

The recipe for successful collaboration



Sabine VanderLinden,
InsurTech expert and member
of TIA's Board of Directors

Collaboration in the world of innovation is essential. Corporate insurers are increasingly collaborating with startups to deliver innovative solutions to address changing market demands. But what's the recipe for a successful collaboration and what do insurers need from their core technology and their entire tech platform to make the collaborative process more agile and efficient? Sabine and Niels have some answers.



Niels Trzeczieski,
TIA innovation aficionado

Sabine VanderLinden is CEO of Startupbootcamp InsurTech, Europe's leading early-stage and independent accelerator for insurance technology startups. She is also co-editor of "The InsurTECH Book" and a member of TIA's Board of Directors. Sabine joins Niels Trzeczieski, TIA's innovation aficionado, for a discussion about what corporate insurers and InsurTech startups can learn from each other in the collaborative process – and how their core technology can help support co-innovation and get prototypes built, tested and tweaked fast.

Niels: *As you know Sabine, at TIA, many of our corporate insurance customers are seeking inspiration to work effectively with startups. We also have quite a few InsurTech ventures as customers, actually, focused on improving the established insurer proposition. What do you see is driving the need for corporates and startups to collaborate?*

Sabine: It's quite simple, actually – they can't exist without one another. Generally, startups do a few things really well: they think outside the box, uninhibited by legacy processes and unafraid of chaos and uncertainties; they work fast and test fast; and they are good at establishing agile ways to foster ongoing innovative thinking. However, startups often approach a problem from a technology point of view instead of looking at the business or industry problem – and that can create misalignment between a company's issue to be solved and the startup's tech message. Startups need the experience and knowledge of corporates to guide them strategically.

By the end of 2018, more than 80% of life and P&C insurers worldwide will partner with or acquire InsurTech startups to improve their competitive positions.

Mihindukulasuriya R. (2016 October 24)
'After Fintech, 'InsurTech' Startups Look to be the Next Big Thing' [BW Disrupt]

Corporates, on the other hand, with their traditional and heavy-handed development processes, benefit from learning the lean, iterative and focused innovation processes that startups deploy to solve problems

and expedite projects. When the two types of companies put their respective strengths together, they can deliver more impactful outcomes and achieve more effective innovation faster.

Niels: *We also work with many internal innovation groups within corporate entities. From my experience, they are also quite good at trying to solve problems creatively through technology first – but in many cases, they are working in silos and not involving the business units in their workflows. Do you share that same experience?*

Sabine: Yes, I do – that’s another very common issue. Internal innovation units within large companies often meet roadblocks once they want to put prototypes or pilots into production. This is often simply because they did not involve the business units early on within the decision-making and development processes, resulting in misaligned expectations, obstacles and push back. What they need to do is work closely with each business unit to embed agile innovation methodologies. Each unit becomes a key component of the overall transformation of the organization – this ensures that the overarching go-to-market plans are achieved much faster.

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Niels: *We see many different collaboration models among our customers. What, in your view, is the best way for corporates and startups to collaborate?*

Sabine: Well, there are basically three main ways insurers can partner with startups: by buying (purchasing their services, licensing their solutions or co-developing solutions); by offering the startup’s services to customers by bundling or providing them on a white-label or co-branded basis; and by investing in startups.



Three InsurTech partnership models

1. BUY

Purchase or license new technologies that give you a competitive edge

2. PARTNER

Launch new products and businesses on revenue-sharing basis

3. INVEST

Create an agreement for your company’s strategic or financial investments

At Startupbootcamp, we don’t recommend acquisition as it tends to stifle innovation, particularly when the acquired company is then merged with the rest of the business. If a young venture is acquired, it’s very important that the startup keeps its independence. We do recommend, however, some combination of partnership and investment.

We’ve seen many partnership models succeed and fail for a variety of different reasons. But the main ingredients of a successful collaboration include good, transparent communication, an innovative mindset on both teams, and robust and proven technology components that support the design and launch of new products and services.

Niels: *That's also what many of our InsurTech customers have experienced. It's very difficult to build, test and quickly iterate a pilot with an insurer that is used to working with cumbersome and archaic processes that require nine months or more to bring to market something new. And we know that unless the insurer has robust core technology, built for innovation with open APIs, it's impossible to work in a quick and agile way.*

Sabine: In any innovation lab, the technology platform, including the core technology and any tech components, needs to do the heavy lifting, so developers and engineers can focus on the functionality and usability of the solution they're aiming to launch. The IT infrastructure needs to enable plug 'n' play usage of a series of technologies. Today, gone are lengthy legacy replacement projects. No business can take two to three years to implement a new production-ready solution – the business could die within that time frame. With the pace of change within insurance is moving so fast, you need to be able to put prototypes into production much faster.

Niels: *We believe that flexibility and scalability is also a must. Several iterations of a new technology will likely be required once the testing process starts. Developers need to be able to do, adapt and do again in order to hit all the right marks. This process cannot be hindered by weaknesses within the core technology.*

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Sabine: Yes, and, of course, once the solution is locked and loaded, at least for launch, you want it running on a scalable platform as you may want to connect various third-party technologies over time

onto it, such as IOT sensors or artificial intelligence models, new forms of distribution channels, or country-level localizations. This needs to be a quick and easy process – as, once again, the opportunity may pass before you have the chance to take advantage of it.

Niels: *The best way to future-proof your collaborative solution is to work on an open core system with integration points and digital portals that are independent of the core system technology. This makes it possible to expand and adjust channels to meet the needs of the market over time.*

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About TIA Technology

Founded in Copenhagen, Denmark, TIA Technology provides an open, scalable, standard software platform to insurance companies around the world. With over 20 years of software and services experience and over 60 customers globally, TIA has deep insight into insurance business processes. Offering the full scope of expert implementation, application management and hosting services, TIA also ensures their customers keep control of costs, achieve a faster time to market and gain more business value.