

The Digital Insurer

Are insurers rising to the challenge of mobility?

High performance. Delivered.



Lodge

Lodge insurance claim



Contact

Insurance company will contact if further information required to process the claim



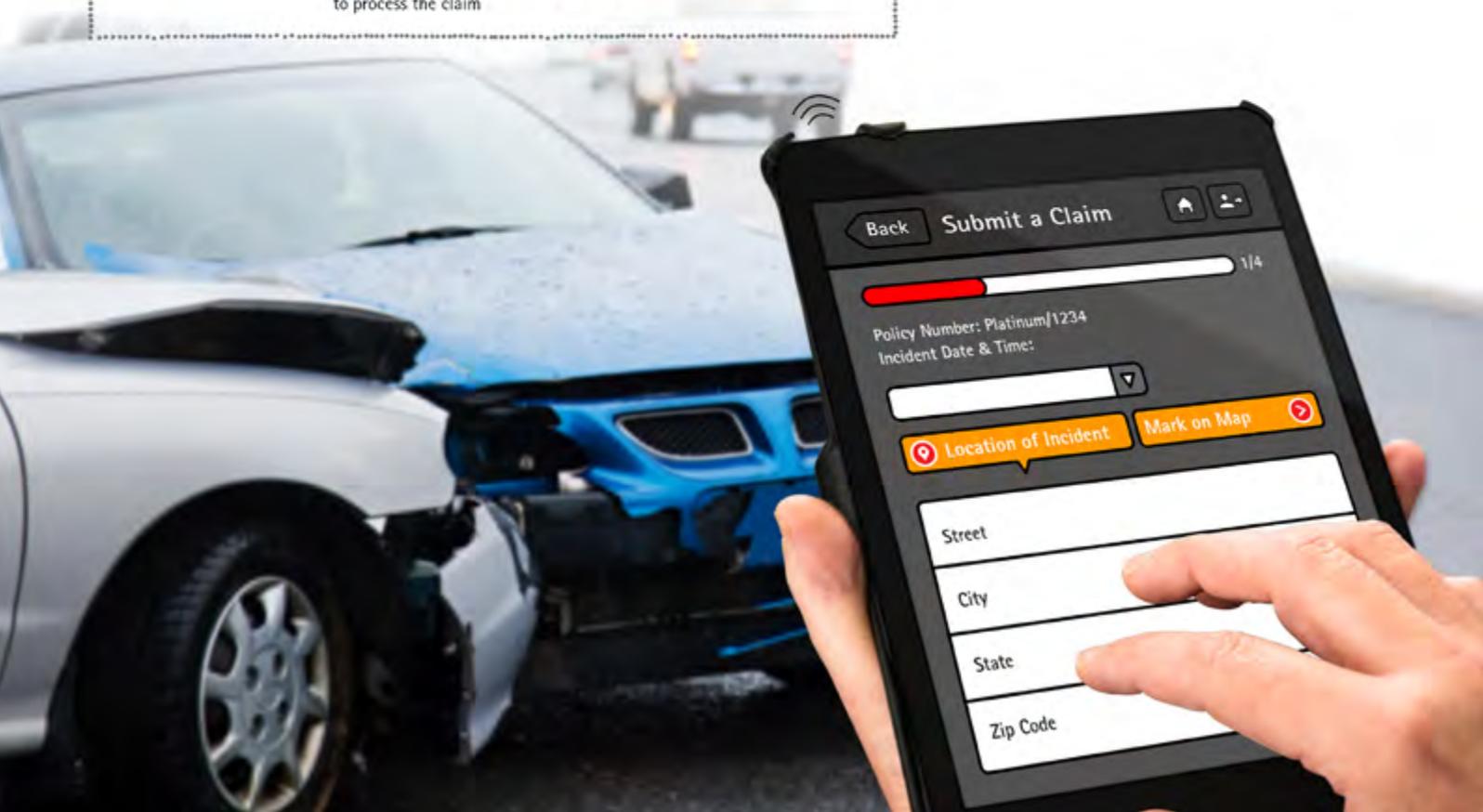
Inspection

Arrange a date to inspect the damage to the vehicle



Repair

Book in a date with the repairer



Submit a Claim

Policy Number: Platinum/1234
Incident Date & Time:

Location of Incident Mark on Map

Street

City

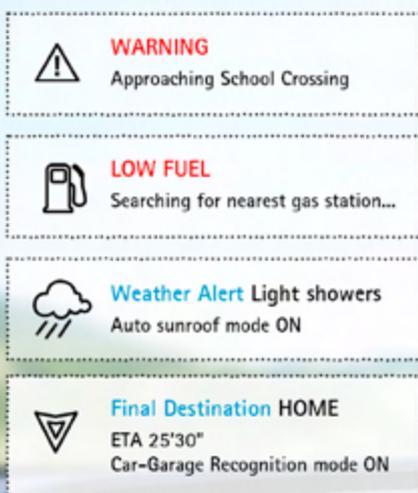
State

Zip Code

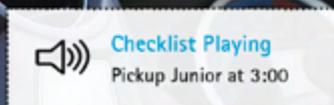
The insurance sector is aware of the potential mobile represents, but it faces several challenges—among them, the need to invest more.

The explosive growth in the number and variety of mobile devices is well accepted as a defining trend for business and society. People, whether acting as customers, business partners or employees, now expect to be able to access important information and interact with friends, service providers and suppliers wherever they are.

The emergence of a truly mobile and always-connected population poses significant challenges and opportunities for business. As the recent Accenture Mobility Insights Report 2014 shows, insurers have not been slow to appreciate the importance that the use of mobile technologies should play in their current and future business strategies. However, the research also shows that insurers could be lagging when it comes to investment.



- WARNING**
Approaching School Crossing
- LOW FUEL**
Searching for nearest gas station...
- Weather Alert** Light showers
Auto sunroof mode ON
- Final Destination** HOME
ETA 25'30"
Car-Garage Recognition mode ON



Checklist Playing
Pickup Junior at 3:00

Key findings of the research

- Insurance executives are at least as likely as their peers in other industries to acknowledge the importance of mobile technologies for business success: Mobility was a top-two priority for 54 percent of them, compared with an industry average of 42 percent (see Figure 1).
- Providing access to new markets is one of the most important mobile priorities for insurers. (In fact, mobile devices are the primary distribution channel for microinsurance in developing markets, and increasingly for small-ticket insurance in developed markets.) Other key priorities include generating deeper customer insights through mobile analytics; accelerating the sales cycle by giving the sales force improved access to back-end systems and data quality; empowering insurers' employees to communicate and collaborate from any location or with any device; and improving asset reliability and maintenance through the deployment of sensors and other mobile technologies.
- As a result, insurers are more likely than firms in other industries to invest aggressively in mobile technologies and consider mobile technologies (and the increased consumer mobility they enable) as a key element of their business strategies.
- However, when it comes to investment, insurers are less likely than those in other industries to be investing more than \$30 million in global capabilities—most are planning to spend in the \$10 million to \$29 million range over two years. Typical investment priorities include driving revenue through transactions on mobile devices; driving revenue through customer engagement on mobile devices; informing business strategy based on insights generated through analyzing mobile data; and improving management decision making and approvals through on-device data access and workflow.

Figure 1: Insurers see mobility as a top-two priority

How did mobility rank among your organization's priorities for the next year?

	Average	Retail	Bank	Insurance	Auto	Comm	Cons	E&HT	Energy	Health	Utilities
Top 1 or 2 priority	42%	46%	44%	54%	35%	46%	31%	47%	37%	44%	40%
Among top 5 priorities	34%	31%	39%	31%	30%	34%	36%	31%	38%	31%	39%
Among top 10 priorities	17%	15%	13%	11%	24%	15%	26%	16%	16%	16%	15%
A priority, but lower than top 10	5%	7%	3%	3%	8%	3%	5%	5%	8%	7%	4%
Not a priority at all	2%	1%	1%	1%	3%	2%	2%	1%	1%	2%	1%

* For industry abbreviations, see "About the research" on page 8

Figure 2: Insurers lead in mobile strategy

Which of the following best describes your company's mobile strategy?

	Average	Retail	Bank	Insurance	Auto	Comm	Cons	E&HT	Energy	Health	Utilities
We have a formal enterprise-wide mobility strategy	43%	48%	40%	55%	48%	43%	40%	40%	48%	32%	41%
We have a formal mobility strategy for specific business units or functions	43%	43%	42%	33%	38%	42%	49%	47%	36%	56%	45%
We do not yet have a formal mobility strategy but are working on developing one	11%	7%	15%	11%	13%	14%	9%	12%	10%	11%	11%
We do not have a mobility strategy and have no plans to develop one	2%	2%	2%	1%	1%	1%	2%	2%	6%	2%	4%

* For industry abbreviations, see "About the research" on page 8

Figure 3: Insurers are seeing a return on their mobility investments

What return on investment has your company achieved based on its mobile capabilities in the past two years?

	Average	Retail	Bank	Insurance	Auto	Comm	Cons	E&HT	Energy	Health	Utilities
Don't know/ can't measure	4%	3%	1%	3%	4%	3%	4%	4%	2%	8%	7%
<10%	5%	10%	4%	5%	4%	4%	5%	4%	3%	4%	4%
10-25%	21%	27%	17%	16%	20%	15%	20%	21%	29%	25%	17%
26-50%	35%	35%	42%	34%	36%	39%	28%	26%	40%	35%	39%
51-100%	26%	18%	25%	32%	27%	27%	36%	29%	17%	20%	27%
101-200% (Paid for itself and more)	7%	6%	9%	5%	9%	8%	6%	12%	7%	7%	4%
>200% (Paid for itself by more than double)	2%	2%	3%	3%	1%	3%	2%	3%	1%	2%	1%

How would you characterize your overall ROI from your mobile capabilities?

	Average	Retail	Bank	Insurance	Auto	Comm	Cons	E&HT	Energy	Health	Utilities
It has exceeded our expectations	35%	29%	38%	55%	34%	40%	31%	28%	36%	31%	31%
It has met our expectations	58%	65%	57%	40%	57%	54%	62%	67%	58%	58%	62%
It has fallen short of our expectations	7%	5%	6%	5%	9%	6%	7%	5%	6%	11%	7%

* For industry abbreviations, see "About the research" on page 8

- Critically, insurers are more likely to have a formal, enterprise-wide mobility strategy—often with the CIO and CMO collaborating to create it (Figure 2).
- When it comes to what mobile technologies are used for, insurance firms are focused on increasing sales in existing markets, penetrating new markets, increasing market share and enhancing speed to market.
- Perhaps surprisingly, insurance firms are less likely to see mobile technologies as aids in generating additional income from existing customers, boosting overall enterprise profitability and strengthening their brands. This finding points to a missed opportunity for providing the kind of targeted, relevant services that are a corollary of a customer-first business model.
- When it comes to implementation, the survey data is slightly contradictory. On the one hand, insurance executives are likely to say their companies have made progress toward a broader range of mobile priorities; are more likely to consider their adoption and deployment of mobile technologies effective; and are somewhat more likely to have generated a strong return on their mobility investments (see Figure 3).

Figure 4: Insurers are more likely to report challenges in developing mobile apps

Please indicate the main challenges you face when developing/ maintaining mobile applications (check all that apply)

	Average	Retail	Bank	Insurance	Auto	Comm	Cons	E&HT	Energy	Health	Utilities
Performance issues (crashes and bugs leading to bad reviews)	41%	40%	34%	42%	34%	48%	41%	46%	40%	46%	41%
User-experience issues (poor experience leading to lack of engagement from users who have installed the app)	40%	40%	40%	53%	34%	38%	35%	41%	36%	40%	40%
Discoverability issues (lack of traction/ adoption of apps by target audience)	39%	46%	29%	50%	29%	45%	34%	37%	43%	37%	37%
Operational issues (difficulty aligning operations or finding right vendors to build and update high quality apps efficiently)	35%	24%	29%	46%	32%	34%	33%	38%	31%	39%	40%
Monetization issues (difficulty hitting ROI targets)	32%	34%	29%	43%	31%	30%	34%	27%	36%	28%	27%
Lack of usage data to identify performance or user-experience issues	27%	23%	25%	48%	24%	26%	30%	27%	29%	18%	22%
Updating—apps require more management than planned once designed and implemented	17%	10%	13%	25%	20%	15%	15%	22%	16%	15%	14%
Apps do not fulfill original objective	15%	13%	11%	9%	11%	16%	17%	18%	20%	21%	13%
None of the above	6%	10%	6%	6%	5%	4%	4%	3%	5%	7%	9%

* For industry abbreviations, see "About the research" on page 8

On the other, they recognize that they still have work to do in addressing internal shortcomings—especially adapting their current systems and infrastructure to smoothly accommodate new mobile technologies; developing a formal process for identifying, evaluating, and prioritizing ways in which mobile technologies can benefit their business; and implementing formal metrics that enable them to measure the effectiveness of their mobility initiatives.

- Insurers are more likely—often much more likely—than respondents in other industries to report challenges in developing mobile apps. These challenges include poor user experience that leads to a lack of engagement by users who have downloaded the app; difficulties in marketing the app successfully to potential users; and a lack of user/usage data to identify the user issues already noted (see Figure 4).
- Insurance respondents are generally as likely or less likely than those in other industries to see connected products as relevant to their businesses—except vehicle and connected building/plant solutions, which a majority of insurance executives deem relevant.

Commentary on the key findings

Insurers are missing some pieces of the mobile puzzle

It's hard to overemphasize the impact that mobile technologies are having, and will continue to have, on business. In the wake of the mobile revolution and the BYOD (bring your own device) phenomenon, business has gone mobile in ways that would have seemed unthinkable even a few years ago. Within businesses and business value chains, mobility is enabling new levels of productivity and collaboration. But perhaps even more significant is the new paradigm in customer service that is emerging.

Insurers, with their existing value chains and business models under threat from new competitors and aggregators, and facing new and enhanced customer expectations, are particularly likely to be affected.¹

At the most general level, it's heartening that insurers have recognized, and are acting on, the potential of mobile to improve business performance. Of particular relevance are their readiness to invest money in these new technologies (though more about that later) and the high likelihood that they have developed an enterprise-wide mobility strategy. Accenture's experience in helping insurance clients to create and implement digital-transformation strategies clearly indicates that such an approach is highly to be recommended. To realize the maximum benefit from digital technologies, the entire business must be considered—becoming a digital insurer strongly implies moving away from today's siloed organizational structures to create flexible, integrated companies able to respond rapidly to ever-shifting customer and market demands.²

Furthermore, it is vital that the CMO is part of strategy creation, given the fact that mobile channels are growing in popularity with insurance customers, and thus are an integral part of the omni-channel customer environment insurers must now enable.

Missing pieces

However, the devil is always in the detail and several concerns emerge from a closer examination of the survey results. Here are some that, Accenture believes, should particularly concern insurers:

Are investment levels high enough? Given the potential for mobile technologies to change the game both as regards

customer service and the firm's value chain, we question whether current levels of investment are high enough.

Insurers should not ignore the role that mobile technologies can play in increasing share of wallet. If one examines what insurance companies are using (and not using) mobile technologies to do, it seems clear that they might be missing some opportunities. One is that mobile technologies could be used relatively easily and quickly to generate additional income from existing customers. As any marketer knows, it's much cheaper (and, arguably, more effective) to sell to existing customers—obtaining new ones is difficult and costly.

Mobile technologies' influence on profitability must be recognized. It is worrisome that insurers appear to be lagging when it comes to using mobile technologies to boost overall enterprise profitability. One way they can do so is by enhancing efficiencies; for example, helping them increase the productivity of their own agents. Mobility also enables insurers to offer a better "partner experience" to independent agents, a channel that remains so important in many insurers' distribution strategies. Digital technologies, and mobile technologies in particular, have a major role to play in transforming distribution channels with their ability to reach both customers and independent agents directly. We would even go so far as to say that mobile distribution should be a key part of insurers' overall strategic plans, particularly given its potential to disrupt existing distribution networks and create new challenges/ opportunities.

Mobile apps are vital, and need to be a focus. Mobile apps have emerged as key drivers of improved customer experiences and workforce productivity. The finding that insurers are distinctly lagging in this area should set alarm bells ringing, particularly as regards the user experience. Accenture research has shown that insurance customers are increasingly demanding, and that the mobile channel has to offer an experience in line with all other channels.³ There is a clear call to action for insurers to equip themselves with the skills and resources to play in this area. It is not a coincidence that some senior "digital officers" joining insurance companies have a media or mobile communications background.

All connected products need to be on insurers' radars. Encouragingly, the research shows that insurers are alert to the potential of connected cars (telematics) and connected buildings for their future profitability. However, we would advise them to keep an open mind about other connected products and the opportunities they offer. Obvious examples would include "human telematics," the growing range of wearable devices that report on health and exercise metrics. Devices such as these have the potential to revolutionize health and life insurance. Other examples might include pet telematics or, more broadly, animal telematics for expensive breeding stock. Broadly speaking, the emerging Internet of Things, with an increasing range and number of connected devices, creates a huge opportunity for new insurance offerings to cover new or changing risk patterns.

The risk of disintermediation. Finally, and looking somewhat beyond this survey, we feel it's worth mentioning one further element insurers should be considering when formulating their mobile strategies. As noted above, digital technology (including mobile channels) has the potential to disrupt existing value chains. It also has the potential to enable new competitors from outside the industry to take away market share. As the Accenture 2013 Consumer-Driven Innovation Survey showed, insurance customers see online companies like Google and Amazon as likely new competitors to traditional providers of insurance. They are particularly to be feared because of their existing stores of customer data and highly developed abilities to exploit it, plus exceptionally deep pockets.

We believe that mobile telecommunications companies should also be considered as likely competitors in the insurance space. They too have access to large amounts of customer data, including the vital location-based data that could underpin many of insurers' future efforts to integrate themselves into customers' lifestyles, rather than just sell products. (For example, offering a person on a ski lift a day's worth of accident insurance plus a snow forecast for the area.)

The danger of these non-industry competitors is that they become the "owners" of the customer relationship, leaving the insurer to focus on the narrower role of product manufacturer.

In conclusion: Insurers should see mobility within the broader strategic context

Mobile technologies have been widely adopted with astonishing rapidity.

For this, if for no other reason, mobility has to be part of any business strategy, and insurers are no exception. Indeed, we have argued that mobility is already at the top of insurers' agendas, and is attracting substantial investment.

However, we believe that investment levels might still be too low considering the importance of mobility on a number of fronts:

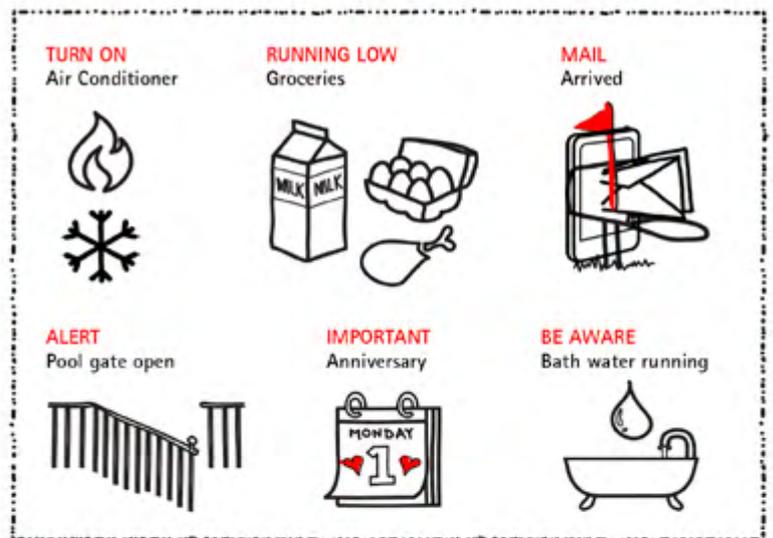
- In enhancing the customer experience and so building loyalty at a time when it is in short supply. In this context, it's worth highlighting the important dynamic between mobility and big-data analytics.

Mobile devices are personal in a way that computers are not, and provide insurers with valuable data. This data has the potential to help them not only to understand and predict customer behavior with greater accuracy, but also to price risk better and enhance the claims process.

- In opening up new markets—by enabling insurers to expand their business with existing customers and to find new ones, particularly in developing economies where mobile telecommunication is the most widely used digital channel.

- In its potential to act as a disruptor of existing insurance value chains.

To exploit these and related opportunities, insurers must look at mobility strategy holistically. This approach will also help them to overcome the challenges they face in implementing mobile technologies across the enterprise. We believe that this process will not be easy and that insurers will face some tough decisions but that, ultimately, mobile technology holds one of the keys to high performance in insurance.



References

1. Download the Accenture 2013 Consumer-Driven Innovation Survey from www.accenture.com/insurance to explore these concepts further.
2. Our new paper, *Double the profits*, identifies the value levers for digital transformation in general, and proposes a road map to help insurers achieve their goals. It is available on www.accenture.com.
3. This topic is fully discussed in the Accenture 2013 Consumer-Driven Innovation Survey.

About the research

Accenture's mobility study was designed to explore how companies are applying digital technologies—especially mobility—to help improve various aspects of their business. To that end, we conducted an online survey of senior executives between December 2013 and January 2014. A total of 1,475 executives completed surveys, of whom 148 were from the insurance sector.

Respondents were drawn from the following industries: Retail, Banking, Insurance, Automotive, Communications, Consumer Goods and Services (Cons), Electronics and High Tech (E&HT), Energy, Health and Utilities.

Executives' titles spanned the C-suite, with the majority serving in a technology-related role. Respondents' companies represented 10 industries and 14 countries, and were predominantly large: One-third have annual revenues of more than \$10 billion, with 11 percent reporting sales of more than \$50 billion.

Author

Thomas D. Meyer is the Insurance lead for Accenture in Europe, Africa and Latin America, and the Managing Director for Accenture Switzerland. He has been a consultant with Accenture since 1987, specializing in the execution of complex international projects in multiple sectors and has more than 20 years of experience in insurance. His primary focus now is on conceiving, planning and implementing new business models and business process change, and supporting them through information technology and innovative partnerships which are built to last.

About the series

The Digital Insurer is an Accenture series that provides insights on how insurers can achieve high performance in the Digital Age. Digital is not simply a new distribution channel—it offers an entirely new way of doing business. Leading insurers are learning how to provide significantly easier access to a wider range of more relevant products and services at a lower cost. With these goals in mind, this series presents pragmatic and visionary discussions on analytics, back-office digitization, marketing, mobility, social media, cloud and more.

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