The Next-Generation Insurance Contact Center:

Driving the Efficient Growth Agenda

> accenture

High performance. Delivered.

• Consulting • Technology • Outsourcing
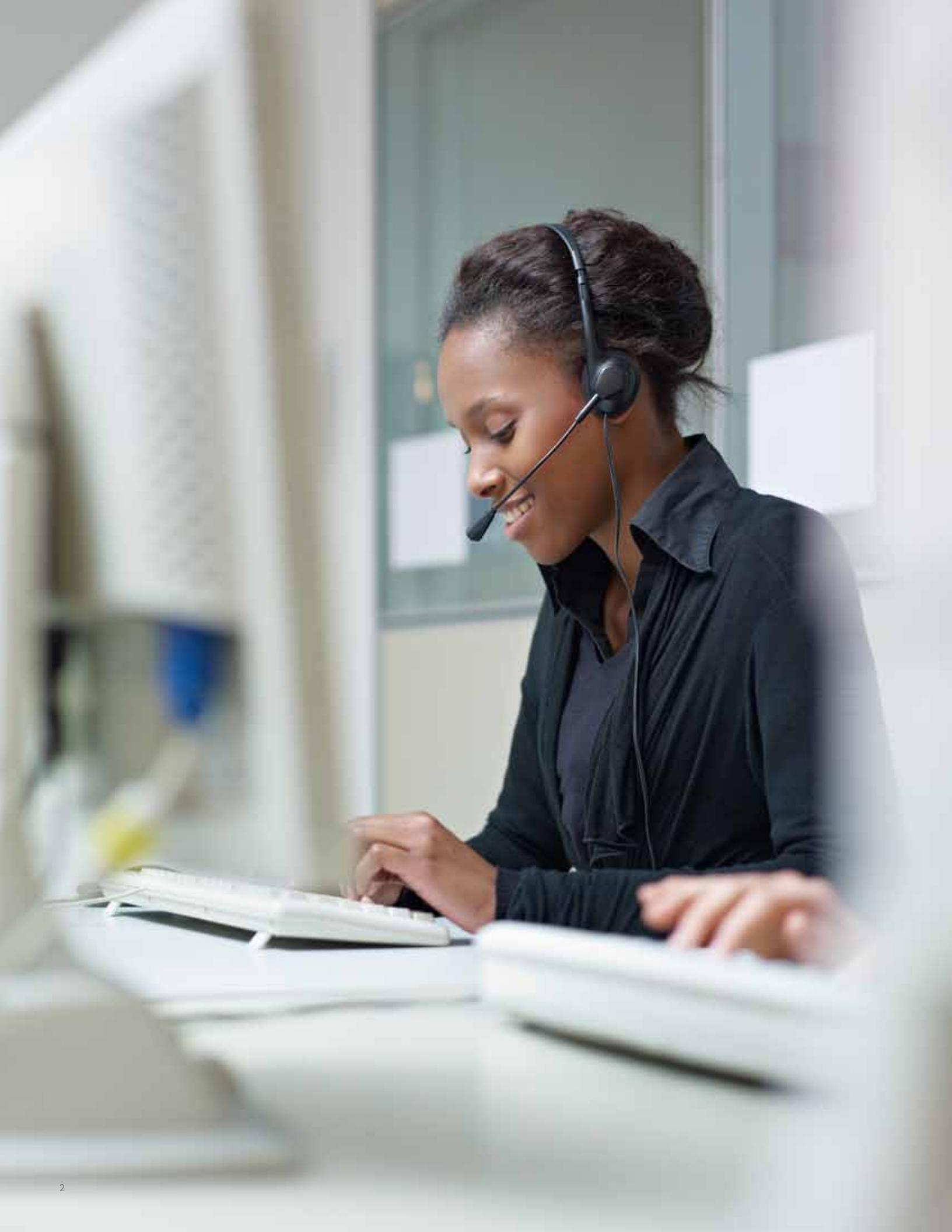
Five trends and five priorities that matter

Through multiple waves of changing consumer behavior, industry watchers have predicted that contact centers would disappear, succumbing to the Internet and the "touchless" digital age. While the prediction has proven more fiction than fact, the commoditization of insurance products and the rise in multi-channel, multi-device demand has conspired to increase the importance of the contact center. Still, the insurance market has lagged retail and other areas of financial service in effectively establishing the contact center at the forefront of its delivery strategy.

Five trends bringing insurance contact centers to the strategic forefront

Five key trends are simultaneously making insurance contact centers more strategic and impactful:

1. Customer experience continues as the significant differentiator.
2. The need for cross-channel integration intensifies.
3. Contact centers are being called on to fuel growth.
4. Capabilities in infrastructure and analytics are maturing fast.
5. Continual improvement is becoming the "new normal."

Trend 1: Customer experience continues as the significant differentiator

Customer experience is a key differentiator in insurance, particularly in the highly competitive personal lines sector. As comparative pricing pressures increase, providers are looking to establish their brand and the associated customer experience that delivers on the brand promise. In North America, insurance consumers rate speed of problem resolution and offerings that meet their needs as most important in their choice of a provider. (Figure 1)

When it comes to customer service, the industry isn't faring well. After peaking in 2009, overall customer satisfaction with insurance companies declined significantly in 2010 according to J.D. Power and Associates.[1] In overall web self-service and contact center customer service performance, the sector scored

1.8 out of 4.0 which is considered "below average" according to eGain.[2]

With historically poor web service and mixed results in the race for innovative Internet capabilities, the quality of the contact center remains a major influence on the customer experience. Contact centers are fundamental to how well insurers can execute service-based, and even price-sensitive, strategies to increase customer sales, retention and loyalty.

"Customer experience is what matters. Creating experiences that deeply engage customers—through natural interfaces and integrated processes and devices—will differentiate leading organizations and businesses from the rest."
—Scott Reiter,
Managing Director,
Accenture User Experience

Figure 1. How important are the following criteria in your choice of a provider for a product or service?

Criteria	Important	Very important	Total
Speed of problem resolution (claims, any issues related to a policy purchased)	27%	68%	95%
Insurance products and services that meet your needs	28%	67%	95%
Competitive insurance products and services/lowest price	29%	65%	94%
Transparency of prices and charges	30%	63%	93%
Good level of information on insurance products and services proposed	38%	54%	92%
Knowledgeable and responsive phone support	34%	58%	92%
Solid brand reputation	37%	54%	91%
Accessibility anytime you need	38%	49%	87%
Personalized advice	41%	43%	84%
Accessibility to products / services through multiple channels	41%	42%	83%
Large offering of different insurance products and services available	44%	34%	78%
User friendly and interactive online support	38%	39%	77%
Ability to support me at each important milestone of my life	39%	36%	75%
Convenient location of agent offices	37%	34%	71%
Sophisticated insurance products (vs. standard products)	40%	21%	61%
Range of financial products/services in addition to insurance products/services	34%	20%	54%
Attractive marketing/advertising of insurance products and services	24%	15%	39%
Accessibility through mobile devices	20%	14%	34%

Base size = total sample

Source: Accenture Insurance Consumer Survey in North America, 2011

Trend 2: The need for cross-channel integration intensifies

With multi-channel interaction becoming the norm, the need for cross-channel integration intensifies. Insurers in competitive markets will want to deliver highly effective experiences that span multiple channels without a break in the customer dialogue. Why? Multi-channel shoppers spend 50 percent more than single channel shoppers; satisfied multi-channel users have higher brand loyalty.[3] Additionally, 84 percent of insurance consumers in North America say that it is important to them that the products and services offered by their insurance provider are identical (same functionality, support, cost and so forth) across the different channels available.[4]

Accenture has found that integrated experiences will be created by minimizing the context-switching cost or effort for the user. In other words, increased synchronization will occur across multiple devices, multiple services and multiple processes around a single identity—a customer-centric, follow-the-user approach. Consider Facebook Connect; it allows users to maintain their identity as they browse. Expectations are arising from consumers and producers that conversations should cross channels as easily as switching a phone from one ear to the other. Insurers will feel the added pressure to continue customers' dialogue across all channels to boost close rates, lower abandons at key interaction points and, basically, make each touch count.

The majority of insurers want to provide a consistent, tailored customer experience that flows seamlessly from one channel to another as the conversation requires. Yet, channel silos, product-based organizations, incoherent customer data and inflexible systems make achieving that aim difficult. Insurers' plans to invest in and consistently support the growing number of channels—social media, collaboration, smart phone, website and so on—have lagged retail and other industries. For example, consumers increasingly rely on mobile devices for text messaging and video capabilities which, in turn, gives insurers the opportunity to leverage those channels for sales and service. Yet, only 17 percent of insurers indicated plans to upgrade support for short message service (SMS) and video interactions during the next 12 months.[6] Accenture believes that insurers current infrastructure is not yet aligned with these new experience and efficiency changes, nor are they are they integrated with contact center operations.

Tailored customer experiences depend on full cross-channel integration into the contact center. The integration enables a single view of the customer and provides for harmonized support across all channels. The right insight into new customer preferences allows contact center managers to enact strategies that grow demand across all channels.

89 percent of insurers believe that the ability to tailor customer experiences is important or critical—an advantage that depends on cross-channel integration.[5]

Trend 3: Contact centers are being called on to fuel growth

Beyond traditional direct sales, there is increasing demand for contact centers to support the growth agenda. An effective contact center helps drive sales and growth through a few distinct methods:

- It provides sales support for self-directed channels. Live agent interaction, whether via voice or online chat, is increasingly helping insurers reduce costs and increase close rates. According to Forrester Research, 66 percent of consumers do not apply for financial services online because they prefer to apply in person or over the phone, while 52 percent want human assistance to validate their decision.[7]

- It supports cross-sell of additional products. Contact centers are being asked to support more diverse and complex products, and introduce them in traditional service dialogues. This drive to contribute to growth, however, introduces a host of challenges that contact center managers will need to address. These include the need to broaden customer service representative (CSR) skills to support more and/or unfamiliar products; leverage expert or licensed practitioners; and identify and execute a seamless lead-generation process.

- It creates sales capacity in the agency. The contact center may take service transactions out of the agency or augment the agency, challenging the go-to-market model. This new structure draws on customer interaction knowledge and careful design of the end-to-end interaction, including proper incentives for all parties to share in the increased efficiency.

- It identifies leads and life event indicators. Contact centers are particularly expected to execute needs-based selling capabilities, including identifying consumer needs and responding to triggers appropriately.

For example, a US-based insurer found revenue generation opportunities in more than 15 percent of its contact center processes. Despite having lower volume than digital interactions, the contact center was the most effective in understanding customers' needs for cross-sell, up-sell and moment-of-truth service. The insurer undertook a process-oriented approach to systematically catalog, score and identify the highest-propensity interactions. Because the results were so impactful, the insurer extended the solution to cross-channel experiences.

Trend 4: Capabilities in infrastructure and analytics are maturing fast

Some insurance companies are taking advantage of mature technology around infrastructure and analytics to enhance contact center service and performance. Advanced technologies, such as Internet Protocol (IP) telephony and unified communications, are "flattening" the telecommunication network, making people across the enterprise more accessible and transforming the role of contact centers. The flat network enables a new virtual enterprise where agencies and contact centers seamlessly engage and where access to specialists anywhere in the enterprise is a reality. These capabilities create new opportunities and represent potential disruptors to existing operating models.

With IP comes the true contact center. Consumer interaction now truly represents the blending of chat, collaboration, email, social media, video, mobile and other communications methods. Expansion beyond calls is becoming technically easy, though still operationally difficult. And, the opportunities to cut cost, delight customers, provide more effective agent support and generate revenues continues to expand. It is an important development as such capabilities are required to reach and capture the attention of some 80 million "millennials"—young and tech-savvy mobile apps users—who are entering the marketplace in the next few years.[8]

Contact centers, known for their operational data, have another new potent tool: operational data blended with predictive analytics. For example, a global retail bank introduced sales hints into its CSR scripts and then optimized their use with business rules based on outcomes. The result was a four-month payback on the investment in the capabilities. Though modern, more efficient capabilities are abundant, they are underutilized in helping insurance CSRs design and deliver personalized, multi-channel sales service and agent support.

Contact centers, known for their operational data, have another new potent tool: operational data blended with predictive analytics.

Trend 5: Continual improvement is becoming the "new normal"

In the post-recession era, insurance companies face a set of radically different conditions—the "new normal." Important elements of the new normal include a renewed emphasis on customer service and support as well as a relentless drive for operational efficiency. Though traditionally a significant operating cost, insurance contact centers are a critical component of most differentiated customer experiences. These competing pressures have sharpened the focus on the contact center operations.

More than ever before, well-designed processes and advanced tools are allowing contact centers to deliver better customer service with less risk, lower costs, greater efficiency and higher profitability. For example, integrated applications that share front-office and back-office data can balance the work load to bolster the effectiveness of contact centers and agents. Desktop unification, workforce optimization and other performance-enhancing tools can help maximize contact center efficiency. The market has exhausted any benefit of cheaper approaches, like Wikis, for knowledge and content management. While these proved to be quick and easy, they did not scale sustainably to an enterprise model.

Optimizing the contact center workforce presents another way for insurers to boost operational efficiency. Outsourcing or investing to improve specialized contact center processes (such as quality monitoring, call recording, workforce scheduling and performance management) can help insurers:

- Enhance use of data.

- Enrich integration and collaboration.

- Automate routine manual tasks.

- Achieve better management and operational performance.

These five key trends alone are issuing a call to insurers: seize the opportunity of today to create a better customer experience and reduce cost in ways that drive efficient growth. Doing so will require carriers to embrace and prioritize five key actions to turn their call center into a contact center for high performance insurance.

Workforce optimization continues a strong adoption rate of 40%[9]
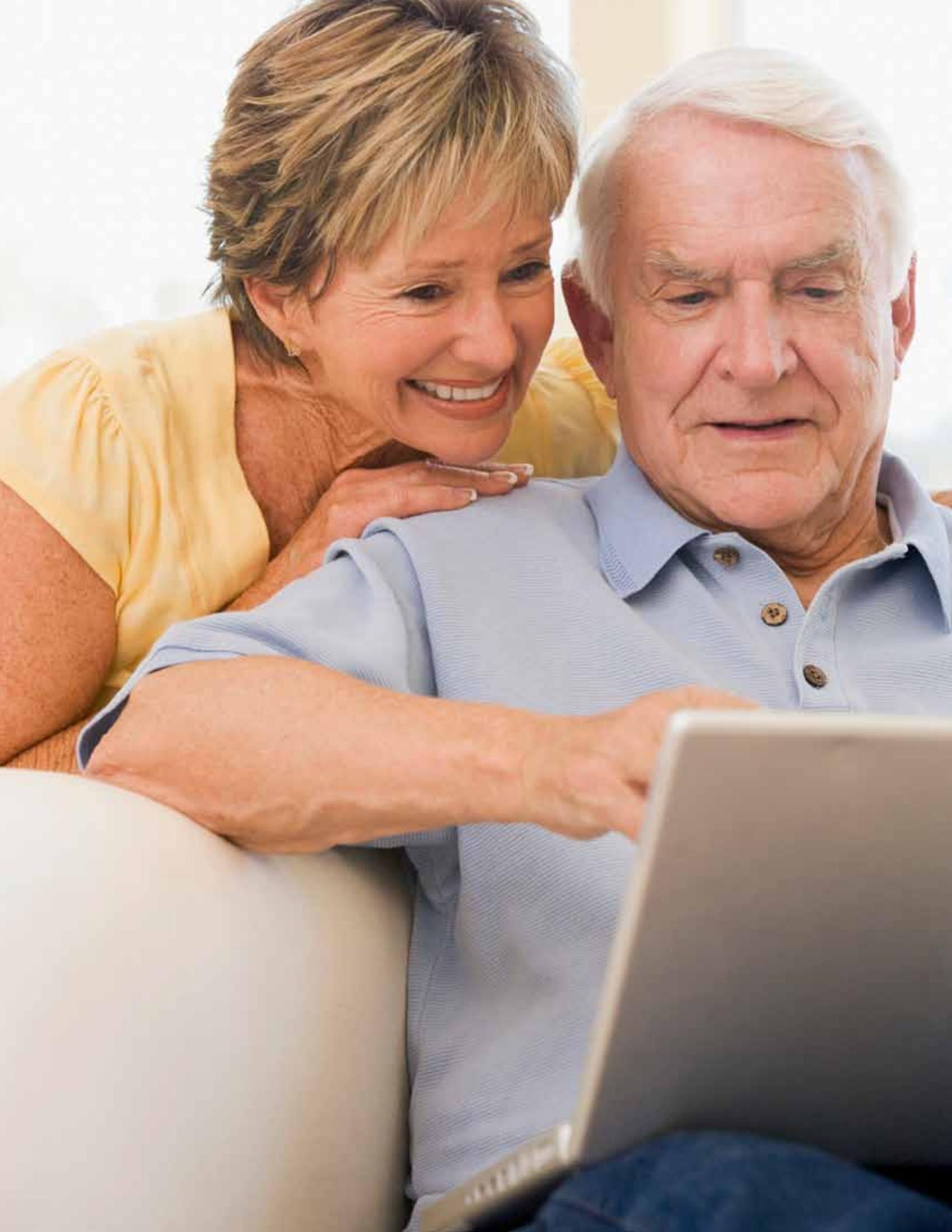
Five priorities bringing insurance contact centers to the strategic forefront

Insurers have a prime opportunity to transform their inefficient cost centers into profitable, efficiently run next-generation contact centers as part of a comprehensive approach to distribution. Drawing from our experience and understanding of the trends driving change in insurance customer relationship management, Accenture recommends that insurers focus on five priorities—indeed, opportunities—to:

1. Align vision and business strategy.

2. Integrate multiple channels for an optimized customer experience.

3. Retool and retrain the contact center workforce.

4. Optimize analytics.

5. Streamline and automate the processes.

Priority 1: Align vision and business strategy

Perhaps the largest barrier to insurers advancing the role of the contact center is the lack of clarity for its new role in the enterprise. Insurers will need to clearly align their new insurance contact center vision to the business strategy. Historical perceptions of the contact center as a threat to the agency model are eroding; the new potential of the enterprise contact center as a growth driver for both the agent and the enterprise—all benefiting the consumer—is being embraced and realized.

Beyond just a cost center, the contact center is becoming both an extension of the agent or broker and a focal point for all the products and service an insurer has to offer. The flattening of the telecommunication networks, a key trend discussed above, allows contact centers to now enhance the agent experience.

Among the changes in the role of the contact center within the enterprise business strategy are:

- Virtual extension of the agency or brokerage, providing valuable features (such as overflow coverage, extended hours and absorption of service transactions) to make the agent more effective.

- Self-service on behalf of the agent, embracing the agents' shift in preference to "good" self-service and providing new tools for a best-of-both-worlds offering.

- Connection with experts and product specialists, extending the value proposition for consumers and income potential for the producer by efficiently opening access to licensed professionals.

The business strategy and resulting operating model do not have to radically disrupt the organization to achieve benefits. However, failing to address and blueprint the strategic alignment effectively will only amplify fragmentation in the customer experience, operational inefficiencies and technical cost. If aligned correctly, the strategy and operating model become the fabric for efficient, seamless and effective distribution.

Priority 2: Integrate multiple channels for an optimized customer experience

Channel integration is one of the key differentiators separating insurance high performers from average performers. Already far above the mean in the integration of new distribution technologies, high performers are set to invest about 50 percent more than the average across integrated multichannel strategies over the next three years.[10] For example, they are investing in electronic communication platforms for the contact center to enable tighter integration with Internet-based communications (such as live chat) and customer self-service portals.

The new insurance contact center will depend on maintaining seamless integration across all service channels—mobile, collaboration, social media, digital, live contact blending and video—to create a consistent customer experience. New center capabilities will determine the most effective treatments relative to the contact purpose and best outcome. Skills in multi-channel management and design/execution will be indispensable to success. Few insurers today understand their customers' desired interaction, new models for channel migration, multi-channel stacking, analytical channel awareness and cross-channel collaboration.

High performers are set to invest about 50 percent more than the average across integrated multichannel strategies over the next three years.[11]

Priority 3: Retool and retrain the contact center workforce

Selling and servicing complex insurance products still requires human intervention. Automation only skims the easy transactions, and more products mean more information to know. The technology innovation empowering the new insurance contact center will deliver on its promise of better customer service only if it is accompanied by better learning methods, coaching, tooling and incentives for CSRs—reinforcing the service and operations that deliver high performance insurance. Accenture research confirmed as much by revealing that customers value representatives who are polite, friendly, knowledgeable and familiar with their history. Yet approximately one-third of consumers said they are dissatisfied with the level of

awareness that CSRs have of their overall relationship with the company.[12]

Learning programs with simulation techniques (where CSRs practice in a risk-free environment) and more focused coaching (timely delivery of outcome-focused content through the right medium) are employed by companies in search of high performance. For example, BT, Britain's leading telecommunications carrier, achieved stunning results using simulation-based training for its customer service agents. In one instance, BT was able to raise the rate of sales conversions on a new offering by 102 percent and increase customer satisfaction by 16 percent.

Along with better training, insurers also need to align CSR rewards and incentives with operational priorities. If CSRs are rewarded purely on gross sales, they may be inclined to make sales at any cost, creating downstream customer problems for the billing department or underwriting to resolve. If performance rewards are skewed towards customer retention, however, CSRs have an incentive to make sure the customer stays satisfied at all costs. Similarly, organizations should monitor and reward CSRs not only on the basis of individual calls, but also on retention of the customers they serve. The right mix of coaching, training, tooling and incentives will help insurers build a highly engaged, skilled and productive CSR workforce—a critical component in lowering cost and improving customer service.

Priority 4: Optimize analytics

Most insurance contact centers have the opportunity to use applied segmentation and predictive modeling to achieve better outcomes—higher effectiveness and operational efficiency—by using data about the customer, gathered throughout the customer experience.

The ability to provide an exceptional customer experience requires the kinds of root-cause analysis that can identify customer needs and help insurers tailor marketing strategies to specific customer segments. Only 14% of insurers are currently able to customize products, promotions, channels, services and pricing strategies to different customer targets and levels. Over a quarter of insurers plan to have that capability within three years.[13]

The operational data that contact centers once collected only for calls, such as call detail records, contain a wealth of insight. Not only can new channels (such as chat) contribute to data collection, but more importantly operational data can be linked to the customer and CSR through the IP-enabled desktop—helping garner insights on the actual needs and nature of interactions. At the same time that insurers can extend command center capabilities to the enterprise, they can extract insights from customer and CSR behavior to better predict customer needs and improve treatments.

The behavior clues customers give as to a life event or other need are subtle, but very consistently demonstrated. Predictive analytics allow visibility into

a customer's need. Predictive Analytics make it possible to allocate the right CSR to service the need, and provide insight into the customer's perspective on the insurer's ability to meet his/her need. This capability coupled with insights extracted from customer interactions and operational data help to create pre-service triggers. For example, an insurance customer shopping online for quotes for a homeowner's policy in a new neighborhood would trigger leads for greater coverage, additional riders or connection with a local on-the-ground agent.

Priority 5: Streamline and automate the processes

Leading companies are discovering that meeting new demands—knowing every customer, supporting more products, meeting tougher compliance and staying aware of multiple channels—is reaching the capacity limits of contact center CSRs. Tools that streamline processes are available and can help. For example, phone representatives must navigate a maze of desktop applications with awareness of interactive voice recognition and website understanding to delight—or just meet—consumer expectations. Desktop applications and workflow management tools in other industries are having a dramatic effect

on easing this burden and increasing the productivity of their CSRs; tools that insurers can leverage.

Not only do desktop applications and workflow management tools automate tasks traditionally performed by call center employees, they also provide rapid access to information needed to serve customers. The latter is the result of the integration of multiple channels, core applications, business intelligence and customer data sources. And, more efficient and sophisticated tools simplify the knowledge burden on the contact center workforce.

Take the path to high performance with your next-generation insurance contact center

Market trends will continue to compel insurers to be more competitive, pulling back the curtains on the insurance contact center. Insurers that infuse practical digital, analytics and human capital strategies—enabled by innovative, integrated technology—into their contact center will be poised to achieve efficient growth and can bring true innovation to their contact center. With capabilities such as tight linkage with digital/social media and other channels, predictive analytics, simulation learning and collaboration tools, the next-generation contact center will allow more customer- and market-relevant outcomes. It will mean a much stronger ability for a carrier to drive an efficient growth agenda for high performance.

How prepared is your contact center to drive efficient growth?

Insurers can gain invaluable insight into transforming their contact center capabilities from industries which utilize the channel in more sophisticated ways, such as retail and telecommunications. Here are some questions insurance executives should answer in creating the next-generation contact center to drive efficient growth and, ultimately, high performance.

- How empowered are your contact center personnel compared with those in other channels?

- How well are your contact center people able to use the proper coaching, training and tools to support customers, agents and sales?

- How prepared are you for integrating social media support with your contact centers?

- How do you define and design your optimal service experience: around your opinion, your customers or both?

- How do you determine the optimal service channel for a given customer interaction?

- How well does your strategy incent your contact center workforce to engage with customers and direct them to the optimal channel next time?

- How well is your contact center poised to handle the array of media (social, video, mobile messaging) that the next generation demands?

- How are the insights gained from your contact center integrated back into your business?

- How well is your channel plan integrated across the businesses and across their respective channels?

- How do you measure the success of your contact center relative to your overall channel plan?

References

1 J.D. Power and Associates, 2010 U.S. National Auto Insurance Study[SM], August 3, 2010

2 eGain, 2010 State of Customer Service Study

3 Interbrand Design Forum, Facts & Figures: New Consumer Behaviors, 2010

4 Accenture Insurance Consumer Survey in North America, 2011

5 Accenture Global Multi-Channel Executive Survey, 2010

6 "Contact Center Purchase Plans 2010 : Use The Economic Recovery To Reinitiate Buying," Forrester Research, Inc., Elizabeth Herrell, May 14, 2010

7 "Getting More Financial Services Shoppers to Apply Online," Forrester Research, Inc., September 2008

8 Seeking Alpha, "Insurers Use Mobile Technology to Combat Demographic Shift," February 4, 2011

9 Accenture Global Multi-Channel Executive Survey, 2010

10 Multi-channel Mastery: The Competitive Imperative, Accenture global survey of 125 insurers, 2009

11 Multi-channel Mastery: The Competitive Imperative, Accenture global survey of 125 insurers, 2009

12 Accenture Consumer Satisfaction Study, 2009

13 Accenture Global Multi-Channel Executive Survey, 2010

About the author

John McNally is Senior Principal in Accenture's market-leading Customer Relationship Management business, where he is responsible for helping companies in the North America Financial Services market to transform their customer service to achieve high performance. He can be reached at john.f.mcnally@accenture.com.

For more information about Accenture, please visit www.accenture.com/fs

The views and opinions in this article should not be viewed as professional advice with respect to your business. Accenture, its logo, and High Performance Delivered are trademarks of Accenture. The use herein of trademarks that maybe owned by others is not an assertion of ownership of such trademarks by Accenture nor intended to imply an association between Accenture and the lawful owners of such trademarks.

About Accenture

Accenture is a global management consulting, technology services and outsourcing company, with more than 215,000 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.

12458776