

Putting insurers on a cloud

Having served hundreds of insurers across 35 countries, **Dr Woody Mo**, President and Chief Executive Officer of **eBaoTech**, observes that in the digital era, his customers' needs have shifted to connecting insurance with business and daily lives of consumers.

By Ann Toh



Seventeen years ago, in 2000, Dr Woody Mo founded eBaoTech Corp in a bid to Internet-enable the insurance industry. His vision was to sell cloud-based solutions to insurance companies - via a model known at that time as application services provider (ASP) - and charging a fee for every transaction made from the hosted solution without customers having to pay an upfront fee.

But the idea of developing insurance services over a cloud proved to be ahead of its time then, and insurance companies began soon after to ask for the solutions to be sold to them as software run on their in-house platforms, which typically required big IT teams to implement and operate. "So we became a software company and developed a core system business," said Dr Mo. That became eBaoTech's bread and butter for the next 15 years - and a very successful one that served some 200 insurers across 35 countries.

Fast forward 17 years later, to 2017, and the tides have turned. Today, digital insurance is the aspiration of almost every insurer as the industry clamours to enable connectivity of insurance to other business and lifestyle transactions. And so, in what seems like a "Back to the Future" moment, eBaoTech launched its cloud service - dubbed eBaoCloud - two years ago.

eBaoCloud - the periodic table of insurance

Dr Mo calls eBaoCloud the periodic

table of insurance. "eBaoCloud is a shared middleware of the industry, giving insurers access to basic insurance APIs and enabling them to connect to a mix of affinity channels, as well as with other companies' APIs such as payment systems and credit scoring. This allows insurers to very quickly meet the demand for connectivity and embed insurance products and services in a range of consumer and business websites, from travel to banking, wedding services to pet lovers' portals, for instance," he said.

Dr Mo added that eBaoCloud strives to enable an API economy that will help a traditionally conservative sector to leapfrog legacy systems that have stymied innovation, and cultivate a "fail fast, learn fast" mindset that would otherwise not have been inculcated due to the high cost of making these connections and the uncertainty of these partnerships' longevity.

And nowhere is this seismic shift more apparent than in China, which is ahead of the world in its use of "nano insurance" - the insurance of a high volume of tiny risks at rock bottom pricing. Examples include insurance cover bought by Taobao users for just US\$0.07 to cover return shipping on goods bought from Taobao.com, and nano credit insurance policies with an average premium of US\$14 per policy to insure non-payment risks so that truck drivers in China can accept jobs online from strangers readily and accelerate economic activity as well as increase

employment and labour income.

"The availability of digital data has made it viable for insurers to underwrite the risks of these small ticket insurance products as the unit cost to support such transactions is virtually zero," Dr Mo said.

eBaoCloud gains clout

Currently, 30 insurance companies in China are introducing new products, services and channels via eBaoCloud, including a leading Chinese wealth management firm that implemented in just two weeks a solution that allows its advisers to sell insurance on a smartphone and issue policies in real time. Globally, some 50 insurers, brokers/agencies and FinTech start-ups have also launched products using eBaoCloud. By June, Dr Mo expects locally licensed insurers in Thailand, Singapore, Indonesia, India, the US and Europe, to launch business transactions using eBaoCloud.

"The old practice of opening up core systems or developing many special systems to meet the connectivity demand is limiting and unsustainable. Insurers need to separate their core systems into a smaller back office layer and a much richer and dynamic middle office platform, and focus on providing an API library. We are leveraging on our deep understanding of insurance companies' internal operations and our DNA as an Internet company to enable the industry to go digital and make insurance easy," he said. ▀