



**springboard  
research**

July, 2008

MARKET RESEARCH REPORT

# IT in the Insurance Industry

Emerging Trends and Market  
Opportunities in Asia Pacific

➤ **Lead Analysts:**

Nilotpai Chakravarti, Senior Research Analyst  
Ravi Shekhar Pandey, Manager, Syndicated Research

## TABLE OF CONTENTS

<b>INTRODUCTION.....</b>	<b>8</b>
<b>EXECUTIVE SUMMARY.....</b>	<b>9</b>
<b>RESEARCH METHODOLOGY .....</b>	<b>11</b>
Secondary Research .....	11
Supply-side Primary Research .....	11
Demand-side Primary Research .....	11
<b>OVERVIEW OF THE ASIA PACIFIC INSURANCE MARKET .....</b>	<b>13</b>
Insurance Industry in China Surges .....	13
Insurance Industry in India Follows Suit.....	14
Demand for Insurance Surges .....	15
Demand for Automobile Insurance.....	16
<b>IT IN ASIA PACIFIC’S INSURANCE INDUSTRY .....</b>	<b>18</b>
Growing Focus on the Web.....	18
Development of In-house Solutions.....	19
Investments in Telecom and Networking .....	19
Investments in SOA .....	19
IT Market Size in the Insurance Industry.....	20
Market Size by IT Country .....	21
Market Size by IT Segment.....	22
Hardware .....	22
Services .....	22
Software.....	23
<b>FOCUS AREAS, BUSINESS CHALLENGES AND IT PAIN POINTS.....</b>	<b>24</b>
Top Business Opportunities in Insurance.....	24
Reaching New Markets .....	24
New Product Development.....	24
Focus on Different Insurance Segments .....	24
Strategic Focus Areas of Insurance Companies .....	25

## TABLE OF CONTENTS

Focus on Sales Management .....	25
Focus on Underwriting and Policy Management .....	25
Focus on ERP .....	26
Strategic Focus by Insurance Segment.....	27
Top Business Challenges .....	28
Competition .....	28
Poor IT Systems.....	28
Reaching out to New Markets .....	28
Government Policies.....	28
Top IT Pain Points.....	29
Lack of Skilled Manpower .....	29
Integration of Business Systems .....	29
System Stability.....	29
<b>IT SOLUTIONS &amp; DEPLOYMENT TRENDS FOR INSURANCE COMPANIES.....</b>	<b>31</b>
Largest IT Solutions Implemented.....	31
Focus on Industry-Specific Solutions.....	31
Focus on Ecommerce .....	32
Insurance Companies' IT Spending Over the Last/Next 24 Months .....	35
Amount Spent on IT Solutions in past 24 months: .....	35
Share of All Expenditures Directed toward IT .....	36
Near Future Solutions & Solution Providers Named by Insurers.....	37
Investments in CRM .....	38
External Vendor Selection Factors .....	38
Strong Service and Support.....	38
Price .....	38
Knowledge of Industry .....	38
<b>ASIA PACIFIC COMPETITIVE LANDSCAPE .....</b>	<b>40</b>
MNC IT Vendors in Insurance.....	41
IBM.....	41
HP .....	41
Microsoft.....	42

## TABLE OF CONTENTS

Oracle.....	42
SAP .....	43
Local IT Vendors in Insurance.....	43
eBao .....	44
FirstApex .....	44
Mastek .....	45
WizVision.com.....	45
Vendor Share in IT Infrastructure of Insurance Companies.....	46
<b>COUNTRY TRENDS.....</b>	<b>49</b>
Australia .....	49
Insurance Companies.....	49
Business Challenges .....	50
Key IT Trends.....	50
China.....	51
Insurance Companies.....	51
Business Challenges .....	51
Key Drivers .....	52
Key IT Trends.....	52
India.....	53
Insurance Companies.....	54
Key Drivers .....	54
Business Challenges .....	54
Key IT Trends.....	55
Singapore.....	56
Insurance Companies.....	57
Business Challenges .....	57
Key Drivers .....	57
Key IT Trends.....	57
Hong Kong .....	58
Business Challenges .....	58
Insurance Companies.....	59
Key Drivers .....	59

## TABLE OF CONTENTS

Key IT Trends.....	59
Thailand.....	60
Insurance Companies.....	61
Key Drivers .....	61
Key IT Trends.....	62
<b>SPRINGBOARD RECOMMENDATIONS.....</b>	<b>63</b>
Focus on Industry-Specific Solutions.....	63
Focus on SOA Offerings.....	63
Clearly Define ROI Benefits .....	63
Work on Post-implementation Challenges and Pain Points .....	63
New Investments Will Drive an Increase In IT Spending.....	64
<b>CONCLUSION .....</b>	<b>65</b>

Figure 1: Insurance IT Market Size in Asia Pacific (Ex. Japan) .....	20
Figure 2: Insurance IT Market Size in Asia Pacific by Country (2007), US\$M.....	21
Figure 3: Insurance Industry IT Spending by IT Segment, (2007).....	22
Figure 4: Top Business Opportunities in Insurance Sector.....	25
Figure 5: Top Three Strategic Focus Areas for the Insurance Sector .....	26
Figure 6: Top Business Challenges for Insurance Companies .....	29
Figure 7: IT Pain Points For Insurance Companies .....	30
Figure 8: Largest IT Solutions Implemented in Past 24 Months.....	33
Figure 9: Second Largest Solutions Implemented Over Past 24 Months by Insurance Companies .....	34
Figure 10: Amount Spent on IT Solutions in the Past 24 Months .....	36
Figure 11: IT Spending Out Of Total Company Budget.....	37
Figure 12: Largest IT Solutions Being Considered for Implementation in Next 12 Months.....	37
Figure 13: Primary Factors for Selecting External Vendors.....	39
Figure 14: Leading Primary External Influencers.....	40
Figure 15: Leading NOS Platforms in the Insurance Sector.....	46
Figure 16: Leading Middleware Platforms Used By Insurance Industry Respondents .....	47
Figure 17: Leading Server Platforms Used By Insurance Sector Respondents.....	47
Figure 18: Leading Storage Platforms Used By Insurance Sector Respondents.....	48

## LIST OF TABLES

Table 1: List of Vendors Interviewed.....	11
Table 2: Respondent Breakdown by Country.....	12
Table 3: Respondent Breakdown by Company Size .....	12
Table 4: IT Products & Solutions for the Insurance Industry.....	18
Table 5: Strategic Focus Areas of Insurers by Segment .....	27
Table 6: Industry-Specific Solutions .....	32
Table 7: IT Solutions Implemented by Major Insurance Players.....	34
Table 8: Key IT Solution Implementations in Australia .....	50
Table 9: Key IT Solution Implementations in China.....	52
Table 10: Key IT Solution Implementations in India.....	55
Table 11: Key IT Solution Implementations in Singapore.....	58
Table 12: Key IT Solution Implementations in Hong Kong .....	60
Table 13: Key IT Solution Implementations in Thailand.....	62

---

## INTRODUCTION

These are exciting times for the insurance industry in Asia Pacific. As governments break up monopolies and liberalize regulations, the industry is witnessing unprecedented growth driven by the economic boom and increasing presence of multinational insurance companies in the region. Deregulation in the sector has created new opportunities in a region that is one of the most underserved in the world.

On the other hand, APAC's insurance industry is facing challenges on a number of fronts. While countries such as India and China welcome foreign market players, poor market conditions and politically unstable environments have led to the withdrawal of several insurers from countries such as Taiwan and Indonesia. Another key challenge facing insurers is the development of products and distribution channels to meet the requirements of increasingly sophisticated consumers in more mature markets. As a result, new product areas such as investment-linked insurance plans are growing, as is the development of bancassurance (bank-sold insurance products) as an important distribution channel. These factors have caused several companies to review their dependence on agency sales forces and to look at alternative methods of distribution.

Against the backdrop of these market challenges and opportunities, this report analyzes IT adoption trends in Asia Pacific's insurance industry. Market data comprises a key part of this report, which includes market size and growth forecasts, as well as future IT investment trends in the insurance sector. Through Springboard Research's survey of CIOs and IT decision-makers in the industry in ANZ, China, India, Singapore, Malaysia and Hong Kong, our report also provides insight into insurance companies' IT challenges, pain points and investments.

## CONTACTS

[www.springboardresearch.com](http://www.springboardresearch.com)

### E-MAIL

Sales/Marketing: [sales@springboardresearch.com](mailto:sales@springboardresearch.com)

Research: [research@springboardresearch.com](mailto:research@springboardresearch.com)

Careers: [careers@springboardresearch.com](mailto:careers@springboardresearch.com)

### AUSTRALIA

Level 12  
1 Pacific Highway  
North Sydney, NSW 2060  
Australia  
Tel: 61-2-9959-1926

### INDIA

NSIC Bhawan, STP Extension  
2nd Floor, Okhla Industrial Estate  
New Delhi 110020  
India  
Tel: 91-11-4051-8181

### JAPAN

Level 6, Gloria Building,  
3-6-15 Kasumigaseki, Chiyoda-ku,  
Tokyo 100-0013  
Japan  
Tel: 81-3-5251-3032

### MOROCCO

219 Boulevard Kerktoni- 1er étage  
Résidence El Bardai  
Casablanca 20100  
Morocco  
Tel: 212 22-36-15-56

### PAKISTAN

4th Floor, Software Technology Park 5-A,  
Constitution Avenue,  
Islamabad  
Pakistan  
Tel: 92-51-282-8668

### SINGAPORE

72A Tras Street  
Singapore 079011  
Tel: 65-6325-9716

### U.S.A.

5201 Great America Parkway Suite 320  
Santa Clara, CA 95054  
U.S.A  
Tel: 408-730-2680

### CHINA

Unit 1033, Block C,  
Chaowai SOHO, 6B Chaowai Street  
China  
86-10-5900-2971