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Welcome to possible

Digital transformation for insurers

Introduction

The insurance industry today is at a transformative stage, where it is witnessing an unrelenting march of digitization and a proliferation of devices. This is leading towards an integrated experience across multiple channels. Thereby, it not only enhances existing business models but also impacts newer opportunities for premium uplift and operational effectiveness.

The customer enjoys being at the epicenter of this digital revolution, forcing insurance enterprises to relook their strategy.

This paper focuses on models and frameworks which enterprises can adopt, to effortlessly adapt themselves to this digital revolution. We will look at some of the ways insurance enterprises should study their consumers and see how they interact to do business. Insurance enterprises need to collaborate with different components – channels, internal stakeholders and processes – in order to provide a unique customer experience.

The paper also speaks about the significance of customer data and how enterprises can leverage it to make intelligent decisions. This in turn will give them a futuristic outlook. We define the three key pillars, as shown in figure 1, which can differentiate general insurers from their competitiors. They are:
1) **Collaboration:** To deliver a unified consumer experience
2) **Insight:** To build better decision making capabilities that enable personalized experience and result oriented outcomes.

3) **Foresight:** Constantly innovate to provide tools / capabilities which empowers users and creates stickiness for them.

The digital explosion, with its low barrier to entry, is transforming the way enterprises do business. It is fast changing the way consumers engage with enterprises and is even affecting the way enterprises operate internally. This has naturally led to the phasing out of enterprises that were not quick enough to adapt, while small, yet nimble enterprises have become revolutionaries.

This is driving a fundamental shift in business models, which is greatly felt by the insurance industry. Enterprises are looking at digital technologies to drive business revenue with wider reach. They are creating new touch points with consumers, which was not possible earlier. It also creates a value proposition throughout the life cycle of the insurance product and uses information to continuously refine their models.

Enterprises need to take a closer look at the situation and assess their strengths accordingly. An enterprise that focuses purely on digitization, for example, might achieve different results when compared to one which focuses on changing the business model. For optimum achievement, enterprises need to find a balance by bringing in digital changes in alignment with business process changes.
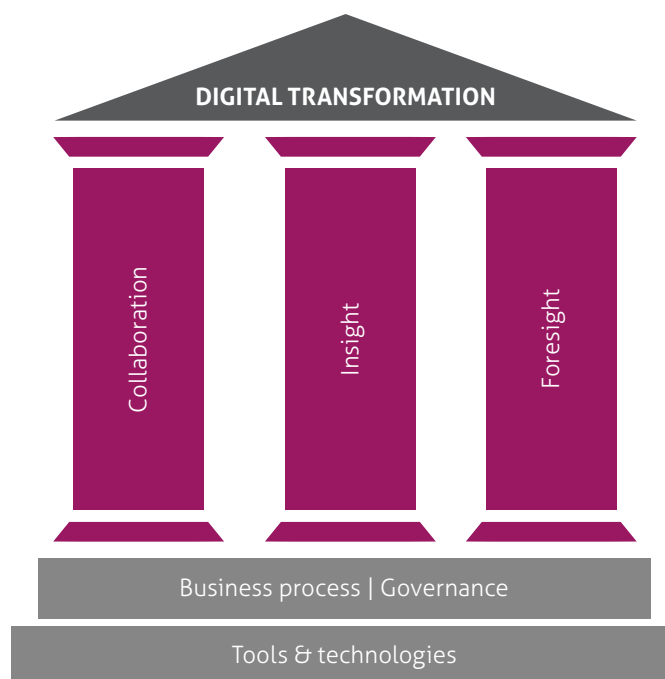

Figure 1

The digital world – a reality

Today most insurance enterprises have a digital presence. With approximately 2,500 million Internet users, a year-on-year growth of 8% and a 34% population penetration, digital technologies present huge opportunities for enterprises to tap into. Insurance enterprises are certainly not lagging behind. Projections show that 40% of auto and life insurance sales will occur online by 2014. Of the consumers who purchase policies online, around 89% will use the self service features to stay connected.

A quick glance at the rate at which some of the insurance enterprises have grown, shows that between 2009 and 2012, enterprises which have gone digital have increased their market share by 9%, while enterprises which continued to focus on the brick and mortar model have lost around 7.6% of the market share.

This data establishes that more and more enterprises need to look towards digitalization as their primary growth driver.

Aspects of the digital ecosystem which insurance enterprises should pay close attention to are:

- With the presence of an omni-channel model, consumers jump from one site to another, then go offline, read reviews and compare products. It thus becomes extremely critical for enterprises to monitor this behavior and address it.
- Improved search marketing to enable users to find information efficiently.
- Sophisticated social presence.

The learning curve – navigating the challenges

The insurance industry is trying to undergo a fast transformation but is facing a number of challenges which needs navigation. Figure 2 lists a few challenges in four main arenas: technology, operations, collaboration and customer.

These challenges may be addressed by insurance enterprises through a structured approach. It starts by first establishing a digital vision, which should emerge from an exhaustive assessment of their current state and where they want to be.

Technology	Disparate technology platforms	Multichannel & lack of integrated ecosystem	Ineffecient analytics & other tech capabilities
Operations	Fragmented business process	Old operating models, lack of analytics & intelligence	Lack of customer centric services
Collaboration	Too many partners & complex governance model	Conflicting IT & market needs	Number of initiatives & lack of coordination between them
Customer	Changing customer base & preferences	Lack of unified marketing efforts	Lack of integration between web, social, mobile & offline channels

Figure 2

- Advanced digital capabilities like social & mobile but in silos
- No clear digital version
- Underdeveloped touch points

- Well defined digital version
- Established governance and operational model
- Digital initiatives generating measurable business value
- Robust digital mindset
- Consolidated & integrated digital vision

Desired state

Current state

Digital maturity

- Skepticism about digital adoption
- No established ROI model
- Undefined digital strategy and vision

- Digitial initiate in silos
- Not fully adoptive
- Desire to take active steps towards transformation but in pockets

Transformational
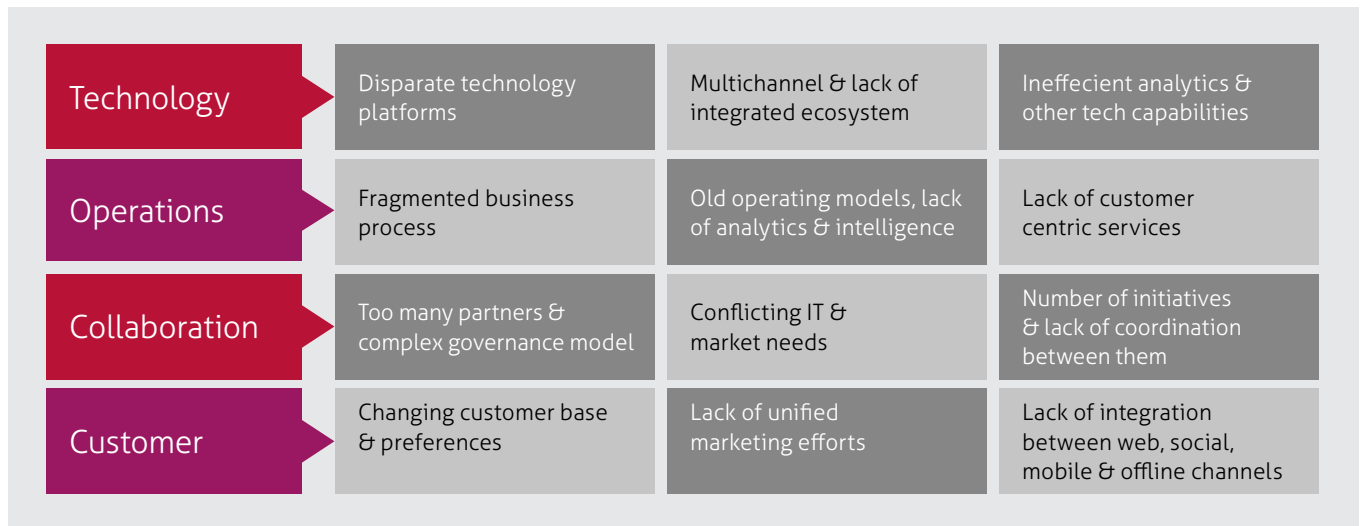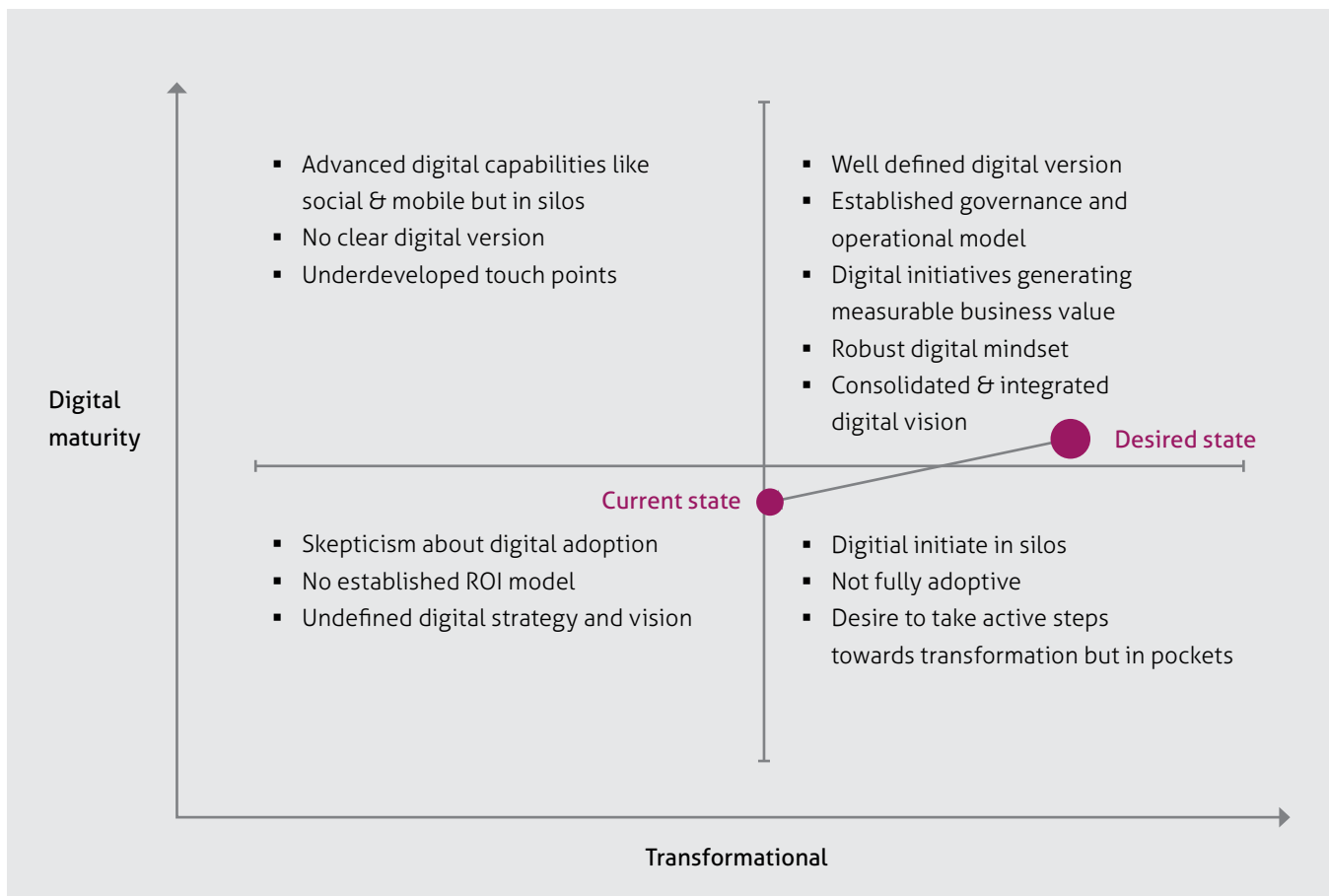
Figure 3 Maturity assessment framework

A look at the maturity assessment framework as shown in figure 3 can help enterprises gauge their transformational and digital appetite and the measures they need to adopt to be in the desired quadrant.

Pillars to digital transformation

Once enterprises initiate their digital transformation, they can start reaping its benefit by overcoming the challenges mentioned and focus on the three pillars: **collaboration, insight and foresight.**

Well planned business processes and able governance directed by appropriate tools and technologies are required to back these three pillars.

Collaboration	Insight	Foresight
- Identify how consumers are interacting - Identify how different channels interact - Identify how the business model works	- Identify the business process - Identify what data to capture to better serve your users - Identify how to use that data for enhanced experience	- Identify how to improve the service offerings - Identify customer stickiness points - Establish feedback mechanism and more user empowering capabilities

Figure 4

Below are the details about each of these pillars.

a. Collaboration

Figure 5 demonstrates how to be more collaborative.

Channels
- Identify how users are interacting with you.
- Differentiate between channels - online, mobile, contact center, brokers / agents.

Business processes
- What are the business models being impacted? In APAC, for example, users might use agent model more compared to online channels in US.

Stages
- Establish different stages of the digital consumer's lifecycle. For example it starts by making the users aware of your insurance products, to attract, acquire and retain.

Engagement models
- Define how to engage the users. When a user, for example, goes from web to an agent and how to enable agents to have access to the user information and so on.

Technology enablers
- Define business processes, establish stages and engagement models, finalize tools and techniques to be leveraged when the channels are identified.
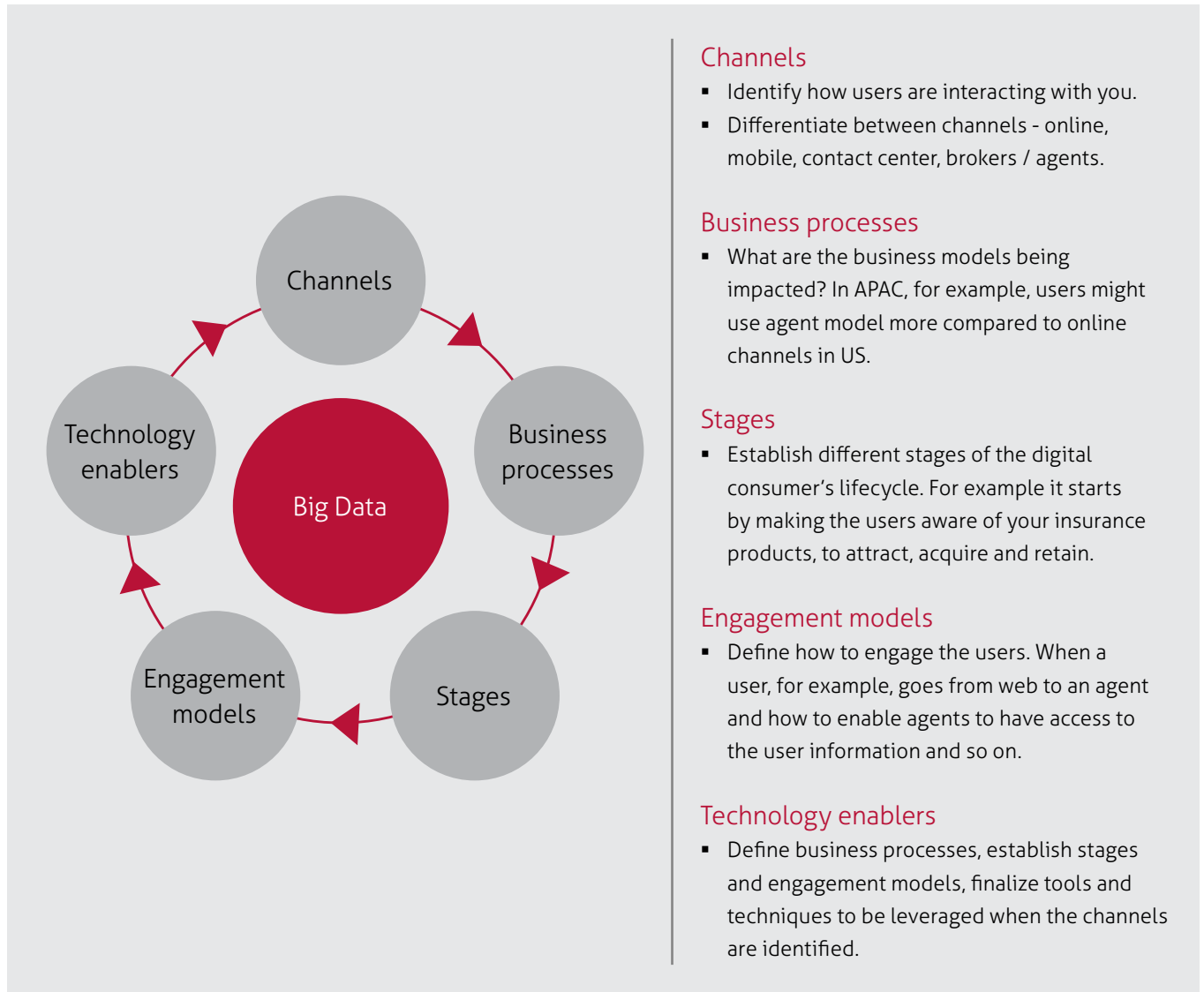
Figure 5

It is essential for enterprises to identify how users are interacting with them. It is important to identify how they are doing the business and not how they want to do business with their users. This then defines which business processes are impacted or should be changed.

Once the channels are identified and business processes analyzed, the entire life cycle of user interaction needs to be broken down into stages through which user behavior can be studied. This process gives us a clear understanding of how users engage with the enterprise and which tools can best support the model.

As an illustration, imagine a consumer is looking for auto insurance. Since he needs a quote and when he sees an online ad, he searches for the product and requests for one. The process is followed carefully and has key digital techniques mapped to the flow. This is very important for enterprise and marketers to map and establish.
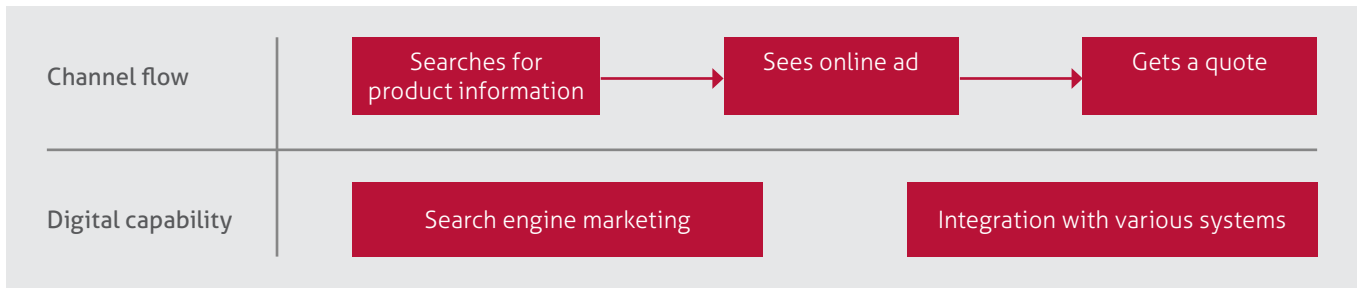
Channel flow	Searches for product information	→	Sees online ad	→	Gets a quote
Digital capability	Search engine marketing			Integration with various systems	

Figure 6

The user may now go from an online channel to an offline channel. After receiving the quote, for example, he may ring a call center for more details and perhaps to purchase the policy. In this case, it is important for enterprises to collaborate with call center executives, enabling them to access product-related information and efficiently make a sale.
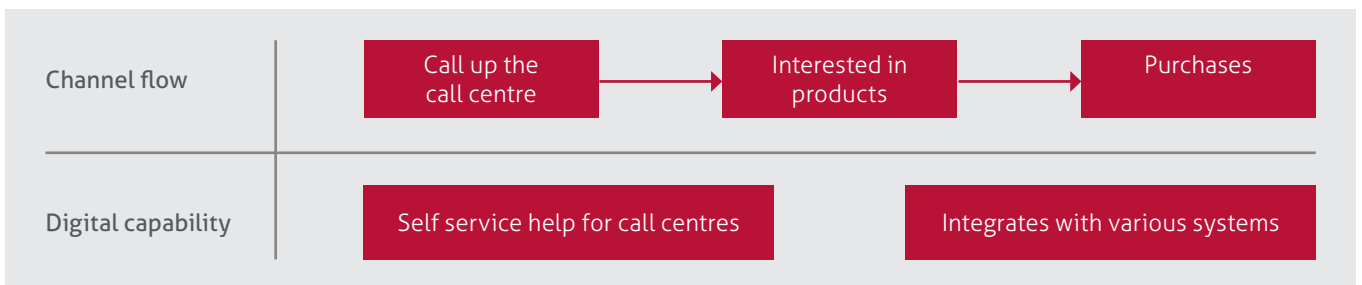
Channel flow	Call up the call centre	→	Interested in products	→	Purchases
Digital capability	Self service help for call centres			Integrates with various systems	

Figure 7

Mapping such flows enable us to identify not only the capabilities but also the interaction points and digital capabilities. Figure 8 below is an illustrative digital capability map.

Digital marketing
- User experience & branding
- Digital asset rendering
- Personalization
- Multichannel delivery
- Cross-sell, upsell capabilities
- Promotions & campaigns
- Content
- Lead generations

Customer
- Personalization
- Profile management
- Contact center support
- Document center
- Campaign & promotion tracking
- Analytics & reporting
- Profile & preference management
- Security & authentication
- Single sign-on

Self servicing
- Policy details
- Policy renewals & cancellations
- Endorsements
- Claims filings
- Billing
- Account history
- Claims status and 360° view
- Personal information

Operations
- Payment management
- Chat capabilities
- Call centre integration
- White labelling
- CRM integration
- Customer acquisition
- Event & training

Purchase & fullfilment
- Multi-product support
- Quote supporting
- Save and retrieval
- Payment integration
- Bind and policy issuance
- Policy servicing

Figure 8

b. Insight

The next pillar demands insight. Enterprises should not only know what customer information to leverage, but they should also ensure that their processes and governance model support it.

Enterprise should clearly articulate their touch points, interactive stakeholders and information to be captured. Key metrics should be defined, to help marketers analyze the return on investment (ROI). One key area to focus on is tracking sales during a particular campaign or promotion. This gives a good indication of how effectively money is being spent. If the sale is completely online, it's simple. The challenge is when the consumer moves from an online channel to an offline one. In this case, insurance enterprises have to ensure very well-defined processes to empower various channel stakeholders, such as contact centers, or brokers and agents with the appropriate information to help provide seamless user experience.

There are various ways in which enterprises are achieving this. Some are automating call centers, for instance, by having unique phone numbers attached to different campaigns. Others are integrating tightly with back end policy admin systems. What we see working best is a separate promotions and campaigns module to track effectiveness, which could then be plugged and played based on needs. This also provides the flexibility to track different channels, such as Google ads, digital display ads, sms, emails, direct web and so on.

c. Foresight

Being insightful also includes identifying key components constituting the digital ecosystem. These components are required to define which KPIs and metrics to track and capture.

Therefore, how to empower the users of the digital channel? How to provide more value so that users realize the importance and benefits of coming back to this channel?

As mentioned earlier, it all starts with analyzing how users interact with the enterprise and what their needs are. Take a typical broker / agent model. We need to assess ways in which brokers / agents can work in a partner model. More and more, insurance enterprises are looking at ways to help brokers and agents achieve their sales target and in turn generate more business for themselves. Many insurance enterprises are providing sales performance information, heat maps for type of capabilities and efficient integration with various CRMs. They even provide metrics and KPIs, which not only keeps brokers and agents better informed about products, services and solution offerings, but also helps them benchmark themselves against others in the industry. This will give a jump start to anybody who wants to understand the concept of customized Web crawling and implement the same.

Technology enabler

The key challenge which enterprises face in order to achieve the above facets is how to collaborate different systems (back end) / policy admin systems, data sources, services and platforms to provide a consistent branding experience. At the same time they need to have sufficient information to make better and more intelligent decisions. Enterprises should think from a perspective of reusability and a modular approach, as that will reduce time to market and also bring in cost efficiency.

There are various frameworks which enterprises can follow and one such approach is to think of capabilities as generic services, which could be exposed to different platforms. This brings in flexibility and allows the platform to adapt to different business needs.
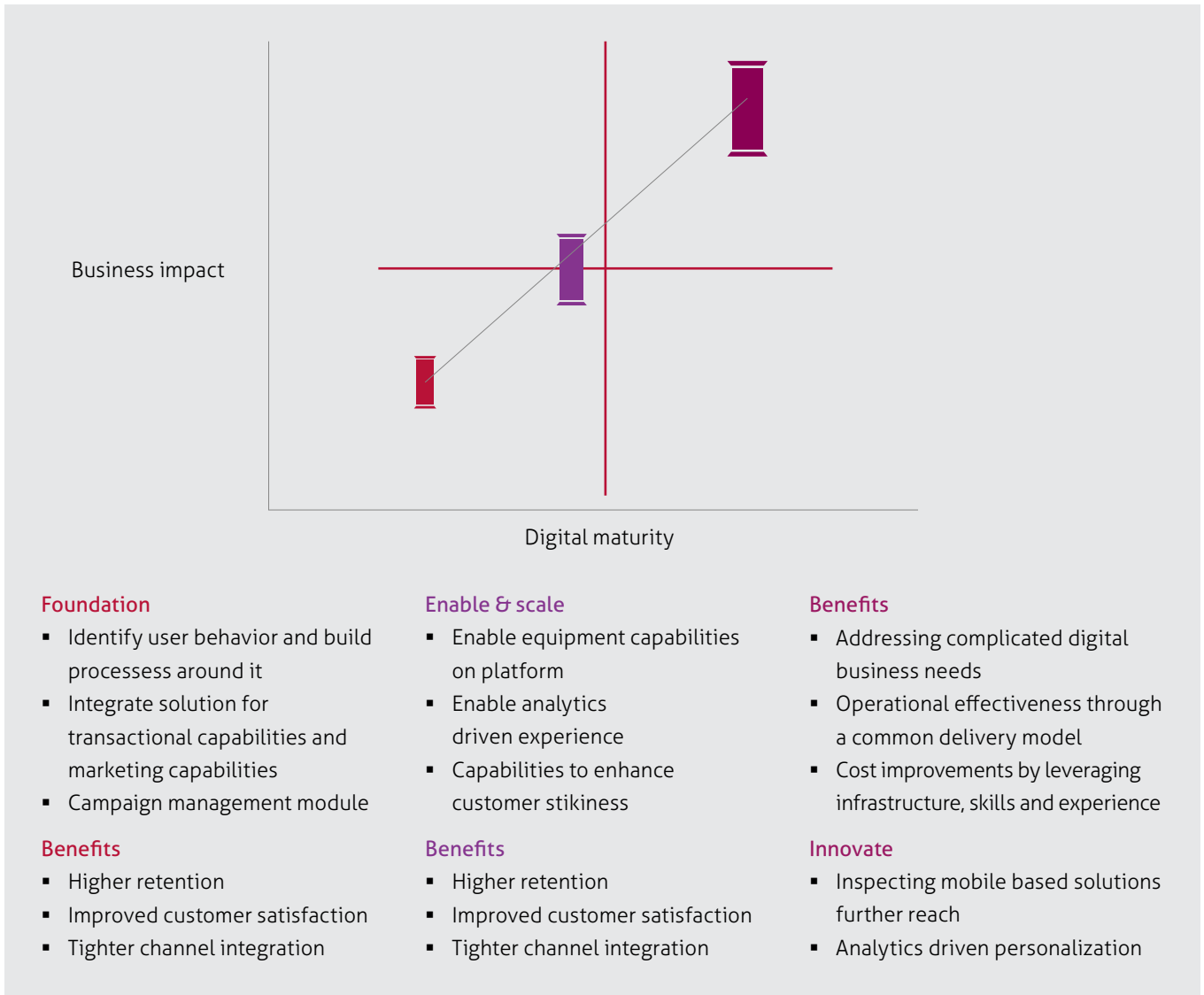
Business impact (y-axis) / **Digital maturity** (x-axis)

Foundation
- Identify user behavior and build processess around it
- Integrate solution for transactional capabilities and marketing capabilities
- Campaign management module

Benefits
- Higher retention
- Improved customer satisfaction
- Tighter channel integration

Enable & scale
- Enable equipment capabilities on platform
- Enable analytics driven experience
- Capabilities to enhance customer stikiness

Benefits
- Higher retention
- Improved customer satisfaction
- Tighter channel integration

Benefits
- Addressing complicated digital business needs
- Operational effectiveness through a common delivery model
- Cost improvements by leveraging infrastructure, skills and experience

Innovate
- Inspecting mobile based solutions further reach
- Analytics driven personalization

Figure 9

Summary

Digital revolution is inevitable. Enterprises have to be prepared to adapt themselves and ride the digital wave. Getting themselves ready will need collaboration, insight and foresight. It is important for enterprises to identify the components needed to build a roadmap. Smalls steps can be taken by laying out the foundation. Once matured, enterprises will enable more and more capabilities and in turn help bring in innovation.

References

a) Data from California auto insurance market
b) Insurance brokers & agencies in the US industry report
c) Forrester – Increasing online insurance self service adoption

About Mindtree

Mindtree is a global information technology solutions company with revenues of over USD 430 million. Our team of 12,000+ experts engineer meaningful technology solutions to help businesses and societies flourish. We enable our customers to achieve competitive advantage through flexible and global delivery models, agile methodologies and expert frameworks.