

VERMEG

**HOW TO
ACCELERATE
YOUR**

**DIGITAL -
TRANSFOR
MATION**



VERMEG

HOW TO
ACCELERATE
YOUR

DIGITAL - TRANSFORM ATION

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FORE- WORD

From digital transformation to rebound strategy



FATHY TRABELSI

EVP & General Manager Continental Europe | VERMEG

We are facing unprecedented and unpredictable health, economic and social circumstances. Entire sectors have been shut down and two thirds of the global population is under lockdown with impact on both the supply and demand balance. I am pretty sure that you have put in place a number of exceptional measures to safeguard the continuity of your business activities, as it is the case with VERMEG.

We are experiencing a great crisis, of which the severity level cannot yet be measured. Nevertheless, in response to it, the major central banks and States suggest techniques for leading companies out of the crisis period and mitigating its impacts.

We organized the second edition of the VERMEG Digital Meet-Up in Paris on the 27th February 2020 (three weeks before the lockdown measures and the cancellation of all events). We have addressed new ways of doing things in everchanging and uncertain environments. Now more than ever before, we must open ourselves to new approaches for the “post-pandemic” period and prepare for the rebound.



The necessary interruption of human relationships brought the role of technology in our lives and work into perspective. New uses, alternative modes of interaction at work and new organizational models are now possible thanks to digital transformation. Digital will certainly play a crucial role in this transformation, for banks and insurance companies. Let's recall that digital is much more than just a technological toolbox. It helps us do what we used to do faster, better and cheaper. It will guide decision-makers in the post-crisis period and set out new objectives: work differently, evaluate their sales volumes, widen their targets, and use new distribution channels.

On the customer side, Digital also offers solutions to accelerate the launch of new services and revisit customer experience. Digital transformation for services and mobile helped improve customer-financial interaction factors, and created a feeling for overall brand assessment.

The incursion of new entrants - FinTechs, Neobanks, Neoinurance, GAFAM - have lately forced historic players to move up a gear to offer the best possible customer experience and make it as fluid and efficient, and personalized as possible. This is a challenge that is still far from being realised, yet it is indeed a great opportunity. It is an opportunity for not acting as financial intermediaries but more as stakeholders that are closer to customers and their lives. Driven by digital, the rebound projects are on their way now. For the VERMEG teams, there is a "common denominator" to all this. It will definitely help you head towards your target at the right pace and with the right business and technological accelerators.



Digital transformation: a key to new services



Interview with
PHILIPPE JEANNEAU
CEO, Informatique Caisse des Dépôts

As a comprehensive provider of IT and digital services primarily owned by Caisse des Dépôts, Informatique CDC is considered an economic interest group. Created in 1816, Caisse des Dépôts intended to manage private funds and restore confidence in the management of public debt. Incorporating digital technology into their services range and across the lines of business, Informatique CDC plays the role of a trusted third party for digital technology, guaranteeing confidentiality, protection, and integrity of all data and information systems entrusted to it.

What is the mission entrusted with the Caisse des Dépôts et Consignations (CDC)?

Caisse des Dépôts et Consignations (CDC) is a public financial institution carrying out public interest missions, including managing savings accounts (Livret A savings account, sustainable and solidarity development savings account) and financing public-private projects.

CDC is Europe's only financial institution relying on the nation's protection, a status that confers it with autonomy and independence. Created in 1816 to restore confidence, its first task is to create, conserve, and return the values entrusted to it.

The CDC was active above all in promoting the country and its economic development. It uses funds of Livret A savings account to finance the social housing sector. Ever attentive to local public investment policies, it mobilizes its funding capacities to carry out infrastructure projects and invest in green technologies to accelerate and support the energy transition. It pays special attention to digital transition. Attentive to companies' development, the CDC enrolls in their direct investment, a type of investment that paves the way towards more developmental opportunities. Strengthening the commitment towards development, CDC has finalized the agreement to create a joint subsidiary with the State and Bpifrance (Public Investment Bank).

What challenges does CDC encounter and how do they help to further translate the projects?

Activities of the CDC IT department have basically two main axes: the rise of business or organizational agility and the implementation of services platforms, specifically designed to provide citizens and local communities with new uses.

Scaled agile framework

The main focus of CDC was to adopt a scaled agility and create agile teams within the IT department. This initiative required the renewal of all professions in an attempt to shift from a customer-supplier approach towards a more open and collaborative one, a shift that involved various marketing techniques.

The prior goal of implementing a scaled agility framework depended upon the time-to-market. The initial achieved outcomes were motivating as the driven force of the CDC offering online training sessions to 25 million citizens, in collaboration with the Ministry of Employment were exceptional. This success was materialized by “Mon complete formation”, a mobile application that has already been downloaded by more than a million citizens.

Services platforms

The platforms intended for the services enhancement provided by the CDC while attempting to act as the entry point for a global ecosystem were launched by interdependent stakeholders. The CDC core services targeted mainly local communities and citizens' services. These services include the management of citizens' new training account, disability management, ageing experience management to assist the elderly with the management of their daily lives.

For illustrative purposes, the Handicap platform, launched in collaboration with the Ministry of Social Affairs, aiming to provide financial resources and customer journey support services. The same service was developed by the Post Office as an entry point for all public services.

What are the benefits of these projects?

The CDC is fully aware that digital transformation is not intended to provide digital solutions for old processes but rather to implement new approaches and services. The new business models vary by means of services offered to countries and citizens. The predominant goal of these services is to make citizens' lives easier by reducing the complexity of procedures and rules.

CDC strives to achieve positive outcomes in internal operational efficiency, performance improvement, and skills development for employees. With the development of IT professions, the CDC IT department has 1.500 employees, 30% of whom are entrusted with digital transformation projects. The rest of the employees are dedicated to legacy and Application Portfolio Management. Coaching was the key for business development.

TESTIMONIALS

**Customers have
no idea what
they want**



Interview with
PIERRE DE BAROCHEZ
CTO, AssurOne

A crazy idea was born in 2004 to create AssurOne, a company dedicated to offering 100% digital insurance solutions. Since then, the insurer has joined the PREVOIR group, while attempting to break the codes and offer solutions that best match customer needs. AssurOne has adopted a multi-channel distribution model, which offers its insurance contract via online platforms, physical points of sale or via affinity partnership. AssurOne is now serving more than 200,000 policyholders and covering three major products: vehicle, house, and enterprise.

Pierre de Barochez – AssurOne, CTO

How can you meet your customer needs?

Since its birth, AssurOne culture promotes the idea that customer needs must be placed at the heart of “design” and organization. Generally, the interaction with customers takes place when one has his/her feet in the water inside their living room or in the event of breaking down on the highway. These situations are real life examples constituting memorable customer experiences to which insurance companies must provide effective management.

From my experience, two structuring principles seem highly important.

First, while many of us talk about digital transformation, customer experience and design thinking, we should also think about direct contact with customers and how best to meet their needs (through sales support, underwriting, claims management), rather than focusing on procedures or managers' requirements.

Being a manager, you must give employees maximum autonomy to ensure that they can handle 95% (if not all) of their customer needs.

This customer orientation must be reflected in the organization, roles definition process at the company, our training and recruitment methods as well as the digital tools that we make available for our employees, throughout the value chain. The second principle revolves around the saying, “customers have no idea what they want”. Cognitive biases exist, and imagination cannot always find its way toward reality. The most important thing is to master methodological tools to carry out digital transformation processes effectively and to see our way through design thinking and lean start-up approaches. It is a must have approach: for each new service or product, our basic principle is that of knowing absolutely nothing. We must advance “blindly”, relying essentially on the practices of A-B Testing, rapid return, “fail fast”.

For an 100% digital company like yours, is operational efficiency a priority?

It is precisely because a company like ours is modest compared to the behemoths of the sector. We must regularly market products as quickly and cheaply as possible and adapt to new uses. The question of operational efficiency comes therefore on the forefront.

The first indicator of an agile organization is productivity. In an agile organization, unlike traditional methods, what we strive to improve is the pace, the production lead times, the resources and costs with a variable being the content and its richness (starting with MVPs). Accordingly, the remaining indicators are cost, planning and resource related.

We also pay the utmost attention to the recruitment process. We do our best to select the most qualified candidates for our digital product designs and to minimize the need for third party or intermediaries’ support. The second point concerns the operations part. The best element of operational efficiency is customer loyalty, given the increasingly high cost of acquiring new customers and the complexity of such a process. The best way to achieve operational efficiency is to maintain your existing customers and work on mastering “self-care” methods. As such, you will guarantee an appropriate digital communication with customers for delivering the right message, to the right people, at the right time, in the right way.



TESTIMONIALS

Improve
operational
efficiency
and standout
in customer
servicing



Interview with
FABIEN AZAVANT
Chief Information Officer, CACEIS

Crédit Agricole and Santander JV (CACEIS) is a European leader dedicated to asset servicing. The joint venture is established in 18 countries, in Europe and Latin America. CACEIS has EURO 4000 billion in assets under custody and employs 4000 people. Its Financial Assets Management is related to capital management in compliance with regulatory and contractual constraints. CACEIS Bank adopts business process outsourcing (BPO) in highly regulated industries and supports ESN activities to help its customers with product development process. CACEIS customers are asset managers and institutional investors (insurers, pension funds, etc.).

What do you think of the asset servicing industry?

Asset servicing is a sector in the consolidation phase, which is struggling under the pressure of rising costs and bidding regulations. There were so far few mergers in this sector. However, the price war and regulatory pressure establish the importance and necessity of achieving economies of scale.

In 2019, Santander, a stakeholder operating in the Netherlands, was included in the scope of consolidation as a joint venture with Crédit Agricole. As of said year, Crédit Agricole S.A. and Santander respectively hold 70% and 30% of the capital of CACEIS. In operating its digital transformation, Asset servicing experiences less pressure compared to retail banking and is still time to come. A time gap between these two business sectors, of around four to five years enable asset servicing to take full advantage of retail banks' experience. With the pressure starting to mount up for asset servicing, customer experience has become the most important aspect of tenders.

There are no new entrants to the core business of asset servicing. Several stakeholders like Iznes or Fundsquare have sought to build customer relations and market infrastructures. Indeed, market infrastructures are not efficient enough. So far, these new entrants have not succeeded in establishing themselves, through their approach of required agreements with local stakeholders and strict compliance regulations. Nevertheless, this journey will be realized one day.

The key challenge asset servicing is faced with is data management, a demanding concept to service offering process in order to cater its customers' priorities. You may wonder what kind of data is required. It is essentially CACEIS customers' data that include all assets and transactions entered between local stakeholders, in order to draw trend lines.

What are the challenges of digital transformation projects?

The purpose of digital transformation projects is both to improve the operational efficiency of CACEIS and to stand out as the customer chosen service provider.

In the area of operational efficiency, CACEIS relies on artificial intelligence for the automatic reading of investment fund reports and prospectuses, in order to extract useful data for its activity.

In the area of customer experience, CACEIS has built a data pool into which customer KPIs are linked to a shared vision. The data pool enables consolidations to be carried out and offers customers a dashboard via the CACEIS site.

In the area of data enhancement, CACEIS has developed the TEEPI platform (Tailored Electronic Exchange Platform for Investors) which is a customer-to-customer connection platform. This allows the exchange and access to regulatory data. It also makes it easier for an investor to get in touch with the Asset Manager to place orders.

What are the benefits of these projects?

Digital transformation projects, regardless of their heterogeneous characteristics, come with a number of high-level benefits.

Regarding RPA (robotic process automation), CACEIS runs a highly automated business with the deployment of 20 robots. The aim is notably to counterbalance the offshoring policy in low-cost countries implemented by its competitors. Regarding artificial intelligence, the purpose is to read documents and process emails effectively. Indeed, artificial intelligence performs well in three specific areas: image processing, text processing and correlation of large amounts of data.

In data management, customer data is consolidated into a dashboard. This solution has satisfied the needs of reporting teams and results in a positive balance sheet.

Finally, with regards to internal data access, CACEIS has moved from automating business processes to providing valuable data that promote needs and uses. The overall assessment of IT operational efficiency is therefore largely positive, and the benefits are substantial.

How has the Palmyra platform helped you reach your goals?

Palmyra is the development platform used by CACEIS for all new applications within the enterprise. There are many benefits associated with the use of Palmyra.

First, it provides a unique development platform to guide all kinds of projects. Quality scalability allows CACEIS to focus on the added value of its business within the framework of application development.

Then, sharing information and lessons with an editor familiar with the finance profession allows mutual enrichment that seems more interesting than using the platform as a pure player. Finally, devoting special attention to its agile method is of high importance.



TESTIMONIALS

Adapting to alternative types of usage



Interview with
DOMINIQUE PENNELIER
Deputy General Manager, Crédit Agricole Consumer Finance

Crédit Agricole Consumer Finance is a major player in consumer credit. The group has presence in 17 countries in Europe, as well as China and Morocco. CA Consumer Finance offers multi-channel financial and insurance solutions and it has two basic goals consisting of adapting to new trends of consumption and reinventing consumer credits.

Dominique Pennelier is the Deputy General Manager of CA Consumer Finance.

What are the challenges of digital transformation for a player like CA Consumer Finance?

Every business looks for digital transformation. Personally, my real focus is on transforming the business. IT or digital can only be the drivers of business strategy.

Strictly speaking, the CA Consumer Finance does not represent consumer credits sales. We have three types of distribution. First of all, we are service providers assisting Crédit Agricole banks network with sale of their products, from marketing to cost-recovery. It is not, therefore, a consumer credit product.

The second type is B2C. It is defined as the sale of credits or products to individuals, without the latter appearing before the agency (since CA Consumer Finance has very few agencies).

The third type of distribution is B2B, assisting our partners with the sale of products, provided that partners are not credit sellers. For example, the FNAC sells iPhone to its customers. Uses change as customers do not seek product ownership but rather product access (through rental, for example). Who would have thought just a few years ago that rent-to-buy beddings would exist? Players like La Maison de la Literie offer its customers a mattress for one euro per day. Accordingly, our working methods have been completely shaken up. This is the first challenge we were faced with.

The second challenge is time-to-market. It is not enough to have a range of ideas. What really matters is to have them at the “right time”. A customer at a store wants to buy a sofa that he will then exchange with the seller. He wants to leave with his merchandise within fifteen minutes. The seller does not want to inform him that failure to sale is attributed to “the bank refusing credit”. He may be an “untrustworthy customer”, by putting the seller into a shady situation with further implications. The most suitable solution is to undergo a pre-check point. Today, digital transformation and customer tracking options pave the way towards avoiding such scenarios.



What are your largest current projects?

Actually, there are quite a few projects. I will go into detail for two of them.

60% of our turnover comes from the sale of cars, a type of sale that becomes more and more complex. With our AgilAuto offer through a rent-to-own option, we provide answers to any question. How do you conduct a third-party sale of a leased vehicle? How do you buy or rent a car from your banker? How can you, after the rental, bring the car home and take it back in three years? This is indeed an end-to-end process, going beyond selling credit. This process has been rolled out everywhere.

Another sector is that of furniture. As an individual, you go to IKEA store to design your kitchen, and a seller displays the prices in fifteen minutes on his tablet. Behind the scenes, however, it is more complicated to meet new ecological and environmental expectations, which raises new issues for us. Are the materials chosen recyclable? How do we replace them in three years? Beyond the sales process, we have to work with our partners on the Goods Management Processes.

What are you project leadership strengths?

Humans are the only factor behind transformation. Our first strength relies on male and female team members. It is worth mentioning that digital transformation is developed by humans to serve customer interests. One of the characteristics found to be unique for CA Consumer Finance is the option to go in store to assist the sellers with the introduction of their product in the event things go wrong. Then, CA Consumer Finance has the ability to integrate elements. We do not develop everything. Using the Palmyra platform from VERMEG, I can carry out the design phase, design the first screens and integrate elements. However, I may need other workers to help me.

TESTIMONIALS

The ideal customer journey is always a journey into the unknown



Interview with
BENOÎT MEREL
Chief Digital Officer, La Parisienne Assurances

Created in 1829, La Parisienne Assurances is the oldest independent French insurance company. It designs tailor-made P&C insurance products and services (auto, property damage, affinity insurance). The services platform is uniquely designed for its distribution partners (insurers, insurance intermediaries as well as reinsurers, collaborative platforms, and mass distribution)

La Parisienne Assurances, can you present it?

Starting as a distributor, manager and creator of insurance products, La Parisienne Assurances decided in 2015, to develop a new vision of insurance. It established a value chain link towards the creation of products and insurance risks.

The service portfolio of La Parisienne Assurances currently includes tailor-made and end-customers insurance solutions. We co-create and develop innovative insurance products, including parametric and on-demand offers that meet the needs of today's consumers.

They are ready-to-use, in the form of APIs, thanks to our IPaaS platform that can be used as a real accelerator for designing insurance offers. We can indeed very quickly adapt our existing products to your specific needs or create with you a brand-new offer. You can choose innovative products from this catalogue: usage-based car insurance, motorcycle short term rental, parametric insurance against delayed flights, multi-risk building, and scooter insurance.

La Parisienne Assurances co-creates and markets its white label products to its different distributors. With 200 distributor partners operating in 13 European countries and 109 employees, it generates revenues of approximately €400 million with a growth rate of 30 to 40% per year.

What is the ideal customer journey?

The customer journey is ideally an exploration of 'what if' and always a journey into the unknown. Realizing the advantage of offering great customer experience and the value that resides within optimization, La Parisienne Assurances adopts a three-pillar vision that trends positively towards transparency, personalization and proactivity.

Transparency: insurance products must promote transparency for customers. The contract must be written clearly and simply so every party can understand.

Personalization: insurance products must adapt to customer needs using innovative tools, such as sensor-based devices, innovative pricing, etc.

Proactivity: customers must be directly compensated for their losses based solely on automated product base data from both public and private data.



Can you illustrate these principles with digital customer experience examples?

Transparency

La Parisienne Assurances offers distributors targeted insurance products to increase customer value and proposes a set of services in the form of APIs. Distributors would therefore start their journey towards API-led connectivity and plug APIs in the right place (quote, subscription, etc.).

Proactivity

La Parisienne Assurances uses a private blockchain to automate management of contracts and claims. The blockchain network has over 100.000 active contracts and aims to keep all transactions with distributors private.

Data acquisition

La Parisienne Assurances uses public data, like flight schedules data to manage the risk of delay or personal indices provided by trusted third parties for specific risks. For example, La Parisienne Assurances seeks to enter partnership agreements on payment installations solutions. It compensates the e-merchant if the end customer fails to make the due payments in full.

Finally, La Parisienne Assurances creates its own triggers through entering partnership agreements with Sigfox regarding IoT (Internet of Things) and intelligent sensors. In addition to the application of sensor to provide information on claims and enable automation and instant customer compensation...

TESTIMONIALS



Interview with
BERTRAND ROBERT
Insurance Operations Lead, Alan

Embrace failure and try Agile as a solution to your challenges

Alan is a digital health insurance company. This insurer seeks to promote simplicity with 100% digital processes. Alan directly distributes its complementary health care products as well as services, like Alan Map. With Alan Map, patients are informed of the amount of practitioner's fees before the service is provided. Alan also introduced a free telemedicine service confirming that meditation app subscription is eligible for reimbursement, for the first time in France. Today, it has more than 70.000 members and 4500 companies. Alan is the first new independent insurance company licensed in France since 1986.

The ideal customer journey, can you define it?

For a customer journey to be ideal, you need to meet the identified customer needs. A first criterion for an ideal customer experience is all about mapping a frictionless journey for the customer/prospect. Our company has well-structured "product" and "design" teams while being at the cutting edge of these services. For example, the general conditions of sale in Alan products' first version, issued end 2016 were validated by "designers" in order to end up with a fifteen-page document that would be easily readable by every expert. We need to pay attention to every single detail taking into account needs as expressed by customers. This will ensure that our efforts bring desired results and draw a strong link between products and needs.

The second criterion is fairness. Before signing a contract, you need to make sure the offer matches the prospect needs. Insurance is a complex industry where opacity seems to have different effect to reputation. Put it simply, commitment under Alan offer must be clear and transparent for the prospect.

Alan does not adopt a selling through intermediaries-method. That is why we need to make sure that everything is crystal clear. It is highly recommended to work on presenting the offer effectively and lead the journey towards subscription phase. Not to mention the form (UI) and the background (prices and guarantees).

The concepts of fluidity and fairness are to be taken into consideration during after-sale processes. Same care to fluidity and fairness should be found everywhere, including submission of claims and customer support service. Customers must be persuaded that the engagement is based on an end-to-end principle. The subscription process tends to improve customer effort scores. For example, do we necessarily need our phone numbers to subscribe? How to connect remotely to social security for an insured without demanding his social security local office?



How do you improve your customer experience?

At the end of 2016, Alan began with a unique health product, a mid-range product that matches customers' tests and expectations under interviews with tech entrepreneurs. Alan chose to build a minimum viable product, one that fairly evaluates prospects' perceptions through a multitude of options. The offer was then further developed based on customer feedback. Initially, Alan was oriented around tech start-ups. It then widened its scope following analysis of perceptions towards the offer. Alan demonstrated emphasis on responsiveness on the spot to requests. Today, there is no other way but to ensure agility.

The same approach applies to customer service. Initially, all of the team members provided customer support service. Then, we appointed a dedicated team and selected the more suitable tools. The intention is to use real-time feedback to develop the organization and assess whether our tasks meet the most compelling needs.

What business approach does Alan adopt?

Alan currently covers 70,000 policyholders. Alan's commercial pace is driven by annual contract renewal cycles and commercial campaigns. Each campaign begins with market segmentation and targeting, based on collective bargaining. Alan prepares each campaign by calibrating his value proposition in relation to the needs of the buyer and employees within the framework of a collective subscription (price, functions, health expectations, etc.).

Targets are precisely defined and corresponding arguments are adapted. Part of the approach is carried out by salespeople while the other part through digital channels. Compared to traditional insurance companies, Alan's business approach does not adopt face-to-face meetings with prospects.

Some targets are approached only via digital channels. This means that prospects must be able to sign a contract alone, without consulting a salesperson, even if our customer support service is available to answer their questions. The final product must be clear and didactic-oriented in order to draw an effective path towards the sale process, without requiring special support.

A combination sales approach is adopted by companies of certain size. Salespeople were recruited for the tech sectors and the selection process was depended upon working experience in the world of tech rather than insurance. Indeed, Alan distribution method has many similarities to technology offers: SaaS mode, monthly subscriptions, price per individual, and termination at any time.

The sale of health contracts is specific when conducted via distribution channels. Alan gets in touch with its prospects by creating brilliant digital content and targeting decisions makers. To generate churn rate, we compare active collective contracts with our offerings. We then create comparison tables to determine whether the active contracts are competitive or not.

At the end of each campaign, a debrief phase is carried out in writing, in order to list the outcomes obtained. Carrying out signals analysis in terms of prices, guarantees, functions, Alan aims to understand the competition game, the reasons for fall rates and the prospects' equipment in order to continuously improve the offer and sales pitches.

Beyond its products, what makes Alan a unique insurer?

Alan's culture is a very strong differentiator that rests on several pillars. Firstly, goals are set in a very orderly and systematic way, arising ambition, that urge us to shift away from traditional methods. This means accepting the risks and the possibility of failure, while mastering agility skills to rectify the situation when necessary. Then, full transparency is promoted, both internally and externally. This way, a consensus decision-making can prevent bad decisions. There is always room to hear all collaborators' voices, however each subject guarantees a decision-making process that allows to go ahead further and faster.

Finally, the responsibility of each employee is subject to examination. This is what allows them to accelerate business growth and speed up its development.



VERMEG DIGITAL MEET- UP PARIS 2020



More than a hundred people attended the second edition of the Annual **VERMEG Digital Meet Up** conference held on **February 27th, 2020**, in front of the Eiffel Tower.

How to boost your digital transformation?

The event allowed us to explore together a few avenues: implementing new digital paths, focusing on design thinking and agile methods, rethinking our customers' relationship model, exploiting the richness of data, cloud and artificial intelligence power.

This white paper compiles the ideas & highlights discussed during the conference.



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Digital journeys: placing your customers at the heart of your strategy more than ever before



Expert opinion

BRAHIM HALMAOUI
VP, VERMEG

With the emergence of new uses and stakeholders, distinction is now all about customer experience rather than a product or service. This observation is attributed to the development of “digital journeys” for the major banking and trade industries (collective subscription, consumer credit). Customers seek a simple, fluid and smooth journey via their tablet or smartphone. Exploring the background of financial stakeholders, we point out that recreating customer experience calls out for major adjustments.

Why do banks and insurance companies develop a digital journey?

With new digital channels (websites, mobile applications, exchange tools and social networks), the situation has changed, which urges banking and insurance stakeholders to make a big change with 180-degree turn. New stakeholders (GAFA, fintech, supermarket players, etc.) invest significant efforts in simplifying and streamlining entry paths in order to speed up their acquisition of new customers, as well as the loyalty/ maintenance of existing customers.

The response of the previous stakeholders, confirming their eligibility for intermediation and services and proposing an 100% digital journey without any paper, in real time and an automated end-to-end process, did not take long to come. The digital journeys lie at the heart of customers' problems while being the main point of discussion during our second VERMEG Digital Meet-Up in Paris.

What are the challenges?

This extreme simplicity and ease of use for the customer is based on the advanced use of technology and data: real-time check-out of different files (compliance, risk control, etc.), documents digitalization, accounts creation. All these new IT devices are undoubtedly new levers to re-enchant customer journeys offering a way to get over all major “irritants” (complexity, lack of fluidity, and slowness).

However, beyond technology, we are talking about a profession and organizational related challenges. Until very recently, banks and insurance companies were organized by department, function, or type of activity. It was considered effective management at the time; however, functional silos at work are not perceived as such.

Multi-channel has radically changed the situation. Today, their customers expect a fluid, cross-channel, and smooth customer journey. They want to interact with their financial institutions as being a global entity that takes into account their most compelling needs, and not as department A or division B. To use a geometric analogy, the journey must be orthogonal to the financial institution's organization.

Digital transformation reforms all of the operating techniques and realigns the route structures for organizational silos. As expectations are changing, these investments are deemed necessary.

Customers, partners and end users no longer want linear and transactional journeys, managed by their bank or insurance company, but journeys they initiate at any time and via any channel!

The good news about it is that these journeys maximize contact opportunities and make it possible to build customer loyalty and new customers' satisfaction.

Can you name three challenges you have encountered?

Market stakeholders face three challenges.

To speed up the process of creating and realizing journeys in line with expectations of users, banks and insurance companies must mobilize new skills ("KYC", design thinking which are not necessarily found within their teams. Sourcing these skills can take time and may constitute a challenge (technological, managerial, and human resources): to bring together «the old « and "the new" world.

How would it be possible then to create a "good journey" with a multi-dimensional approach? Undoubtedly, Personas (commercial, customer), types of journey (purchase, request for information, complaint, etc.), business units, impacted information systems will give you a pretty good idea about your customers. If we represent all these dimensions in a matrix, we will generate multiple combinations! However, you have to make choices and ensure that you adopt an agile method over time. We do not want to build rigid journeys for our customers. On the contrary they must rather be modular, expandable, and oriented towards continuous improvement based on field-study feedback.

Finally, "how to reconcile two visions" is another key question. We either opt for reconciling the "traditional" (process and transaction oriented) with the oriented vision "services and journeys" of the end user or we strive to reuse our analogy, the orthogonal vision and the cross-level vision. This involves constant feedback communication based on a strong analytical and data orientation in order to adapt the journeys to the customer experience. For example, measuring the success of a sales channel today is no longer a question of calculating the transformation rate. It is rather related to analyzing the speed and simplicity of the journey, as experienced by the end customer before the digital transformation phase.

What solutions do you provide?

The VERMEG teams have been considerably strengthened by new skills (UX, design thinking). It was a real challenge, considering our publisher «ERP», to open up and develop a business-related ecosystem.

Like what our banking and insurance clients do, our Digital Transformation teams, have driven the customer voice right to the heart of our solutions. We spoke at length to brokers, end customers, all stakeholders in the value chain to create our journeys. Seeking to boost our customers' digital transformation, we managed to avoid the Blank Page Syndrome and offer "starting points" and accelerators.

The intention of our approach is also to reduce complexity, by mobilizing business practices and technical devices that have proven to be effective and pave the way towards ready-to-implement digital journeys. These are of course highly configurable. Finally, we integrated an analytics approach into all our technical components, in order to measure and collect all data necessary for the continuous improvement of our journeys.

Reducing complexity and simplifying these customer journeys, above all else, is what poses as a problem. Some stakeholders approached this subject from a workflow and business process management perspective, and they ended up with an 150 steps business process (the anecdote is a real story). Adopting an end-user perspective, we succeeded in designing the same customer journey in six main steps.

In terms of digital transformation, it is essential to put yourself in the shoes of the end user in order to analyze their customer experience and meet the needs arising thereof. You must not miss the opportunity to learn from first-hand. In insurance, as in banking, you only have a single chance to win over prospects and customers. The simplest the customer journey, the more attractive is going to be.

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Expert opinion

MARC BULS

Director, Digital Transformation | VERMEG

Group insurance is an insurance contract offered by the company to its employees and their dependents. The granting of such contract is found to be a very complex process.

Group insurance: making the underwriting process faster with digital transformation

Providing Group Insurance is a complex process. True or false?

That is true. The group underwriting process is particularly complex in the insurance sector, with the complexity level increasing as per the company size. The company seeks to provide insurance services to its employees, under the best conditions. The company will not simply file an underwriting request but also look for the best insurance companies and request each to offer tailor-made coverage and services.

For the insurers, the process starts with the customer (company) needs and insurance coverage specifications. The salespeople fill in questionnaires; they create a list of insurance and services coverage, and they request the list of the company's employees, as well as the respective supporting documents. These constitute the specifications that will be then submitted and accessed to develop their proposal.

Receiving the specifications, the insurer calls upon various service providers, including the department of finance, department of trade, Actuary's Department, department of group underwriting. Each of these services should be well-organized to produce effective outcomes. The vertical silo organization works well in reflecting such process.

Additionally, the process involves going back and forth between the different departments and the customer in order to complete the data and adjust the offer as the conversations progress. Interactions between business units are generally managed via obsolete workflows (or even directly by emails in Outlook). In fact, this process is cumbersome and complex due to many manual operations requiring a lot of re-encoding techniques or data transformation.

While being complex, the actual collective underwriting processes suffer from low procedures and lack of efficiency.

What solutions do you suggest?

Ever attentive in helping its customers and salespeople to reduce departments' or stakeholders'-related difficulties in meeting their demands, VERMEG has built a "transversal" journey. Thanks to our simple, yet highly configurable digital transformation journey, you will get your contract active in six major stages.

The first stage is to carry out specifications' dematerialization. The customer sales representative can initiate the offer process by entering the data and downloading the documents received. The system checks the data and verifies how close to complete the offer is.

During the second stage, an initial offer is put together by filling in the necessary data. An initial cost is also generated by using numerous specialized modules supplied either by customers or by VERMEG. This first offer can be transmitted electronically to other departments through a workflow for validation and adaptation, if necessary. At the end of this stage, the offer can be shared with the client for initial review, feedback and comparison with other insurers.

During the third stage, a detailed sample proposal is to be provided. All articles and offer's description will be included in the collective agreement for validation from the customer.

During the fourth stage, the contractual approval process is to be carried out (risks analysis, profitability, conformity).

During the fifth stage, the contract is submitted to the customer corporate manager for the electronic signature.

At the final stage, once the signature is received, the contracts, details of insurance coverage and services, as well as the employees' files are sent to the Management Services.

To remove business process complexity, we should use technology. The different stages are thus accessible from any terminal. Data is directly checked for completeness. Different teams can intervene through the journey workflow, with adapted profiles, in order to allocate capacities and validate, adapt, trigger, and transmit the file for opinion and decision.

What are the benefits for insurance companies?

There are many advantages. First of all, this customer journey improves its productivity thanks to services collaboration into a unique and seamless process.

The user experience is considerably improved, for both internal and external users (sales representative, end customers), thanks to the technologically redesigned ergonomic methods, such as Angular. An entire digitization process is carried out to reduce the errors arising from encoding phases and the process as a whole.

Finally, the digital transformation improves the interaction of sales teams by making the creation and adaptation of the offer proposed to customers faster. This interaction process speeds up the underwriting through showing the insurer's efficiency.



TESTIMONIALS

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Consumer credit: From the obstacle course to customer journey

Expert opinion

ERIC BEMELMANS

Director, Digital Consulting | VERMEG

One in every five French people today has consumer credit. This is a high and growing figure, which may come as a surprise, given that granting such a credit is a real obstacle. How can one move from this obstacle course to the optimal customer path? Here are some insights.

What are the difficulties encountered by banks in the process of taking out consumer credit?

There are numerous difficulties for banking players. How should they capitalize on what already exists in order to transform themselves? How can they automate and orchestrate their systems to build efficient digital paths, as well as simple and intuitive interfaces? In other words, how can they offer a better digital experience?

To achieve this, credit institutions need to review their product range to simplify it, make it part of a «seamless» customer process and accessible across all their digital channels. But simplifying it is often complicated, even if it may seem like a paradox! That's the challenge here: simplifying by focusing on four dimensions: systems, interface, products and data.

Simplifying systems

The first challenge is to capitalize on existing systems and automate them to design shorter, simpler and more intuitive customer paths. This also means opening up their information systems to the outside world, with PLCs [Programmable Logic Controller], orchestrating and chaining system calls so that they do not have to «redo everything». The processes automation and their efficiency will enable them to attract new customers in a few minutes. All these efforts are reflected into improved operational efficiency and reduced time-to-market.

Simplify interfaces

The second challenge is to set up an interface (or «touchpoint») interacting with the paths. This touchpoint must be simple and engaging in order to address players (both salespeople and customers) who are not consumer credit professionals. Simplifying the interface means limiting the amount of data entered, taking photos of supporting documents and text recognition (or «OCR processing»).

Nobel prize winner, Daniel Kahneman, has described the two facets or «characters» that share our minds, governing the way we think and make decisions. «System 1» is fast, intuitive and emotional while «System 2» is more reflective and controlled. A simplified touchpoint will allow us to attract customers during their emotional moments (the famous «System 1»); in a few seconds and with a few clicks, the customer is engaged.

Simplifying products

Bankers must also review and define simplified products that can be deployed in a digital environment (credit, leasing, hire purchase option, long-term leasing, «three times free payment», etc.). This amounts to exhibiting above all commercial and not technical products.

They also need the right strategy to define and deploy such products quickly in a few days or weeks, when in the past it would have taken several months to do so.

Simplify data access

Finally, banking players must use meaningful data. Everyone talks about it, of course, but only a few players have formalized a given-oriented strategy. Data is the oil of digital transformation! And like all oil fields, it must be exploited intelligently.

Having the most accurate customer knowledge («KYC») allows you to have a finer risk analysis, and therefore better pricing. It is also valuable for boosting sales campaigns, promoting cross-selling and up-selling.



How do we approach these different dimensions?

Thanks to its low-code Palmyra platform, VERMEG provides answers to the challenges of the consumer credit subscription process and solutions to address the components of an omni-channel strategy.

On the «Systems» side, the platform today exploits the full potential of PLCs to capitalize and cohabit with existing systems. Digital transformation is not a big bang. Processes are automated to reduce time-to-market, create seamless paths, and support trading partners' strategy. The platform is the driving force of the deployment strategy of the bank's partner networks and various subsidiaries.

We have worked on the tablet interface to create a simple, engaging and highly intuitive touchpoint for the study and credit granting process. These touchpoints have been deployed at our clients' partners in France and in the French overseas territories to distribute different types of products (from rental credit, including «three times free» payment).

We have also been working to implement a product simplification program which adapts products to the distribution strategy and creates and deploys them faster.

Finally, the VERMEG platform facilitates the implementation of big data strategy, thanks to its strong interaction with the datapool.

Are digital journeys already showing results?

Definitely! The implementation of the engine and the end-to-end paths have reduced the time to study and grant a consumer credit from days to minutes. The customer experience is greatly improved.

The implementation of such a digital path creates the conditions for attracting customers at the point of sale faster and in greater numbers. The high-performance engine speeds up the review of credit files and increases the conversion rate of prospects into customers.

Simplifying the paths allows us to speed up product launches within a simplified range. Our customers know that it can't take months to prepare for Black Friday!

TESTIMONIALS

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Banks' digital transformation, fast forward: time to accelerate



Expert opinion
THOMAS CHEVALIER
Director Europe Banking | VERMEG

The process goes beyond building a new competition framework to be a thorough modification to the financial services we are being provided. New market practices modify customers' habits and create new requirements. European banks are dogged by risks that they cannot easily adapt to while generating troubles in making their digital transformation faster.

Most financial institutions are facing major upheavals that are pushing them to accelerate their digital transformation.

The European bank: the situation is getting worse

European banks today, even in the middle of a difficult situation, have low incomes accompanied with poor growth prospects. This is particularly attributed to a low interest rate situation, which persists (as it is the case in France) and penalizes the profitability of financial institutions, especially retail banks. Additionally, European banks perceived that their activities, investment activities in particular, are being literally governed by restrictive regulations.

These conditions are not revealed in the United States or Asia, banks of which are dominating the global banking network. The top five investment banks are American and the top five retail banks are Asian, (four Chinese and one Japanese).

But also and above all, European banks are facing a transformation of their competitive situation with the rise of more agile and efficient stakeholders. FinTechs and Neobanks have proven able to offer their customers more efficient and less expensive banking solutions along with an enriched customer experience.

Mobile payment app Lydia has managed to attract 3 million users in France, a figure corresponding to over a third of Société Générale customers. Lydia processes around 1 million transactions per month, which escape traditional banking system. With the attempt to offer an optimal customer experience, these payments are made at a much lower cost compared to traditional institutions. Similar cases are found with N26, Revolut, Qonto. Not to mention the GAFA (Google, Apple, Facebook and Amazon) where a large number of users have already signed with Apple. Amazon has already launched their payments card and Google is expected to launch current accounts by 2020 in the United States.

A profound paradigm shift

The process is not only a new competition but rather a thorough change to the financial services being provided to individuals.

The banks' smartphone app rubs shoulders with the taxi booking or online shopping, and the user expects always the same experience. These are the new market practices that are emerging, modifying customer habits and creating new demands. European Banks are therefore facing risks to which they cannot easily adapt while leaving the end customer with unfair experience (multiplication of brands / subsidiaries of online banking, disappointing digital experience).

It is becoming urgent today for these establishments to adapt. It's a question of continuity. They either radically transform and accelerate their digital transformation, or they will face a risk of mid-term continuity, given the significant paradigm shift. The bank of 2025 has no other choice but to be digital.

Covid-19's economic impact will make traditional banks' situation even worse.

In addition to a slowdown in some digital transformation projects during the lockdown period, creditors will face a wave of defaults (mainly large companies and SMEs) and a significant destabilizing effect on the financial markets, as well as a significant destabilization of the financial markets: price drop, then selective consolidation, flight to quality on the securities which the States will manage better, materialization of counterparty risk, and country risk. In the absence of IMF intervention in such risk, some nations are more deeply affected than others.

Neobanks, on the other hand, should be relatively protected thanks to more modern information systems and limited market exposures (only their financing operations, in capital or through debt issuance, should be affected for those requiring capital).

It is not necessarily a matter of innovating

The situation is compared to the transportation revolution in the United States in the 1920s-when the automobile first appeared, which constitutes it as a paradox. At that time, horse-drawn stagecoach manufacturers had the know-how, the workforce, the reputation, the production and distribution network (what is considered highly important in such a vast country). However, none of them has ever started making cars. It was not about innovating, because the internal combustion engine was already part of a mastered know-how. It is a matter of fast adaptability. The new entrants, start-ups at the time, such as Ford, General Motors, and Chrysler were able to be the largest companies taking dominant positions and making stagecoach manufacturers all disappear.

Traditional banks are now in the same situation. They are not called upon innovating or delivering changing growth in the banking services; it seems like fundamental changes are not needed (products, including credits, investments, and payments remain the same while being facilitated by technology - in reality what has changed is only their access and usage). Bank customers need credits, deposits or investments. Payments are now an easy process thanks to digital transformation (no more checks or orders to enter). The innovation processes are clearly identified and within reach. There are, to date, over 22.000 FinTech worldwide with the availability of open source technology.

Integrate to innovate faster

The banks' priority is therefore not to innovate, but to integrate innovation faster. Accelerating is the real challenge banks are faced with, i.e. to speed up their innovation integration process.

Technologically speaking, we have observed five key success factors among the most advanced banks who have accelerated their digital transformation:

- 1. Components:** Break down the information system into autonomous and modular components, with independent life cycles.
- 2. Common base:** Define a common base allowing components' interconnection (at the logical and technical level) and the integration of new technologies in interaction with older systems.
- 3. Technological independence:** Ensure their independence from suppliers and technologies ("non-vendor locking").
- 4. BizDevOps:** Establish a continuous BizDevOps process bringing together trades, architects, and developers, supported by no-code or low-code business-oriented development platforms.
- 5. Customer journeys:** adopt a constant and iterative approach to improve customer and internal users' experience, boosted by simplified and highly automated customer journeys.

Priorities are set, solutions exist

We are facing difficult and serious circumstances due to the urgent need to shift toward a digitalized process. Nevertheless, works to be carried out by banks are set and technical solutions are here to make their execution faster. In particular and among the most familiar cases, several leading financial institutions today use Palmyra platform, our journeys and business components for addressing the aforementioned elements. Thanks to Palmyra, digital transformation is extremely successful. We are proud that Palmyra platform is the key contributor.

PALMYRA

✓ our accelerator for digital transformation

KEY-FIGURES



30+
CUSTOMERS



120+
COMPONENTS



20 000
MAN-DAYS / YEAR
R&D AND INNOVATION



CLOUD - READY
APPLICATIONS



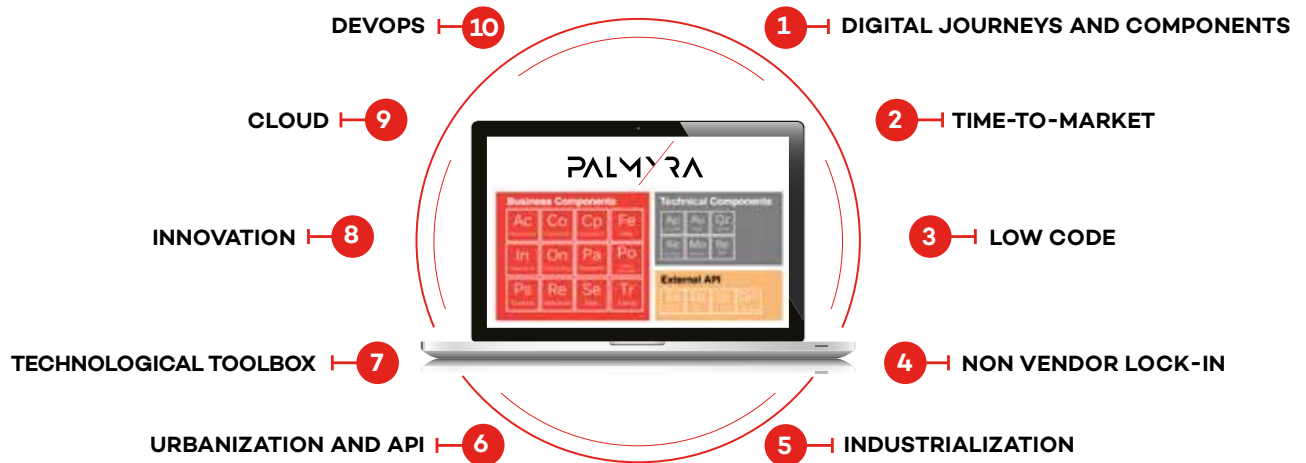
30+
FRAMEWORKS
OPEN SOURCE

OUR PROPOSAL

OUR IT CAPITAL-AN ACCELERATOR AND FACILITATOR

- ⋮ Thanks to the **Palmyra digital transformation platform**, we offer you a powerful transformation capability. Our API-led approach allows democratizing access to existing assets while enabling access to new resources.
- ⋮ **"Low-code"**, Palmyra allows us to bring together developers and business users, on a fast, interactive and collaborative co-construction of a new application. Palmyra combines the flexibility of the specific development and the robustness of our business software packages and/or accelerators.
- ⋮ Our platform, **"non vendor lock-in"**, offers standard languages and guaranteed reversibility. It assures total independence.
- ⋮ In addition, our «vertical offer for banking and insurance» benefits from proven business and technical components enabling us to offer highly configurable «ready-to-use» customer paths.

THE 10 ASSETS OF PALMYRA TO BOOST YOUR DIGITAL TRANSFORMATION



GUARANTEED RESULTS

- : Development **standardization** ensures ease of maintenance,
- : An **urbanized architecture** allowing to build an «efficient and effective bridge» between your legacy and new applications (front-end),
- : **High productivity gains** (development twice as fast) leading to a significant increase in your ability to deliver your company's strategic projects and reduce the «time-to-market»,
- : A **balanced distribution** of your internal resources,
- : **The ability to quickly create and deploy** complex business applications with a better user experience,
- : A complete offer to address modular and omni/multi-channel architectures. Automate processes for improved operational efficiency. Design solutions with a highly digital user experience. All this can be deployed in the cloud and integrated into a (biz)DevOps chain.

YOUR CONTACTS



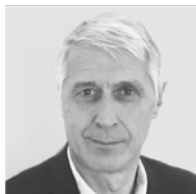
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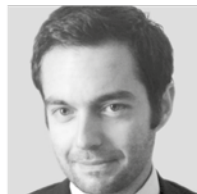
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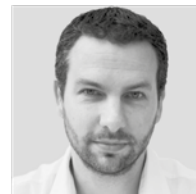
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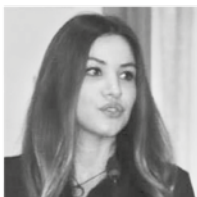
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SOFTWARE EXCELLENCE FOR LEADERS IN FINANCE

VERMEG is a specialised software house covering three main market segments in financial services: Banking, Wealth and Asset Management and Insurance.

Its business solutions have been designed to address the challenges linked to the transformation of the financial services industry, but also to support these players in the overhaul of their information system; through cost reductions and Time-To-Market control.

In addition to offering standard software solutions that meet evolving digitised needs, VERMEG provides tailor-made solutions based on our own tools, project and business expertise.

VERMEG has over 1350 employees, and supports more than 550 clients in 40 countries.

KEY FIGURES



550+
CLIENTS



40+
COUNTRIES



100 M\$
TURNOVER 2019

PRESENCE



Australia



Belgium



Brazil



China



France



Germany



Hong Kong



Japan



Luxembourg



Mexico



Netherlands



Singapore



Spain



Tunisia



United Kingdom



United States

SOFTWARE SOLUTIONS FOR 3 MARKETS



BANKING & WEALTH

- | Corporate & Investment Banks
- | Retail Banks
- | Private / Wealth Management
- | Custodians / CSD / CCP
- | Central Banks



DIGITAL TRANSFORMATION

- | Rethinking User Experience
- | Breaking IT Silos
- | Reducing IT Costs
- | Reducing Time to Market



INSURANCE

- | Life & Health
- | Property & Casualty
- | Asset Owner & Managers



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HOW TO
ACCELERATE
YOUR

DIGITAL -
TRANSFOR
MATION



HOW TO
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