

EMC PERSPECTIVE



Reader ROI

- In order to remain competitive, the insurance enterprise must transform from a traditional carrier, selling individual isolated products, to a provider that can offer total financial products and services.
- Rising customer expectations are causing insurers to become less product-focused and more customer-centric.
- As a result, they are upgrading operating capabilities and enhancing their ability to market, sell, and service customers.

Channel Management: Putting Customers at the Heart of Your Business

Overview

Insurers rely on agents and/or third-party broker/dealers to distribute their products and service their customers. In the past, insurers' channel management strategies have been product-centric rather than customer-centric. However, changes in the business climate and in customer expectations are forcing a re-evaluation of these strategies.

To remain competitive, insurers have expanded their product portfolios beyond traditional insurance products to include other financial instruments. In this process, they have evolved from traditional carriers selling isolated products to financial services providers selling a range of products and services to individuals. The old product-centric strategies and information systems do not fit the new business models.

At the same time, consumer expectations have risen and customers expect more out of any company with which they do business. They expect better service, faster transaction times, and enhanced access to information.

Web-based technologies allow the consumer to perform many of the tasks previously performed by agents. Consumers expect to be able to access their account information, search for product information, and view analysis of their returns. As a result, insurers must develop more customer-centric information systems to serve their clients.

Integrating the customer experience

The end customer interacts with the insurer through three channels:

- The agent/broker sells the products.
- The contact/service center supports key transactions (e.g., claims).
- The web interface provides information and/or supports key tasks.

In addition, the insurer provides interfaces which enable the agent/broker and service center to support the customer.

These channels/information flows must be integrated so as to support a differentiated customer experience. In order to retain customers and agent/brokers, insurers must view their processes and information flows from the perspective of the users and meet the users' needs. And they must measure their success in meeting needs in order to promote a climate of continuous improvement.

As the industry evolves, success will depend on shifting from a product focus to a customer-centric view. This requires not only enabling customer access to information, but also empowering agents to better serve customers.

It is not uncommon for producer-clients to complain about being knee-deep in processing nightmares when they should be out selling to customers. This often-heard gripe should signal companies that they need to get the right tools in the hands of the right people so that producers have more time to sell to their clients.

A cohesive channel strategy will provide independent agents with the financial and technical resources to serve clients. These resources must be integrated, streamlined, and easy to use to ensure maximum productivity. The strategy also should enable customer self-service. By enabling straight-through-processing of non-exception business and automated data collection and underwriting, a company can reduce cycle time significantly.

Roadmap to success

The move from product-centric to customer-centric operations impacts a number of business processes, information flows, and underlying technology infrastructure. The first step in making the move is an analysis of business processes to identify unmet needs. This should address:

- Analysis and documentation of all marketing, sales, service, and operations functions
- Existing applications as they relate to the company's online offerings
- Analysis and documentation of all key stakeholder needs

This analysis can yield a vision of the future-state operations and the architecture needed to support it. As the required investment may be significant, it is important to prioritize initiatives based on a clear cost-benefit analysis. This will lead to a migration plan which can be rolled out over several years.

Several key initiatives will enable companies to deliver business value and differentiate themselves in a competitive market:

- Integration of the customer experience across all sales channels to facilitate ease of doing business
- Leveraging customer information as a strategic business asset to drive profitability
- Automating business processes to drive profitability and provide systems agility needed to react to changing business demands
- Developing a portal framework to provide an external website to producers and/or agencies
- Rationalizing voice, data, and application platforms to optimize the value of infrastructure investments

Conclusion

Focusing on the customer experience drives the need for an integrated view of customer information—a view which promotes better service and improved cross-selling opportunities. This will improve sales effectiveness and support staff productivity.

Insurers that embrace such solutions will provide themselves and their distribution channels (the intermediary producers) with a competitive advantage.



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