

**ORGANIZATION OF INNOVATION IN THE FRENCH BANKING  
AND INSURANCE INDUSTRY**



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Sabrine Bensallam

## **ORGANIZATION OF INNOVATION IN THE FRENCH BANKING AND INSURANCE INDUSTRY**

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### **ABSTRACT**

This thematic paper has for objective to address the importance of digital and technology for companies today, in order to stay competitive and to satisfy customers. The main goal is to understand how digital innovation is an answer to this new reality; and to discern the different strategies traditional and hierarchical companies such as banks and insurance firms adopt to organize themselves around innovation. The scope of research is on 8 French banks and insurance companies, clients of Wavestone. Wavestone is a French consulting firm specialized in business and technology, for which I worked as an intern in Paris during six months in 2018.

As a research methodology, I chose to first use theories about innovation and strategies, then I looked for business cases showing how financial entities transformed themselves to make way for digital innovation. Finally, I conducted interviews inside Wavestone with consultants who have directly worked on the subject. I was then able to produce a benchmark and compare different strategies adopted by 8 important French actors around innovation. The results allowed me to put into place a framework showing different levels of innovation maturity through a classification of 8 criteria. There were three crucial findings. The first one was that corporate culture can be an important barrier to innovation. The second one was that an acculturation of all employees around innovation is a necessity for its success and maturity. The final one was that ways of working must change to make room for innovation.

**KEY WORDS:** Banking & Insurance / Digital / Innovation / Organization / Culture

73 pages

## CONTENTS

	<b>Page</b>
<b>ACKNOWLEDGEMENTS</b>	<b>ii</b>
<b>ABSTRACT</b>	<b>iii</b>
<b>LIST OF TABLES</b>	<b>vi</b>
<b>LIST OF FIGURES</b>	<b>vii</b>
<b>CHAPTER I INTRODUCTION</b>	<b>1</b>
<b>CHAPTER II LITTERATURE REVIEW</b>	<b>4</b>
2.1 Innovation	4
2.1.1 Definition	4
2.1.2 Types of innovations	7
2.2 Innovation in the French banking and insurance industry	9
2.2.1 Overview of the French banking industry	9
2.2.2 Innovation in the French banking industry	11
2.2.3 Overview of the French insurance industry	12
2.2.4 Innovation in the French insurance industry	13
2.3 Organization for innovation: introduction of a change	14
2.3.1 Obstacles to innovation	14
2.3.2 Solutions to organize around innovation	16
2.4 Change management	16
<b>CHAPTER III RESEARCH METHODOLOGY</b>	<b>19</b>
3.1 Primary data collection method	19
3.2 Interview method	19
3.2.1 Sample selection	19
3.2.2 Developing open-ended questions	20
3.2.3 Conducting the interview	21
3.3 Research framework	22
3.3.1 Creation of a framework	22
3.3.2 The framework's criteria	22

## **CONTENTS (cont.)**

	<b>Page</b>
3.3.3 Usefulness of the framework	24
<b>CHAPTER IV DATA ANALYSIS</b>	<b>25</b>
4.1 Levels of innovation maturity: creation of a framework	25
4.1.1 Business goals	25
4.1.2 Financial budget	26
4.1.3 Image & communication	26
4.1.4 Innovation organization	27
4.1.5 Corporate culture	28
4.1.6 Innovation culture	28
4.1.7 Ways of working	28
4.1.8 Human resources	29
4.2 Data summary	33
4.2.1 Company F – rating: 2.14	33
4.2.2 Company B – rating: 2.38	34
4.2.3 Company D – rating: 2.63	34
4.2.4 Company C – rating: 3.00	35
4.2.5 Company G – rating: 3.25	35
4.2.6 Company A – rating: 3.63	36
4.2.7 Company E – rating: 3.88	37
4.2.8 Company H – rating: 4.00	38
<b>CHAPTER V CONCLUSION AND RECOMMENDATIONS</b>	<b>41</b>
5.1 Conclusion	41
5.2 Recommendations	42
<b>REFERENCES</b>	<b>44</b>
<b>APPENDICES</b>	<b>47</b>
Appendix A: Wavestone presentation	48
Appendix B: List of questions asked during interviews and their answers	50
<b>BIOGRAPHY</b>	<b>73</b>

## LIST OF TABLES

<b>Table</b>	<b>Page</b>
2.1 Elements of Innovation, examples taken from “ <i>Inside real innovation: how the right approach can move ideas from R&amp;D to market – and get the economy moving</i> ”	5
2.2 Kotter’s 8 stages of strategic change cross 3 phases	17
3.1 Interviewees list – Insurance industry	20
3.2 Interviewees list – Banking industry	20
3.3 Interviewee list – Change management	20
4.1 Framework: Levels of innovation maturity in the French banking and insurance industry	31
4.2 Scorings	39
4.3 Summary of the findings and their scorings	39

## LIST OF FIGURES

<b>Figure</b>	<b>Page</b>
2.1 Boundaries of innovation creation – taken from “ <i>Inside real innovation: how the right approach can move ideas from R&amp;D to market – and get the economy moving</i> ”	5
2.2 The Iterative Innovation Model; taken from “ <i>Inside real innovation: how the right approach can move ideas from R&amp;D to market – and get the economy moving</i> ”	7
2.3 Innovation Matrix: 4 types of innovation – G. Statell	8
2.4 Distribution of the 2017 French insurance contributions	10
2.5 Distribution of the 2016 French banking net income by type of banks - ACPR source	13
2.6 Quinn and Cameron’s culture types	15



## CHAPTER I

### INTRODUCTION

This January 2019 was held like in the past 50 years the biggest innovation event in the world: The Consumer Electronics Show (CES) in Las Vegas, Nevada (United States). For three days, the most innovative companies and start-ups gather to present tomorrow's consumer technology. Many world-changing innovations were first presented there over the years, such as smartphones, connected TV, driverless car technology, and virtual reality. These innovations impact us every day in the way we interact with each other, the way we live and of course, it impacts the business world that is in charge to produce these changes.

Consumers needs and wants have shifted for the past decade, and people are more attracted to technological and digital devices that have a way to reduce time and costs, but also that are new, innovative and exciting to use. The last statistics on the global digital population show that there are 4.4 billion people actively using internet, 3.9 billion using internet on mobile only, 3.5 billion using actively social media, and 3.3 billion people using social media through mobile only (Statista, 2019). These numbers show the importance and significance of digital today, and the fact that companies must be digitalized and present online with websites, mobile apps, and so on. This is a disruption that the banking and insurance industry had to experience as well. Disruption is described as a process whereby a smaller company with fewer resources can successfully challenge established incumbent businesses (Christensen, Raynor, & McDonald, 2015).

In France, the banking industry is a traditional and hierarchical one. Banking methods were first introduced in the middle ages, and their real expansion started in the eighteenth century with the creation of first banks (Plessis, 2003). Since then, the industry became an important one for the country, with 99% of the population owning a bank account from one of the 347 banks, and contributing to 2.1% of the national added value (French Banking Federation , 2018).

The insurance industry is a traditional and significant sector as well. With its contribution model, the French insurance industry is the leading one in the European Union after the Brexit. In 2018, it generated a total income of 220 billion euros with almost 47 000 insurance establishments, and the employment of 265 000 people (Spitz, 2019). These two industries have a significant weight on a national and international scale, which is why studying their digital transformation is interesting.

Indeed, their process of digitalization knew an acceleration when new actors entered the market to disrupt it, and when the European Union decided to allow traditional institutions to be more innovative and flexible with new regulation. For the banking industry, it started with the creation and introduction of FinTechs. Born from the words “Finance” and “Technology” these start-ups have for business model to focus on one part of the financial value chain and disrupt it thanks to innovation and technology. They can then identify specific consumers needs and answer them in an innovative and digital way. Banks on the opposite work on the entire value chain, and have traditional and inflexible internal processes, that are not entirely digitalized. This first point made them accelerate their digital transformation. Secondly, the European Union realized there was a gap in innovation between traditional actors and FinTechs. In order to address it, EU released a directive called the Payment Services Directive (PSD1) in 2007, followed by the PSD2 in 2018. It aims among others to open up payment markets to new entrants leading to more competition, more choice for the consumer, and better prices; and to set a legal foundation for the development of an internal market for electronic payment within the EU. This has for consequence to lead to open banking with more innovation for digital payment services; and a better account information service with the possibility to gather all data from different bank accounts in one place (The European Parliament & The Council of The European Union , 2017).

Insurance companies are also facing a competition coming from a non-traditional actor, for which they are trying to be prepared: Amazon. The American e-commerce giant announced in 2017 its willingness to enter the French insurance market through Aviva France, a subsidiary of the English insurance company Aviva. By offering their clients the solution Amazon Pay, Aviva positions itself as the first insurance company in France to innovate its customer journey through a GAFA (Google, Apple, Facebook, Amazon). With Amazon Pay, the insurer’s clients can order

and pay rapidly by simply entering their Amazon identification and password, without having to create a new account. Both companies lean on the information stocked on Amazon accounts to create the fastest and best customer journey in home and car insurance (Cohen, 2018).

Thereby, traditional banks and insurance companies started their digital transformation with a focus on customer's experience and satisfaction to answer the threat new comers have been spreading these past years. But how does a large, structural, hierarchical, traditional, financial company, that handles national, personal and confidential data can rival with small, agile, innovative, specialized and cheaper new actors? The point on which traditional actors can react is digital innovation. It is important not to forget that those traditional actors are powerful, with large data on their consumers, their finances, and so on. Innovation is the touching point that will help them compete with the new comers; since they mostly highlight technologies such as artificial intelligence (use of chatbots), the Cloud, Internet of Things and Cybersecurity. Innovation is the answer to disruption. So, the problem that should be addressed now is to know how can banks and insurance companies organize themselves to make way for innovation? What are the elements that will ensure the success of the implementation of innovation within a company? How to accompany the change? And what makes a structure mature around innovation?

These are the topics this thematic paper will address. First, theories found on innovation, change management, and a better overview on the French banking and insurance industry will be presented as a basis for the research. Then an analysis of interviews made with specialized consultants will help go deeper on the subject with factual elements. Finally, a consolidation of the research will be made, and conclusions and recommendations will be drawn.

## **CHAPTER II**

### **LITTERATURE REVIEW**

This chapter has for objective to theorize on digital innovation and the organization financial companies can undertake around it. A first part will be dedicated to the in-depth study of innovation in the banking and insurance industry, with the use of academic research as a literature review. A second part will focus on the possible obstacles and their solutions a financial entity can encounter when organizing around innovation through a market research. This will be used as a conceptual framework. Finally, a third part will be used to study how this new organization will need to be accompanied with some change management.

#### **2.1 Innovation**

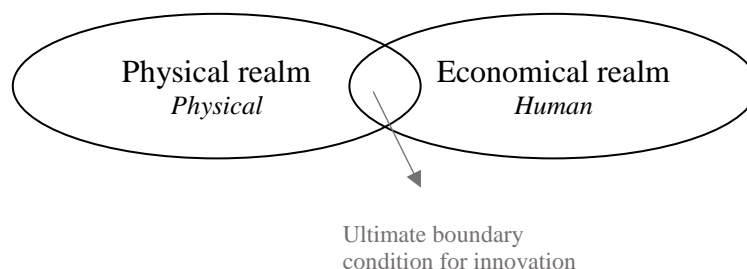
##### **2.1.1 Definition**

Innovation is defined as the embodiment of a useful idea in the market place. It must be distinguished from invention that is a working prototype that does not have value on the market place. Innovation produces on the contrary value on the market place and is a solution of two realms: physical and economical realms (Fitzgerald, Wankerl, & Schramm, 2010).

The physical one refers to the physical reality of the universe, and all its laws, such as the technical limits or the practicality. Ignoring them will lead to a failure of innovation. For instance, the laws of time or gravity should not be overlooked, and their ignorance cannot lead to a proper innovation.

The economical one refers to the human interaction, the relationships and the expectations. This realm is fundamental for the success of an innovation as well. Overlooking the costs, types of users or the demands while building an innovation will

end up in a failure. For an innovation to succeed, it needs to take into account both realities.



**Figure 2.1** Boundaries of innovation creation – taken from *“Inside real innovation: how the right approach can move ideas from R&D to market – and get the economy moving”*

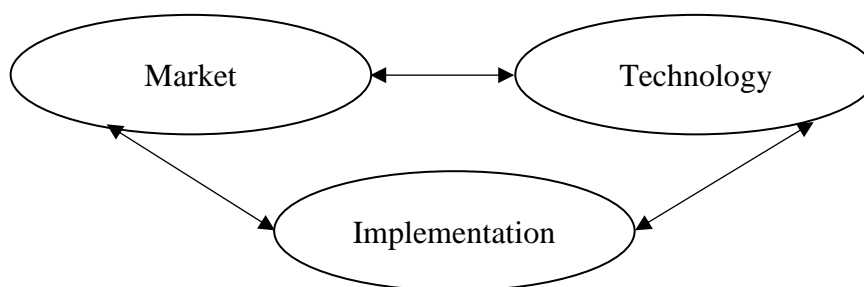
The authors divide the physical realm into two categories: Technology and Implementation. The human one is split into Market and Implementation. The components of each are not limited, but here are some fundamental examples.

**Table 2.1** Elements of Innovation, examples taken from *“Inside real innovation: how the right approach can move ideas from R&D to market – and get the economy moving”*

Physical Realm	
Technology	Implementation
Science	Industry
Technology	Intellectual property
Invention	Geography
Human Realm	
Market	Implementation
Use	Cost
Buyer’s surplus	Business Model
Price	Strategy
Want	

Those elements are ones that compose innovation. For instance, “Geography” will be a differentiating factor, as the way to introduce an innovation in China will not be the same as in the US. Laws and regulations are different in both countries and they must be considered. The “Wants” must also be considered additionally to the market demand. The consumers *wants* are usually expressed as a “wish” while the demand is an actual willingness to buy an existing product or service. It is the role of innovators to be listening to the wants and try to create them through an actual embodiment of the idea. For example, there was an important demand for Apple’s computers as they were light, fast, with a good design and so on. However, the company did not stop there, and created the iPad by listening to the desire of consumers to always get a lighter and faster device.

This theory on innovation concludes with the iterative innovation model and the following idea: technology, through implementation, tries to get into the market place. As innovation is composed of the three elements technology, implementation and market; the dynamic model shows how an innovation is created. For instance, taking the examples listed in the table above, an innovation will be created thanks to a technology, then will be implemented in the right industry thanks to intellectual property and the choosing of the adequate localisation. After establishing a proper strategy and the costs to the innovation that will target the right consumers, it will be introduced to the market with a specific price, with the goal to create a buyer’s surplus. This means that the buyers will be the ones to enjoy the innovation and get the most added value from it, not the seller.



**Figure 2.2 The Iterative Innovation Model; taken from “*Inside real innovation: how the right approach can move ideas from R&D to market – and get the economy moving*”**

### 2.1.2 Types of innovation

As the trend nowadays is on digitalizing and improving the customer experience, most companies innovate around it. However, there are different types of innovation that can solve different problems.

Greg Satell, author of the book “*Mapping Innovation: A Playbook for Navigating a Disruptive Age*” (2017) wrote an article for the Harvard Business Review in which he lists the different types of innovation there is (Satell, 2017). To do so, he went from one conclusion that challenges all the ones found until now for the writing of this paper: establishing an innovation strategy will in the long run end in failure. Indeed, as he states, innovation is at its core about solving problems, and through the years, the problems change (especially with technology) and so should the innovation strategy. Which is why there should not be only one long term strategy, nor there is one “true path” to innovation. In his views, innovation should be treated as other business disciplines: “a set of tools that are designed to accomplish specific objectives”. He then designed the following matrix to help identify the right innovation that goes with the identified problem by answering two questions:

- How well can we identify the problem?
- How well can we define the skill domain(s) needed to solve it?

<b>HOW WELL IS THE PROBLEM DEFINED?</b>	<b>Well</b>	<b>Breakthrough Innovation</b>	<b>Sustaining Innovation</b>
		Mavericks <sup>1</sup> Skunk Works <sup>2</sup> Open Innovation / Prizes	Road Mapping R&D Labs Design Thinking Acquisitions
	<b>Not Well</b>	<b>Basic Research</b>	<b>Disruptive innovation</b>
		Research Divisions Academic Partnerships Journal and conferences	VC Model Innovation Labs 15%/20% Rule Lean Launchpad
		<b>Not Well</b>	<b>Well</b>
		<b>HOW WELL IS THE DOMAIN DEFINED?</b>	

**Figure 2.3 Innovation Matrix: 4 types of innovation – G. Satell**

#### 2.1.2.1 Sustaining innovation

This type of innovation is the most common one, as it is used to improve current capabilities in existing markets. Problems are well identified, as are the skill domains needed to solve them. Conventional strategies are then used for this type of innovation, such as strategic road mapping, research and development labs or acquisition of entities to bring new resources and distinctive capabilities into the organization.

#### 2.1.2.2 Breakthrough innovation

This innovation happens when there is a well-defined problem, but the skills needed to solve it are not. The best way here is to make people from different backgrounds and domains collaborate and work together towards the problem and solve it with open innovation.

#### 2.1.2.3 Disruptive innovation

Disruptive innovation happens when the skill domains needed are well identified, but the problem to solve is not. This specific concept of innovation has been developed by

<sup>1</sup> A person who thinks and acts differently from the usual way (Dictionary, Maverick definition)

<sup>2</sup> A small department that is allowed to operate outside the normal procedures and systems of a company so that it has the freedom to develop new ideas, products etc. (Cambridge Dictionary)



Harvard professor Clayton Christensen. He discovered that sometimes, keeping on innovating is not a solution. Because of technological shifts or other changes that can occur on a market, the basis of competition changes and so do the consumers expectations. So, in some situations, a company can be innovating in products that consumers might want less. In this case, the business model is the one that needs to be innovated. The use of business model canvas or value proposition canvas are very helpful in this scenario. (Christensen's *The Innovator's Dilemma* (As cited in Satell, 2017)).

#### 2.1.2.4 Basic Research

In this situation, there is no particular problem to solve, nor a skilled resource identified. Large companies that have funds can decide to invest in research until a discovery is made. This is the case of Google who invites every year 30 top researchers to spend a sabbatical year inside the company. This helps them stay constantly innovative and on top of research. As for smaller companies, they can decide to partner with universities, benefit from governmental funds in programs and so on.

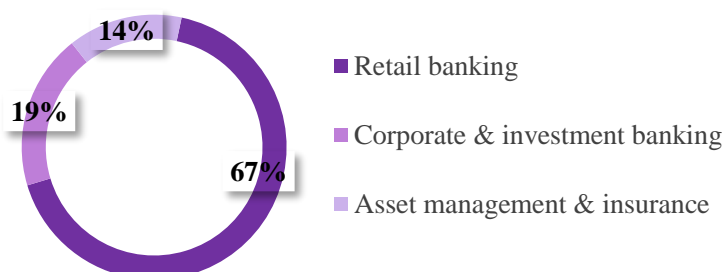
After having defined innovation and identified the different types there is, let's have a look on how it is present in France. An overview of both banking and insurance industries will first be made, followed by a summary on how innovation takes place today within those historical French sectors.

## **2.2 Innovation in the French banking and insurance industry**

### **2.2.1 Overview of the French banking industry**

The French Financial and Monetary Code defines banks in its L.511-1 article as entities which activity consists in receiving refundable funds from the public, and in granting loans (French Financial & Monetary Code, 2015). Also called loan establishments, they are qualified as regular banks, cooperative banks, mutual benefit banks, loan specialist establishments, or public loan banks (article L.511-9) (French Financial & Monetary Code, 2014). In 2016, the French net banking income was divided

between 3 types of banks: retail banking, corporate and investment banking, and asset management and insurance (French Banking Federation, 2018).



**Figure 2.4 Distribution of the 2016 French banking net income by type of banks - ACPR source**

Retail banking, also called « consumer banking » or « personal banking », is the visible face of banking to the general public. It is the division of a bank that deals directly with retail customers. Services offered include savings and checking accounts, mortgages, personal loans, debit/credit cards and certificates of deposit. Corporate & investment banking is the segment of banks that deals with corporate and business clients, from small and mid-sized companies to large multinationals. A wide range of products and services is also offered to them (Investopedia, 2019). Asset management and insurance refers to the active management of an investor's portfolio by a financial service company. This service requires minimum investment, and it will usually be for high net-worth individuals, government entities, corporations and financial intermediaries. The goal is to determine what investments to make or avoid, that will grow a client's portfolio (Investopedia, 2019).

According to the French Banking Federation (FBF), the banking industry is one of France's strength, competitive advantage, and the financing of its economy. With 4 banks ranked among the euro zone's top 9 and the world's 20 largest banks by balance sheet assets, French banks are leaders in Europe and across the world. They represent 7.7 billion euros in assets on consolidated basis and the third of the European Central Bank (ECB) balance sheet. Indeed, in its 2018 annual report on the industry, FBF reported that banks finance 60% of the French economy, compared to 30% in the United States of America. At the end of 2017, corporate loans represented 965 billion euros

growing at an annual rate of +6.2%, the best performance in the euro zone. Alongside, household loans represented 1,160 billion euros (+6.5% in a year) (French Banking Federation, 2018). However, since the 2000s, the industry landscape started to change, with the emergence of new actors due to internet and the democratization of digital: online banks and neobanks. These actors use new technology to create a new business model in retail banking, making innovation a priority for all.

### **2.2.2 Innovation in the French banking industry**

Online banks base themselves on internet to offer the same services in retail as traditional actors. They do not own any agencies, and most of interactions are made online. Neobanks choose to use mobile applications to offer their services and to interact with clients. They sometimes own a webpage as well. Today, 6.5% of the French population is a client of these digital banks, and a third of them was conquered in 2017. Thanks to their commercial dynamism and strong marketing, digital banks are now targeting a large public instead of a minority like at their beginning.

ACPR<sup>3</sup> conducted a study in 2018 on the business model of 12 online banks and neobanks located in France. Many of them seemed to be integrated to large banking groups, even though their functioning remained separated and different. It appeared that mobile apps are mostly used for day-to-day operations or to look up the bank account. For any information or difficulties, clients have access to the customer service through phone, mail or chat. ACPR found out that even though most operations are made online and in distance, some can be done face to face when they are complicated. For instance, online banks clients have access to traditional banks' network agencies for some operations. *Hello Bank* clients (an online bank) can make their cash deposit in *BNP Paribas* agencies, since this multinational bank owns *Hello Bank*. Digital banks are very innovative as they have a lack in profitability and competing against established multinational and leading banks is complicated. Which is why they bet on the use of technology to make clients autonomous and limit human intervention. When they are

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<sup>3</sup> ACPR is the official French organization in charge of supervising the country's banking and insurance industry by insuring a financial stability and the consumers' protection. It is attached to the Bank of France.

owned by traditional banks, they can act as their innovation lab and lead to important transformations (ACPR, 2018).

As for traditional banks, the French Banking Federation believes that innovation is « part of banks DNA ». They have been using new technology and internet for many years now to offer digital services in everyday banking service such as checking the account online, making online payments or transfers. On top of that, banks are innovative in the payment methods, with for instance more than 63% of bank cards being contactless-enabled. Finally, in order to improve client experience, French banks are very active in the FinTech sector, and choose to work with them, partner with them, finance or own them. This closeness to FinTechs allows banks to be constantly innovative and develop the financial ecosystem in a digital way (French Banking Federation, 2017).

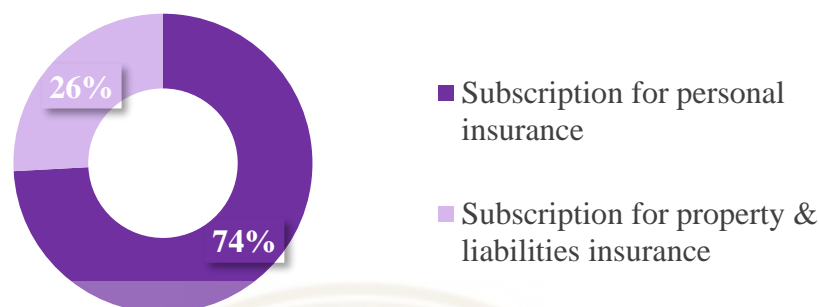
### **2.2.3 Overview of the French insurance industry**

In the eyes of the French law, the insurance activity regroups two main actors, the insurer and the insured. The insurer is an organization authorized by the Ministry of Finance to practice the activity, that engage itself through an insurance contract (that is uncertain) to cover the insured with an « insurance premium » (a sum of money) for a certain category of predetermined risks in the contract. The insured can be a person, or a group of people previously identified in the insurance contract, for whom the cover will apply (Juritravail, s.d.).

The French Insurance Federation (FIF) identifies two main types of insurance activities that are made through subscription: personal insurance and property & liability insurance. Personal insurance includes categories of life & capitalization, and health & personal accident. Property & liability insurance applies for private individuals and professionals. The industry also knows two other types of activities that are the financial insurance activity and the French insurance activity at the international stage. This overview will only focus on the insurance made through subscription.

According to the 2017 FIF report on the sector, the French insurance industry generated a total of 211.6 billion of euros of subscriptions and knew a moderate growth of 1.4% in GDP value compared to 2016. The increase is stronger for the

property & liability insurance (+2.3%) than the personal one (+1.1%) (French Insurance Federation, 2017).



**Figure 2.5 Distribution of the 2017 French insurance contributions**

#### **2.2.4 Innovation in the French insurance industry**

The insurance industry knows digital changes as well and is adapting to disruption made by new comers and new client needs. InsurTech for instance are making their way in the French insurance industry. Developed by FinTechs, these start-ups are using new technology to disrupt insurance and offer new online insurance contracts to customers (L'assurance en mouvement, 2019). To counter these new actors, insurance companies are counting on the use of innovation and new technology and offer the best and fastest service to their customers. By using for example big data with algorithms insurers can now predict the consumer's behaviour thanks to the analysis of millions of data, instead of managing their historical portfolio. By being able to do so, traditional insurance companies can offer the best contract to their customers and identify in advance the possible risks (Usine nouvelle, 2019).

Innovation is at the heart of traditional environments that are the banking and insurance industry. Old institutions are transforming themselves to deal with new comers and consumers needs. But organizing for innovation represents a change and a challenge that incumbents must undertake to survive in the long run.

## **2.3 Organization for innovation: introduction of a change**

Organizing for innovation is not an easy path. Like any restructuring, it needs a lot of support, especially from the top management. The “sponsors” as they are called, need to be the first ones to support the movement as they initiate it, and show others the right path. However, organizing for innovation means changing some habits and ways of working which can be difficult to do, especially when the people do not feel concerned by the change. Which is why accompanying the change is a key to success in organizing banks and insurance companies around innovation.

### **2.3.1 Obstacles to innovation**

In their market research about how to organize for digital financial innovation, Forrester (research centre) found out there was not a generic or one-size-fits strategy to organize around innovation. Each company should organize depending on the problems and goals it has. There are nevertheless some obstacles they usually face (Roizen & Berdak, 2015)<sup>4</sup>.

The first obstacle is structural. Financial institutions are traditional, hierarchical, old structures with inflexible departments and siloed products. Their industry knows many state regulations and is controlled by specific entities. Changing or innovating in this setting is difficult.

The second one is cultural. As financial institutions are old, there are many unwritten rules that shape the industry. Its culture is particular: things are done in a certain way, and “thinking outside the box” is not in the customs. There is also a belief that is taught in this industry: innovation is the role of innovators only.

The third one is procedural. The internal policies usually do not encourage cross-functions collaborations or creativity and reward the siloed work.

#### **Focus on culture**

Corporate culture is defined as an ensemble of attitudes, values, behavioural norms and convictions shared by the members of an organization. It is not made explicit and perceived consciously but remains largely implicit and unconscious. It is however embodied in organizational norms, rules, standard operating procedures and norms.

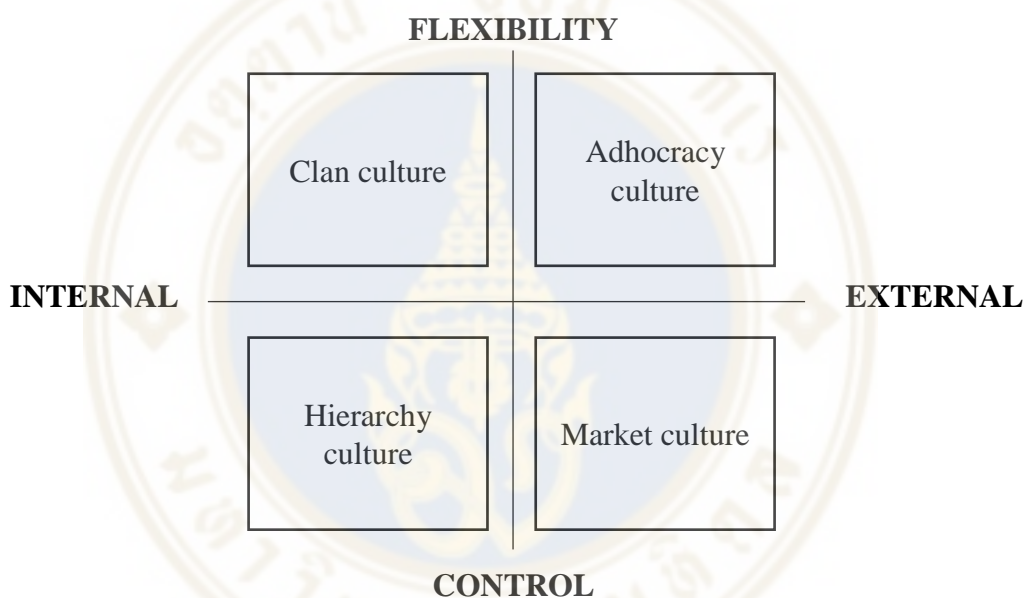
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<sup>4</sup> Forrester article “How to organize for digital financial innovation” (2015)

Before the 1980's this concept was left aside by scientists in their research because values were considered "self-evident". Robert Quinn and Kim Cameron, professors at the University of Michigan developed then a typology of corporate culture based on a set of values. According to their Competing Value framework, organizational cultures differ on two sets of opposite values:

- Valuing flexibility and discretion vs. stability, order and control
- Valuing internal affairs vs. emphasis on the external environment

They divided into four categories the types of cultures possible: clan culture, adhocracy culture, hierarchy culture, market culture.



**Figure 2.6** Quinn and Cameron's organizational culture types

In their framework, the vertical axis opposes flexibility to control. On the horizontal one, internal orientation is set against external orientation. According to this framework, banks and insurance companies have a hierarchy culture as procedures and formal rules shape the industry, with a structured work environment and formal rules and policies to hold the organizations together.

In sum, the three obstacles exposed are by essence the contrary of what innovation needs to succeed. Which is why organizing for innovation in the banking and insurance industry is a challenge; a challenge that most of companies understood was necessary to accept now there are many new actors that are acquiring more parts of the

market thanks to innovative methods, products or services. Forrester identified some solutions to the above obstacles.

### **2.3.2 Solutions to organize around innovation**

For the research centre, innovation can only work if it is embedded in the core business strategy of the entity. There are three entries that lead to a successful organization around innovation. The first and fundamental one is the support of the top management. The second one is the attribution of a budget; and the third one is a culture that allows innovation. Three scenarios are then possible (Roizen & Berdak, 2015)<sup>5</sup>.

In the first one, only the first entry is open, but the two others are closed. The best solution is to use an external structure for innovation since structural obstacles are strong. That way, all cultural believes that usually limit innovation will be avoided. The externalization and creation of a dedicated entity will allow to have flexibility, creativity, cross-function work and multi-skilled teams.

In the second scenario, the first two entries are open, but the third one is not. Structural obstacles are important, but the culture is open to innovation. In this situation, it is suggested to use a dedicated internal team. The top management can decide to create an innovation team, that will be flexible and autonomous.

The third scenario is the optimal one, where all entries are open and there are no more or few barriers to innovation. It is present everywhere in the company and every employee feel concerned by the need to innovate.

Nonetheless, making the change happen can be difficult and it needs to be accompanied by some change management.

## **2.4 Change management**

Change is a shift in an external situation. People then go through a transition, which is the internal process to come in terms with the change. The change must happen first, so the people can to do their internal transition in a second part. An organizational

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<sup>5</sup> Forrester article “How to organize for digital financial innovation” (2015)



change is not an easy process, and its success is fundamental. Having a change strategy will help accompany the change and monitor the results.

John Kotter, professor at Harvard Business school and leading expert in the domain identified eight steps to deal with organizational change, that he then regrouped into three phases (Kotter, 2012).

**Table 2.2 Kotter's 8 stages of strategic change across 3 phases**

<b>Adopt</b>
<ol style="list-style-type: none"> <li>1. Increase urgency</li> <li>2. Build guiding teams</li> <li>3. Get the vision right</li> </ol>
<b>Implement</b>
<ol style="list-style-type: none"> <li>4. Communication for buy-in</li> <li>5. Enable action</li> <li>6. Create short-term wins</li> </ol>
<b>Institutionalize</b>
<ol style="list-style-type: none"> <li>7. Don't let up</li> <li>8. Make it stick</li> </ol>

### **Phase 1: Adopt**

The objective of this phase is to adopt the change by going through three stages: increasing the sense of urgency, building guiding teams and getting the vision right. Setting goals and timeframe at the beginning of a change, with the organization of discussions and workshops with employees help create a sense of urgency. Then internal guiding teams should be created with members that understand and approve the change. These teams will guide others who are not convinced or are resistant to change. The fact that they are internal helps building trust and influence upon the company. The third stage consists in the creation a new vision and strategy. The vision must be linked to the current core values and needs to clarify the company's future. Its goal is to inspire people.

### **Phase 2: Implement**

After succeeding in making employees of an organization accept and adopt the change, the next step is to implement it through a communication, an empowerment of the people, and the creation of short-term wins. Communicating the new vision as much as possible is recommended. A first communication comes from the top down, where everyone is made aware of the change, either through meetings, newsletters, and so on. Human Resources must be involved in the process. Afterwards, empowering people and enabling them to act by changing structures and eliminating the hierarchical ones is the next stage. This gives them confidence, trust, and motivation for their work. Finally, creating and rewarding short-term “wins” is necessary. Celebrating the advancement and rewarding the success of a project shows to everyone that the change is working and is a positive improvement. It helps decrease the impact of resisters and lead the majority to adopt the change.

### **Phase 3: Institutionalize**

When the change implementation is done, it is time to institutionalize it. It means to establish something as a convention or norm in an organization or culture (Oxford Dictionary, s.d.). Which is why the last two stages are consolidation & adjustment and anchoring the change. Gradually, the strategy chosen to implement the change needs to be reviewed and adjusted to the results and people’s feedbacks. Hiring new employees at the end of the process in order to train them with the new culture enables to avoid dealing with other transitions. Finally, the last stage consists in anchoring the changes in the corporate culture. Making the change stick is fundamental for the future of the company, which comes from having a strong corporate culture.

Through this chapter was exposed the theories that helped in the making of this thematic paper. They will be used in the analysis in chapter 4 to compare the research made in French major banks and insurances companies for their organization around innovation.

## **CHAPTER III**

### **RESEARCH METHODOLOGY**

The goal of this thematic paper is to know how traditional actors of the French banking and insurance industry organize themselves around innovation. As seen previously, it has been an important subject for the past years, still is today and will be for the next years. Below is exposed how the data that composes the analysis part was collected.

#### **3.1 Primary Data Collection Method**

The method chosen to collect concrete data on the subject is the in-depth qualitative interview. As an intern in Wavestone, a French consulting firm leader in the French and European market; it was an opportunity to be able to have access to people's work experience. Since it is the role of consultants to accompany clients in their digital transformation, their knowledge and work experience are a valuable source of information. Which is why the interview method seemed to be the best way to get concrete data and compare it through a benchmark.

#### **3.2 Interview Method**

##### **3.2.1 Sample selection**

To be able to conduct the benchmark on the strategies Wavestone's clients used to organize around innovation, interviews have been conducted with different actors who worked on the subject. After meeting with a Partner of the consulting firm, eight actors from different practices (departments) were identified and interviewed. Seven worked directly on organizing innovation in banks and insurance companies, and

one oversight accompanying the change in different industries. Below is the detailed list of the interviewees.

**Table 3.1 Interviewees list – insurance industry**

Insurance Industry				
Interviewee	Position	Practice/dept.	Gender	Client
1	Senior Manager	DIS <sup>6</sup>	Male	Company A
2	Account Manager	FS <sup>7</sup>	Female	Company B Company C

**Table 3.2 Interviewees list – banking industry**

Banking Industry				
Interviewee	Position	Practice/dept.	Gender	Client
3	Senior Consultant	DET <sup>8</sup>	Female	Company D
4	Senior Consultant	FS	Female	Company E
5	Manager	IDA <sup>9</sup>	Female	Company F
6	Manager	FS	Male	Company G
7	Senior Manager	DET	Male	Company H

**Table 3.3 Interviewee list – change management**

Multi Industry				
Interviewee	Position	Practice/dept.	Gender	Client
8	Senior Manager	PPC <sup>10</sup>	Female	-

### 3.2.2 Developing open ended-questions

To prepare the questions to ask during interviews, I searched for business cases exposing how some international banks reorganized themselves around

<sup>6</sup> DIS: Digital & IT Strategy

<sup>7</sup> FS: Financial Services

<sup>8</sup> DET: Digital & Emerging Technologies

<sup>9</sup> IDA: IT & Data Architecture

<sup>10</sup> PPC: People & Change

innovation. Indeed, Wavestone has its own research centre called the *RKC (Research and Knowledge Centre)*, that has access to business related articles, bought from worldwide research centres (Forrester, Gartner). Through a demand on the intranet, a Forrester article was sent for the benchmark purpose (Roizen & Berdak, 2015). The findings were used to prepare the interview questions on innovation and formed a first basis to challenge the actors.

Interviews made were semi-structured ones. A set of topics and questions were identified beforehand to structure the discussion, but the exchange remained open (see appendix B). The interview process was divided into two steps. First, interviewees 2, 5, 6, 8 were asked open questions on the basis of theory and the idea made on how financial entities organize themselves. These interviewees were the first ones to accept the meetings proposed, so the questions had to be open and lead for discussion on the actors' work experience on innovation. The goal was to let the interviewee tell his or her story in order to collect as much data as possible. Then the findings of these four interviews were consolidated, and common criteria were starting to be identified, as they appeared in all discussions. In the second set of interviews, questions were also opened, and the story-telling was still the priority. Nonetheless, the interviews were more driven with the goal to identify more criteria leading to the maturity of an organization around innovation, and on testing if the ones already found were impacting companies as well.

### **3.2.3 Conducting the interview**

A total of eight companies' strategies and data were collected through the interviews. Five from the banking industry, three from the insurance one. All actors were very cooperative and accepted to share their experience and points of view through a 30-minute or 45-minutes interview. All interviews were individual and concerned the company client for which they worked for or are in charge of (for account managers). Out of the eight interviews, three were made through phone calls and the rest were made face-to-face. The change management interview was particular as it was not a focus on the banking and insurance industry only. The feedbacks and answers were cross-industries.

During interviews, the answers of the interviewee on the question asked was used to lead the next one, especially when the answer given was new or intriguing.

Whenever the actor interviewed seemed not to understand the question asked or the idea behind it, examples and suggestions were made to clarify the situation. Finally, in order to verify if the idea explained by the interviewee was well understood, it was reformulated in the interviewer's own words for the actor to validate or re-clarify.

### **3.3 Research framework**

#### **3.3.1 Creation of a framework**

As previously stated, a total of 8 criteria were emphasized during the interviews. I identified 4 levels of maturity based on the outputs for each of them, from the lowest to the highest level. The methodology used then was to qualify all 4 levels for all 8 criteria in order to have a basis on which I could compare the findings and regroup them into a framework. This framework was then used as a reference to compare companies and to decide at which level of innovation maturity they are. Finally, to go a step forward, I attributed scorings corresponding to their level of maturity: if the criterion was arbitrated as a level 3 for instance, a scoring of 3 was given to the company. And the same reasoning was applied to the other levels. The final total rating corresponds to a mean of all 8 scorings. No criterion was highlighted with a higher weight in the mean calculation, they all have the same weight.

#### **3.3.2 The framework's criteria**

The first criterion of the framework is about business goals. They are goals of a company's strategy, that is defined as "setting the patterns of purposes, policies, programs, actions, decisions, or resource allocation that define what an organization is, what it does, and why it does it" (Bryson, 1995). I chose this first criterion to see if innovation is clearly a part of a company's current concerns, which would mean that there are action plans towards it.

The second criterion is the budget. It is defined as an amount of money a person or organization have available to spend (Cambridge Dictionary, n.d.). Forrester article helped to determine this criterion. Granting a budget to innovation is a proof of a real consideration of the subject, not just a goal.

The third criterion is image and communication. No specific literature has been used to determine this criterion. It was a subject that was discussed many times with interviewees. Communicating that the company works toward innovation gives it a younger and modern image.

The fourth one is innovation organization. How to organize around innovation is an important subject in the Forrester article, and companies organize themselves differently: they can centralize it when they are not mature on the subject, have it present on a bigger scale, or completely decentralize it. When it is decentralized, it means that every employee is concerned by innovation, opposite to when it is centralized with experts only (Roizen & Berdak, 2015).

The fifth criterion is corporate culture. It is defined as an ensemble of attitudes, values, behavioural norms and convictions shared by the members of an organization. As the Forrester article stated, corporate culture can be a real barrier to innovation. Examining if the culture is flexible to change and open to innovation seems like an important criterion to determine the maturity in the organization for innovation.

The sixth criterion chosen is innovation culture. It goes hand in hand with the corporate one. It has for aim to evaluate the importance of innovation within an institution. If it is, we can assume that new attitudes, values, behavioural norms and convictions turned towards innovation and its importance will appear and will grow with time and successes. No specific literature has been used to determine this criterion.

The seventh one is about the ways of working. Since innovation is a synonym to newness and making things differently, the ways of working must change as well. Assessing this criterion through project work is a choice made thanks to the interviews, and to my knowledge about agility in IT projects learned during the internship.

The last and final criterion is human resources. It is also a criterion developed and identified through interviews and no specific literature has been used. It has for goal to know if a company can recruit the right talents that will answer its needs in innovation and digital; and its capacity to retain those talents since they are at the source of new ideas.

### 3.3.3 Usefulness of the framework

The theory found on the subject, the research market and the interviews data were consolidated and summarized for this thematic paper; but for Wavestone's benefit as well. The benchmark and framework will be given to the consulting firm who will diffuse it to the Digital & IT practice. The objective will be to help consultants who will be working for the first time on this subject and unique industry by giving them a tool to direct them during their mission.





## **CHAPTER IV**

### **DATA ANALYSIS**

A benchmark is a standard or point of reference against which things may be compared (Oxford Dictionary, s.d.). It was chosen to compare the data collected during interviews with different criteria identified, so that conclusions could be drawn. The findings collected from the eight interviews are presented in this chapter, as well as their analysis.

#### **4.1 Levels of innovation maturity: creation of a framework**

As a benchmark only makes sense if points of references are defined in advance, eight criteria were identified as a basis of comparison. During the data consolidation, it appeared that there were key determining factors to the organization of innovation in the banking and insurance industry. Each client company interviewed had its own strategy and views about it, but some were more advanced in their organization than others. Which is why I decided to put into place different levels of maturity to organize around innovation. Based on the findings, each identified criterion knows four levels of innovation maturity. In this section, the eight criteria will be presented and explained, so they can be well understood for the comparison of all eight companies in the next part.

##### **4.1.1 Business goals**

The first criterion identified around innovation maturity is the business goals. Here, we are trying to see if innovation is part of the corporate strategy, which will state in an official way that innovation is a priority, and a long-term objective important to achieve. Below are the four maturity levels identified for this criterion, from the lowest to the highest level.

**Level 1:** the company is aware of the importance of innovation and it is a future objective to achieve

**Level 2:** Innovation is at the heart of present and future objectives

**Level 3:** Innovation is a strategic objective, clearly defined

**Level 4:** Innovation is a pillar for growth, and frames the corporate strategy

#### **4.1.2 Financial budget**

This second criterion helps determine if there is a specific budget dedicated to innovation. Having a budget helps first recognising the willingness to innovate as it must be spent, and second, it helps go deeper on new projects and ideas. The four levels identified are as follow, from the lowest to the highest level.

**Level 1:** There is no budget dedicated to innovation

**Level 2:** There is a budget, given to the innovation team only

**Level 3:** There is a dedicated budget, managed autonomously by different teams or entities that innovate

**Level 4:** There is a dedicated budget, managed autonomously by a large majority of teams and entities. There is also the existence of internal or external investment funds. The amount of those funds is usually important and can be millions of euros. They are used to invest in start-ups with high potential (external); or they can be used to launch internal start-ups by forming teams inside the company that will be working on a unique project instead of their usual employment (internal).

#### **4.1.3 Image & communication**

This third criterion have for goal to know if there is any communication done by the company around innovation. If so, what image does it have, and is it well controlled and positive? What are the communication tools the company uses? And so on. The four levels of maturity are as follow, from the lowest to the highest level.

**Level 1:** There is no communication done around innovation

**Level 2:** An internal communication is done through the company, promoting innovation with videos and written articles, storytelling, motivational speech etc.

**Level 3:** There is both an internal and external communication done around innovation. It is promoted on the company's website, mobile app, social media, on top of the internal ways exposed in the previous level. Demonstrations of new innovations are done, and hackathons<sup>11</sup> are organized by the company.

**Level 4:** An important marketing strategy is deployed, and the company benefits from a recognized image as an innovator, with its participation at innovation exhibitions, intervention of qualified employees to speak up in universities, conferences and so on.

#### 4.1.4 Innovation organization

This fourth criterion was developed to know at which level of the company innovation is located. Does it have an important place at the corporate level or not? Is everyone in the company made aware of its existence? And is it easy for an employee to have access or be in touch with the dedicated team? Here are the four levels elaborated on the subject, from the lowest to the highest.

**Level 1:** There is no dedicated innovation team in the organization

**Level 2:** There is a small IT team dedicated to innovation that does active technological and innovation watch for the account of the whole company

**Level 3:** Centralization of innovation inside an entity dedicated to digital, data, and consumer experience for example. This allows different teams to be able to work together and achieve objectives. As consumer experience is one of the most important priorities for companies today, bringing teams closer will allow collaboration and faster innovative results. However, whenever there is a centralization of a subject, it is because the company is not 100% mature on it and there is a need of team work.

**Level 4:** In this optimal level, every actor in the company feels concerned by innovation, and works whenever it is possible on it. Each one contributes and brings newness into the company. For more freedom on innovation and to banish all barriers coming from the banking and insurance industry, a company can decide to create a dedicated subsidiary, where all employee will be working on technology and innovation,

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<sup>11</sup> Hackathon: An event, typically lasting several days, in which a large number of people meet to engage in collaborative computer programming (Oxford Dictionary)

almost as a start-up. Then the mother company can benefit from the findings and results of the researches.

#### **4.1.5 Corporate culture**

This fifth criterion has for objective to measure the importance of the corporate culture and see how it can influence the development of innovation inside its structure. As seen earlier, a company culture can be very difficult to overcome, which is partly due to the industry itself. Below are the four levels of innovation classified by maturity.

**Level 1:** Strong historical culture, with employees that are resistant to change

**Level 2:** Culture that makes a company half resistant to change, half flexible

**Level 3:** Culture flexible and open to change, but some cultural barriers remain

**Level 4:** Few barriers to change, the culture is understood and adopted by all

#### **4.1.6 Innovation culture**

The sixth criterion put into place is innovation culture. It was selected in order to see if there was a subculture for innovation. As we consider with this framework an organization to be mature around innovation when it is part of the global strategy, and when it is carried by every member; there should be a development of innovation culture. Let's analyse the different types of innovation culture there may be.

**Level 1:** There is no culture of innovation

**Level 2:** Culture carried by the innovation team members only

**Level 3:** Culture shared by different entities but there is resistance to change by some employees

**Level 4:** Cultural integration to innovation is complete on the company scale

#### **4.1.7 Ways of working**

The seventh criterion focuses on working methods. As innovation is by essence about newness, the ways of working should change as well and be flexible to

lead to creativity, collaboration and efficient fast team work. Here are the four levels elaborated on the subject, from the lowest to the highest.

**Level 1:** Classical work methods and V-Model project management are used. IT employees follow a long and traditional way of working where the project testing comes at the end. In the mid-time, the needs of consumers might have changed, and the product or services in developing progress with the V-Model might be outdated.

**Level 2:** The innovative team works in agile mode while the rest of the company uses classical and traditional work methods. This type of project management allows the team to be quick in its development and testing, by releasing several sprints of the product.

**Level 3:** Agile is appropriated at different part of the company, but not at scale. Cross-function teams are formed, with multi-skilled employees which allows the consolidation of different points of views, ideas and knowledge exchange.

**Level 4:** “Innovation first”: innovation is a priority, and all employees are aware of it. They can stop their ‘normal’ job and dedicate themselves to an internal project with the formation of a start-up thanks to the investment fund available. Another possibility is to work as an intrapreneur: without leaving the regular work position, a person can manage his or her team and projects as if it was his or her company, and act as an entrepreneur inside the organization. Finally, agile project management is adopted at the scale of the company. There is a rupture with hierarchy and traditional management.

#### **4.1.8 Human resources**

This eighth and last criterion focus on the human side. As employees make the essential of a company, their recruitment and loyalty are crucial. That is even more true with innovation and digital technology. Specialists such as data scientists, machine learning experts and others are rare resources and their recruitment is fundamental to create and maintain a high level of innovation. Also, these resources usually prefer working directly in start-ups where they will be free, and no rules will be set on them such as a dress code and so on. This criterion helps then to see if a bank or insurance company knows how to recruit and keep its “innovation” employees. Here are the four levels identified.

**Level 1:** Classic recruitment plan. There is no search for unique profiles, traditional and experienced ones are wanted

**Level 2:** The recruitment of innovative and technical profiles is highlighted as the innovation team might need more team members

**Level 3:** There is an active recruitment plan for the search of innovative profiles, with good experience and willingness to develop the company. A large freedom is given to them, as well as benefits to attract them. There is however the possibility to see some resignations: as the internal start-ups project are in a limited time period, going back to a regular job and working with traditional methods instead of agile is almost like a “step back” for those employees, who then decide to quit their job and go in start-ups

**Level 4:** A strong and strategic recruitment plan is developed with the active search of new competences to acquire. Attractive benefits are highlighted to recruit and retain employees.

These are the criteria developed through the interviews made to compare the eight companies from the French banking and insurance industry. In the following section will be exposed the actual answers given on each criterion by the company client. They will be classified by the order of maturity level exposed above.

**Table 4.1 Framework: Levels of innovation maturity in the French banking and insurance industry**

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Level 4</b>
<b>Business Goals</b>	Innovation is a future objective to achieve	Innovation is at the heart of present and future objectives	Innovation is a strategic objective, clearly defined	Innovation is a pillar for growth, and frames the corporate strategy
<b>Financial Budget</b>	No budget dedicated to innovation	Budget given to the innovation team only	Dedicated budget managed autonomously by different teams or entities	Autonomy in budget management Internal and external investment funds
<b>Image &amp; communication</b>	No communication done around innovation	Internal communication (videos, written articles, motivational speech)	Internal and external communication (website, app, demonstration, hackathons)	Marketing strategy Recognized as an innovator (CES exhibition, interventions)
<b>Innovation organization</b>	No dedicated innovation team in the organization	Small IT team dedicated to innovation	Centralization of innovation inside an entity	Every actor in the company feels concerned by innovation Creation of a dedicated subsidiary

**Table 4.1 Framework: Levels of innovation maturity in the French banking and insurance industry (cont.)**

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Level 4</b>
<b>Corporate culture</b>	Strong historical culture Employees resistant to change	Culture that makes a company half resistant to change, half flexible	Culture flexible and open to change, but some barriers remain	Few barriers to change, the culture is understood and adopted by all
<b>Innovation culture</b>	There is no culture of innovation	Culture carried by the innovation team members only	Culture shared by different entities Still some resistance to change	Cultural integration is complete on the company scale
<b>Ways of working</b>	Classical work methods and V-Model project management	Innovative team works in agile mode while the rest uses classical work methods	Agile is appropriated at different part of the company, but not at scale	Innovation first, internal start-up, intrapreneurship, agile at scale
<b>Human resources</b>	Classic recruitment plan	Recruitment of innovative and technical profiles is highlighted	Active recruitment plan for the search of innovative profiles. Risk: set of resignations	Strong and strategic recruitment plan Recruit and retain employees are a priority



## **4.2 Data summary**

In this final part will be presented the companies interviewed about their organization around innovation, classified by their degree of maturity. Using the previous framework, they are measured according to each criterion and are given a rating from 1 to 4, corresponding to the level associated. The results shown here are classified from the lowest to the highest level.

### **4.2.1 Company F – rating: 2.14**

Company F is a French banking group, born from the merger of two large banks. In the first four criteria, company F is rated 3 (except for the budget, where there was no information about it). Innovation is part of its global strategy, there is a good communication done internally and externally, and innovation is decentralized. However, its corporate organization is a matrix which produces sometimes issues when an employee has different managers.

The second set of criteria (5,6,7,8) is more differentiating and the company gets a rating of 1 for its corporate culture and ways of working; 2 for its innovation culture and human resources. It appears that its corporate culture is a real obstacle and brake for innovation. The group is in an eternal reorganization as there is still a clear cultural difference between employees from the two original merged companies. They oppose themselves and there is a grand difficulty to move into a global and unique corporate culture. This constitutes an important barrier to the development of innovation. This impacts the ways of working since there is also a difficulty to collaborate between employees. There is nonetheless a wish to work in agile and to recruit innovative profiles to allow innovation to happen.

Company F is organized around innovation through a dedicated factory, present in a global entity. The digital subjects developed there are the same as any other bank (internet of things, blockchain, cloud...) which is why the innovation type it has is the sustaining innovation.

#### **4.2.2 Company B – rating: 2.38**

Company B is a French insurance company born from the merge of two insurance groups. In the first four set of criteria, company B is rated at the level 3 except for the budget. Innovation is present in its global strategy with the goal to increase customer satisfaction. There is a good internal and communication made, and innovation is centralized inside an entity dedicated to digital, data and innovation in the top management. The budget is given to the innovation team only.

In the second set of criteria, company B gets a rating of 2. There is a need of a strong sponsoring to face the corporate culture and make way for innovation. The innovation culture is only present in the innovation lab, and their ways of working are agile only in the lab with the acquisition of a start-up. There is a need to recruit innovative employees.

Company B is organized around innovation through a dedicated lab, located in one of the entities of the top management. It shows the importance given to the subject, and the relation to the top management as there is a strong sponsoring and willingness to innovate. As it has an innovation lab and one important goal is to improve customer experience (Lean Launchpad<sup>12</sup>), the company has a disruptive innovation type.

#### **4.2.3 Company D – rating: 2.63**

Company D is a particular bank: it has for goal to define the national monetary strategy and to guarantee the financial stability of the country. In the first set of criteria, the bank is rated level 3 except for the management of the budget that is a level 2. Innovation is a clear priority in its strategy, there is a good communication made even though it might need more, and its organization is centralized. Innovation is part of the top management entity and close to the Governor (equivalent of CEO).

In the second set of criteria, company D gets a rating of 3 for its corporate culture and human resources; 2 for its innovation culture and ways of working. Corporate culture is flexible, and innovation is accepted thanks to a strong sponsoring

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<sup>12</sup> Lean Launchpad is originally an entrepreneurship class thought by Steve Blank at Stanford Engineering School, by being team based, experiential and lean-driven, in order to mimic all uncertainties start-ups face when looking for the right business model (Blank, 2019)

from the Governor and the implication of employees. There is then a strong conscience of the need to recruit new employees and push innovation through the company. However, the innovation culture is only strong in the Paris office, and it is lower in the rest of France. There is an innovation lab that is dedicated to the subject, which means that only the innovation team works in agile, and not most of the bank.

The innovation lab of company D is very pro-active and tries to answer the internal needs of employees. There is also a call for projects external to the bank on top of its internal ones. Company D benefits from a breakthrough innovation type.

#### **4.2.4 Company C – rating: 3.00**

Company C is a French group of insurance, regrouping many leading brands. In the first four criteria, company C is rated 4 for its business goals, and 3 for the rest. Innovation frames its global strategy and has been a goal for many years now, as much as improving customer experience. Its budget is general and is managed by the entities as they wish. There is a good communication, and innovation is centralized in an entity of the top management, along with the strategy, transformation and client satisfaction.

In the second set of criteria, company C gets a rating of 3 for all, except for corporate culture that gets a 2. The corporate culture is not a total barrier to innovation, but employees need a conduct to change to completely accept it. Since innovation has been a priority for the past six years, there is a good innovation culture that is implementing in most mentalities and processes of the company. Employees work with agile methods and have multi-skilled teams to work towards innovation. There is an innovation lab and a start-up has been acquired. In consequence, there is a strong need for more innovative profiles and company C has a good recruitment plan to attract them.

Innovation is organized in a central entity of the company and an innovation lab exists for many years. As it is in constant innovation process and company C acquires start-ups, its innovation type is sustaining innovation.

#### **4.2.5 Company G – rating: 3.25**

Company G is a French international banking group that also has some insurance activities. The interviewee only worked in the banking part of the company,

so the findings are not concerning the insurance part. In the first four criteria, company G is rated 4 for its business goals and organization around innovation; 3 for its budget and image & communication. Innovation has been a core business goal for several years now, and it frames the current business goals: client satisfaction, improvement of internal processes, reorganization and industrialization of innovation. Innovation is decentralized and is carried by everyone in the company. All feel concerned by the need to innovate. The financing is managed by entities concerned and there is a good communication.

In the second set of criteria, company G gets a rating of 2 for its corporate culture, 4 for innovation, and 3 for its ways of working and human resources. Its corporate culture is specific as the bank is a mutual benefit company, and each company member is independent and autonomous. So, they usually are competitive between them which is a barrier to cooperation and creativity that are advocated by innovation. On the opposite, there is a strong and positive innovation culture. Innovation is carried by all members and they are autonomous in their management and in creation. As for the ways of working, there is an innovation lab that goes beyond the “test-and-learn”. Its goal is to quickly produce products or services the bank can commercialize. There is a need for new competences and a plan of recruitment is available.

The innovation type here is the disruptive one as there is a real willingness to create new and innovative products and services to commercialize. Innovation is organized in a decentralized way, and every member feels concerned by innovation and carries it as a goal.

#### **4.2.6 Company A – rating: 3.63**

Company A is a German insurance company, leader in the French and European market. It gets a rating of 4 for the first set of criteria except for the financial budget. Innovation is a core part of its strategy that is to be ground-breaking, to improve products and services, and to stay a leader. There is a strong communication plan, as the company is now agile at scale, and uses artificial intelligence. Innovation is organized in two ways: first, it is carried by each member of the company and is decentralized; second, it is centralized in a centre of competences and a data entity to think of the innovation for the future. There is a dedicated budget given to all teams.

In the second set of criteria, company A gets a rating of 3 for its corporate and innovation culture; 4 for its ways of working and human resources. Its corporate culture is flexible but there is a need of a strong sponsorship to accompany the change. Innovation culture is being processed by employees as they just knew a restructuration of their company with the agile at scale, which should allow more innovation. Ways of working are flexible thanks to the agility at scale, and there is a strong need for new resources and competences, that are searched through an active recruitment plan.

Company A with its reorganization in agile at scale allows a decentralization of innovation and all employees feel concerned by the need to innovate. It also centralizes it to think more deeply on future innovations. The company benefits from a sustaining innovation.

#### **4.2.7 Company E – rating: 3.88**

Company E is a French leader in the national and international banking market. The first set of criteria is rated 4 except for the budget. Its business goals are to be present worldwide and to be its clients' partner through innovation. Its budget is managed autonomously by different teams and the goal is to reach a financial balance. It has a strong and important image as a leading innovator: this company created a dedicated subsidiary to innovation to avoid the banking limits and barriers. Since it is an international company, it has three subsidiaries worldwide, one located in Paris, one in San Francisco and one in Shanghai. The most innovative one is the San Francisco subsidiary because it is present in the Silicon Valley, and it collaborates with GAFAA's (Google, Apple, Facebook, Amazon, Alibaba) employees. It benefits then from an important innovator image and is present in different innovation exhibitions such as Las Vegas CES and other technological events. Investment are also made in the two other subsidiaries, and the Paris one developed a method of design thinking for instance. Innovation is also centralized in the mother company.

In the second set of criteria, company E gets a rating of 4 for all criteria. Corporate culture in the subsidiaries is built for innovation, with young and active employees, and brakes with traditions. Innovation culture is dominant, and the ways of working are interesting, with many collaborations with the GAFAAs, American and European start-ups, and agile project management. Also, its innovator position is so

important that it is a service provider and acts as a consulting firm in innovation. Large corporation come with their innovation issues, and company E's American subsidiary accompany them in their transformation. In consequence, there is a strong recruitment plan to acquire new competent employees.

Company E has a sustaining innovation as it works to continually improve the problems and acts a consultant to other companies.

#### **4.2.8 Company H – rating: 4**

Company H is a leading and international French bank. All first four criteria are rated 4. Its business goals are to keep on growing, have a culture that allows people to have more responsibilities, and manage the costs through innovation. Its budget is managed autonomously by different teams, and there is an internal investment fund for the creation of start-ups that would develop innovative projects. There is a strong communication and it benefits from an innovator image with the opening of its technology hub. Innovation is carried by all employees of this technology hub.





In the second set of criteria, company H gets a rating of 4 for all criteria. The corporate culture is not a barrier to innovation, and team work is promoted. There is a strong innovation culture as it is carried by all members of the organization. The ways of working are very innovative, with agility, innovation workshops, internal challenges, and the creation of internal start-ups. Company H has a strong recruitment plan and its technology hub is very attractive to young employees.

Company H has been innovating since 2013 and was aware of the importance of technology thanks to its top management. Now that they know how to organize themselves and that they have crossed the important steps of employees' awareness on innovation and digital internal processes; the objective is for innovation to become a proper part of the business, by being carried by the business lines. Its innovation type is the sustaining one.




Table 4.2 Scorings

Criteria	F	B	D	C	G	A	E	H
<b>Business Goals</b>	3	3	3	4	4	4	4	4
<b>Financial Budget</b>	N/A	2	2	3	3	3	3	4
<b>Image &amp; communication</b>	3	3	3	3	3	4	4	4
<b>Innovation organization</b>	3	3	3	3	4	4	4	4
<b>Corporate culture</b>	1	2	3	2	2	3	4	4
<b>Innovation culture</b>	2	2	2	3	4	3	4	4
<b>Ways of working</b>	1	2	2	3	3	4	4	4
<b>Human resources</b>	2	2	3	3	3	4	4	4
<b>Total (mean of all criteria)</b>	<b>2.14</b>	<b>2.38</b>	<b>2.63</b>	<b>3.00</b>	<b>3.25</b>	<b>3.64</b>	<b>3.88</b>	<b>4.00</b>

Table 4.3 Summary of the findings and their scorings

	Bank F	Insurance B	Bank D	Insurance C	Bank G	Insurance A	Bank E	Bank H
 Business Goals	3 Client satisfaction, internal development	3 Client relationship Gain in efficiency	3 Monetary strategy Country's financial stability	4 Client relationship Gain in efficiency	4 Client satisfaction Internal dev Industrialization	4 Be innovative Improve products Remain leader	4 WW presence Growth Be a clients partner	4 Grow Responsibility culture Manage costs
 Financial Budget		2 Dedicated digital budget	2 Important dedicated innovation investments	3 General budget	3 Common and joined financing by directions	3 Dedicated digital budget to each team	3 General budget; reach a financial equilibrium	4 General budget Internal investment fund
 Image & Communication	3 Good internal & external communication	3 Good internal & external communication	3 Good communication, but need to have more	3 Good internal & external communication	3 Good internal & external communication	4 Strong communication agile@scale + use of AI	4 Work with GAFAAs NICT events Media	4 Innovator image with technology hub
 Innovation organization	3 Centralized within entity Matrix organization	3 Centralization in GM (entity innovation, data, digital)	3 Centralized (Governor): Inter-banking observatory	3 Centralization in GM (strategy, client, Transfo)	4 Decentralized Digital LAB Innovation is the work of all	4 Decentralized (all concerned)+ Centralization (centre of competences & data structure)	4 Decentralized (dedicated subsidiary for innovation) Centralization in GM for parent company	4 All concerned by innovation in the bank + tech hub

**Table 4.3 Summary of the findings and their scorings (cont.)**

	Bank F	Insurance B	Bank D	Insurance C	Bank G	Insurance A	Bank H	Bank E
 Corporate culture	1 Ongoing reorganization: 2 cultures pre-merger remain	2 Strong GM sponsoring to break habits	3 Governor Sponsoring Employees are involved	2 Good culture but there is a need of change management	2 Antagonism between regional banks	3 Flexible culture but there is a need for sponsoring	4 Subsidiary: young & innovative, breaks with traditions	4 Team spirit
 Innovation culture	2 Exists within the innovative entity	2 Exists within the innovation LAB	2 Strong in the Parisian HQ, weak in regions	3 Included in processes & mentalities after 6 years	4 Innovation at the hand of each regional bank Strong culture	3 Responsibilities + team reflexion in progress	4 Strong culture	4 Strong culture
 Ways of working	1 Difficult group collaboration Will to be agile	2 Start-up acquisition via invest fund; LAB	2 LAB: call for external projects Answer business needs	3 LAB & Internal start-up	3 LAB goes beyond test-and-learn =>markets P&S	4 Agile@scale Innovation carried by all	4 Start-ups US/Europe GAFAA H is service provider	4 Workshops Challenges Internal start-ups
 Human resources	2 Searching for innovative profiles	2 Needs in recruitment of innovative profiles	3 Strong awareness for recruitment Intrapreneurship	3 Strong needs in attracting talents	3 Need in competences to industrialize the service	4 Strong needs in new competences & talents	4 Strong recruitment and retain plan	4 Strong recruitment and retain plan
<b>Final Scores</b>	<b>2.14</b>	<b>2.38</b>	<b>2.63</b>	<b>3.00</b>	<b>3.25</b>	<b>3.64</b>	<b>3.88</b>	<b>4.00</b>



## **CHAPTER V**

### **CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Conclusion**

In conclusion, this thematic paper showed how difficult it can be for banks and insurance companies to organize around innovation. The traditional culture that frames the industry has always been an important barrier to innovation, as the customers' data is very sensitive. The industry is highly regulated and followed by bigger institutions, such as ACPR, Bank of France, European Central Bank, the European Parliament and so on. It is only after the 2008 crisis and the disruption caused by smaller companies that incumbents started to accelerate their digital transformation by using new technology and innovation.

The benchmark conducted on eight French banks and insurance companies allowed us to compare the different strategies entities undertook to transform themselves and put innovation and technology at the heart of their structures. Each company puts innovation at a different level, depending on its goals and capabilities. Eight criteria were identified in order to compare the organization of the different institutions. They were all determinant but three of them highlighted the differences in their maturity. Corporate culture, innovation culture, and ways of working are the three key criteria to evaluate the companies' maturity on the subject. Indeed, the first four criteria that are business goals, financial budget, image & communication, innovation organization are important ones, but all companies are rated 3 or 4 (except for the budget that knows a small exception). This means that all companies are mature and at the same level on those four criteria, since they all are willing to make way for innovation. The difference starts to really show on the next set of criteria, where the rating attributed vary importantly, as shown by the colour coding in the scoring tables.

First with corporate culture. As stated in the literature review, it is a set of attitudes, values, norms and convictions that are not explicitly told but are shared unconsciously by all organization members. As the corporate culture in the banking and

insurance industry is a hierarchy one, many rules and policies prevail. Innovation in this context can be difficult: people can be resistant to the change and refuse to change their usual way of working. As seen in the benchmark with company F, corporate culture can be a real and difficult barrier to overcome. Innovation culture goes hand in hand with the corporate culture, as it is supposed to be a subculture of the company. Its existence marks the recognition by all company members that innovation is not only a goal to achieve, but a value, a norm, a part of the company. Finally, the new ways of working are also a proof that innovation maturity is achieved as internal processes are innovative and efficient as well.

On top of the three key criteria, there is today a major stake for these companies, and it is the recruitment of innovative profiles. There is a higher demand from the companies for innovative profiles than there are on the market. Which is why there is today “a war” of recruitment between companies. On top of that, incumbents have to compete with start-ups, FinTechs and other smaller entities that are innovative and attractive to those profiles.

## **5.2 Recommendations**

Since corporate culture is a strong barrier to innovation, a recommendation to overcome it would be to reorganize the company. In order to make innovation part of the culture, the company can be reorganized, and the silos formed can be undone. Insurance A for instance did it by reorganizing the whole structure to become agile at scale. This enables to have innovation at every step of the company.

One fundamental criterion that might be missing in the benchmark and that could have been differentiating and interesting to analyse is the consumer perception on innovation. A company can proclaim to be innovative, communicate heavily around it and it can be part of its core strategy; but the consumer may not perceive it and can feel his or her bank /insurance is like any other one with the basic digital services it offers. Consumer satisfaction and perception on innovation are not information consultants can have access to. However, I believe that the consumer’s perception on innovation could have been a real differentiating criterion and at the same time, it could help companies to better know what are the customers wants on innovation, to work towards it.

Finally, the recommendations that can be given to succeed in the organization of innovation in the banking and insurance industry would be on how to conduct the change when facing barriers. Based on the interview made on change management, the first thing to do is an acculturation of employees to innovation. It is fundamental to explain why there is a need to reorganize around it, how to do it and make the subject tangible to all. Start the process with a small key embryo, composed of people that are open to change and make them understand it and want it. Then, it is necessary to extend the embryo by including more people into it, until every member of the company is part of the change. It can be done by using a top-down strategy: start with people from the top management, then with others from the down part of the company, and keep on extending from both ends, until the whole organization is part of the change. For the change to happen, the company needs to give the appropriate means: financial and technical ones. The existence of a dedicated budget is essential as seen in the benchmark. As for the technical means, they help to effectively innovate as they will facilitate the process and help to evaluate the results quickly. To see results, the top management and employees must remember one crucial thing, and it is to give time. According time to innovators to develop an idea and to test it, to reiterate it or to redesign it is important. Finally, the last important thing to keep in mind during the change management process, is to grant the right of error to employees. Many can feel the need to have a first project that succeed, but most of the time they fail. Employees need to know that they have the right to fail, to reiterate their research and so on until they reach a success. That will avoid creating stress or despondency in innovators. This is the role of the middle management: it must ensure innovators they have the right to not be right all the time.

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## APPENDIX A: PRESENTATION OF WAVESTONE

The consulting firm Wavestone is born from the merger in 2016 of the entities Solucom and Kurt Salmon. The first one was French and was specialized in digital and innovation. Solucom acquired parts of the British Kurt Salmon activities, that was specialized in business and management. Together they create Wavestone, a French technology and management consulting, which goal is to accompany its clients through their digital transformation.

Based the business district of Paris in La Défense, the consulting firm is also present in the French province, and in total on four continents. With 3,500 employees, the firm was able to develop 18 areas of excellence divided into three areas: functional, sectoral, and technology.

Fields of excellence address issues related to the major functions of businesses, their core business, and technologies. The added value of Wavestone lies in its ability to combine these areas of excellence seamlessly and silo free. Its other values and beliefs are summarized in the table below.

<b>Independence</b>	<b>Partnership</b>	<b>Human</b>	<b>Innovation</b>
<p>Capital owned by the founders. A part of the capital is listed on the Paris stock exchange Euronext. There is no partnership with softwares, their solutions offered are the ones that fit the clients</p>	<p>Become the clients' partner, to keep on winning projects with high value. Wavestone clients are big corporations, and CAC 40 listed firms.</p>	<p>Close management with the consultants to assure an HR follow-up and a good integration with: - A career development manager - A project manager - A godfather or godmother Trainings Mobilities - Geographic - Inter practice</p>	<p>Bring a know-how and IT expertise to the clients through 5 main assets: - <i>R&amp;K Center</i> - <i>CreaDesk</i> - <i>The Faktory</i> - <i>Machine learning &amp; Data lab</i> - <i>Shake'Up</i></p>

Finally, in a strategic growth perspective, the firm has various ambitions for 2021. A branding objective by making Wavestone the number one brand in digital transformation consulting firm in France. The financial goal is to achieve a turnover of 500 million euros. Out of those 500 million euros, 100 million euros should be made in



the international market. Its social aim is to be in the top three of its categories in Corporate social responsibility (CSR).

Thus, the consulting profession is summarized in various points, including:

- The understanding and listening of customer issues
- The help to solve them by providing expertise and advice tailored to achieve high added value
- To make recommendations and accompany companies for a successful transformation.
- To create a continuous and important relationship with the client for future projects

As part of the technological expertise, the Digital and IT Strategy practice stands out by dealing with different topics related to impact of new technologies at the strategic level of companies, and the direction of information system organization. With its 150 employees, the practice accompanies clients in their important digital transformation by defining and implementing the digital strategy in line with the general strategy, by optimizing the IT processes, and by using agile methods and technological expertise.

## **APPENDIX B: QUESTIONS ASKED DURING INTERVIEWS AND THEIR ANSWERS**

### **Interview 1 Company G**

Interviewee: Mr Thibault DEGIEUX, Manager at the Financial Services practice (Paris office).

Interview location: by phone

Date: 11/30/2018

Time: 30 minutes

**Sabrina BENSALLAM [Introduction]:** Hello Thibault, thank you for agreeing to answer my questions. Let me introduce myself: I am Sabrina, an intern from the DIS practice, and I am developing the following subject for my thematic paper: the organization of innovation in the French banking and insurance industry. Séverine, Partner at DIS helped me identify different actors in Wavestone who worked on the subject that could help me. Which is why I contacted you, and again thank you for your time. My goal is to compare different strategies banks and insurance companies undertook to organize themselves around innovation, to know how they did it, if they succeeded or not, and what kind of recommendations you would have, based on your experience.

**Thibault DEGIEUX:** Alright, I do have a REX (return on experience document) that I can send you by email. It contains all information about the project and I think it will be interesting for you. In the meantime, you can ask me your questions.

\* Thibault sends the document via e-mail\*

**Sabrina BENSALLAM:** Very well. Could you first start by presenting the company client for which you worked for?

**Thibault DEGIEUX:** I worked with my team inside the economic interest grouping (EIG) of Company G, that regroups all its information systems. Company G is a particular bank, as it's got 39 regional independent entities, that take their own decisions and have their own objectives. They are federal and each of them is a shareholder of

company G. The technological EIG has for goal to merge all IT management of the group inside one entity. The business had one vision: to keep innovation at the hand of each independent entity, by permitting innovation. Allowing innovation rather than making it as such for the benefit of the bank or important projects.

**Sabrine BENSALLAM: Where is innovation situated at the scale of the company?**

**Thibault DEGIEUX:** It is present everywhere, at every scale of the company. The centralization through a research and development centre is outdated as it is disconnected from business goals. Additionally, different measures for innovation are undertaken in the company at a business level, and reflections to coordinate innovation measures are made. It was decided at some point to create a corporate governance that would add efficiency in innovation management, by creating a cycle that covers all steps of innovation, from ideation to creation. But it did not succeed, because of the company's important size, the antagonism that could exist between entities, and the hard communication. Company G decided then to use another approach: the digital lab. Which was the subject of our project there.

**Sabrine BENSALLAM: So, your task was to create the digital lab, what is it exactly and how does it help innovation in the bank?**

**Thibault DEGIEUX:** The digital lab was created inside a federal structure with the idea to launch business innovations in terms of products and services that are highly digitalized. The aim was to create products and services ready to be commercialized, and to state there is an organization inside the bank that has means, digital and design competences, working in sprints with agile projects and so on. There was first a pilot test by deploying the lab in two entities, then it was deployed in all entities on a national scale. This goes beyond a simple test-and-learn strategy, as innovations allow to launch commercial products and services rapidly, by working in agile project mode during six to nine months. For instance, the offer "X" that proposes a credit card for a couple of euros per month is a low-cost service that was created in the digital lab, and that is knowing today an important success.

**Sabrina BENSALLAM: Impressive. How many people are working in this lab?**

**Thibault DEGIEUX:** Around ten people are constantly working in the lab. They are the core of the lab. There are as well employees from the company that are assigned by their entities or by the IT management to help on some projects, depending on the cases.

**Sabrina BENSALLAM: What was the bank's corporate strategy when you were working there?**

**Thibault DEGIEUX:** It was the technological EIG's. The objective was to allow and ease the retail bank digitalization in order to accelerate the digitalization of offers and the news ways of working. There was also a stake in having a better image.

**Sabrina BENSALLAM: Why having a better image was an essential goal?**

**Thibault DEGIEUX:** None of the independent entities of the group were satisfied with IT management. They reproached its slowness, its low capacity to innovate and to be a driving-force in digital. The creation of the lab allowed to be more efficient and to have a better internal image.

**Sabrina BENSALLAM: I guess you succeeded to do so right?**

**Thibault DEGIEUX:** Yes, the digital lab is a success in general, and the next step now is to industrialize the service. Today, a new management for operational innovation has been created and its goal is to absorb the lab and allow operational launches in all the entities.

**[The lab was created between 2015 and 2016. Its missions, strategy, activity, governance, HR organization, means and communication tools were described in the REX sent by the interviewee. Here is a summary of all information found and used for the thematic paper]**

**Lab strategy:** having a lab at the heart of the EIG, experimenting directly on the information system.

**Lab goals:** having a unique service centralized on the implementation of experimentation; and to accelerate implementation.

**Lab organization:** favour the teams mixing with the appointment of punctual employees while having a core and fixed team.

**Means:** common and solidarity-based financing. Setting up a key technical environment.

**Communication:** favour meetings and demos. Innovate in the choice of communication and start using mobile app, videos in motion design and so on.

**Sabrina BENSALLAM: Thank you so much for these information, and for your time.**

## **Interview 2 Company B and C**

Interviewee: Mrs Annie SCIELLER, Account Manager at the Financial Services practice (Paris office).

Interview location: Paris office

Date: 11/30/2018

Time: 45 minutes

**Sabrina BENSALLAM [Introduction]: Hello Annie, thank you for agreeing to meet me. If you remember, we've worked together briefly to win a project with company C a few weeks ago. But let me properly introduce myself: I am Sabrina, an intern from the DIS practice, and I am developing the following subject for my thematic paper: the organization of innovation in the French banking and insurance industry. Séverine, Partner at DIS, helped me identify different actors in Wavestone who worked on the subject that could help me. Which is why I contacted you, and again thank you for your time. My goal is to compare different strategies banks and insurance companies undertook to organize themselves around innovation, to know how they did it, if they succeeded or not, and what kind of recommendations you would have, based on your experience.**

**Annie SCIELLER:** Hello Sabrina. Yes, I do remember you. Well your subject is very interesting as it is an important stake for insurance companies today. I am currently the account manager of company B and C for Wavestone, and for many years now, innovation and digital has been a priority for them.

**Sabrina BENSALLAM: Perfect. Can you tell me more about innovation and company B please?**

**Annie SCIELLER:** The Innovation Data & Digital department has been created and attached to the general management of the company. It took the lead and budget in all digital topics, such as the website homepage, interactions with the final customer, B2B and B2C. There is a strong sponsoring, coming from the general management to ensure the sharing of the right vision. Digitalization allows the company to address the important stake of omni channelling the customer's journey.

**Sabrina BENSALLAM: What do you mean by omni channelling the customer journey? How is it an important stake in digitalization for insurance companies?**

**Annie SCIELLER:** Customers have changed their attitude and behaviour towards insurance with the introduction of information and communication technologies (ICT). Companies found themselves challenged by new and smaller competitors. And, on top of that, there has been a societal revolution: people are not teachers from father to son anymore for example. There is an inversion of a pyramid, with many risks. In terms of behavioural change, the digital impacted the insurance industry in three ways. First, insurance companies cannot settle for a simple management of contracts anymore. They must have relationships with their customers, with good communication means. Second, the industry is in general siloed which is why company B decided to create a digital lab right under the general management, to allow a strong sponsorship and its success. They had to re-define the portfolio and the B2B / B2C customers targeted. Third, the information system was very heavy and there was some bad interaction between the front and back office. Redesigning the front and back office into an omnichannel customer journey was then a priority. It means that a customer can continue his or her journey from any point.

**Sabrina BENSALLAM: What difference do you make between the front and back office?**

**Annie SCIELLER:** A customer can decide to start a new contract or have some information in an agency. That's the front office, because you interact in a physical office with a dedicated agent, that will guide you through your demand. The back office

will refer to any demand a customer will make online. And the goal of the omni channelling of the customer journey is that a customer can be able to start from the front office his or her demand and continue it online. There should be no interruption between both processes. This gives the consumer more freedom and flexibility.

**Sabrine BENSALLAM: So how did Company B undertake its innovation process?**

**Annie SCIELLER:** Through first artificial intelligence, by creating chat bots and voice bots for its website. The aim was to industrialize and innovate the processes with weak added value. It allows employees to deal with the ones that have higher value instead and addressing real customers' needs. The industry is now selling a service instead of a contract. Secondly, company B created an investment fund to increase its innovations. It was used to acquire start-ups that will help the company in its digitalization. One was acquired for example to improve the website structure, by quickly posting online insurance contracts to identified populations. The rapidity of the services was possible thanks to a segmentation of the portfolio. Determining the portfolio value helps to know where to place the added value, as the goal is to industrialize the process by finding the value points. And all of this in a complex, big and regulated organization. The question now is to know how to deal with the risk and solvability of consumers. All this innovation process is in line with the general management views and it impacts highly the human resource planning in its structure and process; which is why again, a strong sponsorship from the general management is needed, to break technical and social habits. It also transforms companies' organization to allow the deployment of new processes.

**Sabrine BENSALLAM: So, innovation is an objective in the corporate strategy?**

**Annie SCIELLER:** Yes, it goes hand in hand with the improvement of the customer relationship. The innovation & digital department works with the Customer Relationship Management, as the entity governs the marketing strategy, digital and innovation projects. They work towards two main corporate goals, that are to improve customer relationship, and to win in efficiency.

**Sabrina BENSALLAM: What about company C and its innovation process?**

**Annie SCIELLER:** Company C has been trying to appropriate innovation in its processes and mentalities for the past six years. Innovation is a priority and an important stake. But the fact that they have tried to implement innovation for so long is maybe due to a cultural problem. They might need some change management. On the other hand, the company cannot go 100% digital. The insurance industry is complex, and as a customer, if there is a problem, you prefer to go directly to an agency and talk to a professional face to face. There is also another important stake for the company and it is the recruitment of talents.

**Sabrina BENSALLAM: Why is there such a need to recruit talents?**

**Annie SCIELLER:** Employees in this industry have a certain age. They do not necessarily have the new competences developed with digitalization. So, there is an important need to recruit new and qualified employees, that have knowledge in new technology so they can work towards digital innovation.

**Sabrina BENSALLAM: How does the company organize around innovation?**

**Annie SCIELLER:** Company C's organization has been simplified. There are now twelve people in the general management, and everything is centralized. Inside the "Strategy, client and transformation" management, the innovation entity can be found alongside with strategy & transformation animation, marketing, customer relationship digital processes, and data entities. They are centralized to work towards the same goals as company B, that are gaining in efficiency and in customer relationship.

**Sabrina BENSALLAM: Why are those objectives important in insurance today?**

**Annie SCIELLER:** As the aim is to sell a **service** and not a contract, insurance companies are targeting to do multi-ownership. Meaning that the company will try to have customers with different needs and will try to satisfy them. And innovation will allow to address the added value where it really is and improve that way the customer relationships. Developing selfcare and having agencies allows to deal with real customer issues and improve the relationship; like retirement insurance for example.



**Sabrina BENSALLAM: Is there a budget dedicated to innovation?**

**Annie SCIELLER:** There isn't a proper innovation budget dedicated to the subject. There is a general budget that is made to have an overview.

**Sabrina BENSALLAM: Did innovation impact employees' way of working?**

**Annie SCIELLER:** Yes. Before, business and IT did not collaborate or work together. Now, with innovation, there are agile projects which means that employees work in small autonomous and multi-skilled teams. It allows them to be more responsive and to have a different outlook on work.

**Sabrina BENSALLAM: Thank you so much for these information, and for your time.**

### **Interview 3 Change Management**

Interviewee: Mrs Agnès DOISY, Senior Manager at the People & Change practice (Paris office).

Interview location: Paris office

Date: 12/06/2018

Time: 20 minutes

**Sabrina BENSALLAM [Introduction]:** Hello Agnès, thank you for agreeing to meet with me. Let me introduce myself: I am Sabrina, an intern from the DIS practice. I am currently developing a subject for my thematic paper on the organization of innovation in the French banking and insurance industry. Séverine, Partner at DIS helped me identify different actors in Wavestone she knew that who worked on the subject, including you. Which is why I contacted you, and again thank you for your time. My goal is to compare different strategies banks and insurance companies undertook to organize themselves around innovation, and to know how they accompanied the change. Based on your experience, can you tell me more on change management in the banking and insurance industry?

**Agnès DOISY:** I did accompany the change in innovation for many industries, but in the banking and insurance one. So, I do not know if I will be able to help you.

**Sabrina BENSALLAM: Can you maybe give me some general advice on how to conduct the change around innovation? Without considering the industry?**

**Agnès DOISY:** Well yes there are some general principles that can be applied to any industry. The key for success is to create an acculturation of innovation. Innovation culture consists in suggesting new ideas in service delivery or ways of working and collaboration. Which is different from digital culture, that requires from the front office to be comfortable with the use of all kinds of channels. So in order to spread the innovation culture on the organization level, a change management must be done. The first step is a question of sense. It is necessary to explain why the change is happening and justify why it must be done, in order to make it tangible to employees. They can have a tendency to say innovation do not concern them: “I am not working in the IT department; I am in the business side. Why should I innovate? It is not my job”. Explaining why innovation must be done by everyone is important.

Starting with a small embryo of people that is aware of the importance of innovation and that is directly concerned by the subject is best. Usually, this embryo will be composed by the people working in innovation lab or an entity dedicated to innovation. Then, it is strategic to use this embryo to spread innovation culture little by little to the rest of the organization.

**Sabrina BENSALLAM: How exactly can you use the embryo to spread innovation culture to the rest? How can it convince other employees to innovate?**

**Agnès DOISY:** For instance, it can put into place a system of digital passport. Through a campaign of micro-learning, employees can gain credits and points about digital matters. It is an obligation of the company to encourage its employees to gain digital competences.

**Sabrina BENSALLAM: Very well, thank you. What are the other ways to acculturate employees around innovation?**

**Agnès DOISY:** The second and fundamental subject to acculturate employees is to give them the right to make mistakes. Innovation should be equal to the right to get things wrong. A real accompanying from the middle management to authorize mistakes and to incite employees to innovate is important. The third step is to adopt a new posture towards innovation, and start acculturating around digital. Then comes the question of how to make what is been done visible. Communicating on the big wins and enlightening employees on what is possible to make with innovation is the key. The goal is to take employees out of their usual working environment and create in them curiosity. The communication can be done from many channels: publication of an article, a video, a motivational speech and so on. The way to do it is to target the top and the bottom of the organization at the same time, and acculturate step by step until reaching all of the organization actors. Finally, giving the right means to achieve innovation is crucial by allowing employees to free some time to innovate, giving them the right technical means such as innovation lab, and financial ones. Innovation is collective.

**Sabrina BENSALLAM: Once the acculturation is done, what is the next step for a company?**

**Agnès DOISY:** It would be to see where innovation is today, and regroup people with the most knowledge about the banking or insurance industry and its clients with the ones that have digital competences, and make them work together. Once innovation is at the heart of corporate culture, and everyone feels concerned, employees' retention is fundamental.

**Sabrina BENSALLAM: How do you retain employees? What are the key elements to satisfy employees and make them stay in a company?**

**Agnès DOISY:** First, the company needs to attract new and young talents with the right promise of employment. This promise must be adequate to the candidate profile and satisfying for him or her. Then, the company must look for a balance between personal and professional life. The professional life must be dynamic and full with growing opportunities. For example, La Société Générale (French bank) has some very dynamic

internal mobility opportunities for its employees. The job must have meaning for them. Finally, having good marketed job offers is important.

**Sabrina BENSALLAM: Thank you so much for these information, and for your time.**

#### **Interview 4 Company F**

Interviewee: Mrs Nada AYAD, Manager at the IT & Data Architecture practice (Paris office).

Interview location: Paris office

Date: 12/10/2018

Time: 20 minutes

**Sabrina BENSALLAM [Introduction]: Hello Nada, thank you for agreeing to meet with me. Let me introduce myself: I am Sabine, an intern from the DIS practice. I am currently developing a subject for my thematic paper on the organization of innovation in the French banking and insurance industry. Séverine, Partner at DIS helped me identify different actors in Wavestone she knew that who worked on the subject, including you. Which is why I contacted you, and again thank you for your time. My goal is to compare different strategies banks and insurance companies undertook to organize themselves around innovation, and to know how they accompanied the change. Based on your experience, can you tell me more about Company F?**

**Nada AYAD:** Company F is one of the 4 leading banking groups in France. It is born from the merger of two retail banks, and an investment bank & insurance company. In order to achieve a strategic goal two years ago, the group reorganized itself. You should know that this group is particular and is always reorganizing itself because of the merger. By the end of 2017, it created a dedicated entity in charge of digital and innovation for all the group's brands. A local and few resources were given to this new entity at the beginning, so it can oversee customer relationship, employees life and so on in a digital perspective. Then it had to launch and make innovative projects. There

were 2 ways of working: either there were some employees transferred from one entity to the innovative and digital one; or employees that were working on specific innovative projects, while they kept their original hierarchy in the bank. On top of that, there were experts that were punctually intervening.

**Sabrina BENSALLAM: What were the results of this new entity?**

**Nada AYAD:** By creating this innovative entity, the group wanted to standardize innovation processes and have levers for action on certain bricks of the information system. Today however, it did not bring many new things. The company culture is very specific and there has not been a pioneer project that would justify the existence of the entity. On top of that, the entity is in a position of strength in front of the General Management: members of this entity impose their projects and do not co-build them with other parts of the company. There is indeed a real culture of being ex bank A and ex bank B, still after the merger. They are having trouble entering a new culture that would mix both old ones. Which is why they have a bit of trouble to lead the group in general.

**Sabrina BENSALLAM: So, the company culture really is a barrier in this case. Do you think they will be able to overcome it?**

**Nada AYAD:** Yes, it will work but it will take time. It is still a mutual benefit bank and in terms of team youth and mindset, they have a complicated organization. The bank is organized in a matrix, and potentially, your chief can be in a different entity than yours. The company culture in sum really cannot be neglected, and it will work now that they have the right means, and important projects.

**Sabrina BENSALLAM: What are the current innovation subjects for the bank?**

**Nada AYAD:** Like any other bank, they have 10 trending technological subjects: cloud, artificial intelligence, data, cybersecurity, IoT (Internet of Things), DevOps, blockchain, connected assistance and so on.

**Sabrina BENSALLAM: What about the current business goals? Do you know them?**

**Nada AYAD:** No, but you can find the information on their website, it is a public information.

**Sabrina BENSALLAM: Thank you so much for these information, and for your time.**

### **Interview 5 Company H**

Interviewee: Mr Florian CARRIERE, Senior Manager at the Digital & Emergence Technology practice (Paris office).

Interview location: Paris office

Date: 12/10/2018

Time: 30 minutes

**Sabrina BENSALLAM [Introduction]: Hello Florian, thank you for agreeing to meet with me. Let me introduce myself: I am Sabrina, an intern from the DIS practice. I am currently developing a subject for my thematic paper on the organization of innovation in the French banking and insurance industry. Thibault DEGIEUX that I have already interviewed told me you worked in a bank and that you could maybe answer my questions. My goal is to compare different strategies banks and insurance companies undertook to organize themselves around innovation, and to know how they accompanied the change. Based on your experience, can you tell me more about Company H please?**

**Florian CARRIERE:** Well your subject is right in what I used to work on in Company H. I worked in the digital workplace, in the infrastructure direction which had a particular role, since it had a close look at the digital transformation. In 2013, the bank was convinced that there was an important need for digital, which was not obvious at that time. In the COMEX for example, managers thought that IT was a convenience. You can have a look on their digitalization strategy for retail and investment bank online, it was the same as Goldman Sachs'. Towards clients, they had to become more digital since they noticed a decrease in agencies visits and had to develop apps and so

on. Simultaneously, they wanted to transform themselves internally and be digitalized, in order to have a symmetry of intentions. Between 2013 and 2014, the bank launched a survey on 150 000 employees in order to know what they thought they would need to be efficient. The bank received many answers that would help it. In 2014, it launched “digital for all”, which had for principle to digitalize from the bottom, and the objective was to have 50% of employees working with digital tools (mobiles and so on), at the state of art. Company H signed then a contract with Microsoft Office 365 and bought 3000 tablet computers. The bank also decided to deploy Wi-Fi in all its locals, and allow access to e-mails from mobile, which was at the time possible for managers only. Finally, the bank took aim at the Cloud and decided to deploy it, which again was not regular. The European Central Bank for instance was against it in order to protect customers’ data. With all these initiatives, bank employees started to have digital tools that customers already had to have access to data for example. Company H started these changes first with investment bank then with the retail one, in order to have an important qualitative image.

Following that, Company H was looking for ways to make the bank look less “old” with digitalization, like what Amazon is doing currently with insurance. It was looking for ways to work differently with the best quality and resources engagement at the same prices. For that, it chose a low risk domain and I was asked with a team to build up an internal start-up with a 3 months renewable mandate in order to work in agile mode and come up with a pitch, product or service that would answer the need. For that, we used internal contribution like design thinking, UX design and so on. After 6 months, we developed a product that the COMEX saw and liked. The members of the COMEX decided to pass the process at the scale of the company, and it resulted with 60 internal start-ups with a budget of approximately 50 million euros on 2 or 3 years (you need to check this number I am not sure anymore). The goal was to create internal start-ups, and the best ones would get incubate by the bank. As a motivation, the end of the year bonus depended on if start-up employees were satisfied by their bosses.

**Sabrina BENSALLAM: In terms of employee retention, it was then easy I imagine? Since the bank offers the possibility for a regular employee to work in a start-up internally.**

**Florian CARRIERE:** It was the opposite actually. When you work in agile for a certain time, and then you go back to your regular job, it is not pleasant anymore. So people resign. They can become for instance consultants and coach companies on how to be a product owner or a scrum master. But now, the new innovation manager is changing things. She wants to attach innovation as much as possible to the top management. The innovation strategy now consists in not believing in start-up purchase, rather in a collaboration strategy. In 2015 the bank opened a new technology hub where innovation is made with the organization of workshops to challenge ideas. People are not attached to a chief anymore, and are challenged by innovative minds. There is also a change in operating mode since it was hard to move people to another location.

**Sabrina BENSALLAM: Since the bank seems to have considered innovation early and that it is mature around it, what are in your view the next steps?**

**Florian CARRIERE:** Yes, company H is indeed very mature and is very much in advance compared to its competitors since it has crossed the change in operation modes and the business awareness around the subject obstacles. They organized hackathons, they “played” as much as they wanted when they created internal start-ups. But now, the stake is about business. Innovation must now be carried by the business lines and must be connected to business in general. The question to ask now is at what moment does innovation become a component of business.

**Sabrina BENSALLAM: Thank you so much for these information, and for your time.**



## **Interview 6 Company D**

Interviewee: Mrs Cyrielle GUENNEAU, Senior Consultant at the Digital & Emergence Technology practice (Paris office).

Interview location: Phone

Date: 12/11/2018

Time: 30 minutes

**Sabrina BENSALLAM [Introduction]:** Hello Cyrielle, thank you for agreeing to meet with me. Let me introduce myself: I am Sabrina, an intern from the DIS practice. I am currently developing a subject for my thematic paper on the organization of innovation in the French banking and insurance industry. Séverine, Partner at DIS helped me identify different actors in Wavestone she knew that who worked on the subject, including you. Which is why I contacted you, and again thank you for your time. My goal is to compare different strategies banks and insurance companies undertook to organize themselves around innovation, and to know how they accompanied the change. Based on your experience, can you tell me more about your experience inside Company D?

**Cyrielle GUENNEAU:** I am currently working in the innovation lab of company D. The lab is an independent entity historically attached to the IT department, with strong sponsorship. It answers to the Chief Data Officer (CDO) and has a strong relationship with the governor. The CDO is the responsible for the bank digitalization, at all services levels and especially for the innovation lab.

**Sabrina BENSALLAM:** Can you please describe how the lab is organized?

**Cyrielle GUENNEAU:** The lab is composed of 1 team, 2 managers, a total of 8 to 10 people, working in a 350 m<sup>2</sup> dedicated space for creativity. The businesses come to see them with different needs: centring a subject, defining an experimentation and so on. The governor and sponsors form a comity that validates the chosen experiments and their budget. The budget comes from the lab though. Then there is a contract made with a service provider that usually is a start-up, and finally, the lab goes in front of the comity one last time for an assessment.

**Sabrina BENSALLAM: Do you have an example of a successful project?**

**Cyrielle GUENNEAU:** Yes, one particular project that is born from the innovation lab is particularly successful. It uses the blockchain technology to identify automatically the SEPA, that used to be done by hand. A board game was also released with the help of the general management. Company D is a public interest organization that aims to teach French managers how to manage their finances; and this game allows to do so.

**Sabrina BENSALLAM: Would you qualify the bank as mature in innovation?**

**Cyrielle GUENNEAU:** I would say that it is getting mature because it invests a lot to innovate, but it needs to catch up its delay on the subject. There is also a maturity disparity between the Paris office and the ones located in other French regions. The Parisian lab is very mature, but it is not the case in other parts of the country. There are also other teams dedicated to other subjects such as big data and artificial intelligence. They are less structured than the lab but they innovate a lot.

**Sabrina BENSALLAM: Is there a communication done around the lab?**

**Cyrielle GUENNEAU:** They are a bit late on communication, but there is a person from the lab that is dedicated to communication. The bank also communicates well on its website, and organize conventions on innovative subject.

**Sabrina BENSALLAM: Would you say there is an innovation or digital culture?**

**Cyrielle GUENNEAU:** It depends where in the bank. In the lab yes clearly, but not all businesses have the culture, nor every office in France. But it is a current subject for the bank and actions are put into place. For instance, an intrapreneurial initiative is undertaken at the moment. Also, the bank's organization service is currently working with Wavestone on a project of innovative workshops: how, instead of organizing regular meetings, can employees organize workshops of creativity.

**Sabrina BENSALLAM: Are there any actions taken on a human resources point of view?**

**Cyrielle GUENNEAU:** Yes, they are thinking of how to put into place intrapreneurship and are thinking of the ways to present it to employees and how to communicate around

it for the external environment. For that, a survey has been launched, and the directions different initiatives have been collected. They like to involve employees and can invite them for example for a coffee and exchange their opinions on innovation in company D.

**Sabrina BENSALLAM: Thank you so much for these information, and for your time.**

### **Interview 7 Company E**

Interviewee: Mrs Charlène VOLTAT, Senior Consultant at the Financial Services practice (Paris office).

Interview location: Phone

Date: 12/12/2018

Time: 30 minutes

**Sabrina BENSALLAM [Introduction]: Hello Charlène, thank you for agreeing to meet with me. Let me introduce myself: I am Sabrina, an intern from the DIS practice. I am currently developing a subject for my thematic paper on the organization of innovation in the French banking and insurance industry. Séverine, Partner at DIS helped me identify different actors in Wavestone she knew that who worked on the subject, including you. Which is why I contacted you, and again thank you for your time. My goal is to compare different strategies banks and insurance companies undertook to organize themselves around innovation, and to know how they accompanied the change. Based on your experience, can you tell me more about your experience inside Company E?**

**Charlène VOLTAT:** In order to innovate, the bank put into place different organizing cells attached to the general management. A lab for instance has been created to raise awareness among employees and clients towards innovation. The goal is to discover new technologies and be present in big tech events, such as the CES Las Vegas in order to internalize the best technologies. Then there is a subsidiary the bank created that is 100% dedicated to innovation. Being in a subsidiary allows a unique flexibility that is not achievable in a traditional bank organization. It also allows a product, service and

business model innovation toward the customer experience and journey. This subsidiary is located in France Paris, United States San Francisco, and China Shanghai. For instance, the subsidiary can be in contact with innovative start-ups and innovate with them.

**Sabrina BENSALLAM: How is the communication done around the subsidiary?**

**Charlène VOLTAT:** It is done through events with an acculturation to new technologies and methods. Through media, with the writing of articles by journals; and through consulting projects that are innovation oriented. In San Francisco for instance, the bank used to take some of her entities depending on their needs to meet with start-ups or units of the GAFA in order to innovate and launch pilots. One CEO proposed for example to keep on the client relationship after the bank agencies closing, by using artificial intelligence, chatbots depending on clients' habits, and machine learning. There has been the setting up of an accelerator in order to facilitate innovation between the bank's entities and the start-ups.

**Sabrina BENSALLAM: But the fact that you used to work with GAFA is impressive! And it shows in my point of view that the SF subsidiary was in fact innovative. How did you manage to work with them?**

**Charlène VOLTAT:** We had permanent contacts working there, which was not easy to get and they can only work with us on some projects. But this is how the bank managed to get an innovator image, with a method of design thinking developed by the Paris subsidiary. The SF subsidiary is capable to offer services that are outside of the banking scope. I was specialised in retail and insurance for instance. This was the strategy and the recipe for success: go see what is happening in other sectors and get inspired by it. We offered consulting services for different leading companies in different sectors in innovation. For instance, we helped Renault, Peugeot and Carrefour to rethink their products and services. And since we benefited from an important innovator image, clients usually were coming and asking for our services rather than the opposite.

**Sabrina BENSALLAM: Do you know what was the global strategy?**

**Charlène VOLTAT:** The bank had a real strategy by being in continuous contact with innovative poles. Also, it was aware of the market and what was happening externally, in order to internalize what needs to be.

**Sabrina BENSALLAM: How was managed the budget towards innovation?**

**Charlène VOLTAT:** There was not any objective of income to reach in the SF subsidiary. The goal was to reach a balance.

**Sabrina BENSALLAM: Was there a clear innovation culture?**

**Charlène VOLTAT:** Yes and it was a strong one. Everyone felt concerned by innovation. It is an old institution though, so maybe there is some resistance to change. The bank tries however to hire talents that are innovation oriented. Company E aims to be the most innovative bank there is, and that can be seen through its teams and working methods. In the innovative subsidiaries, there is no willingness to hire consultants for instance that are trained to behave and think in a certain way. They are looking for unique and atypical profiles such as graphic designers, philosophers. The goal is to diversify profiles in order to converge different points of views.

**Sabrina BENSALLAM: I guess the ways of working are innovative as well?**

**Charlène VOLTAT:** Yes, since the bank recruits unique profiles, their ways of working are unique as well. They work with agile methods and so on. You can find this type of information online.

**Sabrina BENSALLAM: Thank you so much for these information, and for your time.**

## **Interview 8 Company A**

Interviewee: Mr Matthieu MOUTET, Senior Manager at the Digital & IT Strategy practice (Paris office).

Interview location: Phone

Date: 12/14/2018

Time: 30 minutes

**Sabrine BENSALLAM [Introduction]: Hello Matthieu, thank you for agreeing to meet with me. I am currently developing a subject for my thematic paper on the organization of innovation in the French banking and insurance industry. Séverine, helped me identify different actors in Wavestone she knew that who worked on the subject, including you. Which is why I contacted you, and again thank you for your time. My goal is to compare different strategies banks and insurance companies undertook to organize themselves around innovation, and to know how they accompanied the change. Based on your experience, can you tell me more about your experience inside Company A?**

**Matthieu MOUTET:** The aim of the project I undertook in Company A was to ensure that all teams were working in agile and to make them aware of their responsibilities towards the build, run, and innovation. Agile at scale is a model that allows to make people responsible from end to end on their functionality and to implement today in order to see what needs to be changed in the long run. Innovation is not the main domain in this model or organization, but it needs to become every actor responsibility. Company A used to have a small structure that focused on surveillance and retrospection in order to introduce the new organization. Inside a centre of competences, which is the equivalent of one of our practice at Wavestone, there is a hierarchical structure that develops competences and people's carriers so they can evolve in the views of the strategies and in squads. The centre thinks in an "after tomorrow" perspective.

Innovation is thought as follow. Firstly, innovation is present in the operational teams that prepare "tomorrow's" innovation in the squads. Inside the centre of competences is located the IT lab, entity that has for goals to lead innovation with actors inside the insurance company, and with the external ones, like start-ups. IT surveillance gives a basis to ensure innovation is possible. The aim is to ensure through the new

organizational model that innovation is everyone's concern for today and tomorrow. Secondly, through a central entity, there needs to be a structured setting to experiment, watch new innovation, and so on to ensure that innovation is at the heart of concerns. This centre thinks for after tomorrow, which is the equivalent of 3 years from now. Experiments will be done with business, in order to catch the business value and that innovation can be in line with what has been done until now. Thirdly, it is important to think data: how to catch the value from customer data? Data competence is rare today and Company A will create an operational structure focused on data and centralize it. Unlike innovation, there is not a lot of resources in data which is why a centralization must be done. For instance, the insurance company can create a Smart Data Lab, which is an internal start-up where the investors are the businesses that will finance prototypes, POCs and so on. It needs for each team to be working with businesses, data, and IT (integrate algorithms in the information system). So if I summarize, there are 3 main ideas: innovation must be the concern and responsibility of everyone in the company by thinking of the tomorrow; there should be a centralized entity that thinks the after tomorrow in terms of innovation; and a centralized entity that deals with data resources and competences.

**Sabrina BENSALLAM: What is the business goal today?**

**Matthieu MOUTET:** Today, the company's situation is good but there are new comers entering the market. They are technology oriented and with the new clients needs they are a threat. With the old organization, company A would not have been able to face them as quickly as it can now. As the environment evolves quickly, the strategic goals have to be done every year, instead of releasing a plan for the next 5 years that will not be touched. There is a continuous transformation.

**Sabrina BENSALLAM: What can you tell me about the culture? Was it a barrier for innovation for instance?**

**Matthieu MOUTET:** Culture was an important factor during our project at company A. It was essential, and the top management was pushing strongly to have an innovative culture. But in reality, two worlds were colliding: people working in traditional V-Cycle and that codes in old technology VS the digital world. A cultural transformation was

necessary and it is a path on which we still are. In order for it to be adapted by everyone, time needs to be given, because of the historical information system, and because change needs time to be accepted. Cultural change is complicated. But you bring a very good point, cultural innovation is one clear COMEX orientation.

**Sabrina BENSALLAM: And in a human resources perspective, were there any stakes?**

**Matthieu MOUTET:** Yes, there is today a clear war on customers and on the recruitment. Since the company is now agile at scale, it needs new competences, which is why the company released a new ambitious recruitment and retention plan. The success in talent management is the key to innovation today. And in company A, they are in advance in these topics.

**Sabrina BENSALLAM: What was the level of communication that was done?**

**Matthieu MOUTET:** There was an important marketing plan that was released on how the company became agile at scale, and how it uses data and artificial intelligence now. The communication made was gigantic.

**Sabrina BENSALLAM: And was there a dedicated financial budget for innovation or was it a global budget for the teams?**

**Matthieu MOUTET:** There was a dedicated budget for the teams, and then they could decide the share they wanted to spend on innovation. Teams are responsible of their financial management.

**Sabrina BENSALLAM: If you had to give a rating to company A on its innovation maturity, how much would it be?**

**Matthieu MOUTET:** Well if I compare it to GAFA and so on, they are a bit far. But comparing to its market and environment, company A is in the good path and I would give it a rating of 7/10.

**Sabrina BENSALLAM: Thank you so much for these information, and for your time.**