



Beyond the Insurance Contact Center

The Communications Center of the Future

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Strategy Meets Action

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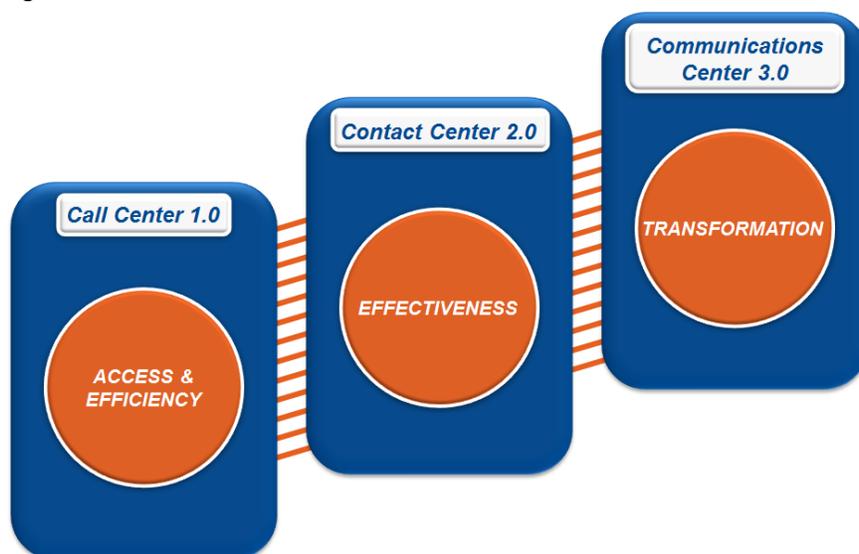
Table of Contents

Mainstream call center implementations 4
Business implications (1.0: efficiency) 4
Baseline technology 5
Modern contact centers in insurance today..... 5
Business implications (2.0: effectiveness) 6
Current technology 7
Future vision: communications centers..... 8
Business opportunities (3.0: transformation)..... 8
Advanced technologies 9
Insurance scenarios for business value 10
Distribution/Sales 11
Policy servicing..... 11
Claims..... 11
The author..... 14

Mainstream call center implementations

Over the last two decades, call centers have played a major role in the insurance industry. Call centers for direct sales, policy servicing, and claims have been implemented by many insurers and have become increasingly sophisticated in terms of their business capabilities and enabling technologies. This evolution is depicted in Figure 1 below in three phases: the call center, the contact center, and the communications center, or what SMA calls the 1.0, 2.0, and 3.0 phases. Insurers must understand the business implications and technology progression for each of these three stages. While many insurers are still at the 1.0 level, leading insurers are already creating competitive advantages through implementations at the 2.0 level and are moving toward 3.0.

Figure 1. The evolution of the contact center



Source: Strategy Meets Action 2012

Business implications (1.0: efficiency)

Insurers began building out call center capabilities in the 1980s and 1990s. The early centers were company focused, with the main objectives being access and efficiency. As the name “call center” implies, the primary purpose was the handling of telephone calls – both inbound and outbound. Insurers wanted to provide access to company representatives for prospects, policyholders, and agents, in the most efficient manner. These centers allowed insurers to centralize their operations for handling high volume, repeatable situations including marketing campaigns, applications for insurance, group life enrollments, customer service inquiries, and first notice of loss reports. Companies such as USAA® and GEICO® began to build their business model around these centers, with advertising and marketing that promoted their 1-800 numbers, and licensed agents handling both inbound and outbound calls. Others, including Allstate® and State Farm®,

Many insurers operate call centers at the 1.0 level, while leading insurers are already creating competitive advantages through a contact center approach at the 2.0 level and are moving toward the advanced capabilities of communications centers at the 3.0 level.

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improved operational efficiencies for the high volume of customer service and claims inquiries, with new or upgraded call centers. For example, in the 1990s it was common for many large P&C insurers to establish separate centers for claims, first notice of loss reporting. Many insurers are still operating at this level and with this business orientation today.

Baseline technology

The early call centers were telephony and voice centric from a technology perspective, spawning many new acronyms. Technology to manage high volumes of inbound and outbound calls moved onto the insurer's premises with standalone, proprietary hardware and software systems such as PBX (private branch exchanges), ACD (Automatic Call Distributors), and predictive dialers. During this phase, initial solutions for computer-telephony integration (CTI) were implemented. These tended to be built around standard application programming interfaces (APIs) and provided insurers with the ability to do rudimentary linkage between the voice and data. Early CTI capabilities linked telephone systems with computer systems, but were still focused around voice conversations. Capabilities such as ANI (automatic number identification), DNIS (dialed number identification service), and computer driven automated dialing improved the efficiency of the operations. Interactive voice response systems (IVR) were introduced, which allowed callers to step through a static sequence by typing responses on the telephone keypad to conduct simple transactions. The centers of the 80's and 90's were characterized by wall board displays showing call handling metrics and call center agents focused on executing transactions via the phone handsets and headsets available at the time.

While insurers that established 1.0 call centers gained advantages and efficiencies, the business and technology capabilities progressed such that any competitive differentiation dissipated. The 1.0 level of technology and business processes limited insurers that wanted to incorporate new channels, unify their communications, and move to more real-time operations. Insurers began to upgrade their technology infrastructure, broaden the scope of their call centers, and rethink the business objectives for their centers.

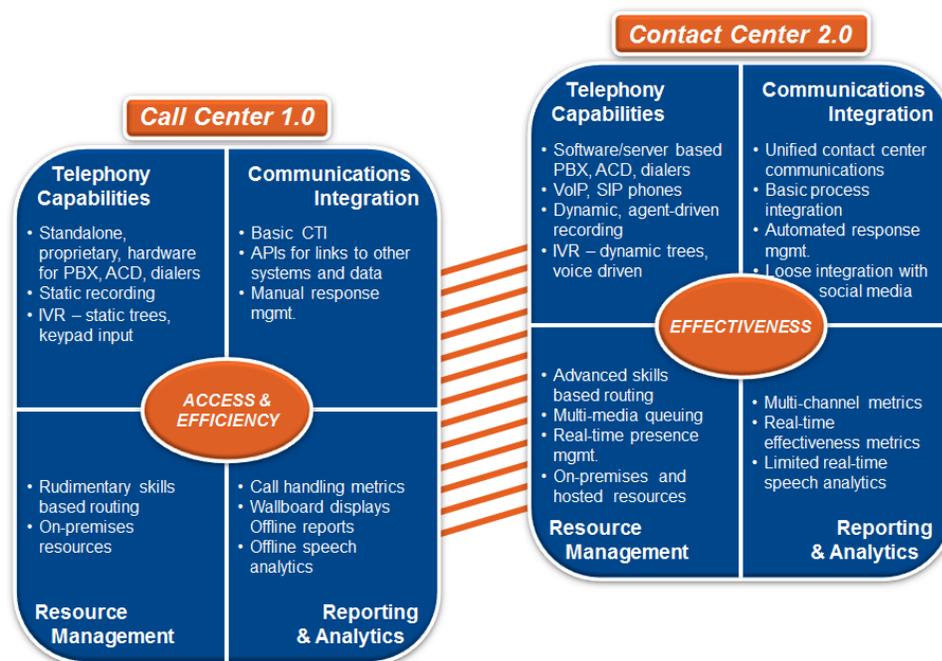
Modern contact centers in insurance today

Many insurers have enhanced and developed their capabilities and operate modern contact centers today. This evolution from call centers to contact centers is depicted in Figure 2. Insurers at this 2.0 level have shifted their focus from efficiency to effectiveness, and have transitioned from an internal company orientation to one that recognizes and accommodates more external customer needs.

Modern contact centers focus more on effectiveness and have transitioned from an internal company orientation to one that recognizes and accommodates more external customer needs.

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Figure 2: From the call center to contact center



Source: Strategy Meets Action 2012

Business implications (2.0: effectiveness)

Insurers that have moved to the contact center stage have taken a broader view of the role of these centers. As the name implies, the centers for sales, service, and claims are no longer organized around telephone calls, but rather are designed to address a broader array of contact methods with external parties. The contact center now encompasses interactions, content, and processes involving the entire enterprise, with tracking and management from beginning to end. Earlier call centers were very centralized and segmented. With process automation and other tools, all interactions can be shared enterprise-wide to improve operations.

The theme is more unified communications, integrating email, instant messaging, live voice interactions, voicemail, and even video on behalf of individual users. For example, while a contact center representative is discussing a billing question via phone with a policyholder, the customer may step away to find his prior bill. During this time period, the contact agent can check his queue and answer email or SMS text messages from other customers regarding their policy service questions.

Along with the management of these multichannel communications is the automated capability to manage presence, recognizing that many employees are no longer tied to a desk in the office. In addition, the activities in the contact center begin to become more integrated with the business processes. Finally, the unified communications capabilities, presence management, and business process integration now extend beyond the four walls of the contact center and link to other parts of the insurance enterprise.

Current technology

A major technology transformation has taken place; the capabilities of the modern contact center are now being delivered by software instead of hardware. The era of proprietary hardware for all manner of telephony capabilities is gone.

Today the functions for managing and routing inbound calls, handling predictive dialing for outbound calls, and integrating voice with data are all driven by software systems running on widely available servers. The voice conversation streams are now managed via software using Voice over IP (VoIP) capabilities instead of the public switched telephone

network (PSTN). Even the phone handsets have transitioned to become software based, with SIP phones (Session Initiated Protocol) becoming the norm.

The software orientation of the modern contact center has enabled new capabilities to manage the workforce, report on and analyze contact activities, and integrate with a larger range of communication types, insurer systems, and data.

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Beyond these basic functions, the software orientation has enabled new capabilities to manage the workforce, report on and analyze contact activities, and integrate with a larger range of communication types, insurer systems, and data. The skills, time, and location of contact center agents can now be optimized via advanced skills-based routing, multimedia queuing, and real-time presence management. For example, inbound calls, as well as SMS text messages and e-fax requests, may all be queued and dynamically routed to an individual in a remote location who is available and has the right skill mix to handle the requests.

Current technologies in the contact center also begin to incorporate social media, automated response management, and the leveraging of speech analytics. Contact center representatives may now manage interactions from Twitter, Facebook, or other social media sites in addition to more traditional calls, e-faxes, and instant messages. Many inbound customer requests can be responded to rapidly and automatically using software to analyze the request and match it to a standard response. Insurers with modern contact center capabilities are also using advanced text mining and speech analytics to assess the performance of agents and representatives for improved training. Overall, managers and agents in the contact center can harness many advanced technologies to run operations that are both efficient and effective.

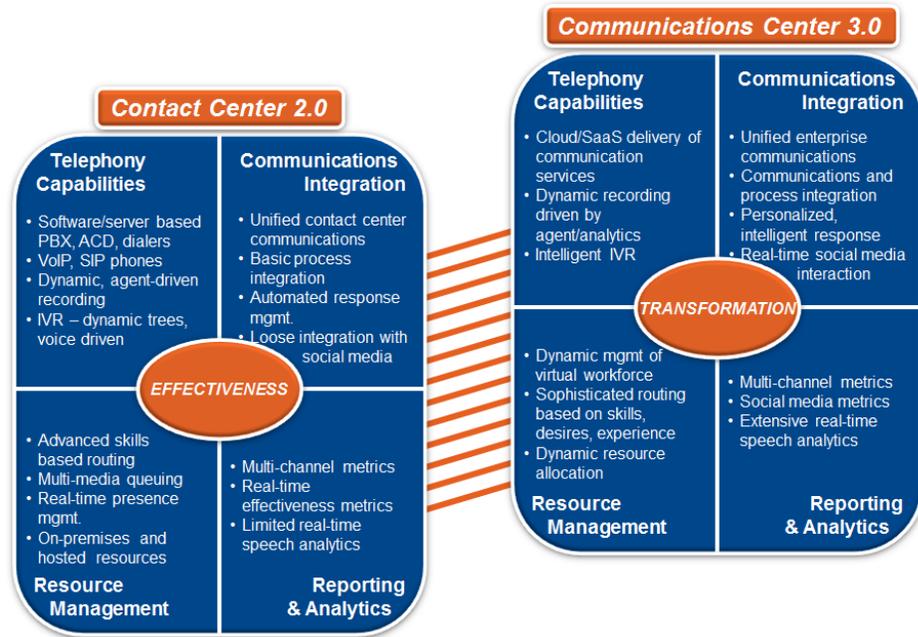
Insurers operating at the 2.0 contact center level provide customers, prospects, agents, and business partners with many options to communicate using multiple channels and the devices and technologies available today. Key capabilities for real-time management and advanced workforce management enable insurers to improve business effectiveness. However, leading insurers are recognizing that new business and technology capabilities are required to move to the next level of competitiveness. The contact center of today cannot stand still as the world of mobile technologies, social media, and advanced analytics surge ahead. The unified communications approach brought together many traditional forms of communications such as phone, email, and fax, but is strained in its current form to truly unify all the types of communications

available today. Insurers are discovering that they need the ability to transact, analyze, and manage all aspects of their centers in real-time.

Future vision: communications centers

In the future, contact centers will evolve to full-fledged communications centers – what SMA calls the 3.0 level (Figure 3). The focus will change from just being efficient and effective to a transformation of the business. This transformation has two primary dimensions: an increasing breadth of communications and business roles for the center, and a truly customer-focused orientation. Many of the business and technology capabilities associated with this transformation are available now. In fact, leading insurers will adopt elements of this future communications center vision now to gain competitive advantage.

Figure 3: From contact center to communications center



Source: Strategy Meets Action 2012

Business opportunities (3.0: transformation)

The true communications center shifts from answering questions to asking questions, from resolving issues to proposing new solutions, from separate sales and service functions to integrated customer management. This changes the entire orientation of the people, processes and technology of the center. The communications center capabilities span the enterprise and coordinate customer interactions, whether they are for sales, service, or claims. The center monitors and manages communications with customers, prospects, employees, and business partners, as well as tweeters, bloggers, and other individuals in the social media universe.

The watchwords of the communications center at the 3.0 level are real-time, personalized, virtual, and integrated, with all activities based on deep analytics.

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The watchwords of the communications center 3.0 are real-time, dynamic, personalized, virtual, and integrated, with all activities based on deep analytics. The center goes beyond unifying communications to capitalizing on communications. The business capabilities required include both the dynamic management of the insurer's workforce and the real-time optimization of individual customer interactions. The objective becomes not to just rapidly and accurately resolve the customer's inquiry, but to leverage insights to understand the needs behind the request, engage in a conversation about other ways the insurer can help the customer, and connect the customer to the right experts to more fully satisfy his or her needs.

The newly envisioned real-time, analytics driven communications center goes beyond cross-selling and up-selling, although those are still fully enabled. Cross-selling and up-selling as currently implemented tend to still be company focused and programmatic. The new capabilities are customer focused and dynamic, starting with a holistic view of customer needs in order to determine how the insurer can partner for risk management and financial planning over a lifetime.

Advanced technologies

In order to realize the business capabilities of the communications center 3.0, insurers must gain experience with the advanced technology capabilities available today and be positioned to incorporate enhancements over time. Examples of technology capabilities that can provide value today and position insurers to leverage new technologies as they emerge include the following:

- **Real-time speech and text analytics.** Historically, technologies have been available to analyze and mine information from voice conversations and data conversations (such as email). These analytics were performed after the conversations and typically run against a large number of conversations to detect patterns. New sophisticated software algorithms enable companies to analyze a conversation in real-time and suggest agent responses, or even management intervention, in an ongoing conversation to better serve customers.
- **Advanced routing and workforce management solutions.** The software based systems now used in contact centers is able to route workload to representatives based on their availability, location, and skills. Advanced solutions will add new criteria to the workload management algorithms such as experience levels, and desire/propensity to use different communications methods. For example, if certain representatives are adept at Twitter or chats, and are good at multi-tasking, then their work queues and work screens may include conversation streams from multiple sources.

- **Cloud/SaaS delivery of communications services.** The world of communications and computing is moving to new options for delivery of services and capabilities. The communications center of the future will provide insurers with management flexibility since all the technology components will not need to be owned by the company and housed on their premises. While Software-as-a-Service (SaaS) is becoming increasingly important, Communications-as-a-Service (CaaS) will become important over time as well.
- **Holistic, multichannel metrics.** Technologies solutions for measuring the performance and results of communications center activities must also evolve along with the underlying technology capabilities. To achieve the future vision of the communications center 3.0, insurers must move to new metrics that consider all communication methods, including social media, and all business objectives such as cross-selling, the customer experience, and retention. And those metrics must be calculated and formatted in real-time so that management can make rapid decisions in new hyper-competitive environments.
- **Automated and personalized response management solutions.** Inbound inquiries from prospects or customers have normally been handled by prioritizing the request, and queuing it to a representative for an answer. More recently, insurers have been able to use solutions to automatically identify the type of request, and in some cases produce an automated response from a pre-determined answer set. The next generation of response management systems will go a step beyond by understanding the insurance industry context for the question, personalizing the response, and alerting relevant insurer employees.

The potential for business advantage is great for insurers achieving the communications center 3.0 level, but only if these advanced technologies are properly leveraged.

Insurance scenarios for business value

The advanced business and technology capabilities available for contact center/communications center activities can best be illustrated by insurance specific scenarios. The scenarios below represent a series of interactions between one customer and the company over time. Each interaction is critical, and can be fully optimized by understanding the context of the relationship and other communications that have occurred. The scenarios will feature both the customer interactions, and the people, processes and technology of the insurer to make that interaction the best it can be. The sales, policy servicing, and claim scenarios below are based on a typical set of interactions between an individual and a multi-line insurer.

Distribution/Sales

The sequence of interactions for this hypothetical customer begins with a web site search for information about retirement benefit options for the employees of her small business. The customer requests more information about product options via the web site. This form flows to the communications center where an automated, personalized response is constructed and returned via email within 1 minute. The automated system first recognizes the customer – and that she has a personal auto policy, a business owner’s policy (BOP), and a whole life policy. Due to the breadth of her relationship with the insurer, the response indicates that a qualified financial advisor will contact her to discuss her needs and product possibilities in more detail.

A request is then routed by the communications center to a representative with experience in employee retirement plans and options for small businesses. A representative who is currently available and covers the appropriate state is alerted with a summary of the customer’s inquiry.

At this stage, an outbound call is generated on behalf of the company representative, and after connection, a discussion on needs identifies that a SIMPLE IRA product with multiple mutual fund investment options is the right choice. The financial representative is able to retrieve the product material and have a PDF sent to the customer automatically during the call. The customer decides to review the information and reconnect later to complete the set up for a company sponsored IRA plan.

Policy servicing

During the conversation about the SIMPLE IRA, the customer mentions her BOP policy, and is clearly distressed that she has forgotten to add a recently opened store to her policy. Real-time speech analytics during the call detects the urgency via her voice intonation and key phrases, and suggests to the representative that a hot transfer take place to a BOP expert.

The connection is rapidly made to an agent who is available, experienced in small business coverage, and works best when giving advice via telephone conversations. The coverage questions are quickly answered and the customer decides to add the location and also increase the levels for the business interruption coverage on the policy. A policy endorsement is submitted, and a text message alert is sent immediately to the customer confirming coverage.

Claims

Months later a flood damages one of the business properties owned by the customer. One of the owner’s personal vehicles was also damaged in the flood. While the business owner is visiting the business property to inspect the damage, she decides to contact her insurer to file both the business and personal claims. She uses her iPad®, and a mobile app that she had downloaded earlier. She submits initial loss reports via the app, which are routed immediately to the communications center. A team of relevant experts is dynamically assembled and a conference call is organized to assist her with loss mitigation tactics, arrange a rental car, schedule an adjuster, and obtain initial claim payments for business interruption.

During the next several months, the communications center manages an ongoing stream of interactions with the customer, utilizing email, text messaging, e-fax, and chat, as well as phone and in-person meetings. The communications center manages the different communications based on the customer's preferences, tracks the current status of all the activity, and assigns the best company representatives to address each phase of the process.

This fictitious scenario illustrates the complexity of interactions that may occur between a customer and insurer. Every customer has a different profile of insurance and financial needs, products, and contact preferences. Today many of the technology capabilities are available to support the scenario described. Insurers that are able to incorporate these types of capabilities into a future communications center will enjoy a distinct competitive advantage.



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The author



Mark Breeding, a Partner at SMA, has over 25 years of insurance and information technology experience in a variety of leadership roles. He has had both technical and business roles in sales, consulting, marketing, and business strategy, including roles as IBM's Global Insurance Strategist, Global Insurance Marketing Leader, and Director of Global Executive Conferences for insurance and banking. In these roles, he has advised C-level executives around the world.

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