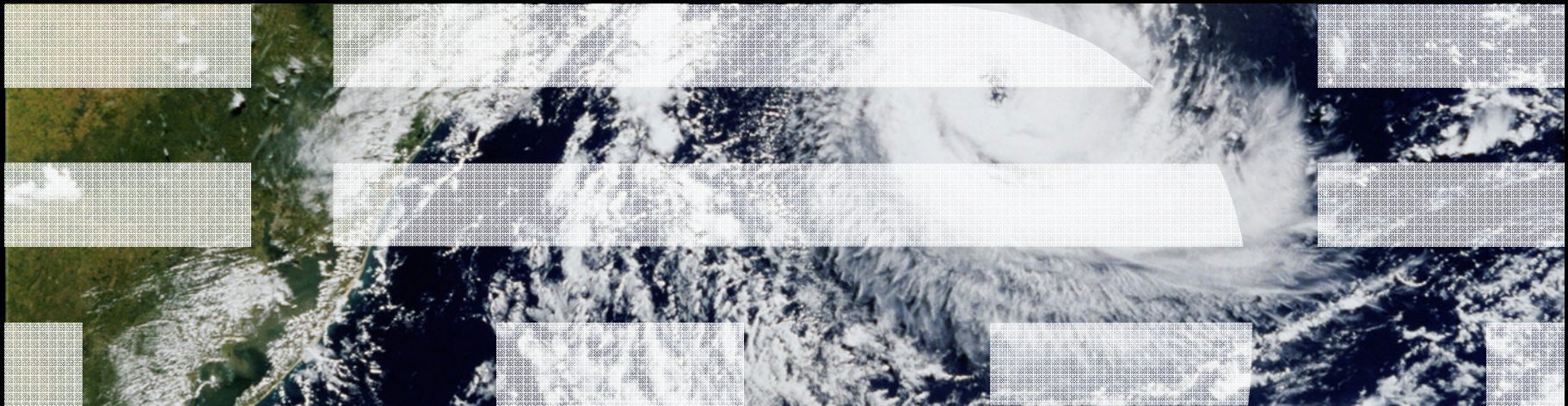




Let's Build a Smarter Planet: Insurance



Our world is not only getting smaller and flatter



It's getting smarter

3 drivers of true change...

Inspirational Leadership

Surprised Crisis

“Transformational Force”

Global market forces are impacting us all

- Access to capital and credit crunch
- Economic downturn and future uncertainty
- Volatile oil prices and energy shortfalls
- Information explosion and risk/opportunity growth
- Globalization and emerging economies
- New customer demands and business models



The economy isn't the only force shaping the competitive landscape...

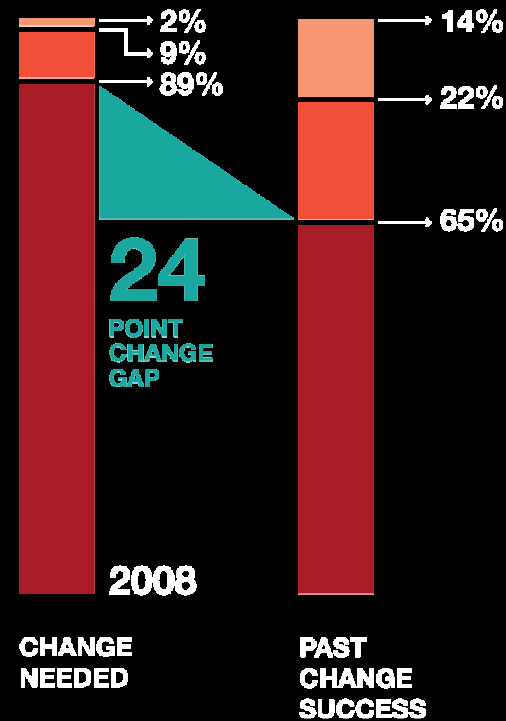
Insurance CEOs are focused on change

9 in 10

Insurance CEOs anticipate turbulent change and bold moves.

24 points

Gap between insurance CEOs who recognize need for change and those with successful records of implementing change.



Insurance realities: The need for progress

\$8 billion

Spent annually by global P&C carriers on claims systems integration and process automation—equivalent to 25% of carriers' external IT budget.¹⁰

76%

Percent of insurance customers who are willing to pay for higher levels of trust, greater access and exchange of information, and more personalized products to meet their individual needs.¹¹

\$65 billion

Value of insured losses from Hurricanes Katrina, Rita and Wilma. Some commercial underwriters underestimated losses by as much as a factor of 10 or more because they lacked the ability to accurately measure and monitor their risk.¹²

Something meaningful is happening...

*“Every human being, company, organization, city, nation, natural system and man-made system is becoming **interconnected, instrumented and intelligent**. This is leading to new savings and efficiency—but perhaps as important, new possibilities for progress.”*

The world is flatter.

The world is smaller.

The world is getting smarter.



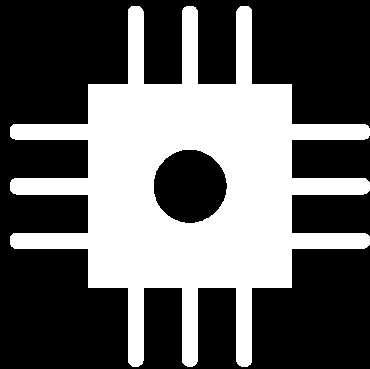
Because it can.

Because it must.

Because we want it to.

INSTRUMENTED

We now have the ability to measure, sense and see the condition of everything.

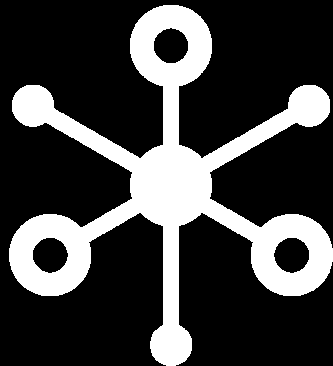


- Today, there are 1 billion transistors for each person on the planet.¹
- By 2010, 30 billion RFID tags will be embedded into our world and across entire ecosystems.²
- Nearly 85% of new automobiles will contain event data recorders by 2010.³

Instrumentation enables real-time monitoring of insured assets to accurately assess risk.

INTERCONNECTED

People, systems and objects communicate and interact with each other in new ways.

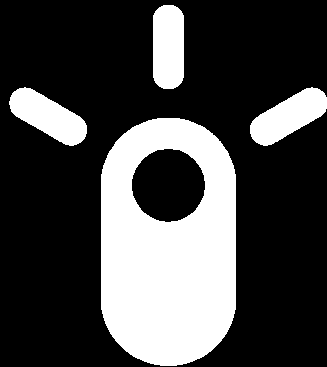


- The Internet of people is 1 billion strong. Almost one third of the world's population will be on the web by 2011.⁴
- More than 25% of all policyholders have shopped on-line for insurance in the past 12 months.⁵
- 40% of all auto and individual life insurance sales will occur on-line by 2011.⁶

Data from customers, providers and regulators can be integrated and shared instantly.

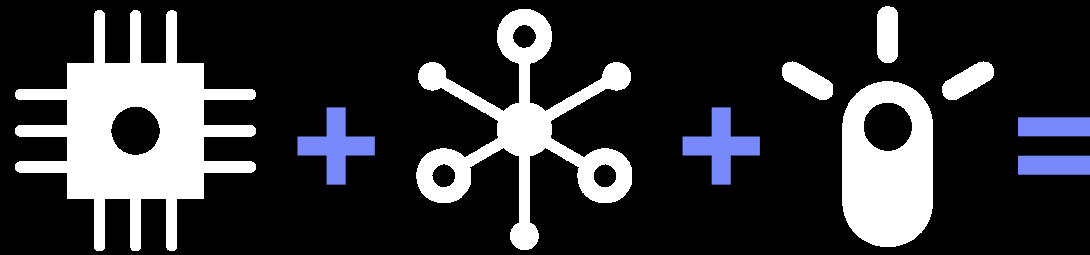
INTELLIGENT

We can predict changes quickly and improve results by optimizing for future events.



- The U.S. Geological Survey can now provide real-time information about flood conditions for more than 1.5 million sites across the U.S.,
- 43% of P&C insurers and 20% of L&A insurers listed business intelligence as one of their top three areas of investment for 2009.⁸
- “The ability to capture and use data for product and pricing differentiation will have the greatest potential to help our industry”, Al Meyer with American Family.⁹

Master data management enables in-depth analysis and anticipation of customer needs.



An opportunity for insurers to think and act in new ways

Leveraged Information

Unified enterprise data drives new customer experience models

Streamlined Operations

Radical core insurance rationalization reduces expense and improves market reach

Dynamic Enterprise

Products and processes adapt intelligently to changing market and risk conditions

Green Infrastructure

Conservation principles minimize enterprise footprint and optimize capital

To ensure their own survival as well as the economic well-being of clients, stakeholders, and the public at large, smart insurers are working towards...

LEVERAGED INFORMATION

Bridge information silos to create an enterprise customer view that drives customer advice, servicing, and cross-selling. Tailor approaches to customer behaviors, situations, and needs. Communicate optimally to all customer and producer stakeholders.

DYNAMIC ENTERPRISE

Move fixed capital costs to variable approaches that scale with business needs. Understand the dynamics of risk exposure and its interaction with product customization. Adjust products, service levels, and processes according to market conditions, regulatory changes, and customer preferences.



STREAMLINED OPERATIONS

Radically simplify architectures to yield business agility while eliminating inefficiencies across the enterprise. Enable rapid assembly of services to create one-to-many policy administration and other core insurance systems.

GREEN INFRASTRUCTURE

Move to virtualized approaches that enable rapid provisioning and peak load management while reducing physical footprint. Precisely match IT costs with business strategy to drive optimal IT spend productivity. Create energy-efficient infrastructure to cut costs in ways that resonate with customers.

Smart Insurance: Leveraged Information

SMART IS

Analyzing integrated customer information and behavior in real-time for deeper client insights, increased revenue and improved customer satisfaction

SMART IS

Making customer data available enterprise-wide (with appropriate safeguards) to meet customers wherever they interact with the insurer or its distributors



Leading Canadian Insurer: Is implementing master data management to proactively identify customer events and respond in real time, alert other applications of the detected events and provide the ability to complete in-depth analysis and anticipate customer needs.



Major Chinese Insurance Group: Created an enterprise data asset to enable accurate and real-time sharing of information across 5,000 branches and more than 200,000 employees and agents, resulting in improved decision-making and more accurate pricing and underwriting of individual policies.

Smart Insurance: Streamlined Operations

SMART IS

Automating business processes to improve efficiency for simple transactions and effectiveness in complex situations



Major German Insurer: Is fully automating up to 70% of claims processing tasks that previously required human intervention. They also established a Center of Excellence to ensure project savings of \$50 million and successful implementation of their SOA strategy.

SMART IS

Reducing reliance on paper through digital document management, providing long term savings as well as benefits for the environment



OZ: Is implementing an automated workflow system for the digital creation, assembly and presentation of documents, which will save \$100,000 annually through reduced printing, distribution and storage costs, and yielding a 100% return on investment in two years.

Smart Insurance: Dynamic Enterprise

SMART IS

Developing processes and systems to roll out products that meet specific customer needs more quickly and adapt to local market conditions



Professional Provident Society: Brought nine new insurance products to market in less than one year, allowed rapid development and regulatory approval of new products in response to competition, decreased audit findings by 80 percent and significantly improved controls for collecting premiums.

SMART IS

Monitoring and tracking critical processes automatically to sense and respond to internal bottlenecks



Insurance.com: Implemented a continuous monitoring solution for their on-line quote system that provides rules-based alerts and analytic capabilities to identify performance problems before they become customer service problems.

Smart Insurance: Green Infrastructure

SMART IS

Moving physical servers to virtual logical partitions that can be configured to meet changing application and market demand

SMART IS

Developing virtual infrastructure that keeps agency office overhead low and scalability high



Leading German Private Insurance Carrier:

Consolidated multiple systems on different hardware platforms to just two p5-570s, simplifying its infrastructure, increasing connectivity and information sharing throughout the value chain, and reducing hardware administration and maintenance costs by 33 percent.



Indian FS Leader: Created an insurance virtual office and comprehensive self-service infrastructure that provides agents, customers and employees with access to the policy information and services they need, enabling the opening of 600 branches in 10 months and helping to achieve 195% year-over-year growth.

Why must we take action now?

CONSERVATIVE CLIMATE

The financial crisis and subsequent rating agency reaction will reward companies that can quickly take out costs and free up capital from internal operations to reposition in a hardening market.

REGULATORY CONVERGENCE

Converging regulation in the wake of the worldwide financial crisis will drive a rapid increase in competition across borders as well as emphasis on effective management of capital.

UNPREDICTABLE RISK CLIMATE

Climate change effects, new litigation categories, and emerging disease threats will demand sophisticated risk analysis from insurers as they try to “know what they don't know”.

INCREASING LABOR COSTS

Labor cost fluctuations will give a competitive edge to companies that can successfully optimize the deployment of human capital across organizations and geographies.

EMERGING ARCHITECTURES

Core insurance systems can be viably replaced via Service Oriented Architecture and componentized applications, lending competitive advantage to those who take advantage quickly.

HEALTHCARE REFORM

Medical costs are rising unsustainably, driving major regulatory change in healthcare that will create both threats and opportunities in most markets.

Over 3,000 Customers

Make better decisions faster

- ✓ 6 of the top 10 insurance carriers across p&c, health, life
- ✓ Top 20 global securities & capital markets firms (Global 500)
- ✓ 7 of the top 10 Fortune 500 Commercial Banks
- ✓ 5 of the top 6 Fortune 500 Diversified Financials



THANK YOU

