

Anchoring Insurers' Digital Initiatives

HOW TO BALANCE THE STEADY STATE WHILE MOVING TOWARDS A DIGITAL ENVIRONMENT

EXECUTIVE SUMMARY

Digital transformation is high on the agenda of C-level insurance executives. Yet many carriers have fragmented budgets and so many organizational silos that it becomes impossible to get any alignment on digital direction and scale.

The result is digital silos, a repetition of the same strategic mistake made in the past to opt for discrete solutions rather than embrace unification of data, systems, processes and people.

In this paper, we explore an approach to digitization that makes it possible to unify the data acquired from any channel – a customer via mobile, an agent via desktop, a call center screen, a drone, a personalized medical device, smart glasses and other data sources – along with the analysis of the data and the associated actions through one hub, the “anchor,” that runs anywhere.

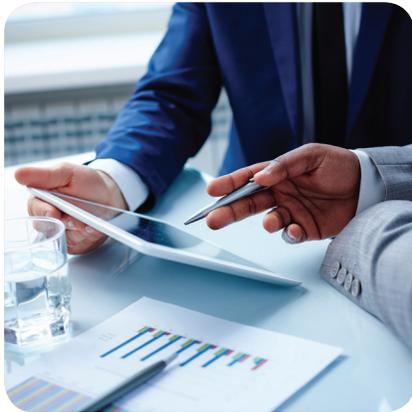
By approaching business activities holistically across people, process, technologies and devices, insurers will be one step closer to a model that is extendable, re-usable and customizable. Contrary to what may seem possible, digitizing your business – your whole business – is possible, and can be achieved quickly.

INTRODUCTION

“...A thoughtful digitization program can deliver up to 65 percent in cost reduction, a 90 percent reduction in turnaround time on key insurance processes, and improve conversion rates by more than 20 percent.”¹

Participants in Accenture’s 2014 survey expect digital initiatives to spur revenue growth by 5% (P&C) to 7% (Life). Digital transformation is high on the agenda of C-level executives.²

Yet many carriers have fragmented budgets and so many organizational silos that it becomes impossible to get any alignment on digital direction and scale.³ We see budget competition from the digital employee programs – aiming to make single sign-on an imperative along with a simplified and consolidated work hub. We see



budget competition amongst the constituents that face the customer – corporate branding preserving the look and feel of the portals versus the claims team looking to create a seamless claims experience across the call center, the portal and mobile. And, competition between operating areas with the same agenda - to decrease cost through process automation – yet at odds on the requirements.

Others are aligned from the start. Bain provides the example of Climate Corporation, a San Francisco-based company that examines weather data to provide insurance to farmers who can lock in profits even in the case of drought, heavy rains or other adverse weather conditions. From the start, Climate Corporation had an aligned digital agenda and big data ideas. They collected data relevant to crop

insurance and leveraged the data to not only provide seamless claims service to customers – direct payment based on data acquired, analyzed and actioned – but also to provide value added advisory services to farmers. The strategy pivoted around the concept of “Digical” – coined by Bain as the intersection of the digital and physical worlds.⁴

While these two scenarios seem at opposite ends of the spectrum, the results are somewhat the same. Climate Corporation created a digital silo for itself. Leveraging the same technology stack and operating model – how could they incorporate other and different lines of business to offer their existing clients? Similarly, fragmented organizations create digital silos that serve specific functions. How can one organization create a seamless, singular and cross-functional experience for the customer or sales channel?

In this paper, we explore an approach to digitization that makes it possible to unify the data acquired from any channel – a customer via mobile, an agent via desktop, a call center screen, a drone, a personalized medical device, smart glasses and other data sources – along with the analysis of the data and the associated actions through one hub, the “anchor,” that runs anywhere – on mobile devices, laptops, desktops. By approaching business activities holistically across people, process, technologies and devices, insurers will be one step closer to a model that is extendable, re-usable and customizable. Contrary to what may seem possible, digitizing your business – your whole business – is possible, and can be achieved quickly.

DIGITAL TOOLING ALONE WON'T OUT PACE THE COMPETITION

Whether a new entrant synched up with a digital strategy from the start or an experienced insurer transforming while in motion, digital silos seem to result. These silos tend to perpetuate the challenges of existing product, middle and back end silos. We lock data and actions into the digital silo and then support the silo with a new staffing model.

We establish a new portal with new processes and at the same time we create a new mobile app with new process in order to say we have expanded digital channels for customers. Reality is we have created two digital silos that do not intersect and require support resources. Or, we create coverage gadgets for agents that we expose through an agent portal that do not connect to the product application / submission process. At the same time we create a coverage gadget for iOS and then one for Android. The coverage gadgets each need to be maintained separately.

We display “retirement” calculators to shoppers that are not connected to product categories that might suit a need. We create BI groups that analyze data yet have no way to operationalize it – to push it out for use by customers, agents and other third party partners. We replace back-end systems with new back-end systems that do not support our mobile enterprise strategy. We automate the underwriting process after we receive an application rather than embedding underwriting into the shopping process. We start a greenfield subsidiary to sell new products in new ways – that is siloed from the rest of the organization.

This silo driven approach may work so long as the “channels” for which we acquire data are limited to customer and agent channels that have customer and operational support dedicated to bridging the gaps between the different people and different systems. The support expense might even out as do-it-yourself decreases the cost of human touch. The challenge will come as the channels expand to data acquisition from other channels– drones, medical devices, smart glasses and other available data sources.

Customers and agents may not be reaching in at the start of the process or even mid-cycle but rather at the end of a system to system transaction – the first time they know something has occurred. If this process occurs in a digital silo – who will know how to answer a customer or agent’s question? The usual gap fillers that help us see where something is in process like excel and access won’t apply because it is system to system.

A Bain survey tells us that while 79% of consumers indicate they will use digital channels to interact with companies; they also tell us customers who use both digital and physical channels give their insurance carrier a much higher Net Promoter Score.⁵



POINT SOLUTIONS CAN'T HELP- YOU NEED TO CUSTOM BUILD THE ANCHOR

Generally, digital is about the need to acquire data from the first or best source that can be analyzed, actioned and shared between people, processes, devices and machines to get work done seamlessly. Many pieces of technology come together to deliver against this idea – some now known and some in the incubation stages. The challenge is that there is no single dominant provider of a pre-built commercial off the shelf (COTS) solution to sit at the intersection of all these digital initiatives.

As a result, insurers have taken the digital silo approach and then built support structures around the siloes to bridge gaps between the people, the process, the data, etc. These support structures take the form of human resources and in some instances custom gap filling apps fit for the particular purpose. The problem is that custom coding is slow, the applications are hard to extend and modify, generally do not run on mobile and ultimately drag down the business value of going digital in the first instance.

The current approach to custom applications misses many functional requirements critical to anchoring insurers through a move to digital – and beyond:

- One platform – a hub – that unifies the new initiatives and existing landscape
- A hub at the intersection of people, process, data, devices and machines
- Accessed by all that need to work together to get work done
- Securely available
- Customer, product, program is at the center of all surrounding activities
- Sharing, distributing, automating or manually performing work in the same platform
- Visibility across people, process, activities and data via real time dashboard & reports
- Alerts pushed out and posted to those with a relevant interest [news]
- External systems can be leveraged to acquire data, apply rules and make decisions
- Extendable, easy to change, agile
- Ability to access the platform, work, alerts and collaborate from desktop, laptop mobile– without additional software or coding
- Easy to learn user interface, encouraging adoption around the world



These functional requirements are generally overlooked by current digital initiatives as they tend to sit at the intersection of different functions across the enterprise yet provide the anchor for a digital business. In the traditional approach, digital initiatives are not enterprise wide, so custom applications fill the gaps. The gap fillers are not connected to one another nor are they made available to those critical to the success of the enterprise – inside or outside the walls. The result: high administration cost, low visibility and lots of manual work needed to bridge the gaps between systems and people – decreasing the ROI on the digital initiative.

We propose an alternative approach to digitizing the business with a custom application platform – a hub – that connects the people, processes, data, and machines that need to come together to get work done, wherever they may be.

ONE PLATFORM CONNECTING THE DIGITAL INSURER

In its simplest form, the business of insurance is a combination of data, decisions based on that data, and business processes executed as a result of those decisions. It is people working collectively. The reality is more complex, more challenging to master due in large part to the disconnected nature of how insurance business is done. Disconnected systems, data, people, decisions, and actions hinder optimal business outcomes.

The solution is a common platform – a hub – that allows enterprises to rapidly create, connect and use multiple modern business applications – all sharing the same data, and all consumed through a single intuitive and collaborative user interface. And all functioning – working the same on a desktop, a tablet, or a smartphone. Or an Apple Watch, or whatever else may come. Such a platform would accelerate the pace of work, and add actionable intelligence to decision-making. It would also provide radical new levels of transparency across an insurance enterprise, and a single source of audit trail truth as to who did what, when and why.

Appian is that platform. To learn how we can help your insurance carrier business thrive, contact info@appian.com.

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1. Harvard Business Review, Insurance Companies' Untapped Digital Opportunity, March 24, 2014
 2. The Digital Insurer: Accenture Digital Innovation Survey 2014
 3. Harvard Business Review, See #1
 4. Leading a Digital transformation in insurance, November 19, 2014, Bain Brief
 5. Bain & Company, Leading a Digital Transformation in Insurance, November 2014

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a simple social interface. On-premise and in the cloud, Appian is the fastest way to deliver innovative business applications.

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