

[Finance]

# China Insurance Giant CPIC Steps into the Digital Era



**C**hina Pacific Insurance Company (CPIC) and Huawei are expand cooperation to multiple fields, including data center and enterprise cloud construction, Big Data, artificial intelligence, and digital security. All of these efforts are helping to accelerate the completion of CPIC's digital transformation.

Like the garages where many tech startups got off the ground, a London cafe may be considered as the cradle of the modern insurance industry. Lloyd's Coffee House, near the River Thames, was a gathering place for mariners, merchants, and ship owners to discuss matters of interest to the community, including ship brokering, foreign trade, and the establishment of an auction market for the insurance market that later became Lloyd's of London.

In recent years, higher levels of income have improved the standard of living for many people. One result of this phenomenon is the decision to buy insurance as a means to manage risk. However, the complex nature of insurance products can easily put new customers off. Furthermore, traditional insurance marketing methods like cold calling, telemarketing, and face-to-face promotions are not keeping up with the fast-pace of Internet-era business relationships. People are no longer concerned just with insurance clauses – they are more willing to pay for their ideal way of life. Therefore, the insurance industry of the future will have more long-tail customers and need to deal with more scenario-based personalization and customization needs. Driven by a variety of factors in the current market, traditional insurance companies need to restructure their operating paradigms based on current customer behaviors and update their business models to encourage innovation. By doing so, they will be positioned to provide customers with smart, one-stop insurance services through all marketing channels, from consultancy to purchase and insurance claims to renewal.

The challenges confronting the legacy insurance industry are rising due to pressure from Internet start-ups that are opening new sales and marketing channels. Rising operating costs and increased efficiency are ongoing topics against the backdrop of an overall growth in business volumes. Traditional insurers are looking for a way to survive.

### Exploration and Breakthrough: CPIC Joins Huawei in Move towards Digitalization

CPIC is a *Fortune Global 500* company. Founded in 1991, it offers a full range of services span-

ning life, property and injury, pensions, health, agricultural insurance, and asset management. Headquartered in Shanghai, CPIC has over 5,400 branches and a workforce of more than 90,000 employees. CPIC provides risk assurance solutions for over 100 million customers through a nationwide marketing network and diverse service platform.

With the rapid development of mobile Internet, CPIC continually explores new technologies to improve its business operations and customer services. In 2017, it officially announced its Digital CPIC strategy, the core tenets of which include a focus on customer-driven transformation by providing products and services based on customer insights; developing client applications through the creation of a smart technology engine; establishing a business and management sharing platform to create new tools, paradigms, and sectors. CPIC is committed to quickly implementing its Digital CPIC strategy and accelerating digital transformation in ways that embrace the Internet and integrate new technologies into the financial services sector.

Huawei is a high-tech giant with unmatched technical strengths that's active in researching, developing, and exploring new technologies. An industry-leader in R&D and cutting-edge tech deployment in cloud computing, Big Data, and converged communications, Huawei shares a strategic business focus with CPIC that is dedicated to empowering digital transformation across industries.

With similar development philosophies and the aim to provide customers with better services, CPIC and Huawei signed a strategic cooperation agreement in September 2014. Subsequently, the two companies set up a technology applications lab to explore how new ICT technologies might be used in the insurance business.

The shared goal of CPIC and Huawei is to provide consumers with a complete insurance service experience and to lead the next growth period for the insurance industry.

### Omni-Channel Digital Services: Digital CPIC

Unlike food, clothing, or housing, insurance isn't a basic necessity. Thus, the insurance

industry will always face challenges in marketing. Traditional marketing tactics relied upon personal referrals and door-to-door promotional approaches – neither of which scale efficiently and are better suited to one-time purchases. However, in today's cloud computing and Big Data era, the insurance industry has innate data advantages. It's now possible to deeply mine and analyze business data, customer information, and media information to create 360-degree customer profiles. The result is the ability to more accurately target potential customers and discover a wider range of opportunities by market segment or channel to innovate new products and gain better insights into the dynamics of the insurance market. Markets become more competitive when insurance companies are willing to reshape their business models and service patterns.

In 2016, CPIC and Huawei launched a finance and insurance solution that was built on an IT infrastructure and Big Data platform. CPIC quickly set up a Customer Data ATM processing system to mine and analyze hundreds of millions of customer-level data points, including age, education, income, family, and insurance purchase history. Based on the results, front-end business applications are fine-tuned to deliver individualized customer insights with a single click. The system supports 4,000 nodes.

In the past, when services for targeted insurance customers needed

to be put on hold, the target customer groups had to be selected and extracted from the database manually. This approach was inefficient, time-consuming, and constrained by the minimal concurrency capabilities of systems. Customer service personnel were often unable to fulfill the potential needs of affected customers within a shortened time period. Today, CPIC is making a difference by using open-source Solr and Spark database technologies that provide real-time batch data processing for applications with an average query response time of three seconds. CPIC's customer service system is built on this platform to support multi-level, multi-dimensional keyword searches that achieve instant results and second-level rendering. These new database technologies are paving the way for transitioning to more intelligent insurance services.

CPIC deployed Huawei's Enterprise Cloud solution to optimize and upgrade its enterprise cloud. A new hyper-converged architecture that implements Software-Defined Storage (SDS) has greatly improved the response time for CPIC application systems. And to accommodate an expected increase in concurrent access by future customers, CPIC and Huawei have designed and verified a Software-Defined Networking (SDN) solution for its data center network with good results.

CPIC and Huawei are deepening cooperation in multiple fields, including data center and enterprise cloud construction, Big Data, artificial intelligence, and digital security. The partners are constructing CPIC's cloud data center infrastructure, creating innovative industry applications, and improving digital security. They plan to explore and research further innovations for the CPIC cloud, smart customer services, and digital risk control.

In recent years, Huawei has reported fast growth of sales revenue in China's financial services markets, with a CAGR of over 90 percent. Huawei's products and solutions are utilized by many customers in the insurance industry to help them reach their digital transformation goals, which Huawei hopes to promote industry-wide. ▲

### **Customer Testimony**

"For traditional financial services companies, digitalization is neither a label nor a trend, but a key factor that is crucial to the long-time survival of an enterprise. The CPIC digital strategy aims to innovate business models by leveraging technical advantages. CPIC is walking the road to digital transformation, and we'll continue working with Huawei to provide customers with convenient, high-quality insurance services."

— Yang Xiaoling, Vice President and Chief Digital Officer, CPIC