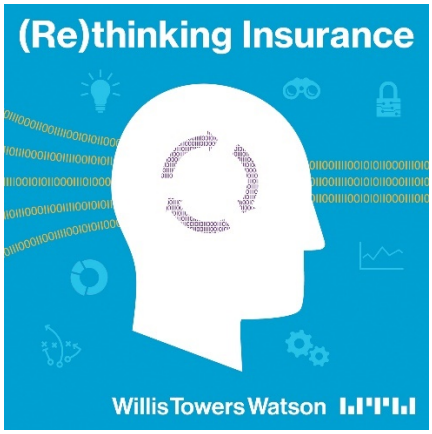


# Episode 6: Business technology transformation

JOSEPH MILICIA: So I think we need to change that mindset of automation and reducing cost, and really think of it as unlocking all the potentials. What would I do if I had twice the staff? What would I do if I had double the time? That's what automation can help you unlock and bring value to your business.

NARRATOR: You're listening to Rethinking Insurance, a podcast series from Willis Towers Watson, where we discuss the issues facing P&C, life, and composite insurers around the globe, as well as exploring the latest tools, techniques, and innovations that will help you to rethink insurance.

JARRETT CABELL: Hello, and welcome to Rethinking Insurance. I'm your host, Jarrett Cabell. So today, I'm delighted to be joined by two guests today, Joe Milicia and Tom Beasley. Joe is the global product leader for business process excellence at Willis Towers Watson. In this role, he helps our clients to achieve more efficient and more effective business processes.

Tom is a director at Willis Towers Watson UK Life Consulting business. He's also the technical product lead for Willis Towers Watson's data validator software solution. So good morning, Joe. And good afternoon, Tom.

TOM BEASLEY: Good afternoon.

JOSEPH MILICIA: Good morning, Jarrett. Happy to be here. Happy to join you.

JARRETT CABELL: Yeah, me too. Sounds good. So certainly, there is rising demand within insurers to better utilize modern technologies such as cloud computing and automation to meet rapidly increasing future needs due to several drivers, cost challenges, regulatory pressures, et cetera. And of course, insurers often have complex environments consisting of systems and data that are not well connected, requiring lots of manual effort to make the processes work for a strategic decision making. This not only means that processes are slow and costly, but also introduces significant risk of errors.

And both you and Joe here have extensive experience working and providing solutions in this space. And I'm very excited to be speaking with you both about this topic today. But before we dive into that, see what happens when we put you all in the Google machine.

So first you, Joe-- when I Google you, I do see a director of public relations and communications. That's one thing that see. I see an owner of a carpentry company, so someone pretty good I guess with handy work. I do see also global product leader.

JOSEPH MILICIA: Never been that handy, Jarrett.

JARRETT CABELL: Yeah. I do also see global product leader and this process analyst. But are those in line with what you would want to see? Or were you looking for something else there?

JOSEPH MILICIA: What I'd probably rather prefer, though, if I had my choice-- I'm a big, big music fan. I've been playing guitar since I was a kid. So I was, I think, probably 12 years old. I picked up the guitar for the first time and fell in love with it. And obviously, if I could get paid my salary here to play the guitar every day, I would quit tomorrow. So that's what I'd love to have come up on Google-- is the successful guitar player that gets to not work every day.

JARRETT CABELL: Maybe with these next set of podcasts someone will ask you and Tom to play that opener with the guitar.

JOSEPH MILICIA: Big mistake, that-- asking us to record your intro music. You're going to regret that.

JARRETT CABELL: OK. Yeah. So Tom, if I Google you, I see the Wikipedia page of an American football player, so American football, and famed Super Bowl winning defensive lineman on the Pittsburgh Steelers. So not the Eagles, Joe.

So I see that Tom Beasley. There's also some results that come up for a London-based freelance film critic and journalist. What would you prefer?

TOM BEASLEY: My main sport is karate. So I won a few karate competitions in my time a good few years ago. And to have those have the recognition they deserve would be great. They should really be top.

But I think the second thing as well is, as Joe said, I've been playing guitar since probably about the same age, around 12. So again, somewhere down there, there may be some old bands where we have some music on SoundCloud or something sitting there at some point. So if you delve deep enough, you'll find some recordings of me.

JARRETT CABELL: Awesome. Awesome. That sounds great. That sounds good. So yeah, I guess we'll dive in here. So I guess the first question-- Tom, while we're talking, I guess I'll direct it to you first. So why are insurers increasingly turning to automation? What would you say is driving that change?

TOM BEASLEY: Yeah, that's a really good question. I think there are potentially quite a few drivers, which are all adding up and driving this change towards automation. So I suppose I'll just try to throw in a couple. And then feel free to jump in, Joe, and supplement me where I miss some. But I think one of the main ones for insurance is around regulation in terms of the world that we're living in and the regulatory demands, especially on the insurance industry and the actuaries who are running those processes.

More and more, we're all seeing that regulation is increasing with new regimes coming into place and building on top of old regimes. And that's never going to go away. And the regulators are always just going to continue to make sure that we're running our businesses properly.

And as part of that, the demands on people, and processes, and systems, and all of this to make sure that we can meet those demands is increasing. And therefore, whereas a good few years ago it may have just been, OK, I filed my audit report and I'm done, now everything needs to be captured. All the data quality, all the audit assumptions need to be signed off-- senior sign, et cetera. There's just so much. And then to meet the increasing demands of things like IFRS 17, and making sure you've got all your CSM calculations, et cetera-- there's just tons there, which just requires automation to be able to meet those timelines.

I think as well off the back of that is another driver's quality, because we've got to do so much. You could almost see that the quality could start to dip if your people are having to do so many things in order just to meet the demands of their processes. So we want to make sure that we can hit those processes, but all the data and the results that we're delivering is of the high quality. And therefore, having a machine actually performing and being able to codify all those

processes and all those calculations to ensure they're 100% correct means that you're not getting halfway through your regulatory process, and you find you've made an error, so you have to jump all the way back beginning, et cetera.

I guess two more I'll just touch quickly is, as part of that as well, when we're automating things, we want to make sure that we're not just automating things in a black box. And I think, almost due to that, we want the automation to supplement our business. We don't want it to almost take away the mundane stuff.

But we also want to drive value from the automation that we're bringing in. So having dashboards, and having management information, and business information at your fingertips such that you're able to make quicker decisions and be able to understand the data in a more timely fashion and make those critical business decisions-- automation will enable that. We can have daily running routines which pick up data, ingest it, transform it, and put it into a format that's usable by senior stakeholders in the business to make those business decisions.

And I think the last one I'll touch on is probably around cost. I think everyone can understand this in terms of, we want to make sure that we're running our businesses as cost effectively as possible. And having automation to be able to actually automate some of the more mundane activities such that we don't have expensive actuaries sitting around, copy-pasting on Excel.

We want to use that resource where they're utilized best at doing those analytics and understanding what the numbers mean rather than producing and generating those numbers. So having automation performing that for us will really help.

JOSEPH MILICIA: I think that's perfect. I think that's completely accurate. What I'd maybe add just as a starting point is that, in general, if you look outside of the insurance sector, automation is something that's here. And it's relevant. And it's not going away. I think, if anything, the insurance industry's probably been a little bit slower than probably other industries have at really embracing new technologies and entering the modern world. So I think automation is coming.

One of the things that personally I'm trying to change as I talk to clients and I talk to the various people throughout the industry-- I think there's a perception that automation is really just about time reduction, cost reduction, taking people out of processes and making things more efficient.

And yes, that's an obvious potential benefit. But automation can be so much more.

You touched on a number of things that automation can help you to do. And I think if you're really smart, and you're making the best use of technology, and you're automating processes, what you're doing is you're freeing up your resources to do things that actually add value to the organization. So you could tackle that next project. You could reinvest that time that you just freed up to automate the next process. Or maybe build something new, and more exciting, and more value added for the organization.

So I think we need to change that mindset of automation and reducing cost and really think of it as unlocking all the potentials. What would I do if I had twice the staff? What would I do if I had double the time? That's what automation can help you unlock and bring value to your business.

Obviously, 2020, with COVID, everyone had to switch to remote working. That disrupted a little bit the way that we do our business, just to be a little understated there. I think that's helped underscore why we need automation. So I think a lot of people have said, all right, now I have all the people out of the office. How do I make sure work doesn't lag? How do we make sure we're still as efficient and as effective, and it's just as if we were all there?

And at least my solution, or the way that some of our clients-- the way that we've done it internally is we've turned to automation and said, if we have robots working on our prem or in our cloud right where our data lives, even if our people can't be there, we can still get work done and do it effectively. We could do just as good, if not better than we've done before. And if you're one of those companies that makes the investment now and really embraces

technology, embraces automation, embraces the future, you can really capture a lot of benefits and let your competition catch up

JARRETT CABELL: Thanks, Joe and Tom. Those are really good points. How should insurers really decide what to automate? There's so many different things that you've already spoken to. But how should they decide what specifically to automate? And how should they go about doing that?

JOSEPH MILICIA: Well, first they should call me. But beyond that--

JARRETT CABELL: Of course. Of course. Of course. Yeah.

JOSEPH MILICIA: Beyond that, I do think, when we're looking at processes, there's some characteristics of certain tasks that really make them ideal for automation, so to speak. And these are the tasks that are going to provide the biggest bang for the buck. So if you're looking at the different tasks and processes within your business and trying to figure out, which ones do I automate first, what I want to do is look at things like, is this test done independently? Or is this test done in a group? And is it necessary to get lots of different people involved and feedback? Because the independent task is the one that's going to be easier to automate.

Likewise, is this something that's repetitive? Is it rules based? Or is it very changing, and every time we do the process it's different, or something unique, and moving? Obviously, the more that it's structured, the more that it's rules based, the more that it's repetitive, again, the easier it is to automate. But not only that-- if it's repetitive, and you're doing it multiple times, you're going to get value every single time that task is repeated now into the future. And it's much easier to pay back that investment that you're going to make up front to automate.

Some of the things Tom touched on in the last question about how automation can improve quality, help you deliver results without errors if you have an error-prone process-- he talked about copying and pasting things in Excel. Lots of things go wrong when people are fiddling about in Excel sheets. So we want to cut that out.

The machines are actually better at doing that. They can do exactly what we tell them to do every time without making a mistake, without forgetting to save a file, maybe not clicking recalculate, whatever that issue may be that we've all struggled with. The links weren't refreshed.

JARRETT CABELL: Yeah, definitely.

JOSEPH MILICIA: So those are the things that really lend themselves to automation. They're going to give you great bang for the buck. And that's where I would start.
Obviously, we can help you. I really think we've looked at automation too narrowly. So really, it's everywhere. There's plenty of value to be had here, plenty of juice we can extract if we all just try to get a little better at leveraging technology and moving towards the future.

TOM BEASLEY: Yeah. And I think, to add to that, when you're looking at a business and what sorts of process-- obviously, we talked about competitive rules based. But I think it's also key to consider what the needs of the business are and how we should actually go about that automation. So one of the key things that I would look at, a key piece of methodology that's in my head whenever we run automation projects, is the concept of shift-and-fix versus fix-and-shift.

And what I mean by that is, if we look at a process, should we first shift that into automation such that we start to automate it already, and then slowly almost chip away and fix it, such that it becomes a better process in automation? Or fix-and-shift, where when first-- we take the time to completely reengineer that process, and get it in a position primed for automation, and then shift it into the automation. So that fix-and-shift shift versus shift-and-fix methodology is something that's always there.

And I think the key thing to consider-- and especially in my head-- that that choice is a binary, not a tool. I very much view it as a spectrum. It depends for different processes. And there are pros and cons of doing each. And we always have to weigh those up in order to figure out which is going to be the best for the specific use case for the client that we're working with.

So for example, if we go more that shift-and-fix, we might identify some processes which are a really quick win. And if we just put automation around them, we could free up tons of people in order to then help with reengineering some of the potentially harder processes. So it's always a consideration.

And it ties up with, what's the long-term ambition here? Is it strategic? Is a tactical, short-term things? So that's always a consideration, we find.

JOSEPH MILICIA: I'm a big fan of the shift-and-fix. I know that the potential drawback is that sometimes you don't always get to that full transformed final statement. You may have the big ambition. But I think the biggest thing that we do for our clients and that our clients do to make sure that automation is successful is they iterate through it. They find the smaller chunks of the process that they can get immediate value from.

You talked about being able to reinvest that time savings. That is probably, to me, the most critical factor to making sure that things are successful-- is just iterating through the process, getting one chunk after the next completely automated. Get that value out of it. And then you can move on. And you can use that to either automate more or to do the new and exciting things that you want to do. You don't need to do everything. It doesn't need to be the grandest big transformation project for you to get value.

TOM BEASLEY: Yeah. If you start small and build up, you're also getting a knowledge transfer. So people are learning how the automation works. And you're learning, OK, this is best practice. This is how I should do this, because I know already how to do it. And I find that's one of the drawbacks if you go too far down the fix-and-shift.

You reengineer and design a process for so long. And by the time you've designed it, going back to the first question, regulation has changed. So you've got to redesign it all again. So you never actually get to the point where you start building. So yeah, it's very much dependent on the type of process you're looking at.

JARRETT CABELL: Tom, you mentioned learning. I heard that in there. What would you say some of the key lessons are that you've learned from working on automation projects yourself? And the second part, does automation always work?

TOM BEASLEY: Yeah. So I guess, for me, the mantra that I have in my head whenever I look at automation project is process, people, and technology. I think automation projects need to span all three of those. And I think that lots of people, when you think automation, you only think about tech. So you just think, oh, I just need a new system, and that will automate. And no worries at all, I'm good to go.

I think that is obviously one key component of it. But we really need to couple that with thinking about the processes, and the people, and the effect that it's going to have on those two. And considering those three together is what's going to make an automation project successful. So I think maybe I'll just give one point on each of those three. Then I'll hand it to Joe.

But I think, on the tech side, this is a thing that most people are comfortable with. I know I need some software solution, which is going to work for me. I really think that that consideration, as to what we're going to pick, needs to be thought about. It needs to be thought about thoroughly. And it's really about selecting the right tool for the job.

There are so many systems and things out there, it almost comes down to looking at things from first principles and almost deciding, OK, I need my product to do X, Y, and Z because my process looks like A, B, and C kind of thing. And it's thinking, as well, that you don't need one monolithic system which will run every little bit of your process end to end across all your

business functions. It's really moving towards a more plug-and-play type approach.

On the iPhone, you don't have one app, which does everything for you. You've got apps which are best at what they do. And it's thinking about the business like that. As long as you've got something which can glue them all together, and you can pass things between those bits of your process, then that is a successful automation in my eyes. It's picking the right tool for the job.

I guess, on the process side, as I mentioned last question, one of the key things is thinking about that shift-and-fix versus fix-and-shift. But when you actually dig into it, you find out that there's so many things-- that, oh, but when this happens, I've got to go around this whole process. And then there's a guy in the corner at the end who's like, oh, but what about this thing that happens once a year? And it takes us down a completely different path.

So it's really trying to get as much detail about that process, and almost getting to that point where the automation that you build, the workflows that you build, are only going to be as effective as their weakest point. So when you hit that point where we haven't codified anything to happen, then the people will go, oh, OK, well, it's not working for me. So we need to really think about how we build that. And I think that quite neatly brings me onto the people side.

The people side is so important in order to make sure that any automation, any processes that you build, actually embed and are going to be taken up. We don't want that kind of tissue rejection. And therefore, actually building processes, and building them in workflow, and taking those people along the journey-- as we mentioned, that knowledge transfer.

You start small. You iterate up. And you build upon it. The people at the client side start to understand how it works and start to come up with their own ideas as to how to best automate things.

The key phrase I use is, changing the hearts and minds of the people on the ground. Some of them may be really invested in the old process. And it's taking them on that journey to show that this process will add value, and it will help them with their day-to-day job.

JOSEPH MILICIA: I think that last point about how automation will help you and make your job better-- I think that's really key. And I think that's sometimes overlooked. I think we talk to people that are in the day-to-day. And they think about automation. And the robots are going to come and take my job. And it's scary, ooh.

But what we're going to automate most of the time are a lot of the things that you don't really like and don't want to do anyway. We're automating the manual, the things in Excel, the data crunching, the data manipulation. What's actually fun-- at least for me, about my job-- is the problem-solving, and the working with people, and solving complex challenges, and figuring out how do we actually add value to the business.

So taking away the boring data crunch and all of that, that's going to make your job better. It's going to be more engaging, more exciting. And I think that's really important. I think people tend to understate that.

TOM BEASLEY: Automation is an enabler, rather than a replacement, isn't it? It's helping you to do your job in a better way.

JOSEPH MILICIA: Exactly. Augmenting the human forces, as opposed to replacing the human. Yeah. The other thing I want to build on that said-- you talked about this when you were talking about process and automation only being as strong as the weakest point, thinking about where things can go wrong. And that's where people can get upset.

Obviously, our work doesn't go wrong. Our work has been very successful and very clean. But I think we have seen others that either bring the conception, or maybe have experience where things have gone wrong in the past where, to your point, they've probably focused too much on the technology side of it.

JARRETT CABELL: That all sounds great, Joe. And I guess, as the last thing, what one or two pieces of advice would you give someone, anyone thinking about an automation project right now?

JOSEPH MILICIA: Well, first I said, don't wait.

TOM BEASLEY: Exactly. Exactly.

JOSEPH MILICIA: Now is the right time. I definitely see that we're at an inflection point here in the industry. We're getting more and more interest to do these transformations to help companies better leverage technology. So I think the time is now.

The technology is proven. It's not risky. It's not like you're the first people to take the jump, and you need to be concerned about whether or not it's going to deliver the benefits. We've done it. We've seen it.

Your competitors may have already started to walk down that path. So it's proven technology now. It's proven that it can provide you with results. So it's not risky. But it's still early enough that you can get a lot of benefit as opposed to being the late adopters that are trying to play catch up, which we talked about earlier.

And the other thing that I would say is, don't do it as a part-time job. We've seen lots of these automation initiatives either fail or stall, because people think they could do it on nights and weekends right on the side of their desk. And that's just rarely effective.

You can do it yourself. You don't necessarily need an advisor like us. I think we add a ton of value. I think we bring a lot of value. I think we're worth everything you pay. But if you absolutely want to go it alone, I think you can.

I just think it's really key that you have someone within your organization whose full-time job, whose bonus depends on you actually being successful, because if you're doing it as a hobby, what tends to happen is just inertia takes over. And we've always done it this way. And there's always something else that's pressing.

And I think this is why the industry is at the state that they're at today-- is just because it's really hard to find the time to really innovate, improve, and make dramatic change. And if you're really viewing and taking advantage of new technologies, taking advantage of automation to transform the way you do your business, it's not something you're going to do on nights and weekends, like I already said.

TOM BEASLEY: I guess the things that I'd add to that is, in a way, I think it's really looking at almost setting a vision up front. I think a lot of people think an automation project will be 80%, 90% in terms of actually building and implementing that technology and codifying all this stuff. That's not the percentage that I tend to see.

I think the more you plan and run a solution design, you figure out exactly what the right tech is, instead of just picking up the first thing off the shelf that you find. You plan those processes. You plan out those process maps. You figure out how you're actually going to do this to orchestrate the business process in the most effective way possible. Having all of that in place and then starting to actually build is definitely the best way.

I think the worst thing to do is you throw some technology on some juniors in the business and say, there you go, have fun. I'm sure they'll build something. But it won't be as efficient and as valuable to your business if you do that. So actually taking that time, figuring out at a high level what the vision is, what you want to achieve and stay, putting in the time to actually plan that, and then going ahead and building.

And throughout all of that-- I'm talking about extremely large-scale bits here-- as Joe said, we want to iterate. And if there are quick things that you can find, it's not planning the whole thing

out. There's still a bit of design on the little bit that we need. If that's taking a week or two, we're happy with how it's going to work, great, let's build that. And you start to iterate.

I'm just saying that process, end-to-end of the design build test-- it's really, really important to focus on that design. On the people side, I'm very much an advocate of making sure that, on the people side, we're picking up the right behaviors, and we're encouraging the people who are embracing the automation.

We did a project recently where the term we used was, our champions of change. It's making sure that people or the client who are really excited and happy about this-- they're the people who become these champions of change and help it infiltrate throughout the company. People who are detractors at the company are going to be a lot more swayed by someone who's from their own company, one of their own saying, this is actually a good thing, rather than external consultants coming in and being felt like the automation is being forced on them. So it's very much making sure that the people side of that journey is the right one.

JOSEPH MILICIA: Own the process. Don't focus on either the juniors, like you're saying. Or don't let an external advisor own it. Don't let IT own it. This is how you do your business. This is your process. This is your way of working. So you've got to own the solution at the end of the day. So make sure that you're leading that design, and you're getting what you want. You're not just relying on someone else to deliver.

TOM BEASLEY: And obviously, Joe, all of that isn't saying external consultants are no help at all, because here we are. It's helping you to build upon that vision and having our experience from where we've done this before to make sure that that vision and that design is going to deliver value for you.

JOSEPH MILICIA: Absolutely.

JARRETT CABELL: Well, this has been great. Thank you both so much, Tom and Joe, for your time. I think this was a really interesting discussion. And thank you, everyone, for joining this episode. And we look forward to you listening to us again on Rethinking Insurance.

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