The four key challenges in the insurance sector

How effective unified communications enhances the customer experience and optimises contact centre performance.

> "A successful business transformation is no longer defined by on-time delivery that promises speed to market and streamlining of IT operations. Current expectations include blending the customer and agent experience, operational efficiency and lower total cost of ownership into broader strategies that deliver a long-term competitive advantage."

The global insurance sector is undergoing significant change as it faces a number of new challenges. In addition to external influences, including economic pressures and regulatory reform, there are a number of other key factors impacting insurance providers and forcing them to adapt and change their working practices and processes, in order to meet client expectations.

Today's customers are increasingly demanding and harder to satisfy, expecting organisations to answer every kind of query in a single interaction, irrespective of whether they call a contact centre, a sales advisor or use digital channels such as web chat to communicate with a provider. "Autonomous customers" are so called because they spurn automatic brand loyalty, looking instead to family, friends and online users to support and inform their purchasing decisions. This new breed of customer uses self-service to stay in control, is less loyal and more difficult to engage.

When they do engage, their expectations of service delivery are extremely high. When they have an issue, call centre agents are expected to resolve a wide range of issues efficiently, ranging from technical support and policy enquiries to billing and claim management, without unnecessary delays, periods "on hold" or the need to be transferred to another department. This has led to the emergence of the "super agent". Many insurers are now looking at tools, systems and processes that will facilitate the transition of more of their existing call centre agents to super agent status.

Customers are increasingly discerning, expecting to access sophisticated and personalised communication channels to engage with their insurance provider. Customer engagement will remain a high priority, as the sector strives to implement digital strategies to take customer connection and interaction to a new level. Providers must recognise the need to evolve their infrastructure and communication platform, if they are to achieve a lasting foundation for digital transformation. It also requires a step-change in the integration of back office systems such as CRM and ERP solutions, if providers are to gain a much needed 360-degree view of customers and their interactions.

Optimising contact centre performance is a further challenge. Frequently, the contact centre is the first touchpoint in the customer journey, significantly influencing customer perceptions and the likelihood of engagement with the business.

INTRODUCTION

Total Cost of Ownership (TCO) of ICT and communications is another consideration, going beyond a focus on initial upfront capital investments to quantify ongoing and overall costs to the business. Redesigning data, processes and systems around common principles can result in significant process and cost efficiencies and help to offset the cost of a transformation.

It is clear that a successful transformation is no longer defined by on-time delivery promising speed to market and streamlined IT operations. Current expectations focus on the customer and agent experience, operational efficiency and lowering the total cost of ownership into broader commercial strategies.

Finding effective ways of using advanced communication technologies will be key to the success of insurance providers, providing the foundation for responsive and seamless communications within the organisation, as well as externally with customers, brokers and other parties. This white paper provides an overview of the key challenges currently faced by the insurance sector and the benefits that can be derived from a successful Unified Communications (UC) implementation.

THE FOUR KEY CHALLENGES FACING THE INSURANCE SECTOR

"Policyholders don't want to be transferred to another department or to be put on hold. They want all their questions answered and problems solved fast and all in one call - and this has ultimately led to the emergence of the "super agent"."

It's not an easy time to be an insurance provider. Cultural, operational and general market challenges are converging to shift the dynamics of the market landscape, plus widespread modernisation and major regulatory changes are forcing insurers to take a long, hard look at the traditional ways of conducting business.

Business transformation in any environment requires a deep knowledge, clear understanding and foresight of the specific issues, so that effective strategies can be deployed to alleviate their impact. We have used research from a number of independent sources as well as feedback from our insurance sector clients, to identify the four key challenges faced by organisations within the UK insurance sector.

1. TRANSFORMING AGENTS INTO SUPER AGENTS

Customers expect more from their interaction with their insurance provider and are becoming more difficult to satisfy. They expect a single agent to be equipped to answer all their questions, whether a policy enquiry, billing query or claim management question.[1] Customers do not want to be transferred to another department or to be put on hold; they want all their questions answered and problems solved fast – all in one call.[2]

Typically occupying the front line of customer communications, call centre agents own responsibility for critical interactions with customers, where each and every conversation must be regarded as a "moment of truth". Agent performance sets the benchmark for the customer experience, shaping perceptions of the business and influencing their likelihood to engage with or remain loyal to a provider, depending on how closely the provider's service delivery matches their expectations.

This is important because customer satisfaction will remain the cornerstone of success.[3] In addition, those insurance providers that focus on a quality service are 26 per cent more profitable and customers with a positive experience are twice as likely to refer friends[4], with word of mouth remaining the primary factor behind 20-50 per cent of all purchasing decisions.[5]

This trend of more demanding customers requires a special kind of agent - forcing insurers to review their traditional practices - and has ultimately led to the emergence of the "super agent". Put simply, it's no longer enough for an agent to just answer the phone. To deliver a 21st century experience, the new breed of super agents must solve problems, give proactive advice, offer recommendations and deliver a "wow" factor that builds trust and engagement.

Agent location, whether in a traditional call centre operation or from home, is also evolving. There is growing evidence that the contact centre could open up into a more networked expert model, enabling super agents to operate from geographically distributed local office spaces and branches. However, many foresee a blend of fixed, mobile and home-based workers operating in an evolving set of roles and locations across a wider range of skills. Responding to this evolution means delivering cost-effective yet rich tools and systems accessible from a familiar interface, irrespective of location and time zone.

"The global insurance industry is entering an unprecedented period of change, with most insurance providers expecting digital technology to transform the market within the next five years." [6]

2. IMPLEMENTING A DIGITAL STRATEGY FOR ENHANCED ENGAGEMENT

With customers using more devices in more ways, there are new options for customer engagement. Digital innovation is having a profound influence on the insurance sector, challenging providers to evolve their communication strategies in order to remain competitive.

In fact, the global insurance industry is entering an unprecedented period of change, with most insurance providers expecting digital technology to transform the market within the next five years.[6]

One of the key drivers is the widespread use of mobiles and smart devices and how this has affected customer demands. Smartphones offer instant access to multiple channels such as email, social media, video and web chat, allowing customers to contact their insurance provider regardless of location and time. This could be to register a claim, query their premium or give feedback via social media.

In responding to this challenge, insurance providers are beginning to appreciate the opportunities that implementing a digital strategy offers, by providing new tools for increasing the quality of customer interactions and deepening customer relationships.[7]

In turn, this is leading to the realisation that implementing an omnichannel communications strategy can drive operational efficiencies, especially in the contact centre, where a percentage of calls can be routed via other channels, such as email or video and web chat. This also means that call centre agents have full visibility of a customer's profile. For example, agents can see that a customer sent an email about a claim a week ago and can update them on progress.

The challenge associated with implementing an omnichannel strategy for insurers is made all the more complex due to organisational silos and legacy technology infrastructure. However, the insurance sector must offer innovative new ways via multiple channels in which to engage with today's digitally-savvy customers and provide clear information and support, without compromising brand consistency and quality. The ability to "go where the customer goes" represents a major challenge for both sales and customer service opportunities.

Of course, the focus for insurers goes beyond engaging with and winning new customers, as lifetime customer value is fast becoming a key metric against which performance is measured. Maximising cross-sell and up-sell opportunities remains critical, but can only be achieved if an organisation's information systems are fully integrated.

THE FOUR KEY CHALLENGES FACING THE INSURANCE SECTOR CONTINUED

To support enhanced decision-making and timely interactions, insurance providers need a 360-degree view of the customer. However, the reality is that many insurance providers reply on a variety of disparate applications, including spreadsheets, Customer Relationship Management (CRM) and Enterprise Resource Planning (ERP) applications and manual reporting.

Unifying the entire enterprise's ability to sell to, serve and retain customers is most successfully achieved by integrating these core business applications with the contact centre, enabling calls to be routed to the best skilled agent and easily escalated, with every up-sell and cross-sell opportunity fully maximised.

In fact, the ability to process and organise customer interactions across all channels has never been more pressing. According to recent research[8] email is being handled by 89% of contact centres, web interactions by 69%, with 36% of contact centres using text and 33% using social media. But while more contact centres are handling interactions other than voice, the process being used is often less than efficient. It is not unusual for email to be handled manually by a separate group of agents, while others deal with social posts. So, while many contact centres may claim to offer their customers an omnichannel journey, the experience of the customer may not match that offered for voice calls.

"Conflicting demands are driving the need to evaluate ways to minimise costs while delivering new services and capabilities."

3. OPTIMISING CONTACT CENTRE PERFORMANCE

The number of challenges faced by the contact centre are growing. Customers are demanding more from their interactions and the landscape has changed with the advent of new technologies. The channels preferred by customers are evolving, with web chat streaking ahead as the core channel of choice, followed by phone, social and video. As a result, the contact centre is the logical central port of call for "omnichannel" behaviour. This places an increasing pressure on the contact centre to evolve, yet fast first-time resolution of enquiries remain an important metric to drive customer satisfaction levels.

As the gateway into the insurance provider, the contact centre is the first experience a customer has when contacting the company to make an enquiry, request information about a policy or check the status of a claim. Irrespective of the nature of the enquiry, customers form an immediate opinion based on their initial contact with the provider.

The importance of the contact centre is brought into sharper focus following research from the Financial Conduct Authority (FCA) which found that the claims service is not consistently working in the interest of many businesses, resulting in a poor claims experience.[9]

With new technologies and new ways of dealing with customers being the norm, many new tools are being used to enhance the customer experience.

Measuring the value gained from new technology deployments and call handling strategies in real-time is just as important to organisations aiming to optimise performance. Contact centre supervisors and management need the ability to create and monitor key performance indicators, combining data from interactions with company-specific information, such as revenue per call or sales leads per campaign. Working effectively requires flexible management tools, not just for day-to-day operations but to schedule and train the inherently more complex, omnichannel agent workforce. Optimising the contact centre demands a deep exploration of the transition as to how customers want to interact with organisations and their contact centres.

This transition is being driven by customer need for an experience that matches the capabilities of the technologies they use daily – an experience which is proactive, responsive, easy to interact with and delivers fast answers.

The many challenges faced by the contact centre and the way in which providers address them will have a direct influence on the success of the business as a whole. As investment in call centres is typically a once-in-a-decade occurrence, the stakes are high.

4. REDUCING COSTS

Doing more with less is a mantra that IT decision-makers understand well. Line of business leaders, including sales, operations and customer service, demand improved collaboration, both internally within the business and externally with suppliers, affiliates and even customers, to improve business processes, enhance customer support, accelerate time to market, increase agility and foster a culture of innovation.[10]

These conflicting demands are driving the need to evaluate ways to minimise total cost of ownership while delivering new services and capabilities. Appraising the capabilities of various technology solutions to provide robust affordability is a key decision-making factor for providers and critical for overall success.

Against this backdrop, cost of ownership needs to be evaluated against all the various delivery methods and infrastructure alternatives that maximise resilience and scalability.

EVALUATING THE IMPACT OF THE FOUR KEY CHALLENGES

1. TRANSFORMING AGENTS INTO SUPER AGENTS

Nationwide Insurance found that a 1 per cent increase in customer retention increased annual premiums by $1million and that 26 per cent of insurance customers will switch insurance provider, based solely on a bad experience with the contact centre.

Clearly, how customers feel about interacting with a provider is a big deal. As customer demands continue to challenge insurance providers, more insurers want their agents to become super agents. Knowledgeable about every aspect of the business, including policy enquiries, claim handling and billing through to Financial Conduct Authority (FCA) regulations, facilitating the introduction of super agents will lead to considerably improved first call resolution, reduced costs, improved customer retention and an increased lifetime customer value.

However, in offering a "cradle to grave" service, super agents need training and seamless access to all the necessary systems, tools and processes. This includes productivity enhancing tools to improve the customer experience and customer and agent interaction through to the use of consistent interfaces that unify different sources of knowledge, across sales, billing and claims.

What is clear is that key to resolving these issues is investment in technology and engineering processes to give super agents seamless access to all company systems, offering a 360-degree view of the customer.

Challenge	Solution
Enhance customer communication and satisfaction.	Implement multimedia contact centre solution to deliver optimised multichannel communications and improved staff collaboration.
Deliver a scalable and flexible communications platform for all contact centre agents.	Implement a Unified Communications (UC) strategy delivering cost-effective, scalable services.
Ensure a consistent customer experience regardless of channel of communication.	Implement a contact centre solution that integrates all forms of communication channels offering a 360-degree view of the customer.

2. IMPLEMENTING A DIGITAL STRATEGY

The core aim of a digital strategy is make it easy for customers to engage across multiple channels and choose the preferred channel of choice, ranging from website enquiry forms, live chat, call centre, video and text. The increasing trend towards "omnichannel" communications means that contact centre agents must be empowered to proactively engage with customers across any of these channels, as Generation Y consumers drive demand for a consistent service experience.

Despite insurance providers recognising the benefits that digital innovation can deliver, including revenue growth and market share increases, many remain focused on investing in digital technologies to enhance discrete functions, processes and products, with the primary aim of improving efficiency.[11]

However, those insurance providers viewed as "digital transformers" are choosing to implement strategies that span the entire value chain, seeking innovative ways of generating value for customers – and growth for themselves.[11] In doing so, the digital transformers can deliver a consistent brand experience, while unifying silos of information and knowledge that already resides within their business systems.

Therefore, digital channels must be part of a wider business strategy where core operational systems are fully integrated with the other systems relied upon by the agent, including CRM and ERP applications, to gain faster access to information. Staff also need enhanced access, which has significant implications for the communications infrastructure.

However, the key to the success of any digital programme lies with a clear appreciation of how customers want to engage and this means that insurance companies must develop a thorough understanding of their needs and requirements for digital access.

Challenge	Solution
Embrace digital innovation without compromising productivity and customer service.	Implement an integrated omnichannel communication solution in line with existing working practices.
Understand customer needs, get closer to customers and maximise up-sell and cross-sell opportunities and maximise renewal revenues.	Deploy advanced communication technology which integrates with existing CRM applications to achieve a 360-degree customer view to maximise sales and achieve greater retention.
Ensure a consistent customer experience regardless of channel of communication.	Implement a contact centre solution that integrates all communication channels and core systems to gain a 360-degree view of the customer.

3. OPTIMISING CONTACT CENTRE PERFORMANCE

One of the key challenges in optimising contact centre performance is achieving the balance between human interaction and the convenience and efficiency of automation.

Utilising new technology can significantly improve first call resolution via intelligent call routing, leading to a reduction in call waiting times and repeat calls into the contact centre, which in turn enhances the customer experience. They also allow more calls to be handled, improve staff utilisation and ultimately, deliver an increase in the number of sales opportunities and conversions.

It is essential that agents are armed with the tools they need to answer questions by various forms of communication. Quick and easy access to key information, accessible via consistent functionality and interfaces across the business, aids collaboration, confident responses and more interactive customer relationships.

Adding agent seats needs to be cost-effective and easy to implement with minimal or zero IT or external involvement for maximum flexibility. Therefore, scalability is a key factor to support growth ambitions and continue to offer a high level of customer service.

Access to detailed and accurate analytics and management information about customer interactions and the quality of agent performance will help pinpoint areas for further improvement. The ability to view real-time information is vital in improving performance and can include visual and audible threshold alerts on critical conditions and reacting to higher call abandons or lower traffic by bringing agents in or taking them out of queues.

Comparing this information with historical data will give a better understanding of trends to plan optimum staffing levels while scheduling agent availability accordingly to streamlined call flow, thus avoiding having to add to the headcount.

In addition, first-rate disaster recovery provision is a pre-requisite to ensure minimal risk of business disruption.

Challenge	Solution
Deliver a scalable communications platform to manage future growth aspirations.	Implement Unified Communications (UC) strategy delivering cost-effective, scalable services.
Achieve integrated department collaboration.	Converge data, voice and video onto a single platform solution to achieve a 360-degree view of the customer.
Better customer communications and satisfaction.	Introduce the infrastructure to support on-demand access to information and omnichannel communications. Implement contact centre solution to improve collaboration and call handling.
Achieve business process integration.	Deploy IT infrastructure and communication tools that work seamlessly with existing systems.
Management reporting	Deploy communication platform across all channels, gaining accurate analysis of key business processes and customer interactions.
Embrace flexible working for agents, irrespective of location and time zone, without compromising productivity and customer service.	Deploy Unified Communications (UC) with mobility, delivering cost-effective, advanced tools and scalable services.

4. REDUCING COSTS

Total cost of ownership is not just about upfront capital costs but also quantifying ongoing investment including staff resource requirements, reliability, scalability, maintenance, software updates and overall return on investment.[9]

It is also about finding ways to help staff become more productive through the provision of enhanced training, resources and easier access to information. Improved communication optimises business processes by providing a robust framework that enables insurance providers to increase operational efficiencies and enhance the customer journey, while delivering advanced features for end-users.

EVALUATING THE IMPACT OF THE FOUR KEY CHALLENGES
CONTINUED

> "The benefits of seamless communication and collaboration are game-changing. Not only are users unconstrained and free to communicate and collaborate easily inside the organisation, but IT resources can shift their focus from mundane phone system management to more strategic initiatives."

Bringing communications together into a single, seamless environment that includes voice, email, webchat, instant messaging, video conferencing, presence and collaboration capabilities, is vital. At the same time, there must be an equal emphasis on empowering staff with ease of use, reducing the burden on IT with simple system management and scalability.

A reduction in training, configuration and maintenance hours and increased user adoption rates means that insurance providers can benefit from lower costs, less time wasted and greater collaboration between users who can focus on core business activities. Quite simply, organisations that wait too long to adapt run the risk of losing customers to more agile competitors waiting for the right moment to pounce.[12]

However, organisations that do it right can expect happier customers, improved agent productivity, faster problem resolution and consistency in measurement – all at a lower cost.

Challenge	Solution
Achieve business transformation without capital outlay.	Consume communication services on a utility pricing model of proven lowest total cost of ownership.
Reduce overall operational costs.	Conduct detailed benchmarking of existing costs and engage with proven alternative suppliers. Evaluate business practices to find efficient strategies based on total cost of ownership or whole life costs.
Achieve business process integration.	Deploy IT infrastructure and communication tools that work seamlessly with existing systems to reduce integration costs.

"The benefits of seamless communication and collaboration are game-changing. Not only are users unconstrained and free to communicate and collaborate easily inside the organisation, but IT resources can shift their focus from mundane phone system management to more strategic initiatives."

MORE EFFECTIVE COMMUNICATIONS

The goal of Unified Communications (UC) is to break down the barriers between different methods of communication, so that individuals can communicate easily and seamlessly with each other, no matter which device or medium they choose. Through a single, intuitive client, end-users take control of all their communication methods (voice, video, instant messaging), offering the ability to work smarter, across multiple channels and in collaboration with each other. Ultimately, an effective UC solution helps an organisation to drive collaboration and productivity.

The benefits of seamless communication and collaboration are game-changing. Not only are users unconstrained and free to communicate and collaborate easily inside the organisation, but IT resources can shift their focus from mundane phone system management to more strategic initiatives.

In the insurance sector, effective communications are vital to customer satisfaction and employee productivity. Whether it is handling policy enquiries, collaborating to resolve issues or aiding digital inclusion, the utilisation of powerful, yet simple to use and manage communication solutions are a necessity. Here are a few examples of why insurance providers communicate better with UC.

SINGLE-PLATFORM INTEGRATION

Businesses using UC solutions such as IP telephony, audio and web collaboration and voicemail to email, benefit from having services converged on a single platform. This allows for one-stop management and visibility across the entire communications infrastructure.

IMPROVED ISSUE RESOLUTION AND ACCOUNTABILITY

UC integrates all communication channels into a seamless experience, empowering customers to communicate with their insurance provider in the way they want and by the means they have available. Utilising a true omnichannel communication solution ensures a consistent experience, irrespective of the channel used. By integrating UC with back office systems, contact history is clearly visible, leading to faster access to information and the speedier resolution of queries and claims. This is critical within the contact centre, where customer communication can be routed to the most appropriate agent, leading to greater trust between policyholder and insurance provider, as accountability is clear.

COMPANY-WIDE COLLABORATION

For insurance providers, the ability to effectively handle customer enquiries while collaborating with colleagues leads to higher productivity. Presence functionality ensures employee availability is clear and transparent for all staff, while additional collaborative tools transform internal processes leading to increased productivity, optimised processes and the elimination of information silos.

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CONTACT CENTRE ENHANCEMENTS

Contact centre software can be easily customised and integrated into the
overall communications platform, giving employees a unified and 360-degree
view of relevant customer information required, presented on one screen.
This is particularly beneficial for expanding organisations and those that
deliver insurance services across multiple locations.

REDUCED IT STAFF COSTS

By using a UC platform, businesses can focus their IT staff on strategic,
mission-critical tasks, instead of monitoring and managing complex and
disparate communications systems.

CONSOLIDATION AND SCALABILITY

Where multiple legacy systems are in use, the number of service providers
required to manage a piecemeal communications system creates an IT and
administrative nightmare. UC eliminates multiple service provider contracts
and consolidates the entire communications infrastructure into one bill.

In addition, as insurance providers introduce new offerings, the communications
platform is easily scalable. UC empowers organisations to scale their
operations seamlessly and efficiently without overburdening the IT department
or incurring ad-hoc or unplanned costs.

SIMPLIFYING COMMUNICATIONS FOR USERS

UC transforms the user experience by improving productivity and enabling
more efficient workplace collaboration. At-a-glance availability and
click-to-call functionality are embedded within an easy-to-use, common
interface, so users can connect whenever work demands it. Communication
can switch from an instant message to a phone call or video conference
on the fly with drag-and-drop ease, saving time and allowing users to
focus on core tasks. The results include faster decision-making, extended
opportunities for collaboration and more effective communications.

UNIFIED COMMUNICATIONS – THE CRITICAL IMPERATIVE FOR COMPETITIVE ADVANTAGE

Increasing pressure to achieve business transformation, evolving customer demands, the requirement for contact centre efficiency and the need to reduce costs are all contributing to the ongoing evolution of the insurance sector.

Responding to these challenges requires innovative thinking, a comprehensive review of business practices, and a willingness to investment in best-of-breed communication technologies. Insurance providers need to consider their organisational aims, objectives and values carefully, working in partnership with their customers, brokers and other business support partners in order to establish the most critical outcomes required.

Future priorities are to improve the use of advanced technology, standardise business processes and ways of working and cost reduction. To attract and retain highly skilled staff, insurance providers must ensure that they deploy a communications infrastructure that supports effective and consistent service delivery across multiple channels.

Implemented efficiently and properly, UC delivers significant ROI and must be viewed as a game-changer by those seeking to increase business agility, decrease operating costs and improve customer service. Ultimately, UC provides the insurance sector with a robust communications framework enabling providers to enhance customer engagement, take customer connection to a new level using digital communications, achieve business transformation and a significantly lower total cost of ownership.

By utilising UC, the insurance sector should see this as a time of opportunity to engage with their customers as never before.

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ABOUT INCOM BUSINESS SYSTEMS

Incom Business Systems designs award-winning business communications solutions that enable people to collaborate and work more effectively, while reducing operational costs and capital expenditure. Our client-centred approach is matched by our expertise across voice and data convergence, contact centre technologies, business mobile, cloud telephony and IT infrastructure services. This enables us to address the evolving requirements of SMEs, multi-national enterprises, Not for Profit and government organisations. Since 1989, Incom has been the trusted partner for thousands of clients across the UK including Sterling Insurance, Audi, Haribo, Horizon Nuclear Power, The Kennel Club, RAF Museum, Salvation Army, The Range superstores and the Japanese Embassy.

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