

Blazing the Trail in Insurance Digitisation



[Marijan Mumdziev, CEO, Amodo](#)

“Our mission is to be the ‘go-to’ vendor for insurance industry digitisation – the natural partner for companies wanting to leverage the benefits of IoT and big data.”

“The Financial Times named us one of the top five companies in the field of insurance innovation globally.”

Interview by Abraham Joseph, Editorial Director, IoT Insights

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What was the foundation of Amodo?

The company was founded in 2013. I joined in 2015 after buying the shares of the founders.

Amodo is a spinoff from a digital marketing company that had been operating for over 20 years. Prior to the spin-off, the company was focused on fast moving consumer goods and B2C projects. Clients of our digital marketing agency included Nike, Molson Coors, Johnson & Johnson, Volvo, and many other global consumer brands.

It was a project with Volvo that led to the Amodo spin-off. For the first time we were able to access the data coming directly from the car and we realised that we could use our knowhow to engage with clients and deliver additional insights based on these data.

Seven years later, we are having this interview. In the meantime, we built a very robust platform that can collect data from many different sources in addition to cars and use these data to improve many aspects of business performance.

We enable our clients to collect data from aftermarket telematics devices, smartphone sensors, wearable devices, neutral server platforms (based on the initiative sponsored by the European Automotive Manufacturers’ Association), and third-party data platforms.

What is Amodo's Mission?

Our mission is to be the 'go-to' vendor for insurance industry digitisation – the natural partner for insurance companies wanting to leverage the benefits of Internet of Things (IoT) technologies and big data.

We aim to remain the key global technology enabler for insurance companies that want to create next generation products and services.

What product or service does Amodo provide?

Amodo enables Insurance companies to launch usage-based insurance (UBI) products such as 'pay per mile' and 'pay how you drive'. Many of these solutions are provided through smartphone channels – an ideal way to serve the ever-growing market of digital natives.

We have deployments in many countries, where we capture data from end users. This enables us to continuously improve our algorithms and platform. We offer insurance companies advanced analytics that support their underwriting and risk pricing processes.

Amodo is unique in the market because it uses data and machine learning algorithms beyond mere risk pricing. Also, it enables Insurance companies to execute highly targeted and tailored marketing campaigns that drive data monetization – a major focus of whole industry currently.

For which specific markets to you have detailed data?

Most of our data come from European and Asian markets, but we also have data from North and South American markets. Clearly, we are not talking only about driving data, but overall mobility data, where applicable. These data provide the foundations for tremendous innovation beyond driving behaviour and associated risk pricing. For example, they can be used for other parts of the property and casualty (P&C) insurance portfolio as well as in health and life segments, eventually.

Can you give some examples of customers and projects?

We work with BNP Paribas Cardif in Italy, Porsche Salzburg in Austria, P&V in Belgium, Triglav in Slovenia, AIG in the Asian markets, and others. We collected numerous awards with our clients, where solutions were based on our technology. For example, Porsche Salzburg was voted the Best Digital Project in Austria and AIG Singapore was awarded the best Digital Insurance Project in the Asia-Pacific region.

Most of Amodo's projects today are in the field of motor Insurance, but as the market and our clients mature, we see usage of our technology in many other fields.

How big is the company?

Today, we are just over 50 people. We expect to reach 60 by the end of 2020. Most of our employees are in Croatia but we aim to expand our team in other European countries starting with Hungary and Austria.

Might people not rebel against being monitored?

Over the last couple of decades, we have learnt that while customers might be reluctant to GIVE their data, they are willing to EXCHANGE data for a product or service they find valuable. This principle applies equally to usage-based insurance. Additionally, new generations of digital natives are shaping market preferences and are less reluctant to share their data.

Some months back, we conducted a detailed study among a couple of thousand respondents in Germany. Despite Germany being known as one of the countries that is most concerned about data privacy, we found that 70% of respondents were willing to share data if offered an appropriate benefit in exchange.

How is COVID-19 affecting Amodo?

The initial reaction of the market to the global pandemic was to wait and see how the situation evolves. Not long after, we witnessed several insurance initiatives move to speed up the pace of digital transformation, making Amodo technology even more relevant than before.

We started couple of new projects shortly after the onset of the pandemic. We think this is indicative of the market direction.

What challenges does COVID pose for the future of the insurance market?

I see the impact as occurring in three stages. Pain in the short term, transformation in the mid-term and much faster growth in the long term.

Short-term pain arises from the panic and dislocation caused by the shutdown in many countries.

Mid-term, transformation will arise because the industry will need to reduce human interaction significantly. This will speed up digitisation. This aligns perfectly with Amodo's business model and technology.

Longer term is harder to predict, but I see a positive impact. Early industry research supports this view.

Do you think that we may see a permanent reduction in travel and in use of cars?

Based on our analysis, we believe there will be considerable developments in mobility in the coming years. Whether we see a permanent reduction in mobility is uncertain. Even if there is, this does not imply that all segments of the mobility market are going to be impacted in the same way.

We are becoming much more aware of social interactions. Some predictions are that shared mobility services like ridesharing will be adversely impacted due to potential risks to drivers and passengers. Similarly, there is likely to be increased reluctance to use of public transport. Both point to a higher use of personal vehicles in the short and medium term. On the other hand, the economic downturn will make it increasingly difficult to bear costs of owning a car.

There are many major stakeholder groups including car manufacturers, their major suppliers, ride-hailing companies, telecom operators and major IT vendors all interested in the insurance market. How do you see the market developing, and what role do you see for smaller players like Amodo?

We advise our customers not to become service providers for connected cars because this strategy takes them head-to-head with many of the large stakeholders that you mentioned. Rather, we advise them to focus on their strengths and to develop insurance products and insurance bundles which they can entice customers to purchase along with their motor insurance policies.

Today, the big car manufacturers do not want to do the backwards integration necessary to become fully-fledged insurance carriers. They do, however, want to pave the way, should they decide to enter the market in the future.

Penetration of the insurance market – traditionally a commoditized low margin business – is low on the manufacturers' list of priorities. Most prefer to enable the technology to collect data from the car, and then simply sell the data. This is the basis of our technical integration with BMW and Mercedes. We are simply their pipeline to the insurance industry. We get the data directly from the vehicles and help insurance companies tailor their products based on the data.

For the car manufacturers, this is an easy step: sell and monetize the data today and retain the option to do backward integration in the future to participate more fully in the insurance value chain. Once they do the backward integration and enter the insurance market directly, the best strategy for insurance companies will be horizontalization – enhancing their offerings to address a broader range of their customers' insurance needs. The Amodo platform provides the foundations for this by enabling data collection from homes and buildings as well as wearables, health monitors and other consumer devices.

So where next for Amodo? What is the next big market you are planning to conquer?

Currently, we are prioritising the European market. We aim to be the dominant player in this market in near future. The second market we see as having the greatest potential is Asia. The third is North America.

What stage are you at in terms of your financial goals?

For the first three and a half years we were bootstrapped, mainly by founders' funds and profitable client projects. Then, in 2016, we raised around \$1.5 m US. Currently, we are in the process of executing a second – series A – for \$10 m. We raised the first \$3.5 m with one investor and are in the process of adding a couple of other investors to complete the round.

What is the purpose of this round? Is it the international expansion that you mentioned?

Initially we will focus on sales and business development. Then in parallel with the growth following these investments, we will focus on extending the product portfolio and associated delivery capacity. Currently, we are mainly a delivery company, with much greater focus on

technology than on sales and marketing. We intend to redress the balance with this round of investment.

What types of investors are you seeking for this round? Are you, for example, looking to get an automotive OEM on board?

Naturally, we are looking for strategic partners – organisations that can contribute more than just a capital. Of greatest interest are those that are particularly well placed to help with market access.

What are the top three things you would like the world to know about Amodo?

The first is that insurance companies have an ever-increasing need for digitization and automation and that Amodo has been building these technologies for the past seven years.

The second is that digitisation and automation are not just about technology, but also about knowhow and data, and Amodo has all three in abundance.

Finally, that Amodo has delivered more than 30 major projects worldwide and is an ideal partner to help insurance companies speed up their digitisation processes.

What are your top pursuits when you are not working hard on Amodo matters?

When I am not working, I like to spend time with family and friends. Also, I like to read. I am especially interested in business and economic affairs. I like to understand the contexts in which businesses operate, the structure and behaviour of different industries and the macroeconomy in general. Often, I use my interest in business as an icebreaker when meeting new people.