



# Transform your insurance business with confidence

Unleash the power of SAP S/4HANA,  
through KPMG leading practice

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There is an urgent need for transformation in the insurance industry. Geopolitical pressures, economic challenges, regulatory requirements and evolving consumer behavior means that insurance organizations need to transform in order to maintain a relevant market position and deliver a better customer experience. Internally, organizations work to reduce costs and improve efficiencies over legacy systems and processes. The SAP stack can play a significant role in the transformation of your business.

Advancing digitization and connectivity across the business is the top operational priority to achieve growth objectives over the next three years. Many insurance organizations focus digital transformation on their core insurance systems. New regulatory frameworks, evolving market disruption and skills shortages are creating challenges — and legacy platforms can hold insurance organizations back.

As the deadline for migrating from SAP ERP Central Component (ECC) fast approaches, the reasons for integrating SAP within your digital transformation are becoming critical.

## Maximizing opportunity

In 2024, insurance CEOs were more than twice as likely as the all-industry average to agree they were utilizing AI to help speed up data analysis. Eighty-one percent of insurance CEOs consider Gen AI as a top investment priority for their organization.<sup>1</sup>

A KPMG-guided SAP S/4HANA transformation can help unlock these and other opportunities, driving growth and creating value. Transparency across systems is increased, the quality of data outputs is improved, and complex, manual processes are transitioned into new and efficient workflows.

KPMG firms have deep industry expertise and can provide solutions tailored to meet insurers' specific needs. The global reach of KPMG firms ensures access to best-in-class technology and talent, and the business-led approach to transformation allows organizations to embrace the future with confidence.

# SAP S/4HANA: Enabling opportunity

Meeting IASB® IFRS 17 Insurance Contracts requirements has been one factor driving insurance CFOs to modernize finance technologies, processes, and models. This is built on the need for change created by Solvency II reporting regulations and other statutory and compliance challenges such as US GAAP Long-Duration Targeted Improvements (LDTI).

Rapidly evolving ESG requirements drive the need for trusted, enterprise-wide data. In addition, fit-for-future systems are essential to realizing the value of AI.

SAP S/4HANA goes beyond support for finance and compliance. It creates a broader, more fundamental transformation that enables long-term agility and resilience. Embedded intelligence, real-time insights and advanced technologies allow insurers to support multiple business imperatives and rapidly enter new markets.

Strategic insight, reliable data and agility are required whatever the insurance market and operating model. A SAP transformation delivers across the board, enabling the power of KPIs and helping to create improvement across the organization.

Managing administration costs is a concern across the industry. Legacy systems can lead to spiraling IT costs, and a lack of visibility means that value is often locked between divisions or geographies.

A multi-dimensional SAP transformation cuts across functions to unify systems and processes and deliver real-time capabilities. It enables new technologies to drive enterprise-wide efficiencies, helping to save time and resources.

# Supporting the vision for finance

Finance leaders play a pivotal role in driving organizational transformation. Their expertise in managing financial strategies is essential for implementing meaningful changes that enhance overall performance. According to the KPMG 2024 Insurance CEO Outlook, 59 percent of insurance CEOs predict that their organizations will experience earnings growth of more than 2.5 percent over the next three years, with 15 percent expecting growth exceeding five percent. Consequently, a significant 93 percent of insurance CEOs anticipate increasing their workforce size during this period to accommodate this growth. KPMG professionals are skilled at working with insurance CFOs to implement SAP S/4HANA technology that may have an initial finance focus but can form a foundation for transformation and modernization across the organization.

For example, SAP S/4HANA allows for the creation of a 'single source of truth' around other, increasingly important, non-financial data. This includes not only how to find it, but also how teams can integrate, analyze, disseminate, and use the information available.

The key isn't just in controlling the data, but the ability to standardize it. SAP S/4HANA creates a robust data governance framework that helps all functions agree on a consistent definition around insurance topics such as products, cost centers and activity types. When systems are aligned and standardized, data can be available when needed, even if it sits in other systems of record.

**“SAP S/4HANA migration projects must be seen not only as pure technological projects, but as opportunities to unlock comprehensive functional benefits. This can be achieved also through hybrid/bluefield approaches that safeguard past investments and not necessarily through a big bang strategy. A phased approach can help to reduce complexity and minimize risks.”**

**Simona Scattaglia Cartago**

Partner and Global Insurance Technology Lead  
KPMG in Italy

# Unlocking the power of AI

AI is being integrated into many aspects of insurance organizations, from Solvency and Financial Condition regulatory reports to customer experience.

A KPMG-led transformation to SAP S/4HANA allows businesses to harness the full power of AI, with access to quality data and systems integration across operations.

By combining deep industry and functional knowledge with the right technologies, KPMG firms can help you to unlock business value and harness the full power and potential of AI with speed, agility and confidence. KPMG firms have worked with global insurance firms to help deliver meaningful AI transformation, combining industry knowledge and actionable insights with leading technology, developing robust frameworks and AI accelerators. KPMG professionals are experienced in developing proof-of-concepts and scaling these into integrated digital solutions. And these processes have been used internally to review and enhance KPMG firms' capabilities.<sup>2</sup>

# The right talent. The right systems.

The war for talent across insurers continues. IFRS 17 highlighted the need for professionals who combine deep analysis with excellent communication. These talented individuals want to maximize their potential and accelerate their career progression by working with technology that leverages AI's potential and reduces inefficient manual processes.

In particular, insurance CEOs are concerned about their ability to replace retiring talent with appropriately skilled workers. They see a widening expectations gap between generations. And CEOs are concerned that — even if they do find enough people — the ability to transfer knowledge between employees may be a challenge.<sup>3</sup>

KPMG firms don't just understand the power of SAP S/4HANA, they understand insurance organizations and the people within them. This deep knowledge creates long-term relationships and lasting, effective transformation.

**“The strategic message from leaders is clear: ‘It’s time to transform’. But finding the right path is complex. KPMG professionals can help you define the transformation journey that fits your ambition, your vision, your resources and budget.”**

**Martin Hoser**

Partner and Global Insurance Finance Transformation Lead  
KPMG in Germany

**62%** of insurance CEOs are worried about talent gaps impacting their business

## Four indicators that transformation is required

- 1** The enterprise resource and finance function model do not align with the needs of the business and other stakeholders.
- 2** There is a challenge with attracting, developing and retaining the right talent.
- 3** Financial controls, governance frameworks and ESG reporting are insufficient in ensuring ongoing regulatory compliance and risk mitigation.
- 4** Data is locked in silos, limiting insight and effective reporting.

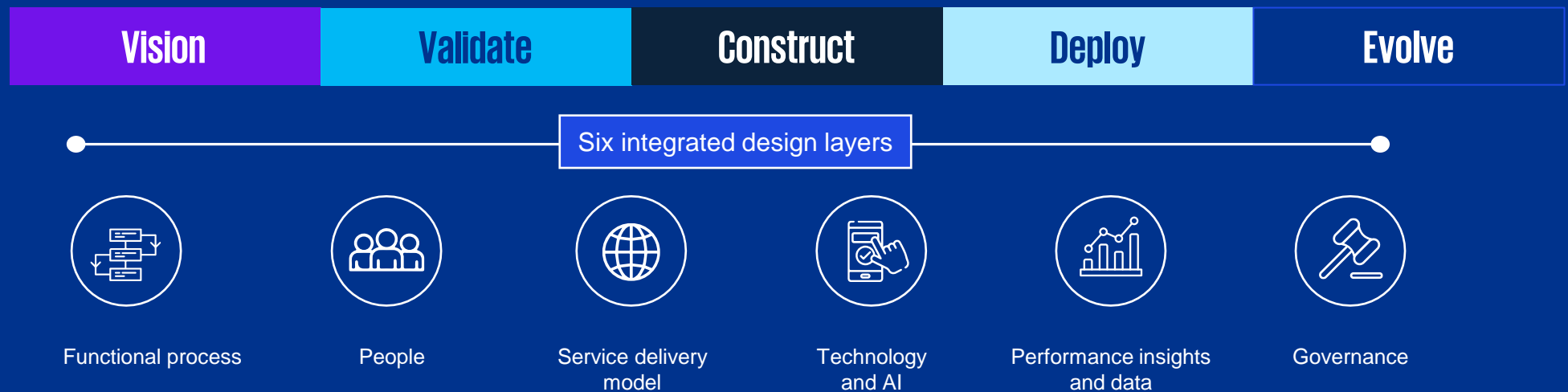
# Why work with KPMG?

KPMG professionals take a holistic view of the impacts of a SAP S/4HANA transformation on your business, helping you identify the implementation path that works best for you. KPMG consultants work collaboratively to spot opportunities to add efficiencies and value through your SAP investment.

KPMG firms have the extensive experience needed to get your migration to SAP S/4HANA through to completion and power your transformation into an agile, tech-enabled organization that's fit for the future.

## KPMG proven functional transformational methodology

KPMG professionals employ the KPMG functional transformational methodology to support businesses through each stage of the transformation and stay competitive in a market that has seen a growing trend in consolidation. They identify a 'north star', apply best-practice tools and documentation, and support organizations to evolve continuously.



# Six reasons to choose KPMG

01

A multidisciplinary, business-led approach to transformation.

02

Proven experience with SAP S/4HANA transformations.

03

Deep understanding of the insurance industry.

04

Heavy investment to improve process quality, transparency and forecast accuracy.

05

Better control over transformation and minimal additional costs.

06

KPMG firms have a SAP landscape available that can help at an early stage in the fit-to-standard approach ('adopt versus adapt').



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### Endnotes:

- <sup>1</sup> KPMG 2024 Insurance CEO Outlook, KPMG International, October 2024
- <sup>2</sup> Advancing AI across insurance, KPMG International, August 2024
- <sup>3</sup> KPMG 2024 Insurance CEO Outlook, KPMG International, October 2024

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