



Citrix & Insurance

Citrix delivers people centric solutions
for the insurance sector

Introduction

The insurance industry is one of the oldest industries in the world, with a traditionally slow pace of change. As the largest market in the world, Europe accounts for a third of global insurance premiums and employs over 975,000 people.

During the last five years, traditional insurance has seen only marginal growth in Europe across both life and non-life segments. In contrast, the European online insurance market is projected to register a CAGR of approximately 7.6% between 2019 and 2024¹.

The insurance market is changing. In the UK and across Europe, younger people are not buying cars or homes like they used to, and there is a shift towards renting and spending on experiences instead of goods. Insurance companies need to respond with innovative new products and services if they are to stay relevant to younger generations, requiring technologies like the Internet of Things (IoT) and blockchain to enable these new business models. For example, many car insurance companies are experimenting with insurance plans where drivers pay by usage, requiring sensors, new types of policies, new marketing, and new customer engagement models.

Technology's impact on the insurance industry is not only changing how customers interact with insurance companies; it is creating new business opportunities, new operating models, and new competitors. In an interview in the Financial Times, Thomas Buberl, Chief Executive of Axa, identified his future competitors as Facebook, Google and Apple. The influence of social networks is propelling new initiatives and creating a new channel to market.

To stay competitive, insurers need to rapidly integrate and exploit new technologies, creating a demand for a digitally talented workforce. Insurers will increasingly compete with banks, retailers and other industries for technical expertise in areas such as data analytics, intelligent pricing, fraud prevention, and telematics.

This paper considers the shifts reshaping the industry and suggests how Citrix can help insurance companies attract and retain engaged employees, work smarter for greater focus and efficiency, and reach sustainability goals.

Attracting scarce talent is only half the battle; the real challenge is ensuring employees are engaged and productive in the workplace. Focusing on employee experience pays dividends because employees' vitality, productivity and capacity for organic growth is inextricably linked to their everyday experiences at work.

Five shifts reshape how insurance companies compete:

1. Customers are changing and demanding more

Expectations across the entire customer lifecycle are rising rapidly, and insurers must continually improve the customer experience if they are to remain competitive. Most customers now rely on comparison websites to purchase general insurance products and services, driving prices down and eroding profit margins for insurers. Younger people are not buying cars and homes like they used to; instead, they are shifting towards renting and towards spending on experiences over goods. Insurance companies need to innovate and develop new business models in order to stay relevant to younger generations.

Adding to the drain on profit margins caused by price comparison websites, UK regulators have asserted their intent to stamp out the 'loyalty penalty' - the industry practice of charging existing customers more than newcomers for their motor and home insurance. The estimated cost to customers from this practice is £1.2bn². In the UK, the Financial Conduct Authority (FCA) proposes forcing insurers to radically alter business models and the way they price policies, threatening the practice of using excess profits from the loyalty penalty to fund discounts to new customers and requiring the development of novel, innovative ways of attracting customers.

Today, 91% of UK insurance customers say that effective digital customer service increases their loyalty. We know that customer experience leaders consistently achieve greater growth and higher share prices than customer experience laggards. One of the reasons customer experience leaders excel is that they 'nail the basics'; for example, having a highly available website with a rapid load time, because even a one-second delay on a customer-facing website can reduce sales by 7%.

Customers prefer personalised insurance cover to widely available one-size-fits-all products. Lifestyle apps are reshaping the insurer-insured relationship, enabled by insights-driven offerings as insurers integrate data from multiple sources. A deeper understanding of customer behaviours will lead to more accurate risk assessments, personalised premiums, and improved customer experience as well as a reduction in false claims.

2. Technology innovation is creating new business opportunities

The insurance industry is being transformed by the development of innovative new products and services enabled by emerging smart technologies including AI, robotics, blockchain, the IoT, telematics and wearables. Robotic Process Automation (RPA) and AI will occupy centre stage in insurance, driven by better data processing capabilities and advancements in AI algorithms. While AI can eliminate brokers and paperwork, it also helps minimise fraud through behavioural economics, leading to reduced time, effort and cost and, in turn, a better customer experience.

In the future, incumbent insurers will use data mining to gather insights from both their internal data and hundreds of open data sources for analysis, new product development, and identification of those consumers most likely to purchase the new offerings. Big Data will be used to develop personalised offers, reducing spam and improving customer satisfaction. Artificial intelligence will be used to predict customer behaviour and provide new opportunities for upselling and cross-selling of relevant insurance products to the right customers.

Premiums will become highly personalised to meet the different needs of the younger generation, facilitated by new sources of tech-enabled data such as the Internet of Things, mobile apps, and wearables. Connected devices are predicted to surge in the next five years, enabling insurers to extract accurate real-time data on the loss exposure of individual consumers. This will help insurers proactively respond with timely and highly personalised interventions.

Revenue growth in the industry is expected to come from this multitude of new service-based products focusing on prevention instead of protection. Today, insurers generate over 30% of their business from these types of service-based offerings – a number expected to rise to 61% in 3 years³.

3. Insurtech partnerships speed transformation

The increasing demand for innovative products and services has prompted insurance companies to invest heavily in insurtech by building their own capabilities and partnering with external startups. Insurtech enables the use of technologies such as the IoT and drones to gain deeper insights into customers and their behavioural patterns through rigorous data collection, exchange and analysis. This is already proving invaluable in supporting faster and better decision-making processes across operations.

A PwC insurtech survey⁴ revealed that 75% of insurers are proactively taking steps to move legacy technology landscapes to more dynamic and flexible 'as-a-service' models, which aligns with the broader change in the economy:

- 73% of insurers are making IoT investments today to drive connectivity and release new insights
- \$3bn has been invested into insurtech to provide complementary capabilities faster, cheaper and with enhanced customer experiences
- 54% of insurers are currently investing in artificial intelligence to increase efficiencies and better understand customers' needs
- \$1bn has been invested in blockchain technology since its creation in 2009

4. Most insurance companies plan to grow through mergers and acquisitions (M&A) and spin-offs

M&A activity is being stimulated by the increased pace of change combined with the widespread digital disruption across the insurance industry. 72% of CEOs believe that M&A will drive at least 50% of industry growth within the next five years.

Insurance companies will also spin off highly focused businesses and brands, giving them the freedom to experiment with new products, business models, and marketing. These spin-offs can be very attractive to skilled workers because they offer a small-startup environment with the benefits brought by large-company infrastructure and resources.

The value of acquiring another insurance company or an insurtech startup will only be realised if the acquirer manages to rapidly integrate the acquired company's applications and engage the employees. Highly skilled employees in an insurtech or a spinoff can and will move to another employer if they are not provided with the necessary environment and the preferred tools that set them up for success, enabling them to get work done in the ways most effective and familiar to them.

Acquiring new insurtech companies and developing new, innovative products and services, along with ongoing modernisation of existing legacy systems, creates a complex environment for insurers – an environment in which they need to improve their employees’ experience so that they can, in turn, deliver excellent customer experience⁵.

5. The growing importance of sustainability

Sustainability is now a focus for insurers, partly because of their Corporate Social Responsibility (CSR) initiatives, but also because of a new requirement advanced by the European Union. The EU’s Sustainable Finance Action Plan, announced in May 2019, requires insurance companies to take environmental, social and governance (ESG) factors into account when providing advice to their clients. These changes will be made by amending the Markets in Financial Instruments Directive (MiFID) and the Insurance Distribution Directive (IDD).

The new regulation establishes how financial market participants and financial advisers must integrate ESG risks and opportunities into their processes as part of their duty to act in the best interest of clients.

In addition, younger generations of customers and employees have grown up with increased awareness about sustainability, so they expect companies to reflect their values and aspirations. Prioritising sustainability is becoming increasingly important to win new customers and attract younger workers. Businesses wanting to stay competitive in the future will benefit from acting now to retain a loyal customer base and attract top talent.



How Citrix can help insurance companies respond to industry shifts

1. Competing for scarce skills, helping you attract and retain talent

Responding to these industry shifts, insurance companies are aggressively looking at use cases for intelligent automation such as AI, machine learning and RPA to develop new service-based products, bring efficiencies into existing processes, and reduce operational costs.

Integrating these technologies requires a different type of workforce; the challenge is that innovation is happening at a faster rate than companies can acquire the skills they need. Digitalisation across all industry sectors is already having a profound impact on the labour market, creating shortages in specialised digital skills and surpluses in other areas. Insurance companies are competing with banks, retailers, manufacturers, marketers, and IT for talent.

Providing an excellent, engaging employee experience is more critical now than ever before. Insurers must design a modern, flexible, high-tech working environment to attract and retain the best talent.

There is no doubt that digitalisation will both eliminate and create jobs, but there is great uncertainty as to the net effect of disruption. Ernst & Young's survey of 200 companies reveals how companies across Europe are struggling to recruit the appropriate talent. Managing this transition acquires a new urgency as skills shortages, particularly in the technology fields, hinder the growth potential of insurance companies.

Degree of challenge to recruit digital skills			
Current		Future	
Harder than last 12 months	33%	To get harder over the next 12 months	38%
Easier than last 12 months	3%	To get easier over the next 12 months	10%
Same as last 12 months	59%	To remain same as next 12 months	50%
Can't say	5%	Can't say	2%

Most scarce digital skills			
Cybersecurity	48%	Programming and web development	37%
AI and robotics	48%	Mobile and analytics	38%
Big data and analytics	47%	Digital marketing, including social media	27%
Augmented reality and virtual reality	38%	Project management	50%

Source: EY, Building a better working Europe, December 2018 (total respondents: 200)

Data scientists, cyber security experts and the younger generation of employees expect the same digital experience they get in their personal lives. Research published in The Economist⁶ this year showed that, for high-performing companies, technology was more important for driving productivity and engagement than salaries or a wellness programme.

Citrix Workspace can support your organisation's efforts to attract and retain talent by delivering a unified, fast, flexible and integrated work environment.

- **Unified:** Users get a seamless work experience regardless of the type of app, device, network or location, without a lot of extra steps. With Citrix's unified workspace, we provide users with secure, contextual access to their apps (virtual, SaaS, web and mobile), virtual desktops, files and data.
- **Fast:** Citrix can deliver the quickest response times without compromising on quality, even in challenging network conditions.

Beazley, a Citrix customer:

Beazley are a specialist insurer, whose three decades of experience providing a world-leading standard of underwriting and claims service, was recently rewarded with the 'Insurer of the Year' 2019 award. Beazley specialise in providing innovative insurance products, which requires a talented workforce. They recognised that attracting the desired workforce requires offering a superior employee experience, which is why they selected Citrix.

“We are an organisation developed on the talent we have, it is essential for Beazley to be able to attract very good, very strong people. They want to have the kind of technology they are used to (at home) Citrix provides just that”

- Penny Malik,
Head of Talent, Beazley.

- **Flexible:** Employees can now securely work on any device in any location. Every business application requires users to be authenticated before they are given access to a resource. Citrix lets users access multiple applications with one set of sign-in credentials, improving both employee experience and productivity as well as giving IT more control over user access, reducing password-related help desk calls, and improving security and compliance.
- **Integrated:** Citrix delivers an integrated cloud-based solution that simplifies onboarding, provisioning, updating, securing and managing business IT resources. This removes the cost and complexity of individual point solutions for application delivery, endpoint management, network security, content collaboration, and virtualisation. Citrix Workspace intelligently enhances the efficiency of organising, guiding and automating work, thus freeing up time from repetitive tasks so that your people can focus on doing the jobs you employed them to do.

Citrix's wealth of experience in understanding apps and data from an end-user perspective is now proving invaluable in helping organisations across the world deliver a modern, productive and more engaging employee experience.

2. Addressing the growing importance of Diversity and Inclusion (D&I)

Across industry, successful companies have known for some time that D&I is not just a 'nice to have' but a commercial imperative. Insurance companies are starting to make progress, but much more needs to be done, and there is a lot to be gained in terms of enhancing your brand and reputation as an employer as well as attracting and retaining a wider talent pool.

Independent research involving more than 5,000 Dive In (Diversity and Inclusion in Insurance) attendees showed that there is plenty more the global insurance industry needs to do to build more inclusive workplaces, with gender balance topping the list of areas that need focus.

For example, recent research by Citrix¹⁰ has revealed that technology which enables staff to work in a more flexible way, such as from a remote location, is a major draw for potential employees with disabilities. When deciding whether they would want to work for an organisation, 86% of knowledge workers with disabilities are influenced by the technology that an employer makes available to staff, and 85% also factor in whether there is an option to work remotely. In fact, two in five (42%) cite the flexibility to work remotely as a “major factor” in their decision.

Offering the best technology and ability to work from anywhere attracts the best and most diverse talent. Diversity reduces the likelihood of groupthink, introduces new ideas to the business, improves the reputation and brand of your company, and can even open up new demographics which could be crucial to companies who are struggling to compete for existing talent.

3. How we help you ensure your employees are fully engaged and productive

Attracting talent is only half the battle. The real challenge is how to ensure your employees are engaged and productive. According to Gallup⁸, disengaged employees have 37% higher absenteeism, 18% lower productivity and 15% lower profitability. Focusing on the employee experience pays dividends. Gallup recommends that organisations start by recognising that employees' vitality and capacity for organic growth is inextricably linked to their everyday experiences.

As efficiency increases, so does employee engagement, and companies with high levels of employee engagement report **20% higher productivity and 21% higher profitability**⁷.

“What we are trying to create here at Schrodgers, is an inclusive and collaborative environment and flexibility is key. Citrix allows our people to access the right technologies and solutions when they need to access them. And that makes them more productive and happy and allows us to get them best from them.”

- Emma Holden,
Global Head of Human Resources,
Schrodgers.

- **Reducing context switching** – Workers use apps for collaboration, communication, customer management, file sharing, and more. While they need these apps to do their jobs, they generally only use a sliver of the functionality in each one. Unfortunately, this creates a scenario where they are context switching, moving from app to app to complete tasks. Context switching is a productivity killer, with research showing it can reduce productivity by up to 40%. Citrix Workspace eliminates context switching, presenting only the app functionality needed to complete the request and helping employees focus on work that matters instead of on low-value tasks.
- **Finding information faster** – 68% of employees waste up to 60 minutes a day navigating between apps. This equates to 32 days lost per year, per employee. The universal search function in Citrix Workspace quickly finds applications and files, enabling users to resume work faster
- **Unifying content** – Launching full applications wastes time. Consider an employee requesting time off. This kicks off a manager workflow that requires the manager to sign in to the HR application, navigate to and review the request. Citrix Workspace simplifies this process: The time-off request shows up in the manager’s feed. After a quick review, the manager clicks approve, and it’s done. No logging into a different app, no re-entering usernames and passwords, and no navigating to the request after logging in.

4. Citrix makes onboarding and offboarding employees during mergers and acquisitions easier

73% of insurance companies believe M&A will drive 50% of growth within the next 5 years³. Successfully integrating acquired companies requires rapid onboarding of new employees as well as fast and secure offboarding of departing employees. New employees need to be productive on day one by getting secure access to your applications and data from any device they want. This is where Citrix can help:

- **Centralising application management significantly improves the speed with which IT can provide access to apps and data.** With Citrix Cloud, IT can provide users with access to any applications from any device in any location within hours or minutes instead of weeks or months. With apps and data hosted centrally, insurance companies reduce the risk associated with lost or stolen devices as well as the footprint for compliance audits. Citrix technology encrypts data in motion and at rest, wipes data on mobile devices, restricts sharing and copying of data, and segregates protected data in closely monitored, restricted spaces.
- **Citrix reduces the risk of financial data loss** from security threats with analytical capabilities by integrating solutions which reduce potential security vulnerabilities that are exploited to attack insurance companies. Centralising security controls, such as granular policy settings, allows application policies to be defined and managed. For example, IT can deliver contextual access based on roles, devices and locations. In addition, network security protects web applications from both known and unknown threats. All of this protects data without compromising the customer or employee experience.

5. Helping insurers move forward on sustainability initiatives

Sustainability is of increasing importance to the insurance industry. Many companies have already signed up to the UN Sustainable Development Goals. Here are three ways Citrix can help you achieve your sustainability goals, become a more attractive place to work for the environmentally concerned employee, and gain a competitive advantage in a tough marketplace.

- **Move workloads from on-premises to low-carbon hyperscale cloud data centres**

Data centres consume up to thirty times more electricity per square foot than office space does and are on track to be responsible for 18% of the global Information and Communication Technology (ICT) carbon footprint by 2020. In the majority of traditional on-premises data centres, as many as 15–30% of servers that are powered on are idle. Additionally, with almost half operating at non-ideal temperatures, these non-cloud data centres are energy inefficient. To address this, 'best practice' frameworks for data centre efficiency use a measurement called Power Usage Efficiency (PUE), created by The Green Grid.

Studies highlight that PUE ratings for on-premises data centres range from between 2.9 and 1.7, indicating that traditional data centres waste between 70% and 190% of energy consumed due to inefficient operations. Amazon Web Services (AWS) data centres have already achieved an average PUE of 1.2, Google 1.16, and Microsoft 1.12. With PUE readings approaching the level of zero waste, hyperscale service providers are now generating comparable computing capabilities with over 50% less electrical waste than standard on-premises data centres.

Over 80% of on-premises data centres continue to consume electricity created from fossil fuels, whereas many of the hyperscale service providers have switched to predominantly renewable energy sources. As an example, Microsoft has created multiple wind farms that directly supply their cloud data centres with low-carbon renewable energy.

Citrix works with organisations to move workloads off premises to Citrix Cloud running on Microsoft Azure. We have the knowledge, skills and desire to work with you to build the business case and the sustainability case for moving your workloads to the cloud.

- **Replace laptops and desktops with thin clients**

Old laptops and desktops typically provide more computing power than the employee requires to perform everyday tasks. While this might seem insignificant, the vast number of knowledge workers using legacy laptops and docking stations for 40–50 hours each week across the country accounts for a substantial amount of unnecessary kilowatt-hour consumption.

Adopting a thin-client approach, in which the computing power is located centrally in the cloud and accessed with tools such as Chromebooks, reduces reliance on the users' device for performance, enabling a more efficient and less energy-intensive way of working.

To highlight this, imagine a single employee using a traditional desktop computer from 9am to 5pm, Monday to Friday. Taking into account the statutory 28 days of paid holidays (including bank holidays), this equates to 232 working days or 1,856 active desktop hours during a working year.

The average desktop (including a monitor) uses 70W of power per hour, equivalent to leaving a 60W lightbulb burning constantly for 90 days. A low-energy device uses less than half of this, consuming an average of 33W per hour. In a company with 1,000 employees, this equates to a savings of 73.9 metric tonnes of Carbon Dioxide Equivalent (CO₂e), equal to stopping the carbon emissions of over 181,000 car miles every year.

In addition, the business case makes sense: Chromebooks sell for under £200, and they leave the organisation less exposed to security risks.

- **Embrace a more flexible working culture**

Moving to a flexible working environment will likely have the most far-reaching consequences of the changes we've discussed here. Adopting a culture where your team can work from anywhere reduces strain on both the environment and your employees. However, companies must ensure that this flexibility is underpinned by robust management practices and culture to make sure that employees aren't expected to be 'always on'. By embracing this kind of approach, supported by the cloud and energy-efficient, lightweight devices, you can reduce your carbon footprint while benefiting from happier staff and improved productivity.

Summary

Improving customer experience in the insurance sector is a top business priority. A great experience keeps customers returning, reduces the cost of transactions and ultimately establishes a trusted relationship. The pace of change is rapid, and the future is unpredictable, but what we can predict is that by 2025, most insurance companies will have their apps and data in multiple clouds and on premises, and the use of third-party apps will be widespread.

Success depends on insurers rapidly integrating and exploiting new technologies, which, in turn, relies on attracting and retaining a digitally talented workforce. Competition for talent is fierce, as is the competition to create the best employee experience. In fact, a recent Gallup survey found that organisations investing in employee experience outperform their peers by 147% in earnings per share.

Citrix is committed to giving employees everything they need to be productive in one unified experience, while arming IT with the visibility, simplicity and security needed to enable and control it all. Your business will attract and retain better and more diverse talent by offering a flexible, productive and modern working environment, unlocking the full potential of your people.

And this, says CTO Stewart Carmichael, is what technology at Schroders is all about: “Our greatest asset is our talent and we’ve got to unlock all of their innovation and the capability that they have and empower them. And with Citrix, we can.”



- 1 Europe Online Insurance Market - Growth, Trends and Forecast (2019-2024) – Mordor Intelligence
- 2 UK Insurers and the £1.2bn cost of loyalty, Financial Times, October 11, 2019
- 3 A demanding future – The four trends that define insurance in 2020, Deloitte
- 4 The untapped potential within the UK insurance market, PwC July 2019
- 5 The Customer Experience ROI Study, Watermark Consulting, 2019
- 6 The Economist Intelligence Unit: The Experience of Work, The role of technology in productivity engagement, 2019
- 7 <https://www.inc.com/scott-mautz/a-2-year-stanford-study-shows-astonishing-productivity-boost-of-working-from-home.html>
- 8 Gallup – State of the Global Workforce Report 2017
- 9 <https://px3.org.uk/blog/>
- 10 <https://www.citrix.com/blogs/2019/09/25/outdated-workplace-tech-limits-opportunity-for-disabled-talent-in-the-uk/>