TECHNOLOGY ENABLERS SHOULD REMAIN AT THE CENTER OF INSURER' PLANS IF THEY WANT TO ADDRESS NEW RISKS, CUSTOMERS, ADVOCATES, AND MARKET CHALLENGES

What if an insurer builds a comprehensive, integrated ecosystem?

- Risk and **fraud** models
- Predictive and value-based **analytics**
- **Automation** via Ai application and chat bots
- Social network graph analysis
- IoT, **sensors** and drones
- **APIs**
- **Multidimensional data** mining and storage

Cloud and edge computing

- Incumbent Insurers
- Neo insurers
- Insurtech Startups and Vendors

Enhanced customer experience

- Onboarding experience
- **Customer experience** design
- **On-demand services**
- Digital relationship and agent management
- Digital operating model
- Reward/loyalty programs

Empowered Industry domains

- Insurance
- Health care and medical services
- Banking
- Wealth management

Source: Celent report, integrated Insurance Ecosystem: The Next generation Insurer

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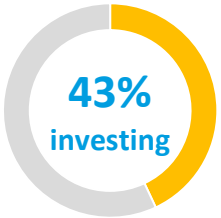
INSURER ARE INVESTING MORE FOR THEIR DATA CAPABILITIES, WITH A GROWING INCLUSION FOR CYBERSECURITY

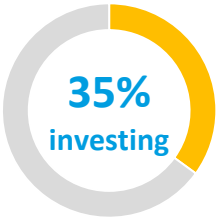
Front end components
Advisory-driven and other client-facing activity (e.g., portals distribution management)

- There is a decrease in priority for front end components as compared to 2022. Instead, resources are dedicated to back end functions
- Despite this, insurers are focusing on replacement for the front end, followed by maintenance. This could include new functionalities and new channels for distribution



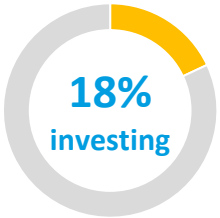
Back end components
Core operational functionalities with focus on new product development, service, and administration (e.g., policy administration, enterprise systems)

- Back end components have more priority as compared to 2022. The policy administration system is the back end system that insurers are investing in most, with replacement underway for a majority of respondents
- Significant enhancements are also being implemented for enterprise systems, which include finance, HR, and CRM
- For new product development investment in areas like blockchain, Web3, and products like mental health predictive insurance, insurers are beginning new projects or providing enhancement for new products



Data, analytics, and AI
Systems leveraging data, analytics, and artificial intelligence (e.g., data, analytics, artificial intelligence, MLOps, RPA)

- This shows a decrease in priority as compared to 2022, as analytics and ML/AI is an area that insurers in APAC are consistently investing in, with significant enhancements for current initiatives and new projects beginning for 2023
- Natural language processing (NLP), alongside image and speech recognition, are technologies of high interest right now, with NLP tasks dominating in investments
- APAC insurers have also been leveraging RPA to automate their operations and for digitalization efforts, but this is a segment for continued maintenance



Cybersecurity
Systems leveraging cybersecurity, identity, and trust

- There is increased focus on cybersecurity this year, and this domain is undergoing continued maintenance by insurers after last year's enhancement
- This reflects elevated enterprise security requirements due to reliance on digital workflows, hybrid work arrangements, and contract centre dependence
- Digital contracts and data initiatives have also led to efforts to enhance data security and privacy, and as part of risk management efforts

Source: 2023 Celent survey; investing represents the insurers who begin replacement underway, or are significantly enhancing systems

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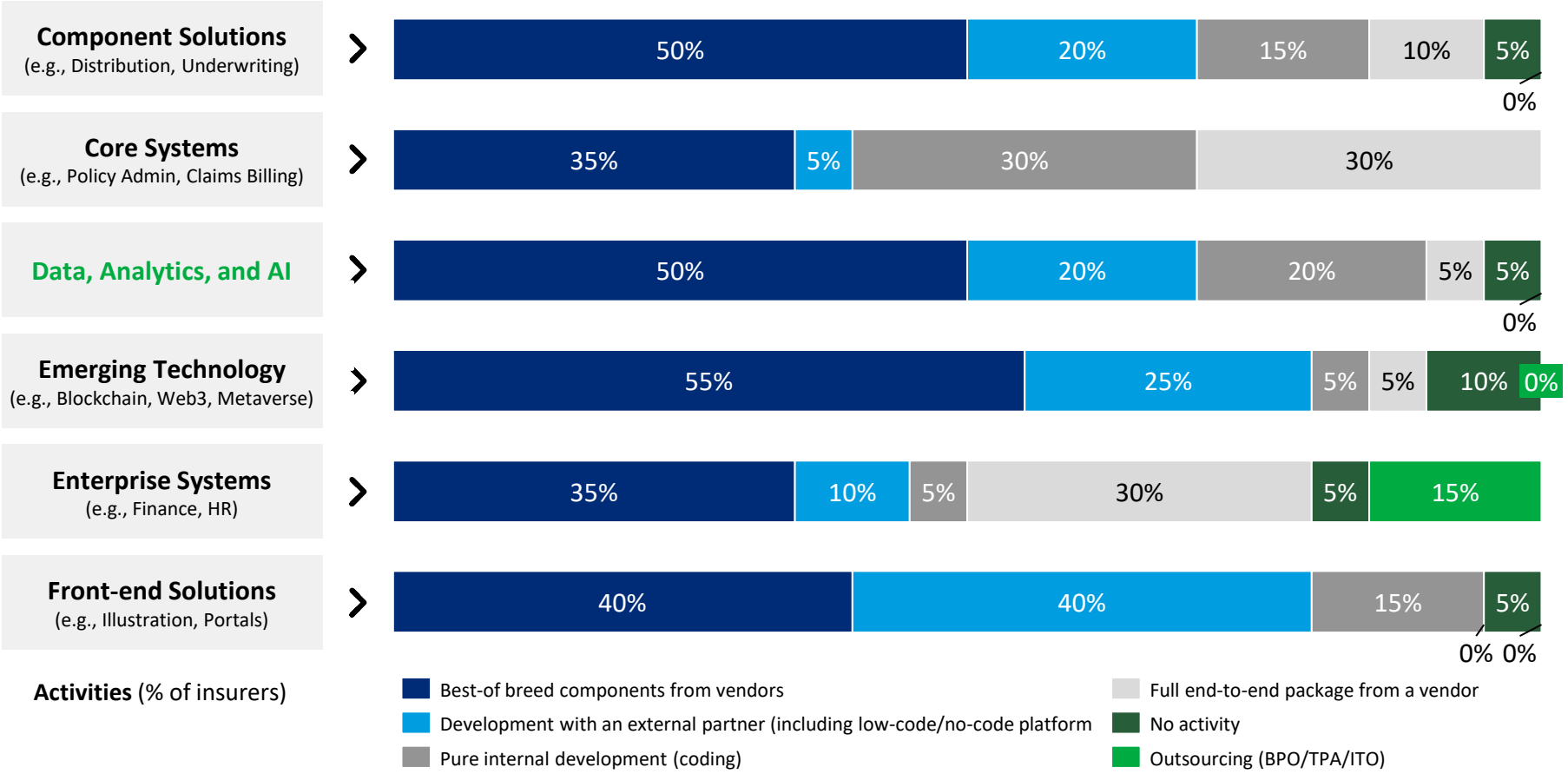
WE EXPECT APAC INSURERS TO LOOK TO VENDORS TO OFFER BEST-OF-BREED COMPONENTS FOR MODULAR ACTIVITIES, DATA, ENTERPRISE, AND NEW PRODUCTS



Source: Celent report, Insurance in APAC: 2023 Annual Tech Leaders' Business and IT Priorities

- APAC insurers invest in vendors who can provide solutions for individual activities on the insurance value chain, which is a common trend in the region
- Some insurers have an internal core that is proprietary and do not seek vendors but look to innovation in other aspects. Another group looks to core systems vendors who can provide the end-to-end workflow, with consideration for modern architecture like API-based services, or to vendors with reputable selected components
- **Data initiatives tend to be modular functions and supplement insurers' workflow improvement or product development, however, they may lack necessary knowledge. Hence, vendors-typically insurtechs with modelling capabilities-will provide the service using data from the insurer**

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