

CIO Leadership Council

Strategic approaches to digital optimization and transformation in insurance



P&C and life insurers take different paths for digital transformation and digital business optimization. Companies can be segmented into five approaches, and CIOs who are looking to support transformation and optimization need clarity on what operational strategies are needed to support each.

Overview

Becoming digital is the top priority for financial services companies, according to our 2019 CIO Survey. The challenge for many CIOs is that becoming digital can actually mean many different things.

Recommendations

CIOs focused on transforming insurance in an era of disruption must:

- Evaluate the business vision of the company, the strategic goals of IT investments, the goals of innovation, the current capabilities of frontline staff and the available expertise to accomplish technical change.
- Assess the organization's approach to value against the model in this research, documenting areas where capabilities are lacking and additional investments are needed.
- Evaluate the disruptive threats of digital innovators and digital transformers by looking at the business impact of these organizations on your local market, the long-term impact and the lessons learned that can be applied to your strategy development.

Key findings

- Digital optimization and digital transformation have different business values, and are driven as much by prioritization of strategic principles as a top-down statement of digital intent.
- Few companies are leaders in product innovation, but most digital innovators are focusing on creating competitive advantage through product leadership.
- The most transformational companies have taken a more holistic approach that includes investing in building out their technology foundation, innovating in both business and IT, focusing on personnel/skills issues, and taking an outside-in approach to innovation.
- Transformational companies are visionary, focusing on growth and disruption, whereas optimizing companies are more focused on responding to market pressures such as declining business or compliance.

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