

➤ INSURANCE:

# DIGITAL TRANSFORMATION

In partnership with:



# Next-generation digitalisation

When it comes to digital transformation in this increasingly uncertain world, standing still is not an option. Marc Henstridge, Atradius Chief Insurance Operations Officer, offers some sage advice based on the company's own journey.



**“UNCERTAINTY CONTINUES BUT IT IS NOT A GOOD ENOUGH REASON TO HIT THE PAUSE BUTTON. TO NOT INVEST IN TRANSFORMATION NOW, BECAUSE OF RATES OF INFLATION, SIMPLY MEANS YOU WILL INCUR GREATER COST LATER.”**

Chief Insurance Operations Officer, Atradius  
Marc Henstridge

## WHAT ARE SOME OF THE SECRETS TO SUCCESS WHEN IT COMES TO DIGITAL TRANSFORMATION?

Digitalisation programs require huge investment and patience, and a board of directors that understands what you're trying to do. It's important to remember that few transformation programs ever run to time or cost, and that's generally not through human error. It's primarily as a result of not being able to foresee all the difficulties on day one – very few teams define their 'scope' on day one, and yet defining this from the start is critical to maintain focus at every stage.

The other thing we have learned through our own transformation program is that you also need to identify all the key players that you need to be with you on the journey. Because if you embark on a major project that costs tens of millions of euros, and you're missing two or three key individuals and you can't get them, you're wasting money.

At Atradius we have two mantras. The first is about ensuring all three corners of the triangle are there between scope, time and cost. And the other is ensuring you have key individuals involved – stakeholders who are genuinely responsible and accountable – a project chair, sponsor and project lead. They must all understand they are accountable, so that people don't start to blame each other if things go wrong.

It's essential to have economies of scale. There's no way small insurance companies can embark on this sort of thing because of the level of investment required. And it's an acceptance you're on a transformation journey – you have to have a supportive board and be willing to let the program evolve.

## WE HAVE ALL HAD A TUMULTUOUS THREE YEARS – NOT LEAST BECAUSE OF THE GLOBAL PANDEMIC AND LOCKDOWN RESTRICTIONS. HOW HAS THIS AFFECTED DIGITALISATION TRENDS?

COVID-19 accelerated the need for digitalisation, but the actual building of new digital systems was made more complex during the first lockdowns. When you go

from having a project-based environment and having a lot of people in a room together, to having them scattered around the world, it inevitably makes things more challenging.

Running transformation projects involves a great deal of collaboration and it's far easier as human beings to sit down as a team to thrash out issues and resolve problems. During the pandemic we all went through problematic periods – there was a period of relying on email chains and then most businesses found a way to operate until more traditional lines of communication were reopened.

The uncertainty continues but it is not a good enough reason to hit the pause button. To not invest in transformation now, because of rates of inflation, simply means you will incur greater cost later. I understand the problems that businesses are currently facing, so it is important to ensure you have short-term goals so that the business sees the benefits.

At Atradius, every aspect we deliver has got to be sold internally so everyone understands where we're going, so they're with you for the journey.

## TELL ME ABOUT SOME OF THE WORK YOU'VE BEEN DOING TO TRANSFORM THE BUSINESS?

Unfortunately, those who are just embarking on their transformation journeys now are probably 20 years (or more) behind and much of what we are now working on is about next-generation digitalisation. I'll explain.

Historically, risk assessments and underwriting was performed in an automated way by models, which were underpinned by assumptions, statistical analysis and probabilities. And now we're moving towards AI and data scraping. So you've got structured and unstructured data and self-learning mechanisms.

We've probably got an advantage over many insurance companies simply because of timing. We embarked on two major transformation programs for our Credit Insurance and Bonding business that build on Atradius' core strategic advantage of having a single and aligned IT platform for our business, which supports our operations and service



## BUSINESSES ARE FACING MULTIPLE CHALLENGING HEADWINDS. HOW ARE YOU WORKING WITH YOUR CLIENTS TO STEER THEM THROUGH THIS DIFFICULT PERIOD?

As an insurance company, the last thing we want to do is rely on statistics. Our underwriting should be based on facts and we find that more and more, customers are willing to share their information with us. The mindset changed after the global financial crisis and since then, companies are far more prepared to provide an insight into their business model, their strategy and their accounts. Most recognise the part insurance and surety provide in the market and they know they are helping themselves.

During the pandemic lockdowns, access to accounts was far better than people might expect. Businesses wanted to prove to us they were still financially viable, despite the challenges, so access to decision makers and their accounts was supplied. The thing we missed at the time was that genuine face-to-face contact, but we made it work.

Through COVID-19, businesses found a way to survive, partly because of the assistance of governments and because they drew down on borrowing facilities right at the start of the pandemic. As a result, we also found that collections were a lot easier during this period.

Inevitably, there were businesses that shut down, but equally there were others that really capitalised on the difficulty they found themselves in – IT being a classic example. Many of the winners were the ones that had embraced digitalisation years ago.

ESG is clearly a significant aspect for us. If I put my bonding hat on, it's about us innovating so that we continue to make products available that suit the direction the market is moving in. That involves policies that are specifically aimed at renewable energy firms, for instance, and there is no doubt this is the whole direction the world is going to go in.

But it is a transition and it's a journey and you've still got to service your clients as they are today, while talking to them about their plans for the future. We've got to factor ESG into our risk-based decisions, while helping our clients on their ESG and clean energy transition journeys. We're very much in it for the long term. **SR**

**Marc Henstridge is Chief Insurance Operations Officer at Atradius.**

*Atradius is a world-leading provider of trade credit insurance, surety bonding and debt collection services.*

proposition for our customers.

A few years down the line we are still building a lot of the programs, and we are able to incorporate new technologies as we go.

Historically in an underwriting process you would gather information from one source and use that for your automation. We're now building a platform that gathers information from more than 120 different information providers, and we then lay on top of that Big Data aspects we can secure along with AI, machine learning and data scraping. It's the combination of multiple sources that creates the best possible answer. Historically everyone used just one.

### WHAT IS THE END GOAL? HOW ARE YOU USING THE INSIGHTS FROM YOUR UNDERWRITING PLATFORM TO MAKE BETTER RISK-BASED DECISIONS?

Ultimately, it's about providing our customers with more informed decisions. With most transformation projects, everyone sees the efficiency it brings as the cure-all, but for us it's about the quality of decisions. You've already got the efficiency through the modelling you're using, but the real aspect here is providing more informed decisions, so there's more clarity around the process.

By combining different aspects of data from different sources it's our intention to provide a higher level of risk acceptance, and in doing so, providing a better service to our customer base. It is important to recognise that underwriters always have a certain risk tolerance. We want to say "yes" more often than "no" and we want to give our customers full transparency into that process.

## ATRADIUS: THE STATS

IN MORE THAN

**50**

countries

**3,650**

multinational staff

MORE THAN

**€2bn**

total revenue

**93%**

customer retention rate