



# THE ADVANTAGES OF A DIGITAL-FIRST APPROACH

CONNECT ALL PLANNING AND FORECASTING

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## Introduction

Natural disasters, economic uncertainties, pending regulations, COVID-19, civil disorders, and shifting demographics have amplified existing challenges for the mature insurance industry. As a result, the industry has experienced back-to-back financial losses due to increased claims and reduced revenue. To survive and thrive in today's volatile conditions, it's imperative for insurance institutions to drive accurate plans that are connected across various lines of business so they can be prepared for what's next. In a recent survey by PwC, 36% of CFOs said forecasting will be their biggest challenge in 2023. Navigating this uncertainty will require a departure from a traditional, siloed budgeting approach.

Forward-looking CFOs are collaborating with line-of-business leaders across the organization and using technology to connect plans and people across the enterprise. By partnering with operations and line of business stakeholders and connecting all plans together on a common platform, insurance CFOs can not only make better, more informed decisions on areas around workforce changes and needs, profitability, IT and capital expense planning, marketing spend, and many more.

## Many insurance companies are facing the following challenges

1. **Aging business applications:** Many insurance companies struggle to consolidate data from disparate, legacy applications that have been acquired over time from acquisitions and/or new businesses that, if not routinely updated, cannot be used to support financial management accounting or performance management. This ultimately leads to an extensive delay in financial insights, poor data quality, and information latency that can affect their ability to meet regulatory demands—and if not routinely upgraded, these systems become obsolete and costly to maintain, and insurers also lose an opportunity to modernize their business processes.
2. **Outdated business processes:** Traditional finance and operational processes are becoming outdated, as they can't quickly deliver the level of data and insight that insurance companies need to operate competitively. These outdated processes are often lengthy and manual, are disconnected across people and functions, lack data granularity, and lack purpose-built scenario planning tools to model potential future outcomes
3. **Expanded regulations:** Insurance companies are having to adhere to new GAAP / IFRS reporting standards which represent the most significant change to insurance accounting requirements in over 20 years. Insurance companies that let critical data slip through the cracks face costly fines, increased scrutiny, and reputational risk.
4. **Lack of adoption of advanced technologies:** Many outdated systems lack artificial intelligence (AI) and machine learning (ML) capabilities, hindering innovation and agility by placing a heavier emphasis on manual processes that could be automated. AI and other advanced technologies can help insurers arm them with better, faster decision-making and insights – enabling them to become a provider that is more intelligent, agile and integral to their customers' lives.

# How insurers can turn change into opportunity

## Connect all planning and forecasting

When planning and forecasting, insurance companies must create plans that not only forecast future performance but also reflect external risks. As the insurance environment continues to evolve at an increasing pace, the ability to act quickly is more critical than ever. Planning cycles have increased in frequency, and many insurance companies struggle to manage change due to fragmented data and systems that limit visibility across the business. Solving this problem requires a departure from traditional, siloed line-of-business planning toward connected and continuous planning across the enterprise. Connecting financial, operational, and line-of-business planning brings together discrete planning processes, helping insurance companies across the entire organization.

By connecting all data on a common platform, providers can gain a complete view of their strategic plans across sales and marketing, workforce, capital expenses, and projects, as well as how those plans will affect forward-looking financial statements. Scenario modeling allows finance leaders to quickly create long-range forecast models for fast-changing business dynamics and model impact across the balance sheet, income statement, and cash flow. This is especially important to help insurers to evaluate the impact of new opportunities and threats. To ensure that the right decisions are made, scenario planning is useful for modeling the new opportunity or threat. This allows finance leaders to evaluate potential responses as well as to analyze how a potential decision would affect working capital, leverage, cash flow, and profitability.

In this unpredictable economic landscape, connected planning is no longer a luxury—it's a necessity. Connected planning helps insurance companies: (1) increase forecast accuracy; (2) eliminate delays in decision-making; and (3) ensure line-of-business leaders are on the same page.

### Success spotlight: The Royal London Group

The Royal London Group is the largest mutual life insurance, pensions, and investments company in the UK, managing just under £120 billion in assets in 2019. Royal London Mutual was facing new regulatory requirements necessitating it to make ERP changes. The firm decided to use the opportunity to increase productivity and mobility, as well as achieve greater business visibility across the organization.

"Oracle Cloud provides us the confidence that the application is up to date, security is always maintained and there is disaster recovery capability in the cloud," — Aman Siddiquee, Service Manager, The Royal London Group



# Lead your business forward with confidence

The time for a digital-first connected planning approach is now, and with the right tools in place, your finance team can deliver strategic value by standardizing on a single platform, connecting plans across the enterprise, and ensuring all stakeholders are properly aligned.

Learn more about how Oracle is helping insurers break through and move their institutions forward

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