

## Where Innovators Must Look for Inspiration



# Where Innovators Must Look for Inspiration

By Mark Foster-Collier and Puneet Singh

Innovation is now a global game. There was a time when Western innovators believed with some justification that innovation flowed downhill—from the developed to the developing world. If they were looking for new ideas to steal, they typically looked no farther than their own domestic competitors.

But that doesn't cut it anymore. These days, many of the smartest, most audacious ideas can be found far from your home turf, in emerging markets where the local constraints of high poverty, limited infrastructure, and relatively low levels of regulatory drag combine to spark surprising breakthrough innovations. We believe that businesses will only fulfill their growth potential once they develop an ongoing program of prospecting globally for fresh sources of inspiration.

Consider, for example, the insurance industry. In Western markets, the insurance business urgently needs an infusion of new ideas. Growth has slowed and revenues are declining, along with customer satisfaction. Although insurers of all types—life, property, vehicle, health, business—have been good at innovating methods for pricing policies against the various risks they cover, they have stagnated when it comes to product design, channel flexibility, claims processing and customer convenience.

Contrast that with insurers in developing nations. Revenue growth is accelerating, driven by a profusion of highly targeted

new products, and by clever strategies for marketing, pricing, delivering, and managing them in customer-friendly ways. Here are a few of the most interesting trends:

- *Micro-insurance policies*: Reflecting the low purchasing power of poor populations, insurers offer low-cost coverage for a limited menu of specified losses. In Kenya and Rwanda, the insurer Kilimo Salama covers farmers' upfront investments in seeds, fertilizer and pesticide against losses from extreme drought or excessive rainfall. It excludes damages from pests, hail and some kinds of flooding. Such policies deliver roughly 50% of "best-level" coverage for only 15% of best-level premium.
- *New transaction-processing models*: Because infrastructure is often lacking and much of the population lives in remote regions, the opportunities for insurers to reach and communicate with customers are limited. Creative partnerships help extend insurers' reach. In Colombia, Liberty Mutual has partnered with a local natural gas utility to add monthly premiums for its low-cost health policies to

customers' gas bills. Kilimo Salama markets its crop insurance through agro dealers, who bundle the policies with farmers' purchases of crop supplies. In the Philippines, the life insurance company Beneficial Life collects micropayments of 7 cents a month from accidental-death policyholders using text transactions over the wireless network of Filipino telecom giant Smart Communications.

- *Automatic claims & payouts:* For certain categories of insurance, the ultimate in ease of use is relieving customers of the need to file claims at all. For weather-related losses, there are sources of objective data available to "index" specified thresholds that would trigger the payment of a claim. In Africa, Kilimo Salama uses a mobile-payments service called M-Pesa to settle automatic claims for crop losses. Swiss Re also uses weather-data indexing to insure Filipino farmers against typhoon-related wind damage to crops. To keep premiums low, its policies are in force only for the four-month window from planting until the point where the crop can be harvested.

## Translating Innovations from Place to Place

A parlor game for innovators is to spot innovations in one industry and imagine how they might be applied in another. We are advocating a slightly different game: to imagine how interesting innovations in developing countries might create market-growing opportunities here at home. While the constraints of emerging markets are certainly quite different from those in the developed world, three general principles—call them levers for growth—can help organize the translation process.

First, as with any innovation, it's important to *identify unique and compelling customer needs*. In the insurance industry, for example, innovators might begin by recognizing customer pain points. Are claims easy to file? Are they processed and settled

quickly? Which of the emerging-market innovations noted above could help improve the customer experience of filing a claim? Interestingly, in the auto insurance segment—the most hotly competitive corner of the industry—some companies have already taken steps to streamline claims adjustment and settlement. Adjusters in mobile offices drive to the insured vehicle, examine its damage, take pictures and write a check on the spot.

---

*While the constraints of emerging markets are certainly quite different from those in the developed world, three general principles—call them levers for growth—can help organize the translation process.*

---

Second, are there potential *partners in other industries who might be willing to bundle insurance with the products they sell*? In the insurance sector, there is actually a humble Western precedent for this: the "protection packages" electronics retailers try to sell customers who buy a new computer or camera or printer. Each such package is a highly profitable form of point-of-purchase micro-insurance. Emerging-market insurers seem to be taking this to a new level of smart targeting. Innovators who have identified unique needs among a particular customer segment should look at where those customers purchase other kinds of products relevant to the risks you decide to target. For instance, every online travel site now sells trip insurance that covers the customers' costs in case travel arrangements go awry.

Third, *identify trends in consumer behavior and technology adoption* that favor new ways of delivering services. For

example, because of their less-developed infrastructures, emerging markets experienced the pervasiveness of mobile technologies earlier than did Western nations. In India, wireless communications took hold quickly, and infrastructure providers raced to keep pace. Indian innovators, in numerous fields including insurance, recognized that the way to nearly every market was through consumers' mobile phones. Western consumers have since raced ahead in adopting smartphones. Consequently, developed world insurers who lack a well-conceived smartphone strategy are asleep at the wheel!

Our point here is simple: Despite every country's unique constraints and competitive environment, there are countless ideas with the power to inspire new ways of thinking about particular customer problems. Western businesses that deprive themselves of such sources of inspiration incur risks from which no insurance policy can protect them.

Mark Foster-Collier is Consulting Partner at Wipro Consulting Services. He is based in London and may be reached at [mark.collier@wipro.com](mailto:mark.collier@wipro.com). Puneet Singh is a Consultant at Wipro Consulting Services. He is based in Bangalore, India, and may be reached at [puneet.singh3@wipro.com](mailto:puneet.singh3@wipro.com).



## About Wipro Consulting Services

---

Wipro Consulting Services helps companies solve today's business issues while thinking ahead to future challenges and opportunities. As a business unit of Wipro, one of the world's leading providers of integrated consulting, technology, and outsourcing solutions, we bring value to our clients through end-to-end business transformation – think, build and operate. Our model for the  *21st Century Virtual Corporation*<sup>SM</sup> includes implementing lean process transformation, exploiting new technology, optimizing human capital and physical assets, and structuring next generation partnering agreements that create value and win/win business outcomes for our clients. For information visit [www.wipro.com/consulting](http://www.wipro.com/consulting) or email [wcs.info@wipro.com](mailto:wcs.info@wipro.com).

## About Wipro Ltd.

---

Wipro Ltd. (NYSE:WIT) is a leading Information Technology, Consulting and Outsourcing company that delivers solutions to enable its clients do business better. Wipro delivers winning business outcomes through its deep industry experience and a 360 degree view of “Business through Technology” - helping clients create successful and adaptive businesses. A company recognized globally for its comprehensive portfolio of services, a practitioner's approach to delivering innovation, and an organisation wide commitment to sustainability, Wipro has a workforce of 140,000 serving clients across 61 countries. For more information, please visit [www.wipro.com](http://www.wipro.com).



## DO BUSINESS BETTER

---

[WWW.WIPRO.COM](http://WWW.WIPRO.COM) | [NYSE:WIT](http://NYSE:WIT) | OVER 140,000 EMPLOYEES | 61 COUNTRIES | CONSULTING | SYSTEM INTEGRATION | OUTSOURCING

---

WIPRO TECHNOLOGIES, DODDAKANNELI, SARJAPUR ROAD, BANGALORE - 560 035, INDIA TEL: +91 (80) 2844 0011, FAX: +91 (80) 2844 0256 email: [info@wipro.com](mailto:info@wipro.com)  
North America South America Canada United Kingdom Germany France Switzerland Poland Austria Sweden Finland Benelux Portugal Romania Japan Philippines Singapore Malaysia Australia