

CELENT

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Technology Trends in P&C Insurance

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About Celent

We are...

The industry's premier provider of

- Business and IT strategy research
- Ongoing advisory services
- Vertically-oriented consulting

An experienced presence in insurance

- Insurance practice began in 2001
- Staffed by industry experts with over *110 years of combined experience*
- 9 FTEs devoted to insurance, with additional coverage by analysts in other practice areas

A truly global firm

- Offices in North America, Europe and Asia
- Reports in English, French, Japanese, Mandarin, and more
- Coverage that spans many geographies

A division of Oliver Wyman

- Global financial services consultancy
- 1,400 consultants, offices in 40 countries
- Domain experts throughout financial services, mirroring Celent's coverage almost perfectly

3 Technology Trends

- Cloud/SaaS/BPO
- Core System Modernization
- Social Media/Mobile Technologies

Cloud/SaaS/BPO

- *Cloud computing is a model for enabling ubiquitous, convenient, on-demand network access to a shared pool of configurable computing resources that can be rapidly provisioned and released with minimal management effort or service provider interaction**
- XaaS: X as a Service
 - Software as a Service (SaaS)
 - Includes ASP, Application Hosting
 - Platform as a Service (PaaS)
 - Includes Managed Hosting
 - Infrastructure as a Service (IaaS)
 - Includes Colocation services
- Business Process Outsourcing – may outsource the people, process and/or technology

* NIST Working Definition of Cloud Computing

Enabling Technologies

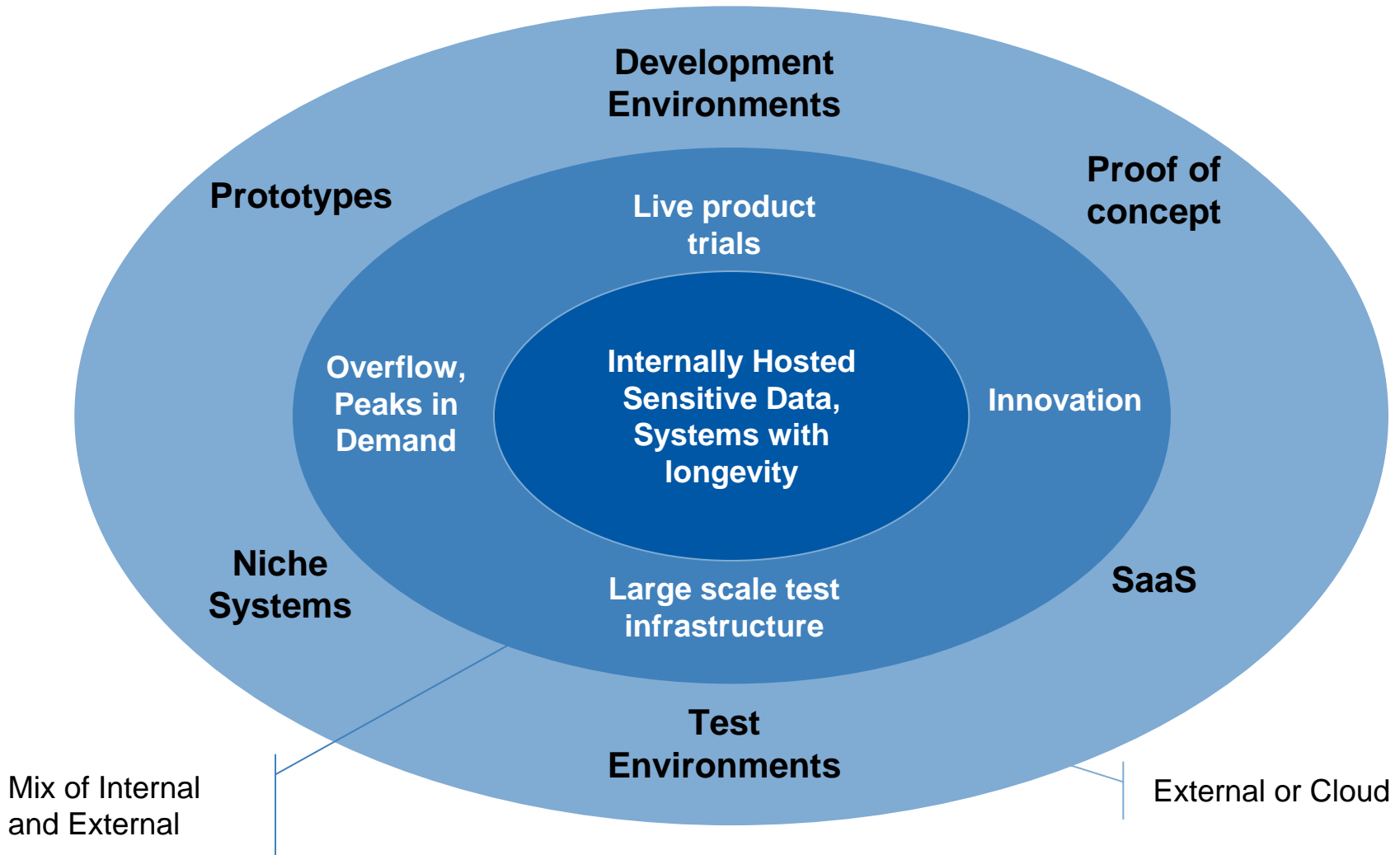
- SOA (Service Oriented Architecture)
 - Consumer, Provider, Contract

- Virtualization

Hurdles for Cloud/BPO solutions

- Security Risk
- Loss of Control
- Lack of Availability
- Data Reliability

Celent Cloud Forecast



Core System Modernization

- Primary Business Drivers for Insurers
 - Business Growth
 - Ease of doing business
 - Lower IT Costs
- Large Insurers **want** to replace their legacy systems, but at tens of millions of dollars and 3-10 year time frames, not feasible.
- 5-10 years ago, legacy replacement was primary objective
- Many failed attempts and lost CIO jobs

Core System Modernization (cont)

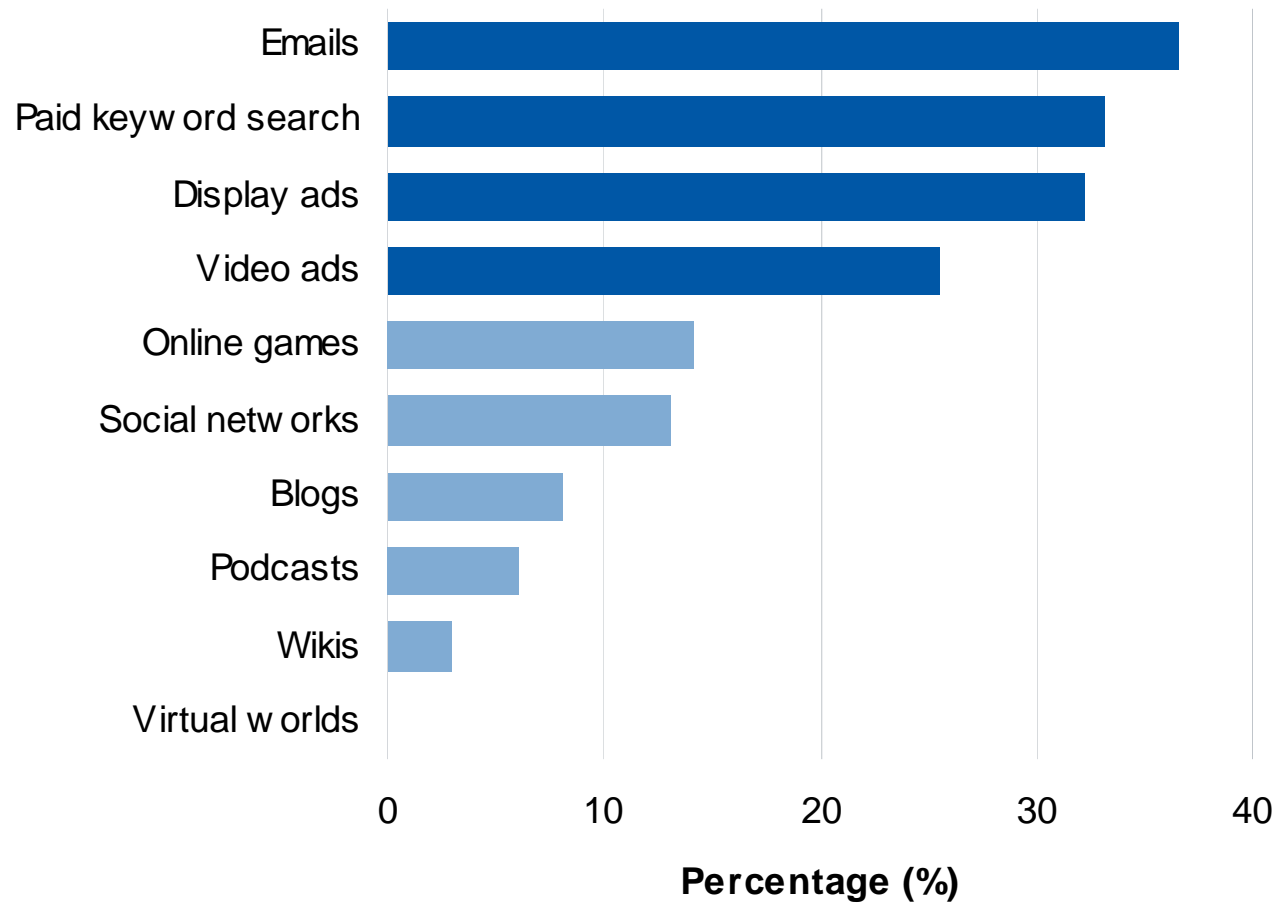
- Acknowledgement that MF has a purpose (cost per transaction cannot be beat)
- Issue is not lack of MF skills as much as lack of system knowledge
- Wrapping of mainframe functionality through (web) services, re-use, component replacement primary options of mid-to large insurers
- Small to mid-size insurers seriously looking at BPO offerings to remove IT head-aches and focus on customer

Social Media/Mobile Technologies

- Social media is extensively used by the Generation X and Millennial population
- 60% of the online American population has used a social networking site within the last month
- 98% of the American population has a mobile phone today
- 25% of the American population has a Smart phone
- Facebook was the most visited site in the US in March, passing Google for the first time
- 9 of the top 10 US nonlife insurers have at least one Twitter account
- 8 of the top 10 US nonlife insurers have at least one Facebook page.

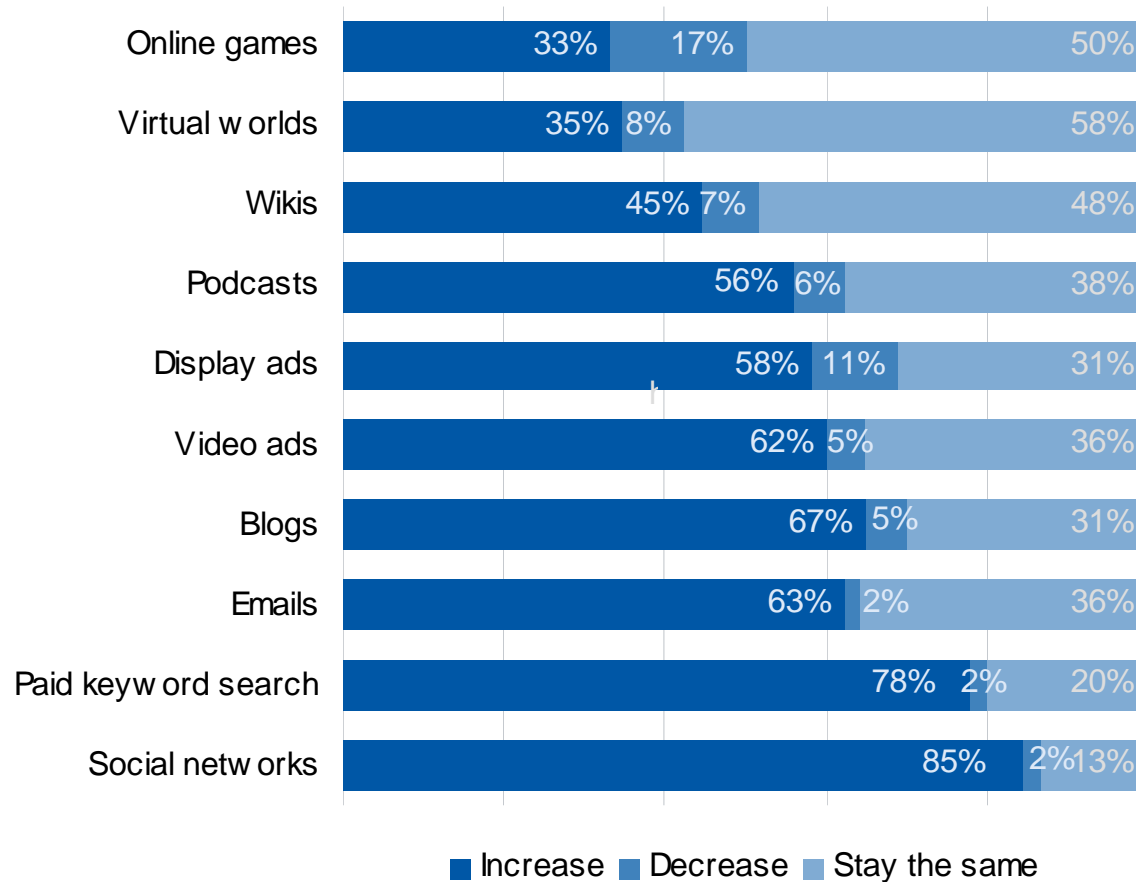
Digital Marketing Spend today

What is the digital's marketing spend (%) split over techniques?



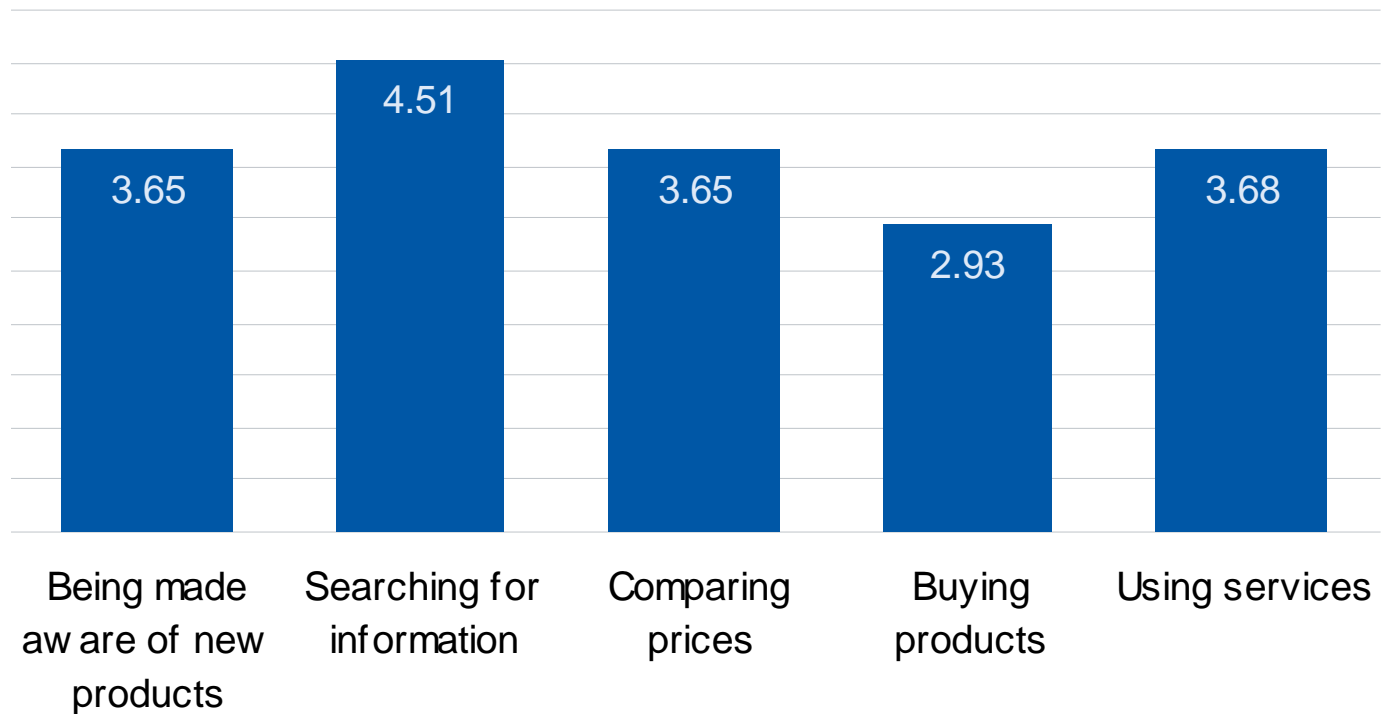
Digital Marketing Spend Expectations (3 years)

How you expect your spending in these areas to change in the next three years?



Customer use of Social Media

What percentage of your customers do you expect to use digital tools to do the following activities:



Thank You!

Questions?

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