

Roads to Revolution

AIRMIC Seminar
Birmingham
14 June 2017



Agenda

- The Journey
- The Question
- The Scope
- Governance
- What will result – The Answer
- Where next – Actions



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CITY UNIVERSITY LONDON



Transforming risk and insurance for the future

THINGS TO COME
RISK IN TRANSFORMATION
12th - 14th JUNE - Airmic 2017

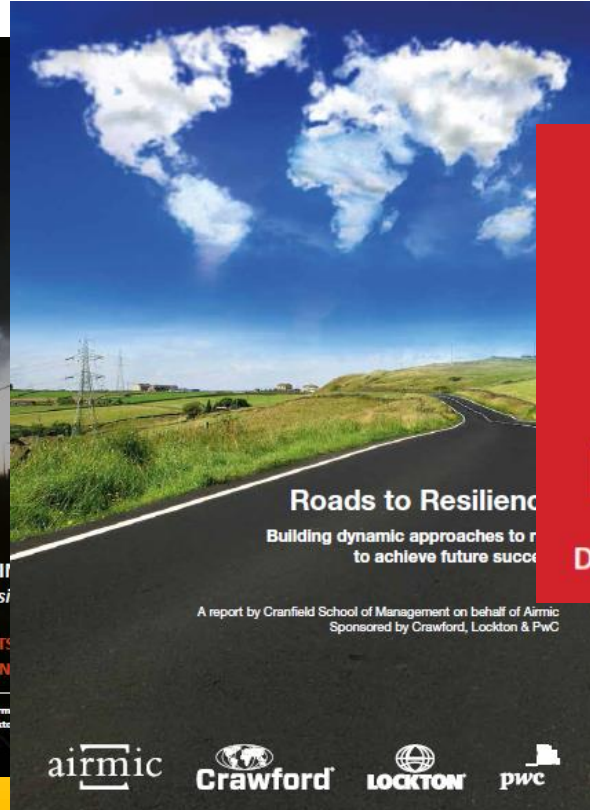
The Journey Continues



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Roads to Revolution

Digital transformation: reshaping resilience for the future

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The Question



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“How are organizations transforming their business
Models and cultures to ensure resilience, value
and growth in the digital age?”

Governance



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Advisory Panel

- Zurich
- KPMG
- F M Global
- Marsh
- Russell
- Airmic members



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Roads to Revolution

Gianvito Lanzolla

Professor of Strategic Leadership, Cass Business School, London, UK

Principal Investigator, Roads to Revolution Project



TECHNOLOGY AND INNOVATION

Distributed computing
power - "Cloud"

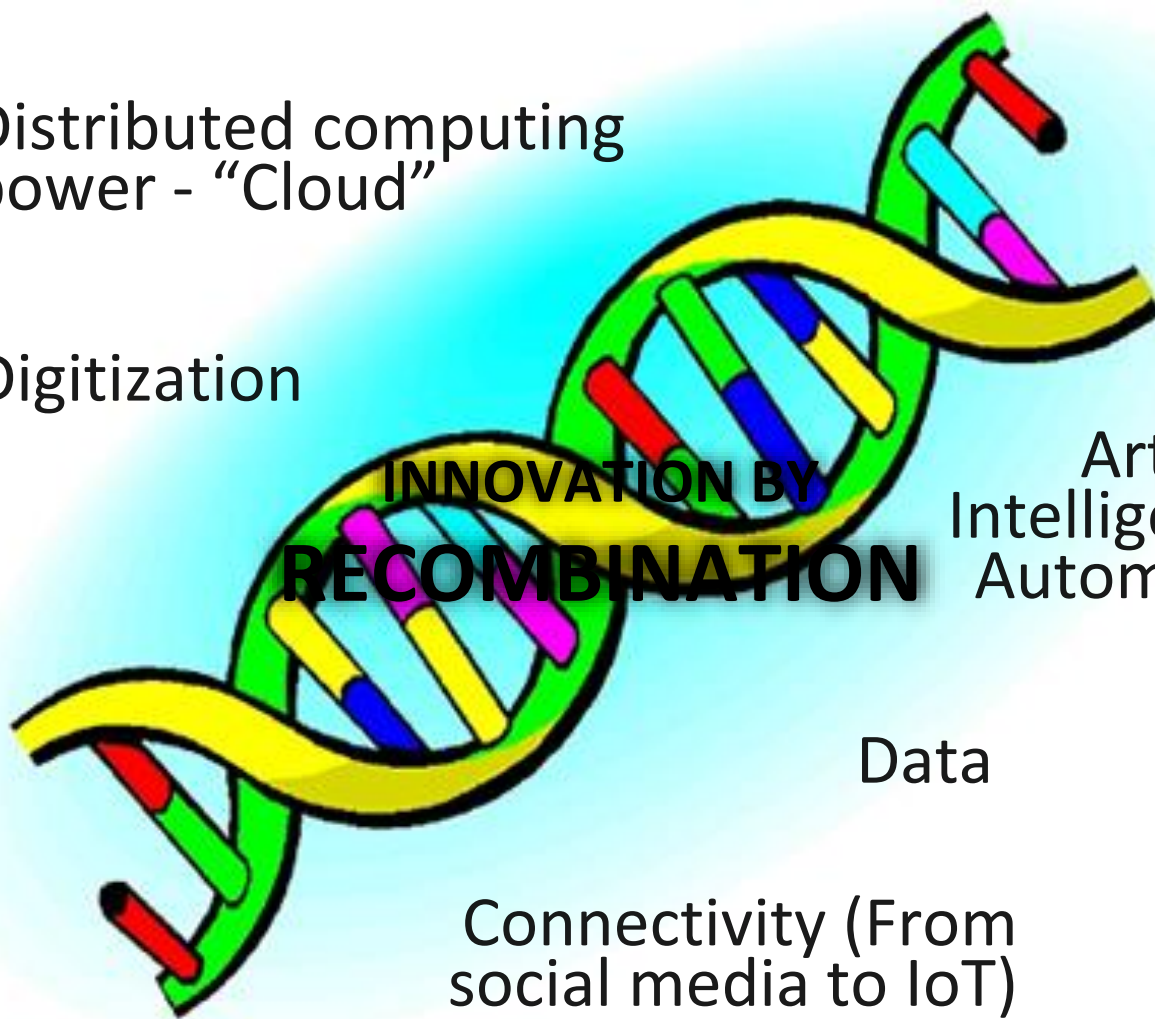
Digitization

**INNOVATION BY
RECOMBINATION**

Artificial
Intelligence -
Automation

Data

Connectivity (From
social media to IoT)

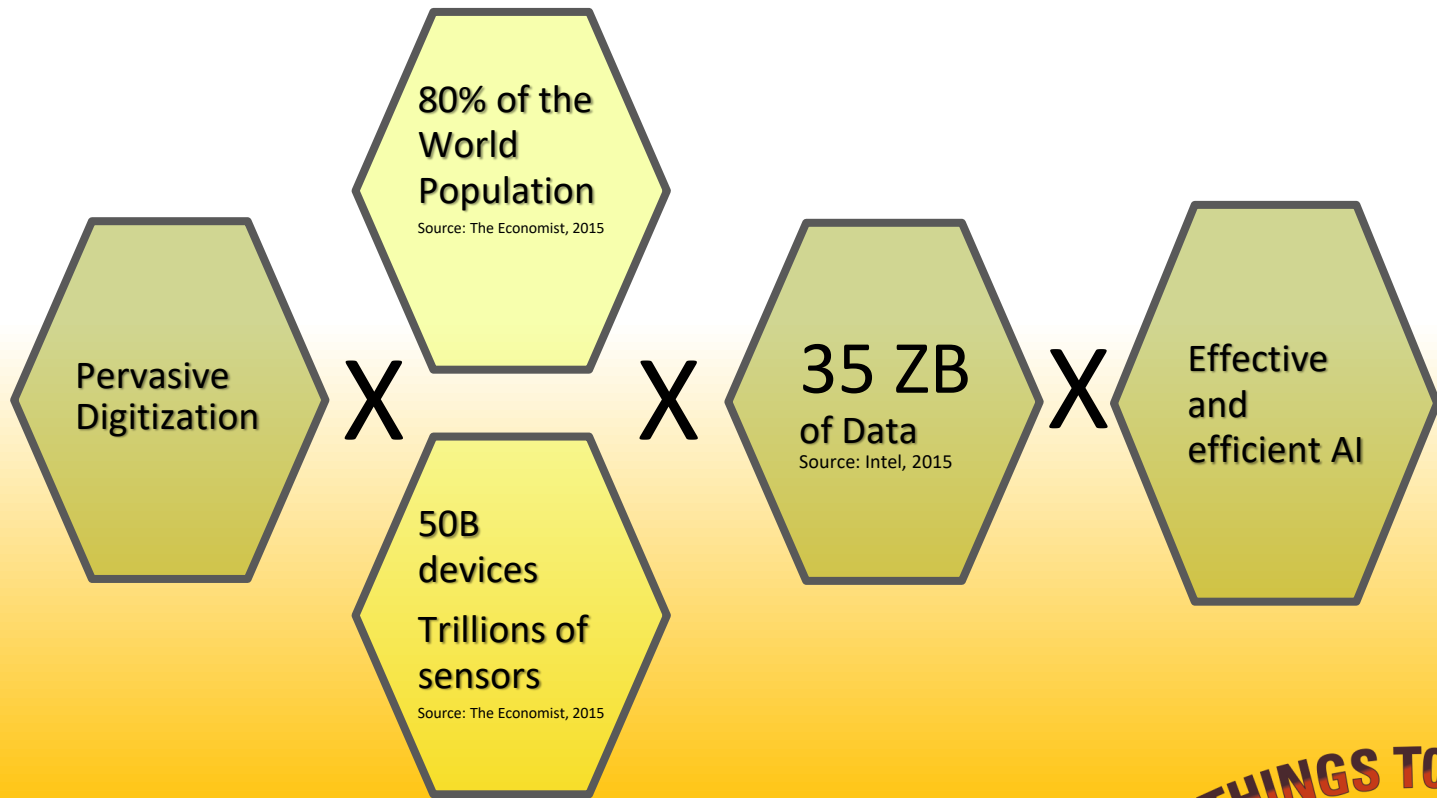


Innovation will emerge at the intersection point of industries that had little to do with each other – e.g., software and biology – and by recombining core technological capabilities – e.g., artificial intelligence, data and connectivity.

A word cloud featuring various technology sectors. The words are arranged in a roughly triangular shape, pointing towards the top right. The colors of the words include maroon, teal, green, light blue, yellow-green, and dark blue. The words are of varying sizes, with 'healthtech' and 'greentech' being among the largest.

healthtech
adtech
retailtech
proptech
agritech
edtech
greentech
foodtech
traveltech
madtech
insurtech
fintech
biotech

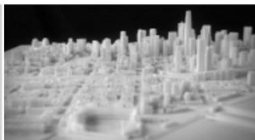
By 2030...





Drones cost per unit:

- 2007: \$100k
- 2013: \$700



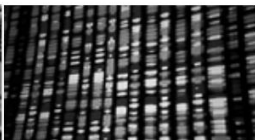
3D printing cost averages for equivalent functionality:

- 2007: \$40k
- 2014: \$100



Industrial robots:

- 2007: \$550k
- 2014: \$20k



Costs for DNA sequencing:

- 2000: \$2.7bn
- 2007: \$10mn
- 2014: \$1k



Solar power cost per kWh:

- 1984: \$30
- 2014: \$0.16



Sensors (3D lidar):

- 2009: \$30k
- 2014: \$80



Cost of smartphone model with similar specifications:

- 2007: \$499
- 2015: \$10

THE LEAN STARTUP

How Constant **Innovation**
Creates Radically
Successful Businesses

ERIC RIES

'Mandatory reading for entrepreneurs' **Dan Heath**

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Welcome To
The Future

By 2022 (source: IBM)

\$14t

***The opportunity (and the challenge)
is huge...trillion more, trillion less***

STRATEGY







“In the future, 50-60% of the value of a car will consist of digital devices and tools, and 20% of batteries.”

Peter Altmaier, Chief of Staff of the German Chancellery and Federal Minister for Special Affairs since December 2013.

What is left for traditional car makers?

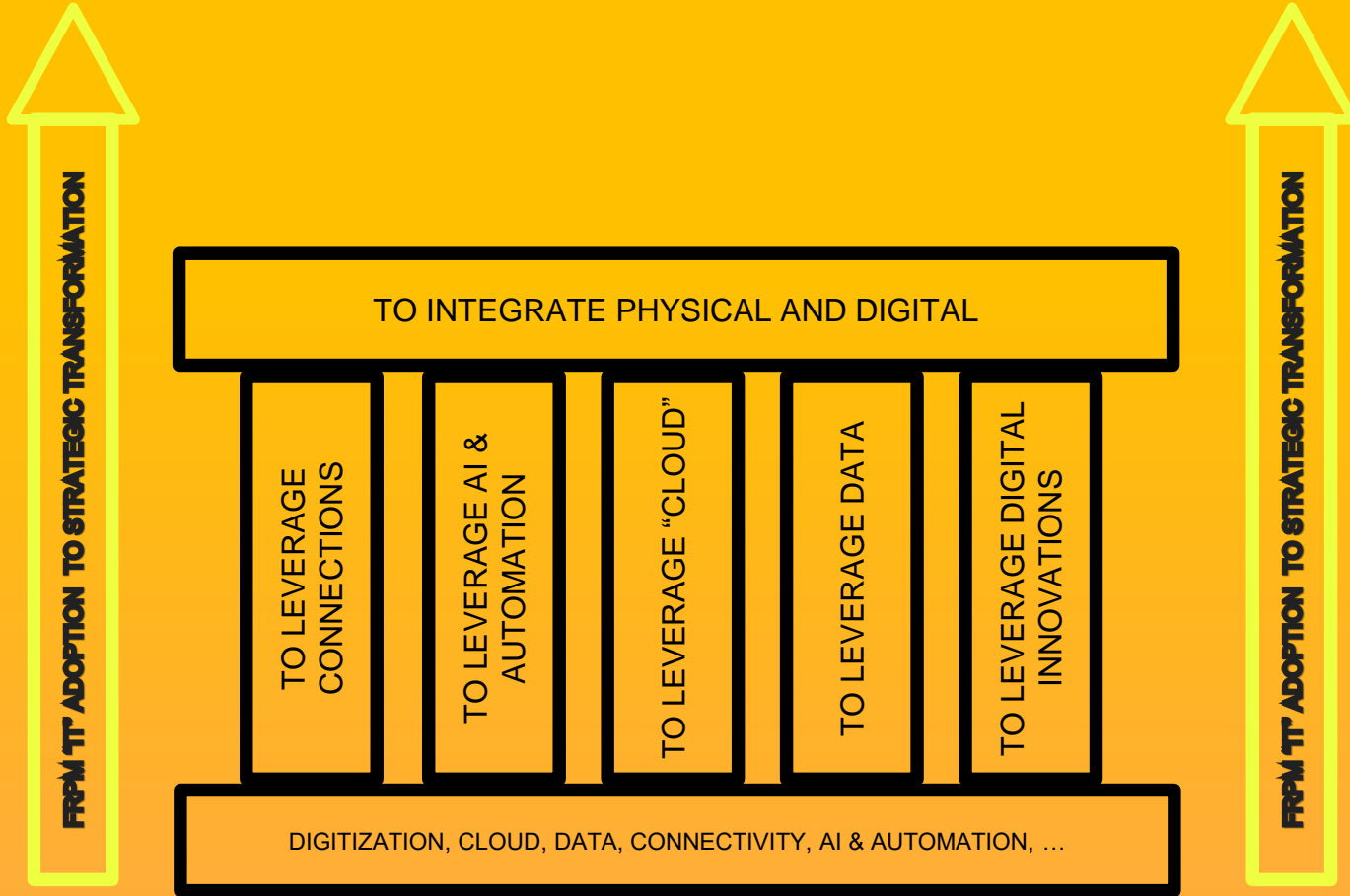


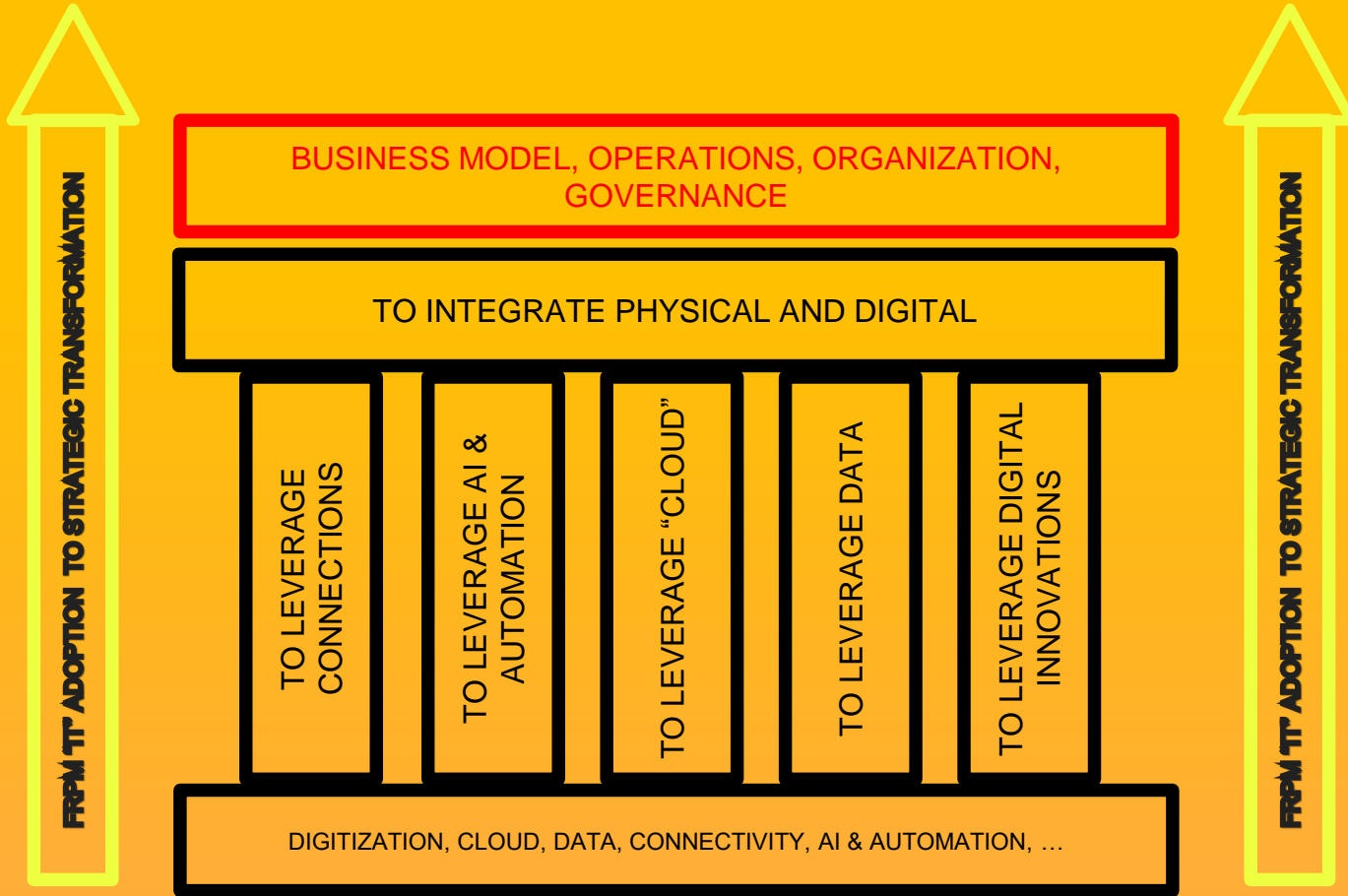
Germany faces €220b fall in industrial value added without further digital transformation (Source: Roland Berger, 2017)

**THE NEW NORMAL:
INTEGRATING PHYSICAL
AND DIGITAL**

THE NEW NORMAL ➤

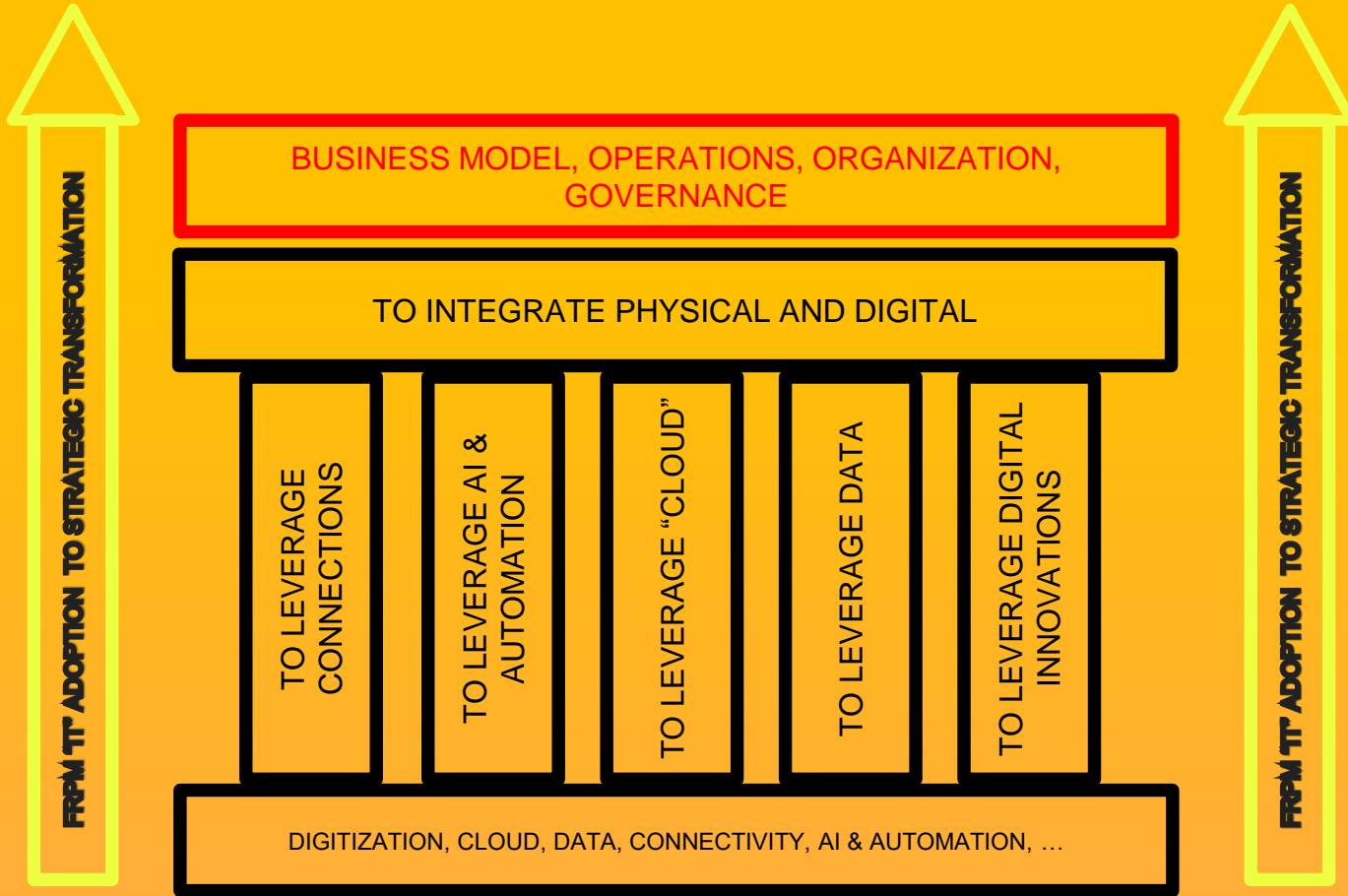
THE VISION:
INTEGRATING PHYSICAL
AND DIGITAL

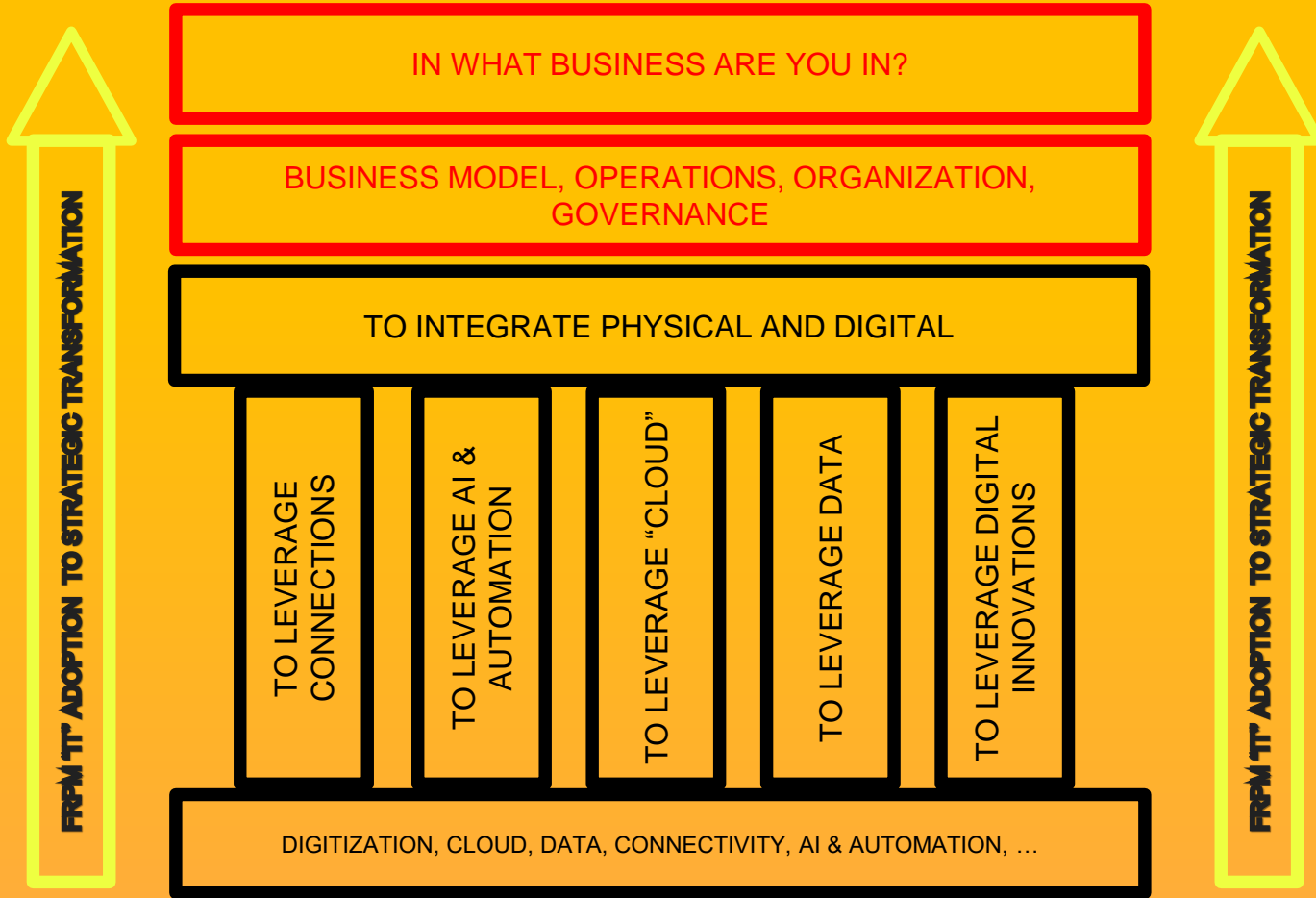




TO TRANSFORM THE BUSINESS MODEL:

- **Operations, Governance, Organization**
- **Market reach**
- **Customer experience**
- **Products / Services**

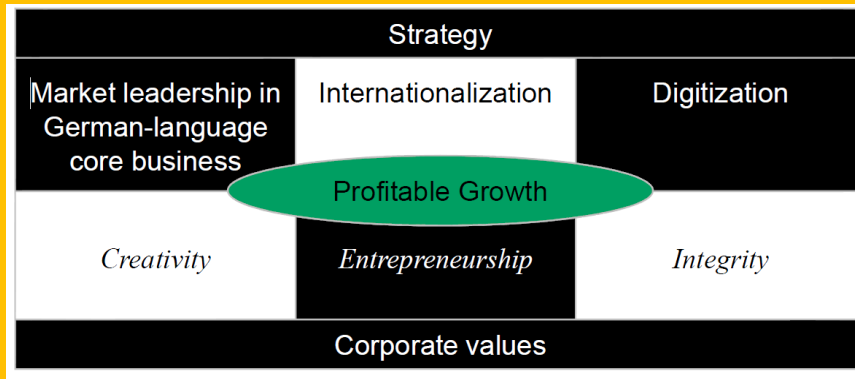




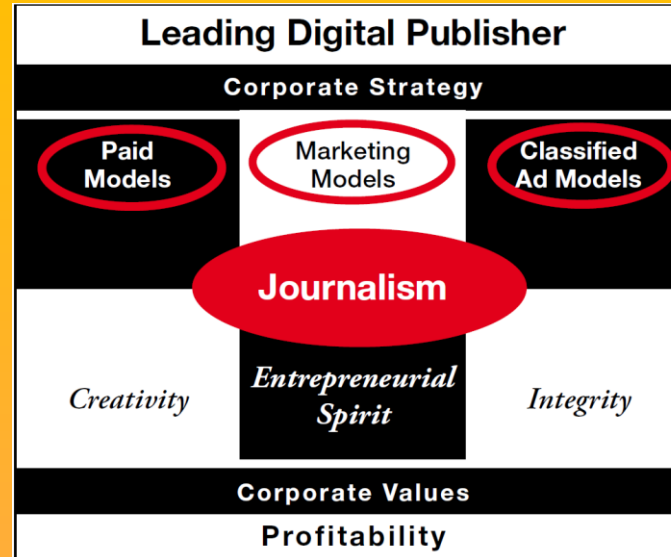
ANNUAL RESULTS PRESS CONFERENCE

WITH WEBCAST REPLAY

Axel Springer strengthens
position as leading
digital publisher in the
2015 financial year



2003



2013

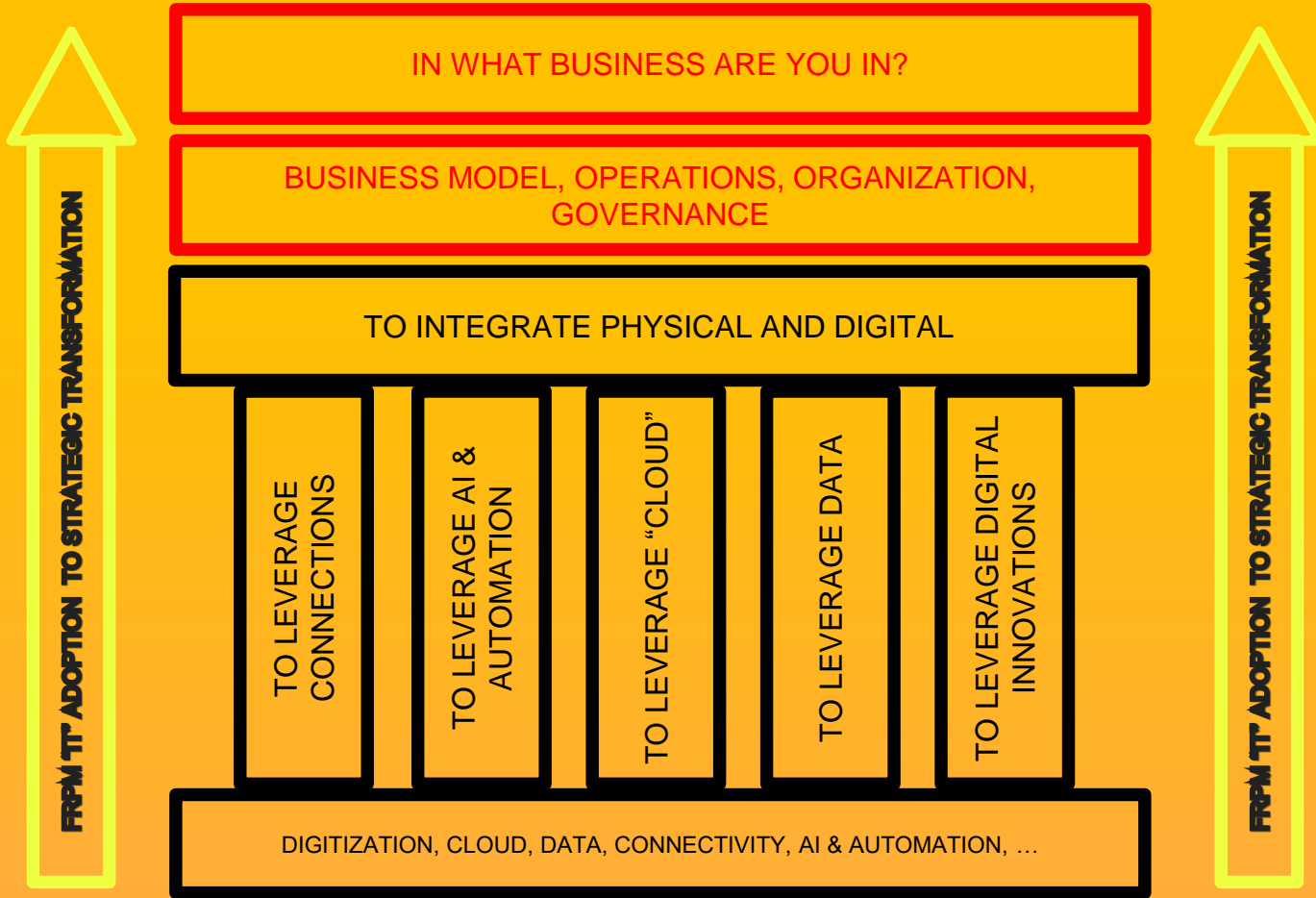






Nahhhh...I don't think It will work. Let's do something different...something smarter...something cooler!





THE PARADOX OF DIGITAL
TRANSFORMATION:
CORE BUSINESS EVOLUTION vs.
BUSINESS MODEL REVOLUTION

Efficiency vs. Differentiation

Optimization vs. Control

Data vs. Insights

Scale vs. Personalization

Linear vs. Co-Creation

Product vs. Relations

Specialization vs. Integration

Physical vs. Digital bottlenecks

Efficiency vs. Differentiation

Optimization vs. Control

Data vs. Insights

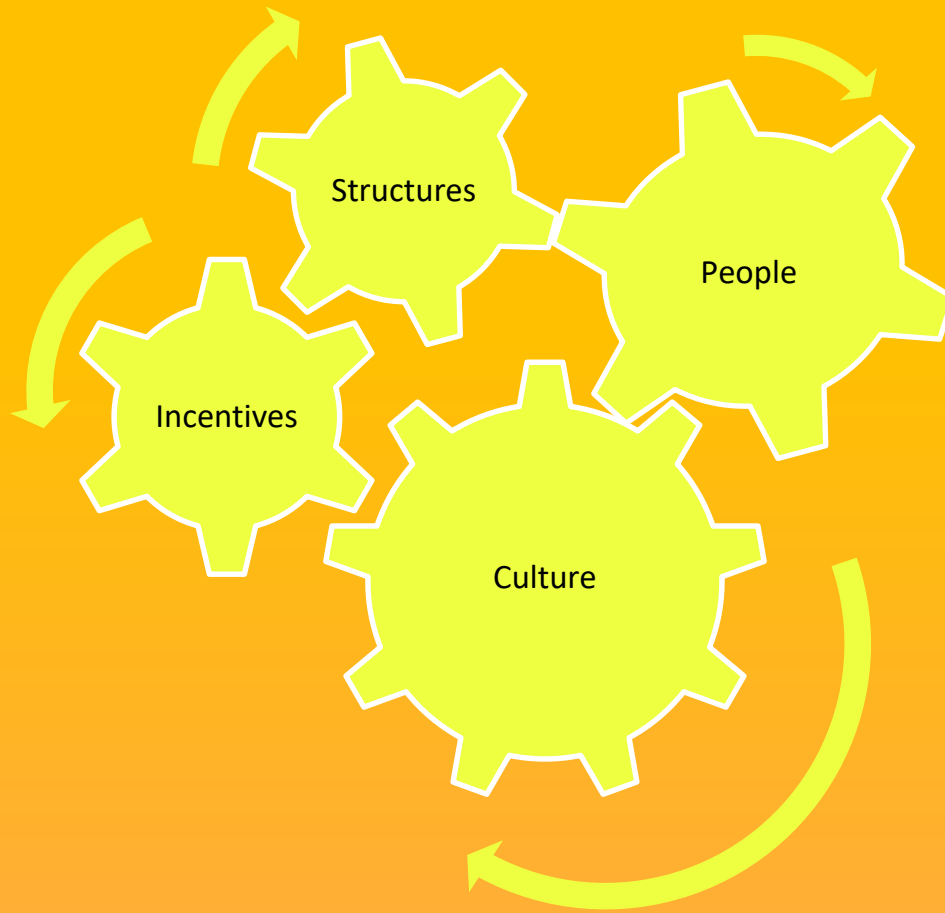
Scale vs. Personalization

Linear vs. Co-Creation

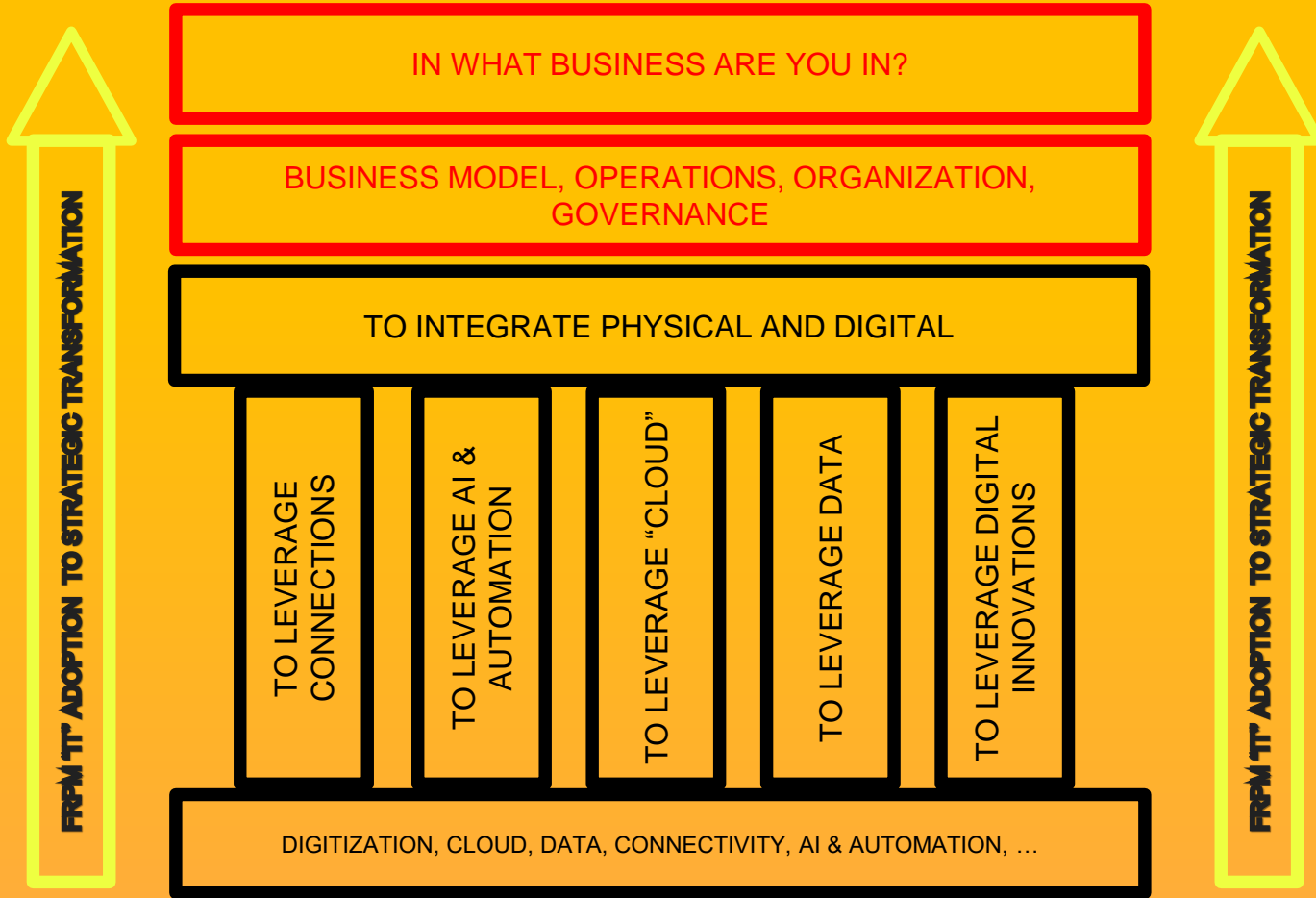
Product vs. Relations

Specialization vs. Integration

Physical vs. Digital bottlenecks



How do you keep this organisation together?



Case studies

- Each case study developed as a standalone case
- Each case study organization will describe its own journey in grappling with the trade-offs, opportunities and challenges of the digital transformation
- For each case study, we will identify the most appropriate level of analysis

Your Turn

Please state the extent to which you agree/disagree with the statements.



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