Reimagining Engaging Digital Customer Journeys

SAPIENS

The Insider Story

The dust is just starting to settle from the unparalleled disruption of 2020-21. Yet, progressive players in our industry began taking stock even before the lockdowns ended and nations started returning to 'business as usual'. These organisations focused on how customer needs and expectations have changed in a relatively short time, identifying the gaps this presented and leveraging new opportunities. To do this they needed to pin down the changing drivers behind buyer behaviour and identify strategies for new operational models required to support digital transformations.

As a global vendor, Sapiens wanted to quantify and better understand these trends. Working with London-based TINtech, Sapiens commissioned research in the spring of 2021 to understand the digital impact on insurers from the changing needs and expectations of their end-customers via operational, behavioural and customer lenses.

Extensive discussion with UK carriers has enabled Sapiens to build a clear view of what's changed and why. Sapiens' research provided a candid, inside view from those responsible for leading and managing the projects designed to capture the opportunities presented by customer behaviour.

Our initial survey showed something unique had taken place post-COVID. The key takeaway: carriers' goals of meeting insurance customer needs and expectations now shape the digital investments, business model choices, resource planning, processes and technology required to capture and convert digitally savvy customers.' business.

What is your biggest driver for transforming operations?

35% Resonding to changing customer expectations

21% Increasing operational agility

21% Harnessing the power of data

14% Achieving process efficiencies

4% Reducing time to market

5% Other

Of course, this story has many threads, and insurers need to serve the needs of all their customers. But an altered state-of-affairs now prevails, even in areas previously untouched by digital transformation.

For example, Sapiens heard from its Life Insurance Practice team that insurers in the market were attracting a whole new generation of younger prospects. Considering their mortality, they were now buying life insurance products following the pandemic. The more traditional channels of sale are out of step with this new generation of life customers. They want instant access to pension data, omni-channel buying experiences and reporting, so insurers are suddenly in urgent need of agile, digital solutions to accommodate them.

With this in mind, we focused on understanding how Sapiens' customers are reacting to these changes and re-defining their products and services to best support their customers. This view is also useful for us as a vendor to influence our products and support strategies. To do this we focused on two main areas:

- Creating and building optimum digital business models to deliver on customer expectations efficiently.
- Understanding and building dynamic and engaging customer journeys that tie up the operational and technology implementations of a digital project or transformation.

In terms of the first point, in Spring 2021 TinTech published our initial survey findings and outlined some of the research discussions by our research panel. In this paper, 'Enabling a 21st Century Digital Operating Model', the key area of focus was to uncover which operational models can best support digital transformations and the challenges and opportunities they present. You can view the full paper here.

Correspondingly, in our second round of discussions Sapiens has focused on how to reimagine, create and implement efficient customer journeys in the context of rapid change. Our panels started by evaluating the 'systems-thinking' needed to map and review current customer journeys. Some of the discussions also reviewed the technology required to support and enable seamless customer experiences, and we heard how companies have worked to overcome the practical challenges of delivering omni-channel experiences, and what they might mean for existing systems and the wider organisation.

As a baseline, we began by clarifying the main challenges and opportunities our panels experience in their organisations, while building towards a customer-driven digital model that delivers the kind of journeys that meet customer expectations and can wow and convert digitally native users.

Opportunities

Our discussions uncovered a whole range of opportunities, which include:

- **Simplicity:** insurers have created over the years a complex web of processes, user behaviours and touch points; the changing work environment offers the opportunity to strip this back to what really matters.

- **Holistic strategies:** the process needs to build in a new view of change, from a siloed one to a holistic one that does not segment changes by department or process. Organisations need to look at how it all fits together with market and regulatory change as well as internal change

- **Omni channel:** Provide consistent omni-channel E2E customer communications

- **Self-service** where appropriate. COVID-19 has accelerated everyone's appetite for technology. We should capitalise on this and move as much online as possible.

Challenges

One insurer commented that there are two main challenges that their organisation rated equally.

- **Creating a USP** in a commoditised digital channel

- **Overcoming cultural resistance** to change A number of others also stood out:

- One was **time**; namely the time-consuming nature of creating such projects and getting them right.

- Second was **resource.** Being able to understand the true implications of these factors is a complex and difficult task but there will be a whole range of other projects and responsibilities that are also competing for the same resources.

- Another issue relates back to 'resistance' to change. Rather than just resistance to it, which is a multi-faceted problem, this was more specifically around the **perceptions of change** as a threat.

- Ensuring there are a **clear set of goals**, a well-defined end-game and tangible benefits – whether they are driven for the customer, efficiency or profitability – are key when it comes to selling-in change to employees that may be set against a project at the outset.

- Indeed, there are further challenges to consider also. The range of legacy **applications** constraining consistency emerged from our conversations with insurers is a topic we heard about regularly.

- And a final, oft-cited challenge, is the need for **forward thinking.** Large insurers often consider change in isolation. Rather than looking at a given project or technology driving one change, looking at it in the wider context of one programme that will deliver a full range of interconnected new systems with shared costs and benefits is far more productive.

This begs the question:

how do insurers build and implement change now for the future?
Organisations that are introducing change to meet rapidly evolving customer expectations must now consider a whole host of consequences, at every level of their organisation, both seen and unseen. Unravelling these is tricky and difficult, but our findings roughly split them into five main categories:

- Bringing **omni channel** to life
- Identifying and addressing **customer needs**
- Creating **clear goals**
- Maximising and connecting **data**
- **Engagement**

Bringing Omni-channel to Life

Delivering customer centric, omni-channel experiences is top of the agenda for many leading insurance companies. In the post COVID digital world, customer demand has become a strong voice and for the new generation of life customers, engaging through channels of their choice, with the ability to seamlessly switch channels is critical.

The challenge is, how do you meet these rapidly escalating expectations whilst also speeding up resolution times, reducing demand failure and delivering efficiencies?

Let's consider this. Customer-driven change is at an unprecedented level. However, for insurers rapid change means disruption, and this creates an obstacle if it hinders their legacy systems. Insurers are more willing to change and undergo digital transformation, or add new systems, if their existing systems can run as they are supposed to during the transition. Cracking omni-channel therefore means asking the customers what they need and then identifying what the business must implement to create the best experiences that meet their expectations.

Self-serve is one of the latest customer features that is in demand. When in contact with their own agents, 70% of insurers say customers do not like talking on the phone. They prefer text, so chat is a very popular medium, as is IVR (voice recognition), which is efficient because it avoids long queues for those who do want to talk to agents. It is important to realise as well that omni channel and digital contact strategy ROI is not just about revenue but efficiency. Agents need to be holistically trained so they can help customers tap into all the tools and channels at their disposal.

Setting Clear Goals

In this journey, a major opportunity exists to simplify operations by making digital and customer experiences easier to achieve. A plethora of concerns was raised by teams, tasked with delivering digital that, if resolved, would result in far simpler projects and outcomes. What are the biggest challenges we can anticipate? Will there be resistance to change? How will new apps and systems be constrained by legacy systems. How do you migrate a system and all the people involved?

The answer is to get these questions resolved before they become issues, by establishing clear goals. But how can this best be achieved in the context of a large established business? The starting point is to set simple end objectives that represent a successful outcome from an operational, functionality and customer perspective. Once these are clearly identified, it is critical to evaluate how to ensure they can achieve the objective for the needs of the business and meet the expectations of the customer.

The next critical factor is to assemble the right team to deliver the project and create a safe space for open engagement on the project. The focus should then be on agreeing on the right team to realise these goals and look at the process required and the impact it will have on resources.

It is only at this stage that a project leader should think about the technology needed to deliver the project. This is what some in the industry have termed "inside out thinking". Getting this part of the process wrong was viewed as a mistake by our panels; however, they suggest it is standard practice in the industry for projects to begin by looking at a technology solution first and what it can achieve, then overlay a process to implement a solution over it without a clear end goal. The people required to deliver all of it are often the last piece of the puzzle.

There is also the reality that not everybody welcomes change. The way forward here is to listen carefully to concerns. Use this information to bring to life what can be called the 'so what' factor. Make sure that the reasons for resistance are well understood. At that point insurers need to work on communications that bring to life what the actual goals mean internally, using insights that show real benefits and quantify them for those that will be impacted by changes.

Great new systems should not be held back because a business is limited by its existing thinking that has often developed over decades. This should take an "outside in" approach. Our panelists agreed that challenging processes can cause disruption in larger organisations because of the way that they are structured. Things tend to be done a certain way, and challenging that can be unsettling. However, does tackling those challenges head-on offer major, longer-term rewards? Our panels thought so.

Meeting Customer Needs

One innovative approach in terms of evaluating customer needs was described to Sapiens as a 'false doors' process. Essentially this means putting in place features on your digital platform that you don't have clear evidence customers will use. If they like what you have added they will use it, sometimes extensively. Other parts that you have added may get very little take up, and it is clear do not enhance the experience or the journey. These the insurer can remove in the clear knowledge they have an end solution qualified by in-market, UAT data.

However, it could also be true that the feature you have added does not work because it is technology that was too early to adopt. An example could be voice activated store recognition systems such as those like Alexa and Eco. At one stage an insurer tried to add these before they were widely used in homes in Europe and the technology bombed, so it was taken offline. However, several years later when most households now use this technology, it was brought back online and has proved successful.

Insurers want vendors to give power back to ops teams; they therefore add lots of configuration options with automation scripts. This enables more freedom to take control, learn from the data these and create agile solutions and options which they can push to optimisation teams.

Differentiate with Data

Digital savvy customers expect insurers to find new ways to use data to personalise services and products. AI has a huge role to play in this and focusing on bots, chat, text and other live communication tools has proved a popular and efficient way of completing contacts. New tech solutions in turn lead to innovation which is critical to reaching digital native customers.

The value of data is well known in terms of digital solutions, however, there is no doubt that getting customers to share data is neither easy, nor an exact science. In the case of one insurer, the idea of giving something in return for data has been used very successfully. The reward can be price based, informational or another feature that you recognise your customers will value. This creates more trust and goodwill to give data more freely with time.

Parametrics are also an important data technology that significantly benefits customer experiences by cultivating a level of certainty that creates value. This has extended far beyond the motor industry which has for example seen far more equitable outcomes for younger drivers who drive safely in comparison to their contemporary cohort. Other examples are ski resorts insured against a lack of snow. Parametric data can use a rich layer of climate and weather model data to interpret when unusual conditions will and have occurred and provoke a claim when a pre-determined set of criteria are reported.

A final point here is on connected data. This is a growing challenge and quite often fails to deliver in circumstances where it could make a real difference. Reward approaches like that mentioned above can provide an answer in some cases but further innovations will have to be developed to incentivise customers to share their data and create useable journeys that add real value beyond what they expect. Success is all about adaptation and continuous innovation.

Enhancing Engagement

Much of what is most important, in terms of meeting customer expectations, is about engaging with customers on their terms. High engagement makes them feel more comfortable and familiar with a brand. This, in turn, according to one of our commentator's own research, makes them twice as likely to convert and purchase a new product or service from the carrier they now trust, and are familiar with, rather than from a competitor.

Digital tools need to constantly change and evolve to provide touch points and experiences that ultimately drive sales and conversions. One example is where a digital pension checking tool was added by an insurer. They soon realised that users, who would rarely ever engage with them, were accessing their website with increasing frequency to check on their assets. They quickly began to use this engagement to advertise products and services that fit the key personas of those users and saw a rise in cross selling and upselling other products and services.

Additionally, another by-product of this interaction was retention. High digital engagement with customers not only increased opportunities to buy, it also increased retention of existing customers as the comfort and trust using a system seems to mean they are less willing to change from a service they have front of mind.

Digital is low-cost in terms of outcome because it lends itself best to those who could be described as desiring low or minimal engagement. Thus, where picking up the phone and spending time in a queue would be undesirable, tools such as gamification and chat bots are great ways to create high quality engagement with low engagement customers and generate new business without any hard sell. The interaction is based on a soft introduction to a product or service linked to a behaviour or persona.

Summary

In conclusion, digital transformation brings up many challenges and can meet resistance in organisations. But by choosing the right model to deliver a project, grounded in clear goals with the right team and processes to deliver successfully, internal resistance can be overcome with strong, positive communications strategies in place. There are great opportunities to increase conversion and generate whole new cohorts of customers that would not have existed before. With the likes of Amazon snapping at the heels of every major insurer, standing still is no longer an option. It's time to start running.

About Sapiens

Sapiens empowers the financial sector, with a focus on insurance, to transform and become digital, innovative, and agile. Backed by more than 35 years of industry expertise, Sapiens offers a complete insurance platform, with pre-integrated, low-code solutions and a cloud-first approach that accelerates customers' digital transformation. Serving over 600 customers in 30 countries, Sapiens offers insurers across property and casualty, workers compensation and life markets the most comprehensive set of solutions.

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