



INSURANCE INSIGHT

OPERATIONAL EFFICIENCY

Changing World

Insurers face a rapidly changing world. Macro-economic conditions, the evolving regulatory framework, mounting competition, changing consumer behaviour and disruptive technical innovations are forcing many to review their marketing and operational strategies.

Data growth and the proliferation of communications channels make internal processes and customer engagement a complex and difficult task, which can result in costly, disconnected experiences that damage customer relationships. Mergers and acquisitions exacerbate the situation as insurers face the task of integrating systems and databases without negatively impacting on revenues or customers.

Optimising business operations to increase efficiency is much more than simply a process for curbing waste. It's about seizing opportunities to improve the quality and integration of data across all departments, supporting and, wherever possible, automating customer communications and digital touchpoints. Not only does this reduce the expense and resources required to connect and service customers, it also creates a competitive edge by ensuring they are provided with personalised, relevant, accurate and timely communications via their desired channel.

Investment into data quality and support for multi-channel communications are key to delivering an improved customer experience and both will prove vital to remaining competitive in unpredictable economic environments.

Business Challenges

To improve retention ratios and deliver profitable growth, insurance companies must rationalise and enhance the way that they interact with their customers, adapting to their changing needs. The challenge is to manage large volumes of personalised customer communications and moving seamlessly and quickly between channels so that the customer receives the same quality of experience whether via print, phone, email, web or mobile.

Inefficient document archival and retrieval can prove costly from both a service and compliance perspective. Incomplete, untimely and poor quality data also negatively impacts on an insurers' profitability if they are unable to take targeted measures to drive customer retention and development strategies.

Poor data impedes effective cross and up-sell methodologies that should treat customers not merely as policy-holders, but as individuals and family members that have a range of personal requirements, often stretching beyond a simple requirement for motor or household cover.

CUSTOMER QUOTE

'Using PBS solutions we have been able to make substantial process and efficiency gains and have witnessed significant improvement in our customer renewal rates.'

*Jon Terje Amland,
Senior Project Manager,
Tryg Insurance.*

Strategic Solutions

The ability to have a holistic, single view of a customer is hard to deliver but an essential ability, which is a key enabler to improving communications and reducing operational cost. As a first step, data should be validated, normalised, cleaned and conditioned at the point of entry to ensure downstream decisions are taken and actions based on complete, accurate and timely information.

Customer data can then be enriched to deliver insight across many aspects of the business. It can be combined with other information sets, such as location, lifestyle and demographic data, or the results of previous marketing campaigns, to provide a basis for analysis and the development of behavioural and propensity models.

A key opportunity to enhance productivity and meet changing customer expectations is to evolve the tools and processes used to communicate with policy-holders throughout the on-boarding or renewal process. Here the requirement is not just to accurately assemble and managing large volumes of compliant customer communications, but to connect these across different channels and enable the transition to digital delivery.

Further benefits can be achieved via the adoption of marketing automation techniques that can replace manual processes with a single enterprise-wide engine that incorporates real-time customer analytics, modelling and rules-based decision-making.

Collectively, these offer foresighted insurers the ability to take advantage of:

- Composition engines that enable the fast, accurate and efficient production and delivery of highly personalised messages
- Data management tool that enable finely targeted communications
- Analytical and modelling techniques to predict buying behaviour
- Archiving and content management systems that provide real-time access to call centre agents
- Automated prompts identifying the 'best next action' throughout each customer interaction

Business Benefits

Improved data and customer communication techniques provide a foundation for improved operational efficiency across the customer lifecycle. Implemented appropriately, they can provide better insight and support the decision-making process.

They can help develop better propensity models, achieve more targeted and responsive marketing, improved retention rates and higher lifetime values, at the same time as driving down operational costs. Leaner processes and other cost efficiencies are also achieved via the automation of time-intensive, error-prone operations such as claims management and policy administration and by managing and connecting cross-channel communications.

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INDUSTRY QUOTE

'To succeed in this demanding environment, insurers will need to come up with creative strategies to generate growth. At the same time they must keep striving to improve operational excellence to squeeze costs out of the system and adapt to domestic and global regulatory reforms.'

*Rebecca C Amoroso,
Vice Chairman Deloitte LLP.
(Deloitte 2012 Global
Insurance Outlook)*

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