



Insurance Contact Centers in the Cloud

Communications as a Service (CaaS) Goes Mainstream

Mark Breeding

SMA Partner

Strategy Meets Action

Table of Contents

Customer-centric Contact Centers	3
<i>New Role in the Age of the Customer Experience</i>	3
<i>New Expectations in a Competitive Landscape</i>	4
<i>New Delivery Model for Communications Services</i>	4
Best Practice Examples and Scenarios.....	5
<i>Rapid Ramp-Up of a State Health Exchange</i>	5
<i>Experienced P&C Insurer Differentiates and Contains Cost</i>	5
<i>Start-up Property Insurer Starts Fast</i>	6
The Business Value of CaaS for Insurers	6
<i>Flexibility: Responding to a Dynamic Environment</i>	6
<i>Resources: Optimizing Workloads and Skills</i>	7
<i>Cost: Efficiently Managing Technology Infrastructure</i>	8
<i>Security: Safely Managing Customer Data</i>	8
SMA Call to Action	9
Interactive Intelligence Perspective.....	10
The Author	12

Copyright © 2013 Interactive Intelligence, Inc. All rights reserved.

Brand, product, and service names referred to in this document are the trademarks or registered trademarks of their respective companies.

About this White Paper: This white paper is based on SMA's experience, research, and insights. Interactive Intelligence has purchased the distribution rights to this research and white paper. This is not paid-for research.

Interactive Intelligence, Inc.
7601 Interactive Way
Indianapolis, Indiana 46278
Telephone (800) 872-3000
www.ININ.com

Publish date 8/13, version 1

Customer-centric Contact Centers

Contact centers have long played a vital role in the insurance industry. Prospects and customers use them to get product information and quotes and then submit applications. Insurance agents and advisors rely on contact centers to tap into expertise and handle business and technical issues. Policyholders and members make inquiries or changes to their policies, or conduct financial transactions. Claimants call in to report accidents and check on the status of their claims. The list could go on, but the meaning is clear. Contact centers are major contributors to many key parts of the insurance business, especially the parts that require direct interaction with customers or agents. As a result, contact centers now play a critical role in an insurer's journey toward becoming more customer-centric.

New Role in the Age of the Customer Experience

Many insurers have launched major initiatives to enhance their interactions with agents and customers. Many individuals communicating with the insurer have developed

As the customer experience becomes increasingly important in the insurance industry, many insurers are intently focused on rapidly delivering better service. In many situations, differentiation starts with advanced contact center capabilities.

definite preferences, and assume that they will be able to use their preferred channels and devices for the interactions. These individuals also assume that the results of a call, email, text, or web visit are recorded, and will be available for the next time they contact the company, even if it is only two minutes later. Insurers that do not provide mobile access and self-service options will lose customers and struggle to grow.

Customers have high expectations that their needs, questions, or concerns will be handled quickly with meaningful information in a personalized manner. During the normal process of handling customer or agent inquiries, it is natural to switch between channels. What starts as a web inquiry might quickly become a web chat, and then a live phone conversation. Even young consumers often want to switch to a live conversation when it involves insurance and financial matters.

Insurance agents and advisors want to respond to prospects and customers more rapidly, and with complete information. They expect to tap into the right information sources or individuals to get immediate answers. The customer may be sitting across the kitchen table from them waiting for an answer.

It is easy to see why advanced contact center capabilities are essential in this new era of heightened customer expectations. Contact centers form the communications hub that enables insurers to efficiently and effectively manage all the conversations and information exchange occurring in the multichannel environment.

New Expectations in a Competitive Landscape

Besides the pressures of meeting their customers' increased expectation levels, insurers also face a far more competitive, dynamic business landscape. Products need to be developed and launched into the market more quickly than in the past. Campaigns to generate demand are more frequent and multifaceted. The claims environment seems to be more unstable and complex, with more frequent and widespread catastrophes like Superstorm Sandy occurring in the US. In addition, insurers deal with managing the transition of aging agency and adjuster forces, and supporting the onboarding, training, and knowledge transfer to new employees. Changing work patterns require insurers to adapt, leveraging more at-home, part-time, and mobile employees.

All of these situations and many more require new levels of operational flexibility. Business volumes are less predictable and subject to more spikes than in the past. New product introductions and marketing campaigns result in increased volumes of communications with prospects and agents. Catastrophes result in very high claim volumes, which may be regionally focused and require many resources with expertise on specific coverages. CATs require rapid and sustained response to high volumes of activity, which makes the availability of technologies to facilitate communications critical. If the contact center or the skilled individuals are affected by the CAT, the insurer needs the ability to rapidly reallocate resources to maintain operations and service customers.

New Delivery Model for Communications Services

The focus on the customer experience and a more dynamic business environment means that contact centers must be ready to meet the changing communications requirements and business volumes by providing high levels of operational flexibility. Technology is an important enabler for the new capabilities required in contact centers. Many advanced technologies, like mobile, social media, and collaboration technologies that support the evolution to customer-centricity, are changing the nature of human interaction. Leveraging these technologies to enhance communications with customers is near the top of every insurer's wish list. However, there is another advanced technology that is just as important due to the operational benefits it delivers to insurers — cloud computing.

Insurers are turning to cloud-computing approaches to handle many needs — computing power, data storage, network capacity, and business applications. Communications as a-Service is a natural fit for insurance needs.

Cloud computing has become a mainstream option for insurers as they manage their technology environments. The flexibility of rapidly provisioning computing resources and services to meet business needs has proven to be highly valuable across the IT spectrum. Insurers are using cloud-computing approaches for servers, data storage, network capacity, and business applications. Communications as a Service (CaaS) is one area that is a natural fit for this approach, as evidenced by the rapid growth in the use of CaaS by insurers.

Best Practice Examples and Scenarios

Cloud-based communications services are being implemented in a variety of business situations by insurers across the globe representing all lines of business. The value of this approach is being realized by many companies, ranging from start-ups to established, tier-one players, and across property and casualty, life and annuity, and health insurance lines. The following examples show how a using a CaaS approach is making a difference.

Rapid Ramp-Up of a State Health Exchange

In the US, the Patient Protection and Affordability Care Act of 2010 (PPACA) includes a mandate for each state to establish and operate a health care insurance exchange by January 1, 2014. Each state may choose to set up the exchange on their own accord, partner with the federal government to operate the exchange, or cede the responsibility of running an exchange for their citizens entirely to the federal government. States that have opted to set up and run the exchanges without federal assistance face a complex task from both a business and a technology standpoint. The timeframes are very short, given that the open enrollment period is set to begin on October 1, 2013. The following example demonstrates how one state is making a CaaS-based approach central in their strategy to provide the mandated services to the individuals and businesses in their state.

A state health exchange, by definition, has extensive communications with a variety of external parties. Agents, consumers, small businesses, insurers, community partners, and others will be involved in education, advice, sales, and service. This state has established an online portal and is planning to get the contact center up and running several months early in order to begin to answer questions, start the education process, and work through refining their processes before the enrollment date starts. To rapidly build and deploy advanced technologies for communications, this state has set up a new business entity, using technology solutions entirely sourced through the CaaS approach. This allows the state to get a fast start since they do not need to acquire assets, buy or build a facility, or hire and train a staff to maintain the infrastructure.

In addition, the CaaS approach will enable the state to expand or contract their services based on volumes, which are unpredictable during the early planning period. The CaaS environment provides for business continuity and disaster recovery, a key requirement given the vital services the exchange will provide. Overall, the executive leader of this initiative believes that the CaaS approach is positioning them to provide the required services on time and in a cost efficient manner.

Experienced P&C Insurer Differentiates and Contains Cost

A disaster-seasoned P&C insurance company with business in two states (Florida and Texas) turned to a CaaS approach to realize their primary goal of making superior service a major part of everything they do as they pursue carefully selected opportunities to grow. This company recognizes that exceptional service goes beyond just providing interactive, multichannel service for policyholders and agent partners. They understand that most agent and customer interactions trigger operational processes, and that by integrating the communications and content with these

processes, they are able to drive greater efficiency and more effectively control costs. Therefore, in addition to communications and content management, integration ease has been a primary factor in the evaluation and decision process.

The CaaS solution is enabling this insurer to manage a workforce without consideration for where the employee is and how the interaction takes place — with flexibility that is crucial in effective disaster response and management. All calls and interactions can be tracked and recorded. The use of a CaaS solution is making it possible for this company to achieve their goal of differentiating with exceptional customer experience, without a large infrastructure investment and a lengthy implementation time.

Start-up Property Insurer Starts Fast

The property insurance market in Florida is a very active, continually changing market. The high risk of catastrophes from hurricanes and flooding combined with the recent history of large catastrophes has been the catalyst causing most of the major insurers in the state to reduce their books of business. This has resulted in higher prices and limited availability of coverages. To provide businesses, homeowners, and condominium owners with insurance coverage, the state has set up a government-backed entity, Citizens Property Insurance Corporation of Florida. When the major carriers retreated and the state took on many coverages, a number of nimble start-up companies entered the market with very focused offerings and target markets. One such company began writing business in 2012 and relies entirely on an outsourced technology infrastructure, including the contact center environment. The ability to turn to an outsourced service for vital communications and content capabilities has helped this specialized company move quickly to build and service the rapidly growing business.

The Business Value of CaaS for Insurers

Moving contact center operations to the cloud provides a number of compelling benefits to insurers. Significant business value can be realized from the increased flexibility to respond to a dynamic environment, optimization of resource workloads and

Cloud-based solutions offer the flexibility to respond to a dynamic environment, the ability to optimize workload and skills, the capability to efficiently manage the technology infrastructure, and the capacity to ensure the security of information.

skills, reduced costs through efficient management of the infrastructure, and solid security to safely manage customer data. In the aggregate, the dimensions of flexibility, resource management, cost, and security from a cloud-based solution offer substantial benefits from a both business and technology standpoint.

Flexibility: Responding to a Dynamic Environment

Insurers must be able to respond to the ever-changing economic, legal, competitive, and risk landscapes. Insurers of all lines are facing big changes as the US health care system rapidly evolves. Catastrophes like Superstorm Sandy require immediate, large-scale claims response. Volatile economic and financial market conditions require rapid introduction of new life and annuity products. Telematics technologies drive new products and new ways of interacting with customers for personal auto and commercial

fleet insurance. Customer and agent demands necessitate insurer support for new ways to communicate. These and many other changes mean that insurers must have a technology infrastructure that can be flexible and adaptable in a timely and cost effective manner.

Communications as a Service offers insurers the ability to rapidly and seamlessly scale up or down as business needs arise. Well-planned, intelligent CaaS implementations allow for workload and infrastructure to be balanced between the insurer's premises and the cloud, with shifts in the balance matching the demand. The maturing of the cloud approach for communications services benefits contact centers of all sizes. CaaS is a strong value proposition for large insurers and small insurers as well. Whether an insurer has minimal needs such as basic automated call distribution (ACD), or highly sophisticated requirements for call recording, skills-based routing, and real-time analytics, the CaaS approach can address the required levels of capabilities and volumes.

The flexibility offered by CaaS solutions is not only about adjusting to meet business volumes. The ease of adding new features and applications without an extensive design and testing period is just as important. Solutions that are pre-integrated with popular CRM solutions allow for more rapid deployment of capabilities and integration with systems that rely on access to customer data.

Resources: Optimizing Workloads and Skills

One of the most important success factors for insurance contact centers is the efficiency and effectiveness of its people — the representatives handling the inbound and outbound calls as well as all other types of communications. Balancing and managing the workloads of all the individuals is greatly aided by advanced software to address three dimensions of workload optimization:

- **Location:** In today's environment of mobile workers, home offices, and working across time zones, it is imperative that insurers leverage sophisticated communications capabilities to seamlessly connect the best resources to handle individual communications — regardless of where those individuals happen to be physically located. CaaS-based or hybrid CaaS/premises solutions provide maximum flexibility to connect resources in different locations using a variety of mobile or fixed telecommunications devices. These resources can be managed as if they are all on-premises, with the same consistent management, metrics, technology, and apps available to them.
- **Capacity:** One of the basic capabilities required in contact centers is the efficient management of human resources. Calls, e-mails, text messages, and other communications must be distributed among the representatives in a way that results in the optimum utilization of their time, while providing fast and accurate responses to the customer or insurance agent.

Balancing and managing the workloads of all the individuals is greatly aided by advanced software to address three dimensions of workload optimization: location, capacity, and skills.

- **Skills:** One of the biggest differentiators for contact center operations is the ability to incorporate skills-based routing into the workload management. It is clearly important to manage workloads based on the capacity of the individuals. But more intelligent routing that matches the situation to a specific individual's skills mix creates the opportunity to increase customer satisfaction and the effectiveness of the call. Skills may include foreign languages, product knowledge, geographic coverage (state, region, country), or specialization in a business area such as claims or agent support.

One of the top advantages of a CaaS solution is that it frees up resources outside the contact center to work on other high value projects. IT resources that would normally manage the hardware and software for an on-premises solution are now available to work on other projects since the technology is managed by another entity in the cloud. Management resources are able to concentrate on employee development and other initiatives, instead of being tied up with infrastructure issues.

Cost: Efficiently Managing Technology Infrastructure

An important component of all technology-based solutions is the cost. Significant investments are often required to provide insurers with the breadth and depth of communications capabilities to support their businesses. In the typical model, large up-front investments are required for project start-up. The business benefits then ramp up after implementation. When the business case demonstrates that the financial return will justify the investment, the project proceeds. There are two challenges that may arise with this traditional approach. First, the total cost of ownership may not be considered. In the quest for project approval, costs such as training, maintenance, upgrade fees, and related expenses such as rent and utilities may not be included in the business case. Second, a project with high business value may never be funded due to seemingly prohibitive initial costs and the up-front capital investment required.

The cloud approach to communications services addresses these challenges. No capital investment is required since the solution partner maintains the assets. Start-up and integration costs are lower, since the hardware and software are not being meshed into the insurers existing infrastructure on-premises. The hardware and software are also maintained and upgraded to new technology by the provider, so that the insurer does not have to face unexpected upgrade fees or decisions to swap in new technologies. The infrastructure itself is primarily managed by the provider, so that internal IT support costs for the insurer are reduced. Ultimately, the insurer pays for the services they need when they need it, without concern for many of the cost and resource issues associated with an on-premises communications infrastructure.

Security: Safely Managing Customer Data

Insurers are conservative by nature. Insurers also know that they are entrusted with their customer's sensitive data: details on an individual's health, information about the property owned by an individual or business, beneficiary designations on life insurance policies, income, and investment facts. In the wrong hands, this information could result in personal problems for individuals, competitive disadvantages for businesses, and poor terms or denial for loans or other financial products. These are very serious matters and insurers must always treat their customers' data with the respect and privacy it deserves.

The security of customer data has been one of the top concerns voiced by insurers regarding cloud computing in general. Insurers have a greater sense of control when the data is stored at their facility, based on their policies, and managed by their employees. Fortunately, several recent developments have resulted in a new appreciation for the security that is possible in the cloud, especially regarding communications-based services. The technology itself has matured, with more secure firewalls, encryption schemes, and physical security procedures. The experience in managing solutions in the cloud has also matured. Businesses have learned lessons from past cloud failures and successes, and more individuals have built up skills in this arena. The approaches to CaaS have also matured and evolved regarding control of information and assets. Hybrid models have emerged that allow the provider to physically manage the technology assets and maintain data in the cloud, while enabling the insurer to have varying levels of local control over the environment. Taken together, a CaaS implementation by a proven provider can be as secure today as an on-premises infrastructure managed by the insurer.

SMA Call to Action

Insurers face many mounting pressures — uncertain market conditions, rapidly changing customer expectations, rising costs, resource constraints, and more. At the same time, opportunities abound for those that are able to respond quickly and capture the edge. In search of solutions that offer more agility and flexibility, many insurers are turning to cloud-based approaches that help them to better manage costs and quickly deliver servicing and operational capabilities. Cloud computing has become a mainstream option as insurers seek better ways to manage fluctuating technology needs and increase automation of business processes.

Insurers that are seeking ways to improve their ability to respond to today's dynamic environment, optimize workloads and skills, and manage fluctuating capacity needs should be evaluating cloud-based approaches. As customers demand more holistic, integrated interactions with their insurers and agents, advanced contact center capabilities are essential. CaaS is a natural fit for a cloud-based delivery option for communications and content integration and management. Insurers should be continually examining their needs in light of changing conditions and seriously evaluating how CaaS can meet today's and tomorrow's communications management requirements.

Interactive Intelligence Perspective

There has been a trend toward cloud-based solutions for a number of years now. Traditional business applications such as CRM solutions have seen the majority of these implementations in the insurance space. However, Communications as a Service, or CaaS, implementations have been more limited. Communications platforms are often legacy or neglected technology. As companies look to modernize to meet policyholder expectations, the cloud is a natural place to look.

Experience with other cloud-based applications serves as a great educational opportunity for companies. Many of these carriers have realized the immediate benefit of a cloud-based solution from previous implementations. From flexible pricing to limited resource requirements and instant implementations, cloud-based solutions, no matter what type, allow carriers to have the latest and greatest technology at their fingertips.

As technology changes, this is not only a wise economic choice for carriers, it also allows them to provide a more secure solution that is managed by the solution provider, that has detailed disaster recovery plans already in place. Communications as a Service platforms allow carriers to implement a true contact center solution that they might not be inclined to or able to implement on premises.

Interactions are seamless for all involved, because of the ability to offer a multichannel approach including voice, email, web-chat, fax, mobile, SMS, and social media channels to the policyholder. Self-service opportunities for premium payments, content requests, and claims statuses are just a few ways to extend the capabilities of existing customer engagement strategies. In addition, the reduced maintenance requirements and the ability to grow staff as needed allow small start-ups as well as mature carriers to easily make changes.

Although the functionality and goals may be different with a CaaS model versus a SaaS-based administration system implementation, many of the benefits are recognized across the board. More and more carriers continue to target a full cloud-based environment, allowing all aspects of their internal and policyholder-facing operations (including the contact center) to be leading edge, without the stress and expense of a premise-based solution.



Exclusively servicing insurance, SMA is a strategic advisory firm offering a unique blend of research, advisory, and consulting services to insurance companies and IT solution providers. By leveraging best practices from both management consulting and research advisory disciplines, SMA's advisory service offerings are actionable, business driven, and research based — where strategy meets action.

This white paper is based on SMA's experience, research, and insights. Interactive Intelligence has purchased the distribution rights to this research and white paper. This is not paid-for research.

Additional information on SMA can be found at www.strategymeetsaction.com.



INTERACTIVE INTELLIGENCE[®]
Deliberately Innovative

Over 250 insurance organizations of all types and sizes around the world use the complete, scalable, multichannel solutions from Interactive Intelligence to manage business processes and content, improve communications with policyholders, and expand ROI. Insurers choose from our lineup of proven cloud-based Communications as a Service (CaaS) offerings, on-premises solutions, or hybrid CaaS/on-premises implementations. By streamlining operations, these organization provide better service to more customers with fewer interruptions and complaints.

To learn more, visit our Insurance Solutions page at www.inin.com.

The Author



Mark Breeding is a Partner at Strategy Meets Action, a strategic advisory firm offering a unique blend of advisory, research, and project-based consulting services to both insurance companies and solution providers. Mark is well known for his perspectives on innovative uses of technology in insurance and the future of the insurance industry. Mark leads the research program at SMA, and has exceptional knowledge and experience in all aspects of advanced technologies and solutions that provide value across the insurance enterprise – including data and analytics, customer communications, enterprise content management, and mobile technologies.

Mark has held both technical and business roles in sales, consulting, marketing and business strategy, and has advised insurers around the world for almost 30 years. His roles have included IBM's Global Insurance Strategist, Global Insurance Marketing Leader and Director of Global Insurance Executive Conferences.

Mark is often quoted in major insurance publications and speaks frequently at leading industry conferences. He holds a BSBA in Accounting from Bucknell University and is a graduate of IBM's Systems Research Institute with a major in Software Systems.

Contact Mark Breeding at mbreading@strategymeetsaction.com or 614.562.8310.