



STRATEGY MEETS ACTION

Engaging Insurance Customers

Optimizing Interactions Across the Lifecycle

*Featuring as an example:
Pitney Bowes Customer
Engagement Solutions*

An SMA Perspective

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Published Date: July, 2015

This perspective is based on SMA's ongoing research on customer engagement in insurance. Pitney Bowes has purchased distribution rights.



About This Perspective

This SMA Perspective is a summary of SMA's ongoing research on customer experience and engagement in insurance.

Pitney Bowes has purchased distribution rights for summary results of selected research and opinion. This is not paid-for research.

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Engaging customers has become a top strategic initiative for insurers. In fact, based on SMA research, customer experience and engagement is the number one strategic initiative for 2015 with 85% of North American insurers investing – and that trend is likely to continue into 2016.

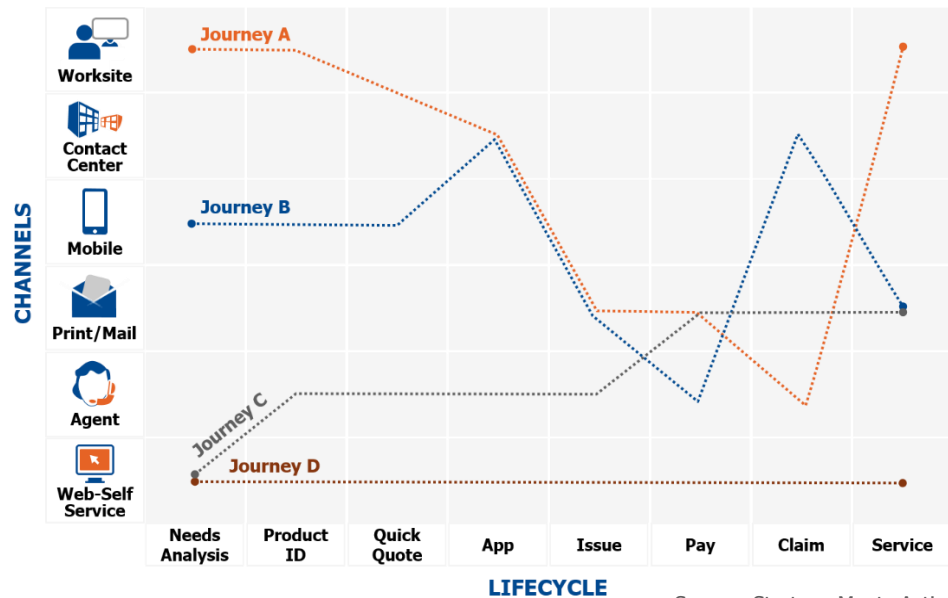
The Customer Engagement Imperative

Engaging customers has become a top strategic initiative for insurers. In fact, based on SMA research, customer experience and engagement is the number one strategic initiative for 2015, with 85% of North American insurers investing – and that trend is likely to continue into 2016. The focus on the customer and the desire to improve experiences is not new, but the momentum is now building to a crescendo in the industry. What is driving the high levels of executive attention, investment, and resources related to customer engagement? The answer lies in many of the technology-based external forces that are reshaping our world. The Internet, mobile capabilities, social media, and collaboration technologies have created a set of expectations that policyholders, producers, and prospects now apply to their interactions with insurers.

This is leading many insurers to develop digital strategies designed to capitalize on opportunities to capture, create, manage, analyze, and deliver information digitally. The strategies recognize the ongoing importance of print, mail, and face-to-face communications as well, which requires a thoughtful plan and infrastructure to accommodate and balance customer interactions across all channels. It's an omni-channel world and insurers are racing to provide more options and more synchronized communications between channels.

In addition to considering synchronization in all channels for engagement, insurers must also address interactions across the customer lifecycle. Engaging customers is not about just optimizing a single transaction, although that plays a significant role. Ultimately, it is about understanding the customer journey and proactively managing the interactions through whatever channel the customer chooses at each point in the lifecycle. Examples of customer journeys in the context of different channels throughout the lifecycle are depicted in Figure 1 below.

Figure 1. Insurance Customer Journeys



Source: Strategy Meets Action 2015



Delivering relevant, engaging interactions at every touchpoint, understanding the context of the interaction, and providing consistent, high quality service is the goal. Insurers must strive to create a two-way dialog with their policyholders, not just think in terms of one-way communications delivery. This is easy to say but difficult to achieve in practice. But when it is achieved, it is differentiating for insurers. Customers value a company that understands who they are and provides accurate, timely communications. This contributes significantly to customer loyalty.

The business and technology requirements for insurers vary by line of business, company size, geographic area, and other factors. Those requirements are elaborated upon in the following sections. Insurers are not tackling these requirements just because others are doing it or because it sounds like a good idea. Optimizing interactions in all channels and across the customer lifecycle contributes to engaged customers who will buy more products and be advocates for your brand. The objective is a win-win situation – creating engaging interactions for the customer and increasing the real customer lifetime value from the insurer perspective.

Business Capabilities for Engagement

Insurers are seeking to significantly improve their capabilities to engage with customers for marketing, sales, and service. Historically, insurance companies of all stripes focused on the efficiency of individual transactions, documents, and interactions. Technologies or processes that lowered per-unit costs were favored as companies continually looked for ways to lower expenses (a primary lever of profitability). Today, efficiency is still important, but satisfying customer needs and improving their perceptions of the insurer is even more important. Understanding the context of every interaction is vital. More insurers are now leveraging customer journey mapping to gain insights into context, but what is critically important is that companies have the ability to operationalize those insights.

The business capabilities insurers are striving to build or enhance fall into several categories.

- **Customer insights:** Improving the experience for customers starts with understanding and predicting more about their needs, preferences, and relationship with the insurer. This means having a full 360 degree customer view, incorporating information about the policyholder, products, claims, and their relationships, plus the context, such as location and intent, and then using analytics against that data to predict and recommend actions. Ideally, this information is analyzed for insights to inform interactions, including real-time analysis of the interactions themselves. Insurer initiated interactions can be more proactive and personalized to be more effective. Whether it is identifying the best next engagement or arming agents with relevant, timely information, analytics can support the transition from an efficient transaction focus to a customer engagement orientation. Note that traditional "best next action" capabilities combine data with real-time analytics to determine the best offer or message (the 'action') to make to the customer. Engagement is more than just offers and messages, though. It is bi-directional. This might be a conversation with a customer to see if everything is OK, or doing nothing for 5-10 days, or waiting until the customer next engages with your website.

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The ultimate goal is to create personalized, context aware interactions. Combining customer insights, digital content creation capabilities, communications delivery, and omni-channel operations enables companies to achieve this.

- **Digital content creation:** Documents, letters, and messages are vital in the communications exchange with customers. Virtually all communications today begin as digital content, even if they are ultimately delivered as printed pieces. Insurers require modern capabilities to create/manage templates and produce/personalize individual documents that support transactions and conversations.
- **Communications delivery:** Insurers are straddling the print and digital world for customer communications. Many are seeking a common approach to managing and optimizing delivery through all channels. Some documents such as policy dec sets, welcome kits, and renewal letters may be primarily produced and delivered in high volume batch mode and delivered through the mail. Others may be loaded onto a secure portal, delivered via e-mail, or sent to a mobile device. The most forward-thinking insurers may even choose to deliver communications through a new touchpoint: personalized interactive video. The flexibility to create the document or correspondence and route it to the desired delivery channel is mandatory today. Tracking and monitoring delivery through both print and electronic channels is equally important.
- **Omni-channel operations:** Creating and delivering customer communications through any channel to any device is essential. However, insurers must also have the capability to deliver the right message at the right time through the right channel, while providing consistent branding and high quality, high impact interactions. Omni-channel is not just about having the technical capability to conduct business via multiple channels; it is about the harmonization of interactions across those channels, and coordinating cross-channel interaction management such that the brand is well represented and the results are positive.
- **Context-aware interactions:** The ultimate goal is to create personalized, context-aware interactions. Combining customer insights, digital content creation capabilities, communications delivery, and omni-channel operations enables companies to achieve this. Customers gain the sense that the insurer knows who they are, what their needs are, how they relate to the company, where they are in the lifecycle, and what conversations have recently occurred.

These requirements vary by line of business. The role of intermediaries is an important factor in many cases. A few example vignettes illustrate of how these requirements play out for different lines of business:

- **P&C personal lines:** As the renewal date approaches for a homeowner's policy, the insurer prepares a renewal letter. Rather than create a form letter in batch mode with just the policyholder's variable information inserted, the insurer creates a customized letter with the awareness that the flood risk for the area has been reassessed and the home is now at higher risk. The information is included in the letter, along with a suggestion that the policyholder should purchase a flood rider. The letter is still sent to the high volume batch printing process since the policyholder's preference is to receive all communications via the mail.
- **P&C commercial lines:** A mid-sized business has several buildings insured throughout their headquarters city, along with commercial fleet coverage. A wildfire has just begun in a nearby area and the customer is beginning to take precautions. Because there are precise geocoded locations on every property, the insurer is able to proactively assess the risks and initiate a series of interactions with the business



owner's risk manager to collaborate on loss control actions. The insurer communicates through multiple means, including text alerts, e-mail, and phone conversations. The loss control engineers and broker involved are armed with relevant, real-time information before each interaction, and are aware of the entire context of the situation. These interactions assist the business in identifying the buildings and vehicles most at risk and help them to take the actions necessary to protect their employees and assets.

- **Life insurance:** An owner of a universal life policy submits a request through the web site for a loan against the policy. This communication triggers a real-time notification to the captive agent assigned to the customer. Relevant, contextual information is delivered to the agent, including the fact that the policyholder's oldest daughter is now 18 and may be preparing for college. In addition, the customer has just turned 59½ and has an IRA with the company. This information allows the agent to prepare a response to the customer and offer other options besides the loan.

Scenarios such as these are examples of the thousands of different types of interactions that may occur. Addressing these business requirements will enable insurers to gain advantages over their competitors by offering prospects, producers, and policyholders new ways to communicate, more personalized interactions, and increased opportunities to strengthen relationships.

Technology Capabilities for Engagement

The business requirements give rise to a broad set of requirements for modern technology capabilities. The fundamental requirement is for an integrated technology platform to create, deliver, and manage all forms of content, including but not limited to print and digital, through any appropriate channel to any device.

Template design and interactive document creation must be provided through a modern user interface that allows business users to easily create and customize communications. One example, for insurers needing to create documents in different languages, includes the ability to manage multi-lingual environments, such as when the insurance business user is creating the communication in his native language while it will be delivered in the customer's language.

The document design, management, and content authoring phases are vitally important, especially the ability for business users to control the oversight and the flexibility to leverage the system(s) being used for customer engagement.

Although e-delivery is picking up steam and insurers must offer electronic communications through many channels, insurers still have significant requirements for high volume batch processing. Many policyholders still prefer printed documents, and insurers by nature have a high volume of common communications that need to be produced and delivered on specific dates. This means that insurers must have a composition engine that can be used by end users to create and maintain templates, generate personalized documents, and optimize print and mail for cost control.

In insurance, a high percentage of communications are still based on MS word. This is due the many formal and ad-hoc templates that have been created over the years to

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support many aspects of the business. Although some insurers may believe that MS Word is needed (since they have historically used it), this results in added complexity, higher maintenance costs, and compliance challenges. Today, insurers want to understand how many templates there are in the enterprise, where they are located, and how they are used. Any solution must be able to manage the hundreds or thousands of templates and template versions that most insurers have, while enabling companies to migrate to a modern solution. Many insurers are seeking solutions that allow business users to continue utilizing MS word to create interactive communications, strategically plan projects to migrate to interactive, and benefit from postal optimization on the delivery side, all while maintaining abilities for control and compliance.

For e-delivery, insurers are looking for the ability to define specific delivery channels for individual communications, including SMS, e-mail, web portal, video and IVR (interactive voice response). Managing delivery through specific channels is as important as defining the individual channels. Formatting the communication for the proper visual display on the specific device is one dimension, but ensuring that the communication can be delivered securely is equally important. A third dimension is monitoring and tracking the status of the e-delivered communication. Did it arrive successfully? Did the customer open the communication? Were there any click-throughs or other interactive responses to the communication? Finally, the ability to maintain and leverage an interaction history is becoming an increasingly important component of customer engagement.

For insurance, an essential delivery capability for both print and digital is the ability to accommodate the requirements and preferences of intermediaries. Agents, brokers, and advisors may decide that some types of documents and communications should go directly to the customer, others should go to the customer with copies sent to the intermediary, and still others should be sent first to the agent, who will then deliver them to the policyholder. Understanding and managing these preferences is an important element of the customer relationship.

All of these technology requirements should be designed and fulfilled using advanced design approaches to produce a modern user interface, enable easy integration with other systems, provide for efficient operations, and support new deployment options.

Pitney Bowes Customer Engagement Solutions

Company Overview

Pitney Bowes is a global technology company and a trusted brand to 1.5 million customers in over 100 countries. The company offers solutions in a number of vital areas, such as customer information management, location intelligence, customer engagement, shipping and mailing, and global e-commerce. Pitney Bowes solutions provide brands with understanding and insight into customer behavior and interactions across the customer lifecycle to optimize the customer journey. The company provides a unique set of capabilities to assist customers in managing interactions across the physical and digital environments and helping to accelerate the transition to enhanced digital capabilities.



Pitney Bowes has a long history and successful track record in the insurance industry, with insurance customers covering all lines of business, small to very large enterprises, and regional, national, and international companies. The company has built on their strong foundation to create a comprehensive set of technology solutions to address the full range of customer interactions and engagement in an integrated manner.

Solution Functionality

Pitney Bowes offers a comprehensive suite of customer engagement solutions that enables insurers to dynamically deliver highly personalized, relevant, and engaging experiences in batch or real time across all customer touch points. The company has a unique set of capabilities that span physical and digital channels and leverage real-time insights. Pitney Bowes brings together capabilities in customer communications, customer insight, customer information management, and location intelligence to create a comprehensive customer engagement platform. The key components of the customer engagement solutions are as follows:

Pitney Bowes offers a comprehensive suite of solutions that enables insurers to dynamically deliver highly personalized, relevant, and engaging experiences in batch or real time across all customer touch points.

- **Document composition and management:** The customer engagement solution, based on the EngageOne platform, provides batch, on-demand, and interactive composition capabilities. Advanced capabilities are included to enable personalization, including multi-language capabilities (for the designer and the customer) and accessibility support (via web content accessibility guidelines 2.0). The UI has recently been upgraded, and a common portal is available for business and IT users. Pitney Bowes also offers a solution for the coordination, centralized management, and controlled output of communications created via MS office products for delivery across channels.
- **High volume batch:** The Pitney Bowes high speed batch capability solution is integrated into the Customer Engagement Solutions platform to continue support of very high volume batch processing, with especially strong performance in both managed server and on-premises environments. Pitney Bowes is well known for comprehensive postal optimization capabilities, including the ability to verify/correct addresses, assemble complex documents, manage attachments and inserts, and create and sort mailing packages to reduce costs and improve mailing effectiveness.
- **Omni-channel delivery:** The Customer Engagement Solutions suite allows for the execution of communications through any communication channel, leveraging preference management and optimization features. The communication archiving capabilities support secure delivery and manages search, retrieval, and retention for communications documents.
- **Campaign and interaction management:** The Customer Engagement Solutions suite assists with the planning and automation of campaigns. It also provides real-time, predictive analytics for customer interactions across multiple channels, delivering relevant interactions and leveraging insights from location intelligence. This includes the ability to incorporate insight gained in a preceding action to affect the very next interaction.
- **Customer data quality and data integration:** Customer Engagement Solutions also provides a comprehensive set of capabilities for data modeling, data cleansing, geocoding, data integration, and data analysis.

In addition, other related solutions for location intelligence, shipping/mailing, and global e-commerce result in a complete platform for all manner of customer interactions.



As insurers strive to become digital insurers with omni-channel operations, the leaders are concluding that a broad platform to address many aspects of customer engagement is desirable.

Strategy Meets Action Commentary

Customer engagement is a top priority for insurers, large and small, across all lines of business. Developing and executing a strategy to achieve higher levels of engagement is complex, considering the many channels, communication methods, data sources, types of products, and the preferences of individual customers. In addition, the need to manage customer interactions across the lifecycle is vital to personalizing interactions and communicating with customers based on a more complete understanding of the context of the relationship. Many insurers have concluded that a sustained effort and investment are worthwhile and will lead to increased customer loyalty and advocacy, which in turn will lead to cross-sell and up-sell opportunities, business from new customers, and improved profitability.

Technology is front and center in the plans to heighten customer engagement. Insurers are bombarded with point solutions every day that address part of the customer engagement equation. As insurers strive to become digital insurers with omni-channel operations, the leaders are concluding that a broad platform to address many aspects of customer engagement is desirable. Recognizing that both digital and print communications will continue to be critical also leads to the notion that a common strategy and technology solution set to manage the full spectrum is a good approach. Pitney Bowes Customer Engagement Solutions are a strong match for the business and technology requirements of insurers that are seeking a more comprehensive approach to engaging customers across all channels and across the lifecycle.

About Strategy Meets Action

Strategy Meets Action (SMA) is dedicated to helping the business of insurance modernize, optimize, and innovate for competitive advantage. Exclusively serving the insurance industry, SMA blends unbiased research findings with expertise and experience to deliver business and technology insights, research, and advice to insurers and IT solution providers. By leveraging best practices from both the management consulting and research advisory disciplines, we take a unique approach – offering an unrivaled set of services, including retainers, research, consulting, events, and innovation offerings.

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