Health

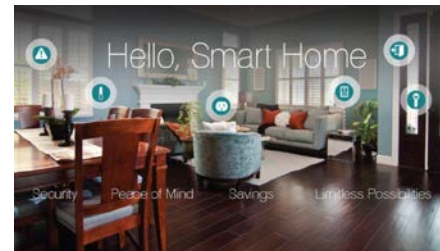
## BEHAVIORS



venmo



## ENVIRONMENTS



**placemeter**



## SO WHAT? THE INNOVATION IMPERATIVE

# Companies are growing faster than ever...and becoming irrelevant more quickly as well





Innovation is a

Top **5** out of **20**

challenges CEOs are focusing  
on in 2016<sup>1</sup>

**\$680<sup>Bn</sup>**

R&D spend by top  
1000 firms in 2016<sup>2</sup>

**but...**

only **5%**

of their innovation  
projects *actually*

succeeded<sup>2</sup>

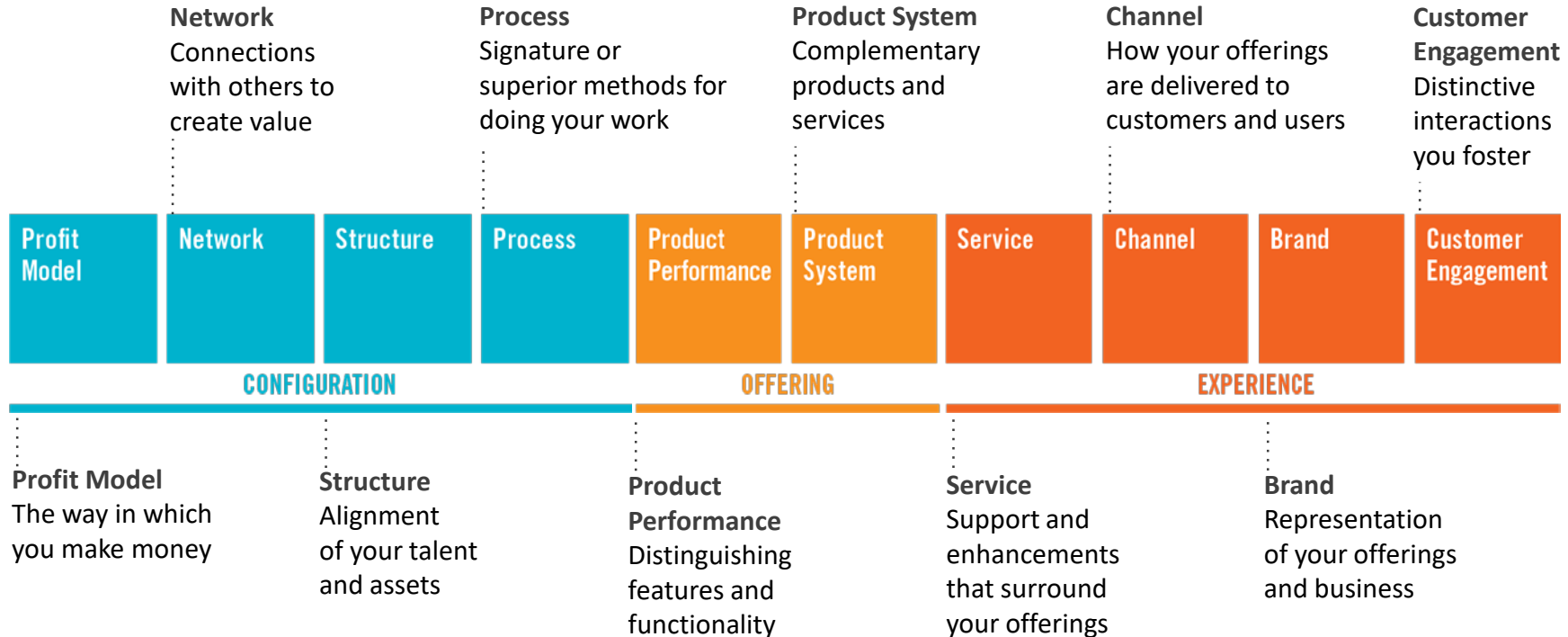
# Breakthrough innovation is plagued by many myths

1. Start with brainstorming!
2. Mostly enhance your creativity...
3. Innovation = great products...
4. Speed is everything—we have to beat competitors to market!
5. Great entrepreneurs trust their gut—you can't study innovation!
6. Great innovators work alone...
7. It takes lots of ideas and experiments to get one good innovation...
8. Protect your patents—don't trust outsiders...
9. Think outside the box...

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# **A disciplined approach to innovation**

# A more expansive frame for innovation



# Introducing a new vehicle brand, challenging industry orthodoxies



## 8 TYPES:





# The king of peer-to-peer rentals... and now experience sharing



Food & Drink experiences



\$358 Gluten-free & cooking · 3 days

Sports experiences



\$231 Skateboarding & street art · 2 days

Lifestyle experiences



\$199 Clubbing & dining · 3 days

Nature experiences



\$175 Hiking & urban trails · 3 days

**8 TYPES:**





# **Insurance Innovation Exemplars**



# Risk and cost management; new ways to manage customers...

You could **save over \$475** on car insurance\*

Get a quote in about 6 minutes

### Name Your Price<sup>®</sup>

Get a quote, then adjust the price to find a package that's right for you



### Total Loss Concierge Service

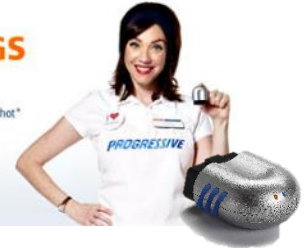
*Snapshot.*  
Get the **SAVINGS** you deserve!

You could save an additional 30% with Snapshot\*

Zip Code Auto

Quote & Enroll

Available in most states



## 6 TYPES:



# A radical approach to connect and engage millennials

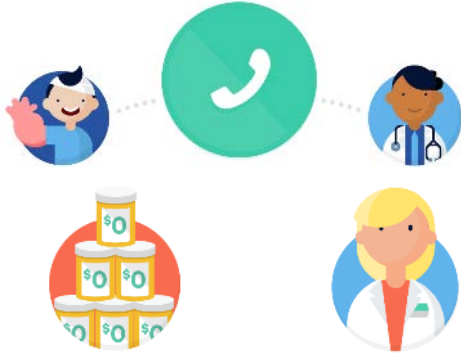


## 5 TYPES:





# Disrupting the insurance industry with telemedicine, transparency, and a (gasp) great user experience



## Free Generic Drugs

Don't choose between your medications and your wallet. Most plans provide free generic drugs.

## Free Doctor Visits

Most plans provide a few free primary care visits each year so you don't need to think twice about visiting your doctor.

**oscar**  
*“Making insurance  
simple, intuitive  
and human”*



## 7 TYPES:



# Money transfer and microfinancing services through the most developed mobile payment system in the world



8 TYPES:



- Kenya
- Tanzania
- South Africa
- Afghanistan
- India
- Romania
- Albania



# Delivering analytics, modeling, and rapid service



**Total Weather Insurance**  
Protect Your Profits From Bad Weather

- 1 Get Your Weather Risk Report
- 2 Get Custom Weather Insurance Plan
- 3 Weather Happens
- 4 Get Paid Automatically

PEACE OF MIND  
FINANCIAL STABILITY

- Profit Protection
- Complements Federal Crop Insurance
- Hassle-Free Coverage

Get your FREE WEATHER RISK ANALYSIS

County or Zip Code  
Corn

Get Started

BRENT B., ILLINOIS  
TWI 2012 INSURED



Start Weather Risk Report

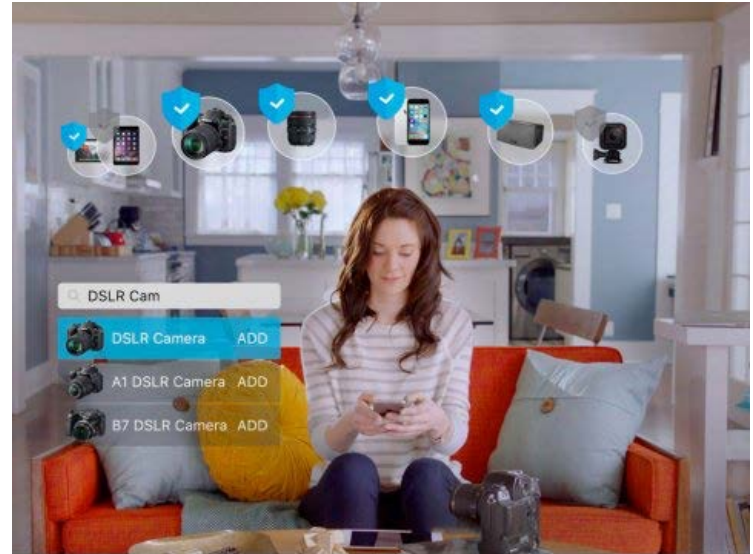
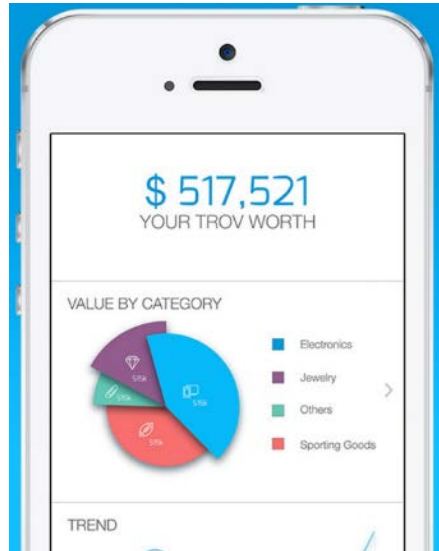


## 5 TYPES:





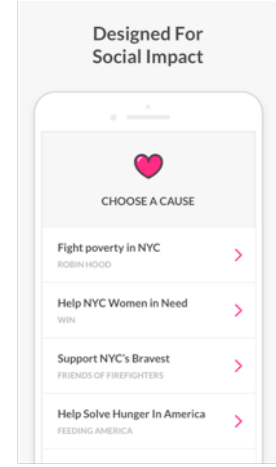
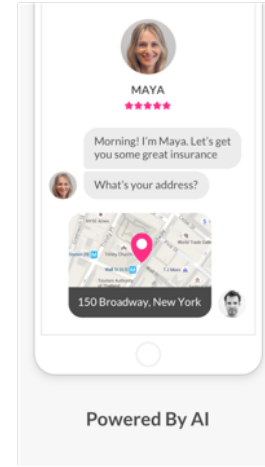
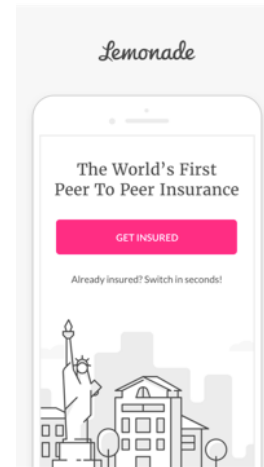
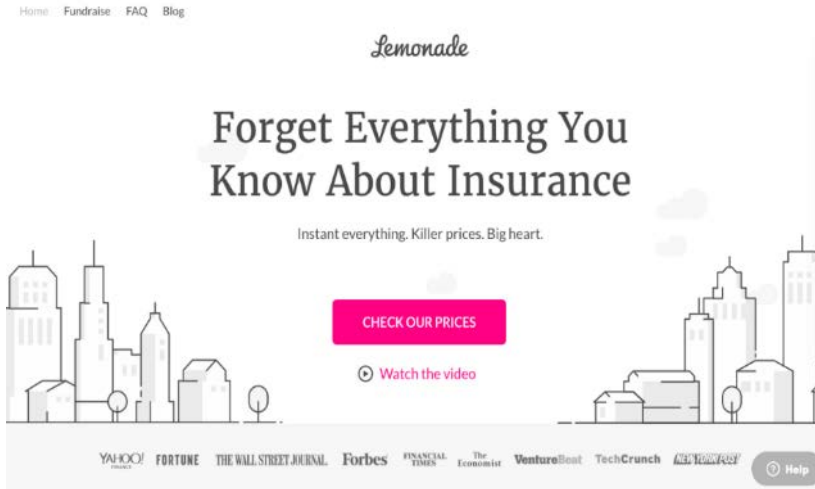
# On-demand insurance for individual items



## 6 TYPES



# P2P public benefit insurance company



## 6 TYPES



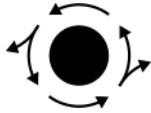


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# **Building an Innovation Capability**

# 12 levers form the foundation of an innovation capability

## APPROACH



### 1. INNOVATION STRATEGY

Goals for innovation, opportunities to pursue

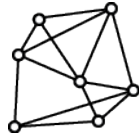
### 2. PIPELINE & PORTFOLIO MANAGEMENT

How innovation initiatives are managed in a portfolio

### 3. PROCESS

How innovations move from hypotheses to businesses

## ORGANIZATION



### 4. SENIOR LEADERSHIP

How senior leaders engage with innovation

### 5. GOVERNANCE

How and by whom decisions are made

### 6. COLLABORATION

Connections across the organization

## RESOURCES & COMPETENCIES



### 7. FUNDING

Financial resources and mechanisms for access

### 8. TALENT MANAGEMENT

Attracting and deploying the right skills at the right time

### 9. INNOVATION TOOLS

Protocols, techniques for innovation

## METRICS & INCENTIVES



### 10. FINANCIAL AND NONFINANCIAL REWARDS

Incentives, formal and informal recognition

### 11. INNOVATION METRICS

Indicators to guide decisions and measure progress

### 12. EXTERNAL ATTRACTION

How other organizations participate in your platforms

# What you achieve is a function of what you are willing to install

## BEST

- Metrics throughout the firm
- Incentives for leaders to *sponsor* growth initiatives
- High potential young people to *author* growth initiatives
- Breadth and depth of ecosystem partners



## BETTER

- Deep innovation “themes”
- Defined governance and funding
- Lightweight innovation: *clouds crowds & prizes*
- Clear sense of ecosystems shifts



## GOOD

- Diagnostics
- Measurable “innovation intent”
- Signature tradecraft
- Center of excellence



# What an innovation journey might look like

INNOVATION JOURNEY



## MINDSHIFT

*Inspiring people to change their ways of thinking*



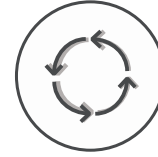
## FOCUS

*Providing direction and intent for what's possible*



## EXECUTE

*Moving the needle to achieve desired outcomes; demonstration pilots*



## SUSTAIN

*Running an innovation organization*

USE CASE

***Inspire new ways of thinking***

***Set a clear direction or intent***

***Respond or capitalize on a trend***

***Create new businesses or offerings***

***Develop an innovative culture***

***Set-up and manage an innovation system***

# Role of leaders in driving innovation

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**1 Research your customers and end users**, deeply, and with empathy

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**2 Challenge orthodoxies** and learn from out-of-industry innovators

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**3 Innovate beyond your core product**, across multiple types

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**4 Identify ecosystem partners** to move faster in the space

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**5 Inspire new way of thinking**, help set the right ambition



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**Thank you!**  
**Got questions?**



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