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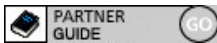
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Channel Hopping

10 September 2007

Call centre, Internet or branch? The nature of insurance sales channels is changing quickly. To continue to grow their businesses, insurance companies need to meet customer needs and manage channels with service and processes that are faster, better, and different from the competition.

Managing multichannel sales used to be simple: you'd employ a Web manager, a call centre manager and so on, carrying out separate marketing campaigns for each channel and measuring performance independently. But times have changed – customers want to receive consistent service across channels, which means that technology systems and organisational processes have to be streamlined.

However, achieving this consistency is not necessarily straightforward. "To drive growth in the current environment, insurance companies need to meet new challenges with equally innovative business practices," says Gordon Ejsmond-Frey, Microsoft's director of insurance for the EMEA region. "But efforts to create a more effective approach to channel sales and service have been hampered by the shortcomings of existing applications and legacy systems, the continued preponderance of paper-based work processes, and organisational issues."

So, although technology is the enabler here, careful decisions need to be made to ensure that the chosen technology will support the evolving needs of the insurer, taking into account many issues that will impact the industry.

A major issue impacting every insurer is legislation. Enforceable document retention policies, systems for managing unstructured information, and consistent records management are all key requirements from a legislative standpoint.

"The insurance industry is currently the subject of increasing regulation as the Financial Services authority (FSA) is conducting a review of retail distribution which will change the way insurers, providers and distributors operate," says David Child, managing director of The Exchange. "Further regulations have required distributors to adopt new service propositions in order to prove that they treat customers fairly. This has led to more rigorous client management, servicing and monitoring methods. Technology plays an increasingly important role as the enabler for both providers and distributors as the new regulations take effect."

Legislative changes aren't the only thing that will impact the industry. Ingrained organisational structures are also a concern, as the move towards cross selling effects all employees, revolutionising traditional roles and responsibilities. "As insurers use multiple channels to inform potential customers and try to sell directly through the chosen channel, the role of the agents is changing from front office insurer to trusted financial advisor," says Toon Van der Werf, business consultant at Getronics.

The technology savvy customer is also impacting the way insurance companies do their business. The Internet seems the perfect channel for purchasing insurance – customers can shop around, tailor their policy, obtain a quote and select their method of payment easily online. But this isn't necessarily in the best interests of the insurer. The emergence of electronic channels has changed how customers interact with providers and what experience traditional channels such as sales forces and branches can deliver. Additionally, Web-based technologies have irrevocably changed the call centre from a phone service platform to an integrated multi-channel contact centre. "The Internet makes it possible for customers to compare the offerings of all insurers, not just one or two, instantly," says Van der Werf. "They can immediately ask for a quote, and they expect an online, real-time response."

"Customers are more informed about their insurance options and quick to change carriers in search of better pricing, terms, and service," says Ejsmond-Frey. "Furthermore, the number of policy orphans is growing as agent turnover increases, making it more of a priority for companies and their channel sales partners to maintain close sales relationships with these abandoned customers and policyholders."

In light of these demands, it is understandable why there is still considerable apprehension surrounding channel integration. Change can be a daunting process, but in the finance industry, change is imperative. To succeed, insurance companies need to rid themselves of organisational silos that operate in parallel with equally segregated business processes and systems, and then implement new technologies that will support a new way of doing business.



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"The insurance industry will continue to drive towards better customer service while also being easier to do business with," says Eddie Jones, senior vice president at Fiserv. "Technology needs to serve as an enabler to fulfil the overall goal of effectiveness and efficiency."

"Convenience for insurance customers is a big competitive differentiator, with technology revolutionising those organisations that are locked behind legacy systems," says Anna Stematelatos, VP of sales and marketing at Ateras. "Building on new relational technologies will allow insurers to improve access to data and provides the business with greater agility and flexibility for adjustment and future expansion."

Microsoft provides many solutions that can help improve channel sales and service, from basic infrastructure components including the Microsoft Office system that individual insurers use to build capability in-house, to solutions provided by Insurance Value Chain (IVC) partners. Each IVC solution addresses a specific challenge, such as customer intimacy, sales pipeline management or operational reporting.

"Because most large insurance enterprises have 'one of everything' - applications written in different programming languages, devices running on different platforms, and one-off solutions—it is essential that the applications and processes of new channel sales and service technologies integrate smoothly with existing ones," says Ejsmond-Frey.

The Microsoft .NET Framework, a component of the Microsoft Windows operating system, enables developers to create platform-independent applications and solutions. Not only does this reduce development time and costs, it also makes it possible to connect information and people throughout the enterprise regardless of the operating system, applications, or devices that they use.

"Anything an insurance company can do to make agents' life simpler is likely to pay off in the form of higher sales," says Ejsmond Frey. "For example, AXA Assistance Germany deployed a .NET solution to centralise information so that its customer service employees could search and aggregate information from disparate sources and resolve customer queries faster, thus providing a better experience for customers."

In some cases, this ease of doing business comes in the form of giving agents one less thing to worry about. RBC Asset Management's rapidly expanding advisory channel is made up of wholesalers and inside sales representatives marketing investment products and services to a wide and diverse clientele, making good reporting essential to its sales effectiveness and client satisfaction.

"Unfortunately, the advisory channel had to deal with a contact management system that was not always fully synchronised, making it difficult for the highly mobile team members to reliably transmit data remotely or to obtain a holistic view of each advisor's client activity," says Ejsmond-Frey. "In some cases, data integrity was compromised when the system created multiple records for existing clients as a result of data entry errors. This impaired communication and collaboration among the team members and the ability for managers to mine the data for critical insights. Instead of a repository of data, the team really needed a dynamic sales tool to ensure that it was effectively penetrating the sales channel and optimising our resources."

The company replaced the contact management system with analytics and client relationship management (CRM) solutions to deliver rich, intuitive customer knowledge that is timely, personalised and relevant for each user. "This new system provides the wholesalers with a complete and accurate view of client activity at all times, and sales managers have the insight to drive better performance and client service," says Ejsmond-Frey. "For example, the system can provide a complete view of current clients, along with alerts to important events and actionable knowledge presented through a personalised PC-based dashboard."

So it seems that those insurers who have understood the value of integrated channels and delivered capabilities that add real customer value will stay ahead of the competition. They will reduce costs by rolling out consistent processes across channels. They will share customer intelligence across channels and they will implement architectures that maximise reuse so that effort isn't duplicated time and again.

"No insurance market in the world is growing faster than China today," says Ejsmond-Frey. "That is why the Chinese Automobile Association (CAA) needed to build a system capable of meeting its existing needs while remaining flexible enough to handle the association's rapid growth. CAA has three new business systems to handle membership management, auto insurance, and roadside service requests. The auto insurance system is able to generate quotes, handle new business and renewals, support cross-selling and handle claims. After implementing the systems, the CAA now has a single customer view, and has generated process efficiencies, and developed a platform for one-to-one marketing. But most importantly, these systems enable the CAA to scale its business processes and usage as it moves ahead with its aggressive expansion plans."

Achieving superior customer sales and service requires a complete view of the customer, which can be delivered to any channel that touches them while providing insight on how to meet both their service and sales needs.

When this happens, all customer-facing staff whether they are mobile, within agencies/brokers, at call centres or channel partners, can be empowered to have full knowledge of their customer's service and product needs, while management gains actionable insight into these producers.

"A single view of each customer will ensure that any channel or customer-facing staff member has access to all available information about each customer's current activity, history, and any sales and service needs no matter where they are or the nature of their business relationship to the insurance company," says Ejsmond-Frey.

When insurance companies introduce technological change, they must not only consider what they need today, but also what technology they will need in the future. In short, any steps insurance companies take now must result in a sales channel infrastructure that can evolve and change as the business changes. For example, the industry standard for completing transactions and underwriting policies is down to two days. How a company keeps up or surpasses that benchmark will depend in large part on how robust its technology infrastructure is. The key is to keep an eye on what is possible from a technology standpoint that will allow the company to conduct its business better, in a more efficient and customer- and channel-friendly way.

In particular, it is essential that this infrastructure can accommodate emerging and future sales channels, by enabling the company to revise its corporate strategy, redeploy resources, and deliver new products and services with speed and accuracy. With that flexibility, these technology investments will pay off well into the future. Without it, the infrastructure will soon become as obsolete as the one it replaced.

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