

Rethinking innovation for modern consumers

5 ways to turn product failures into successes



Insurers must rise above product development challenges to meet the next generation's demands for holistic, wellness-driven life insurance solutions.

In brief

- The great wealth transfer presents new opportunities for insurers to gain untapped market share. Harnessing the next generation of consumers can help increase profitability and bolster business growth.
- Younger audiences are interested in new solutions that can help them live well and age well, but current product innovation initiatives of insurers are unable to create the right set of product offers, resulting in unproductive time and resources spent on such activities.
- An intentional, proactive, structured, evidence-based approach to product innovation can promote a more seamless product development process and reduce the likelihood of failures along the way.

Today's beneficiaries are quickly becoming tomorrow's life insurance customers. According to Capgemini's [Insurance Top Trends 2024](#) report, more than one-third of the world population will be over 50 years old by 2050, doubling the figures from 1990. This presents new opportunities for life insurers to gain untapped market share, increase profitability and bolster business growth.

Traditional life insurance doesn't resonate with the [next generation of potential insureds](#), though. Younger customers are interested in solutions that help them live fuller, healthier, longer, more joyful lives — not establishing death benefits in preparation for when they're no longer here.

[Customer-centric](#) solutions that showcase the value products can bring to an insured's life rather than their death can unlock massive opportunity for insurers; 60% of those 65 and older haven't sought professional retirement advice and could benefit from savings and protection products to help secure their futures.



Up and coming products like longevity insurance are creatively forging the path. This deferred annuity product doesn't begin payouts until the annuitant is much older (think 80+), providing a cost-effective way to protect against future long-term care and health costs needed to age well in the later stages of life.

In order to take advantage of the opportunities with the next generation, life insurance must transform into a holistic suite of simple, accessible, wellness-driven

solutions that offer protection for the customer's lifestyle and wealth management while still providing peace of mind that loved ones will be taken care of after their death.

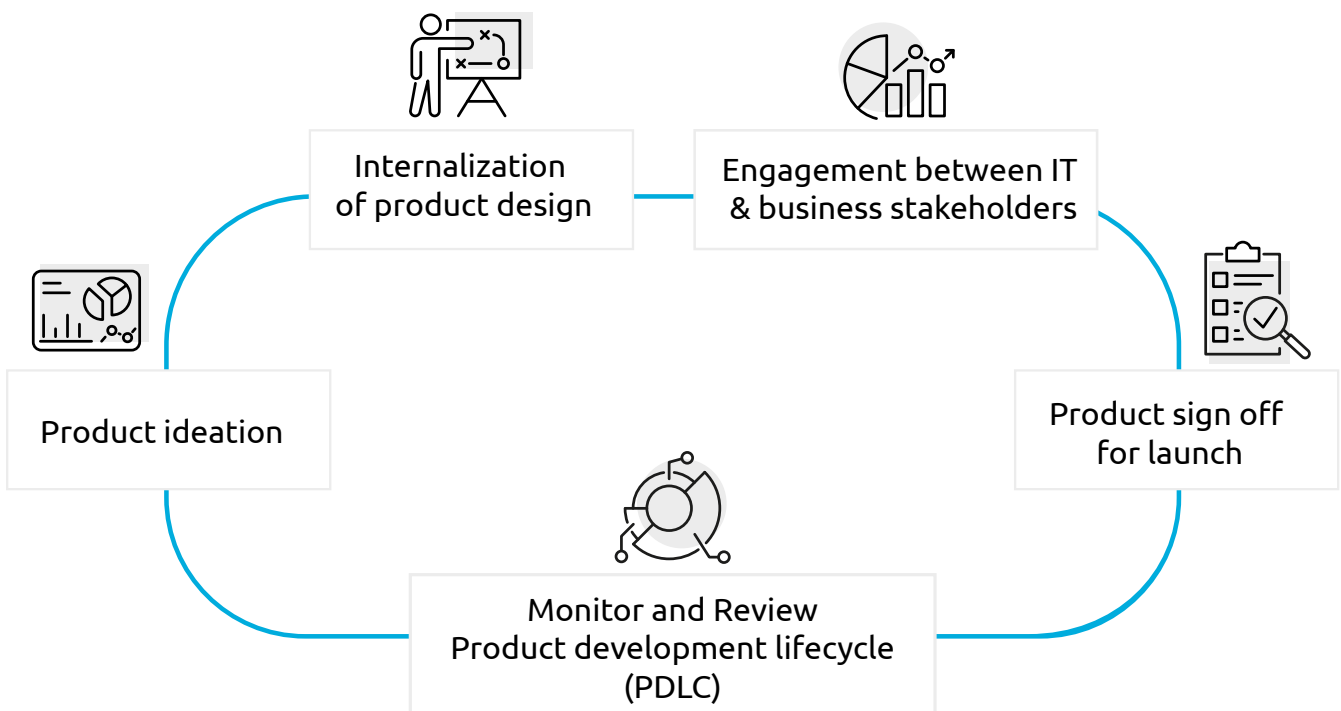
But the path to getting there isn't linear, and there are lots of potential pitfalls along the way.

5 key product innovation failure points and how to overcome them

Insurers that glean information from each phase of the innovation process and apply learnings to future plans will benefit more as they continuously improve with each innovation cycle. To avoid unexpected roadblocks at every turn, ask yourself: What has our experience already taught us about this?

Even the most seasoned product innovators can fall victim to snags all the way from product ideation to launch. Here are five common areas where insurers fail and how to avoid them:

Figure 1: Key failure points commonly seen in product innovation and launch process



1. Product ideation

Insurers can snowball down the slippery slope of reactive product ideation. New product ideas that are driven by a competitor's latest release or the perceived direction of the industry can be a recipe for disaster. This "fly by the seat of your pants" approach to innovation lacks the standardized methods necessary to make informed, sound product decisions based on historical and current evidence.

Try this: Start by asking: What is our motivation for creating this product? Then, use customer benchmarking and research-backed insights into your target customers' valued outcomes to guide the product ideation process. Establish a team dedicated to monitoring existing customers, products and market opportunities to learn why certain products are — and aren't — selling. Use this information to determine what will most likely solve the problems your customer has and achieve market fit. If you want to take it a step further, incorporate cross industry benchmarking in your ideation processes to create the best outcomes. GenAI can help support this function at speed and scale.

2. Internalization of product design

When insurers don't engage holistic collaboration with the right set of stakeholders at the right point of time, the product innovation process breaks down. A compartmentalized review process for newly designed products often lacks involvement from vital departments and enterprise-level expertise is not consistently leveraged. This often results in missed opportunities for crucial feedback at the initial stages of innovation and can result in delayed launches due to disagreements between stakeholders and technical feasibility issues at a more advanced stage.

Try this: Streamline the review process by conducting an end-to-end assessment of the product's potential business and financial impact. Go beyond the product management or ideation team and include all relevant parties, such as underwriting, actuarial, claims and customer service departments, to gain helpful feedback on how they anticipate the new product will function in their workflows. Collaborate with marketing to gain better insight into how this product will be best received by new audiences.

3. Engagement between IT and business stakeholders

When IT teams aren't involved in the ideation phase, significant scope-related issues often reveal themselves when it is time to build the product. If the product requires specific pricing and underwriting tables, for example, and the backend is not equipped to support this new functionality, everything comes to a grinding halt until resolution is achieved.

Try this: Involve IT early and often in the ideation phase of product innovation and keep them abreast of new features. IT participation can also help align product design with the strengths and capabilities of your internal core system.

4. Product sign off for launch

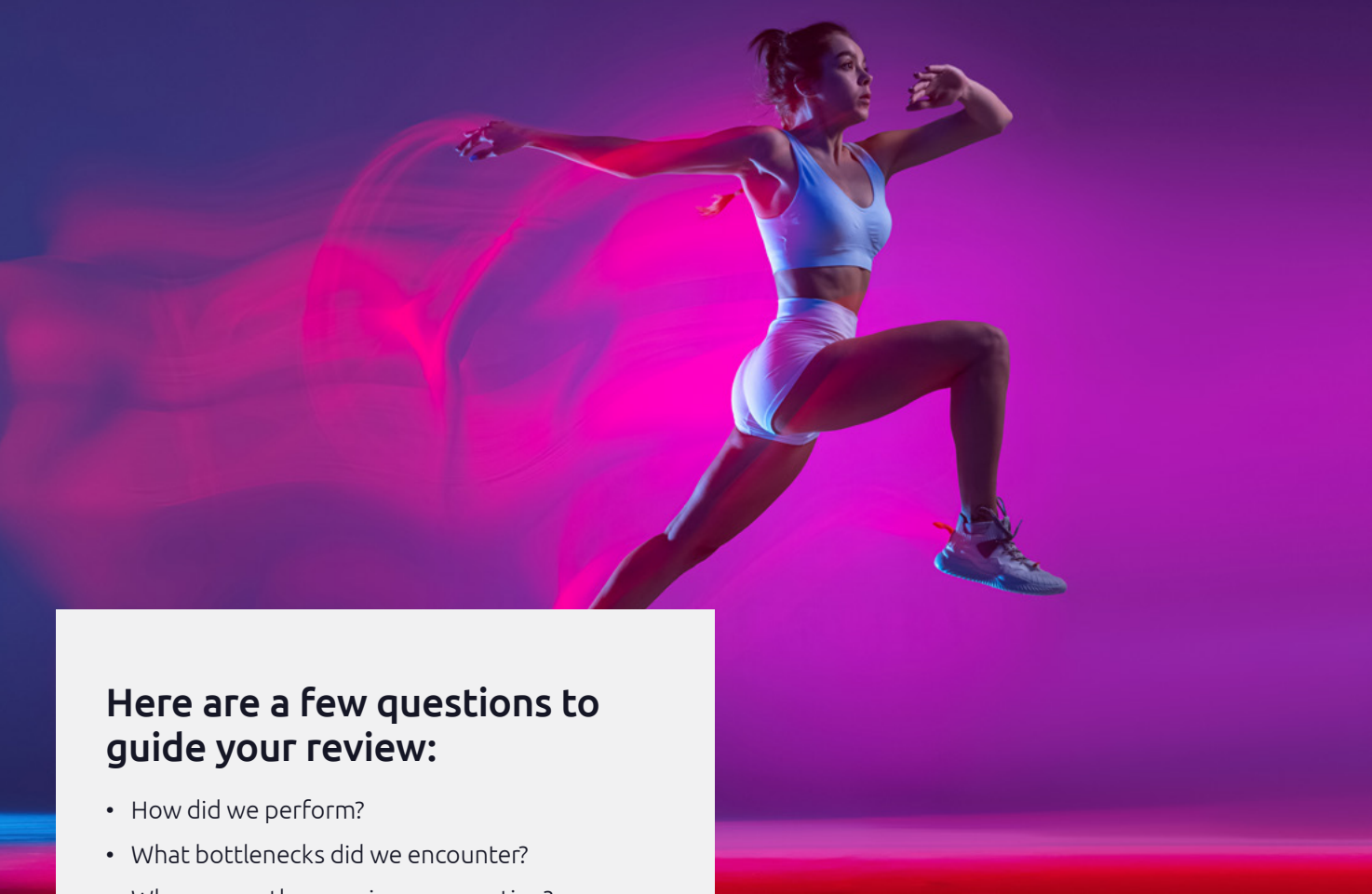
To release a new product more efficiently, proper governance of the project is essential. When all key stakeholders are not included in the process, failure happens.

Try this: Develop a dedicated governance process that enables collaboration between all key stakeholders to efficiently manage end-to-end timelines and quickly respond to unforeseen complications and delays. Cultivate a culture of fluidity and flexibility around product innovation to empower teammates to overcome implementation hurdles with agility.

5. Monitor and review of the product development life cycle (PDLC)

Without a formal review process to glean lessons learned and best practices from the PDLC of previous innovations, the same inefficiency and bottleneck failures repeat themselves again and again. Innovative process gains also aren't captured well, resulting in future product innovations that don't benefit from these improvements over time.

Try this: Conduct an internal review after every new product launch that evaluates successes and failures from ideation to launch. Use these insights to guide future product innovation best practices.



Here are a few questions to guide your review:

- How did we perform?
- What bottlenecks did we encounter?
- Where were the gaps in our execution?
- What went right?
- What went wrong?
- What did we learn?

Monitor how each new product is performing in specific regions and demographics within your target market and use this data to inform future product decisions. To take it to the next level, include the use of GenAI to review notes and feedback not only from clients, but from agents, underwriting and customer service as well.

It's also important for insurers to address multiple (and often redundant) policy administration systems. Using one system for market linked products, another for protection products and yet another for annuity products, for example, creates a complicated environment filled with opportunities for things to go wrong or fall through the cracks. Get to the root of this problem by investing adequate time and resources into consolidating redundant systems across your organization.

In conclusion

Anticipating and avoiding failure points in pursuit of product innovation is a great start. But where do we go from here?

Younger policyholders who are currently the beneficiaries of substantial wealth transfer from the older generations are seeking emotional, physical and financial wellness partners, not death insurance payors. Although the path is fraught with twists and turns, life insurers must embrace product innovation to emerge as lifestyle partners for the next generation of consumers. Those that navigate this well will rise to the top, delivering relevant offerings that resonate with the needs and desires of today's — and tomorrow's — customer.

Meet our experts



Samantha Chow

Global Head, Life Insurance, Annuities, and Benefits Leader,
Capgemini Financial Services



Parth Kanetkar

Associate Director, Insurance Invent,
Capgemini



Ujjwalita Preejush

Practice lead - Life and Health insurance ,
Capgemini Invent India



Divij Chopra

Portfolio Lead - Life and Annuities Insurance,
Capgemini

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