



# DIGITAL LEADERSHIP

An interview with

**Joe Gross**

Head of Group Market Management at Allianz





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## Digitalization at Allianz

**Capgemini Consulting:** Last year you declared that digitalization would become part of Allianz's DNA. What has been the driving force behind Allianz's move to digitalization?

**Joe Gross:** We look at digitalization as a huge opportunity for Allianz. In terms of what has gotten us on our digital journey, I think it is the new customer trends that have set things in motion. In our digital world, consumers expect us to be available whenever they need our services – that's 24/7 anywhere in the world. They want convenience and the same high-quality technical standard as from other digital suppliers. Allianz needs to provide all of this. Digital is actually a tremendous opportunity to transform the customer experience.

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**Capgemini Consulting:** What are the key changes that you implemented?

**Joe Gross:** We didn't want to reinvent the wheel. For example, in marketing and distribution functions, instead of replacing the way things were being done, we tried to complement these processes. So, using social media to generate sales leads or equipping our Allianz Germany agents with homepages to engage with their clients were some of the ways we tried achieving this. We also automated our back-office processes. We needed to drive centralization, automation, consistency and standardization throughout our processes across the globe.

A crucial step we took was to loop in our marketing and sales teams, right from the beginning. So, it wasn't about only focusing on operations and IT agendas; we encouraged an inclusive atmosphere that also took into consideration the perspectives of marketing and sales. We didn't want an imbalance, where one function dominated another.

**Capgemini Consulting:** So, what does Allianz's digital strategy look like and what have you done so far?

**Joe Gross:** We've invested massively in the digitalization of our business over the past couple of years. We first defined a global digital target picture, along with our lines of business, and it has been the guiding element in the transformation process. This was supported by an assessment of our operational entities which helped them to define their ambition level for the next three-five years.

Based on these results, the operating entities and Group have set up initiatives to drive relevant topics, such as social media and mobile, globally and we are building Group assets such as our global Web platform "Allianz oneWeb". Our operating entities are driving the transformation and for instance are providing more engaging and responsive broker interfaces and mobile quoting apps to help our agents with their everyday roles. Also, Germany, Brazil and India have been actively using social media to engage with clients and to generate sales leads.

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## Digital Organization and Governance

**Capgemini Consulting:** So how did it all start – how did you get the ball rolling in Allianz's digital transformation?

**Joe Gross:** We realized that the insurance industry, as a whole, was late in joining the digital revolution. We didn't have any benchmark or company references to fall back on but we had to start somewhere. So, we started analyzing customer behavior – what was the impact on insurance when customers started using digital channels. We also tried studying other industries and their digital initiatives. This collective learning formed the basis of a rough groundwork of sorts.

To really get things moving, we needed to drive a sense of urgency from the top. So, our COO, Christof Mascher, took on an active role in driving the digital efforts, with the participation from our Allianz SE board. Not only did we engage our board members, but most importantly our main operating entities. Our objective was to get a local perspective and leadership in the digital arena. So, it was a two-way process of driving digital – not just top-down but also bottom-up because in the insurance sector local presence plays a crucial role.

*“It is critical to establish a common ground – a uniform understanding of what digital transformation means.”*

**Capgemini Consulting:** It's interesting that you mention having a blend of local and organization-wide digital change. How did Allianz strike that balance?

**Joe Gross:** Winning the battle at the local level was extremely important to us. In insurance, almost all our activities are driven locally with agents tied to specific regional regulatory environments, within a local product setup, local IT legacy systems, and so on. So, at that level it's primarily the CEO of the operating entity who drives digital efforts. That happened in Allianz Italy, for example, where the CEO created a committee comprising the top management executives who have been driving change across the unit. At the same time, our central team also has to support the transformation efforts of our local entities. The idea is to consolidate all our efforts and bring in transparency and consistency across all our processes.

**Capgemini Consulting:** With so many local entities driving digital initiatives in their respective regions, how does Allianz manage governance in its digitalization efforts?

**Joe Gross:** Digital transformation can be very subjective, in the sense that it means different things to different departments. If you ask the IT folks, they would talk about SAP standardization or data warehousing. To the marketing guys, their idea of digital transformation would be restricted to an app, or digital marketing. For the claims processing

people, it would mean digital straight-through processing to reduce costs and claims ratio. With digital meaning different things to different departments, it became critical to establish a common ground – a uniform understanding of what digital transformation meant.

To do this, we started by identifying touch points that digital impacted, and of course these touch points spanned the entire spectrum of the value chain – right from the customer awareness stage to distribution to actual sales, product offers to pricing etc. Once we identified these touch points, we devised assessment criteria against each of them. That was when we really had a holistic picture across all functions of what digital meant at a granular level. We then asked our local operating entities to assess themselves based on the criteria we had outlined. That established a baseline operating entity. For every criterion, we also had the operating entity come up with an ambition level Y. So, if you were at level X, you eventually needed to reach Y.

Once we had this in place, we went about looking at the bigger picture – at the Group level. We needed to cherry-pick our priorities based on which dimension needed more investment and focus. So, while we have been ensuring a localized, granular approach to digital, we haven't lost sight of the big picture.

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## Operational Excellence

**Capgemini Consulting:** Large-scale transformation projects need different abilities. Do you see a marked difference in terms of skill sets required for digital transformation initiatives?

**Joe Gross:** I think from the IT, automation and operational perspectives we are already doing very well. But in areas such as analytics and predictive modeling, just like everyone else, we too look for top-notch talent. We already have teams of highly talented actuaries who have the necessary statistical and analytical background for data analysis. We're trying to find effective ways to tap into this in-house talent.

*The digital journey might be slower at Allianz but it is sustainable because it involves granular transformation across the value chain.*

**Capgemini Consulting:** Would you like to share the key lessons that you have learned over the last two to three years of this transformation journey?

**Joe Gross:** I think for a company of Allianz's size and complexity we are well underway in this transformation journey. We may not be fast enough. But I find value in being evolutionary and not revolutionary in Allianz. I trust in our backbone of digital transformation. While the journey itself might be slow it is sustainable because it involves granular transformation of this company throughout the value chain. It's similar to a structure that has a solid support ground-up – it's less likely to fall. If you do not get a digital business model right, all the fancier stuff you do on apps, digital banners and social media will have a risk of being experiments that will fizzle away or will never result in a pure transformation of the company. The reason we involved marketing, sales and local entities, and not just IT or operations in our digital transformation is because we needed everyone's active participation to drive change of this scale.

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**Capgemini Consulting:** Recruiting people with analytics skills is one aspect of driving change. But what are some of the other challenges you've faced when implementing digital initiatives?

**Joe Gross:** We started our digital journey about three years back and we've been at it ever since. As of now, we have complete buy-in from our senior leadership but this represents only one level of engagement. One of our key challenges has been to percolate this "digital enthusiasm and willingness" to middle management and operational levels. It's all well and good to say that digital has enabled us to have one-click access to customer touch points. But if you're an operational entity that has, up until now, only worked with local agents via a call center, how does this change affect your operations at the most granular level?

I think encouraging a culture of change becomes easier when we develop necessary skills around the transformation. The question is how do you go about building those skills – from within or externally? It is most critical to build internal talent and not just attempt to "buy" skills. In selected cases including external talent, of course, can augment your talent pool and cross-pollinate the organization.

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## Digital Future

**Capgemini Consulting:** Looking ahead into Allianz's digital journey over the next three years, what do you think will be the biggest challenges?

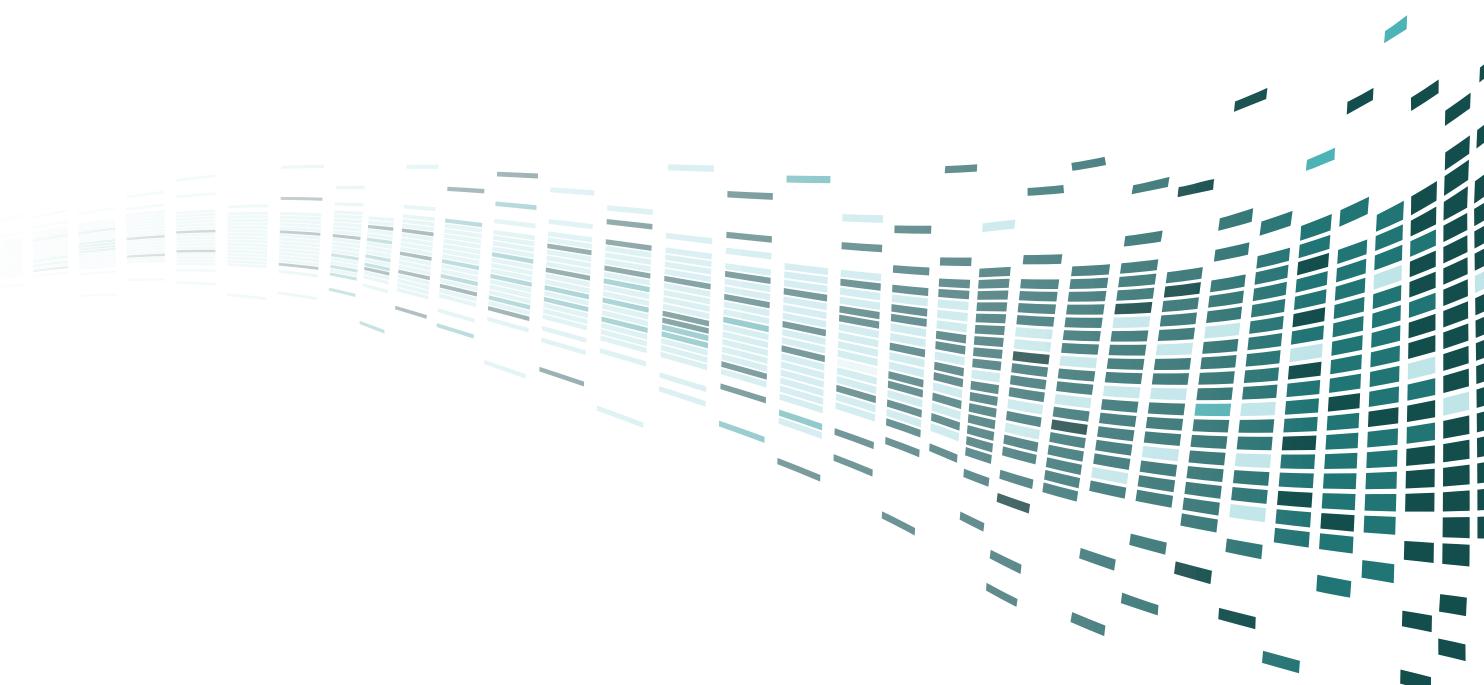
**Joe Gross:** I think the top challenge for Allianz will be to maintain and accelerate the momentum that we have already generated. It's still an evolving process - we cannot hope to see immediate results. It's also easy for organizations to slip back into old, familiar patterns. The

challenge for us is not to go back to our comfort zones, and instead always keep looking for new digital opportunities.

So, how do we sustain this transformation drive without it being permanently pushed from the top? We need to create bottom-up change momentum that passes across people, culture, capabilities and tools. So, it is the entire change management portfolio that we have to use to drive change across every entity, department and function.



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Allianz is one of the world's top insurance companies with over 78 million customers and 144,000 employees in over 70 countries. The group had a turnover of over 106 billion in 2012. It has invested aggressively in digital in recent years.

## Capgemini Consulting

**Capgemini Consulting** is the global strategy and transformation consulting organization of the Capgemini Group, specializing in advising and supporting enterprises in significant transformation, from innovative strategy to execution and with an unstinting focus on results. With the new digital economy creating significant disruptions and opportunities, our global team of over 3,600 talented individuals work with leading companies and governments to master Digital Transformation, drawing on our understanding of the digital economy and our leadership in business transformation and organizational change.

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