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A large, solid orange chevron graphic pointing to the right, positioned behind the text "High performance. Delivered."

High performance. Delivered.

The Digital Insurer

How Well Is Your  
Business Integrated?

Critical connection points  
for insurer growth, and  
five ways to enhance  
integration.



The modern jet engine is an engineering marvel. It is a highly complex machine where four core units and thousands of parts work together in perfect harmony to lift hundreds of tons off the ground in a matter of seconds, keep the plane midair for the duration of a flight and then lower it back down to earth. If the systems don't work together, as an interconnected whole, they don't work at all, or certainly not to peak efficiency. The same is true for insurance providers.

If ever there was a time when insurance companies needed all aspects of their business connected, it's now. For many years carriers have operated as companies within companies. All having independent and redundant processes, customer views, administrative and IT functions and so forth. There is an opportunity now for insurers to operate in ways that deliver the highest levels of customer value while driving efficiency and growth.



# No place for silos in the connected-everything age

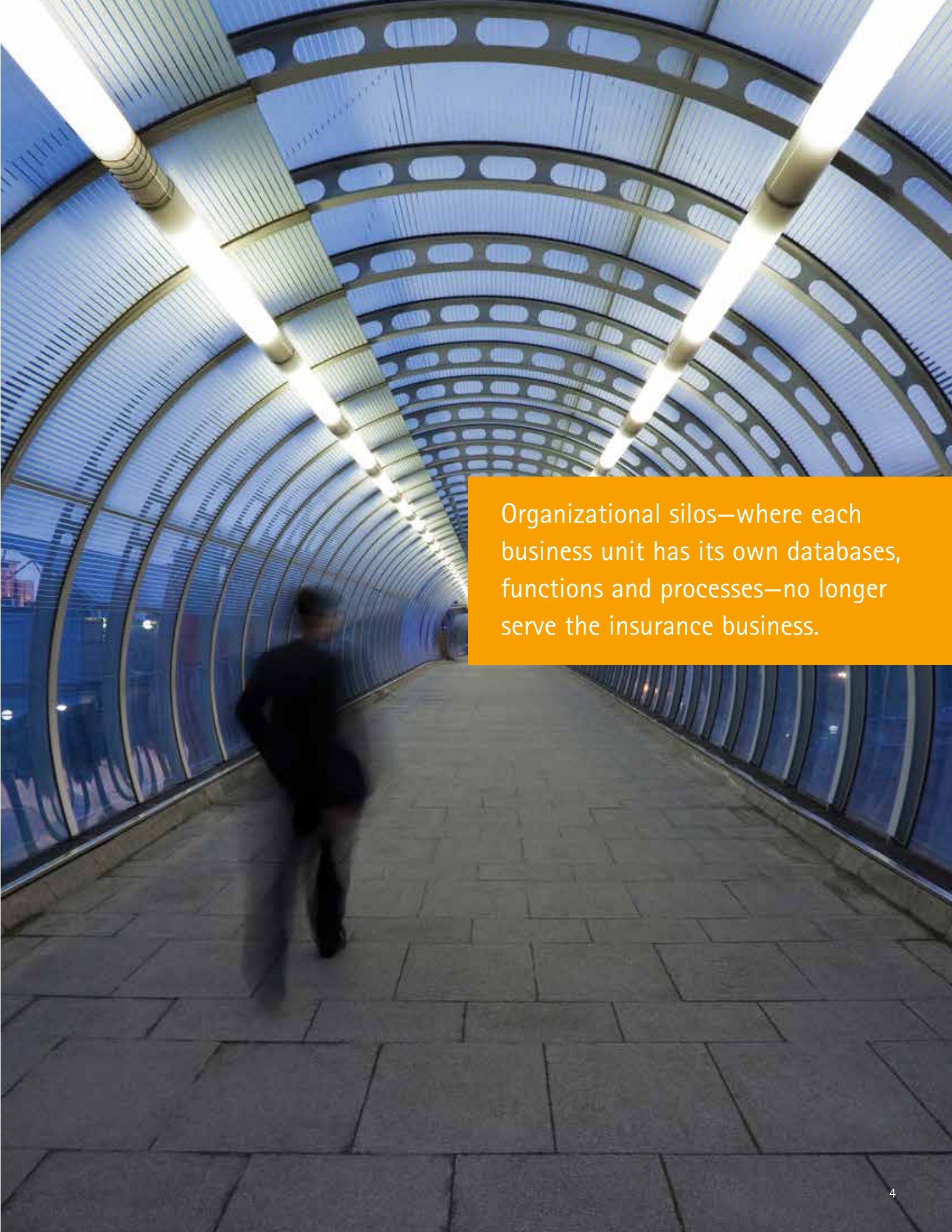
Insurers face more business pressures as expectations rise around regulatory compliance, customer service, distribution channels, digital interaction and competitive performance. The need for actionable insight to better know and act on customer preferences and demands continues to mount. New and unlikely players (such as Google and Amazon) are eyeing entry into the insurance market. Exploring and implementing various initiatives to address the challenges—for example, shared services and analytics—are compelling many insurers to begin a business transformation journey. Goals along the journey include more agile business operations, optimal costs and efficiency across the organization, streamlined business processes, penetration of new markets and customer segments, impressive customer interactions and analytical savvy to better understand and grow business.

Success requires insurers to truly operate as an integrated company. It means completely and securely connecting a carrier's people, information, processes and services across its value chain—ultimately, improving the customer experience.

Organizational silos—where each business unit has its own databases, functions and processes—no longer serve the insurance business. Notorious at carriers, silos foster the kinds of inefficiencies, high unit costs, time-to-market lags, low scalability and weak sales and service that erode profitability and inhibit growth.

Exaggerating the impact of internal barriers are today's digital and collaborative technologies that enable distinctive customer and business experiences most anywhere at any time. Digitally-oriented, multi-channel insurance customers now expect the same level of fast, relevant, convenient and easy-to-use service from their insurer that they receive from other providers, such as Zappos and Apple. Such companies tend to operate under a seamless customer-centric model, rather than a vertically-aligned, product-centric or business unit-led approach—a picture of the integrated insurance business.



A photograph of a person walking away from the camera down a long, arched tunnel. The tunnel's ceiling and walls are made of a series of curved, ribbed metal bands with rectangular openings, through which bright light is streaming. The floor is paved with large, light-colored stone tiles. The person is in motion, slightly blurred, wearing dark clothing. The overall atmosphere is futuristic and clean.

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# Four key connection points of the silo-free insurer

Four key business connection points are needed to fuel profitable growth in insurance.

The silo-free insurer:

1. Is connected to its **customers**.
2. Embraces an operating model that connects its **people and processes**.
3. Connects its **data and information**.
4. Connects its **products and services**.

Let's explore these connection points further.

## 1. Connected to customers.

Drawing on its customer insight—who customers are, what products they own, their buying and interaction preferences, and their pre- and post-sale service history as policyholders—the integrated insurer orchestrates multi-channel interactions with customers. Customers have an open window into the carrier's insurance product information and advisors. Customers can access carrier tools through smart devices to self-manage their policy portfolios and many claims activities, bypassing intermediaries. As such, the insurer continuously gathers information through increasingly tailored customer touch points, further sharpening its customer knowledge that is fed into sales and service strategies.

It's a smart cycle; respondents in Accenture's 2013 study of insurers across Europe said that obtaining a 360-degree customer view across all channels is a top priority. With such keen insight, the carrier has a well-defined customer-centric experience, delivered through the most effective distribution channel. It all contributes to higher customer retention rates and share of customer wallet.

## 2. Connected people and processes.

An innovative operating model where all processes—both customer- and non-customer facing throughout the entire value chain—are connected is another key differentiator for the integrated business. Such "hardwiring" of operations pierces the walls of the silos to effectively link business units and functions to one another. It makes the output of back-office functions (like finance, HR and IT) and front-office functions (such as underwriting and claims) available to employees and customers in an integrated way. Internal and external interaction handoffs are continuous and intelligent. Governance efforts take a cross-business view, infusing greater discipline into decision making. Shared services across the organization work to eliminate redundancy of back office operations in each of its lines of business.

The operating model then merges the connected processes with the activities of employees who are now empowered through technology toward greater collaboration, communication and accountability. Advanced enterprise collaboration apps and tools help link a company's people and their roles to and across all business processes.

Respondents in Accenture's 2013 study of insurers across Europe cited "collaboration and social networking tools" (40 percent) as a top investment priority for back-office functions. The insurer is in a more competitive position. Its people can now use enterprise capabilities optimally. The quality of customer service continues to rise as employees work together to offer the right products to the right customers at the right time through the right channels.

### 3. Connected data and information.

The fully-integrated enterprise deploys technology to connect and share data. As such, information pertinent to all business units—Life, Group and P&C—moves fluidly throughout the entire business as one single, connected, version of the truth. The insurer can thoroughly monitor and manage cross-business performance and dependencies.

Employees have dynamic views of complete policyholder knowledge from a single source of data. Data connectivity is extended to broker and agent owners through a seamless, integrated agency desktop that makes it easy for them to manage their business and complete transactions. All direct channels share the same customer data to support offers of accurate, timely and relevant products and services whenever and wherever a sales opportunity presents itself. When customers call into the contact center, the carrier knows fully who they are. It makes for a compelling customer experience and proactive decision-making abilities that translate into business growth.

### 4. Connected products and services.

The integrated business uses shared services capabilities to bring connectivity across its products and services. By applying the shared services concept across regions, business units, back-office operations and processes, the insurer is able to strengthen service delivery, lower risks, eliminate redundancy, increase cost efficiency and enhance effectiveness of its products and services.





# Five focus areas for becoming an integrated insurance business

How can insurers begin the transformation to becoming a connected business, dismantling silos to think and behave as one whole company? After defining the vision and goals, Accenture recommends five areas of focus:

1. Establish a customer-centric strategy;
2. Create the operating model and governance that link the business internally and to its customers;
3. Dismantle operational silos so everyone at the insurer works together under a redefined operating model;
4. Become digitally and analytically mature; and
5. Deploy integrated, multi-function shared services where applicable across the business.

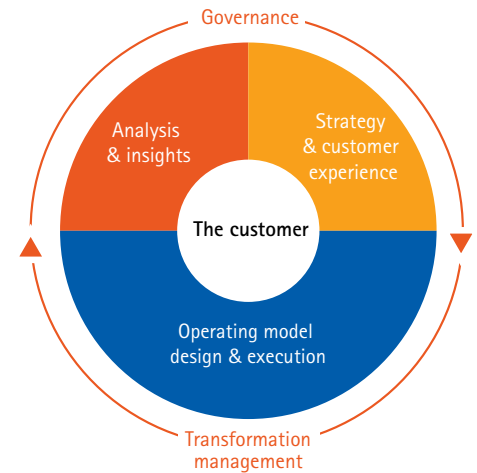
## 1. Establish a customer-centric strategy

Clearly establishing and articulating a customer-centric strategy provides the rationale for pulling down internal barriers and sets the direction for change. For example, a carrier that wants to provide intelligent information by customer rather than product throughout its organization will need to integrate data across its business units (Figure 1). Another aim may be to enable collaborative planning across functions and business units for an integrated, full customer view. Doing so will help identify where the carrier might best begin moving from vision to execution, phasing out silos and connecting the business to create both customer and business value. It may also raise questions about additional changes as part of the connected business, such as expanded products and services or more scalable and efficient fulfillment practices.

## 2. Create the operating model and governance

Operating as one whole connected business means creating a new operating model driven by the business strategy and guided by analytics, all centered on the customer (Figure 2). It also requires a unified organizational design that reflects a cross-functional perspective, connecting the discrete pieces into a comprehensive approach to customer interactions. Key is determining where, when and how the right information gets to the right people at the right time to delight the customer. Connecting processes, linking organizational structures and integrating systems can ease the flow of information. Compensation- and performance-related incentives tend to be useful in getting employees moving in alignment with the change. Aligning governance brings structure and discipline to connecting internal businesses and corporate services.

Figure 2. The Accenture Customer-Centric Operating Model Framework



- Applies to companies at any stage of maturity on the journey to customer-centricity
- Translates customer-focused strategies into execution
- Guides efforts to build and integrate the foundational and customer-facing functions and capabilities that drive customer experience
- Keeps the customer at the focus of its efforts

Figure 1. Dimensions driving a customer-centric insurance strategy



### 3. Dismantle operational silos

Determining how best to break operational silos depends on the insurer's cultural tolerance for collaboration, for example flexibility of process structures. "Connectivity" could vary from formally connecting processes across the organization to fostering collaboration in a less structured way. Some insurers will merge their customers, people, IT, processes, and products as part of a large transformation initiative; others may take smaller steps that can be made now and plan for larger shifts over time.

### 4. Become digitally and analytically mature

The connected business needs to become analytically mature, proactively moving towards using analytics as a competitive advantage (Figure 3). Secure data needs to be effectively distributed and available to the enterprise where, when and how it is most valuable. Analytics capabilities need to be integrated and coordinated to measure what matters, offer role-based actionable insights and industrialize analytics services delivery. An increasing number of

companies are already connecting internal data and analytical capabilities, such as "next-best-action" decision making, to enable contact centers and sales forces to dynamically drive interactions based on real-time customer insight.

### 5. Deploy integrated, multi-function shared services

The services that insurers provide within their organizations—typically HR, finance, supply chain, IT, and other business operations functions—should be connected and shared. This is the concept of shared services (Figure 4), centralized delivery of back-office functions scattered and siloed across regions and business units. A multi-function shared services solution has a common leader, budget, and service management approach. It includes continuous improvement, service management, customer relationship management, communications, training and IT support. Along with helping to connect the business, shared services help insurers eliminate redundancy, increase cost efficiency, lower business risk and improve service to both internal and external customers.

Figure 4. The value of shared services

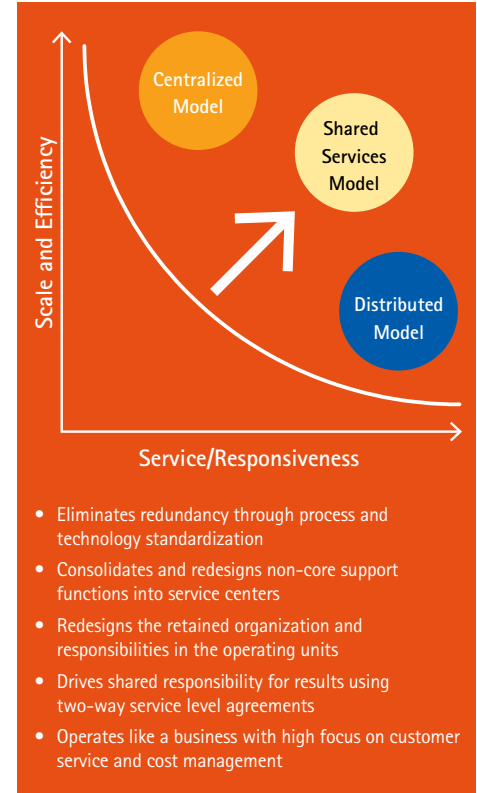


Figure 3. Stages of analytics maturity









# Run as one

The competitive clock continues to tick, and loudly. Insurers that start now making the shift to a connected business will get ahead of the fray. New operating models and technologies are available and continue emerging to enable whole-enterprise, integrated strategies. Like today's jet engine, the many parts of a carrier can connect harmoniously and run as one to serve customers distinctively and stand out among competitors.

Accenture can help. We offer a broad range of solutions that insurance companies can draw on to focus their connectivity efforts around their customers, people, processes, information, products and services (Figure 5). For example, Accenture Analytics enables insurers to extract insights out of the huge stores of data at their disposal to then offer personalized services and products to customers.

Figure 5. Run as one, integrated insurance business





## 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. For more information about this series, please visit [www.accenture.com/digitalinsurer](http://www.accenture.com/digitalinsurer) or join the conversation #digitalinsurer.

## About the Author

Leo Cioffi is a Managing Director in Accenture's Client Services Group where he is responsible for sales, strategy, solution delivery, business transformation and client satisfaction at several large insurance clients. Leo has more than 30 years of experience helping financial services and insurance companies improve their business.

## About Accenture

Accenture is a global management consulting, technology services and outsourcing company, with approximately 289,000 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\$28.6 billion for the fiscal year ended Aug. 31, 2013. Its home page is [www.accenture.com](http://www.accenture.com).

