

STAY AHEAD OF THE CURVE WITH AN INDUSTRY DATA CLOUD STRATEGY



Capgemini recently hosted a webinar featuring leading experts from Forrester Research and Google to help define the concept of industry data cloud and share their thoughts, experiences, and perspectives on the importance of having an industry data cloud strategy in the Financial Services and Insurance (FSI) sectors. Below is a recap of the webcast featuring presenters Ellen Carney, Principal Analyst at Forrester Research; Georgina Bulkeley, Google Cloud Director, EMEA Financial Services Solutions; and Ramana Bhandaru, Capgemini's Executive Vice President, Global Head of FS Insights & Data.

FSI organizations must do more than just move to the cloud. According to Bhandaru, they must learn how to live on the cloud, and an industry data cloud strategy is critical to accelerating this journey. Industry data clouds are designed to meet specific industry challenges and are focused on specialized industry processes and tools. Today's data cloud solutions need a single version for all customers that is specific to an industry and based on industry libraries and ecosystems.

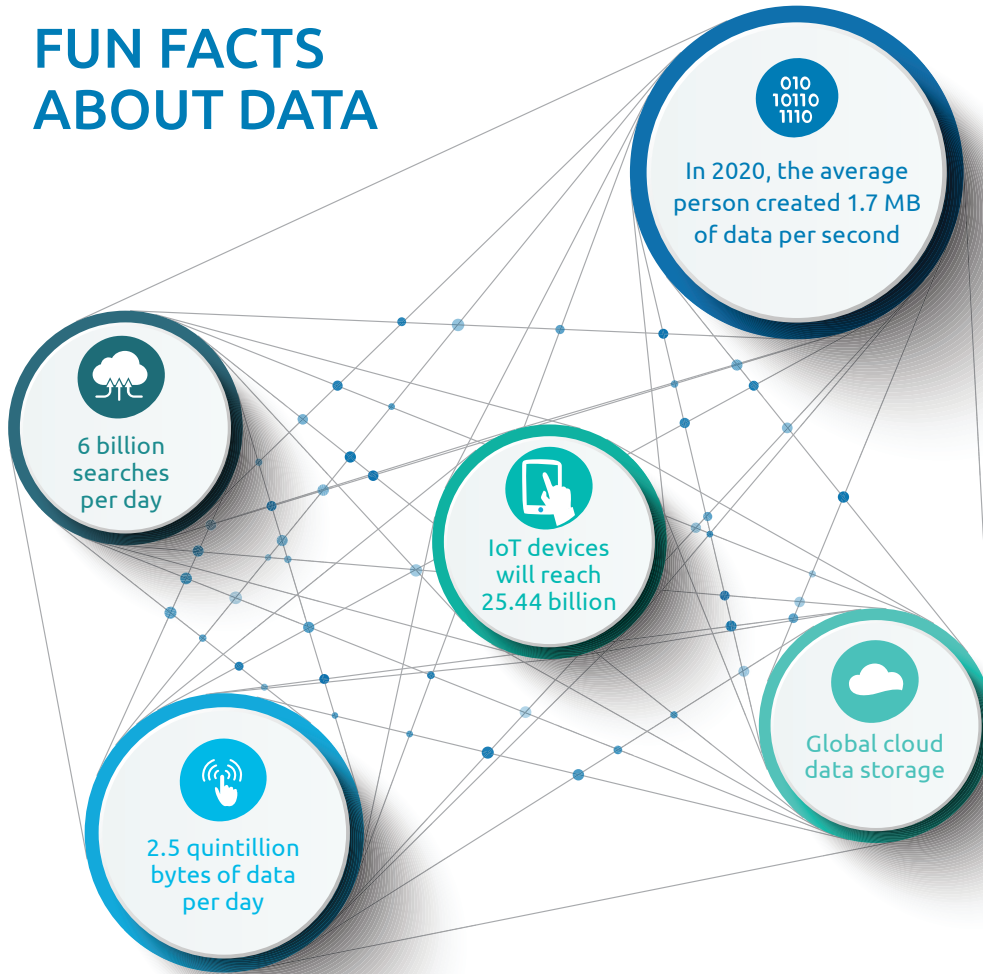
Data is at the core of every decision FSI firms make, and an industry data cloud can provide the edge they need to deliver value at speed. Yet, Forrester's research found that more than one in five FSIs say they are hampered by their existing data strategy, because they lack the necessary tools to make the best use of the data they have.

"We are drowning in data but starving for the one little bit of data that's going to help us make the right decisions,"

– Ellen Carney, Forrester Research

According to Carney, the number of inquiries Forrester received about the role data and analytics play in the FSI sector increased from 7% in 2014 to 38% in 2020. The sheer volume of data being captured today is overwhelming, and most organizations struggle to figure out how to use it. "We are drowning in data but starving for the one little bit of data that's going to help us make the right decisions," says Carney.

FUN FACTS ABOUT DATA



1. In 2020, the average person created 1.7 MB of data per second, ranging from location data from phone apps to IoT devices that capture security data to apps that record how fast you drive or how many steps you take.¹
2. By 2030, the number of IoT devices will reach 25.44 billion.²
3. There are 6 billion searches per day, and in 2021 total searches are expected to reach 2 trillion.³
4. Combined, this amounts to 2.5 quintillion bytes of data per day. Think about how this data could be used to help customers and drive engagement.⁴
5. Global cloud data storage will exceed 200 Zettabytes by 2025.⁵

Data quality is critical

In the banking industry between 80%-90% of all data is unstructured, and the lack of standardization and inconsistent data quality creates trust issues. If C-level executives are to rely on data to make important business decisions, it needs to be accurate and consistent.

The evolution of electricity is a good analogy. Initially, each power company had its own standards for outlets, and electricity was affordable only to the wealthy. Over time, standardization, and greater capacity and generating capabilities created a utility that was usable anywhere and affordable to the masses. Today, we plug an appliance into a standard outlet without considering whether the power source is wind, solar or something else. Industry clouds will create the same standardized utility for data. With industry data clouds, data sources are varied, but like electricity, it doesn't matter.

In addition to being varied, our data sources are changing. We can capture third-party data such as video, medical evidence, credit scores, IoT data and even speeding ticket data. There are literally thousands of ways to plug into the data model and create a rich source of data that is location-independent and device-agnostic.

Industry data clouds will provide a foundation for innovation, enabling organizations to bring new products to market faster, reach new prospects and provide better service. For FSIs, growth will be dependent on collaboration. Procuring data from a variety of sources will enrich internal data and offer a more complete view of customers and their preferences. Industry data clouds will also help FSIs bridge data silos internally and across ecosystem business processes. An industry data cloud ecosystem offers a trusted source of data that eliminates the need to duplicate effort.

How are you using data?

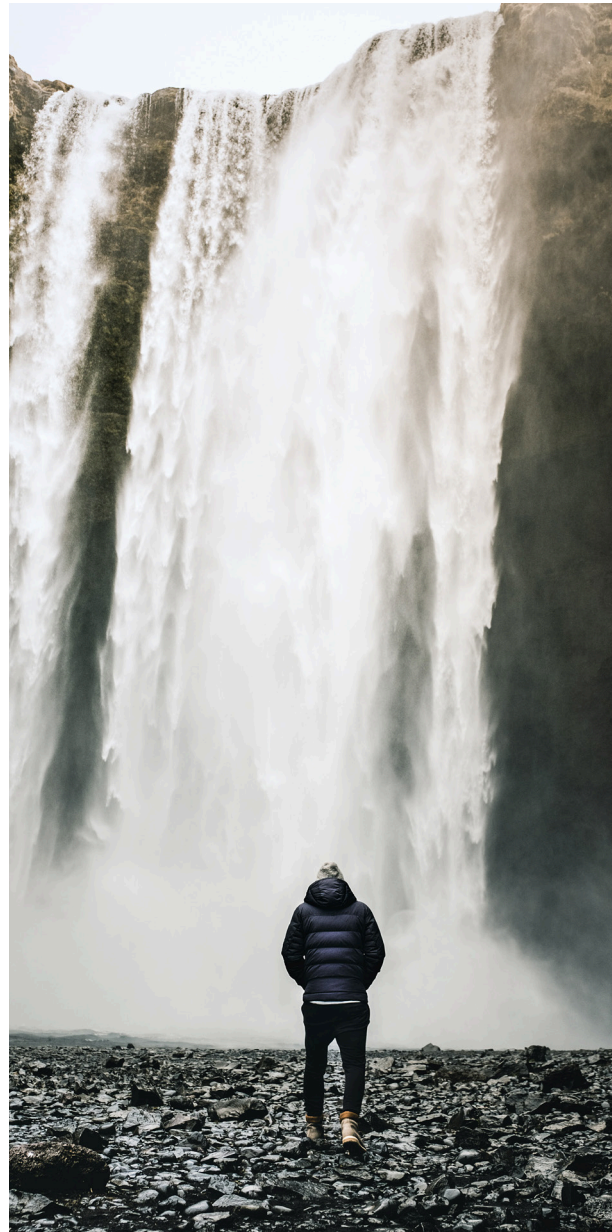
Largely driven by COVID and the need to shift quickly to meet customer needs, there was a significant increase in spending on core systems in 2020, and 66% of FSI firms boosted their data budgets. But how can you ensure you are spending on data strategies that drive better customer experience, help deal with uncertainty and enable better decision-making? How will you use data? How will you access and share it? What analytics should you measure? These are some of the challenges that are driving organizations to develop new data models.

FSIs need an industry data ecosystem with data exchanges and industry solutions that enables them to be nimble and move fast. **In surveying financial services decision-makers, Forrester identified the top four ways these organizations plan to use data:**

- **85% intend to differentiate customer experiences** to drive deeper engagement.
- **76% want to improve business efficiency and effectiveness** by better using data assets and making resources more productive.
- **70% want to monetize data assets** by becoming a third-party data provider or using data to create an asset in the form of products.
- **33% intend to better manage risk** across the enterprise in the face of growing uncertainty like climate change.

Source: Forrester Analytics Business Technographics Priorities and Journey Survey, 2021.

Base: 1290 Purchase influencers (past 12 months/ next 12 months) worldwide working in the financial services industries.



How is the current data environment affecting FSIs? Carney says, "Some of what we're seeing as top priorities in dealing with data is not just that we are awash in it, but that we need to drive data literacy skills, especially in insurance. We need to provide data in digestible bits to all employees so that it makes sense to everyone."

Where do you begin?

There are several things to consider when embarking on an industry data cloud. Where are you on the maturity curve of your cloud architecture and the scope of your digital and data transformation? Have you rationalized your data architectures across all product and business lines? How concentrated does industry-specific and process data really need to be? Are you prepared for how your business might grow, diversify, or expand into new markets or product lines? How well does your cloud provider understand your industry challenges? How well do they know your specific processes, and what is their depth of experience around the niche areas of your business?

“An industry cloud initiative has to be business-driven and technology-led. You need to have the right business objective and not drown people in data, or it can actually hurt productivity,” says Bhandaru. “Construct a platform based on the business process or problem you want to solve and the outcome you want to achieve.”

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Bulkeley believes one of the biggest benefits of industry cloud is the ability to pull together data from different sources to produce real-time analysis, resulting in what she describes as a customer lifecycle view. This enables organizations to determine when and where to interject and help customers. Google Cloud is currently developing solutions, fueled by industry data cloud, around risk and regulatory compliance to help FSIs better manage, understand, and proactively respond to potential risks and ensure compliance. In addition, Google Cloud and Capgemini partnered to develop numerous FSI industry cloud solutions. For example, we are currently implementing telematics capabilities to track auto, property and health data.

“It’s really important not to aim for absolute perfection...Progress is more important than perfection...”

– Georgina Bulkeley, Google Cloud

When asked about where industry data cloud fits into digital transformation strategies and core application rationalization, Bulkeley stated, “It’s really important not to aim for absolute perfection in either area. Progress is more important than perfection. Find your north star, set your priorities and break them down into digestible bits so you can achieve quick wins.” She also emphasized that digital transformation is as much about culture as technology, so it’s important to make it real for the people it affects and bring them with you on the journey.

While industry data clouds are still emerging, for FSIs, Bhandaru says he is seeing significant progress in payments, banking and cards, health and property and casualty. But all agree that start-ups are on the forefront. With no legacy infrastructure and a digital native workforce, they have a speed to market edge difficult for large organizations to achieve. Regardless of your firm’s size or where you are in your cloud journey, a solid industry data cloud strategy can help you make sense of the data landscape and ensure that data is one of your greatest assets.

Contact us to learn more about how to structure your industry data cloud strategy.



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¹ "Data Never Sleeps 6.0" infographic, Domo Inc

² "Number of Internet of Things (IoT) Connected Devices Worldwide 2021/2022: Breakdowns, Growth & Predictions", Allan Jay, FinancesOnline

³ "11 Search Statistics You Need to Know in 2021", blog ArdorSEO, China

⁴ "Data Never Sleeps 5.0" infographic, Domo Inc

⁵ "2020 Data Attack Surface Report", Cyber Security Ventures Inc



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