



INSURANCE ReVOLUTION



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INNOVATION @ RBC

Elfreda Pitt-Hetherington

SR. DIRECTOR, INNOVATION

Key Themes



Machine Intelligence
Artificial Intelligence



Cybersecurity



Identity Management



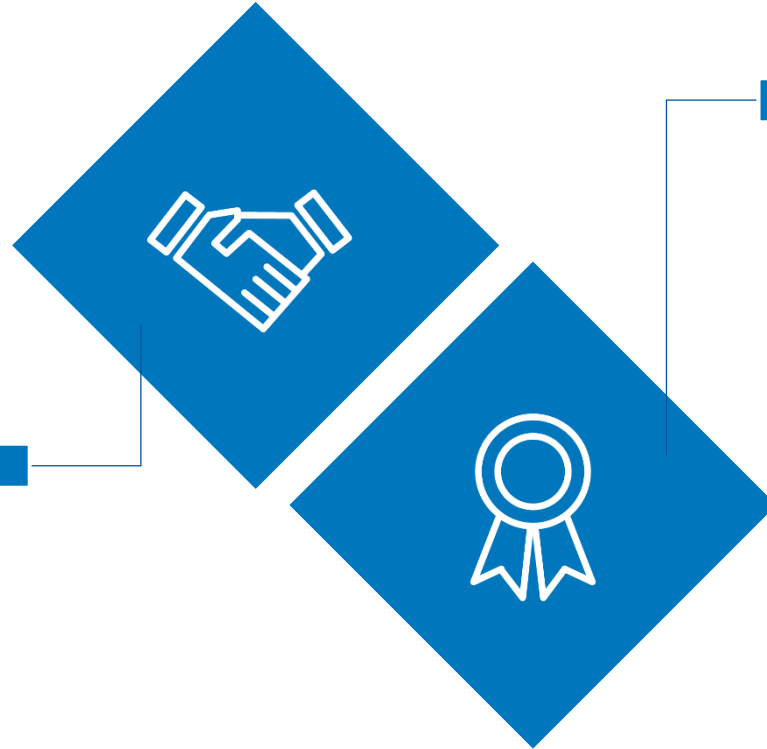
Emerging Technology

PARTNERSHIPS

THINKING OUTSIDE THE RBC BOX

Sourcing Talent

We build **deep connections** within the startup industry.



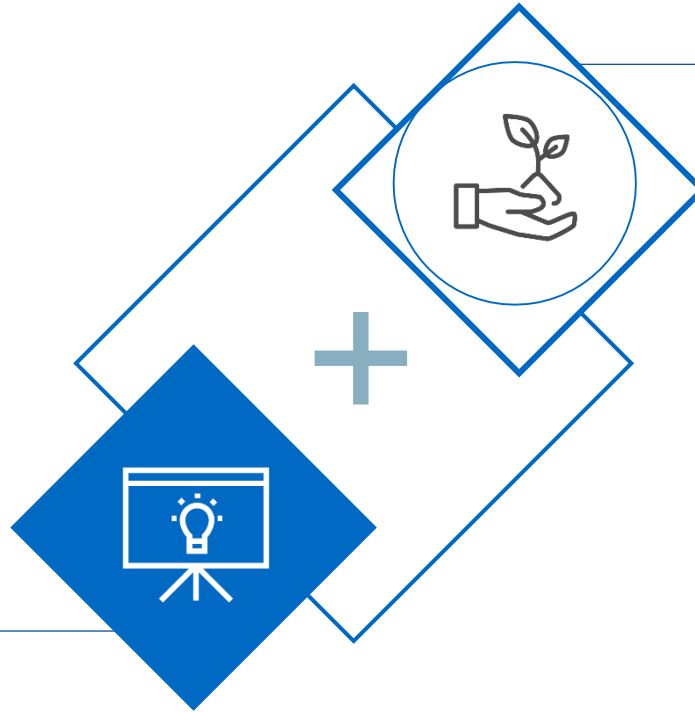
- We find companies that build **innovative products** to help RBC better serve its clients

Engaging with Start Up Ecosystem



Streamlining Onboarding

Making it easier
for RBC to work
with startups.



Making it easier
for startups to
work with RBC.

RESEARCH & KNOWLEDGE

Research Focus Areas



Machine Learning and Advanced Data Analytics

RBC recognizes that ML has the potential to bring about major improvements in areas such as client service, fraud prevention and risk management; advancements that will have far-reaching benefits in financial services and beyond.

Cybersecurity

Our objective is to build out a world-class research practice in the field of cybersecurity and help establish RBC as a leader that field. Cyberthreat and bots, insider threat identification and user behaviour analytics are some of the initial areas of interest.

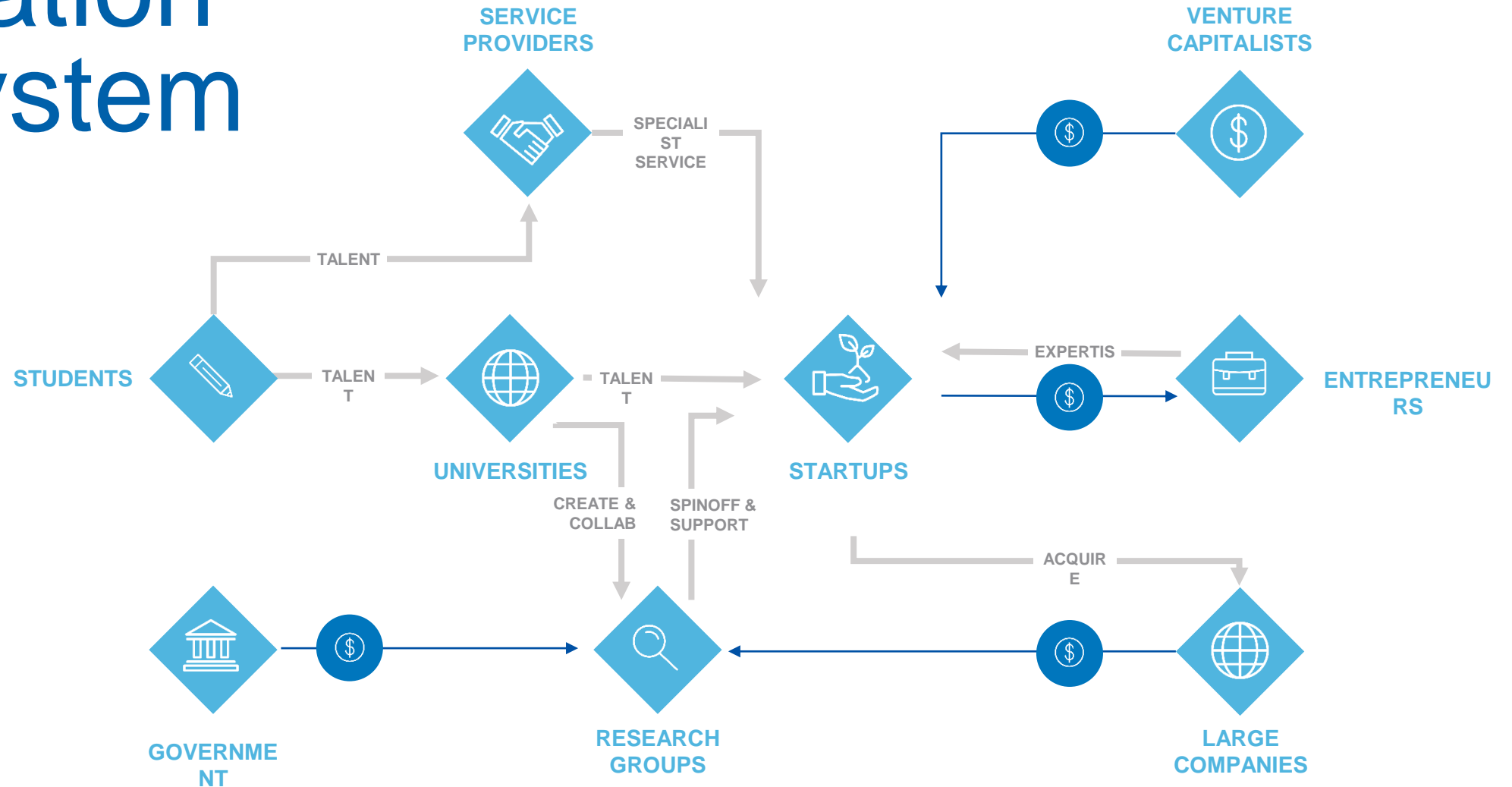
Other emerging technologies

- Blockchain
- Quantum computing
- Internet of Things

User Experience Design / Design Thinking / Human-Machine Interfaces

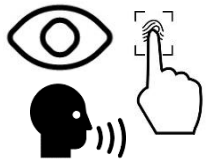
The way we interact with devices and our expectation about those interactions is changing drastically. Sensors, embedded tech, gestures and micro-gestures, behavioural analytics and other advancements will enable a different user experience in the future.

The Innovation Ecosystem



PRODUCT

Validating biometric authentication with Digital Business Channels



Biometric technology works



Our clients would use biometrics



Second factor authentication can securely identify our clients



The technology can be integrated with RBC systems



Engaging with Capital Markets to develop a visualization tool



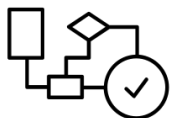
Kaleidoscope



Highly complex, multi-dimensional, trading data can be visualized by human analysts



Patent application is underway



Necessary for the development of any custom trading algorithm



Fundamental algorithmic research and findings are being transferred into development



Partnering with FinTech to enable the digitization of Wealth advisory services



Identified partners

Engaged FinTech and leveraged the strength of RBC's technology capabilities



Integrate FinTech platform

Successfully integrated FinTech robo-advisor platform into RBC infrastructure



Digitized the fulfillment of registered products

First digital product within RBC allowing prospects and existing clients to complete the fulfilment of registered products online (e.g., RRSP, TFSA)



Launched to market in < 6 months

Product built and launched to market in less than 6 months



INTRAPRENEURSHIP

WHAT IS INTRAPRENEURSHIP

intra-

Prefix meaning on the inside; within.
Examples: intranet, intramural sports.



entrepreneur

Someone who sees new opportunities and takes considerable initiative and risk to start their own venture.



intrapreneur

Employees in large companies who think and act like entrepreneurs, taking initiative in pursuit of innovation.

Strategic Approach

APPROACH TO IMPLEMENTATION

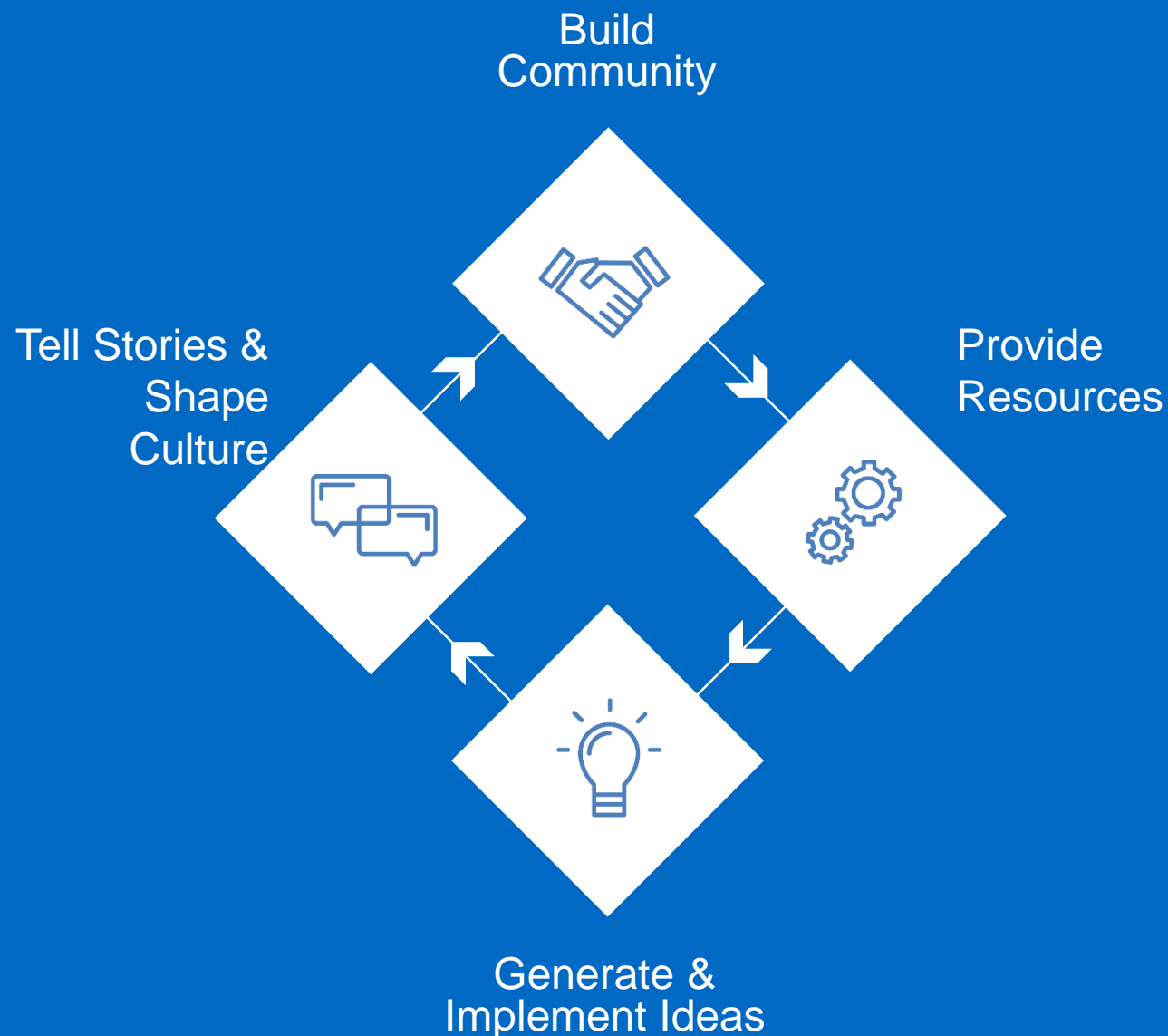
Inspire employees to feel ownership for intrapreneurship movement via grassroots bottom-up approach



Grassroots, organic, "for us, by us"



Start small, see what sticks, iterate





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Tom Sakoulas

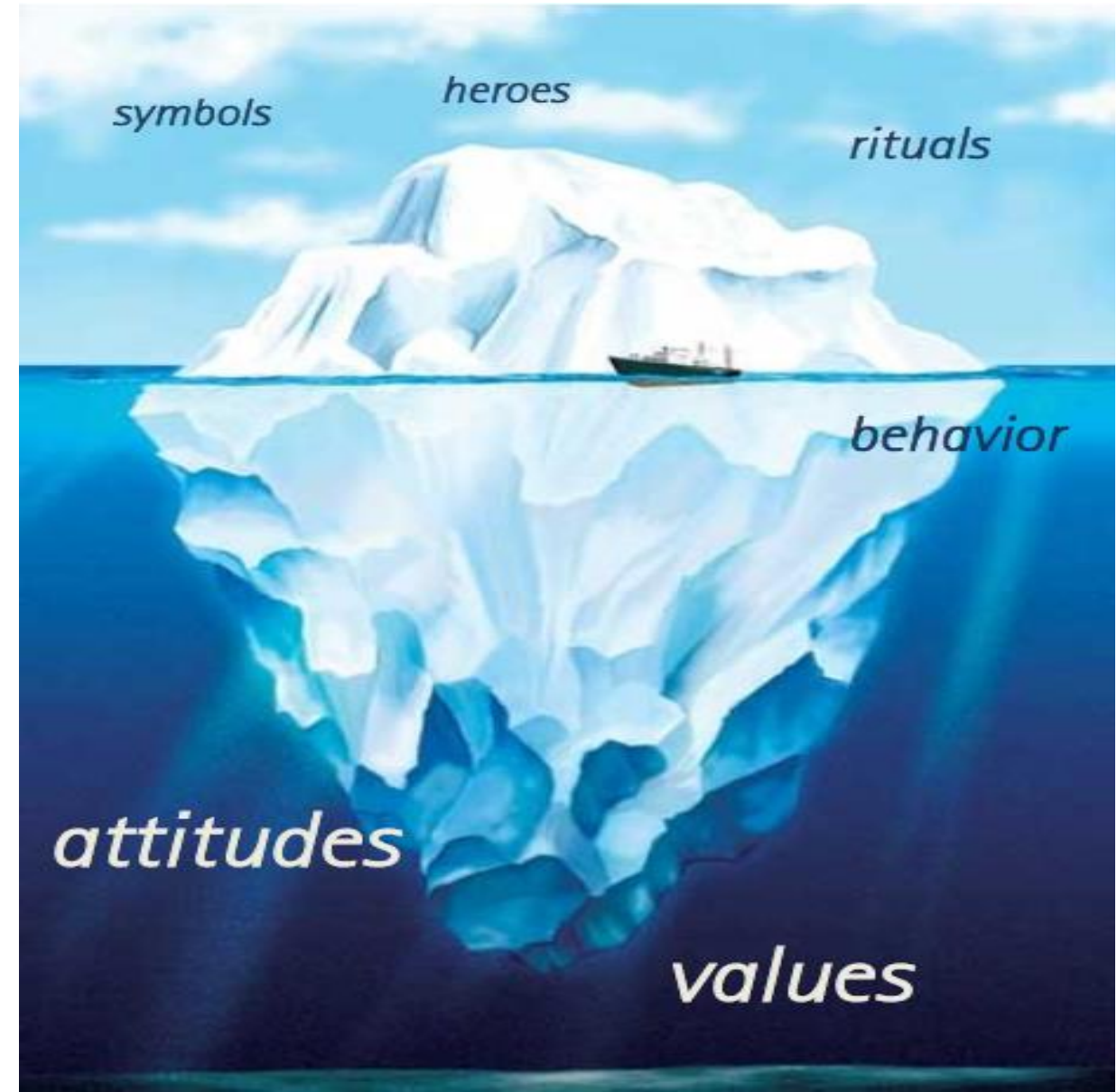
Head of Human Resources,
RGA Canada



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What is Culture:

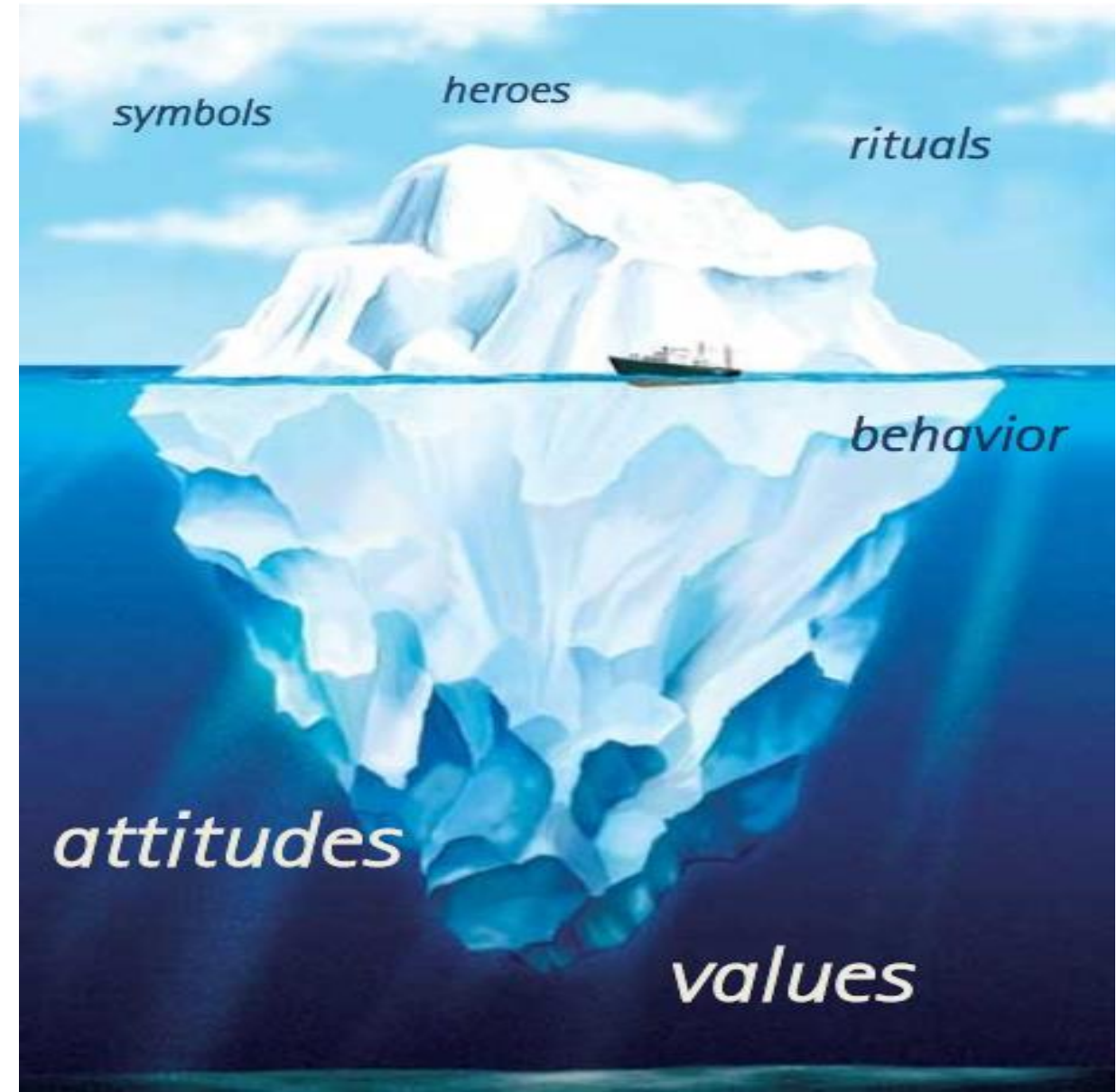
Definition: *Pattern of shared values and beliefs that produce certain norms of behavior.*



Building an Innovative Culture. . .

“Culture is the net effect of shared behaviors, and therefore adopting innovative behaviors must come first. You change the culture by becoming more innovative – not the other way around”

(Rod Shelton – Birmingham Business School)





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Innovation at RGA



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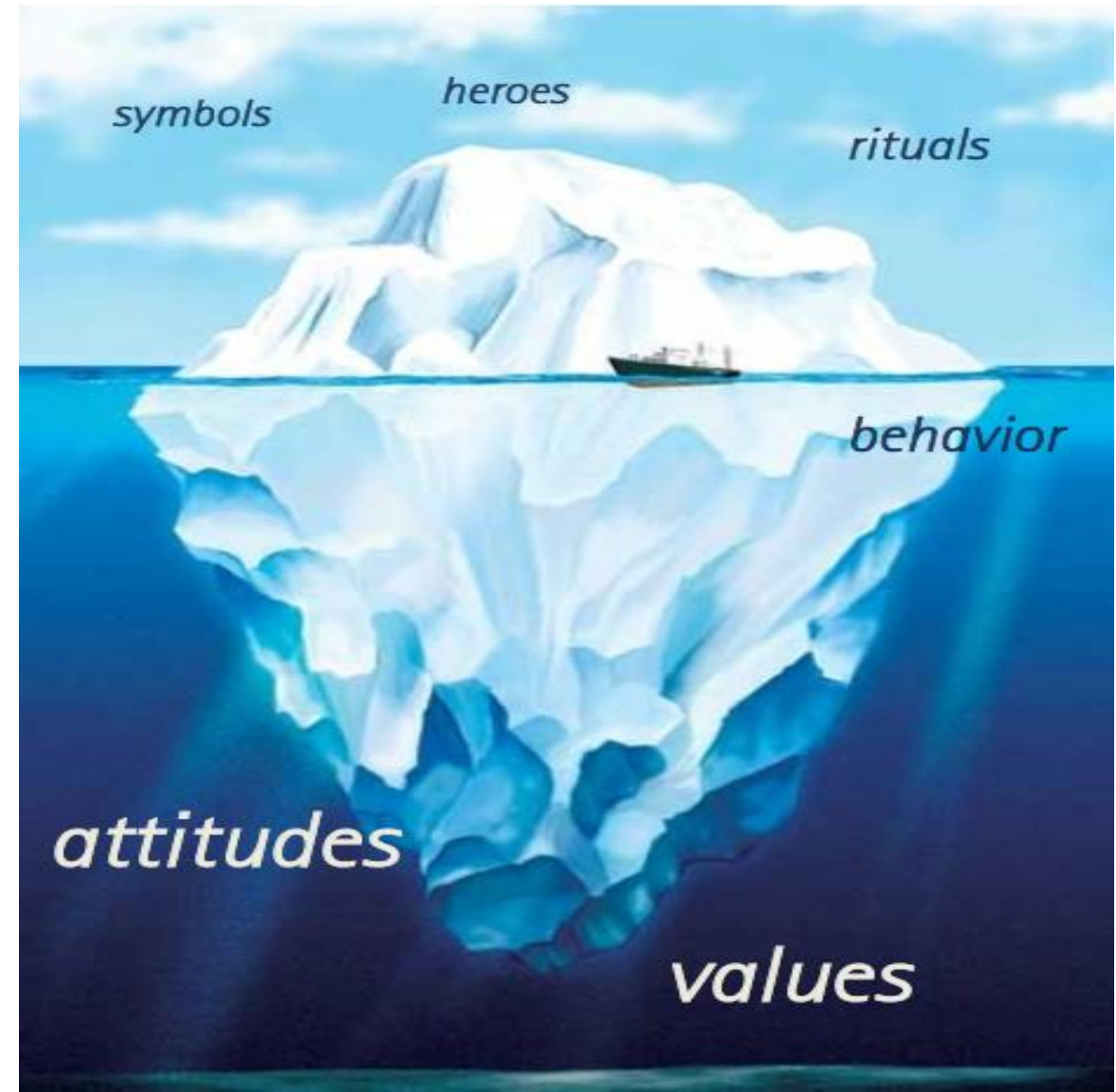
Strengthening our Innovative Culture at RGA

Requires a
Comprehensive Approach to:

1) *Organizational Agility*

- and -

2) *Organization Alignment*





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Organizational Agility



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Why are we discussing Agility?

Traditional operating models are struggling in a VUCA world

V

Volatility.

The nature and speed of change

Pricing fluctuates following important events in the market

U

Uncertainty.

Lack of predictability

A product launch from a competitor creates uncertainty in the future of the business and the market

C

Complexity.

Situations have multiple interconnected parts and variables, linear solutions fail

You are doing business in several countries with unique regulatory requirements, different cultural values

A

Ambiguity.

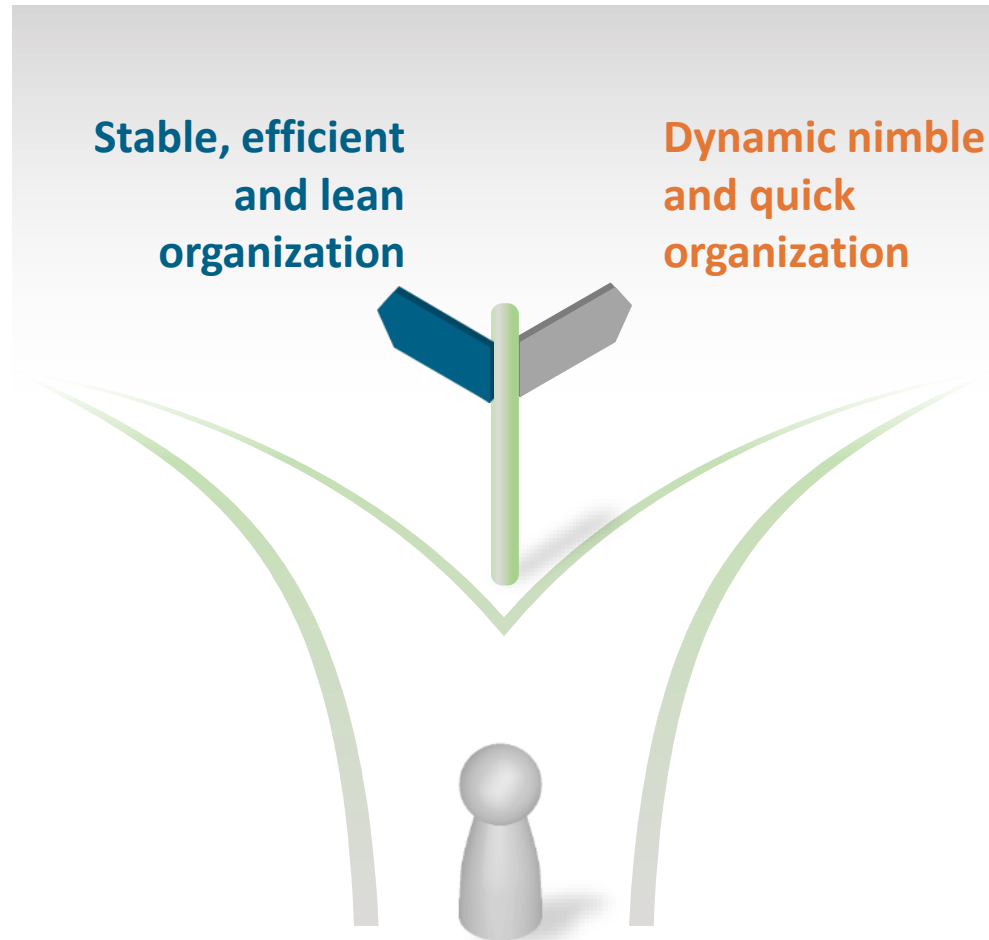
Haziness of reality, lack of valuable information

You decide to do business in an immature or emerging market or to launch products that are outside of your core competencies

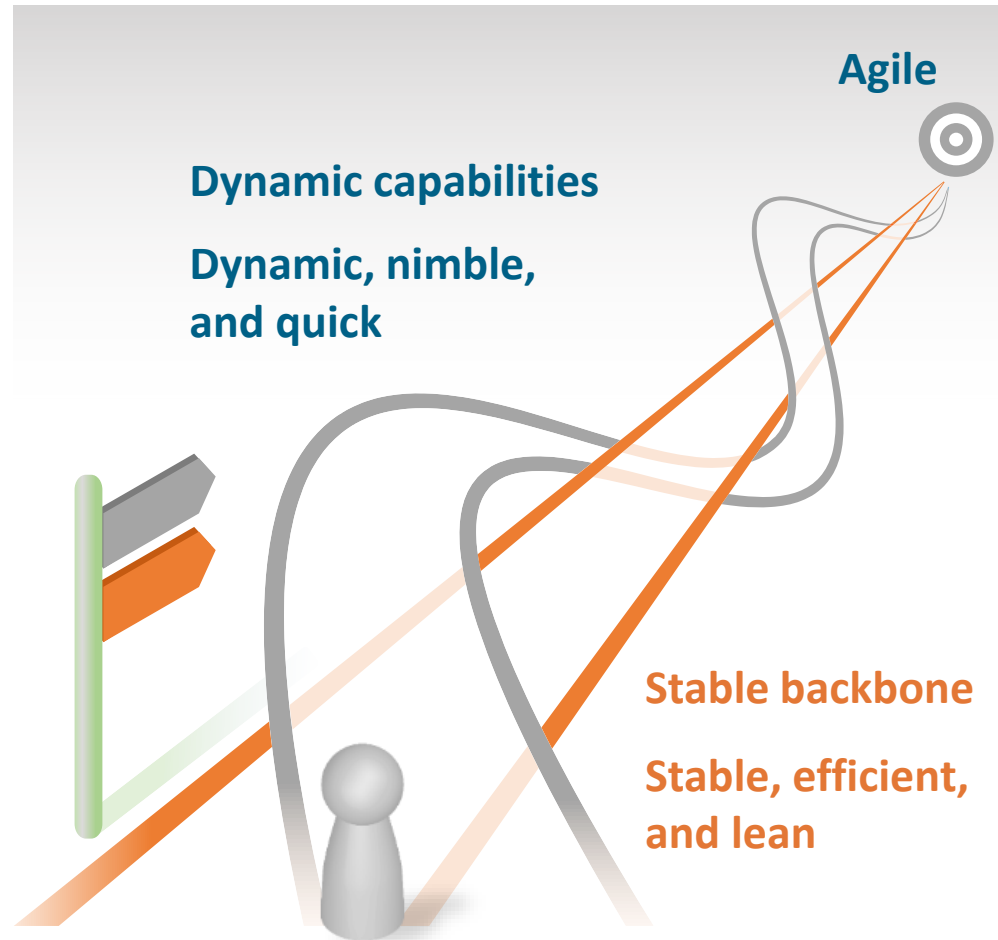
SOURCE: McKinsey Organization Design Service Line

Organizational Agility

Agility is perceived traditionally as a choice to balance



...whereas Agile organizations are both stable and dynamic at the same time



SOURCE: McKinsey Organization Design Service Line

Organizational Agility

Simplicity, stability and effectiveness



Central coordination and standardization



Long-term aspiration and strategy



Stability to allow people to focus on business



Strong leadership and steering to ensure alignment

and

Flexibility and quick reaction time



Local responsiveness and flexibility



Rapid reactions to emerging changes



Constant change to keep at pace with the market



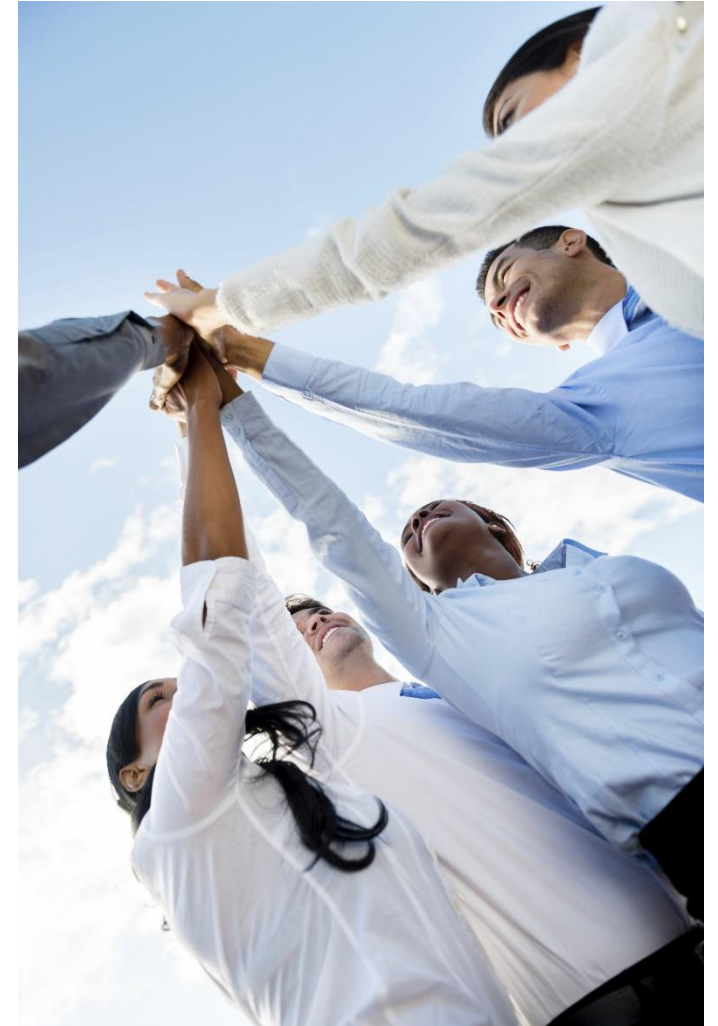
Autonomy to ensure engagement and motivation



SOURCE: McKinsey Organization Design Service Line

Agile Organizations

- Are quick to respond to changes in the marketplace
- Are focused on the customer
- React successfully to the emergence of sudden shifts in the market.



How Agile is your Organization or Team?

What it is like...

- ☐ Start-up
- ☐ Chaos
- ☐ Creative
- ☐ Frenetic
- ☐ "Free for all"
- ☐ Ad hoc
- ☐ Re-inventing the wheel
- ☐ No boundaries
- ☐ Constantly shifting focus
- ☐ Unpredictable

Total checked _____

What it is like...

- ☐ Quick to mobilize
- ☐ Nimble
- ☐ Collaboration
- ☐ Easy to get things done
- ☐ Responsive
- ☐ Free flow of information
- ☐ Quick decision-making
- ☐ Empowered to act
- ☐ Resilient
- ☐ Learn from failures

Total checked _____

What it is like...

- ☐ Uncoordinated
- ☐ Stuck
- ☐ Empire building
- ☐ Fire-fighting
- ☐ Local tribes
- ☐ Finger pointing
- ☐ Under attack
- ☐ Rigid
- ☐ Politics
- ☐ Protecting "turf"

Total checked _____

What it is like...

- ☐ Risk averse
- ☐ Efficiency
- ☐ Slow
- ☐ Bureaucracy
- ☐ Standard ways of working
- ☐ Silos
- ☐ Decision escalation
- ☐ Reliable
- ☐ Centralized
- ☐ Established

Total checked _____

Dynamic capability

Strong

Weak

Weak

Strong

Stability

Start-up/ Fleet

Agile

Trapped

Bureaucratic

- Select the top 15 features that best describe your team or organization.
- Plot at X where your team fits on the matrix.

SOURCE: McKinsey Organization Design Service Line



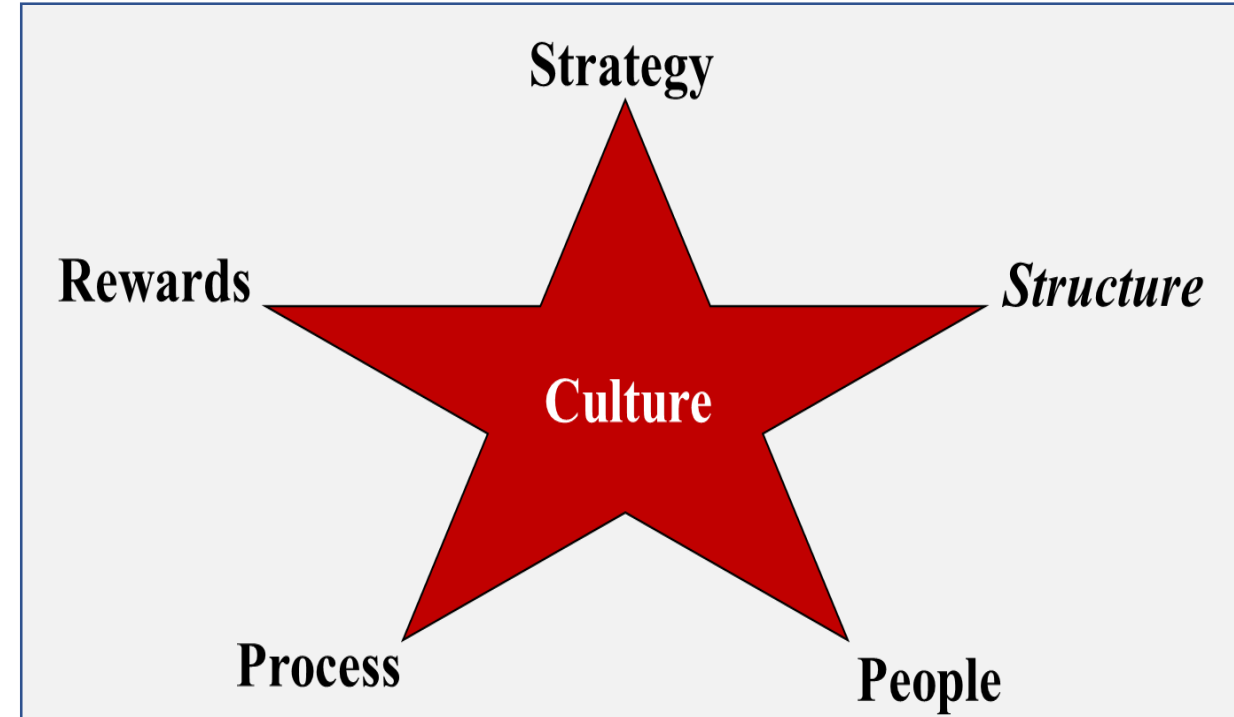
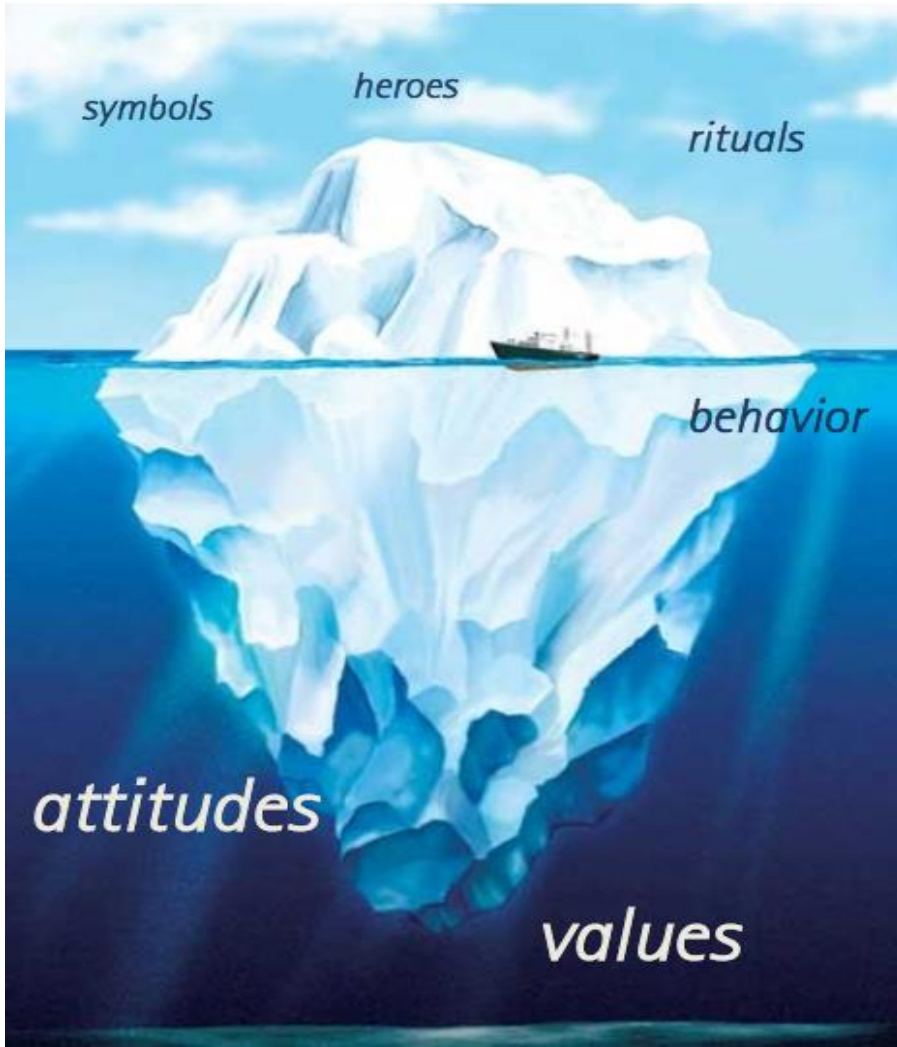
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Organization Alignment



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Organizational Alignment



Adapted from Galbraith's STAR model.

Star Model Framework

Organizational Alignment

RGA's comprehensive integration of Innovation

Strategy



- Innovation and Collaboration are core values embedded in RGA's strategy
- Client focused for client-based innovation

People



- Select talent on both technical expertise and cultural fit
- Global talent development programs share best practices globally
- Short-term International Rotation program
- Quickly mobilize talent

Structure



- Staying small and nimble is an advantage
- Highly matrixed global, local structure
- RGAX is a dedicated, global incubator for innovative ideas and solutions

Process



- Global processes and technology exist where possible
- Customization exists to meet local client or regulatory requirements

What should you focus on to improve your team's *Culture of Innovation*

Strategy



-
-

Structure



-
-

People



-
-

Process



-
-



Change Behaviors, Culture will Follow

Adopting innovative behaviors must come first

AND

Change your culture by becoming more innovative, not the other way around





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