

40 GROUP

Temporary Co-Pilots

Next Generation IT: Realignment of IT control for insurance companies



Next Generation IT: Tensions in insurance IT

Innovation pressure



New business models | Competition from InsurTechs | Need for radical change and digitalization | Competition from competitors outside the industry (e.g. Google)



Complexity

Established structures | In-house developments | No cause-effect relationship | Increasing networking | Lack of basis for active control | Complex cost allocation

Tensions in insurance IT

Workforce transition

Ageing workforce | Established areas of responsibility | Changing competence requirements | Agile working | Increasing importance of willingness to change



Regulatory system

Increased regulatory requirements | VAIT | Limited scope of action | Increased complexity | Transparency requirements



What is needed now?

*Clearly defined **business model** of IT*

*Positioning **IT as an innovator***

*Consistent mapping of the **entire value chain** in IT*

*Sustainable service and customer orientation towards **active service design***

*Transparent and integrated **range of services***

*Targeted and cause-related **cost allocation***

*Professional and holistic **IT control***

*Freedom and flexibility for active and continuous **IT development***



How?

*The **4C approach** to a realignment of IT control for insurance companies enables the development of a tailor-made, modern and sustainable IT system.*



Next Generation IT: Realignment of IT control

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Structural weaknesses in the IT service organization of insurance companies call for a realignment of IT management

» Necessity

- _ Established structures in the IT service landscape with increasing **complexity** in the services and systems leads to increasing **intransparency** with **low controllability**
- _ **Limited responsiveness to incidents** in IT systems due to intransparent cause-effect relationships
- _ In some cases, **cost allocation** can only be carried out at **great expense** and in an approximate and **causation-based** manner

With **the publication of the insurance supervisory requirements for IT (VAIT, BaFin RS 10/2018)**, this becomes an **explicit test field** for the supervisory authorities

» Solution

Realignment of IT service management and IT control towards Next Generation IT

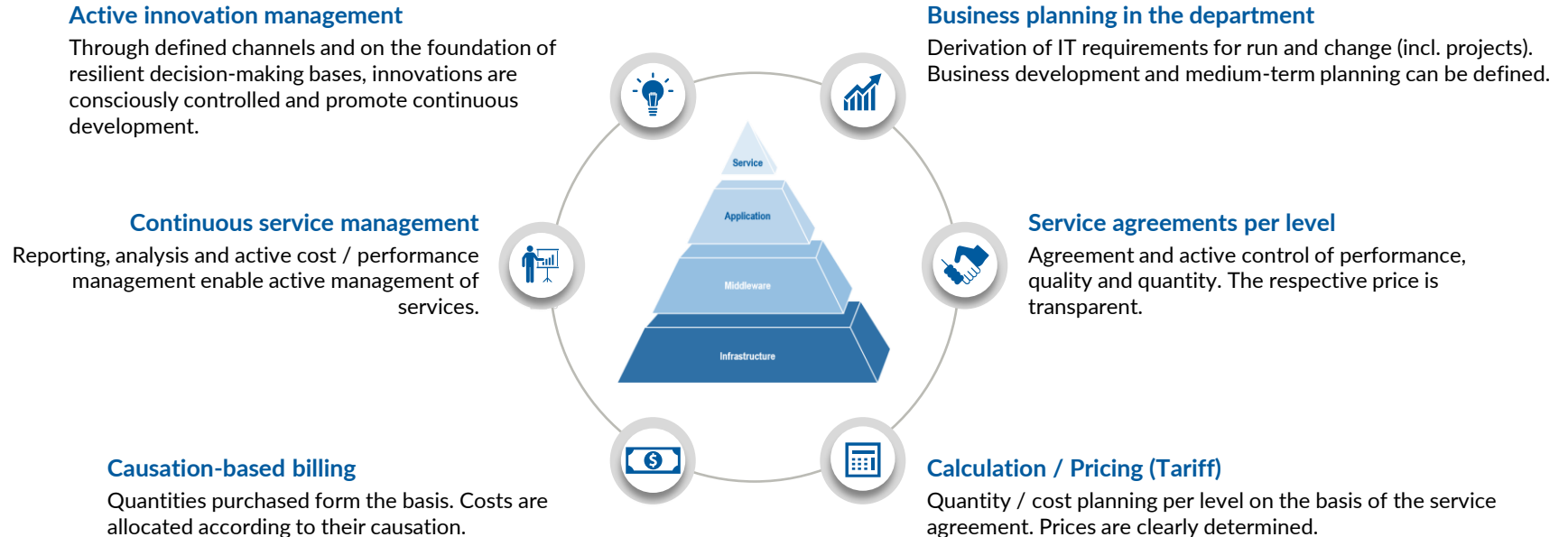
- _ By introducing the **service pyramid, end-to-end services** are defined and tailored to customer needs within the company
- _ Within the service pyramid, all **relationships between entities** are mapped throughout the entire organization and can therefore be **actively controlled**
- _ The modern IT organization combines IT service management with professional IT control

» Benefit

- _ **Targeted ability to control** performance, quality and costs and **clear basis for discussion** with customers in the company
- _ **Transparency** regarding internal supply and service relationships as well as responsibilities and content-related relationships
- _ **Lean and causation-based cost allocation** - from IT to all customers in the company
- _ **Sustainable and professional basis** for ongoing IT control and further development of the IT organization - especially with regard to the channelling of innovations
- _ Basis for compliance with **regulatory requirements**

Next Generation IT: Realignment of IT control

The service pyramid enables active control in the mutual dialogue of service provision with regard to performance, quality and costs



Your contact

We will be happy to answer any further questions you may have. Please contact us directly.



Christopher Kaetz
Manager



Anna Lisa Leddin
Manager



4C GROUP

Office Munich
Elsenheimerstrasse 55a
80687 Munich

Office Frankfurt
MesseTurm
60308 Frankfurt

Office Berlin
Franzoesische Strasse 8
10117 Berlin

Office Dusseldorf
Neuer Zollhof 2
40221 Dusseldorf

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performance

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