

Joining Forces

Aligning Marketing and IT to drive high performance revenue growth in insurance.

>
accenture

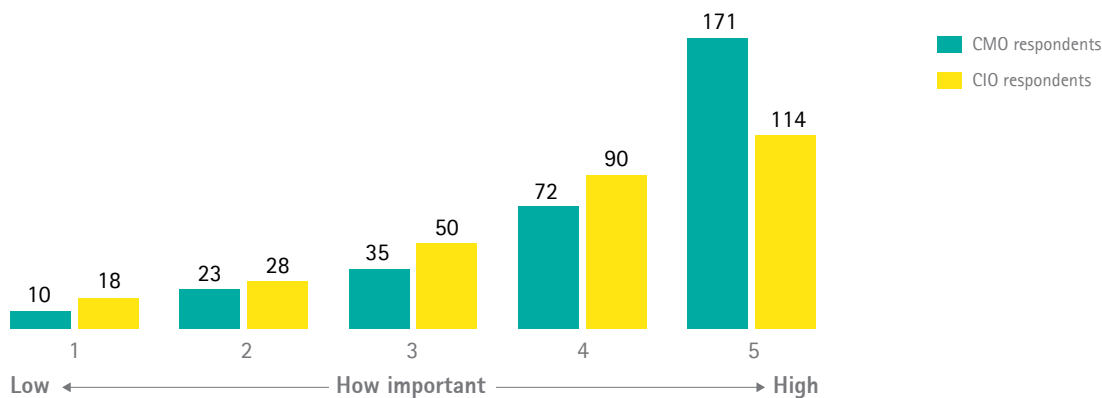
High performance. Delivered.

• Consulting • Technology • Outsourcing



The Need for Alignment

Figure 1. The importance of digital marketing channels to your organization



Insurance companies worldwide are in the midst of a fundamental and transformational journey towards a new world of customer relevance. For those who get it right, the reward will be very profitable. For those who fail to meet the digital demand, the end may prove to be swift and costly.

In today's complex and competitive digital world, customers are empowered to research every alternative, make their own decisions and transact on their own terms. Expectations around value, price, quality of products and services, and the ability to access information across many different channels continue to change rapidly.

Unhappy customers are no longer satisfied with filing complaints or voicing their opinions. Instead, they are acting with their dollars, turning away from those companies that cannot provide the experience, channel

of engagement and immediate service they require. Accenture research has shown that 53 percent of consumers who intend to purchase or renew insurance "in the next 12 months" plan to shop around for a provider. The era of price wars and cheap promotions has given way to the era of customer experience as a key competitive advantage.

Traditional advertising channels, marketing campaigns and distribution networks struggle against new opportunities blossoming on the digital horizon.

Insurance marketers are challenged to elevate their game by raising the relevance of their companies' offerings, interactions, and communications across a growing number of channels and touch-points, and to increase marketing ROI in a truly quantifiable manner.

Marketers can't do it alone. Successful collaboration with the CIO is vital to this success. Technology is completely interwoven through every aspect of customer acquisition and retention, and the desired state is a seamless customer experience.

Customer experience has taken on a decidedly digital feel, with social media growing into a truly global phenomenon, digital advertising channels dominating the marketing landscape, and a rapidly growing mobile computing market coming out of nowhere. Marketers must work with IT to measure and advance the digital customer experience.

"You can no longer separate business from technology or technology from business," stated Faisal Hoque, author of the celebrated book, *Sustained Innovation*. "The management process, or how the CIO and CMO interact or

Accenture joined forces with the CMO Council to explore the internal relationships between an organization's marketing and information technology (IT) departments to see how each is leveraging the other in tackling new opportunities and challenges. Over 300 marketing executives and 300 IT executives participated in a detailed study that included qualitative and quantitative questions and interviews. This piece examines their responses with an emphasis on how financial services and insurance companies can move toward a more digital world.



how business in general interacts with IT is very much converged. And unless we drive our thought process and management approach from that point of view, most organizations won't become very successful" (see Figure 1).

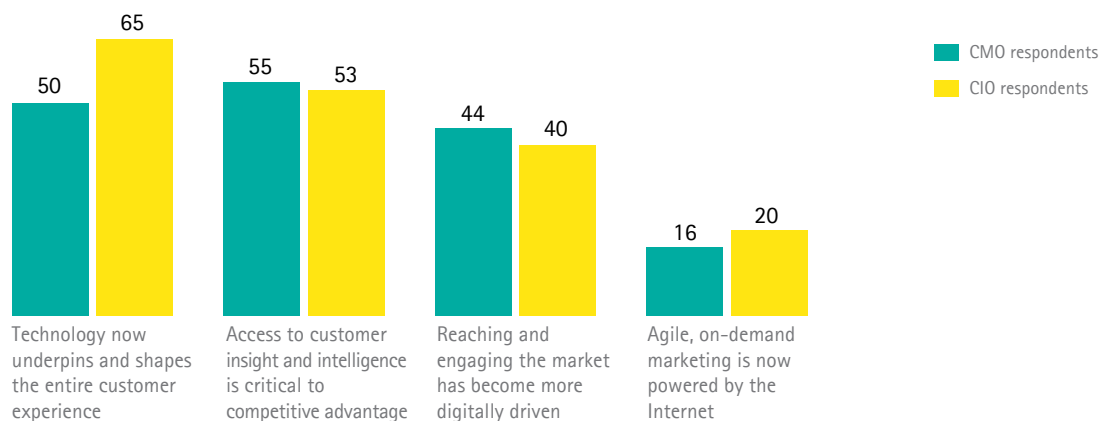
To respond effectively, marketers need IT to deliver tools that can be used for data aggregation, segmentation and analytics to support customer-centric marketing strategies, tactics and campaigns.

Extracting customer and market data and translating it into insight about new business opportunities, customer preferences and high value market segments lies at the core of marketing's goal of improving customer relevance and profitability.

Insurance marketers must have a more prominent role at the table during discussions about what data is aggregated, how it is integrated into customer-facing front-line functions and how it is used. The CIO must be part of a successful data strategy, guiding the CMO through the process of developing infrastructure and tools. As IT moves from an operations platform to being a strategic enabler of rich customer experiences, this alliance with marketing will smooth roads to adoption and open budget coffers.

The Current State

Figure 2. What do you believe is driving the need for tighter CMO-CIO alignment and interaction? (Select top three)



While customers have embraced new digital and social media channels, interactions and transactions, most senior marketers and IT executives admit their companies lack a clear understanding of how to leverage these changes in customer behavior. Among the survey respondents only 27 percent of marketers, and an equal number of IT executives, agree with the statement "we know what we need to know about customers' usage of our digital channels."

There is a high degree of consensus among CMOs and CIOs on the central role of technology in defining today's customer experience. They agree on the critical importance of customer intelligence in creating sustainable business advantage. Both sides know what they need to do. And both sides clearly bring a unique set of talents, strategies and abilities to the table (see Figure 2).

The problem is that neither group believes it is actually doing a very good job of getting it done. The relationship between marketing and IT too often remains dysfunctional, with marketers complaining about insufficient support from enterprise IT departments, and IT complaining about marketing departments that forge forward with technology implementations without IT involvement. While marketing believes customer intelligence is critical to competitive advantage, it is struggling to gain IT support and budget for better integration and mining of disparate customer data that is often isolated and under-utilized across organizational silos.

While most marketing organizations and IT departments are moving in the right direction, they are simultaneously falling behind. Digital marketing and customer analytics are simply changing faster than most companies can respond.

Most companies are taking an incremental approach to crossing the digital divide. This might seem wise, perhaps even unavoidable, in a period of business uncertainty and sluggish growth. But the risks of losing out to more nimble and digitally savvy competitors, many of whom are born-on-Web companies like Amazon and Google, are growing.

Investment in talent, technology and processes to bridge the divide is a necessity, as is an organizational mandate that prioritizes transformation. An aligned strategy must identify the investments required for enterprise-wide growth and optimized customer experience.

Insurance marketers, working with or without IT, are investing in tactical areas such as email, website performance analytics, lead generation and customer relationship management. They're leveraging outsourcing partners and



vendors to improve their outbound digital marketing capabilities. But dominating this space will require more transformational implementations, such as integrated marketing services platforms, multi-channel campaign management, ROI modeling and performance measurement, content management systems and enterprise marketing management.

Budget constraints and concerns can limit the scope of strategies and initiatives. However, the shift to digital marketing, done right, will improve efficiency, adaptability, cost effectiveness and measurability, as well as the capacity to better segment, target and customize the customer experience. Even in this digital age: the cost to acquire a customer is greater than the cost to retain a customer. Failure to transform and deliver a relevant engagement will result in customer churn, leading to additional expenses in the future.

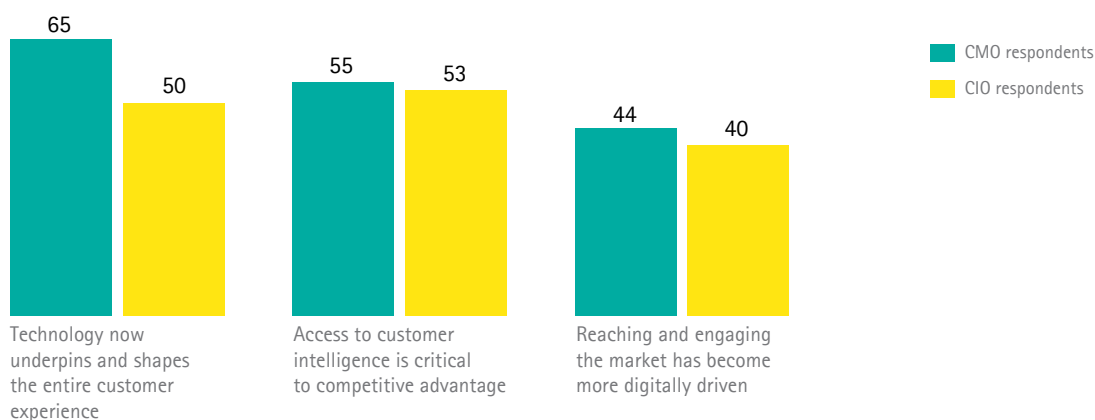
The CMO Council and Accenture believe successful insurers will:

- Deliver personalized and relevant experiences to customers through whatever channels and in whatever formats their customers most value.
- Achieve consistency of communications and brand experience across both digital and offline channels.
- Have the capacity to track and respond to customer behaviors across every point of interface.
- Become a more data-driven, measurable and transparent marketing organization, with strategy, tactical campaigns and budgets that are based on metrics and analytics.
- Implement systems and processes with the agility and flexibility to respond to changing customer preferences, business conditions and market opportunities.

The ultimate question facing the savvy CMO and CIO is how to reach this goal.

Common Ground

Figure 3. Shared priorities



To improve customer relevance and insight-driven marketing, greater integration between senior marketing and IT executives is required. Not surprisingly, attitudes of CIOs and CMOs align well in certain areas (see Figure 3). They agreed that:

- Technology now underpins and shapes the entire customer experience (according to 65 percent of CIOs and 50 percent of CMOs)
- Access to customer intelligence is critical to competitive advantage (53 percent of CIOs and 55 percent of CMOs)
- Reaching and engaging the market has become more digitally driven (40 percent of CIOs and 44 percent of CMOs)

One crucial requirement is systems that help marketers simplify the delivery of targeted campaigns and improve the customer experience. "Information and availability are more crucial for marketing, which is now powered by the Internet's global databases," stated one marketing respondent.

CIOs and CMOs also agree on the top strategic areas of focus for collaboration and dialogue, including customer data integration, customer experience across digital channels, and improvements in market intelligence and decision support.

Different priorities

CMOs say their own top technology agenda items include more effective and efficient market engagement, improved insight and intelligence, improved social media and digital marketing programs, and integration of siloed customer databases across the enterprise.

Marketers are frustrated by what they see as a lack of support from their enterprise IT departments, while their counterparts complain that marketers are often not realistic in their expectations and do not consult them as they adopt new systems and technologies.

CMOs tend to embrace digital marketing, while CIOs take a more measured approach: 35 percent of marketers indicate that their companies are heavily committed to and invested in interactive digital marketing strategies, but only 20 percent of CIOs agree their organization is fully committed (see Figure 4).

There is also disagreement between marketing and IT on what should be on the CIO's agenda for marketing. Both sides agree the top area of CIO focus should be the delivery of more timely and relevant transactional, behavioral and customer insight data. But CIOs

Figure 4. To what degree is your company embracing interactive digital marketing strategies?

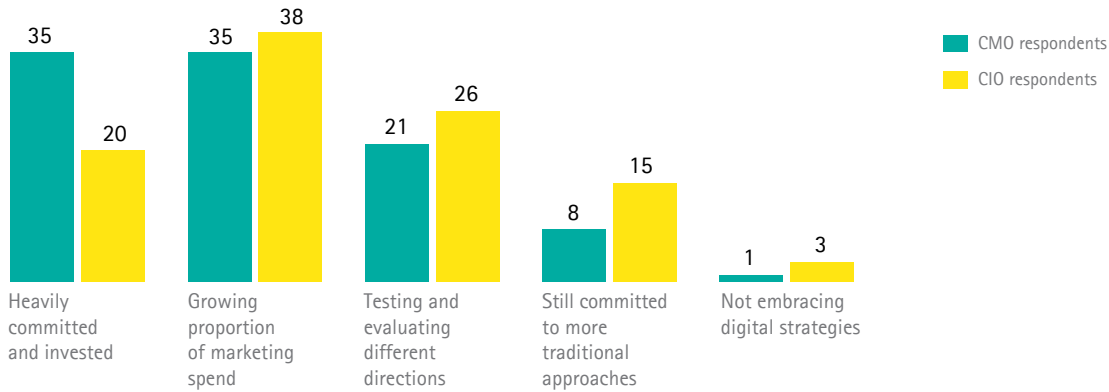
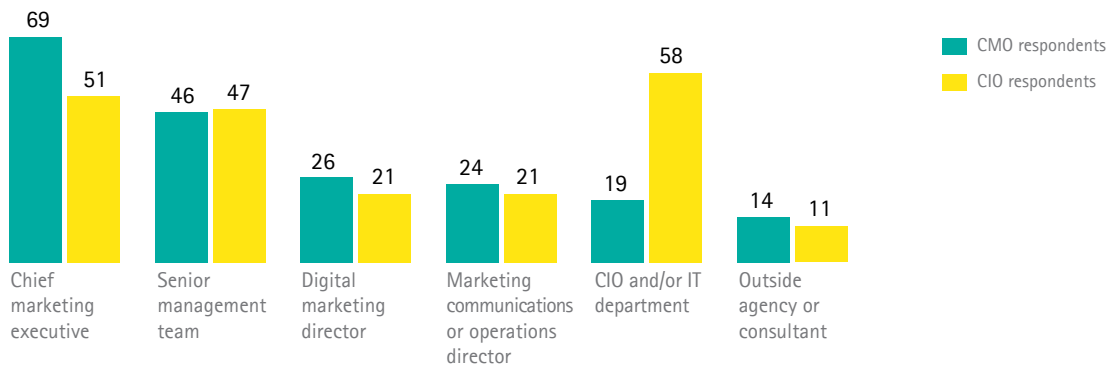


Figure 5. Who is championing, spearheading or shaping your digital marketing strategies? (Select all that apply)



place a stronger focus on automating customer interactions and handling, and on furthering the use of social media for online listening.

Marketing, on the other hand, believes IT should first focus on improving linkages between functional marketing, sales and channel groups and on the deployment of better marketing execution platforms and operational systems.

Both sides are focused on important issues, but they need to come together in strategizing and prioritizing projects. There is also significant disagreement about who is actually championing and spearheading digital marketing strategies within the enterprise.

The vast majority of marketers see the CMO as a primary leader (69 percent) and only rarely consider the CIO and IT department (19 percent) important

to defining digital marketing strategy. IT executives, on the other hand, most often point to themselves (58 percent) as the true champions of digital marketing, although they do frequently cite the CMO (51 percent) as well (see Figure 5).

In the struggle between marketing-lingo and IT-speak, the gap seems to involve three key areas: governance, priority and measurement. And while the simple challenge can be boiled down to who is at the helm of digital and technological strategy, innovation and transformation, the deeper issue is that both marketing and IT have developed similar (albeit not identical) goals, but have outlined very different definitions of success.

According to Brian Pagano, Chief IT Architect at Guardian Life, the United States' fourth largest mutual life

insurance company, governance extends beyond a decision-making process, and must be at the core of every corporate process. Guardian Life implemented an enterprise level unit that is charged with evaluating and acquiring new technologies, and has admitted to fielding an increasing number of technology requests from the marketing department. This central team drives technology evaluations based on the needs, strategies and requirements of the business, essentially eliminating the scenario where one department invests in a point solution that cannot integrate into the corporate infrastructure.

"We make sure that people aren't buying point solutions that either don't meet the full requirement or don't really meet the needs of the business—aren't secure or don't integrate."

Figure 6. Rate how prepared your organization is to exploit opportunities presented by digital marketing channels

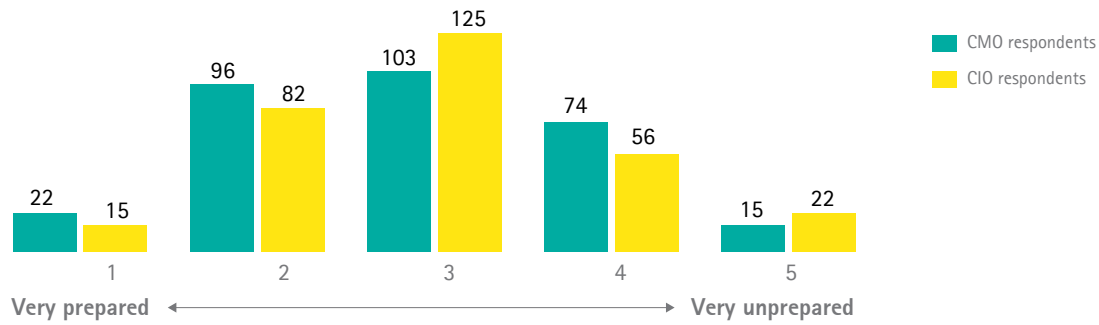
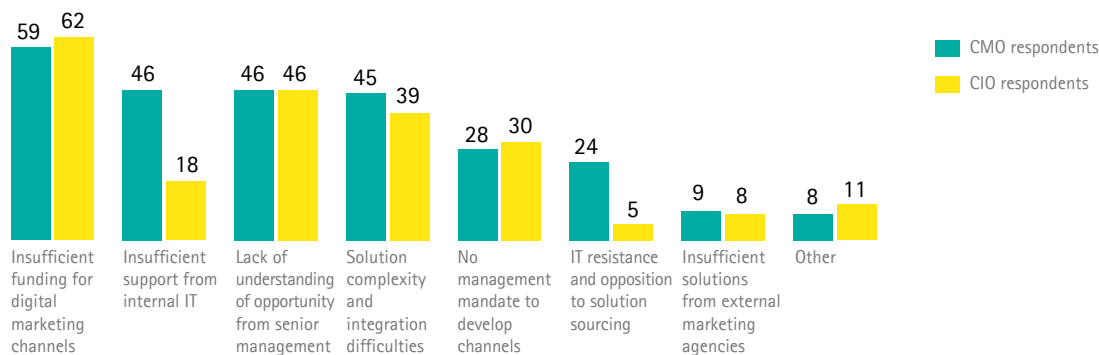


Figure 7. What are the reasons you are not prepared?



This clearly defined process of technology governance has enabled the IT team to evaluate and understand marketing needs proactively, developing a more flexible and nimble infrastructure that can more quickly adapt to customer needs and marketing requirements. "We're coming from very different worlds, and we've each got a mandate," Pagano continued. "Marketing is supposed to be very, very cutting edge and very externally focused, and from an IT standpoint, we're very much focused on privacy protection and security. So, conversations tend to start at different poles. We have our occasional challenges, and it can be perceived that the process doesn't move fast enough or that IT is resistant to change. But, that's where the advantage of these collaboration groups and the common road maps come in handy."

Marketers also believe IT personnel are resistant to change and do not place a high priority on marketing. This struggle has manifested most dramatically in a sense that because of these issues, companies are simply not prepared to exploit the opportunities that digital marketing channels can present (see Figure 6).

Only four percent of marketers feel their organizations are "very prepared" to exploit opportunities, indicating that a lack of funding (59 percent), lack of understanding from senior management (46 percent) and complex solutions (45 percent) have held them back (see Figure 7). Most distressing is the sense that there is insufficient support from IT (46 percent) and that IT is resistant to solution sourcing (24 percent).

On the other hand, IT has a different view of the situation as 39 percent of IT executives believe that solution complexity adds to the pain. "There is resistance from marketing—they are not technology knowledgeable," said one IT respondent.

Another commented that a key problem was a general "confusion about goals and focus from the marketing organization." Timing is also an issue. "Marketing needs change quickly, sometimes too quickly, and platforms become obsolete before any real metrics to measure can be determined," stated an IT respondent. "We are not prepared to be in a constant state of installation!"



Moving towards alignment

Knowing what to do and actually doing it are two very different things. Most companies are increasing their investments in digital marketing and customer analytics, but their approach is frequently one of small, incremental improvements, rather than significant transformational change.

Most marketing executives surveyed in this study contend that they will raise their investments in digital channels over the next 12 months. IT executives, for the most part, agree. Yet only about a third of marketers and one-fifth of IT executives believe their companies are "heavily committed" to investing in digital marketing (see Figure 4).

What's more, both sides are avoiding transformational implementations such as integrated marketing services platforms, performance measurement, multi-channel campaign management, content management and enterprise marketing management systems.

Instead, their increased spending is mostly directed toward areas such as email, website performance monitoring, lead generation and CRM. Such investments are unlikely to deliver huge gains in marketing's ability to achieve highly personalized customer engagement, deeper strategic insights, integrated brand experiences, or breakthrough improvements in marketing efficiency. And as expected, they have not.

But it appears as if marketers and IT executives have awakened to the new realities. When asked about their future plans, both groups focused on the importance of transforming the customer experience and driving marketing efficiency and effectiveness through digital channels. They feel that companies that take the lead in this transformation will continue to achieve dramatic competitive advantage over the slow followers.

This change in mindset may drive high performance and growth in market share in the months ahead.

Best Practices for Success



Executives who participated in the survey outlined some of the ways they have been able to come closer to aligning the needs of marketers with IT pragmatism.

Collaborate to communicate

Marketing and IT must align on a shared vision of success, and a unified view of outcomes that foster communication and collaboration. When root issues arise over requests, phrases and comments, the communication gap must inevitably widen, as needs are not met and blame is quickly placed.

There are shared rewards to be gained, but only if a common vision and mutual goals are mapped from the outset.

Start early

Marketing and IT must involve one another at the moment of creation, not the moment of calamity. All too often, IT is not called into a technology analysis or implementation until a problem arises and a solution is required. IT must understand that its role is strategic, with an eye towards advancing the customer engagement.

Executives need to create a roadmap that combines innovation and creativity, drawing from the strengths and intelligence of both marketing and IT. One role doesn't hold all of the answers. Only the collaborative position, in which marketing and IT bind seamlessly to provide a cohesive, customer-relevant experience, will be viable in the new technology-marketing age.

Re-think investment

Moving toward agile intelligent marketing requires a delicate balance of risk, innovation and learning. Although digital will likely involve significant technology investment, that doesn't mean the ROI cycle will follow that of a standard technology implementation. If a "typical" pay-back curve is gauged annually, a digital one could extend beyond three or even five years.

Although this long-horizon investment approach will cause considerable organizational pain, setting the wrong expectations will be even more detrimental, possibly resulting in the cancellation of a nascent program. Companies should choose bite-sized economical projects that can provide relatively quick ROI.

Avoid point solutions

Digital promises to deliver true "segment of one" personalization. To achieve this, insurers need a unified data backbone; one that allows the delivery of highly relevant data that can be used to create customer-centric insight.

Yet most companies don't have an integrated technical infrastructure, having developed multiple so-called "best-of-breed" systems. Marketing and IT can no longer bypass the other to implement solutions that only address the needs of their respective functions. These point solutions will undermine long-term success. Moving boldly forward requires a unified vision and agreement on tactics.

Move beyond data mining

Mining data doesn't drive insight. Engineering it does. High performance insurers need to pull data from multiple sources to create the most relevant customer experience, and do it in real time. This capacity to continuously sense, anticipate and respond to consumer attitudes, intentions, needs, preferences and behavioral propensities, across an expanding array of media and digitally-enabled touch points, is a defining characteristic of digital.

Insurers can leverage advanced analytics across their distribution channel, driving customers to the most appropriate channels, delivering high quality leads to producers and providing tools to measure the best tactics to achieve a positive outcome. After the sale, analytics can be used to reduce claims fraud, determine the propensity for a client to litigate and identify cycle times to maximize retention.

Achieving it requires building capabilities in each of the analytic sub-sets of allocation, execution and verification. The goal is an end-to-end customer view that is central to achieving segment-of-one marketing.

Re-think your talent management models

Finding top performers in the digital world requires a different approach than recruiting other experts. Years of experience and college degrees don't necessarily reflect the expertise of the prospect. Digital experts tend to be young, eschew traditional office roles, and keep non-typical working-hours. Talent requirements are evolving by the day. Truly ideal candidates are organizational whizzes raised in the age of Facebook. These candidates are as comfortable driving P&L as they are driving customer insight systems. Traditional models of talent management aren't working well with this group. Insurers need the fortitude to break molds when it comes to attracting and retaining a new breed of talent geared toward exploring the digital limits.

Towards digital marketing

Digital marketing will dominate customer acquisition and retention in the years ahead. Successful organizations need to embrace the opportunities of this new world and keep pace with the revolutionary changes affecting every customer engagement. Outrunning this technological wave is not an option. Achieving success will require a focus on the real, organization-wide alignment imperative and a commitment toward laying a foundation upon which to expand.

The 136-page full version of the CMO/CIO Alignment Imperative report contains detailed findings from interviews with more than 300 CMOs and 300 CIOs, along with extensive insights from executives at brands including Avis, Ball Aerospace, Cisco, Citi, Disney, Farmers Insurance, FedEx, Guardian, Jack in the Box, JP Morgan, Kimberly-Clark, Land O'Lakes, Lockheed Martin, PNC, Prudential, and many more.

To obtain the full report, or to complete a diagnostic test that compares your organization with the findings of the survey, visit https://microsite.accenture.com/AccentureInteractive_CMOCouncil/Pages/default.aspx.



Farmers Insurance Case Study

The CMO-CIO Alignment Imperative: Driving Revenue Through Customer Relevance

Murli Buluswar

Vice President Insight & Innovation
Farmers Insurance

As VP Insight and Innovation, Murli Buluswar oversees support for every function at Farmers Insurance, including customer service, pricing and product management, marketing and distribution. Previously, he held roles at Answer Financial, Progressive Insurance, Monitor Group and Capital One.

For Murli Buluswar, the biggest challenge driving the increasing need for cooperation between CMOs and CIOs is the inability to determine what kind of information Farmers Insurance needs to justify hundreds of millions of dollars of investment in marketing and distribution expansion. Too often, he says, marketers can only provide basic consumer research showing some type of association to brand awareness and not much else.

From a CMO's perspective, according to Buluswar, the CIO should be a critical partner identifying what data elements are necessary to justify marketing expenditure, and how to gather them in a more structured way. This is where he says a big gap has existed historically. For example, when a CMO invests millions in a direct mail campaign, he must understand or quantify what impact that investment

is having incrementally. However, to make this leap, a strategy for or measurement of customer behavior must already be in place to determine how many of the customers would have acted anyway.

"In order to answer a question like that, you need fairly sophisticated analytics, but also an equally important data infrastructure," Buluswar says. "This is where the CIO and IT can really help the CMO."

This partnership does not naturally exist, however, because CIOs do not have the incentive to support marketing. Buluswar says that in today's world, the CIO is rarely evaluated on the effectiveness of the CMO. Therefore he or she has little interest in expending significant intellectual capital to help the CMO make more sophisticated decisions or achieve a better data infrastructure.

"The real key is lining up incentives in the C-suite much more consistently," Buluswar says. "If there's more skin in the game for the CIO, then there's probably a bigger play to get these groups or individuals talking to each other much more."

On the marketing side, Buluswar feels CMOs can improve their end of the relationship as well. Most marketers feel secluded from IT by a technology language barrier, and they are consequently struggling to understand or imagine how the CIO's team can help their business.

"The marketing function needs people with that IT mindset that can be an intelligent conduit between the two organizations," he says.

The CMO-CIO Alignment Imperative: Driving Revenue Through Customer Relevance

Brian Pagano
Chief Architect
Guardian Insurance

As the Chief Architect of Guardian Insurance, Brian Pagano oversees several enterprise-level technology departments, including the enterprise architecture, security and monitoring, desktop environment, corporate labs and testing. Prior to joining Guardian, Pagano worked as Senior Enterprise Architect at S&P. Before that, he was CTO of an Italian software company.

As Guardian's Chief Architect, Brian Pagano and his team handle new technology evaluation and acquisition of any new technologies within the company. In that role, he has become quite familiar with the natural barriers between IT minds and other business sectors such as marketing.

Marketing is supposed to be very cutting edge and externally focused, while IT is very much focused on privacy and security, Pagano says. Additionally, marketers see an advantage to moving quickly to market, while IT prefers to thoroughly analyze and secure the process. "It's very difficult to talk to non-technical folks about why this product that seems really flashy and great with its nice, sexy interface might not actually be the best tool to get the job done for us," he says.

According to Pagano, empowering his team as the central actor driving technology evaluations across the entire company has helped solve these challenges. Pagano participates in quarterly meetings between technology and each line of business for both sides to learn about the other. Technology explains any new available upgrades and capabilities while each business sector fills in IT on its current projects and objectives. Through these collaboration groups, marketing and IT hash out roadmaps for the biggest goals to accomplish.

Pagano's team then takes the roadmaps and works ahead on the technology elements even before those requests begin rolling in from different business and marketing departments. For example, before his colleagues start asking about iPads and other mobile devices, his team is

figuring out how to secure the tools and anticipating how his sales force and customers may use them. In doing so, the technology team can keep up—and even stay ahead—of its marketing counterparts without sacrificing its commitment to standardization and security.

Nevertheless, Pagano says his colleagues and customers are accustomed to high speed and high performance technology from their personal consumer experiences. Therefore, the Guardian technology team has an excellent standard of comparison for its corporate IT. In Pagano's estimation, various divisions and systems within the overall company had decent analytics and agility, but those high-performing areas were siloed in their respective sectors. To overcome this challenge, Pagano says they have divided their technology



function into a corporate level, centralized IT group and several local IT teams embedded directly into their specific business applications.

By splintering the technology group into a centrally-funded unit with extensions built into specific sectors, Pagano's team has met the needs of its partners and gradually earned its mandate from executive leadership. The key, he says, has been emphasizing the value it could create at each step of the way.

"We really sold [the marketing and business departments] on the value of the process, and it was only through the successes of that process that we started to get the senior level buy-in and now the senior level mandate."

Copyright © 2011 Accenture
All rights reserved.

Accenture, its logo, and
High Performance Delivered
are trademarks of Accenture.

The views and opinions in this article should not
be viewed as professional advice with respect to
your business.

About Accenture Research

Accenture Research is Accenture's
global organization devoted to
economic and strategic studies.
The staff consists of 150 experts
in economics, sociology and survey
research from Accenture's principal
offices in North America, Europe and
Asia Pacific.

About Accenture

Accenture is a global management
consulting, technology services and
outsourcing company, with approximately
204,000 people serving clients in
more than 120 countries. Combining
unparalleled experience, comprehensive
capabilities across all industries and
business functions, and extensive
research on the world's most successful
companies, Accenture collaborates
with clients to help them become
high-performance businesses and
governments. The company generated
net revenues of US\$21.6 billion for the
fiscal year ended Aug. 31, 2010. Its
home page is www.accenture.com.