

# Life at the edge of disruption

*Steve Monaghan has something akin to a “dream” job for any techie working within financial services. His objective is to put AIA at the cutting edge in terms of the way it engages its customers, with digital and design at the centre of his innovation radar.*

Steve Monaghan spends his day scanning the market for various disruptors to traditional business models in financial services.

As regional director and head of edge (group innovation) at AIA, he is purely focused on moving the business to the next generation in terms of its engagement of customers.

His part of the group earned its name, explains Monaghan, from the fact that almost all disruption occurs at the edge of business models, where there are what he describes as inflexion points with other industries.

“I look at the business models in adjacent industries, not just insurance,” he explains. “I am trying to find examples of disruption happening elsewhere to bring back to the firm so we can build them in to our planning an urgency for change.” This is a process he calls “ICE” (innovation, collaboration, execution).

He points to observations of companies in other industries operating at the edges of their existing business model.

“They tend to have a long-term view that they have capabilities and experience to gain by doing so,” he says. “We view it in the same way, so continue to innovate within our core business.”

Many financial firms might consider such an approach to be too big a risk. But for Monaghan, it is about doing something meaningful, that will also help migrate the core offering with a reasonable degree of safety, “We want to initiate projects that might change the game around insurance.”

## A COMPELLING CLIENT EXPERIENCE

With technology becoming 100% smarter every 18 months, in his estimation, and being far more scalable than people, a step-change in how to do business in today’s environment seems



**STEVE MONAGHAN**  
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inevitable. “We want to take the traditional advisory interaction and make it much smarter and more effective,” explains Monaghan.

Ultimately, in his view, this comes down to simplicity, ease and experience.

This is key for a business which operates across 18 markets in Asia Pacific. These locations range from Hong Kong, Singapore and Australia, to Vietnam, the Philippines and Indonesia, for example.

Inevitably, there is a need to ensure consistency of agents and other front-line staff within all of them.

As a group, AIA has already invested significantly in several initiatives to achieve this, and at the same time translate customer data and information into better experiences.

For example, in Malaysia, efforts to create fully-digitised sales and distribution mechanisms have played a critical role in putting AIA at the forefront in this area. That started around two years ago, revolutionising the point-of-sale technology by trading the previously outdated systems for iPads.

Further, with the launch of AIA Accelerator, a 12-week programme for start-ups in the field of digital healthcare, it already had (at the time of this interview) 76 applicants from 16 countries.

### THE UNIQUENESS OF INSURANCE

Digital disruption, however, is only one element of change. Innovation in insurance, explains Monaghan, includes various components, some of which have nothing to do with technology.

“We also need to look at the overall business model, and then see how best to take that forward,” he adds.

This ties closely into the client experience, where design is playing an ever-important role in creating something

meaningful and in enhancing human relationships. “Great design leads to differentiation and cost leadership,” says Monaghan, “so we strive to deliver both strategies at once.”

Plus, despite his background and passion, he doesn’t believe that technology should replace humans. Instead, it should augment customer relationships, given that there is still a lot of scope for the human touch.

It is just that the way in which technology needs to be used within the business is changing.

“It used to be the case that a higher value was placed on an individual who remembered the most,” he explains. “Now, with the focus on productivity, it is about using technology to achieve this,” he adds.

### NOT BEING COMPLACENT

The nature of financial technology in today’s world is that anyone can disrupt tried-and-tested business models – even those of leading incumbents.

Monaghan likens this to what he has seen in other industries. “When I first came to Asia 20 years ago, I worked for a computer manufacturer, and the industry was convinced of the importance of physical distribution in the IT space, and how it couldn’t be transformed, given that computers were too complex to sell online.”

By contrast in banking and insurance, there has been a notable emergence of digital businesses that don’t see the need to invest in physical distribution. And with some digitally-driven firms seeing growth rates north of 100%, it will in theory only take them five years to get to a number-one position.

### AIA taps A\*Star’s data insights

*In late May 2015, AIA Group announced a multi-year and first-of-its-kind joint collaboration agreement with A\*Star’s Institute for Infocomm Research. The aim is to leverage its consumer insights to develop innovative behaviour-changing programmes and products to help bridge the estimated US\$41 trillion insurance protection gap across Asia.*

*By linking with Singapore’s largest information and communications tech research institute, AIA will be able to mine much more data to enhance customer profiling and behavioural prediction. It will also enhance IT mobile security by analysing data from primary and secondary research.*

*The upshot of the collaboration is to enable the insurer to introduce revolutionary innovations that make a real difference to the lives of individuals and families in Singapore.*

The added challenge for incumbents is the need to drive digital through changing the culture of the organisation. In large companies, in particular, it can be a challenge to achieve such a shift in mind-set.

But this is the goal he has every day when trying to find the next new thing.

Fortunately for him, AIA’s management and leadership have an open mind to the role of innovation in driving the customer experience to the next level. “Through this, and over time, we will see changes in consumer behaviour.” ■