



LITS
adventures



AMIS
ASOCIACIÓN MEXICANA DE
INSTITUCIONES DE SEGUROS

THE THREAT OF INSURTECH TO LARGE INSURANCE COMPANIES IN MEXICO

Mexico City
May, 2018

DIGITAL IS JUST A TREND!



RadioShack

STORE CLOSING

**STORE
CLOSING**

**STORE
CLOSING**
EVERYTHING
20% TO 50% OFF
ORIGINAL PRICE

**STORE
CLOSING**

**ENTIRE
STORE
ON
SALE!**

**NEW
IS F**



Cingular
Now sold
here



GOING OUT OF BUSINESS

**CIRCUIT
CITY**







**BEST
BUY**



THE DIGITAL STRATEGY



**YOUR COMPANY IS
DIFFERENT...**

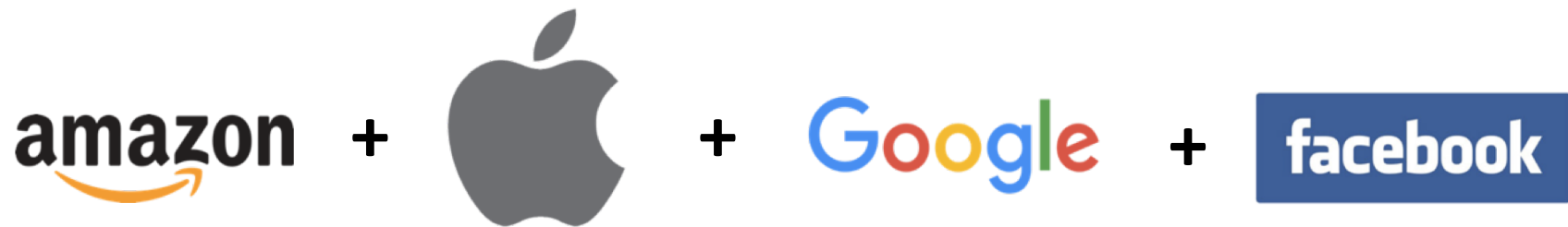


**YES, DIGITAL IS THE
FUTURE...**

IF WE WERE IN 1995

MARKET CAP 2017

US \$2,165,800,000,000



US \$1,046,920,000,000

Source: www.statista.com/statistics/263264/top-companies-in-the-world-by-market-value/



3.6 BILLONES

1.1 BILLONES



69 MILLONES



324 MILLONES



2.2 BILLONES

Source: DLD, 2017



THE MOST POWERFUL MAN WITHOUT A BUTTON



140M
Russia



325M
USA



512M
EU



1.38B
China



2.07B
Facebook
monthly active users

Source: DLD, 2018

AMAZON: % OF U.S. RETAIL



Source: DLD, 2018



AMAZON: % OF U.S. RETAIL GROWTH



Source: DLD, 2018



AMAZON: % OF CLOUD REVENUE



Source: DLD, 2018



AMAZON: % OF U.S. ECOMMERCE SALES



Source: DLD, 2018



AMAZON: % OF BLACK FRIDAY SALES



Source: DLD, 2018



AMAZON: % OF HOUSEHOLDS WITH PRIME



Source: DLD, 2018



AMAZON: SHARE OF VOICE (HOME)



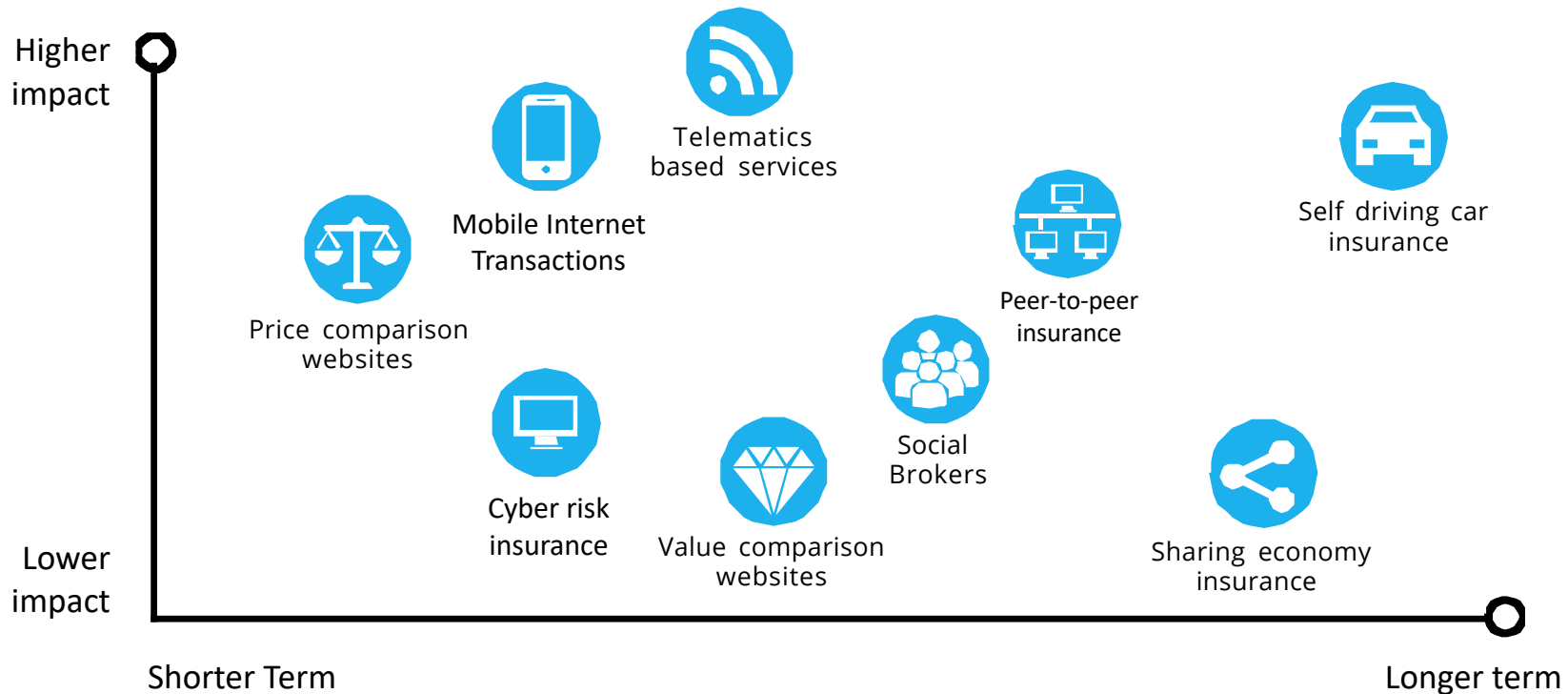
Source: DLD, 2018





B. THE INSURANCE INDUSTRY IS DISRUPTED

















NEW BUSINESS MODELS ARE SHOWING UP THAT WILL CHANGE THE WAY INSURANCE IS DONE



Price comparison Mobile, transactions and Telematics seem to be the most promising models in the near term.

Source: LITS ebusiness. Deloitte

A SIMILAR SITUATION HAS BEEN HAPPENING TO BANKING WHERE SEVERAL OF ITS BUSINESS AREAS ARE 'UNDER ATTACK'

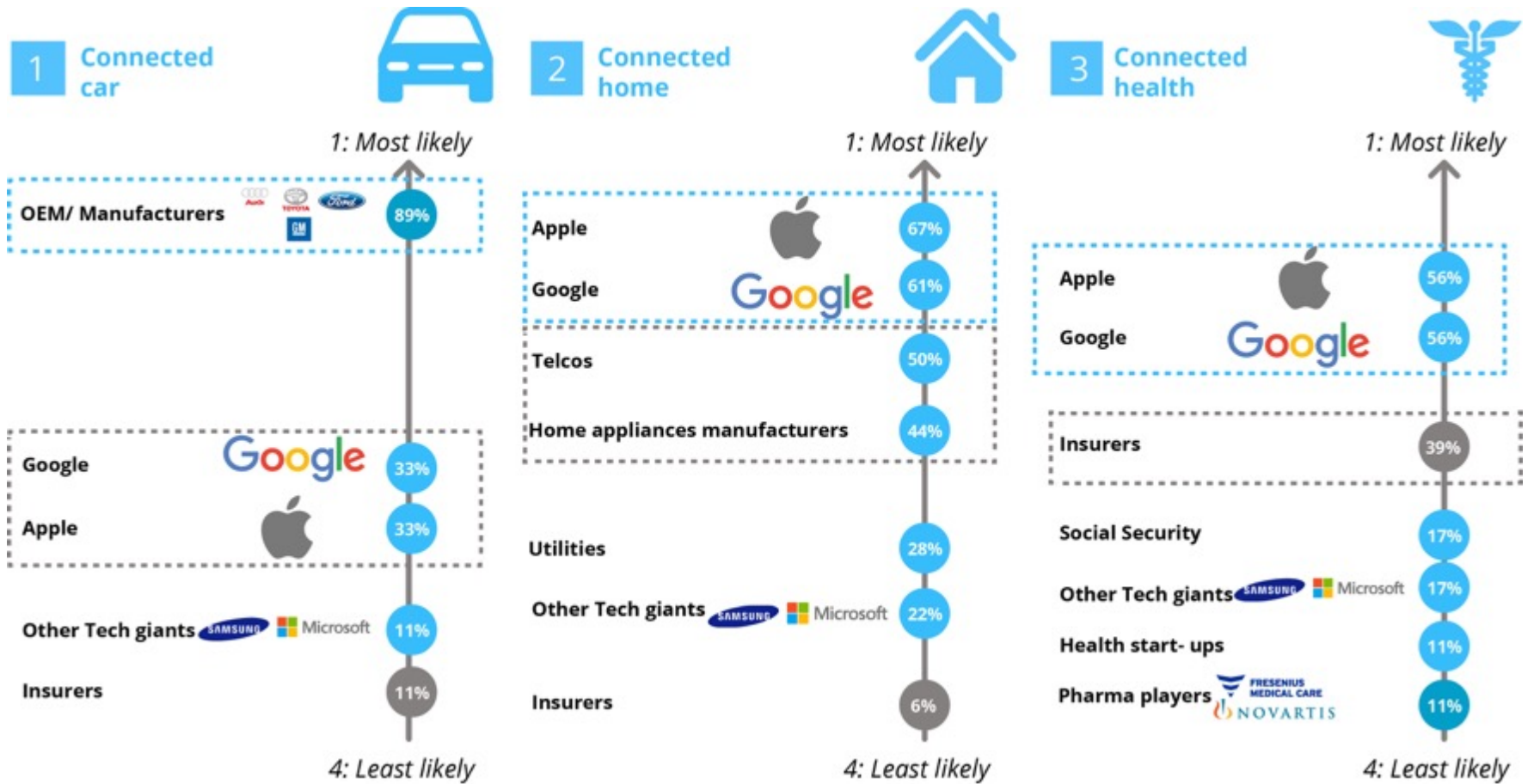
BUSINESS AREA	DISRUPTORS	LIKELIHOOD OF BANKS RECOVERING
• Payments	  	
• Money transfers	  	
• Wealth management		
• Currency exchange		
• Corporate loans		
• Stock brokerage		

Source: LITS ebusiness. Deloitte

 Very unlikely
  Very likely



COMPETITORS ARE LIKELY TO COME FROM UNEXPECTED AREAS

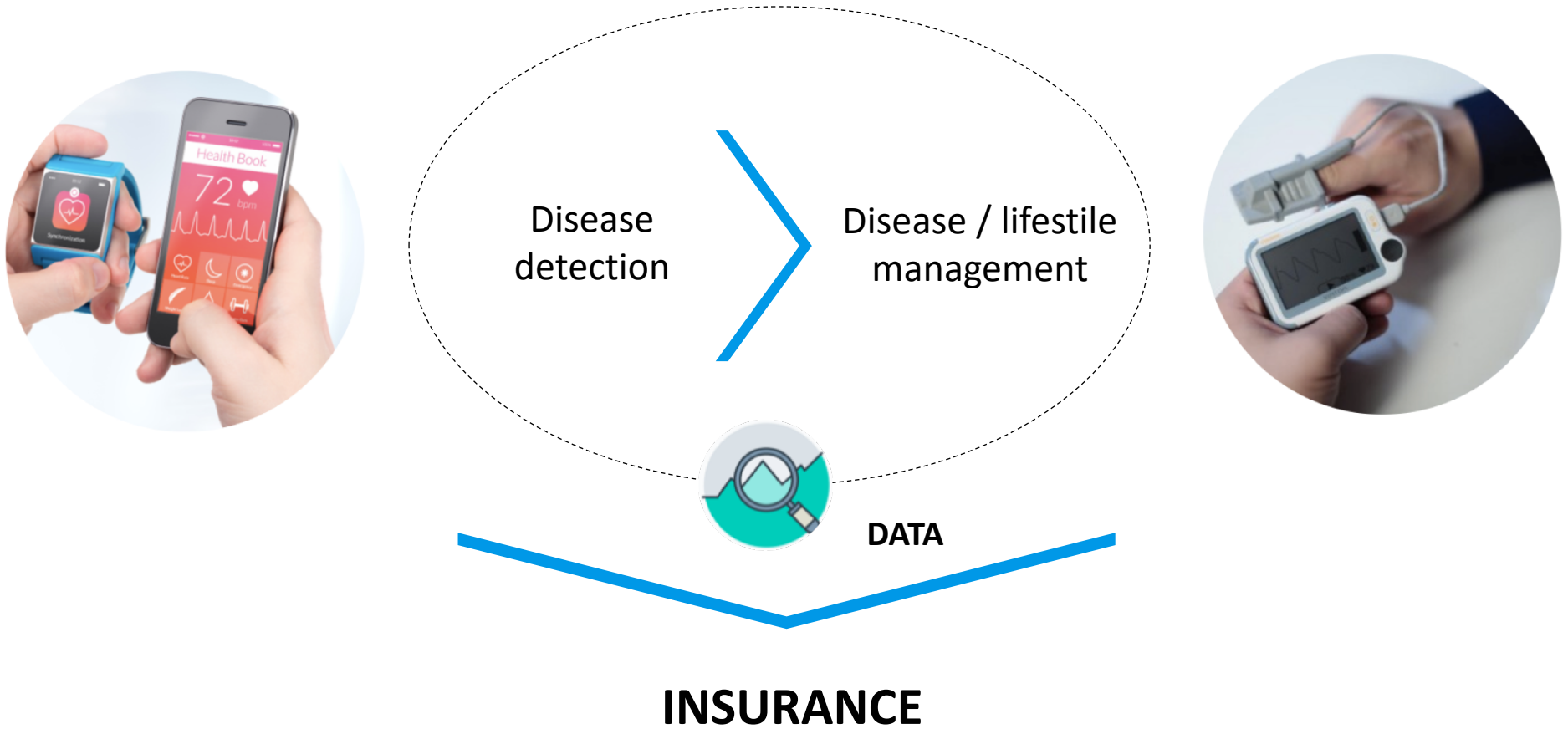


Question: What type of player will control dominant ecosystems (if any)?

Dominant player Challengers

Source: Roland Berger, LITS ebusiness.

BY CONTROLLING DIFFERENT STAGES OF THE CLIENTS LIFECYCLE AND COLLECTING DATA, RISK CAN BE MORE ACCURATELY MANAGED



It's no longer about companies, it's about ecosystems...

AND IT'S ALREADY HAPPENING

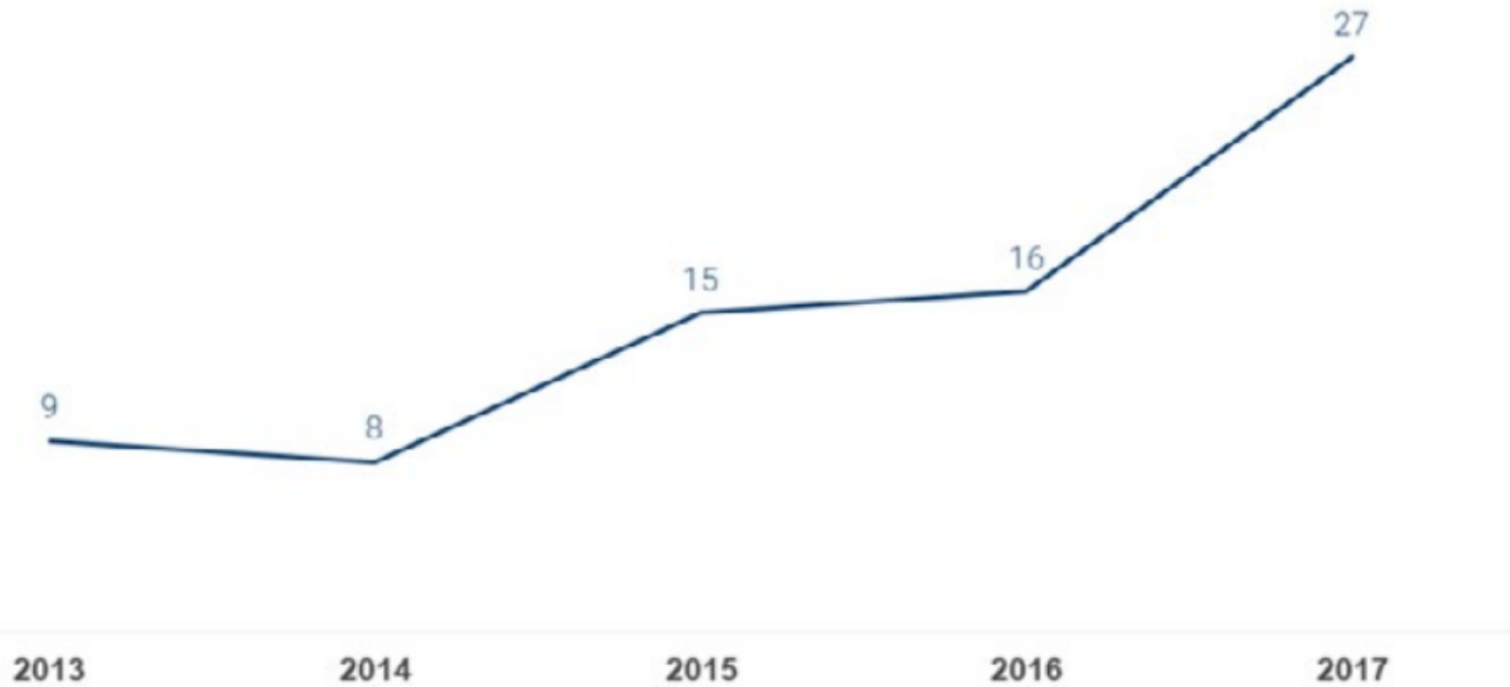
Google's Rising Investments And Partnerships In Insurance Tech



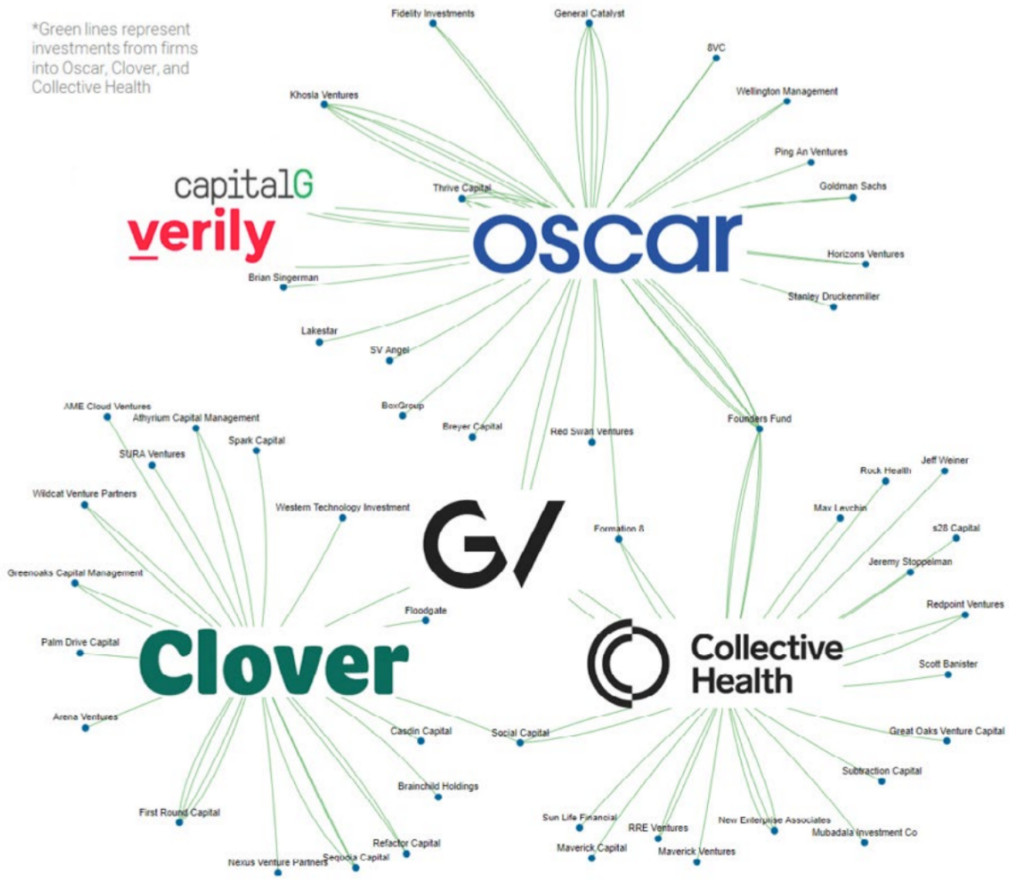
AND IT'S ALREADY HAPPENING

Google Ventures Increases Healthcare Investing

Number of Google Ventures Digital Health + Healthcare deals, 2013 - 2017

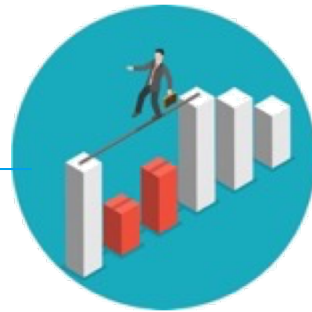


GOOGLE VENTURES' INVESTMENTS IN HEALTH INSURANCE



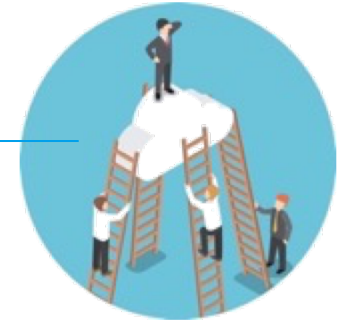
INCUMBENTS FACE UNPRECEDENT CHALLENGES FROM NEW COMPETITORS WITH UNIQUE SKILLS

Incumbent challenges



- Lack of education on digital
- Legacy systems
- Lack of capacity to attract 'digital talent'
- Heavy regulatory constraints
- Poor user experience
- Complex purchasing process
- Segmentation instead of personalization
- Low appeal to younger segments

New competitors' strengths



- Customer centricity
- Data driven
- Little regulatory constraints
- Adequate technology
- Cross-selling opportunities
- Speed

Large insurance companies can capitalize in their strengths (financial strength, reputation, current channels, brand, etc) and simultaneously develop their competitors' strengths quickly.

Source: LITS ebusiness.

AUTO INSURANCE IS THE FIRST AREA OF INSURANCE WHERE DIGITAL IS TAKING OVER... MORE TO COME

1. Santander Seguros (México)

The screenshot shows the Santander Seguros website interface. At the top, there is a red navigation bar with a 'Menú' icon, a phone number '01 800 772 88 87', and the Santander logo. Below the navigation bar, a banner reads 'Encuentra las mejores opciones para asegurar tu coche.' followed by a photo of a family in a car. To the right, a form titled 'Cotiza el seguro de tu auto en menos de 1 minuto' contains fields for 'Tipo de vehículo', 'Marca', 'Modelo', 'Residencia', and a checkbox for '¿El asegurado y el conductor es la misma persona?'. Below the form, a section titled 'Aseguradoras' lists various insurance companies like ABA, AIG, Atlas, GNP, etc. At the bottom, there is a red button that says 'DESCARGA TU PÓLIZA DE SEGURO AUTOCOMPARA AQUÍ' and another red button labeled 'COTIZAR'.

2. BBVA – wibe (México)

The screenshot shows the BBVA wibe website. The top banner is green and says 'Bienvenido a wibe' and '¡Cotízalo ya!'. Below this, there are four yellow boxes representing the steps to get insurance: 1. 'Cuéntanos sobre tu auto', 2. 'Personaliza tu seguro', 3. 'Paga tu seguro', and 4. 'Recibe tu póliza'. Each step includes a brief description of what is required. At the bottom, there is a link to 'Conoce a fondo el funcionamiento de wibe'.

3. S.com.mx (México)

The screenshot shows the S.com.mx website. It features a red 3D character holding a trophy. The main content area has a red and white comparison tool with a '\$' icon and the text '¡Compara YA!'. To the right, there is a section titled 'Premio AMIPCI 2009' which states that Seguros S.com.mx was recognized as the most innovative website in 2009. The AMIPCI logo is also visible.

Price comparison engines for health and life insurance are starting to be developed in Mexico.

MEET 'OSCAR' A 'FRIENDLY' HEALTH INSURANCE STARTUP LOVED BY ITS CLIENTS (NOW BACKED BY GOOGLE VENTURES)...

1. Clean image

Hi, we're Oscar.
Smart, simple
health insurance.

Get Your Quote

2. Simple processes

My zip code is 10011
and I'd like to cover me v .
I'm 30 years old.
My family makes \$ 30,000 per year.
There is 1 person in my tax household.

Get a Quote

3. Clear information

Better Plans
Choose from plans that are easy to understand, provide comprehensive coverage, and give you lots of free perks.
[Learn More](#)

Better Healthcare
Access thousands of top-notch doctors in your area, talk to a doctor 24/7, and visit your primary care doctor for free.
[Learn More](#)

Better Experience
Use our app or website to find the right doctors, manage prescriptions, and earn rewards for staying active.
[Learn More](#)

4. Easy products

Choose your plan

All Oscar plans include the same great doctor network, great medical care, and great member experience.

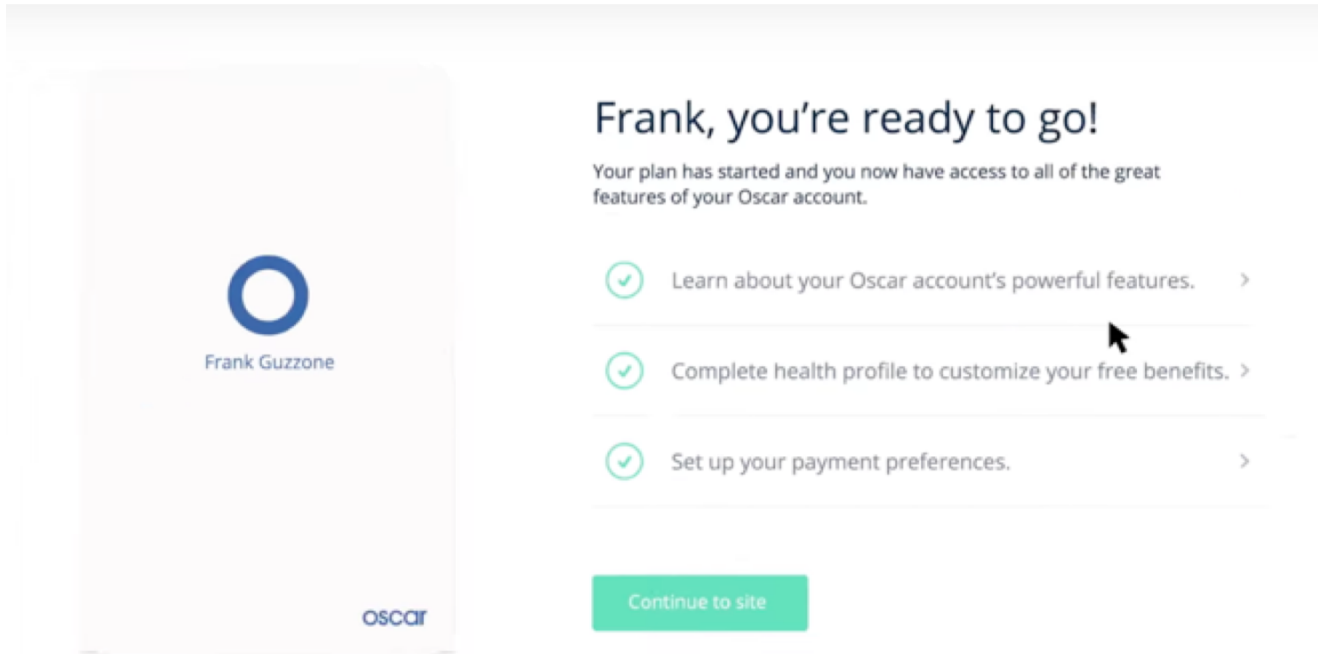
Plus free perks

- 24/7 calls with a doctor
- \$240 in fitness rewards
- Checkup and preventive care
- Multi-Flash step tracker

<p>\$201^{mo} Simple Bronze</p> <p>You save \$188 in financial aid</p>	<p>\$6,800 yearly max \$20 primary care visits (flat) \$20 generic drugs \$20 lab tests from Quest</p> <p>Select this plan View Plan Highlights</p>
<p>\$270^{mo} Simple Silver</p> <p>You save \$188 in financial aid</p>	<p>\$5,900 yearly max Free primary care visits Free generic drugs Free lab tests from Quest</p> <p>Select this plan View Plan Highlights</p>
<p>\$364^{mo} Simple Gold</p> <p>You save \$188 in financial aid</p>	<p>\$3,800 yearly max Free primary care visits Free generic drugs Free lab tests from Quest</p> <p>Select this plan View Plan Highlights</p>

The US is already seeing new startups successfully entering the health insurance market.

...AND LOVED BY ITS CLIENTS



"Oscar has the new era tech pedigree to become the Spotify, AirBnB or Uber of health insurance"

The New York Times

"Oscar has a more holistic and integrated online interface than established players... I have never had such an easy time with insurance in my life"

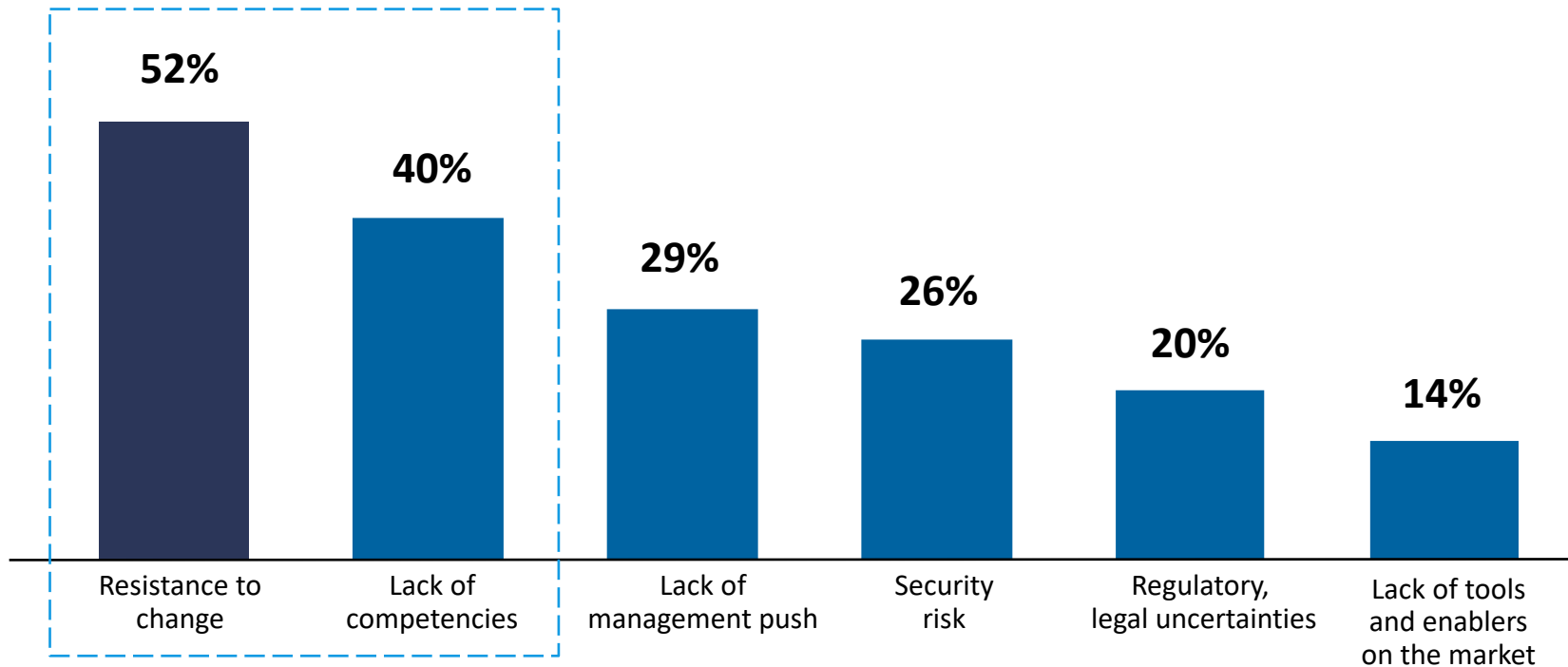
Los Angeles Times

INSURTECH IS CLEARLY BECOMING A REALITY IN MEXICO... STILL AT THE BEGINING BUT RISING



LAUNCHING INTO DIGITAL TRANSFORMATION REMAINS A CHALLENGE AND TAKES TIME

MAIN CHALLENGES TO THE DIGITAL TRANSFORMATION (% OF BUSINESSES)



Change takes time in large corporations. In the medium/long term, full digitalization is a matter of survival.

Source: INSEE, Roland Berger study (505 companies surveyed) and analysis

LEGAL MEASURES ARE NOT AN OPTION... MANY HAVE TRIED... AND FAILED!



BATTLE

WINNER

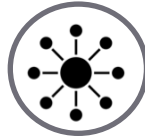


INSURANCE COMPANIES IN MEXICO ARE AT THE END OF THE INNOVATION SPECTRUM

No Innovation centers



Subsidiaries



Not directly on stock market



Risk averse



Profitable



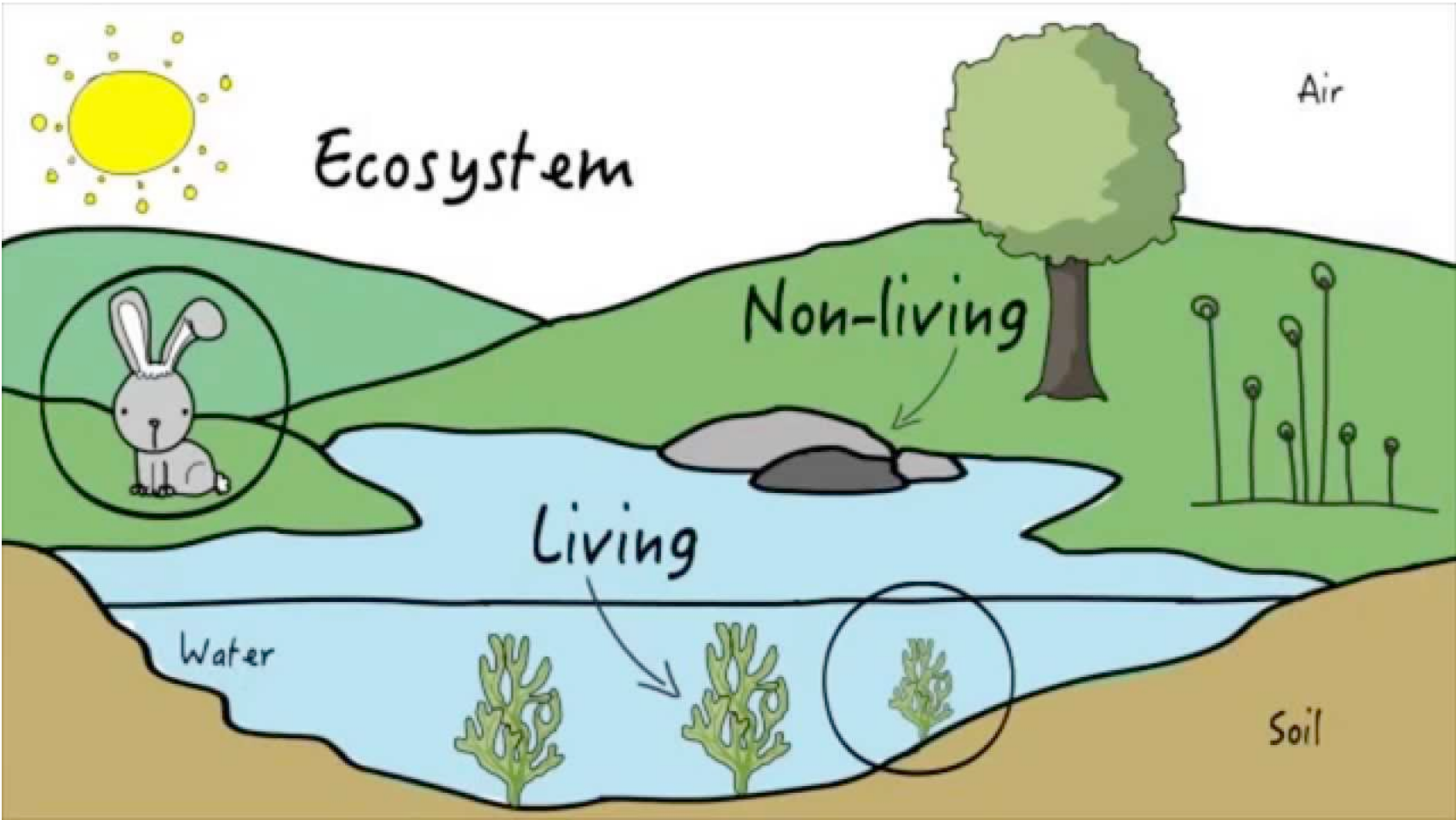
- Stagnation
- Incapacity to react

The recipe for a slow death...

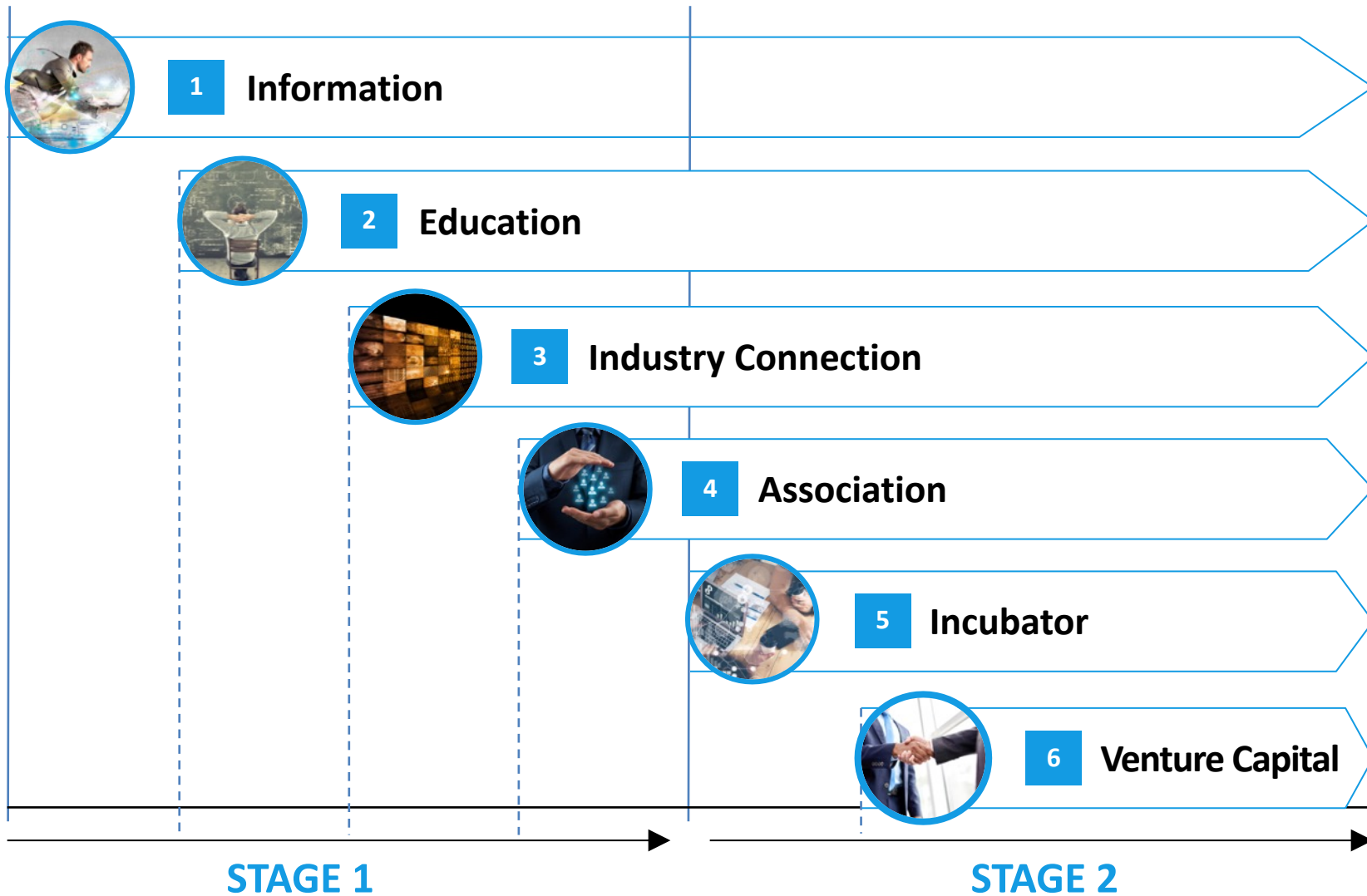


C. CREATING THE INSURTECH ECOSYSTEM

WE HAVE TO CREATE AN INSURTECH ECOSYSTEM



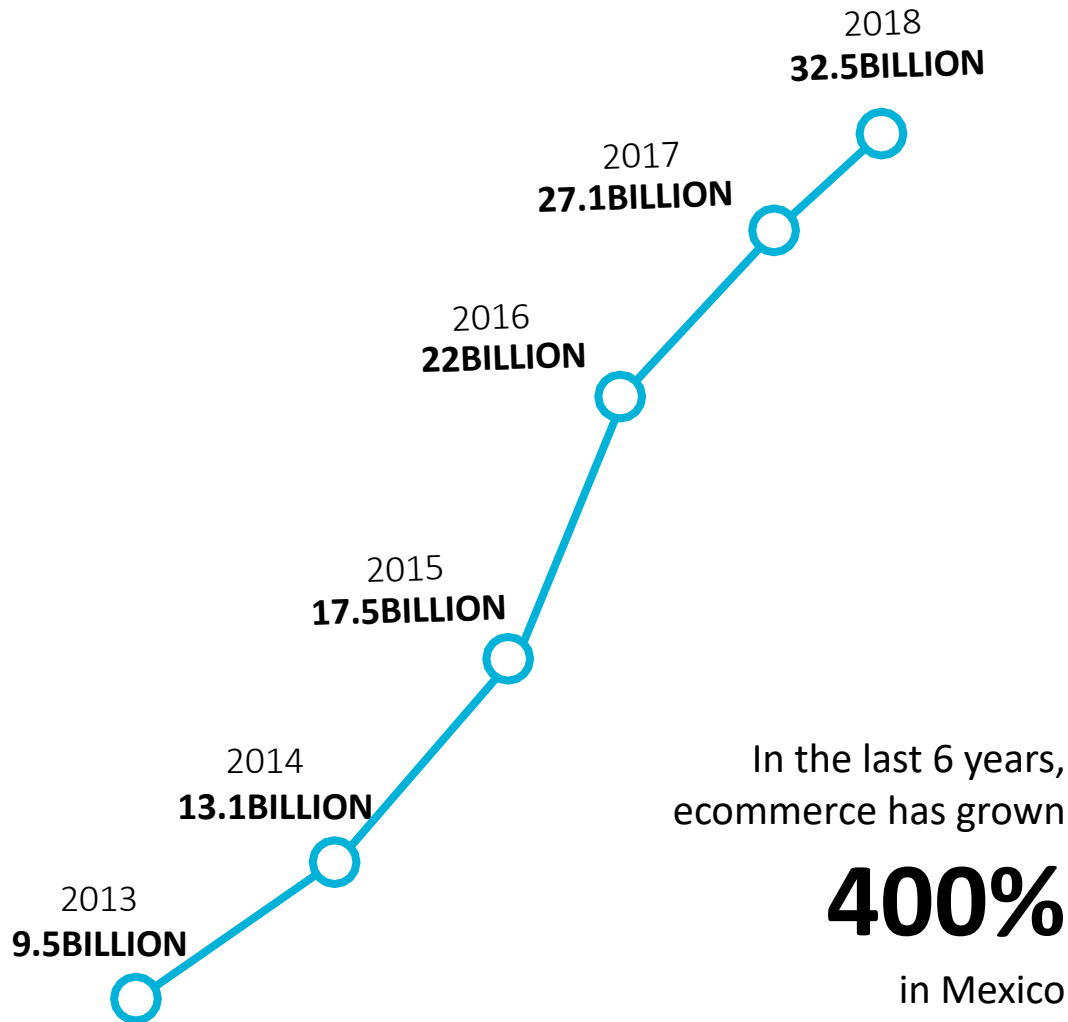
THE PROGRESSIVE IMPLEMENTATION OF A COMPREHENSIVE ECOSYSTEM WILL MAINTAIN AMIS AT THE CENTER OF INSURANCE





C.1 INFORMATION

THE DIGITAL SECTOR IS STEADILY GROWING IN MEXICO BUT LACKS PROFESSIONALS SPECIALIZING IN THIS AREA



Source: eMarketer, A.T. Kearney analysis

10,000

PROFESSIONALS

are required in Mexico in order for major national and international retailers to launch their online operations

Currently, **\$300 million dollars in venture capital** has been used to financially support digital efforts made by national startups and PYMES, making it the largest contribution yet

BUT THERE IS NO CURRENT INFORMATION LEADER IN MEXICO THAT CENTRALIZES THE SECTOR'S INFORMATION



UNITED STATES



Ex. TechCrunch
Internet Retailer



EUROPEAN UNION



Ex. Venture Village



MEXICO

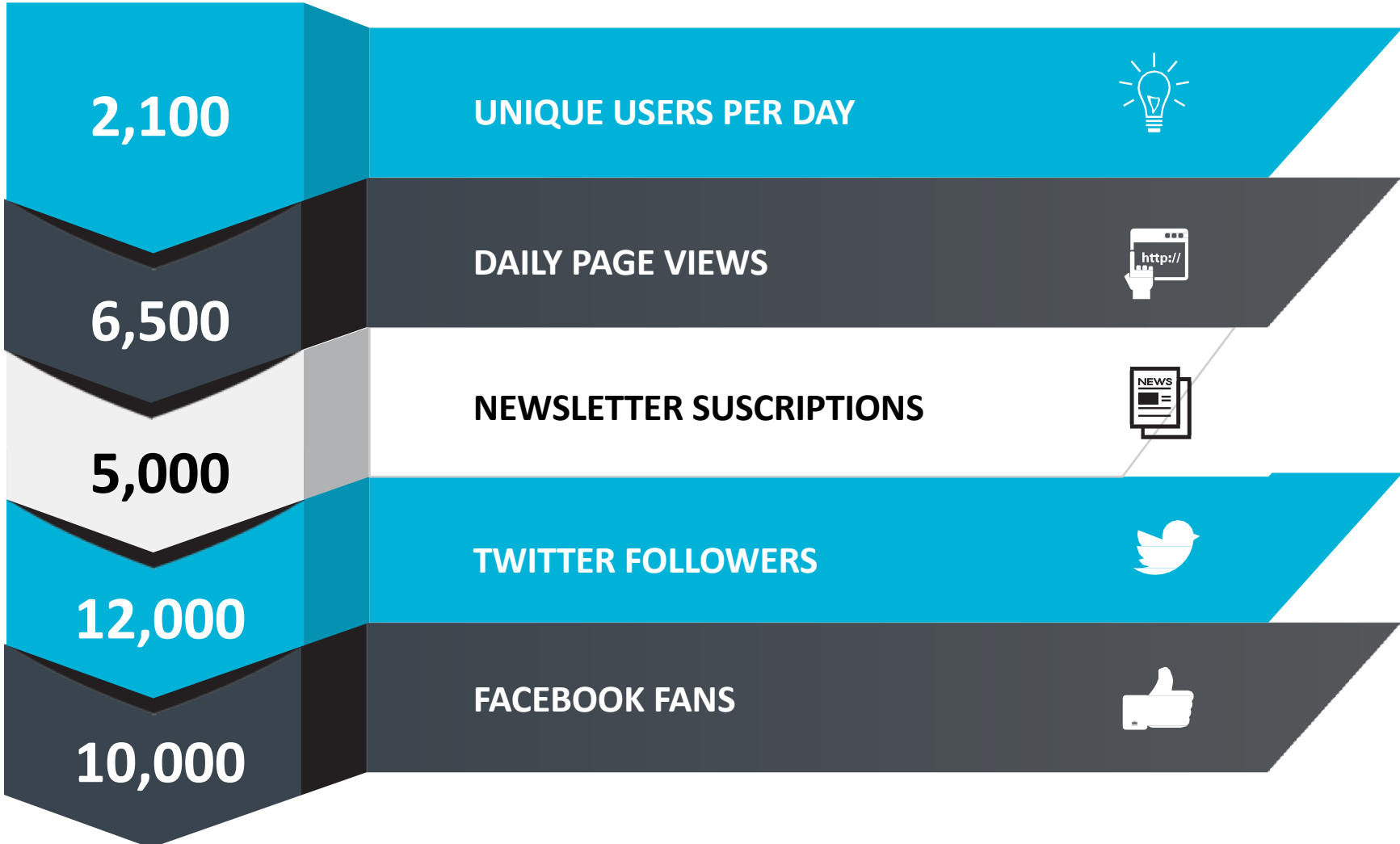


EBUSINESSHOY LEADS THE WAY AS ONE OF THE BEST SITES FOR DIGITAL BUSINESS INFORMATION

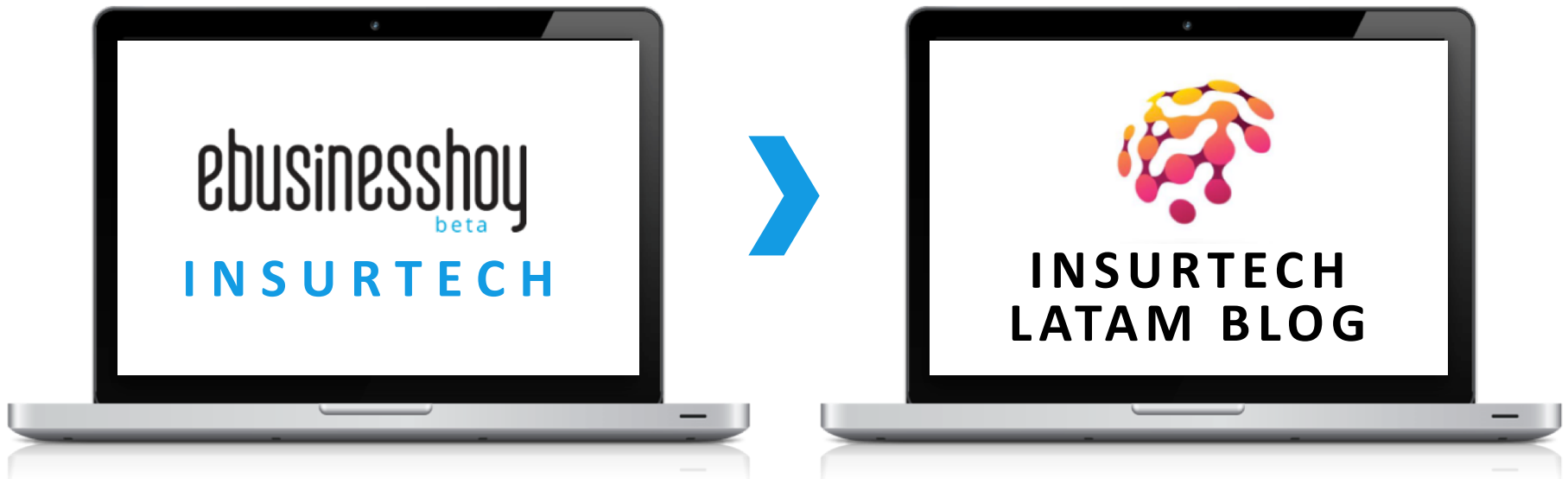


- It is the first specialized media platform dedicated to analyzing companies participating in digital business activities in the country.
- Critics and experts in technology, gadgets, UX and UI test all electronic devices released into the market.
- Our editorial team is comprised of professionals in the field such as decision-makers for corporate technology, in addition to some of the most important companies in Mexico.
- Topics cover all areas and levels of knowledge pertaining to the digital world from beginner to professional.
- Themes focus on educating and advising while using the best ebusiness strategies and tactics.

EBUSINESS HOY IN NUMBERS



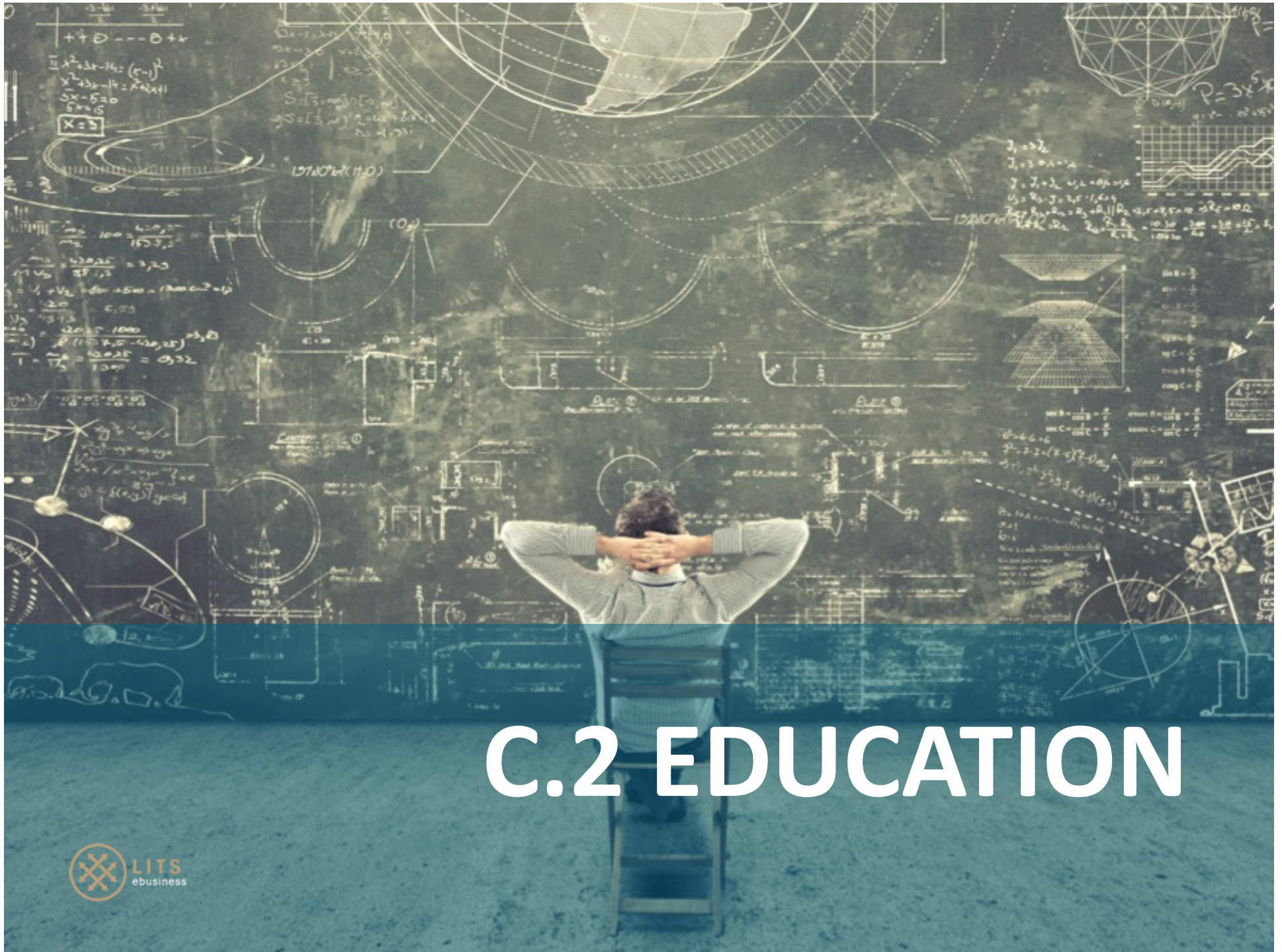
EBUSINESS HOY IS LAUNCHING AN INSURTECH CHANNEL THAT WILL EVOLVE TO A FULL SPECIALIZED BLOG



INSURTECH LATAM AIMS TO BE THE LEADING SOURCE OF INFORMATION IN SPANISH FOR THE FUTURE OF INSURANCE



- Coverage in spanish
- Initial focus in Mexico expanding to Spain, Portugal and Latin America
- Team of 4 journalists, plus expert contributors (20+)
- Startup atlas
- Venture Capital coverage
- Numbers and statistics



C.2 EDUCATION

EBUSINESS ACADEMY IS THE LEADING SCHOOL IN EDUCATING PROFESSIONALS FOR THE DIGITAL SECTOR



WHY EBUSINESS ACADEMY?

- A community of more than 500 graduates.
- Founded in 2012.
- Top teachers in their fields of expertise in top companies.



DIPLOMADO “DIGITAL TRANSFORMATION FOR INSURANCE COMPANIES”

The diplomado starts by the basics of digital strategy, its relevance, tools and enablers. And follows by taking the student through the main stages of the digital transformation process. The course comes to a conclusion where the students present their final project that comprises all the taught knowledge.

Target: C suite, directors and manager of insurance companies. Entrepreneurs.



Education modules:



A. Intro to Digital
36 h



B. Customer experience
16 h



C. Connected products and services
16 h



D. Dematerialization and automation (e-operations)
24 h



E. Getting it all together
12 h



**C.1 INCUBATOR AND
VENTURE CAPITAL**

INSURANCE COMPANIES MUST TAP INTO THE STARTUP AND ACADEMIC SECTORS TO SUPPORT ITS DIGITALIZATION EFFORTS

Company: Friendsurance



Date: March 2016

friendsurance

Event: Fund raising of US\$15 Million

Business Model:

Berlin based insurance platform Friendsurance wants to reshape the way customers and insurance agencies interact by making it a community effort. What this means is people are put into small groups based on the type of insurance needed. For example, property or legal expenses insurance would be grouped. The groups receive rewards of a cash-back bonus each year they remain claimless. This idea has led to a \$15 million strong Series B.

Allianz 

ALLIANZ DIGITAL EFFORTS

Allianz Digital Corporate Ventures seeks investment opportunities and strategic partnerships with early and growth stage startups companies in 5 categories:

1. Fintech
2. Connected Car/Smart Home
3. Data & Analytics
4. Cybersecurity
5. Digital Health

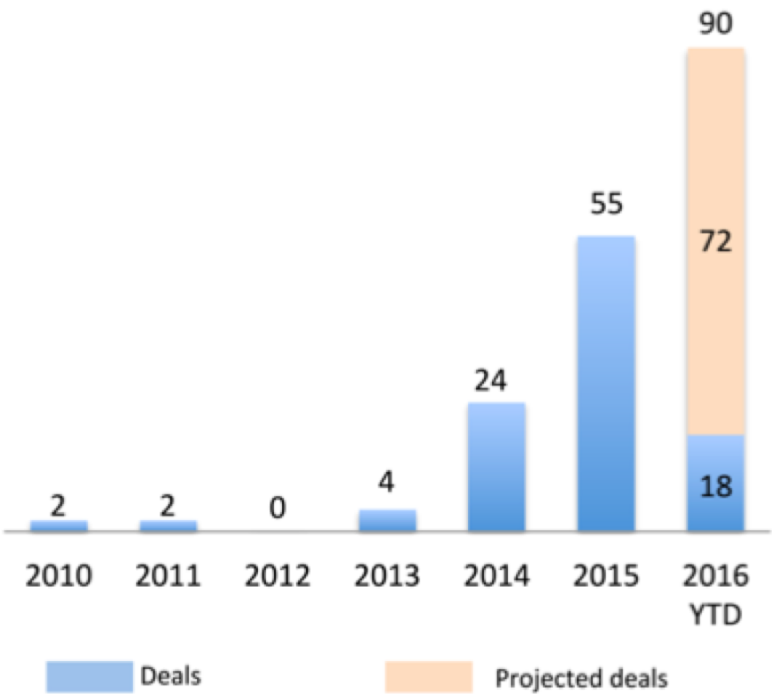
Our mission is to strengthen Allianz by investing in innovation, and to strengthen our investments by facilitating strategic business development opportunities with Allianz.

Source: LITS Ebusiness; Heureka; Allianz



INSURERS ARE VERY ACTIVE INTERNATIONALLY IN TECH STARTUP INVESTMENT BUT MEXICO IS SERIOUSLY LAGGING BEHIND

TECH STARTUP INVESTMENT BY INSURERS








MARCH 29, 2016
Insurers Get Busy In Tech Startup Investing In 2016



STARTUP DOESN'T MEAN SMALL... HEALTH AND LIFE ARE GETTING A BIG SHARE OF THE INVESTMENT

TECH STARTUP INVESTMENT BY INSURERS

Company	Description	Funding
 众安保险 ZhongAn Insurance	Chinese online P&C insurance seller	931
 OSCAR Oscar Health	Tech-driven health insurer	728
 ZENEFITS Zenefits	HR software and health insurance broker	584
 GUSTO Gusto	HR software and health insurance broker	136
 Clover	Analytics-driven health insurance model for Medicare Advantage members	135*

- Top investors in the sector include:
 - Google
 - Goldman Sachs
 - Fidelity investments
 - Allianz
 - Axa
- Total US\$ 2.5 B in funding to date for the top 5 companies
- Health and life have been increasingly a target of the investments and are expected to rise in the years to come.

AN INCUBATOR BACKED BY LITS EBUSINESS STRUCTURE WILL SUPPORT INSURTECH STARTUPS TO BE SUCCESSFULL



ENTREPRENEURS ARE SUPPORTED BY:

- 600 SQM office in Mexico City prime location
- Top experts in digital marketing, digital PR, strategy, UX, cybersecurity, IT, etc
- Full time school to support
- Support services: Legal, admin, HR, office management, etc
- Strong national and international network
- Access to national and international funds
- Mentor network
- Group of private and corporate investors

AN INITIAL INVESTMENT HAS BEEN MADE IN DATA XL A BUSINESS INTELLIGENCE COMPANY FOR THE INSURANCE INDUSTRY



DATA XL

- Data XL provides dynamic real time pricing for the insurance industry
- Based on business intelligence, artificial intelligence and machine learning
- Considered one of the top insurtech companies to watch in the world by PWC
- Winner of the incubation prize
- Several international insurance clients already signed and several others on the process
- 3 digit annual growth expected

IF YOU CAN'T BEAT THEM, JOIN THEM!





Thank you!

David Bernardo

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