

# **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

# **Next Generation IT: Realignment of IT control**

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-toend 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**

Quantities purchased form the basis. Costs are

allocated according to their causation.

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

#### **Active innovation management** Business planning in the department Through defined channels and on the foundation of Derivation of IT requirements for run and change (incl. projects). resilient decision-making bases, innovations are Business development and medium-term planning can be defined. consciously controlled and promote continuous development. Application **Continuous service management** Service agreements per level Reporting, analysis and active cost / performance Agreement and active control of performance, management enable active management of quality and quantity. The respective price is services. transparent. Infrastructure (3) Causation-based billing Calculation / Pricing (Tariff)

agreement. Prices are clearly determined.

Quantity / cost planning per level on the basis of the service

# Your contact

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



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