



Insurance Mobility Business Strategy: A Roadmap and Implementation Approach

Insurers require a robust strategy and superior execution to fully tap mobility's potential.

Executive Summary

New digital platforms are disrupting the way business has been done traditionally. This paper outlines the transformative impact of mobility on the insurance business and its ability to radically change insurers' sales and servicing capabilities. Mobility also has immense potential to enhance collaboration amongst the key stakeholders including insurers, customers and channel partners, which is yet to be tapped fully. The paper elaborates on the concept of "mobility with agility" as the new mantra for insurers which will enable them to consistently deliver differentiated and uniquely customized customer experiences for each of their target segments and will ensure higher customer loyalty.

The paper highlights some of the key ways in which mobility can be leveraged for insurance, such as:

- Enhancing connectivity with customers for anytime reach coupled with rich processing capabilities.
- Accessing exceptional quality and quantity of customer data.
- Perfecting customer engagement with superior product and service knowledge.

- Enhancing advisory capabilities with a robust and easy-to-use digital tool.
- Increasing insurance awareness in remote areas and among newer target segments, and improving penetration.
- Improving productivity and efficiency with quicker turnaround on quotes, paperless and error-free data entry and reducing overall cost.

However, the need of the hour is for insurers to have a robust approach coupled with a reusable framework that addresses the different aspects of mobility and how each of them align with the business functions and operating model. Insurers also need to have a clear plan for rolling out mobility for the stakeholders and ensuring increased adoption through proper change management.

This paper presents a six-pronged mobility strategy for harnessing the full potential of a mobility implementation.

Introduction

Insurers globally are struggling to achieve double-digit growth and improve margins in a recessionary market. To increase touch points with customers and improve customer satisfaction

and stickiness, engaging channel partners and attracting customer eyeballs are critical.

Against this backdrop, mobile and smartphone technologies including tablets are a platform that can drive customer and channel partner engagement. Digital technologies are becoming increasingly affordable, and the proclivity toward adopting new technologies has been exponentially increasing amongst millennial customers. According to an article in *The Economist*,¹ from less than 50 million smartphones in 2005, the figure grew to over 700 million tablets and smartphones in 2012, and the figure is predicted to grow to 10 billion mobile devices between 2015-2020. Smartphone purchases are also expected to grow at a CAGR of 14.5% between 2010 and 2016. Technology-savvy Gen X members and millennials are becoming more demanding, looking to leverage mobile technology for different aspects of their daily lives, from shopping and buying flight tickets to getting peer feedback on social media sites, evaluating insurance quotes and ultimately buying insurance.

New platforms such as mobility are disrupting the way the insurance business has been traditionally sold and serviced. This is forcing insurers to rethink their IT and business alignment for delivering sustained growth and consistent shareholder value. Mobility adoption by insurers allows customers to have seamless contact with insurers 24x7 for their insurance-related needs ranging from getting insurance quotes on the move to initiating and tracking claims. Although several insurers are increasingly investing in mobile platforms, a strategic approach to implementing mobility, with a focus on improving customer engagement, enables differentiation in terms of quality, richness and timeliness of interactions. This is where a rich functionality implemented in a scalable platform will result in "mobility with agility."

Leveraging Mobile Capabilities for Insurance

The effective use of mobile technology has the potential to transform customer and

Three Digital Forces Changing the Way Business Is Sold, Transacted and Serviced

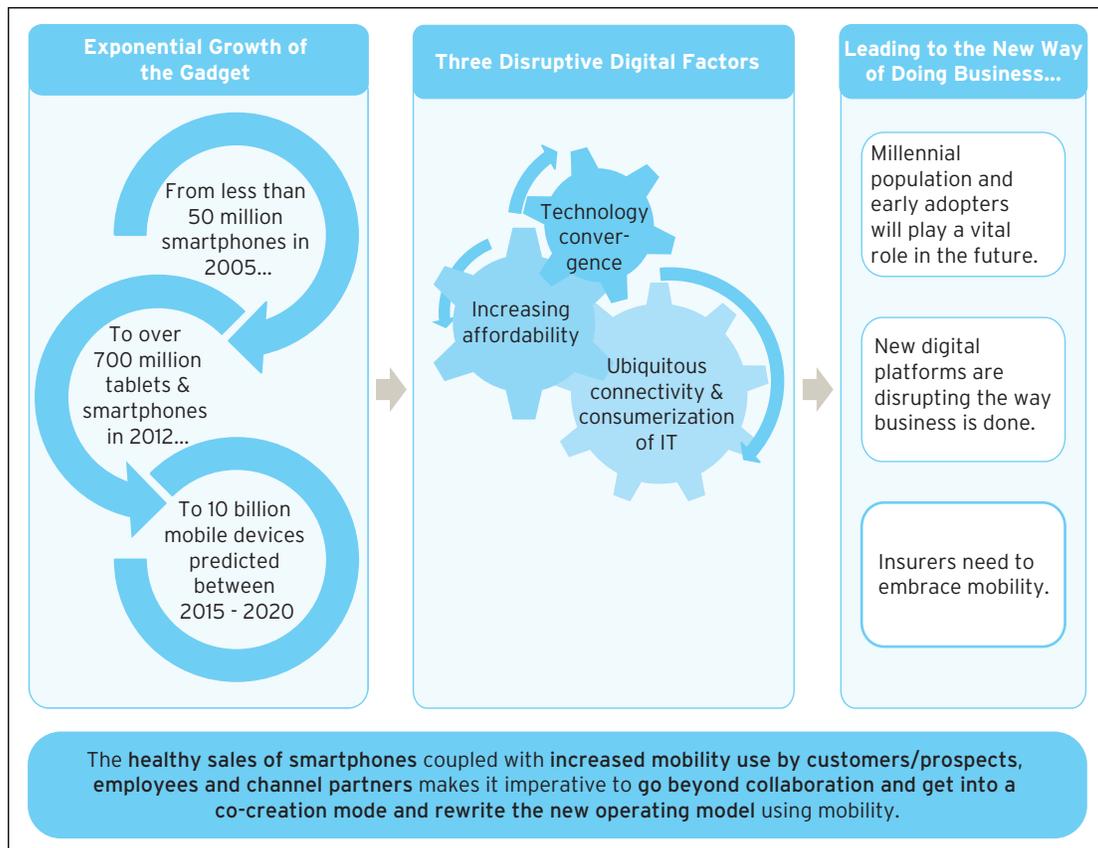


Figure 1

channel interactions and empower the different stakeholders in the insurance landscape:

- **Inventing a new way to do business:** Insurers and agents should view mobility not as an extension of existing online capabilities but as a harbinger of new and innovative ways to conduct business. For example, “presentation builder” functionality on mobile platforms will enable agents to create custom presentations for prospects and customers on the move. A social map of the prospects made available on mobile devices will help agents make a customized sales pitch at the point of sale.
- **Truly globalizing in an intricately connected world:** The communication landscape and modes are also shifting due to mobile adoption. Agents can be at any remote location and can Skype with their customers and share screens through mobile apps. Customers can also remotely make payments through mobile using MyWallet, etc.
- **Providing access to exceptional quality and quantity of customer data:** Given the accelerating adoption of smartphones and tablets among customers and agents, insurers can have real-time access to customer data that can be analyzed to provide more customized services. In fact, the ongoing data explosion is unprecedented and needs to be managed, accessed and analyzed to discern valuable patterns in buyer behavior.
- **Providing unmatched computing and brain power with easy anytime access:** Integration of mobile capabilities into different insurance processes enables real-time access to information and transaction processing capabilities 24x7. They can be used by agents and other channel partners for providing improved customer value by conducting what-if analyses and financial planning for customers at the point of sale. Adjusters can use them for calculating estimated losses for vehicles involved in mishaps, at the automotive shop or even at the site of the accident.

To harness this potential and drive mobile adoption into business, operations and IT seamlessly, a robust strategy is needed that will involve all the business units working in tandem using a collaborative framework.

Insurance Mobility: Six-Pronged Business Strategy

Based on our experience with leading clients and research, we have devised a mobile strategy and approach for insurers that addresses several strategic questions from a mobility perspective (see Figure 2, next page):

- **Market Intelligence** enables ranking the organization against its industry peers and their mobile capabilities across geography and region. The ranking must be analyzed from a short-, medium- and long-term view and the existing and sought-for capabilities must be classified as operational, tactical and strategic.
- **Mobile maturity index** provides the current mobile competency level. The four levels are:
 - » **Basic:** Nascent level of mobile technology adoption for limited users, one platform and few basic functions.
 - » **Formative:** Mobile devices used to provide richer functionality such as generating quotes and accessing product brochures on one or two platforms with a larger set of users.
 - » **Managed:** Higher level of integration with business processes with many self-service capabilities, multiple platforms and comprehensive user coverage.
 - » **Leading:** Innovative features leveraged such as using mobile device camera sweep of the interior of a house for cataloging different articles for content insurance and social and mobile data analytics for providing better value to customers.
- **Functional prioritization** helps decide which features/functions (agent contact, policy renewal, premium payments, claim initiation and tracking, etc.) will be deployed by the insurer on the mobile platform. It needs to be done individually for each business unit and then consolidated across all units based on homogeneity of functions, ease of implementation, quick returns, intrinsic capabilities and other relevant factors.
- **Mobile user role coverage** for internal stakeholders (e.g., customer service representatives, call-center executives, operations workforce, etc.), channel partners (e.g., agents,

brokers, bancassurance, sales affinity groups, etc.), customers/prospects and employee segments such as operations, call center/customer service representatives, underwriters, etc. The organization must ensure it has a clear role-based mobile strategy that caters to the differing needs of the various stakeholders.

- **Adoption roadmap** must be developed based on the above considerations focused on functions that would lead to high customer and field force adoption. The weightages for functions for rollout prioritization must be based on examples from the industry and how carriers are leveraging mobile for insurance sales and servicing and the degree of alignment with the insurer's strategic vision and the existing IT landscape. Execution must take place in a phased manner with a robust change management strategy.
- **Change management plan** must be developed for mobility rollout for the target users. It should be formulated after proper "change risk" and "organizational impact" assessments and accompanied by effective change communication. Insurers should invest in training

and educating the users and provide robust channels for the users to share their feedback. An effective change management strategy is essential for determining the success or failure of any mobile implementation.

Mobility Implementation Approach

For insurers to successfully leverage mobility, they must adopt an approach that is anchored in strategy and a phased implementation rather than a "big bang" approach. A phased approach would take a holistic view of functions, applications, user roles, platforms and products, and weave them all together into an integrated launchpad.

Based on our experience with global clients, we propose a three-phase implementation approach for delivering mobile functionality. **Phase 1 or pilot (3-6 months)** involves testing the waters with a small band of users and select straightforward functionalities. **Phase 2 (6-12 months)** expands the user group and consolidates the mobile presence with the addition of more complex functionalities. **Phase 3 or (1-3 years)** involves more comprehensive functionality and a rollout to the maximum number of users.

Conceptual Framework for Insurers' Mobility Strategy

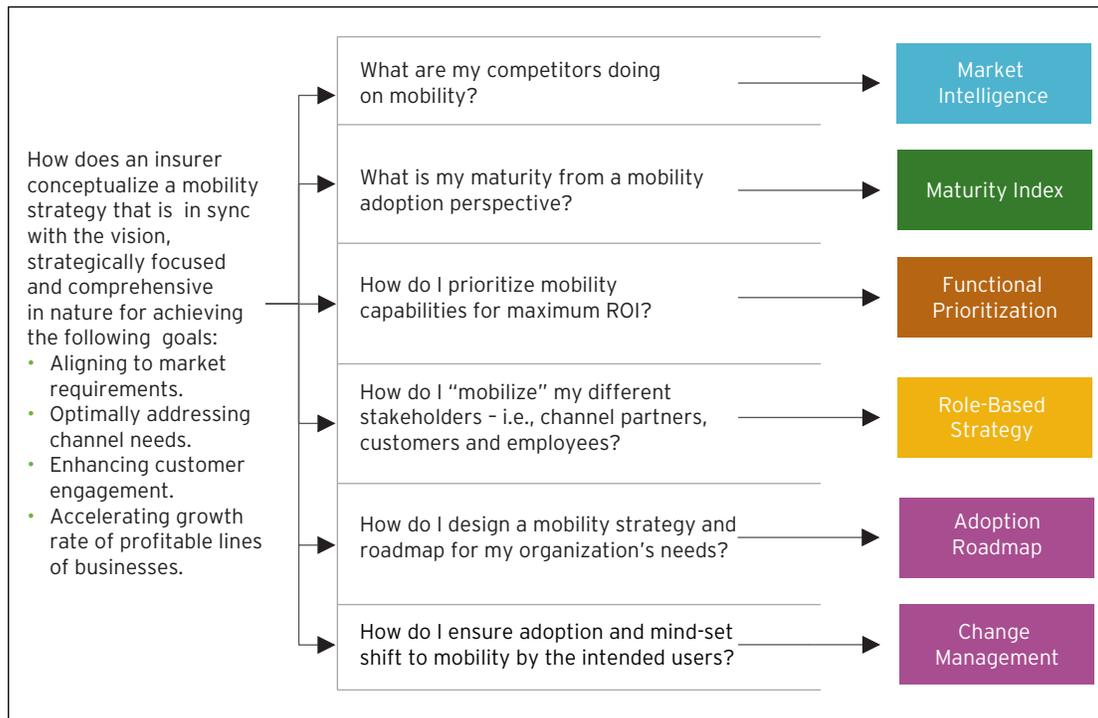


Figure 2

Phase 1 (short term):

- **Users:** Maximum one of two channel partner groups and one internal group of users.
- **Applications:** Mostly simple, Web-based applications with access through a mobile browser.
- **Platforms:** Just one platform - e.g., IOS or Android covered on a company-owned device.
- **Products:** One or two products that are less complex and can be easily sold such as retail auto, term life, etc.
- **Functions:** Simple sales functions, such as:
 - » Financial calculators.
 - » Product brochures and rating info.
 - » Policy enquiry.
 - » Quick quotes.
 - » Basic customer information capture.

Phase 2 (medium term):

- **Users:** At least 40% to 50% of the channel partners are covered with a few customers being provided access on a trial basis, and operations-related users are also covered.
- **Applications:** Some native mobile applications in addition to Web-based applications with access through mobile browser.
- **Platforms:** Coverage of more than one platform - e.g., IOS and Android covered on a company-owned device.
- **Products:** At least five or six major products of medium complexity that can be sold using tablets and smartphones - e.g., retail auto, home, term life, savings products, simple variable annuities, etc.
- **Functions:** Additional functionalities over and above the basic ones, such as:
 - » Self-service menu for customers.
 - » Notifications - alerts and reminders.
 - » Fund switch.
 - » Policy payments.
 - » Endorsements.
 - » Claims document updates.

- » Claims tracking.
- » Simple policy updates - e.g., contact numbers, addresses, etc.

Phase 3 (long term):

- **Users:** Comprehensive user coverage with at least 60% to 80% of the channel partners being covered, 50% to 70% of customers being provided access, and customer service, underwriting and core operations-related enterprise users being covered.
- **Applications:** Major functionalities are covered as native mobile applications with some Web-based applications being accessed through a mobile browser.
- **Platforms:** Coverage of more than one platform - e.g., IOS and Android covered on a company-owned device and application support provided for bring-your-own-device (BYOD) on a selective basis.
- **Products:** All major products that contribute 80% of business portfolio regardless of complexity are enabled to be sold and serviced using tablets and smartphones. These include retail auto, home, small/medium commercial, term life, savings products, variable annuities, retirements, etc.
- **Functions:** Leading and innovative functions implemented for all user roles, such as:
 - » Interactive training.
 - » Branding.
 - » Regulatory and compliance updates.
 - » News and updates, information snippets.
 - » Agent performance reports.
 - » Campaign management.
 - » Portfolio construction tools.
 - » Games/educational.

We believe this three-phase approach to mobility will lead to greater customer and field force engagement, improved quote-to-policy conversion, enhanced touch points for sales and servicing, better brand awareness and repeat business.

Conclusion

The solicitation-driven nature of the insurance business requires numerous interactions and

Relevant Customer-Centric Aspects Using Mobility for Higher Benefit Realization

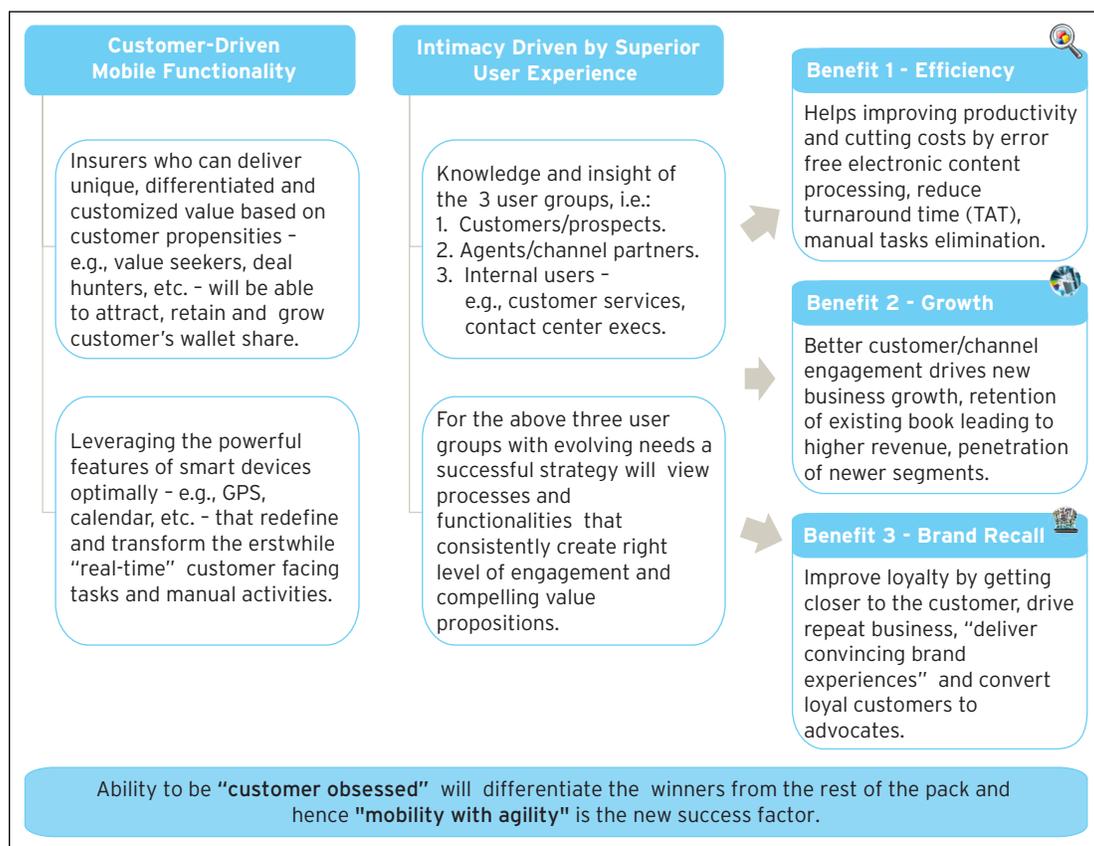


Figure 3

touch points with customers/prospects before a sale can be made. Mobile can be an optimal medium to engage and strengthen customer interaction. The accelerating adoption of smartphones coupled with increased use of mobility by consumers, employees and channel partners make it imperative for insurers to adopt mobility into insurance business processes. Around 70% of insurers have either implemented or are in the process of implementing mobile functionalities for their channels and customers.

The prerequisite for any insurer to forge ahead of the competition is a robust mobile strategy aligned to its strategic vision. Such a strategy should:

- Encapsulate the "business verticals/customer segments" in their entirety with a unique approach for each group. Despite this exclusive approach, it must bring in inclusivity - i.e., synergize with the bigger

picture and ensure that the initiative dovetails into the larger enterprise environment. For example, customer groups or verticals could be classified as retail, small/large commercial, corporate clients, individual clients, high net worth individuals, group life, annuities, etc. in the P&C and life/annuity businesses. The approach should cover all of them with a common backbone that anchors the distinctive features for each segment.

- Cover the "service lines" - e.g., agents, brokers, direct, call center, bancassurance, independent advisors, and so on - for a consistent customer experience. Here again, the channel partners, while being unique in their servicing patterns, segments and methods, have to be brought into alignment with the group. This will support a consistent customer experience across channels, a synergistic implementation and harvesting of best practices across intermediaries.

- Be supported by appropriate and adequate funding under the strategic initiatives umbrella so that the program gets continuity and is sustainable in the long run.
- Better alignment between customer, product and channel mix yielding product penetration based on customer need analysis, leading to superior conversion of leads to customers. Based on our experience with leading U.S. insurers in the mobility landscape, we found around a 40% to 60% improvement in operational efficiencies culminating in higher deal closure ratios.

A strategic approach, with reusable components anchored on the functional landscape, proper leadership guidance and the business and IT teams working collaboratively will deliver the following benefits:

- Expanded reach and spread with digital capabilities to effectively tap newer markets and segments that use digital as the first source of informational content. Based on our mobility consulting and implementation experience at some leading U.S. insurers, we estimate that 40% to 50% of agents and 20% to 25% of customers are already using mobile apps provided by the insurers for policy sales and services.
- Improved lead identification through targeting the right customer segment, tracking and monitoring the conversion of prospects to customers within the markets.
- Enhanced engagement with customers and channel partners leading to higher sales; improved advisory approach leading to stickiness and retention of profitable customers; and improved wallet share.
- Enriched brand equity and superior user experience through understanding customer sentiments better and the cultivation of loyal customer tribes. For example, during our discussions with multiple clients, it emerged that 25% to 30% of customers and prospects changed their choice of product and insurer based on mobile campaigns, product information and other informational content shared over tablets and smartphones by leading insurers in the U.S.

Footnote

- ¹ "Beyond the PC," *The Economist*, Oct. 8, 2011, <http://www.economist.com/node/21531109>.

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