CRM Trends in Insurance

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Executive Summary

There may have been a time when it was possible for insurers to establish, retain, and manage customers through personal relationships **only** but not any more. Over the years technology has become an important means for enhancing insurer-customer relations. While customers continue to want **personalized service** they don't necessarily expect it by going to a physical location; a quick web chat session or co-browsing with an insurance expert or even a link to an appropriate Web page will suffice if their query can be addressed instantly! Indeed, today's customers are very comfortable with technology, and in many instances are compelling insurers to adapt technology to their needs rather than vice versa.

Typical Customer Relations Management Systems (CRMs) help businesses to cater to the needs of their customers and employees. Since those needs are never static but constantly changing, CRMs applications need to be flexible and adaptable to customer trends. With businesses expanding their customer base and offerings around the globe, customer relations management has become quite complex, and a great deal more is being demanded from CRMs.

Contemporary CRMs in the insurance industry are expected to overcome the boundaries placed by 'siloed' development of solutions, and to not only give a 'complete picture of their customers,' but also interpret, analyze, and predict the behavior of customers as well as facilitate strategic business decision-making. Furthermore, as that 'complete picture' changes, CRMs are supposed to keep up with those changes as dynamically as the changes themselves. This may sound like a talk order (from IT) but that is the demand of insurers and customers.

Table 1 highlights business needs of insurers and the CRM functionalities as well as strategies currently being used to address those needs.

Table 2 focuses on the CRM trends that are likely to be embraced by insurers in the near future.

Finally, we give a glimpse of CRM initiatives at HCL in response to future CRM trends.

Table 1: CRM Functions and Strategies for Business Needs of Insurer

CRM Functions	Business Needs	CRM Strategies
Sales and Service Desk Support and Complaint Management	o Identify opportunities to cross sell and up sell primarily due to the fact that systems may not support agents with possible relevant information about the customer. o Match the complexity of customer calls with the skills of agents and route calls accordingly. o Track customer complaints.	**Multi-channel integration:** with all possible applications such as premium processing, claim processing, commission system, call centre-CTI IVR applications etc. for sales desk support. **Dashboards:** to show comprehensive information about producers (agents, brokers, dealer, etc) covering profiles, licensing and registration information, policies, claims, commissions, products they sell, leads assigned, commission details, history of sales, actual call play back, and all the interactions and service requests. **Routing customer calls:** to appropriate agents. **Powerful search capabilities:** that can be used to locate specific producer and activities **Customer complaints process:** that tracks prioritizes, and closes complaints, and one that trigger alerts, escalations against approaching SLAs (Service Level Agreements).
CRM Metrics	o Measure the effectiveness of sales desk support, and campaign efficiencies. o Lack of reporting standards adhered to by agent, firms, branches and channels. This is primarily limited by: • the unavailability of right set of data • unavailability of enterprise-level data structure to store the data for required dashboards	**CRM analytics solution** to provide: o Enterprise level data structure to store all channel reporting requirements, including complaint management and SLA breaches. o Metrics for measuring the effectiveness of the sales desk support and call centers, campaigns, and cost savings.
Territory Management	Have a single view of producers' working environment, as well as that of the agents' association with banks and other producers.	**Greater visibility of sales channels** by providing a view of producers' working environment
Customer Segmentation	Correctly segment customers and execute the targeted campaigns by having a single view of producers and customers across different lines of business	**Rightly segment customer information** on-the-fly and execute targeted campaigns

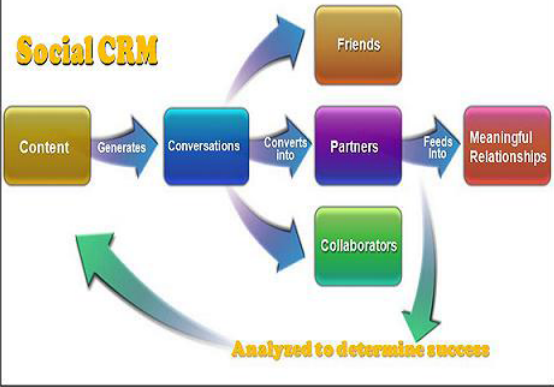| CRM Functions	Business Needs	CRM Strategies
Marketing Campaigns	o Define campaign metrics and measure campaign effectiveness. o Manage campaign responses effectively.	Integrate the following **campaign management functions** as part a CRM application: o Plan a campaign o Setup a campaign o Run (execute) a campaign o Run joint campaigns with partners o Run loyalty campaigns o Campaign response management Integrate the following **customer satisfaction activities** as part of CRM system: o Record and track various service requests, enquiries and calls as well as responses to ensure that no prospective customer is left untracked. o Carry out customer satisfaction surveys to measure customer experience
Mobility	Mobile CRM solution that can be accessed on hand-held devices via the Internet.	**Manage leads and day to day interactions** via mobile devices such as Black Berry and Laptops in an online and disconnected mode.

Generally, a CRM system is integrated with various applications, and the core systems are enabled with many external interfaces (e.g., IVRS-CTI, Web Portal, emails, Co-Browsing etc) and internal applications (e.g., CRM Analytics, Business Intelligence and data mining tools etc). A comprehensive CRM system often comprises multiple vendor applications to address the business needs and problems of insurers.

Table 2: Recent and Future CRM Trends[1]

Business Driver	Driver Focus and Challenges	Implications		Solution, Technologies & Approaches	Possible impact on insurance business
Social CRM "Currently 90% of CRM spending is directed toward operational CRM initiatives like sales force automation, but that will drop to 70% of spending by 2020. Meanwhile, spending on social CRM initiatives like customer communities and social media monitoring will grow from less than 1% today to 10% of spending in 2020."[2]	System tries to capture data from social networking traffic like Twitter, handles Facebook page addresses or other online social networking sites. Challenges/Concerns: Social media data is unstructured so what does that record in your data really represent? "Adding a social media strategy to your CRM initiatives is critically important to doing business in the 21st century. People like doing business with people they like, and love doing business with people they trust. But how do you get people to like and trust	**Traditional CRM**	**Social CRM**	Some of the companies that have made inroads in the Social CRM space include, though not limited to, InsideView, Helpstream, Connectbeam, Zuora, LucidEra, Infusionsoft, Really Simple Systems, Jigsaw, Neighborhood America, Silverpop, and Aplicor.[5] **WEB2.0** Some of the Capabilities of Web2.0 Technology that sync with Social CRM include Tagging, podcasting, blogs/weblogs, AJAX, wiki etc **CRM Accelerators** Distribute sales leads and centrally manage sales	New clientele and increase in customer loyalty (given that insurers are not imposing a structure for communications on their customers but adapting themselves to the communication environment of customers). Social CRMs enhance the relationship aspect of CRM and builds on improving business-customer relations with fruitful interactions. Lead generation evolves by Peer 2 Peer interactions. Customers would like to be advised or educated by
		Data-driven	Content-driven		
		Process-centric	Conversation-centric		
		Operationally focused	People/Community focused		
		PPT – People, Process & Technology	AAA – Automation, Analysis & Audacity		

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[1] Many of the trends listed in Table 2 are also part of the Gartner CRM Summit 2010. For details, see http://www.gartner.com/technology/summits/emea/crm/index.jsp [March 2010].

[2] Barney Beal, "Gartner outlines five technology trends changing CRM architectures," (Sept 15 2009) http://searchcrm.techtarget.com/news/1368267/Gartner-outlines-five-technology-trends-changing-CRM-architectures [February 2010]. In 2009 "three in four US online adults now use social tools to connect with each other compared with just 56 percent in 2007." For further details, see William Band, "The Top Eight Customer Management Trends For 2010," (December 14, 2009) http://www.forrester.com/rb/Research/trends_2010_customer_relationship_management/q/id/56288/t/2 [February 2010].

Business Driver	Driver Focus and Challenges	Implications	Solution, Technologies & Approaches	Possible impact on insurance business
	you enough to do business with you in a Web 2.0 world?"[3]	Social CRM — Content Generates Conversations Converts into Partners Feeds into Meaningful Relationships — Friends — Collaborators — Analyzed to determine success [4]	opportunities across channel partners Connect CRM to an organization's Web experience. .	their peers who actually are (turn out to be) brand ambassadors of the organization. Recognizing and rewarding these peers as agents who can help required information to flow to right place and right endorsement will be the prerogative of the enterprise. Scaling up the systems, processes, and CRM applications will be required
Customer Self Service "At many organizations, the cost-savings alone have made the investment in self-service worthwhile. But going forward, the self-service business case won't be	Decrease operations cost and increase uptime, security, data privacy. Challenges/Concerns: Lack of integration skills, economize on time of task handling	For regularly used services, dependency of customers on personal interaction and phone will be reduced. Make the insurer-customer relationship easy and less time-consuming.	Web-based self-service portals are beginning to function as a first and last point of contact.	Increase the efficiency of resources, decrease operational cost, and meet the expectations of customers more than ever before. Advanced email response, Web chat and web based

[5] For an interesting summary of the offerings, see Paul Greenberg, "Now Presenting: The Up and Coming Companies of 2009 Social CRM/CRM 2.0 Space," December 22nd, 2008) http://blogs.zdnet.com/crm/?p=109 [March 2010].

[3] Brent Leary, "Social CRM: Customer Relationship Management in the Age of the Socially-Empowered Customer," (2008) http://smallbiztrends.com/2009/03/2009-crm-trends.html [February 2010].
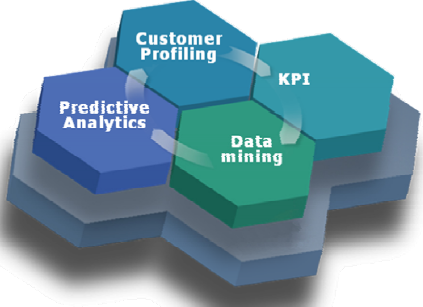
[4] Brent Leary, Op cit. PP 3-6.

Business Driver	Driver Focus and Challenges	Implications	Solution, Technologies & Approaches	Possible impact on insurance business
built on cost-savings alone. There is a bigger, more customer-focused picture to consider, where the customer experience also plays a key role."[6]				self-service portal tools are already drawing more and more customers to the Web sites of insurers.
Sales Analytics, Service Analytics, Customer Profiling, Segmentation, and Characterization (on behavior) According to an IDC study, the business analytics software market reached $19.3% in 2006 and is expected to grow at CAGR of 10.3% over the next five years.[7]	Insurer's need a complete view of their customers. Challenges/Concerns: Customer data is generally distributed along product lines and often stored in disparate legacy sub systems. If the customer base has expanded through mergers or acquisitions, the information may be even more fragmented.	Have accurate and complete data on customers. CRM analytics comprises all programming that analyzes data about an enterprise's customers and presents it in such a manner that better and quicker business decisions can be made. CRM analytics is often regarded a form of online analytical processing (OLAP) and may involve data mining. Sales Analytics include developing a detailed picture of customer preferences, buying behavior, and enterprise profitability.	CRM in insurance starts with a holistic single, complete, real-time view, that compiles data extracted from various systems, transactions, and lines of business so that call center representatives, agents and brokers can understand and serve their customers better. Based on captured data, a behavioral model can be defined and built into the CRM system. This in turn forms the basis for making prediction about the most closely matching customer profiles.	Position insurance offerings strategically to relevant groups of customers. Customer behavior and future prediction can be applied effectively to identify life events and/or extended relationships, which can result in high profitability from individual customers. For instance, different stages and life events often trigger changes in insurance needs. These can be anticipated and leveraged with targeted

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[6] "Customer-Focused Self-Service: Building the Balanced Business Case," (2006) http://www.rightnow.com/pdf/whitepapers/RN_PR_SelfService_lowres.pdf [March 2010]. For self-service survey result across industries, see http://www.selfserviceworld.com/research_364.php [March 2010].

[7] Dan Vesset, et al., "Worldwide Business Analytics Software 2007-2011 Forecast Update and 2006 Vendor Share," (Excerpt from IDC #208699, p.1)," http://www.oracle.com/corporate/analyst/reports/infrastructure/bi_dw/208699e.pdf [March 2010].

Business Driver	Driver Focus and Challenges	Implications	Solution, Technologies & Approaches	Possible impact on insurance business
				offerings. For example, health insurance policyholders who have recent additions in the family may be identified and offered attractive life insurance policy options. A well-balanced behavior model could influence service levels, lower service costs, and increase customer satisfaction that translates into higher revenue per customer (e.g., anticipating customer needs and offering real-time response can reduce outbound marketing costs with the chance of cross selling or up selling)
Predictive Analytics, Extract, Analyze and Predict Probable Behavior "[T]he market for text analytics – the process of mining text-based, unstructured data for patterns or other insights	Predictive analytics is an area of statistical analysis whereby information is extracted from data, which is used for predicting future trends and behavior patterns. Challenges/Concerns: Capturing relationships between explanatory	Predictive models often perform calculations during live transactions, for example, evaluate the risk or opportunity of a given customer or transaction, in order to guide a decision.	**Actionable insights** Insurers using predictive analytics derive actionable insights from data and then use those insights to shape decisions that can improve business outcomes. These insights are made available from dashboards in the system which can be customized on user's role and	Facilitate strategic business decision-making. Enables right investments in business with the ability to forecast growth and revenue based on the customer behavior. Data mining discovers richly-defined "micro-segments,"

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– grew by 20% year-over-year between 2006 and today, and, though slowing because of the recession and overall decline in IT spending, it will continue to expand over the next two to three years...the enterprise search market, which includes text analytics software and applications, [is expected to] reach an estimated $3 billion by 2012, up from a current estimate of $2.25 billion. Market drivers include desire for improved customer relationships, more sophisticated predictive analytics capabilities and concerns over eDiscovery compliance."[8]	variables and the predicted variables from past occurrences, and exploiting it to predict future outcomes.		can be defined to suit business needs. **Historical Analysis** Insurers perform historical analysis to identify key issues and win-loss ratios of sales and other activities to meet the evolving needs of the stakeholders. **Reporting** Insurers are able to create quick customer reports with options to print, export and publish.	precise customer. Segmentation that informs about customer behavior predictions greatly assists the enterprise to plan and prioritize action points. Customer segmentation and analysis on data of past behavior identifies customers with poor loyalty or low profitability, Data mining on these profiles present probable future behavior. CRM analytics would logically suggest targeting specific customers for improvement in customer experience and/or cost-cutting. Likewise, customers with high loyalty and high value are identified, providing insight for improving other regions of the customer

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[8] Sue Feldman and Hadley Reynolds (of IDC) speaking at the Text Analyst Summit held in Boston in 2009. Cited in Jeff Kelly, "Text Analytics Market Small but Growing amid Recession, According to IDC," (June 3, 2009) http://searchdatamanagement.techtarget.com/news/article/0,289142,sid91_gci1357873,00.html [March 2010]. See also See also, Hadley Reynolds and Susan Feldman, "Worldwide Search and Text Analytics 2010 Top 10 Predictions," (Jan 2010 Doc # 221799) http://www.idc.com/getdoc.jsp?sessionId=&containerId=221799&sessionId=CZ4CTMQCVNG0YCQJAFDCFFAKBEAVAIWD [March 2010].

Business Driver	Driver Focus and Challenges	Implications	Solution, Technologies & Approaches	Possible impact on insurance business
				segmentation.
Key Performance Indicators (KPIs) "KPIs help…build a business case to justify investment in automation, measure and demonstrate success to executive management, and seek further process improvements."[9]	KPIs measure the organizational performance with respect to customer experience e.g., number of leads vs number of sales; number of surrender quotes vs number of actual surrenders; complaints vs Churn and Lapses, etc. Challenges/Concerns: Consolidation of resources and standardization of business processes at a single window across enterprises entire operational centers.	Monitoring customer exit points is important for developing strategies to retain customers. Customer Satisfaction is a key factor that can facilitate cross-selling and market expansion, and it can be measured by examining: 1) Feed back forms 2) Questionnaires 3) Surveys 4) Focus groups point of view 5) Breach of SLAs	Rich customer data integrated with the KPI helps in focusing on the targeted customer behavior. Dashboards graphically display a company's key performance indicators and the business status in real time. They can be personalized according to department, role, or individual, thereby displaying only relevant information.	Better planning and forecasting, control over business process, and diagnosis of problems.
Enabling the use of Gadgets and integrating Smart Phones into CRM's core applications	Have the ability to access to CRM data and information anywhere and anytime. Challenges/Concerns: System accessibility by insurer's mobile team.	Insurer's mobile teams are given access to Online CRM data through a Web browser on a mobile device. Due to the automatic and intelligent synchronization of CRM data, the mobile teams are able to receive real-time updates on marketing, sales and customer service. Furthermore, they are also able to view, create, and modify CRM data on any Internet-capable mobile device.	Mobile Solutions (e.g., Microsoft Dynamics CRM, Sage SalesLogix)	Greater operational efficiency and quick response to customer queries, and greater customer satisfaction.

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[9] Kimberly Collins and Marjorie Lee Buckmaster, "How to Establish Key KPIs for the Top CRM Marketing Processes," (January 6, 2010; ID:G00172358) http://my.gartner.com/portal/server.pt?open=512&objID=260&mode=2&PageID=3460702&id=1273813&ref= [March 2010].

HCL and Future CRM Trends – A Glimpse

CRM Case Studies…

Client	The client is a leading multi-channel eService solution company in the United States. Established about a decade ago, the company recorded revenues of USD 70 million in 2007. The client's eService offering was placed in the leaders' quadrant in a Forrester eWave survey of eService Suites that was carried out in 2006.

Multiple Service Channel Integration

Challenge	The client's CRM offering comprised a set of independent solutions that were built using diverse technologies on distinct architectures for various customer service channels such as enterprise email, chat, mass messaging and knowledge management. The client wanted to integrate disparate solutions on a common infrastructure and make them accessible through a single interface.
Solution	HCL integrated the applications at the presentation layer and used Java Desktop Integration Components (JDIC) to build an Active Tab Framework and Universal Desktop. HCL also made available the centralized information to all the applications in order to provide a consistent user experience over all the channels. This eliminated data redundancies, optimized performance and addressed other non-functional characteristics.
Value to Client	The integration of various services provided the look and feel of a unified desktop at the presentation layer. The J2EE-based solution enabled the client to "go-to-market" within 60 days and achieves a strategic objective - that of providing consistent customer service through multiple channels. Call handling capacity of the system too increased since customer queries across multiple channels could be handled simultaneously.

Automation of Marketing Campaigns

Challenge	The client had separate products for Enterprise Response Management System for E-Mail channel (ERMS) and E-Mail Campaign Management System (ECMS). These applications administered customer profiles individually and there was no way of synchronizing customer profiles automatically. This was leading to a great deal of manual effort during campaign design. The client wanted to integrate the ERMS and ECMS so that ECMS could leverage customer profiles in ERMS for marketing campaigns.
Solution	HCL designed a Customer Profile Synchronizer component for the Campaign Management System in order to incrementally synchronize customer profiles in the ERMS system with the Campaign Management System. Special rules were integrated in the business rules module so as to include or exempt the ERMS customers in campaigns on the basis of user preferences or organizational business policies.
Value to Client	Solution allowed client to send out campaign data seamlessly and intelligently (i.e., without any manual intervention) to the customer profiles in the ERMS system. This improved the effectiveness of marketing campaigns significantly. Having a holistic view of customers allowed client to cross-sell and run targeted campaigns.

Initiatives in Data Processing Technologies…

*Traditional CRM software running on a single node scanning at 50MB/s will most likely take about 23 days to process 100TB dataset. By contrast, with **Hadoop**-based systems the same dataset can be distributed to 1000 machines scanning at the same speed of 50MB/s and finish the job in about 33 minutes.*

Emerging trends such as social CRM (where data is gathered from social networking websites, blogs, news feeds, etc) call for compilation and processing of very large data sets. Data grows exponentially and runs into Peta bytes.

Traditional CRM software is not equipped to efficiently process and scale to process very large quantities of data. This is where **Hadoop** becomes relevant.

Hadoop is an open source Java framework for running applications on large clusters of community hardware. It can provide excellent backend parallel data processing infrastructure for processing large scale data. It can be used for processing raw data and converting it into crisp intermediate data sets, which can be used for segmentation, analysis and reporting by traditional BI and other tools. **Hadoop** can also be directly used for reporting.

Characteristics of Hadoop

Scalable	Reliably store and process Peta bytes of data
Reliable	Automatically maintain multiple copies of data and automatically redeploy failed tasks
Efficient	Process distributed data in parallel on the nodes where it is located
Economical	Distributes data and processing across cluster of commonly available cheap commodity hardware

Business benefits of Hadoop

Drastically reduced data processing time	Helps businesses to scale up the operations
Wider data coverage	From multiple social networking and other websites gives better insight into user behavior
Quick access to data	Allows marketing teams to run targeted campaigns

Initiatives in Semantic Technologies…

Helps companies to better understand customers and their needs	By discovering structures in the unstructured conversations among customers (on products, services and brands) that take place in blogs, Web forums, wikis, micro-blogging, and similar channels. This is done by extracting entities, concepts, events, and sentiments from unstructured text and marrying it with structured data in databases and data warehouses to get useful business insights.
Helps companies to Integrate customer information from diverse sources	By using common ontology and taxonomy to exchange and link information about customers from sales, marketing and customer service.
Helps marketing to categorize customers & run specific campaigns	Based on customer interactions and conversations about, for instance, a product or it positive/negative feature, economic/cost sentiment in conversation, intentions to buy a specific product, etc.