accenture

Holism

Enabling High Performance Insurance Distribution

The Insurance Distribution Landscape Has Changed—Forever

The world of insurance distribution has changed dramatically in recent years. The traditional distribution model— with the agent or broker reaching out to "sell" the customer, supported by brand advertising via mass media— worked well enough in its day. Over the last few years, however, major trends have altered the distribution landscape dramatically and permanently, and insurers face significant challenges in adapting to these new realities.

First, consumer expectations are higher than ever before

Consumers have become avid users of the Internet, and they have learned to research and compare options before buying. Knowledgeable individuals rarely buy through any distribution channel without investigating similar products, especially on "big ticket" items such as insurance. More and more consumers do their own research online, and then seek recommendations from friends, using social media sites or referral sources such as Angie's List, Yelp, and TripAdvisor.[1]

Higher expectations and greater access to information make consumers more discerning buyers of goods and services. Accenture research, for instance, shows that 53 percent of consumers who will renew or purchase insurance in the next 12 months plan to shop around for a provider.[2] More than half of consumers (52 percent), however, do not trust insurers to provide neutral information and advice.[3]

The so-called "Millennials" (those who turned 21 in the year 2000 or later) are more likely to post or blog about their experiences than any other generation. As products of a digital culture, Millennials connect quickly to their peers, share information and work more effectively in teams.

This trend has been amplified by the rise of the Internet, and accelerated by the explosive growth of social media. Social media technologies take hold quickly, and they spread exponentially:

- Facebook was launched in 2004. By 2010, Facebook had more than 500 million members, and had passed Google as the top source of traffic to major portals such as Yahoo and MSN.[4]

- Twitter was introduced in 2006; by June 2010, the Twitter ecosystem was logging more than 2.7 million "tweets" per hour.[5]

- 60 percent of Facebook fans and 79 percent of Twitter followers are more likely to buy and recommend a brand since becoming a fan or follower.[6]

- Almost 90 percent of consumers prefer multichannel options for interacting with businesses.[7]

With so much information—and so many connections—at their disposal, consumers have become accustomed to receiving information in the format and at the time and place that they wish to review it. Leading players in other industries, especially retailers like Amazon, have recognized this trend and have developed new consumer experiences with tailored recommendations— helping create what Accenture has termed the "market of me."

Second, the traditional agent/broker model for insurance distribution is at a critical juncture

In reaching these consumers, insurers have primarily been dependent upon an agent/broker distribution model that is increasingly challenged to connect with, let alone meet, changing consumer expectations. The "experience" model for insurance sales is under increasing stress. Insurers can no longer afford the luxury of simply

attracting and hiring more agents, arming them with the latest product information and sales training, and then hoping they perform to expectations. With a four-year retention rate for new affiliated agents of less than 20 percent—and at an average cost of over $250,000 to develop career agents—insurers have come to the realization that more efficient methods for recruiting and developing agents and brokers are essential—not only to increase sales but to lower operating costs.[8]

A major hurdle for agents and brokers is developing their business and clientele beyond the limits of their own network of family and friends. After these immediate contacts and the "warm network" of referral sources are exhausted, agents and brokers need effective and consistent levels of new leads. Also, agents and brokers have not been successful in building connections with younger individuals— especially Millennials—although the 77 million Millennials represent a tremendous and largely untapped growth opportunity for many kinds of insurance products.

These factors make it difficult for agents and brokers to succeed. The average age of a life insurance agent employed by an insurer is 56,[9] creating a need for programs to determine how to transition agencies and established customer relationships to appropriate "successors". Further, insurance sales agents earned only $45,500 a year, with just a 17 percent growth in earnings from 2000 and 2009, ranking insurance sales 97th of 100 professions based on 10-year salary growth.[10]

Third, consumer uptake of many insurance products has dramatically slowed

The limits of current distribution models—and their inability to keep up with rapid demographic, social and

technological change—are reflected in the fact that, according to the *Trends in Life Insurance Ownership* study by LIMRA, life insurance owner-ship in the U.S. has hit a 50-year low. Three in ten U.S. households carry no life insurance on anyone in the household, and half of U.S. households now believe they are underinsured. Ownership of individual life insurance declined among all markets—low, middle, and high-income households.[11]

While economic conditions clearly play a part in the decline of individuals and overall households owning life insurance, the life insurance industry can do a better job in reaching people who need insurance. As *The Wall Street Journal* noted in its coverage of the LIMRA survey, "Many survey respondents said they didn't know where to get help buying life insurance. Almost eight in 10 don't have an insurance agent or broker".[12]

Another key survey finding: Almost 6 in 10 Baby Boomer households prefer to buy life insurance face-to-face, while younger generations are more willing to explore other options.[13] There is a huge and growing population of people who both want and need insurance, but insurers are not reaching them through the right channels with the right offers and with the right experience.

In response to these challenges, most insurers have recognized the need to change and are making investments in their distribution models to better connect with consumers. In the recent *Accenture Multi-Channel Distribution Executives Survey*, 63 percent of insurers said that they do not believe their distribution model gives them a competitive advantage, while 87 percent said it is "important or critical" for them to invest in distribution to achieve high performance.[14]

New Disruptive Technologies

Today, five new disruptive technologies make it possible for insurers to transform distribution and significantly grow sales:

1. Mobile

Mobile technologies and platforms—mobile phone applications, text messaging, and newer mobile tablet devices such as the iPad—provide customers and agents with instant access to insurers, agents and one another. This two-way street enables insurers and agents to improve the frequency of interaction with customers, and provide alerts and services to address key "moments of truth" in managing sales and service interactions around key life events.

Mobile platforms such as smart phones and tablet computers have been quickly and enthusiastically adapted by consumers. Mobile usage is skyrocketing, with an anticipated 31 billion connected devices in use by 2020, including as many as 2.6 billion phones and an estimated 25 million mobile applications.[15]

Another important mobile technology—tablet computing—is enjoying equally rapid acceptance. Apple has sold almost 8 million iPads since April 2010, and competitors are moving quickly to launch comparable products.[16] These high adoption rates represent a new channel and a new way for companies to tell their story and engage with customers. Tablet computing, for instance, helps an agent communicate a more impactful, consistent and engaging selling experience with a customer. The iPad or tablet computer has a screen size practical to share product illustrations, while displaying "movie quality" and high definition content to communicate relevant offers for a customer.

Proper use of mobile solutions can help insurers increase the amount of time agents spend with customers, and dramatically reduce the overall cycle time needed from lead qualification through policy issue. Mobility can also reduce overall reliance on support staff, as well as the time needed to prepare for client meetings and preparations.

Finally, mobile solutions offer immediate, practical applications to close sales more quickly. For example, pushing mobile alerts to an agent on a recent service inquiry may offer an immediate opportunity to follow up with a customer and suggest new offerings or product features, or remind an agent of specific to-dos to complete an application that was not in good order (NIGO). With a Bluetooth payment source and electronic signature, for instance, closing a sale and obtaining the first premium payment can be accomplished in just one meeting, resulting in a major reduction in cycle time. In the past, such a transaction may have taken 30 or more days and required many follow-up meetings or reminder interactions.

2. Analytics

Good analytical capabilities are at the foundation of any high performing business. In Accenture's research, top-performing companies were five times more likely than lower-performing companies to have identified analytical capabilities as a key element of their strategy.[17] Insurance companies, through their actuarial departments pioneered the use of what has come to be known today as predictive analytics, using sophisticated models in the areas of pricing mortality and reserving for risk. Insurers have not been as aggressive as consumer product companies in aggregating customer information and using it to develop the right tailored products at the right prices, and to deliver them to suitable customers through appropriate channels. The opportunities, however, are abundant. Distribution analytics is in its infancy, but offers tremendous potential in helping carriers optimize and effectively

focus on the "so what happens now" in their operations. Proper use of distribution analytics will help carriers improve the quality of their decisions and build the fact base to determine which markets they should focus on; which customers offer the best opportunity for growth; which channels offer the most optimal way to connect with those customers; and ultimately which offerings are best for each given situational context.

A proper foundation can be developed through existing descriptive analytics investments, which focus primarily on reporting descriptive analytics, answering questions such as: "what happened," "how many," "how often," "where" and "what is the problem". Carriers must move aggressively, however, to be in a more strategic position through predictive analytics to get answers to the key questions about markets, customers, and agents/producers.

Such questions include:

- What markets provide the best potential for growth?

- What is my "fair share" of those key markets given our productive capacity?

- What are the key attributes that drive higher levels of performance for my agents, and where do we best invest to improve results?

- What characteristics help predict the profitability of customers?

- What patterns of behavior can we derive from our operational data that predict the ability to further develop a customer relationship?

The ultimate value derived from analytics occurs when the capability is tightly woven into the fabric of daily operations, providing a powerful feedback system to adapt models and measure impact from the hypotheses.

3. Social media

Insurance grew up as a networking industry, but ironically, insurers have lagged in adopting social media. Social media are a far-reaching and transformative phenomenon, changing the way people communicate with and connect with one another.

In less than a few years, social networking has become the most popular activity on the Web. Research by behavioral economists has shown our need as human beings to be our own individual and yet also have a sense of belonging and acceptance by larger social groups.

Social media are helping consumers make sense of the growing information available on the Web, and doing so in real time. For example, Twitter defines itself as "a service for discovering what's happening now".[18] According to Nielsen, consumers trust opinions they read online more than they do other forms of communication. Specifically, 90 percent of consumers surveyed by Nielsen noted that they trust recommendations from people they know, while 70 percent said they trust other opinions posted online.[19] As consumers, we are increasingly likely to share our story via social media, both good and bad ones, especially as it relates to companies and brands we experience.

Every second, consumers are sharing information, effectively broadcasting the key events that are occurring in their lives. Social media allow everyone to create a public persona of themselves through sites such as Facebook, Twitter or LinkedIn[20]—an ability historically reserved for poets, professors, or the rich and powerful. Today, we all leave narrative bits or "narbs" about our opinions, changes in life status, or interests.

Social media have recently facilitated the growth of interest-specific social communities. A wiki (wiki-wiki is a Hawaiian word for quick) is a Web site that can be quickly edited by its visitors with simple formatting rules, which means that the content can be edited by anyone who has access to it. The content is therefore the result of a collaborative, community effort. Wiki is also considered an acronym for "What I Know Is," with the most famous example being Wikipedia, an online encyclopedia managed by the collective "wisdom of crowds".[21]

Through social media, people communicate their status and convey information about important events in their lives, and announce or declare key roles in their communities:

- Almost 825,000 Baby Boomers congregate online via Eons, and many meet for real-world excursions called SKITS (Spending Your Kids' Inheritance Tours).[22]

- 280 million people logged on to other sites such as GoFISHn, Apple's Ping, and PatientsLikeMe in just one month—July, 2010.[23]

- Social services such as FourSquare, Gowalla, and Booyah entice millions to digitally "check in" to real world locations—such as cities they are currently visiting. FourSquare,

founded in 2007, already has 3 million users and more than 15,000 organizations making "special offers" to those users.[24]

Carriers need to establish effective listening posts to understand these "narbs", to understand the group behavior of these interest specific communities, and to develop social media strategies and policies to connect and direct their brand objectives, distribution channels and product offerings to capitalize on this new phenomenon.

Social media also give agents a tremendous opportunity to innovate and re-create their personal brands within the social community. Most agents and brokers are in the "crawl" stage, where they are in the process of creating their Facebook or LinkedIn profiles. As they transition to the "walk" stage, they begin to ask their customers for recommendations, and build their digital brands as experts for many of their services. As high performers, in the "run" stage, they convert those recommendations into a major source of referrals and maximize the power of their social graph. Social media represent a powerful business development tool and will dramatically change the way agents build effective and rapid networks to scale their businesses.

4. Collaboration

New collaborative technologies such as high-definition video, virtual "white boards," meeting software and new smart phone technologies such as Apple's FaceTime[25] are significantly changing the impact of live communications, making geographic barriers irrelevant. For years, Skype, an Internet program for video conversations, has provided effective and inexpensive communications.[26] While agents formerly were limited to their own cities and regions, effective collaboration with customers—and with other experts in areas ranging from estate planning to tax accounting—is now relatively easy, and the cost of such technologies is dropping quickly. Accenture uses the phrase "virtual kitchen table" to describe how collaboration offers new ways for the industry to educate and communicate with consumers, helping them adapt to changing financial services.

Unified communications and collaboration solutions can deliver the impact of in-person meetings, making it possible to bring together not just the customer or prospect, but appropriate experts whose physical presence might not be economically justified in a typical face-to-face sales situation. Citrix' GoToMeeting[27] is gaining popularity as an online meeting tool. Hewlett-Packard and Vidyo, an Israeli startup company, have announced a deal which will put Vidyo software on tablet PCs so workers can make video calls from their mobile devices.[28]

Other collaborative technologies such as "find the expert" locator tools can help agents find and communicate with the right subject matter skills— often a challenging task in a large and decentralized organization. Agents and brokers can bring specific expertise to a sales situation earlier, provide instant answers to customer concerns, overcome objections in real time, and advance an opportunity faster to a decision.

Using these and other technologies, agents and brokers can meet with customers around a virtual kitchen table complete with on-screen illustrations and participation by other experts. For instance, an agent using an iPad or tablet computer can discuss an illustration or financial solution with a customer who is looking at the same illustration on a similar smart device.

Accenture research indicates that cross-sales improve from 1.4 products with audio-only access to 2.5 products with audio and video, making a compelling case for collaborative technology.[29] Most insurance carriers and agents would significantly benefit from such increased cross-selling. As is the case with other new technologies, collaboration not only improves the context for cross-selling and the introduction of related products, it offers important opportunities to accelerate the training and development of agents and brokers and their support teams while doing so at a lower cost.

5. Digital marketing/gaming

Closely related to social media—and always enormously popular elements of online and mobile communications—digital marketing and gaming are relatively new channels for insurance distribution. Gaming has passed email as the second-most popular activity online, behind social networking.[30]

It would be easy to underestimate the pervasiveness of such games in modern life. A new report states that a full 20 percent of Americans age six and older have played a social networking game of some sort, and estimates are that the number would be higher if people weren't embarrassed to admit the truth.[31] Another survey indicates that more than half (53 percent) of Facebook users surveyed have played a social game, with two thirds (65 percent) starting to play in the last year, including 13 percent in the last month.[32] Almost one in five social gamers consider themselves "addicted."[33]

Gaming can be a powerful educational tool for carriers. Compared with traditional classroom learning, simulations help participants master content and new behaviors 40 to 70 percent faster.[34] This is an important consideration in selling a complex and often difficult-to-understand product such as insurance (and in teaching customers and agents about insurance products). For agents, especially, gaming is a great opportunity to get up the proficiency curve more quickly.

Insurance-based games allow a carrier to enhance and more effectively communicate their brand and build a more emotional connection with customers and agents. Specific insurance related games can facilitate scenario planning, creatively involve other customers and advisors and ultimately, provide emotional excitement—

a much needed "wow" factor—in an otherwise staid industry. Through gaming, the agent and the customer can role-play and see the economic outcomes of decisions made in the game.

Insurers are beginning to "get into the game," with New York Life creating a branded version of Hasbro's classic The Game of Life, available for purchase through the company website in a traditional board format and, more recently, via Facebook.[35] Farmers Insurance has linked itself to the popular social game, Farmville, which allows users to simulate real-world farming by growing crops and raising livestock. Farmville game players can "buy" insurance against bad weather and crop failure through Farmers as part of the game scenario, while Farmers brands itself as a company more known for "protection".[36]

Each of these new disruptive technologies can individually help insurers increase demand, accelerate sales and service cycle time, and most importantly grow sales. It is when these innovative technologies work in concert, however, that carriers can truly innovate and transform distribution and sales. The cumulative impact of these new technologies as an integrated and coordinated system—a concept we have termed "Holism"—is far greater than the impact realized by the sum of the individual technologies.

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technologies work
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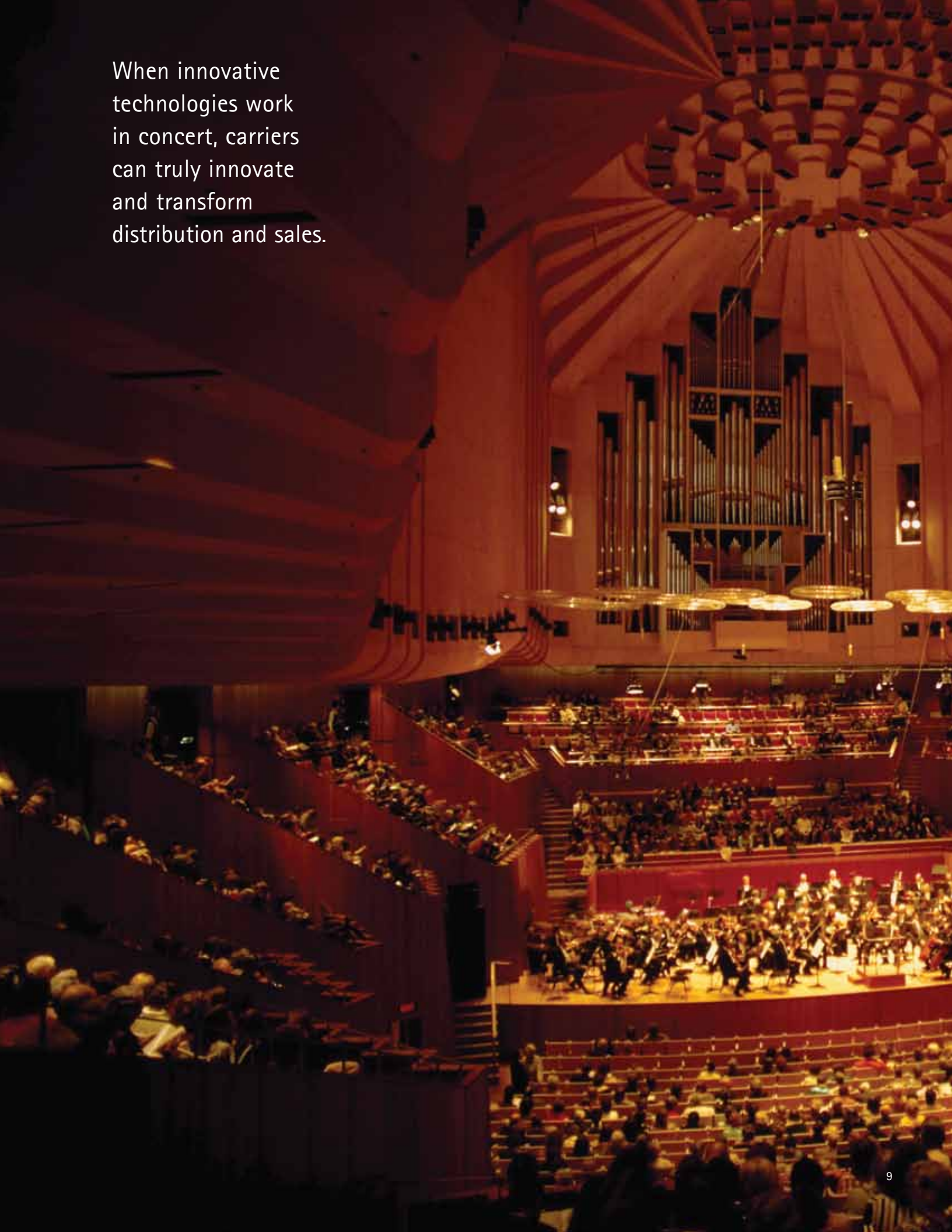
A Holistic Approach to Innovation in Distribution

Holism offers an opportunity to develop a new enterprise transformational capability, deserving a "seat at the table" with other existing enterprise investments that carriers have made in policy, claims or underwriting. By managing the investments and alignment of these five disruptive technologies into an integrated Holism architecture, carriers can expect five key benefits:

1. Holism helps accelerate sales and speed to issue cycle times

By better leveraging the expertise available within the organization, lowering geographical barriers and reducing the number of meetings, and equipping agents (and customers) with more context and deeper background before any advisory interaction, Holism can help reduce the number of days from initial awareness to policy issue. Each element of Holism has a clear role—but as part of an integrated system, contributes significantly to the overall cycle time benefit of moving a lead to a signed policy. For example, digital marketing/gaming creatively engages the customer, and delivers higher quality leads who have emotionally bought into the concepts of insurance. This provides useful context and observed behaviors to accelerate the needs analysis. Analytics can predict, based on the context derived from digital marketing/gaming and social media, which channels and which agent should be used to improve the probability of a sale. Collaboration technologies can then maximize each interaction by anticipating the right expert skills and communication media to employ to improve education, build trust faster, and answer questions or overcome objections in real time. Finally, mobile (tablet and smart phone) applications provide the "wow" presentation

experience, while also providing rapid status updates to customers and agents on reminders for required information to move application users through underwriting and into a signed policy.

2. Holism can improve the context in which agents and brokers sell, and their understanding of their own customers

An environment powered by Holism will enable high performing agents to receive more than half of their leads via high quality referrals from their online and offline community of customers who recommend them. Agents will spend significantly more time advising and offering tailored solutions, improving both the number and quality of opportunities to pursue each week. They will also spend less time chasing after unqualified prospects and on the labor-intensive and unappealing process of cold calling. Social media and digital marketing/gaming connected with analytics will help agents better focus on the opportunities that maximize their time and financial outcome, and are more correlated to opportunities that have proven to be successful. Moreover, agents can now establish a quicker and more profound initial connection with their customers by having a more complete understanding of each individual's situation and needs before the first contact. Agents will also have improved confidence that their advice and solutions are backed by testimonials from representative customers in their social network.

3. Holism helps insurers attract and retain better producers

Insurance was one of the original "social networking" businesses. By returning an element of fun to the business—and turning customers from "people we sell to" into "people who

buy from us"—Holism makes the industry more attractive to current and prospective producers. And, by increasing the success rate of agents and brokers—by generating more quality leads, improving the situational context, and shortening the time to proficiency to recruit, train, and develop new agents, as well as overall sales cycle time—Holism helps increase the number of high performing agents while empowering those agents to help more customers and feel better about their jobs. Holism helps those agents "win" more frequently, and make more money for themselves and the companies they represent.

4. Holism assists in reducing the overall technology cost of ownership for insurers

Carriers that initiated investments in the five enabling technologies that drive Holism have in many cases built "pilot" solutions, developed proof of concepts for the point technology, or at best released a point capability into production. These investments are typically controlled today by separate budgets, with separate technology and business sponsors, and, most likely, new and fragmented support organizations. Carriers have yet to build a holistic approach to align these new capabilities with the key distribution business processes that engage or educate a customer, with those processes that drive a lead to an issued policy, and finally, with those processes that help serve or develop customers. By integrating the five enabling capabilities of Holism into an enterprise architecture, carriers can bring real innovation to their distribution strategies, while dramatically reducing field development and ongoing operating costs.

5. Holism helps build emotional connections with customers and creates a "wow" factor among producers

According to ComScore, of the 213 million people in the U.S. who are regular Internet users, 57.1 million have life insurance. Yet only two to three percent of those individuals ever engage in online discussions about their experience with life insurance.[37] Through Holism, carriers can innovate and transform the way they communicate their brand messages through all strategic distribution channels. This can improve the overall engagement of desired consumers. It can encourage those customers to discuss more frequently where they are in life and how their friends, their insurance provider and their agent or advisor helped them manage through those life events. Introducing and encouraging meaningful dialogue within the fabric of existing social communities can make it easier to educate and engage the addressable market of customers. Bringing this "wow" factor into insurance through Holism will improve the 16 percent "I agree with" score the industry received in a recent Accenture survey of consumer behavior when asked to rate "I have a real interest in/passion for this category".[38]

We believe the opportunities presented by Holism are every bit as important as those presented by advances in policy administration, underwriting, enterprise risk, or claims, in terms of their potential impact on top-line growth and profitability. Insurers who recognize and convert these opportunities will be able to build and sustain competitive advantage by widening the demand "funnel" and building stronger emotional bonds between their distribution channels and the customers they support.

Insurance Sales: Powered by Holism

If these technologies are properly integrated, how could it change the experience between a customer and insurance agent? Let's examine the case of John Rex, an agent "Powered by Holism".

The Agent: John Rex is an independent producer and a highly successful seller of long term care (LTC), annuity, and life insurance products. He often works with Salus, a fictional multi-line, multi-channel carrier with an online presence. John is technically savvy and uses social media to generate new sales leads—in fact, 45 people on LinkedIn have recommended John as an LTC expert. John grew up in Phoenix, Arizona.

The Prospect: Frank Zapata, age 64, is contemplating retirement and is interested in LTC. He has children and grandchildren. He reads and plays golf, and plans to do more of both in retirement. He is considering Phoenix as a possible place to retire.

Engaging and educating a new consumer

Frank's parents have been ill and he has seen first-hand the financial strain that health problems can cause. He decides to research LTC products using Google Search. The top return is Salus Insurance.

While Frank is searching, digital tools identify Frank's ZIP code (in Chicago), the browser he is using and the products he is looking for. When Frank clicks on the Salus Insurance website, he learns about Salus, but Salus also establishes some context for Frank.

Frank is invited via a link to play Salus' "Life Travels" game. Life Travels is a social media game hosted by Salus, designed to help people like Frank negotiate the events they encounter in life, and to help them make better decisions.

Better advice, better decisions

As Frank plays Life Travels, he provides rich context to Salus. He logs on through his Facebook account and voluntarily shares his Facebook profile information. He adds additional information such as his birthday, marital status, children and grandchildren.

When Frank's spin of the wheel brings him to the "Time to Retire" square, he is asked to think through how he really wants to spend his time. He provides the information: golf, reading, world travel, and spending time with his family.

Through analytics, Salus continues to build context for Frank. Analytics tells Frank, through the game, that "people like him" are able to enjoy the things he wants to do on an $80,000 fixed annuity. Salus is building an emotional connection with Frank; Life Travels now asks Frank if he wants to be contacted by an agent. He says yes, and Life Travels asks for his telephone number.

An accelerated path to a custom-tailored presentation

Salus is now dealing with an emotionally connected individual who is a little more educated about his needs than he was before. Frank wants to talk to someone.

Enter John Rex. Salus knows a lot about John, as well—the fact that he grew up in Phoenix, that he is a high-performing producer who excels in selling Salus LTC and annuity products, and that he comes recommended in the online social communities as an expert advisor for people like Frank. Through the power of analytics, Salus determines that John is a perfect match for Frank Zapata.

As a top producer, John is interested in boosting his personal productivity. He has a special "John Rex Producer" application on his iPad to pursue and close sales. This helps John manage clients and prospects; build a high-quality multi-media presentation with videos, real testimonials and tailored product offerings and messages; rehearse and deliver the presentation to customers and prospects; and complete the sale through illustrations and electronic application and payment capabilities.

His iPad sales application tells John why he was selected to call on Frank Zapata. John has Frank's profile and he is ready to build a tailored presentation. He selects appropriate video testimonials, including an LTC testimonial he has used in the past. With analytics choosing the drop-down selections on the iPad, John is shown only the products that best apply to Frank's situation.

A more efficient close

John's presentation is built and he rehearses thoroughly for the meeting with Frank. John doesn't always have all the answers. He may choose to collaborate with a Salus expert or another producer. When Frank has a question, it can be answered right then and there via videoconferencing, or by using a "virtual whiteboard" canvas to discuss relevant documents and highlight key considerations. Frank is impressed by the content of the presentation and by the interest that John has shown in his specific situation.

Frank's questions are answered and he is comfortable with the Salus value proposition. He is ready to buy. John, using the iPad application landing page, launches the illustration which appears prefilled with Frank's information, including the products selected.

The sale is made. Frank "signs" electronically, and John uses the Bluetooth payment source to collect the first premium payment. He mentions he is leaving soon to look at properties in Phoenix. John makes some suggestions on neighborhoods, and they agree to a follow up meeting in a few weeks and a round of golf.

The Path to High Performance Through Holism

Holism represents an extraordinary opportunity for insurers to build innovation into their distribution strategies to better connect with their customers for improved sales.

We have identified five steps that will help carriers realize the benefits of Holism. First, insurers need to build out the five enabling capabilities of Holism—mobile, analytics, social media, collaboration, and digital marketing/gaming—as part of an enterprise architecture, as shown in Figure 1. The key components of the Holism architecture that codify these capabilities are:
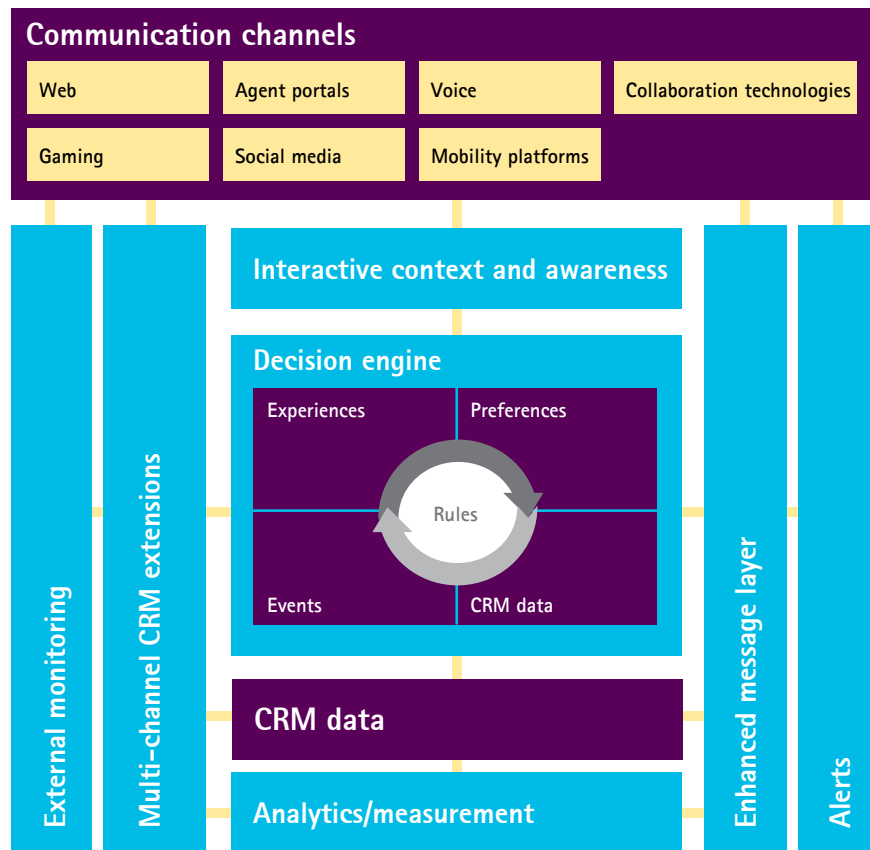
External monitoring or "listening posts"

Information derived from external monitoring, particularly social media, which provides new continuous data tracking of what is on customers' minds, and additional context on relevant consumer "narbs", online communities and related agent or channel communication.

It is up to insurers to target customers with appropriate branded offerings at the right time via the right channel. Carriers—through their selling agents—and customers need a symbiotic relationship, like the one outlined in Erik Qualman's book *Socialnomics: How Social Media Transforms the Way We Live and Do Business,* that represents a continuous process of listening, interacting, reacting, and ultimately buying and selling.[39] The establishment of these new "listening posts" is essential for carriers to be able to target the right customers at the right moment, with a tailored offering through the right channels.

Interactive context and awareness

A digital optimization layer or digital center of excellence will allow for the creation of a digital profile for each consumer. This can, in turn, be used in

Figure 1. The Holism solution architecture

Communication channels

| Web | Agent portals | Voice | Collaboration technologies |
| Gaming | Social media | Mobility platforms | |

Interactive context and awareness

Decision engine

| Experiences | Preferences |
| Events | CRM data |

Rules

CRM data

Analytics/measurement

External monitoring

Multi-channel CRM extensions

Enhanced message layer

Alerts

Architectural Components

- External monitoring (new listening posts)
- Enhanced messaging layer
  - Normalized messages
  - Alerts to customers and producers
- Multi-channel CRM extensions (especially social CRM, mobile CRM, Web)
- Decision engine (multi-channel "event" execution)
- Interactive data collection and contextual awareness
- Analytics/performance measurement

The Glue

- An integration architecture that pulls it together into a working system

sales, marketing and service interactions. Key components of this layer include Intelligent Metadata, Digital Experience Dashboards, Active X Data Objects (ADO), and Advanced Profiling.

Enhanced messaging layer

To support communication on multiple devices and channels, the enhanced messaging layer creates a standard or normalized format to facilitate alerts about key "moments of truth" to be communicated consistently during the sales and service process, to align the interests of the carrier, the agent, and customers.

Multi-channel CRM extensions

To track and act upon the additional context available on all distribution channels, carriers will need to extend their existing customer relationship management (CRM) capabilities to include social CRM, mobile CRM,

and Web-based interactions. This will provide an enterprise-wide view of all customer interactions within all sales and service channels. CRM extensions will generate enriched context and supporting analytics, and lead to improved identification of factors affecting customer development and retention, alignment of sales and service channels to target customers, and improve learning to drive additional acquisition, product offerings and sales efficiencies.

Decision engine

The decision engine allows insurers to identify and act upon key process events, the so-called "moments of truth" in sales and service, to enable multi-channel event execution. The decision engine manages and applies treatment rules and role assignments for each channel and assigns resources to each key process event. Finally, the
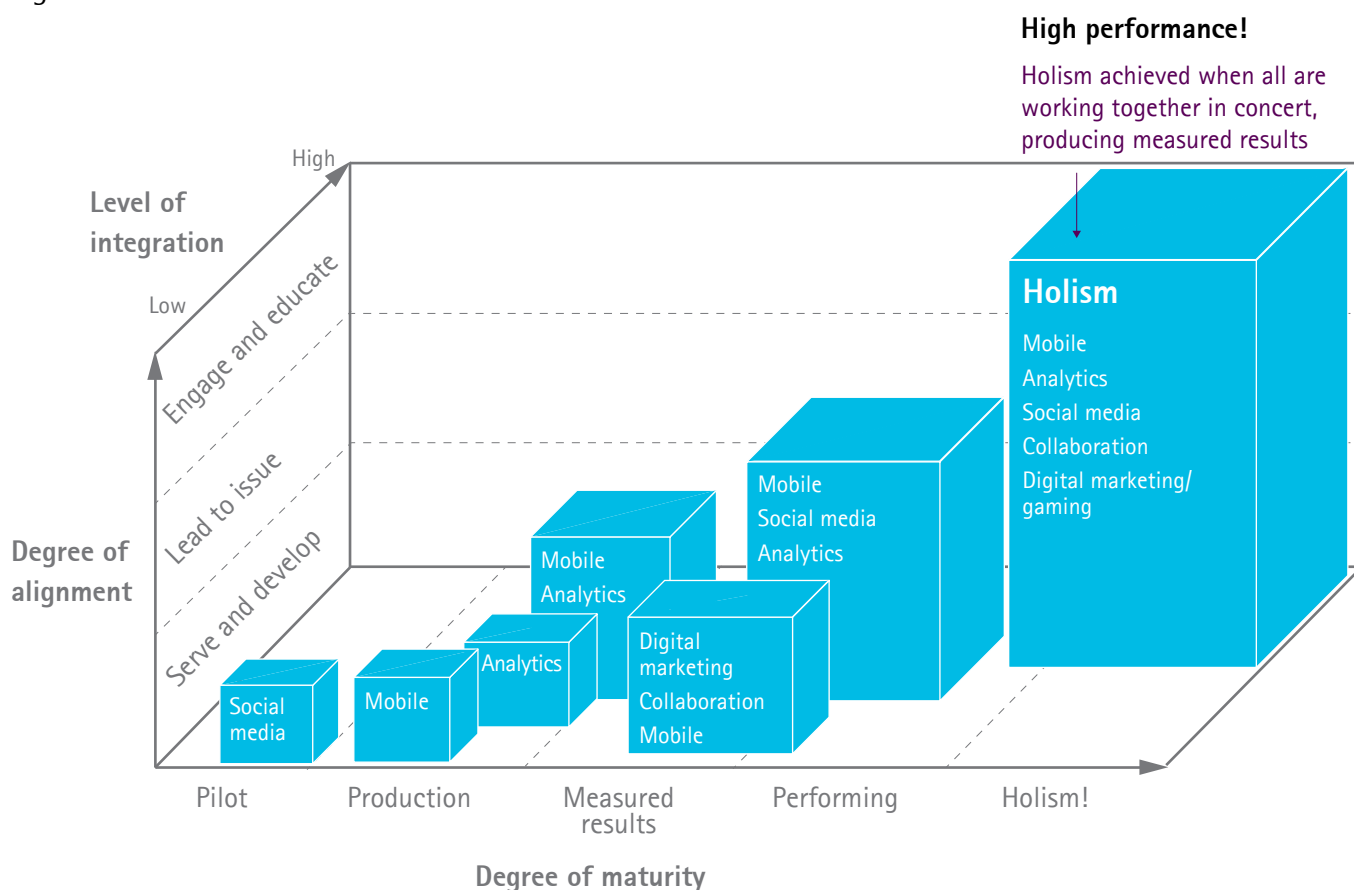
decision engine measures execution in target distribution channels, tracking outcomes against expected behaviors and predetermined benchmarks.

Second, carriers need to establish an operating model for Holism that defines the key support organization, the core service levels to the business constituents, and clear processes required to introduce, support and enhance this new enterprise capability.

Third, armed with a defined Holism architecture and clear operating and support model, a carrier can now strategically align the Holism capability against the key sales and service process areas of:

- Engage & Educate
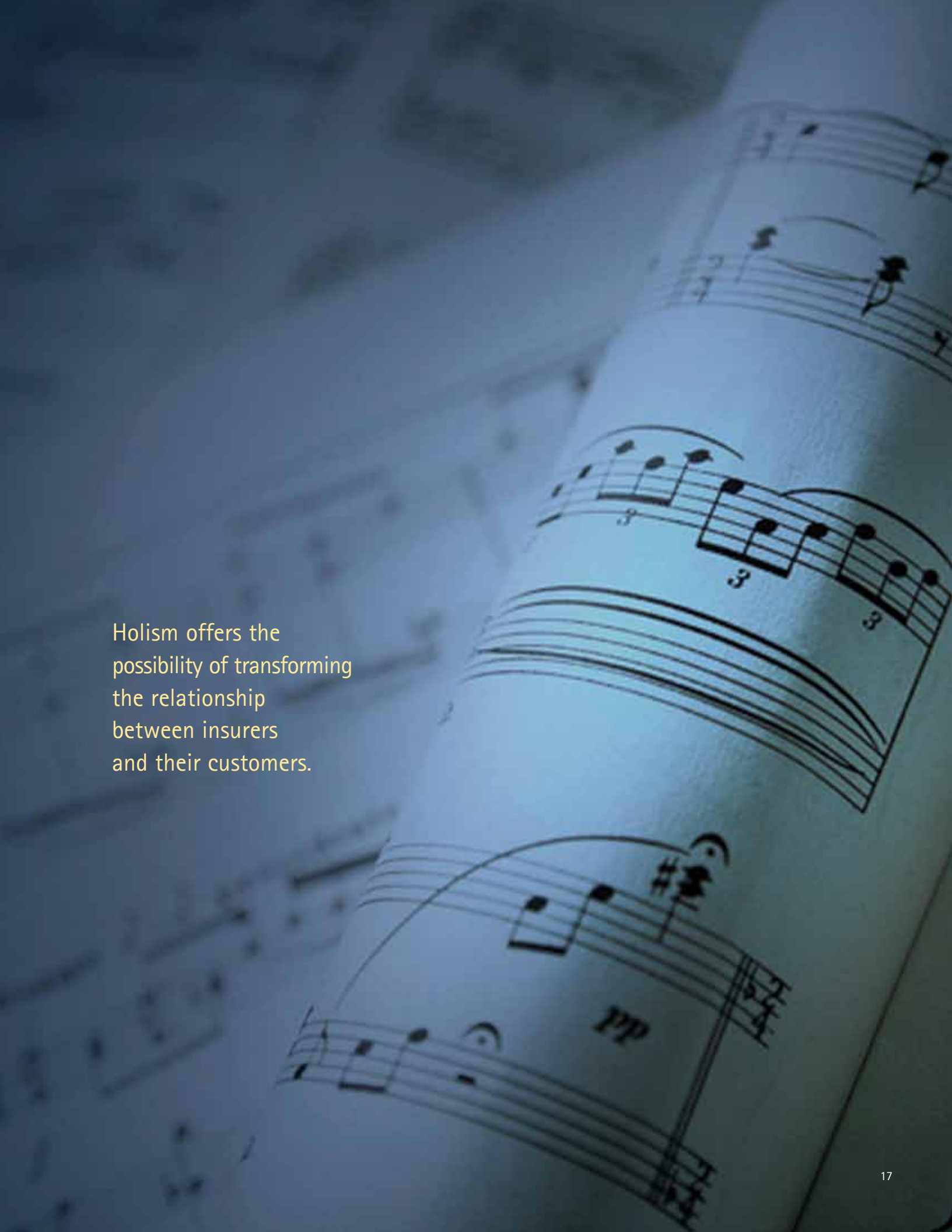- Lead to Issue
- Serve & Develop

Figure 2. Dimensions of Holism

High performance!

Holism achieved when all are working together in concert, producing measured results

(Figure labels)

Level of integration — High / Low

Engage and educate

Lead to issue

Serve and develop

Degree of alignment

Holism
Mobile
Analytics
Social media
Collaboration
Digital marketing/ gaming

Mobile
Social media
Analytics

Digital marketing
Collaboration
Mobile

Mobile
Analytics

Analytics

Mobile

Social media

Pilot   Production   Measured results   Performing   Holism!

Degree of maturity

Fourth, carriers need to build a Holism Performance Scorecard, by defining the key metrics Holism can affect across the Engage & Educate, Lead to Issue, and Serve & Develop business processes.

Finally, in step five, carriers can sequence and deploy initiatives enabled by Holism to maximize impact and adoption by agents, customers, and other key sales and service constituents. Carriers should identify a master list of all potential initiatives that can be enabled by Holism, and "stack rank" those often competing initiatives into a prioritized list considering the key performance criteria established in Step 4. The resulting ranked initiatives must also be aligned to existing field distribution support and system release schedules to take advantage of existing communication, training, and change programs already in place.

Carriers will most likely embark on a phased approach to building an enterprise Holism capability. As shown in Figure 2, periodic checkpoints can ensure the journey to high performance distribution considers three key dimensions: first, the degree of maturity of each Holism component; second, the level of integration required between those components; and third and most importantly, the degree of alignment of the Holism capabilities with the key sales and service processes.

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Conclusion

Holism represents an extraordinary opportunity for insurers to build innovation into their distribution strategies, helping to improve results and sales gains. Holism provides a key enterprise capability that can improve the overall return on distribution resources for a carrier while creating a more effective emotional connection with consumers, especially the under-insured Millenial and Gen X populations. Holism communicates information to customers in the time, place and format of their choosing and offers the possibility of transforming the relationship between insurers and their customers, from one in which customers are "sold" products to one in which customers are actively engaged in educating themselves and collaborating with agents and other desired channels to "buy" products.

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