Deloitte.

Scaling artificial intelligence (AI)
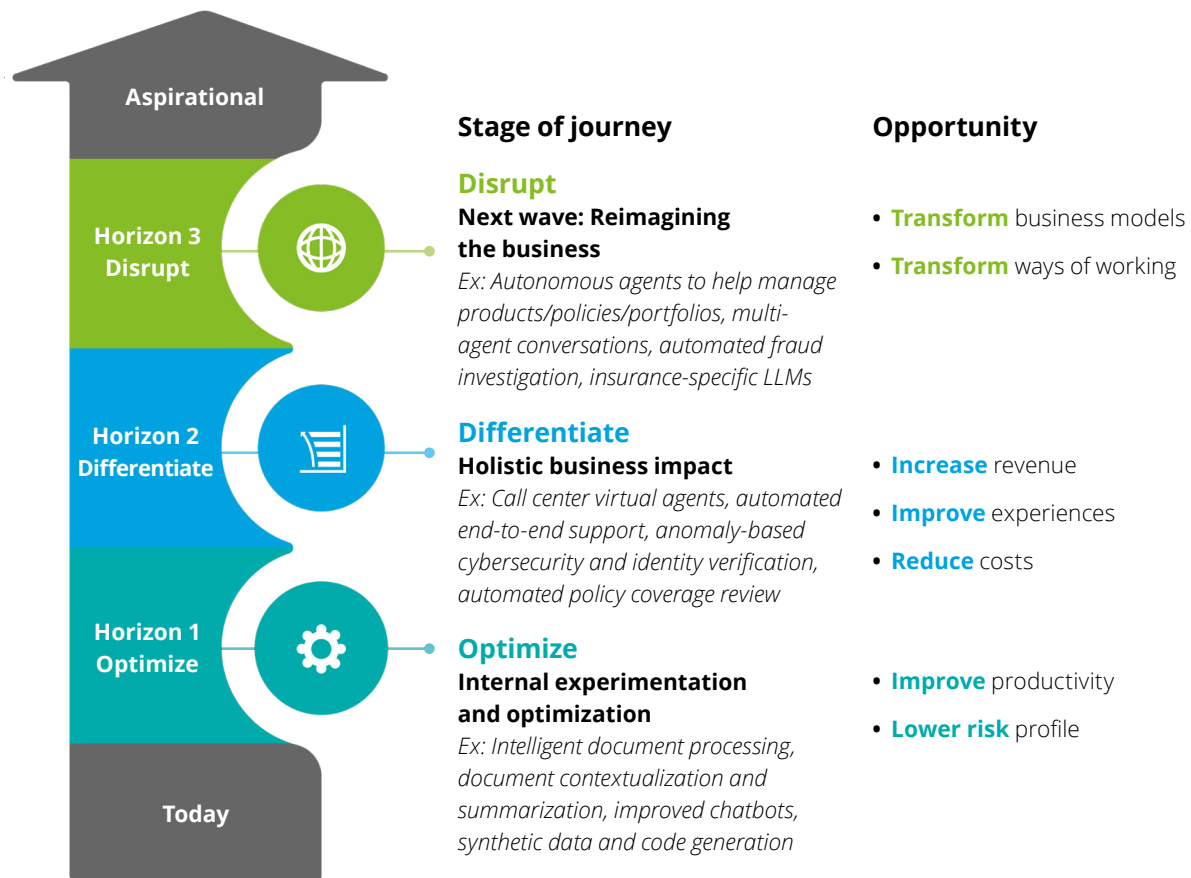**Navigating the horizons of innovation**

AI technology is creating new opportunities and transforming industries in this fast-changing world. For insurers, using AI effectively is not only a way to keep up with the competition; it's also a way to excel in a digital age where innovation is essential for success. With so many possible options and challenges, scaling AI across your enterprise can seem overwhelming.

Today, many executives are wondering: *How do you deal with the difficulties of this journey? How do you move from testing to deploying to achieving scale? How do you generate and demonstrate value and keep the momentum?*

It's one thing to explore the potential of AI through small-scale experiments and prototypes and another to incorporate AI solutions smoothly into your operations, delivering real benefits and driving lasting growth. Making this transition to scale successfully requires a structured approach and a clear understanding of where to prioritize your efforts.

To help answer these questions and guide this transformative journey, we have formulated a three-phase framework that provides a road map for success. It is based on our extensive knowledge of the industry and the opportunity and potential value to be achieved. This framework provides a systematic approach to shape your ambition and strategy, enabling insurers to contextualize their current actions and plan a way forward in scaling AI efficiently. By dividing the journey into three separate horizons—optimize, differentiate, and disrupt—insurers can navigate the complexities of scaling AI with confidence and clarity.

Aspirational

Horizon 3 Disrupt

Horizon 2 Differentiate

Horizon 1 Optimize

Today

Stage of journey

Disrupt
Next wave: Reimagining the business
Ex: Autonomous agents to help manage products/policies/portfolios, multi-agent conversations, automated fraud investigation, insurance-specific LLMs

Differentiate
Holistic business impact
Ex: Call center virtual agents, automated end-to-end support, anomaly-based cybersecurity and identity verification, automated policy coverage review

Optimize
Internal experimentation and optimization
Ex: Intelligent document processing, document contextualization and summarization, improved chatbots, synthetic data and code generation

Opportunity

- **Transform** business models
- **Transform** ways of working

- **Increase** revenue
- **Improve** experiences
- **Reduce** costs

- **Improve** productivity
- **Lower risk** profile

Horizon 1: Optimize
Internal experimentation and prototyping

Horizon 1 is the first step in scaling AI, where the main goal is to experiment, test, and verify AI applications internally. It focuses on evaluating how to adopt, scale, and manage new technologies that have low risk. Organizations in Horizon 1 are still emerging in terms of AI maturity, are developing foundational capabilities (e.g., soft launch production environment), and are establishing AI policy and governance.

Additionally, as part of this step, the goal is to verify productivity and efficiency improvements through successful internal point solutions across the insurance value chain, enhancing operational efficiency and preparing for future use-case scalability. Examples include AI-driven intelligent document processing for simplified information extraction and validation, and generative AI coding tools for non-developers.

Horizon 2: Differentiate
Holistic enterprise transformation

As your organization moves toward Horizon 2, the aim is to achieve comprehensive enterprise transformation and scale. Horizon 2 prepares the ground to combine traditional AI and generative AI solutions and makes the case for a wider enterprise AI strategy. To get tangible value from AI, organizations need to change their focus from creating point solutions to building integrated solutions using a variety of AI technologies with a full view to enhance how they deliver experience and value for their internal customers (i.e., employees) and external customers (i.e., advisers, agents, policyholders).

For instance, a comprehensive solution to assess the effectiveness of marketing messages can use several AI technologies, such as descriptive analytics to measure audience reach and quality, machine learning to measure the effectiveness of content, and generative AI to measure and summarize insights and recommendations for improvement. At Deloitte, we have developed a systematic approach, called a "string of pearls," on how to scale successfully across an organization using AI solutions.

This horizon involves major changes in the organization, with targeted investments and solution development across the business functions, and it takes a holistic view of how data, business assets, and technologies work together at the enterprise level—thus creating value across multiple dimensions to increase revenue, enhance experiences, and reduce costs.

Horizon 3: Disrupt
Next wave: Reimagining the business

The ultimate goal of effective AI scaling and adoption occurs in Horizon 3, where AI can help transform traditional business models by creating new ways of using technology. This horizon is where the vision of AI innovators to build AI-powered enterprises becomes reality. The goal is to achieve a "humans with machines" way of working, where humans and machines collaborate to create the opportunity to rethink the business model and/or operating model.

For example, with AI's cognitive abilities that resemble human intelligence, autonomous AI decision-making can mimic expert judgment without human involvement for some applications like reinforcement learning and deep learning techniques; and improvements in causal AI enabled by evolving models and pattern recognition techniques. Many of the most potential use cases emerge from the combination of leading AI techniques (autonomous agents, reinforcement learning) with advancements in technology (transformer/probabilistic models) and hardware (Internet of Things devices). These state-of-the-art solutions will not only change ways of working and business models but entire industries, opening new possibilities for innovation and growth.

Embracing the
AI journey

Each horizon builds on the previous one, creating a base for sustainable and scalable AI development. Horizon 1 allows processes to be fine tuned, preparing the ground for more extensive transformations in Horizon 2. Horizon 3, then, becomes the domain of innovation, where organizations can explore the limits of what AI can do, reinventing their business models and operations.

Scaling AI is a dynamic and complex journey that requires a careful and strategic approach. Our scaling AI horizon framework offers a road map for organizations to go through the different stages of AI development, from optimizing internal processes to differentiating their enterprise and ultimately disrupting traditional business models. As technology keeps evolving, the ability to scale AI effectively becomes not just a competitive edge but a necessity for staying relevant in an increasingly digital and intelligent world.

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