

# The Missing Link in Digital Transformation - the two-speed organization

**Running the organization at two speeds is a requirement for successful digital transformation – the need for agility, innovation, and speed of change cannot be delivered by today's incumbent insurers**



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*This approach aims to balance the need for reliable operations with the imperative for digital agility, positioning insurers to thrive amidst rapidly advancing consumer expectations and technological possibilities.*



# Introduction to the Two-Speed Organization

In today's fast-paced world, digital transformation is not just a strategic advantage; it is a survival imperative. As organizations grapple with the aftermath of the global pandemic, the need to adapt, evolve, and embrace digital methodologies has never been more pronounced. The transformation landscape is vast and varied, but within it, the insurance industry presents a unique case study of hesitance and opportunity.

The digital revolution has swept across sectors, leaving a transformative mark on the operational and customer engagement models. Industries have recognized that to flourish in the digital age, they must reimagine their strategies and operational models. Banking, retail, and healthcare have pivoted quickly, integrating digital solutions that have fundamentally altered their service delivery. However, the insurance sector, traditionally characterized by its conservative approach and complex regulatory environment, has been slow on the uptake.

## The Insurance Industry at a Crossroads

The insurance industry is at a pivotal moment, standing at the crossroads of tradition and innovation. This juncture is marked by a pressing need to address the digital transformation imperative sweeping across the global business landscape. In this transition, the industry faces unique challenges that stem from its deeply rooted traditional practices, stringent regulatory requirements, and the complex nature of its products and services.

Historically, the insurance industry has been built on the foundation of personal relationships and individualized service. Agents and brokers were the primary channels through which customers understood and purchased insurance products. This model, reliant on human touch and paper-based processes, is now under threat in a world where digital channels dominate consumer interactions. As sectors like banking have made significant strides in digital transformation, creating a new baseline of consumer expectations, the insurance industry's reluctance to embrace digital change has become increasingly conspicuous.

The digital maturity of the insurance sector, when compared to other financial services, reveals a stark disparity. Banking, with its transactional nature, has effectively harnessed digital platforms to enhance customer experiences and streamline operations. On the other hand, the insurance industry's complexity and the perceived



need for personalized advice have made the transition to digital platforms more cumbersome. The hesitance to abandon time-tested methods in favor of an uncertain digital future has resulted in a cautious approach that has left the industry behind the curve.

Adding to this complexity is the fact that insurance is traditionally viewed as a low-involvement product. For many consumers, insurance is an afterthought—a product engaged with infrequently and often out of necessity rather than choice. This has led to a historical underinvestment in digitalization as the demand for such services was not seen as critical. However, this perception is rapidly changing. The rise of insurtech startups and the increasing digital fluency of consumers are challenging the status quo, making it clear that digital involvement is not just a passing trend but a new standard.

The present-day consumer no longer differentiates between industries when it comes to service expectations; they seek a cohesive digital experience across all platforms. This expectation translates into a demand for seamless online interactions, personalized digital services, and real-time responsiveness—areas where the insurance industry must accelerate its efforts to catch up.

The digital transformation imperative is not merely about technology adoption but signifies a fundamental shift in how insurance companies operate and engage with customers. It demands rethinking business models, reassessing customer interaction points, and rebuilding processes to be more agile and customer focused. The challenges are not insurmountable, but they require a strategic approach that balances the need for stability with the imperative for change.

The insurance industry's current state reflects an acknowledgment of the need for transformation, yet a hesitance to fully commit to the digital journey. This reticence stems from the fear of disrupting established processes, the daunting task of overhauling legacy systems, and a culture that has historically valued caution over innovation.



## Barriers to Digital Transformation in Insurance

The road to digital transformation for the insurance industry is riddled with systemic barriers that have historically curtailed its progression into the digital age. While the necessity for digital adaptation is universally acknowledged, the industry's unique characteristics have erected formidable challenges that hinder its evolution.

One of the most significant barriers is the industry's complex regulatory environment. Insurance is one of the most heavily regulated sectors, with stringent compliance requirements that vary by jurisdiction and type of insurance. Regulatory hurdles are not merely operational constraints; they also impact the speed and flexibility with which insurance companies can introduce new digital services. The meticulous compliance demands necessitate thorough vetting of digital innovations, often leading to a slower go-to-market timeline for digital products and services.

The industry's traditional business model, which emphasizes risk mitigation and long-term stability, has also contributed to a cautious approach toward technological adoption. The high stakes involved in insurance, where decisions impact the financial security and well-being of individuals and businesses, mean that any change, particularly one involving a digital overhaul, is subject to exhaustive scrutiny. This inherent caution has often translated into a reluctance to replace or upgrade legacy systems that, despite being outdated, have the perceived advantage of reliability and predictability.

Legacy systems themselves pose another barrier. Many insurance firms operate on antiquated technology platforms that are not easily adaptable to new digital tools and processes. These systems are often deeply embedded in the insurer's operations, with data and processes tightly interwoven in a way that makes extraction and integration with modern systems a complex and risky endeavor. The potential for disruption and data integrity issues poses a significant concern, particularly in an industry where data security and privacy are paramount.

Furthermore, the insurance industry has traditionally been product-centric rather than customer-centric. The focus has been on developing complex insurance products that are sold through agents, rather than on creating customer experiences that drive engagement and loyalty. This product-centric approach has often resulted in a disjointed customer journey, with multiple touchpoints and a lack of integration that is at odds with the seamless experiences offered by digital channels.



The talent gap within the insurance industry further complicates the digital transformation journey. Digital transformation requires a blend of skills that combine deep industry knowledge with cutting-edge technical expertise. However, the industry has found it challenging to attract and retain talent with the necessary digital skills, partly due to its conservative image and partly because of the competition from other sectors that are perceived as more innovative.

Moreover, the insurance industry's approach to innovation has traditionally been incremental and insular, focusing on improvements within existing paradigms rather than seeking disruptive, cross-industry insights that could catalyze significant change. The industry's insularity has often meant that it has been slow to adopt best practices from other sectors or to collaborate with external technology partners that could drive innovation.

Finally, the insurance industry's customer engagement model has not lent itself easily to digital transformation. The reliance on personal relationships and manual underwriting processes is deeply ingrained, creating a resistance to change among both customers and employees. This resistance is often based on a perception that the personal touch—so integral to insurance transactions—cannot be replicated or enhanced by digital means.

The culmination of these barriers presents the insurance industry with a complex challenge. Digital transformation is not merely a technological upgrade but a comprehensive change that encompasses regulatory navigation, system modernization, cultural shift, talent acquisition, and customer experience redefinition. Overcoming these barriers requires a strategic, multifaceted approach that acknowledges the specificities of the industry while boldly striving to redefine them.

## **The Demand for Digital: A Shift in Consumer Behavior**

The insurance industry is experiencing a profound shift in consumer behavior, driven by the digital revolution that has redefined expectations across all facets of life. This shift is not just a trend but a fundamental change in the way customers interact with service providers, including insurers. The demand for digital is a clarion call to which the industry must respond to remain relevant and competitive.



In the past, the insurance purchasing process was often opaque and cumbersome, with customers relying heavily on agents to navigate complex policies and terms. Today's consumers, empowered by technology and the transparency it brings, demand a level of control and understanding previously unseen in the industry. They seek clarity and simplicity, preferring to research, compare, and purchase policies through digital channels at their convenience. This change represents a significant departure from the traditional insurance model, where customer engagement was limited and infrequent.

The catalyst for this change has been the broader digital transformation seen in other industries. Consumers accustomed to the personalized and immediate nature of online retail, the flexibility of online banking, and the responsive communication of service providers expect the same level of digital sophistication from their insurance providers. They desire a user experience that is intuitive, seamless, and, most importantly, centered around their specific needs and preferences.

The rise of mobile technology has further accelerated this shift. With smartphones and tablets becoming ubiquitous, consumers are increasingly managing their lives through these devices. The expectation now is for 24/7 accessibility to services, including insurance, with the ability to manage policies, file claims, and interact with customer service on-the-go. This level of accessibility was once a luxury but is now a baseline expectation.

This shift in behavior is also characterized by a desire for more frequent and meaningful interactions with insurers. Customers want to be informed and engaged throughout the lifecycle of their policies, not just at the point of purchase or renewal. They expect proactive communication, tailored advice, and real-time updates, all facilitated through digital channels. This is a far cry from the annual policy reviews that once defined the customer-insurer relationship.

Moreover, the digital shift has brought about a new level of competition from tech-savvy startups and insurtech firms. These new entrants are quick to leverage the latest technologies to offer innovative products and services that resonate with digitally inclined customers. Their agile approach to policy customization, pricing, and claims processing is setting new standards in the industry, challenging established insurers to rethink their digital strategies.



The increasing prevalence of data analytics and artificial intelligence in everyday life has also raised customer expectations for personalized experiences. Consumers are aware that their data can be used to tailor services to their unique circumstances, and they expect insurers to utilize this data to offer bespoke policies and pricing. This level of personalization was previously unattainable but is now within reach, thanks to digital advancements.

The demand for digital in the insurance industry is not simply about adopting new technologies; it is about embracing a new customer-centric paradigm. Insurers must shift from a product-focused mindset to one that prioritizes the customer experience. This involves not only digitizing existing processes but reimagining them to meet the heightened expectations of today's consumers. It requires a commitment to understanding and engaging with customers through the channels they prefer, using the data and insights available to enhance every interaction.

In response to this shift, insurers are recognizing the need to accelerate their digital transformation efforts. They are investing in online platforms, mobile apps, and advanced analytics to deliver the personalized, convenient, and responsive service that customers now demand. This is not a mere enhancement of the traditional model; it is a redefinition of the insurance customer relationship for the digital age. The industry must adapt to this new reality, transforming not only its technology but its culture, processes, and strategies to meet the new digital demand.

## **Common Pitfalls of Digital Transformation**

As the insurance industry ventures into the digital realm, it faces a minefield of common pitfalls that can derail its transformation efforts. Understanding these pitfalls is crucial for any organization seeking to navigate the digital landscape successfully. The most frequent of these challenges are not unique to insurance but are amplified within it due to the industry's complexity and conservatism.

One of the primary pitfalls is the lack of a unified digital vision. Without a clear and cohesive strategy, digital initiatives can become fragmented, leading to inconsistent customer experiences and inefficient use of resources. The vision for digital transformation must be comprehensive and integrated with the business's overall objectives, and importantly, it must be communicated effectively throughout the organization.





Resistance to change is another significant hurdle. Employees accustomed to established ways of working may view digital transformation with skepticism or even fear, worried about the implications for their roles and the future of the organization. This resistance can be compounded by a culture that has historically valued stability and risk aversion over innovation and agility.

Leadership buy-in is critical to overcoming this resistance. However, a lack of commitment from the top can be a major pitfall. If the leadership team is not fully on board, or if they fail to articulate the importance of digital transformation to the organization's future, efforts can lack direction and momentum. Leadership must champion the transformation, providing not just resources, but also acting as role models for embracing change.

The challenge of legacy systems cannot be overstated. These systems, while reliable, are often rigid and complex, making integration with new digital solutions a daunting task. The cost and risk associated with modernizing these systems can lead to paralysis, with firms opting to maintain the status quo rather than undertake the necessary upgrades.

Talent acquisition and retention pose another problem. Digital transformation requires skills that may not be present in the existing workforce, necessitating a strategy for talent development or acquisition. Without a team that possesses the requisite digital expertise, the transformation efforts can stall before they ever truly begin.

Further, there can be an overemphasis on technology at the expense of people and processes. While investing in the latest digital tools is important, it's vital to remember that technology is only as good as the business processes it supports and the people who use it. Successful digital transformation is as much about changing mindsets and workflows as it is about changing technology.

An underestimation of the scale and complexity of the digital transformation process is yet another pitfall. Digital transformation is not a project with a fixed end date; it is a continuous journey of adaptation and improvement. Treating it as a one-time initiative rather than a sustained process can lead to a lack of long-term planning and investment.

Finally, there is the pitfall of not placing the customer at the center of digital transformation efforts. In the rush to implement new technologies, the ultimate goal of improving customer experience can become secondary. Transformation initiatives



must be grounded in a deep understanding of customer needs and behaviors, ensuring that technological advancements lead to real value for the customer.

Avoiding these pitfalls requires a thoughtful, disciplined approach. It involves setting a clear vision, managing cultural change, ensuring leadership alignment, investing in people and processes, modernizing legacy systems, and maintaining a relentless focus on the customer. For the insurance industry, these challenges are not insurmountable, but they demand a strategic, customer-centric approach that is responsive to the evolving digital landscape.

## **The Rise of Digital Expectations in the Insurance Sector**

The digital era has ushered in a transformative wave across industries, yet the insurance sector has been a late adopter of this revolution. This delay is partly attributed to the industry's inherent characteristics, but a notable shift is occurring as digital expectations rise among consumers. This surge in digital demand represents a critical inflection point for the industry, prompting insurers to reevaluate their customer engagement models and operational efficiencies through a digital lens.

At the core of this shift is the modern consumer's appetite for digital interaction, which has been sharpened by advancements in other sectors. Customers now expect the convenience and immediacy of digital channels as a standard service offering, not a luxury. The insurance industry, therefore, faces increasing pressure to provide digital solutions that align with these evolved consumer behaviors.

The expectation for digital access extends beyond simple transactions. Today's customers desire comprehensive management of their insurance needs at their fingertips, from initial policy exploration to claims processing and ongoing service inquiries. This demand encompasses a seamless omnichannel experience, with consistent service quality across web platforms, mobile apps, and other digital touchpoints.

Data has become the lifeblood of the digital transformation, and customers expect their insurers to utilize data effectively to provide personalized experiences. The ability to leverage analytics for tailored product recommendations, dynamic pricing, and proactive policy adjustments is no longer a competitive edge but a fundamental expectation. Customers are increasingly willing to share their data in exchange for



such customization, provided their privacy and security concerns are adequately addressed.

The technological advancements that enable such personalized services are now more accessible than ever, with cloud computing, artificial intelligence, and machine learning transforming capabilities in data processing and customer insights. Insurtech startups have been quick to capitalize on these technologies, often outpacing traditional insurers in delivering innovative and customer-centric digital services.

Moreover, there is an expectation for insurers to provide value beyond the traditional insurance proposition. Customers are looking for advisory services, risk management tools, and wellness programs that enhance their lives. These value-added services require a robust digital infrastructure that allows for the integration of various services and provides a holistic customer experience.

The shift in expectations extends to claims processing, an area traditionally fraught with paperwork and delays. Digital solutions that offer streamlined claims submission, real-time status updates, and faster payouts are becoming the norm. Insurers are expected to provide transparent and efficient claims handling processes that minimize customer effort and stress.

The rise of digital expectations also manifests in the demand for responsive and interactive communication. Customers expect quick, if not immediate, responses to their inquiries and a level of engagement that reflects an understanding of their individual preferences and history with the company. Social media and chatbots have emerged as vital channels for maintaining this level of engagement and providing round-the-clock support.

As these digital expectations continue to rise, insurers are tasked with a comprehensive overhaul of their systems and processes to keep pace. This includes modernizing legacy systems that inhibit flexibility, cultivating digital skills within the workforce, and adopting a customer-centric approach to innovation. Insurers must also navigate the complex regulatory landscape, ensuring that their digital advancements comply with industry standards and protect customer data.

The increasing demand for digital engagement in the insurance sector is a clear call to action. Insurers must embrace this shift, recognizing that digital transformation is not just about technology but about reimagining the customer experience and operational efficiency in a digital world. This era of heightened digital expectations is



not a temporary challenge but a permanent fixture in the insurance landscape, one that insurers must address with urgency and strategic focus.

## **The Concept of Two-Speed Organizations**

In the face of digital transformation, the insurance industry has sought solutions to overcome the inertia of its legacy systems and processes. The Concept of Two-Speed Organizations emerges as an innovative solution to this challenge, offering a structured approach that enables insurance companies to balance the demands of operational stability with the imperatives of innovation and strategic change.

This concept delineates two distinct operational 'speeds' within the same organization. The first speed operates within the traditional core of the company. It is the guardian of existing processes and systems, dedicated to maintaining the stability and reliability that customers have come to expect. In the insurance context, this means ensuring that policies are underwritten accurately, claims are processed efficiently, and customer service is delivered effectively. This foundational speed is characterized by a methodical approach that prioritizes risk management and regulatory compliance, elements that are central to the insurance industry's mandate.

The second speed, by contrast, is the embodiment of dynamism and agility. It is where strategic change is not just embraced but actively pursued. This part of the organization is tasked with driving innovation, exploring new business models, and leveraging technology to deliver enhanced customer experiences. It operates with an entrepreneurial spirit, experimenting with new ideas and seeking to disrupt traditional ways of working. This speed is less constrained by the existing corporate structures and processes, allowing it to operate more like a startup than a traditional insurer.

The rationale behind the two-speed organization is not to create silos but to allow for specialization that aligns with distinct organizational needs. The first speed ensures the continuation of the business without interruption, providing the financial foundation and customer confidence that enable the second speed to focus on innovation. This division allows for an optimized allocation of resources, ensuring that each part of the organization can operate at its most effective pace.

The implementation of this model requires a delicate balance. The two speeds must be aligned with the overall strategic vision of the company. They should be distinct yet interdependent, with clear communication channels established between them. This



ensures that innovations can be integrated into the core business operations smoothly and that the learnings from one speed can inform the strategies of the other.

For insurance companies, the two-speed approach offers a way to navigate the complex landscape of digital transformation. It allows them to maintain their competitive edge in core business areas while simultaneously exploring and adapting to new market opportunities. This model acknowledges that transformation is not an overnight switch but a phased journey requiring different cadences for different organizational functions.

By adopting the concept of two-speed organizations, insurers can create a strategic buffer against the disruptive forces of the digital age. The first speed serves as an anchor, providing continuity and stability, while the second speed acts as a sail, catching the winds of innovation and steering the organization toward new horizons. This dual approach enables insurance companies to manage the present confidently while inventing the future boldly.

## **The Necessity of a Two-Speed Approach**

The insurance industry, characterized by its complex regulatory environment, intricate product offerings, and the critical importance of customer trust, finds itself at a unique juncture in the digital age. The necessity for a two-speed approach in this sector arises from the inherent dichotomy within the industry: the need to innovate rapidly to meet changing consumer expectations while maintaining the stability and reliability that underpin customer trust and regulatory compliance. This dual imperative makes the two-speed approach not just beneficial but essential for the insurance industry.

The first speed, focused on maintaining core business functions, is crucial in an industry where any disruption to daily operations can have significant consequences for customers and the company. Insurance relies on the accurate processing of claims, the meticulous assessment of risk, and the provision of reliable customer service. These activities require a stable and secure environment, where changes are implemented cautiously to avoid unintended consequences. This speed ensures that the foundational aspects of the business continue to operate effectively, safeguarding the company's reputation and financial health.

Conversely, the second speed addresses the industry's urgent need for digital innovation. The rise of digital technology has transformed customer expectations, with



consumers now demanding more personalized, accessible, and flexible insurance products and services. Moreover, the emergence of insurtech startups has intensified competition, highlighting the need for traditional insurers to adopt more agile and innovative approaches to product development, customer engagement, and operational efficiency. This speed is where strategic experimentation and rapid implementation occur, allowing the company to explore new technologies, business models, and market opportunities without risking the stability of the core business.

The two-speed approach enables insurers to navigate the tension between stability and agility. It allows the stable core of the business to provide the necessary financial and operational foundation, while a more dynamic segment pursues innovation. This separation ensures that the drive for innovation does not destabilize the essential functions of the business but rather complements it by fostering growth and competitiveness.

Moreover, this approach provides a framework for managing risk in the context of digital transformation. By isolating the innovative functions from the core operations, insurers can experiment with new ideas in a controlled environment, where failures can be absorbed without significant impact on the overall business. This encourages a culture of innovation, where learning from failures is seen as a step towards success.

For the insurance industry, the two-speed approach is not merely a strategic option; it is a necessary adaptation to the realities of the digital age. It offers a way to reconcile the slow-moving nature of insurance, with its emphasis on risk aversion and regulatory compliance, with the fast-paced world of digital innovation. By adopting a two-speed approach, insurers can ensure the continued excellence of their core operations while seizing the opportunities presented by digital technology to enhance their products, improve customer experiences, and secure their place in the future of the industry. This dual strategy allows insurers to maintain their commitment to reliability and trustworthiness while embracing the changes necessary to thrive in an increasingly digital world.

## **Benefits of Adopting a Two-Speed Organization**

The adoption of a two-speed organization within the insurance industry offers a myriad of strategic benefits, enabling companies to navigate the complexities of digital transformation while maintaining their core operational integrity. This approach, with its division into a stable core and a dynamic innovation arm, facilitates



a balanced progression towards digital maturity, addressing both immediate customer needs and long-term strategic goals. Here, we explore the key benefits of implementing a two-speed approach in the insurance sector.

**Increased Agility:** The dynamic segment of a two-speed organization operates with the agility of a startup, enabling rapid response to market changes and technological advancements. This agility allows insurers to explore new technologies, such as artificial intelligence and blockchain, and integrate them into their offerings much more swiftly. By fostering an environment where innovation is encouraged and failure is seen as a learning opportunity, insurers can stay ahead of emerging trends and adapt their strategies in real-time, ensuring they remain competitive in a fast-evolving market.

**Enhanced Customer Experiences:** At the heart of the two-speed approach is a focus on improving customer experiences through digital innovation. The agile segment of the organization is dedicated to developing and deploying digital solutions that meet the evolving expectations of modern consumers. From mobile applications that allow customers to manage their policies effortlessly to chatbots that provide instant customer service, the two-speed model enables insurers to deliver a seamless, personalized customer journey. This not only improves customer satisfaction and loyalty but also positions the company as a forward-thinking leader in the digital domain.

**Ability to Quickly Adapt to Market Changes:** The insurance industry is subject to frequent regulatory changes and shifts in consumer behavior. A two-speed organization is uniquely equipped to navigate these fluctuations, with the innovative arm continuously scanning the horizon for regulatory developments and market trends. This proactive stance ensures that insurers can adapt their products and services swiftly to remain compliant and relevant. Moreover, by leveraging insights from data analytics, insurers can anticipate customer needs and adjust their offerings accordingly, ensuring they are always aligned with market demand.

**Balanced Risk Management:** The two-speed model allows for a balanced approach to risk management, essential in the inherently risk-averse insurance industry. While the stable core focuses on maintaining regulatory compliance and managing operational risks, the agile segment experiments with new business models and technologies in a controlled environment. This segregation minimizes the potential impact of innovation-related risks on the company's foundational operations,



ensuring that the pursuit of growth does not compromise the insurer's reliability and trustworthiness.

**Cultivation of a Digital Culture:** Implementing a two-speed approach necessitates and fosters a shift towards a more digital-centric culture within the organization. It encourages employees across both segments to embrace digital tools and methodologies, enhancing their digital literacy and fostering a mindset of continuous improvement. This cultural shift is critical for the long-term success of digital transformation efforts, as it ensures that the organization's workforce is prepared to support new digital initiatives and adapt to the digital future of the insurance industry.

**Scalability and Flexibility:** The two-speed structure provides a scalable framework for digital transformation, allowing insurers to adjust the pace of innovation according to their strategic priorities and market conditions. This flexibility ensures that insurers can scale up their digital initiatives quickly when opportunities arise or scale down in response to challenges, without disrupting their core operations.

In summary, adopting a two-speed organization offers insurance companies a strategic pathway to navigate the dual imperatives of maintaining operational stability and pursuing digital innovation. This approach not only enhances their agility, customer experiences, and market adaptability but also ensures balanced risk management and fosters a culture of digital innovation. Ultimately, the two-speed model equips insurers to thrive in the digital era, enabling them to meet current challenges head-on while positioning themselves for future success.

## Laying the Groundwork for Transformation

Adopting a two-speed organizational structure represents a significant paradigm shift for insurance companies, requiring meticulous planning and strategic execution. This transformation journey begins with foundational steps that ensure the organization is primed for successful adaptation. Laying the groundwork for this shift involves aligning leadership and culture, as well as investing in the necessary technologies and skills to support a dual-speed operation. Here, we outline these initial steps, setting the stage for a deeper exploration of implementing and benefiting from a two-speed organization in subsequent chapters.

**Aligning Leadership and Vision:** The first critical step in adopting a two-speed organizational structure is securing the commitment and alignment of the company's





leadership. This involves articulating a clear vision for the transformation and the role of the two-speed approach in achieving this vision. Leadership must champion this change, providing not just the strategic direction but also the resources and support necessary for implementation. This includes establishing clear governance structures to oversee the transformation and ensuring that leadership roles are defined to support both the stable core and the agile innovation segments of the organization.

**Cultivating an Adaptable Culture:** A successful two-speed transformation requires a cultural shift that embraces adaptability, innovation, and a willingness to experiment. Insurance companies must foster a culture that supports the different paces of operation and encourages collaboration across the two speeds. This involves promoting a mindset of continuous learning and resilience, where feedback is actively sought and failures are viewed as opportunities for growth. Engaging employees in the transformation process and providing them with the training and support they need to adapt to new ways of working are essential for cultivating this culture.

**Investing in Technology and Infrastructure:** A robust digital infrastructure is crucial for enabling a two-speed organization. Insurance companies must assess their current technological capabilities and identify areas where investments are needed to support both the stable core operations and the agile innovation efforts. This may involve modernizing legacy systems to improve their interoperability with new digital tools, as well as adopting cloud computing, data analytics, and artificial intelligence technologies that can drive innovation. Ensuring the security and scalability of the digital infrastructure is paramount, given the sensitive nature of insurance data.

**Developing Digital Skills and Capabilities:** As the insurance industry moves towards a two-speed operational model, there is a pressing need to enhance the digital literacy of the workforce. This includes not only training existing employees but also attracting new talent with the skills required for digital innovation. Insurance companies must identify the specific capabilities needed for their digital transformation goals, such as data science, digital marketing, and user experience design, and develop a talent strategy that addresses these needs. Partnering with educational institutions, offering internships, and creating in-house training programs are effective ways to build these capabilities.

**Establishing Mechanisms for Continuous Improvement:** Finally, setting up processes for continuous monitoring, feedback, and iteration is essential for the long-term success of a two-speed organization. This involves establishing key performance indicators (KPIs) to measure the progress of digital transformation efforts and creating



feedback loops that allow for the rapid incorporation of learnings into strategy and operations. Encouraging open communication across the organization and fostering an environment where innovation is continuously recognized and rewarded are crucial for sustaining momentum.

By taking these initial steps, insurance companies can lay a solid foundation for their transformation into a two-speed organization. Aligning leadership and culture, investing in the right technologies and skills, and setting up mechanisms for continuous improvement are critical for navigating the complexities of digital transformation. In subsequent chapters, we will delve deeper into the strategies for implementing and maximizing the benefits of a two-speed approach, providing insurance companies with the insights and tools they need to thrive in the digital era.



## About the author

Frederik Bisbjerg (born 1973 in Denmark) is a highly respected international business developer with expertise in digital transformation and business model innovation. His proven and numerous successes with worldwide business transformations come from his belief in enabling and empowering people to execute the change strategies

He is a highly sought-after senior advisor in the fields of digital transformation, digital-first corporate strategies, and C-level consulting, focusing on “the art of the possible” to secure business and digital transformation success

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Frederik has strong business acumen and is recognized for his ability to build businesses and create new, often previously unseen, alliances between business partners for mutual benefits; a skill refined and honed through many years of working internationally for a top-tier management consulting firm

He’s the author of [Insurance Next](#), a practical guide on how to transform an incumbent insurer into a flexible, agile, and resilient insurance company, prepared for the New Normal following the COVID-19 outbreak

Read more on [www.frederikbisbjerg.com](http://www.frederikbisbjerg.com)

