

BEST'S REVIEW® ISSUES & ANSWERS: Ecosystem Evolution

Industry experts discuss the business advantages of employing an ecosystem strategy.



Interviewed Inside:



Matt Tierney
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Andrée Bourgon
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Ecosystem Strategy

Matt Tierney, Global Head of Insurance Practice, and Andrée Bourgon, Head of Insurance Strategy and Transactions with Grant Thornton discussed the insurance ecosystem strategy. Following are excerpts from an interview.



What is an ecosystem strategy and why is it prevalent in the insurance industry today?

Tierney: The cornerstone of an ecosystem strategy focuses on adding fee-based, new product and service revenue streams to an insurance organization's traditional underwriting, investment and commission-based revenues. The benefits are important and broad, but the most important fundamental to the ecosystem strategy is the shift to value by creating partnerships, sharing data, investing in startups, all with the eye on how to create value for the insured—by establishing the new reality—of a value-add service provider that is integral to the life of the insured.

Bourgon: I imagine most people recall the days when filing claims came with a certain feeling of guilt or “I did something wrong” or needing to lobby or argue to get reimbursed. Over the past five to 10 years, we have seen a major shift in the claims process to focus on customer experience—happy claims experience drives retention rates. Improved servicing, tech, options all support this concept of adding value to insureds and drives the ecosystem strategy. Insurance organizations are asking themselves: How can I sell services and products that are adjacent to an insurance policy that makes me invaluable to the insured? This adds revenue streams and value, while improving retention.

Insurance organizations are known for their volumes of data; however, they are not well known for being able to harness that data. What role does data play in an ecosystem strategy?

Bourgon: The trend for the value-add ecosystem strategy is being driven by changes in the demand and supply sides. On the demand side, insureds are redefining value based on their experiences in other areas of their lives. On the supply side, demand needs are being met to some degree as some insurtech firms enter the industry with innovative offerings. However, data is at the center of the ecosystem approach as the lever of interconnected services and products, allowing organizations to orchestrate their ecosystem—from deploying smart devices to connecting customers on a single platform. Data is the foundation that allows organizations with distinct capabilities to join together with a shared vision. Data can unlock insight from unstructured data, enable the digitization of distribution channels, improve data delivery times and customer intelligence, all

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while facilitating a frictionless customer journey. This helps achieve a consistent and engaging experience that organizations can leverage to shift the focus away from being product-centric, to achieve differentiation through being customer-centric lifestyle driven by providing value-based services and products.

How should an organization look at operationalizing an ecosystem strategy?

Tierney: Companies launching an ecosystem should stress test the operational challenges that an acquisition, partnership, investment or new business needs in order to plug into the current operating model. Operational considerations such as stakeholder management, data strategy and security, performance indicators, cultural alignment and financial reporting and controls are all topics that require articulate planning, design and delivery. Bringing your ecosystem strategy alive starts with identifying the opportunities and determining the structure that makes sense for your organization. Then, operationalization requires commitment, a willingness to adapt along the way while designing a solution that your organization will stand behind.

