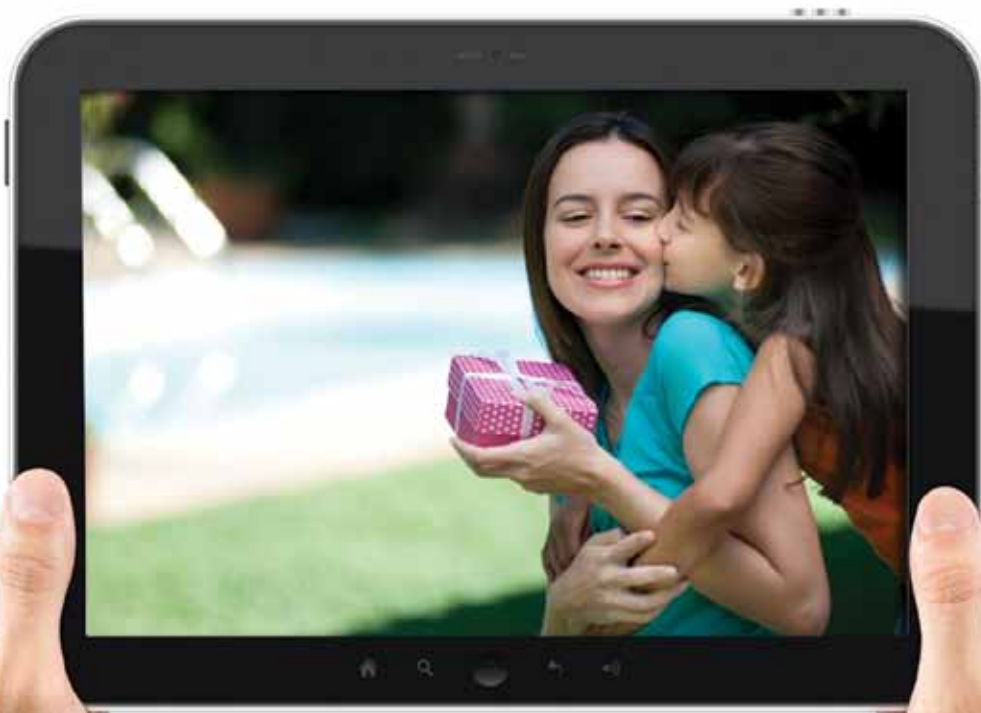# Life Matters

A perspective on Life Insurance, Annuity and Retirement Services Industry

Consumerization — Impact of changing consumer demand

> > > Collection of 5 thought papers

Infosys®

Foreword

Dear Reader,

The growth of social media is taking us into a new era - where the personal spaces are eliminated and people are eager to share their views. The power of social networking is driving a fundamental shift in customer expectations and has changed how insurance products are marketed, sold and serviced. "If there isn't a them, there can't be an us" wrote Jodi Picoult, it's true that unless there are policy holders, there can't be insurance. Hence it is imperative how insurers are able to adapt to this new breed of customers. This is an opportunity as well as challenge for insurers.

It's our endeavor at Infosys to always bring in the right and timely perspectives to our clients. It is my pleasure to inform you that to continue with our tradition, we present to you the 2nd edition of Life Matters our thought leadership perspective on the Life Insurance, Annuity and Retirement Services Industry, with a central theme of "**Consumerization – impact of changing consumer demand**".

This journal is intended to explore changing consumer behaviors and attitudes, what do they demand, ways of listening and responding to them through social media and overall understanding the voice of your customers. Specific thoughts presented in this journal include:

- New normal stage set by social media
- Staying ahead of the curve in customer centricity
- Catching them young and growing with social media customers
- Power shift from Business to Consumer – how analytics helps to harness the opportunity
- How gamification methodology can be helpful to turn the agent's behavior to meet insurers demands

We stand ready to have further discussions around these thought provoking topics at your convenience. I would like to thank Steve Leigh of Gartner and all of the authors for lending their perspectives to Life Matters.

Your feedback on this edition is welcome at **infosysbpo@infosys.com**

Best Regards,

Kapil Jain
Vice President and Strategic Business Unit Head – FSI
Infosys BPO

1

Smart Insurers turn to Gamification as a way to Change Agent Behavior

- Steven Leigh

Abstract

Gamification is not a game, but rather it is the application of game mechanics to non-game scenarios. Game mechanics for insurers could mean a variety of functions including keeping score, benefits granted to winners, maintaining performance levels, points for various achievements, and feedback about other game players. These game dynamics can be applied to a variety of agent and internal departments, but Gartner predicts that agent gamification will find its initial deployments for insurers within the agency management functions within both life and P&C insurers. Gamification is designed to alter agent behaviors in areas of new sales, agent software usage, and agent recruiting. Gartner has noted growing interest in Gamification among both insurers and vendors offering incentive compensation systems for life and P&C insurers.

Steps in Designing a Gamified Experience

To leverage the benefits of gamification for agents, insurers must first design the rules of the game. With agents as the target audience, insurers must do the following:

- Determine what behaviors they want their agents to change – While "increase sales" seems to be an easy answer, it is too simplistic. There are many things insurers and agents both want. These include greater efficiency, more effective technology, better client relationships, more collaboration, better customer service, deeper family and business relationships, and a better understanding of when and how consumers buy insurance. Areas where there are aligned objectives between agents and insurers are best for gamification, as gamification can be a powerful incentive to help agents and insurers achieve what they already are trying to accomplish. The objectives mentioned above can be enhanced by the use of a gamified experience.

  Insurers should look to four key areas where agents' behavior can be changed using gamification. These areas have proven very difficult for insurers without gamification, and the failure of agents to do these things have undermined that value delivered by products and technologies provided by insurers to their distribution partners.

  - Getting agents to try new processes and technologies – When new technologies are introduced to agents, it is often difficult to get them to try new technologies and change existing processes. Gamification can be used to motivate agents to change these behaviors and try to learn the basics of new software and the associated new processes.

  - Getting agents to learn more about software and achieve more value – In too many cases, insurers have big budget projects for new field technology, but agents never achieve the full cost savings and productivity potential of new software applications, because they are not willing to explore and pursue new capabilities. Gamification can be used to maximize the value and use of these systems by motivating agents to adopt more software capabilities.

  - Getting agents to sell more and sell more diverse products – Gamification can be used to help agents expand their selling message and develop sales stories for new niches. This will help them become more well-rounded, and craft solutions to consumer problems, rather than simply pushing a single product or single solution.

- Getting agents to service their clients better – Gamification can help insurers change the way their agents service clients and shape the service behaviors insurers desire.

• Determine what motivates agents – Initially, insures might think only about increased commissions, but this is short-sighted. Insurers must look beyond simple extrinsic motivation and explore others as well. Figure 1 describes several different motivations which can drive behaviors. Each of these could be applied to agents in the following ways.

- Fishing Boat – This is where everyone works together for a financial reward as they would on a commercial fishing vessel. Insurers might apply this principle to agencies by establishing productivity, claims or processing targets. If these targets are met, the whole agency might win a financial reward.

- Fire Brigade – In this example, the team works together for the satisfaction of a job completed, just as a fire crew works to get the fire out. Again an agency might have a target to have a benchmark to log a certain number of hours learning a new system, or investing time to learn new capabilities in one of their software applications. Winners would be posted on the leader board throughout the contest and at the end would be recognized for their engagement and expertise.

- Beauty Contest – This example illustrates how insurers might apply intrinsic rewards to create experts and specialists within their agent group, just as a beauty contestant works hard to be recognized as the most attractive. Insures could apply this reward structure for number of sales, breadth of products sold, depth of selling in a household, or depth within a business or worksite and create known champions for critical elements of an agent's practice.

- Poker Game – Just as the winner takes all the financial reward in the game of poker, the individual extrinsic rewards leverages the winner takes all approach for agents. This is the most common incentive approach today with additional bonuses paid to top sales people. What is missing, however, is wrapping this incentive with other gamification elements such as feedback, levels and smaller achievement goals to leverage the power of gamification.
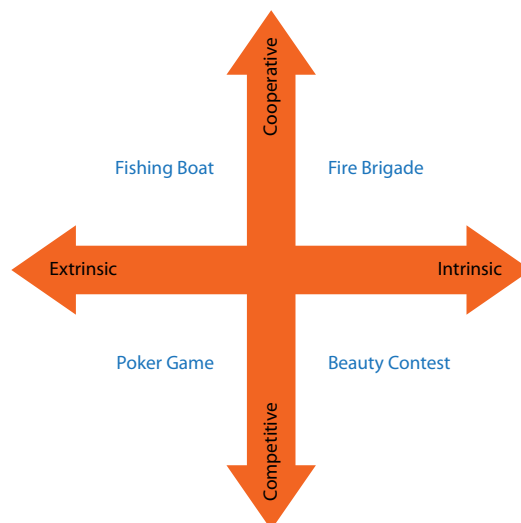

Figure 1 – Types of Motivational Structures

Source: Gartner, 2012

- **Determine which game elements will sustain momentum** – Gamification principles and incentives must be applied in a way to sustain momentum for participants. As noted in Figure 2, too much challenge will frustrate participants, and too little challenge will bore participants. Game designers must be very familiar with the motivations and challenges that agents encounter and make sure that expectations and motivations are aligned. As agents progress through the game, they will gain competence and experience, which can potentially lead to frustration or boredom. Insurers should consider using levels which will help manage the experience of the participant.
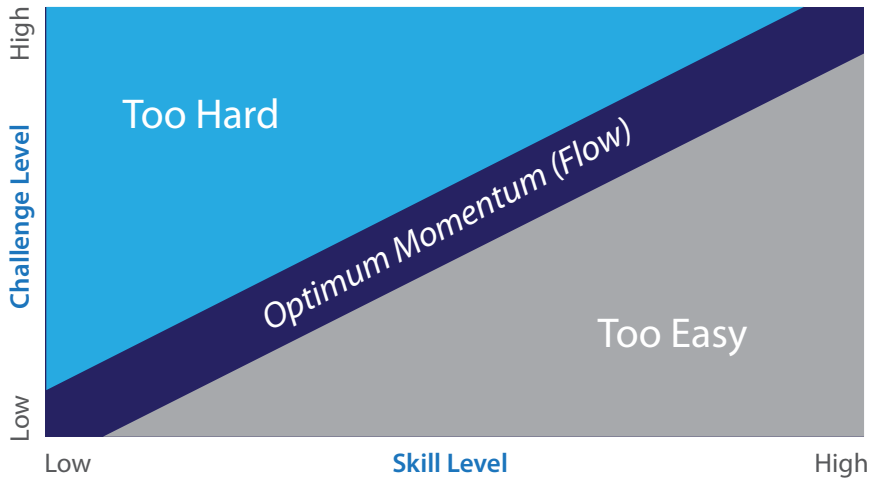

Figure 2 – Creating an Appropriate Challenge Level

To do this effectively, insurers would do well to create a chart similar to Figure 3 which maps various functions into the perceived costs and benefits of various functions. This will help gamification designers to understand how agents perceive the costs and benefits of various functions. For example, for years, insurers have expected agents to complete electronic applications on their portal with little understanding of the complexity and difficulty of this task. Figure 3 illustrates how agents' perceptions of costs and benefits between insurers and agents vary by function. It is incumbent on insurers to understand accurately the costs and benefits associated for agents when attempting to change their behavior. This also identifies which functions have the highest perceived costs and lowest perceived benefits. These are the best candidates for gamification, as they provide additional incentive to modify behavior.

Alignment of Costs and Benefits with Opportunity for Gamification

Agent/Agency View ●

Time and Effort to Use Technology as Compared to the Previous Manual Process

Low Effort — High Effort

- Underwriting Requirements Management
- Financial Planning Software
- Forms Portal
- Web Illustrations
- Electronic Application (PC)
- Sales Force Activity Tracking

Good Opportunity for Gamification

- Sales Activity Management
- Generating Reports from Insurers
- CRM

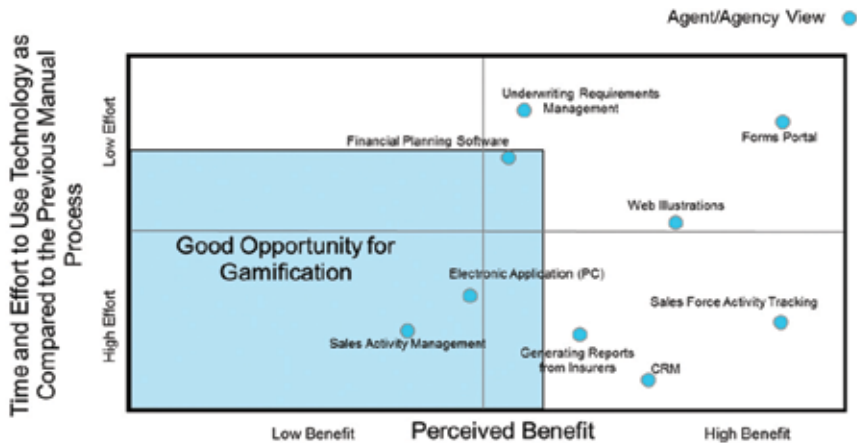Low Benefit — **Perceived Benefit** — High Benefit

Figure 3 – Ensuring that Agent Perceptions of Costs and Benefits are Understood

- **Determining what game elements will make the game meaningful** – When designing the game itself, insurers must recognize what makes the game meaningful for agents. In other words, participants must care about the rewards, they must have aligned objectives with the purpose of the game, the rules must be fair, the game must not allow shortcuts to achieve points and levels, and there needs to be the right balance between cooperation and competitiveness. Getting these elements right will increase engagement and deliver changes to agent behaviors. Designers of a gamified experience should recognize that agents are motivated, by status, peer impact, achievement and other factors in addition to money.

One of the most important elements for the game to be successful is the reward structure. Most insurers are accustomed to giving their agents higher commissions and bonuses and generally believe that this is the only reward that agents are motivated by. In fact, insurers have skills and insights that they can share as a reward without significant impact to their bottom line. Their existing staff has abilities that can deliver value to their agencies. Insurers should think about their agencies as small and medium sized businesses with challenges related to human resources, technology, and business continuation. For example, rewards could include consulting with knowledgeable home office staff for the following issues:

- System selection	- System security
- Agent recruiting	- Employee recruiting
- Human resource management	- Training
- Project management	- Data backup
- System development	- Interface development
- Workflow design	- Moving from paper to electronic files
- Leveraging mobile technologies	- Leveraging social media
- Data analytics	

- **Measuring success and communicating success to participants** – Tracking progress and providing feedback to participants is an essential part of a successful gamification initiative. Data about desired activities must be captured and fed back to participants in a way that is easy for them to consume. Insurers will need to consider social media including texting, twitter, Facebook and other avenues to communicate back to game participants as participants should not be expected to monitor their progress through elaborate security measures.

  Secondly, creators of a gamified experience must have a thorough understanding of the data being collected in order for the game to accurately reflect what participants are actually doing. For example, if the game is encouraging users to explore further into existing software to learn to do new things, game designers must collect more than simple clicks in new areas. Instead they must track software usage where a participant clicks on a new function, and then follows up with regular use of the new function. Failure to take a comprehensive approach will motivate participants to simply click around in a new software application to achieve points, without actually changing their behavior and use new functions. Successful designs are able to track ongoing behavioral changes with users, and not simply transitory behavioral changes to get ahead in the game.

Technical Considerations

Creating a technical infrastructure to support gamification will extend many of the data collection, analytic and presentation functions currently used in insurers' relationship with agents.

- **Flexibility** – For gamification system support to be effective, insurance IT departments must create a flexible infrastructure to support the effort. Gamification programs will be varied and changed regularly and systems need to be adaptable to be able to support changes, enhancements and new programs over time.

- **Capturing Participants' Behaviors** – To successfully change participant behaviors, designers need to have an understanding of agents' existing behaviors. To understand this, existing systems must be able to capture user behaviors, both in their use of software tools, sales performance, and that other agent activities.

- **Data Accuracy** – Gamification is dependent on the accuracy of existing data. Without it, game designers will be unable to score, track changes in participants behavior and create a successful gamification experience.

- **Real-time Data** – As participants accomplish various elements of the game, these elements must be captured in real time and fed back to participants as quickly as possible. Game participants need to have confidence that their behaviors are being tracked accurately to build confidence in the game itself.

- **Device Agnostic** – Since participants will use a variety of devices to check status and points, and gamification systems may be tracking behaviors on these devices, gamification support systems must capture behaviors on different devices, and provide status and game information on various devices.

- **Engaging User Interface** – Gamification designers must have their creative juices flowing when designing the gamification interface. Since the purpose of the initiative is to engage users so they change their behavior, designers need to create a visual experience that is equally compelling.

- **Easy Access** – Because engagement is so vital to the success of gamification programs, IT departments need to be careful not to make game data inaccessible. This will required careful evaluation security and the use of Twitter, IM, and other mobile and social media methods. IT departments will be tempted to simply provide a portal with traditional login credentials, but this will likely create a barrier to players. Insurers need to consider how critically sensitive gamification data is, consider having less security constraints on less sensitive data.

Challenges and Risks

Principles of gamification are only now emerging among companies generally and are brand new to insurance. Insurers and vendors pursuing gamification would do well to develop their experience cautiously and achieve wins to better understand the value gamification can deliver, and the challenges and risks they face in applying these principles.

- **No Proven Value** – Insurers should recognize that, like many other new technologies including the internet from the early 1990s and social media today, there is not yet proven value delivered from these gamification principles. While Gartner believes that gamification will become table stakes by 2018, today, these principles are still new and unproven.

- **Lack of Gamification Experience** – Insurers are new to Gamification, and hence lack the experience necessary to design gamified experiences. Gartner expects that insurers will rely on vendor experts who understand both gamification and insurance, and have experience deploying both the technology and game designs to create value for insurers.

- **Creating Gamified Experience must be Contextual** – Gamified principles must be applied in ways that bring value to the audience, and audiences vary greatly. A successful gamified experience demands deep understanding and connection with the insurance context in order to connect with agents' motivations, engage an insurance agent audience, and create sustained engagement for agents.

- **Blocking the Cheats** – Gamification principles must be applied in a way that block participants from achieving the rewards without changing their behavior, and effectively cheat the system.

The Way Forward
Reaping the Benefits

While Gartner has not seen insurers embrace gamification as yet with their field forces, discussions with incentive compensation vendors, sales force automation vendors, and insurers themselves all reveal very strong interest in the topic. Furthermore, insurers note that they face increasing difficulty in keeping agents' attention, getting them to use new software, helping them improve sales effectiveness, and better service clients. As these needs amplify, insurers will increasingly look to gamificaiton strategies to solve them.

About the Author

Steve Leigh is a principal research analyst at Gartner in the Insurance Industry Advisory Service. His coverage is in the life/pension and annuity segment of insurance. His research topics include front-office technologies for life and annuity products, policy administration, incentive compensation product development, electronic applications, electronic underwriting, straight through processing, vendor management and distribution trends. His coverage also includes emerging technologies for life insurance including mobile, data, social media and gamification.

Mr. Leigh has nearly 25 years of experience in the life insurance industry. He started his career as an insurance broker and then spent 10 years in an insurance company home office deploying new technology, managing vendor relationships, creating data strategies and interfaces, re-engineering workflows, and fulfilling a wide range of management and leadership roles. Before joining Gartner, Mr. Leigh spent six years in selling and supporting front-office vendor solutions for life insurers. His career has been focused on the intersection between technology and business. From his earliest days as an agent and later in the home office, Mr. Leigh has had the opportunity to see how technology brings value to the business. He has the ability to clarify issues and facilitate solutions to achieve a successful outcome. Mr. Leigh has helped clients sort through project objectives, shape project scope, identify successful rollout strategies and apply technology to solve real-life business problems.

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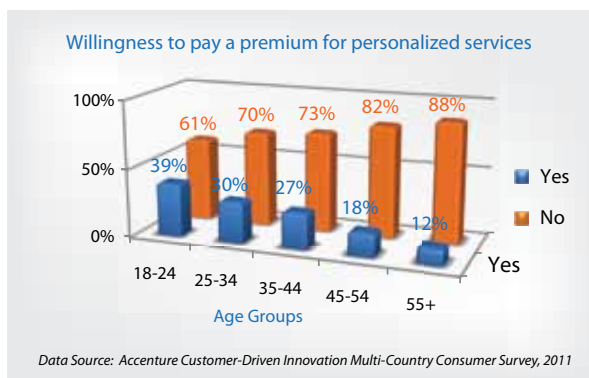# Consumer-centricity: Staying ahead of the Curve

- Jeevan Gupta, Swathi Sainath

"Consumer-centricity" has become the latest buzz-word in the insurance sector that appears in just about every company's strategy meetings and annual reports. Although this term has been used and overanalyzed in gazillion power point presentations and articles, its true definition has always been to simply put the customer's needs at the forefront of every product that the company offers. Over the past decade, we have witnessed a perceivable transformation in the insurance industry as it moved from a "product-centric" to a "customer-centric" organization. One look around the highly commercialized business landscape will more than likely explain why a traditional setup like insurance has to shed its conservative garb and adopt a dynamic trend of consumerization.

Emergence of the internet and social media have increased information availability and transparency to the consumers and hence created a paradigm shift in an insurance industry which has traditionally relied heavily on proven old–school marketing and a centralized structure. In addition to the double whammy from a sluggish economy and a hyper-competitive market, insurance companies in the North American markets have been forced to tread uncharted territories where consumer empowerment has challenged the very core of their business operations.

The consumers of today demand more than just a competitive price for the insurance policy. The mantra of staying competitive by just offering cost effective products to the consumers is turning out to be a myth more than many insurance companies would like to believe. The reality of the situation is that the consumers of this era demand a wholesome customer experience and will actually pay a premium to

Willingness to pay a premium for personalized services

Data Source: Accenture Customer-Driven Innovation Multi-Country Consumer Survey, 2011

receive it. Based on a survey, a significant number of insurance customers across all sampled age groups is willing to pay a premium for personalized services, with the youngest group (39%) displaying more interest than the older ones (12%).

This brings us to some of the important questions that the insurance companies need to be asking themselves in order to stay relevant and ahead of their competition.

- Just what do the customers want?
- Who are the customers of today and the future?
- How do we design our products to meet the changing preferences of the customers?
- How do we keep the existing ones and attract new customers?
- How do we maintain equilibrium between staying competitive and staying profitable?
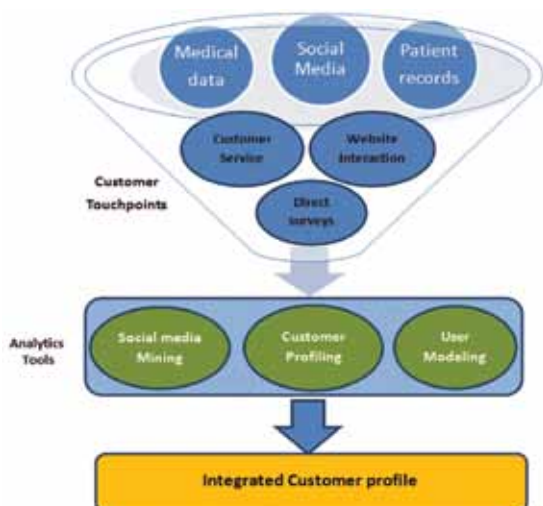- What are the short-term strategies and long term vision of the company?

The apparent simplicity of these questions can often mislead corporations as they try to mold their business models and operations to suit the growing needs of their customers. With all the changes around them, the biggest challenge for insurance companies is to obtain valuable customer insights and use them in a meaningful way to better align their products and services to match customer preferences. To achieve this, they would have to reconfigure their organizational mindset and invest in technologies that would not only enable them to enhance the overall customer experience but would also allow them to leverage customer opinion to capture a higher market share.

Customer Know-How through "Customer Profiling"

Marketing manuals tell us that the magic rule to fixing a problem is to first identify the problem. The same holds true in the context of the insurance sector. It is crucial for insurance companies to first identify their customer base before they can design customer centric products and services. Equally important is to know how to get to them. Many forward thinking companies that are on a fast track to achieve cost efficiency are using innovative tools like "customer profiling" to identify profitable markets. The systematic approach of using pre-defined parameters like age, demographic, marital status etc. to identify best customer segments, is the simplistic definition of "customer profiling". This tool is like a scalpel which allows the insurers to precisely target defined customer segments rather than the brute force sledge hammer mass marketing approach. Despite the cost efficiency that this tool provides to the insurers, the tangible positive impacts of customer profiling to a company come mainly from the fact that it allows the insurance companies to

- Increase sales by allocating more resources to where they are required (e.g. via targeted ad campaigns and incentives)
- Asses the competition and respond in a timely manner to the pressures that the external market imposes on them.
- Provide a wholesome personalized experience to their customers which will inevitably lead to customer loyalty and lower attrition rates.
- Identify the trends and common features of a particular customer segment and use this information to attract more new customers that are just like them.
- Gather feedback from the customers and use the insights to design new products with plans

With its potential advantages outweighing some of its disadvantages (especially its implementation aspects), insurance companies have to make few essential changes to reap the benefits of this tool to its fullest. Insurance companies are literally a store house of enormous amounts of customer data, be it as simple as address information to as complex as health history of the patients. However, insurers must understand the value in organizing and

classifying this data into a form that can fully capture on the effectiveness of "customer profiling". They also have to work through the additional constraints imposed by regulation compliance and reporting practices. So how do insurance companies, especially the ones offering multiple products that are spread across multiple sectors, leverage the advantages of "customer profiling"? The answer might be as simple as creating an "integrated customer profile" that can be accessed across all the divisions within the company.

This will empower the insurer to have a birds-eye view of the customer profile instead of the tunnel vision that severely limits the usefulness of the data itself. This centralized database will allow the insurance companies to circumvent the most common problem of duplication of data and even completely eliminate other anomalies (e.g. typically introduced by multiple human inputs) that would otherwise compromise the effectiveness of many of the analytics tools. Using this comprehensive database, insurers can now effectively look for patterns, model customer behavior, personalize service needs of the customer and even detect fraudulent activities. Creating such a beneficial system and keeping it updated would require significant commitment on the part of the insurance company, both in terms of time and financial resources. In this evolving market, it is paramount that insurers constantly collect real-time data to feed the integrated database, ensuring that they make the best use of every single interaction with the customer. With tremendous advancements made in the data storage capabilities by the use of high efficiency server modules and cloud-based applications, it is not a question of whether these technological innovations would work for the insurance sector. It rather comes down to whether the industry/company is willing to adopt these innovations. Changes of such a magnitude in creating a new infrastructure and storage capabilities are always going to be challenging for any organization. However, such systems would not only serve as the architectural building blocks upon which the core of the business can be built but would also serve as a platform in the foreseeable future to apply other analytics tools like "user modeling", "health policy modeling","pattern mining" and "behavioral modeling" in addition to "customer profiling" to stay one step ahead of the customer.

A Tweet about Social Media Mining

Historically, humans have been fascinated by "What others think". Things are not much different in this digital era where we place much more emphasis on "what others think about us", both as an individual and as an organization. Modern businesses have taken it a step further and have turned an old adage of "What others think" into a money-making machine. With all the talk about "customer-centricity", the ushering of the internet age and social-media expansion has made consumers feel like kings. Social-media has literally handed out a boom-box to the consumers to voice their opinions without the fear of being silenced. This is evident based on a recent study, where
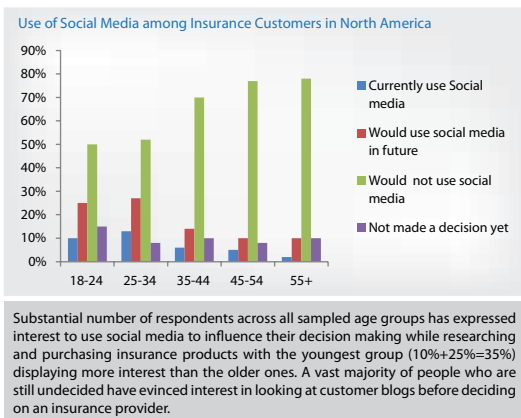
- 38% of the respondents indicated that they would likely share information about their health through social media with the insurance company.
- 24% of all respondents indicated that they posted about health experiences or updates using social media

As a result, many businesses have been clamoring to adopt this new media into their business operations to get close to their customers on their preferred turf. Given the novelty of this social-media phenomenon, many companies are finding it extremely challenging to crack its secret code and make it an integral part of their marketing arsenal. On the other hand, we still have many companies in denial that social-media will not affect their business. These "nay-sayers" are bound to be left behind in the coming years

because they fail to realize that social media is not a passing cloud but it is here to stay and dominate. As with the rise of ecommerce, the emergence of social-media has revolutionized the business landscape and is now exerting its sphere of influence on even slow movers like the insurance sector. Marketing gurus have made a believer of many in the insurance industry that effective social interaction with their customers through creative channels will undoubtedly result in increased sales and profitability. Hence, what was an abyss a decade ago in terms of the gap between the insurance provider and the insured, has now all but disappeared.

Many insurance companies are getting ready to harness the power of social media by using innovative tools like "social-media mining". The rationale behind using such a powerful tool is that it creates new opportunities for both the company and its clientele. With its obvious benefits to the customers in the form of increased information availability and undeniable empowerment, we have listed a few of the benefits that insurance companies using "social-media mining" can realistically attain.

Use of Social Media among Insurance Customers in North America

- Currently use Social media
- Would use social media in future
- Would not use social media
- Not made a decision yet

Substantial number of respondents across all sampled age groups has expressed interest to use social media to influence their decision making while researching and purchasing insurance products with the youngest group (10%+25%=35%) displaying more interest than the older ones. A vast majority of people who are still undecided have evinced interest in looking at customer blogs before deciding on an insurance provider.

- Launch new products that are aligned with customer preferences.
- Increase revenue by bringing in new customers from untapped markets and synchronizing with the current trends.
- Strengthen customer relationship by addressing their grievances in real-time.
- Use its own employees as fans and facilitators to promote the company.
- Use its satisfied customers as an extension of its marketing wing mainly through offering incentives (e.g. discount coupons or additional services).

Social Media Mininig Tools & Techniques

As with the case of incorporating any new analytics tool into their business operation, insurance companies need to constantly evaluate and tweak their infrastructure in addition to their internal organization to capitalize on the value offered by the tool. Fortunately, social media technology platforms and infrastructure has already been built by the likes of Facebook, Twitter and MySpace etc. and therefore need not be built from the ground up. However insurance companies need to seamlessly incorporate the "social-media mining" tool into their business operation and sync it with other analytics tools and mobility platforms. They would also need to reassess their marketing strategy by creating new touch points for customer interaction and streamlining data into a centralized portal.

Closing remarks

The insurance industry has evolved from its traditional roots into an organization that is currently in a transition of redefining its identity as a technology driven industry. With the emerging trend of consumer-centricity, it must proactively incorporate innovative technological tools into its business operations to keep up with the demand without compromising the over-arching business goal of staying profitable. In our opinion, insurance companies that can excel in creating a stronger brand-consumer relationship through the use of innovative analytics tools will not only set a new industry benchmark but will also stay ahead of the curve.

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About the Authors

Jeevan Gupta is a Senior Consultant with Infosys in the Healthcare Consulting Practice. Jeevan has over 9 years of IT experience working with leading US based healthcare organizations. He has been actively involved in Business Analysis and IT consulting for core healthcare applications. Jeevan holds "Professional, Academy of Healthcare Management" designation from America's Health Insurance Plans.

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3

PowerShift from Business to Consumer

How Analytics can help you harness the Opportunity

- Sumita Jha, Preeti Kumari

Introduction- Leveraging Analytics to Capitalize on Consumerization

As the mindset of consumers is changing due to information transparency and social network interactions, the power is shifting from seller (Insurers) towards buyer (Consumers). With the advent and ongoing enhancement of "Consumerization" several doors to a multitude of opportunities have opened for the market at large. But these opportunities come at a cost, being burdened with lot of business challenges to satisfy an "all informed" policy holder.

With Consumerization driving "Easy Access" to the end consumer a lot of information gets unloaded and is available at the tip of the end consumers' fingers. This is a "Double Edged Sword" for the organization as this accessibility allows a multi-way traffic from the competition and new entrants with Customized Product offerings.

The Challenges that any enterprise faces due to rising Consumerization are multifold as briefly noted below:

- Customer's needs keep changing very quickly due to availability of Information through various channels like Media, Mobility, and Internet etc.

- Customer can easily compare the offerings across competition and has the risk of switching over to competition

- Competition uses all the available channels and technology to offer a customized offering to an existing customer

- New entrants well equipped with the Customer know-how pose as increased competition threat to the enterprise

- Customer Experience is a challenge given everything needs to be done at the speed of information received by the customer

The above challenges can be met by driving customer insights through the available data received through all the available channels. The key to driving accurate and timely "Customer Insights" is "Analytics".

Today, the Insurance companies need to leverage analytics to empower themselves with enhanced customer insights to build strategies in line with the impact of Consumerization.

To address these factors, we recommend that companies use best-in-class analytics practices and tools to go hand in hand with Consumerization to make their business processes abreast of the new technological changes. A robust customer analytics capability raises the bar in customer insight and has the potential to be a true game changer. By leveraging advanced analytics, BI intelligence and real time data analytics techniques, Insurers can transform their simple customer interactions to informed decision making/ product offering and servicing on the fly. This will make their business processes to become super efficient as well as increase policy holder lifetime value.

Levers of Analytics around Consumerization

While Analytics spans a wide area around the phenomenon called Consumerization, this paper aims at focusing on the following key analytical levers to maximize Customer Experience and Value

- Social Media Analytics
- Real time Analytics
- Web Analytics
- Fraud Analytics
- Big Data Analytics

Social Media Analytics

Business Questions:

Are customers talking good about your product? What are your customers' likes and dislikes? What is your end consumer thinking to get in terms of a new product or service? Who influences your customers' decision? When is the right time to talk to your customer for a good offering?

The above is an non ending list of questions, the answers to which is any Marketing Manager's dream come true enabling him to maximize customer experience while maximizing value.

Today, **Social Media Analytics** can help answer the above questions by using the following techniques:

- **Social Media Analytics** Network analysis is the study of social relations among a set of actors.
- Interactive data visualization technology is used to interact with social network graphs. These forms of visualization include a variety of charting visualizations, tables, time lines and maps. These visuals clearly layout the association between entities in the Social network.
- Collaboration graphs can be used to illustrate good and bad relationships between nodes.
- **Complex Event Processing** is the foundation technology for detecting patterns in real-time event streams correlated with historical data.
- **Text Analytics** is crucial for performing customer sentiment analysis, maximizing social media productivity, and optimizing research and data analysis. It uses natural language processing (NLP) to achieve deeper insights into the meanings of conversations.

At the heart of the Consumerization lies the plethora of Opportunities for maximizing "Customer Experience" and "Customer Value".

Analysis helps address the challenges and opportunities brought about by Conumerization to the Digital Consumer

Maximize Customer Experience
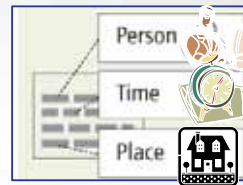
Maximize Customer Value

Reduce Fraud Losses

Enabling Technologies:

- Word sense disambiguation—This technology helps in identification of the most likely meaning of the word based on the context and related words in the full text.

- Named entity recognition —This helps in the identification of the proper nouns depending upon the language of the country.

- Entity classification- This helps in assigning categories to Names and entities basis the last or first word. For example Dr John Smith is a person vis-à-vis John Smith Corporation as an organization.

- Part of speech (POS) tagging – Tries to assign noun, verb or any other part of speech to give meaning to a set of words as a phrase or a sentence.

- Relationship and Event analysis—Relationship analysis helps determines relationships within and across sentences. Event analysis on the other hand determines the type of activity based on the verbs and entities.

- Co-reference resolution—Identifies words that refer to the same entity. For example, John Smith in a paragraph may be the same as John.

- Summarization and topic identification –Help in summarizing in a few words the full document or section

- Sentiment analysis involves discerning subjective material and extracting various forms of attitudinal information: sentiment, opinion, mood, and emotion.
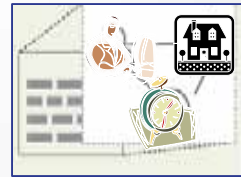
Insurers must adapt to social analytics as it gives them the ability to process unstructured data and strengthen the business activities. Insight derived from social media analytics can be used to improve claims management, fraud detection. It can be used to identify the market trends for example, - it can suggest if customers are looking for insurance quote in a particular area or can gauge customer reaction to campaigns etc.

How Text Analytics Work

Entity Extraction

Relationship Mapping

Data Matching

Data Merging

Sentiment Analysis

Maximize Customer Experience

Good news is that some of the Insurance organizations have made advancements towards analyzing unstructured data available through Social Media. Northwestern Mutual for example is planning to measure Sentiment in Social media to enable them to strengthen customer relationship. To capture more data, large insurers have made a presence in the Social Media (Facebook, Twitter, etc.) space to garner the data about their customers.
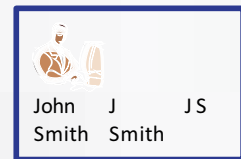
Tools in the Market
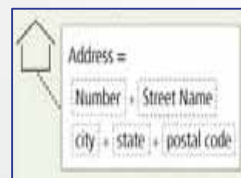
- SAS social media analytics uses SAS text miner and provides linguistic capabilities and text mining
- SAS Media analyst workbench interprets the sentiment applied to documents.
- Sentiment analysis or automated opinion mining often uses machine learning, a component of artificial intelligence (AI).

Real-Time Analytics

On time decisions by employing real time analytics can drive business value to the maximum. By collecting and analyzing information about the consumer's contact and response patterns firms can engage with the customer on a real time basis. Customer experience is heightened by timely and accurate engagement with the customer. This is enabled by implementing Real-Time analytics.

Enabling Technologies

- Data Federation – This enables a single point of real-time data access across databases
- Enterprise Information Integration – provides direct access to source data in warehouse framework.
- Enterprise Application Integration – provides unrestricted sharing of data and business processes among any connected application or data sources in the enterprise
- In-database analytics - A technology that allows data processing to be conducted within the database by building analytic logic into the database itself.
- In-memory analytics – This enables processing data when it resides in random access memory (RAM), as opposed to querying data that is stored on physical disks.
- Massively parallel programming (MPP) – The coordinated processing of a program by multiple processors that work on different parts of the program, with each processor using its own operating system and memory.
  - Service Oriented Architecture - enables IT assets to be aligned to business needs in an adaptable, flexible and open IT architecture.
  - Complex event processing tools can be used to analyze data streams in real time and either trigger automated actions or alert workers to patterns and trends.

By employing real-time analytics insurers can proactively make decisions and be informed about current market trends. It will help insurers to detect changes in behavior of customers on a real-time basis and provide opportunity to improve customer experience.

Tools in the Market

- Truviso's revolutionary Continuous Analytics software completely eliminates the need to batch, store, organize, and retrieve data before it is analyzed. This enables real-time analytical processing
- Oracle's Real-Time Decisions (RTD) platform combines both rules and predictive analytics to power solutions for real-time enterprise decision management.
- SAS Real-Time Decision Manager combines SAS Analytics with business logic and contact strategies to deliver real-time decisions and recommendations to interactive customer channels such as the Web, the call center, point of sales (POS) and ATM.

Web Analytics

Business Questions:

How often a customer visits your site? How can you enhance product offering and service quality? How can you drive traffic to your site and turn visits into sales? How can you customize your website for your customer? – The above can be answered by employing Web Analytics.

You can capture web data using Web Analytics and convert into valuable business information. It uses analytical capabilities like Data mining techniques, Predictive models, Analytics' interactive path analysis, interactive funnel analysis and can be used by companies to monitor key performance indicators (KPIs) and understand the factors that influence each business metric. This, in turn, will let you successfully refine marketing and service strategies to achieve business goals.

Enabling Technologies:

- **Offsite Analytics** - refers to web measurement and analysis regardless ownership of the website.
  - *Web server log file analysis* - a server log is a file (or several files) automatically created and maintained by a server of activity performed by it.
  - *Page tagging* – process includes images in a web page that shows the number of times the image has been requested, which is an estimate of the number of visits to that page. It also manages the process of assigning a cookie to the user.
- **Onsite Analytics** – analytics measure a visitor's journey once on your website.
  - *Click Analytics* – Is used to determine the performance of one's site, with regards to where the users of the site are clicking based on the "click path" traversed by the customer.
  - *Customer lifecycle analytics* - Page views, clicks and other events are all tied to an individual visitor instead of being stored as separate data points. Insights on to a visitor behavior and website optimization. All the information about a customer's hits, Page views, session, bounce rates, visibility time, page depth etc is analyzed to determine Customer Value.

Web analytics may help insurers to increase cross-selling and up-selling opportunities and provide support to users in completing online applications in real time. On the other hand, it provides more insight to the customer into company's website and its various updated offerings.

Big Insurance players have made a foray in the web analytics data not only through their own websites but also through their webpages created with networking provided through the Social Media websites.

Tools in the Market

- *Google Analytics* provides a completely free service that generates detailed statistics about visitors to your website
- *ClickStream data warehouse* is used to store click related data.
- *IP intelligence* maps the Internet and catalogues IP addresses by parameters such as geographic location, connection type, ISP, proxy information and can be used for segmentation.
- IBM Coremetrics, Unica, Mondosoft, Webtrends are popular web analytics tools. SAS and Oracle also provide some form of web analytics technology.

Big Data

Using advanced analytics, you can study big data to understand the current state of the business and track still-evolving aspects such as customer behavior. Big data analytics explores granular details of business operations and customer interactions that seldom find their way into a data warehouse or standard report.

The basic premise of the Big data stems from a Distributed system wherein multiple computers, communicating through a network are used to solve a common computational problem. The problem is divided into multiple tasks, each of which is solved by one or more computers working in parallel. Benefits of distributed systems include higher performance at a lower cost, higher reliability, and more scalability.

Companies can benefit from analytics across major parts of the value chain by combining real time data with "big data".

Enabling Technologies:

- *Big Table*: Proprietary distributed database system built on the Google File System.

- *Cassandra*: An open source database management system designed to handle huge amounts of data on a distributed system.

- *Cloud computing*: A computing practice in which highly scalable computing resources, are provided as a service through a network or cloud.

- *Dynamo*: Distributed data storage system developed by Amazon.

- *Google File System*: Proprietary distributed file system developed by Google.

- *Hadoop*: An open source software framework for processing huge datasets on certain kinds of problems on a distributed system.

An insurance company has access to a large volume of data available from different channels. Big data analytics can enable insurers to devise competitive pricing, support and improvise underwriting, track product's performance and develop and design newer products Insurers can analyze unstructured data like emails and other electronic documents using big data analytics which were previously inaccessible. These forms of information accelerate the investigation analysis related to any legal process and policy booking. Most of the insurers are still practicing traditional analytics model and big data is not yet a priority for them. In order to gain competitive edge they need to invest in big data analytics.

Fraud Analytics

One of the evil impacts of heightened Consumerization is the onslaught of Fraud activities. While technologies enable "Easy Access" they open a lot many doors for a variety of Fraud activities. Each of the newly introduced channels for the Digital Consumer is also a means for commitment of fraud. Analytical techniques can help detect fraud and curtail losses for all kinds of channels of Customer Access.

Using predictive analytics and statistical modeling techniques, fraud detection models can be employed at the transaction layer to generate alert for fraud. This can curtail the risks of Consumerization by reducing losses. The above analytical levers coupled with business strategy can leveraged to build Fraud strategies.

Enabling Technologies and analytical solutions

- Enterprise data architecture that standardize and rationalize data across the enterprise
- *Text analytics* for analyzing unstructured data like claims notes, customer service logs, police reports, medical records, etc.
- *Social network analysis*, which enables one to uncover organized fraud rings. Through associative link analysis patterns can be ascertained.
- Business Rule Management
  - Rules to filter fraudulent claims and behaviors
- Anomaly detection
  - To report new or unknown pattern of fraud using link analysis, text mining and profiling
  - Clustering to identify abnormal groups of claims
- Advanced Analytics
  - Data-mining tools to build programs that produce fraud propensity scores
  - Assessment against known fraud cases

Tools

- SAS Fraud Framework , Oracle Financial Services Fraud

Conclusion

While the impact of Consumerization poses many challenges, with the help analytics, one can leverage the opportunities and drive a win-win solution for the Buyer and Seller community across businesses.

Though the above techniques help capitalize the effects of Consumerization, not every organization is adept at employing Analytics in a seamless fashion. An insurance company must bear in mind the following key points while implementing any analytical tool and strategy.

- The Insurers should analyze the existing business model and select a tool which can be easily integrated to their IT infra.

- The tool or technology should be able to answer the key problems that a company faces.

- Security of the data at any point should not be compromised. As the market for Social media analytics is in the nascent stages of its maturity, it is important to enhance one's own integration robustness and IT security before the data warehouse starts talking to these tools. There are security implications around consumer devices, cloud and social media. Since huge amount of data interaction takes place through these technologies, companies need to be careful about securing sensitive data. Companies should have robust security in place to protect their critical systems, applications, and information, regardless of the device used to access them.

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About the Authors

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She is currently working for a leading US based health care insurance client as a SAS consultant in individual market analytics area. She worked on extensive data analysis and reporting that provided cost savings option to the client and also demonstrated success in multiple BI projects.

4

Going Viral!
A Phenomenal Shift
toward a New Normal?

- Baskar Sridharan, James Mitchell

Introduction

Commerce is an inherently social phenomenon, and word of mouth referrals have always been a key influencer in purchasing decisions.   In today's digital economy, this phenomenon is even more pronounced. Social media technologies are enabling a new generation of digitally active and mobile consumers to exert their influence and buying preferences in a new and exciting ways. However, most large companies especially in the insurance sector are still in the early stages of exploiting this new opportunity, and are learning their ropes on how to engage in the new social paradigm. Some even question the feasibility and return on investment on enterprise social media tools. Few have calculated the cost of not participating in social commerce and the risk of losing an entire generation of consumers.

In this paper, we explore these and other changes indicated by the adoption of social media from three perspectives:

1	The ability of social media to engage

2	Ability to democratize

3	The "New Normal" established for business enterprises especially the financial services by the social media revolution

Going Viral! - Ability of Social Media to Engage

With its ability to engage consumers in multiple innovative ways, social media has obviously caught the attention of a broad demographic. The first decade of the 21st century will be known for the emergence and evolution of social media. As recently as the year 2000, it would have been unthinkable to imagine family pictures and videos being played by strangers. Today, parents and grandparents celebrate when their home videos "go viral" and become the subject of millions of views per day. Today, it is common for grandparents to attend classes on Facebook to keep up with their grandchildren. The fastest growing site on the internet today is Pinterest™, a picture sharing site that is growing at a compound rate of over 50% per month, and is already creating more click- through traffic to product websites than Facebook™ and Twitter™ combined! Recent studies show that Facebook™ is evolving as a core medium not only for connecting but for sharing and exchanging goods and services. Most analysts consider social media a new channel within the field of digital marketing, which includes media technologies such as TV, e-mail marketing, paid search, and online banner ads. Given social media's ability to engage, it is not surprising that companies are investigating whether they can improve the effectiveness of their digital marketing efforts by investing part of their budget on social media capabilities. A few of the pioneers in the financial services sector such as CITI bank, American express etc. have invested heavily in these new technologies and have started building a solid network for fans.

A Phenomenal Shift - Ability of Social Media to Democratize

Part of the challenge of adapting existing business processes for social media lies in understanding that the locus of control has shifted from the marketer to the consumer. Social media has a natural tendency to promote ideas, and overcome barriers of time and space, and to enable collaboration among diverse groups of people from all walks of life.

Social media comes in many forms, but it is always democratic, rather than autocratic. While corporate marketing officers and CIOs struggle with how to leverage social media, political scientists have been quick to adopt social listening, and proactive social media campaigns, into their outreach programs. Flash mobs guided by secure micro blogs are performing all kinds of civic activities. Autocratic regimes are bowing to the organizing force of social communities, and geo based social networks, to have the voice of the people heard and their presence seen and felt. We have seen how one of the largest US banks had to reverse its fee policy in response to a closure campaign that went viral through social networks like Facebook.

One key understanding is that a single social lead may be an "influencer" within a social or technological ecosystem, in which preference is driven by "trusted networks" representing thousands of ultimate "connections". An individual's reputation rises or falls in a social community, based upon group evaluation of the merit of past content and contribution. Unlike other forms of digital marketing, social media elevates the role of an individual contributor above that of the marketer, recognizing the fact that influence has shifted from company advertising to social word of mouth. This is why it is important to identify an influencer from a participant in any customer segmentation strategy leveraging social media analytics.

A New Normal

Even with increased spending, the impact of traditional advertising is dwindling, in part due to increases in social channels, and in part due to general customer fragmentation. Social media is here to stay and it is fast becoming the new norm. Today's social media based relationship is active and requires significant care and feeding, overwhelming traditional approaches to customer relationship management. A social media based lead is not a simple history of company contact or a zip code based statistical profile. A social lead is alive and ever growing, with instant refresh available on a continuous basis from information pipeline utilities provided by social media sites. Combining the traditional information, with preference data and influencer related information from social leads, provides a powerful and unprecedented view of today's consumer.

Travel and Hospitality is a good example of the new normal. Today, buying decisions for travel and hospitality are mostly influenced by community discussions in social media sites like Trip Advisor™, not the traditional travel agent community. Another example of leveraging social media for service businesses can be found at Allstate™ Insurance Companies. The popular "Mayhem!" commercials at Allstate have become a viral sensation on YouTube™. As a consequence, the Twitter account Mayhem_man receives over 400 followers on a daily basis, with surges during high commercial play. Allstate is also an innovator with their 24/7/365 "Good Hands Community", which offers seamless navigation between Facebook™ and other public social media sites. One of the key considerations for adoption of social media by financial services sector is the necessity to offer the moderation features and the security required for insurance customer service and financial advice.

Social media in 2012 is similar to internet in its early days. It is too large to ignore and has proven its ability to engage. The initial adoption phase has been successful. Next generation consumers have raised the stakes by demanding products and service via these new channels. Inexpensive tools are now available, which in the right hands, can power a revolution or transform the way business is conducted across an entire industry. Successful growth oriented companies in the non-financial segment, not willing to forgo the social media based customer, are already making their message and their products available across Social Media touch points.

In this new normal, embracing social media in innovative ways has the potential to increase reach, reduce time to get a message out, reduce expenses associated with a targeted campaigns, and improvep brand consistency and awareness. But where does one start? The journey starts with defining a digital strategy aligned to the enterprise vision and business goals, acquiring capabilities to manage a social media based relationship, and continuous monitoring through social analytics. Failure to recognize the new normal may cause a company, an institution or an entire country to lose ground with one of the most affluent and connected generation of all time.

We strongly believe that, the insurance sector can overcome the Social media adoption challenges by focusing on enhancing the carrier's social media presence in order to:

- to successfully engage in social media on a long term basis and track online marketing initiatives effectiveness through state of the art listening and analytical capabilities

- to create and manage content for multiple digital channels and integrated campaigns

- to reach potential customers anytime, anywhere, with consistency

- to maximize "find-ability" for lowest cost through search engine optimization

For the next generation of insurance consumers, offering a superior buying experience with consistent & effective social media interaction, quick and easy, once and done buying and servicing options will be critical and in order to provide that the sector has to focus on social media as one of the critical vehicle to understand the customer needs better and operate in the new world.

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Baskar Sridharan, CIP, Sr. Principal, Management Consulting Services, Infosys Ltd.

Mr. Baskar Sridharan has 20+ years of industry and business/technology transformation consulting experience. Has led several Business and IT strategy consulting engagements through a combination of industry, business consulting and delivery capabilities. Baskar has been leading several business domain and strategy consulting engagements to deliver value driven transformational consulting solutions for insurance clients across the value chain. Has led the development of social media solution for insurance sector to engage with consumers and channel partners.

James Mitchell, CPCU Principal Consultant, Management Consulting Services, Infosys Ltd.

Jim has over 20 years of industry, consulting and business execution experience. He has most recently been working on producer compensation and information management systems. With large carrier and MGA background, Jim has deep experience in online acquisition and new business process mapping, quantification and sales force development.

Recent experience includes Broker Dealer Licensing and Compensation (FINRA, NIPR); Enterprise Producer Compensation; compliance; new channel creation, automated licensing and appointment, business case development, process improvement, distribution effectiveness and campaign design Has been a key contributor to the development of social media solution for insurance sector to engage with consumers and channel partners.

5

Catch them young……
Grow with them!!!!

…. consumerization in Life Insurance space.

- Amit Mahajan

Abstract

Insurers are standing on the verge of a huge opportunity in the form of consumerization led by social media. Those who are preparing well, stand a chance to catch the Gen Y and possibly Gen Z at the right stage. This paper talks about the imperatives that insurers need to position in order to connect with the consumers at an early stage so as to foster a long lasting relation.
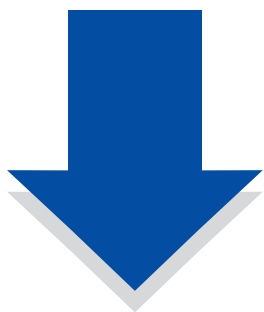
Introduction

At a recent forum, I heard one of the speakers touch upon the word consumerization in Insurance. While this term prevailed largely from a technology viewpoint but from a concept it can easily fit into the Life Insurance space. The term, consumerization, is believed to have been first used regularly in an IT industry context by Douglas Neal and John Taylor of the Leading Edge Forum in 2001.

The primary impact of consumerization is that it is forcing businesses, especially large enterprises, to rethink the way they reach and service their customers. While technology is one of the biggest enabler, consumerization enables alternative approaches. Products have become easier to use, and cloud-based, software-as-a-service offerings are addressing an ever-widening range of business needs in areas such as video-conferencing, digital imaging, business collaboration, sales force support, systems back-up, and other areas. Advancements in technologies, mobile applications, advent of notepads etc. have been particularly important in this regard. They have demonstrated that elements of choice, style and entertainment are now critical computer industry dimensions that businesses cannot ignore. Equally important, large enterprises have become increasingly dependent upon consumerized services as search, mapping, and social media. The capabilities of firms such as Google, Facebook, and Twitter are now essential components of many firm's marketing strategies. Mobile applications are becoming as important as creating websites.

The question is what now, what next and how soon in terms of capitalizing on this growing segment. It's either now or never!

Deliberation – Insurance Perspective

While this concept evolved in the Information Technology sector, the question is how best it fits in the realms of the Life Insurance space. Connecting the dots, the couple of questions that immediately come into perspective illustrated below point to one direction - Awareness. Creating awareness and clear interpretation of the benefits become important from an Insurers perspective.
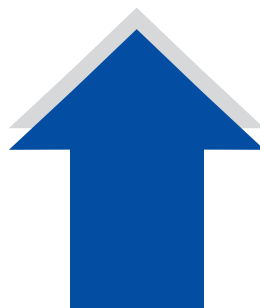
Consumer Perspective

- What was the main influencer in the last policy I bought?
- Did I go by the advisors wisdom or got online to compare products and rate?
- How did I go about looking for cheaper products offering the same benefits?
- What are the various tools/ mechanisms for me to explore and research on the best fit insurance product for me?
- How do I know if I made the right decision and continue with my existing policy?

Life insurer Perspective

- What are we doing differently to increase our market share?
- How well are we engaged with our customers?
- Have we created enough channels so that we are on the top of customers recall?
- Are we present everywhere, every space? (Branches, Internet etc.)
- Do we have products catering to the consumer's preference?

The insurance growth story of tomorrow may not come as much from the prevailing major model of selling through distributors, but will come from creating unique ways to capture market share. Insurers will have to creatively appeal to the potential customers by building loyalty and anticipating customer needs before they occur. To offset commoditization, insurers will keep innovating new products, simplifying and finding ways to engage with customers. As the saying goes "A journey of a thousand miles must begin with a single step", and the first step in fostering a long lasting relationship with the customers is creating awareness through various channels. Empowering consumers with the right knowledge, the right know-how will foster trust, leading to a symbiotic growth for both the consumer and the insurer.

Brands that deliver service excellence maximize business results. While value is important, consumers want more than simply the lowest price. They expect a superior product that is delivered in a compelling presentation, through fast and easy-to-understand processes that are supported by responsive and concerned people. In addition, the price must be perceived as fair and competitive.

Customer Excellence

Consumerization is all about engaging with the customers, creating a differentiated and excelling experience, for the recent economic conditions has put the focus back on customer retention. A high-quality experience incorporates significant aspects of technology consumerization. The convenience, ease-of-use and personalization that come with the consumerization of the ways policyholders, prospects, distributors and partners can interact with insurance carriers are examples of the winning service experience.

Gone are the days when Insurance was considered as a closed user group predominant sales happening through advisors. Today consumers control the devices that have the ability to access an insurer's data, and many insurers are scrambling to allow this new generation of consumers to do so in a controlled yet fulfilling way. It is all about providing excellence. If customers are buying excellence and they are the people who define excellence, one needs to measure whether they agree with the interpretation of excellence at that particular time. And this definition of excellence evolves constantly which can be achieved by doing three things — by listening, adapting, and always exceeding which for sure will be a winning combination.

Technology

Policyholders who are on their smartphones, tablets or laptops, hours a day using the Web, e-mail and Facebook have a completely different set of expectations. Those expectations are all about access anywhere, anytime and from any device. Most insurance carriers are not in a good position to securely offer it. While some organizations are undertaking research based solution in terms of what IT and technology can do to enhance customer experience, others are still clinging to the things that have made their lives easier—often at the detriment of what their business really needs from them. Like the age old saying "The only thing constant in life is change" it is imperative for organizations to stay ahead of time and in line with the consumers demand.

As per the The WebMarketing Group:

- Online insurance gets 40% of its traffic from search
- 4 of the top 5 search results point to comparison sites
- Online insurance is smaller than Banking & Finance but 5 times bigger than utilities

Social Media Statistics

For insurers the driver will be to tap into this huge segment and make it a part of the distribution mix while from a consumers perspective they can look at cheaper and easy to understand products as there will be no layers or commissions involved in selling through this segment. New York Life now gets 1 billion "positive impressions" a year from its social media initiatives.

facebook

There are now more than 800 million+ users
50% log onto Facebook every day while an average user spends 700 minutes per month on the site
More than 2.5 million websites have integrated with Facebook
56% of consumers say they are more likely to recommend a brand after becoming a fan on Facebook

twitter

Twitter has 225 million users with 500,000 users added each day
100 million of these users are logging in at least once a month, 50 million are logging in every day
34% of marketers have generated leads using Twitter and 20% have closed deals

Google+

Google+ was the fastest social network to reach 10 million users at 16 days
Experienced an increase of 55% in traffic in December 2011 from November 2011
It has been reported that there are 62 million Google+ users

Linked in

LinkedIn has 135 million users (as at Nov 2011), up from about 85 million in late 2010
49% of LinkedIn users have a household income over $100k
LinkedIn membership includes executives from every company listed on the Fortune 500

Social Networking

Women are more active on social media than men – 55% vs. 45%
57% of people talk to people more online than they do in real life
15% of 16-24 year olds prefer to receive customer service via social media over any other method

Source: "100 social media statistics for 2012 compiled by - Cara Pring

Demographics

The age old thinking that younger generation is more attuned to social networking does not hold good. As per the research by comScore Media Metrix on social networking penetration among worldwide demographic groups, Social networking reach in older segments has all but caught up, to the point where it's now quite similar across age groups. In fact, users 55 and older represent the fastest growing segment in social networking usage. Today's generation of teenagers and young adults age 15-24 represent a new breed of Internet users, often called "digital natives" for growing up alongside computers, the Internet and digital media. Looking at the future through the lens of a digital native, social networking is the norm and understanding this new breed becomes critical.

Social Networking Penetration Among Worldwide Demographic Groups

Source: comScore Media Metrix, Worldwide, October 2011 vs. July 2010

What's in for an Insurer?

With a vast untapped segment insurers need to start defining the opportunities; generate, refine, and evaluate marketing actions; monitor performance; and improve understanding of this segment as a whole. As per Accenture Multi-Channel Distribution Consumer Survey, April 2010 this becomes even more challenging considering 43% of consumers who plan to acquire an insurance product in the next 12 months, intend to do it online. Responding to this shift, insurers will need to evolve strategies to capitalize on this new distribution channel.

Capitalizing on this opportunity requires creating of an ecosystem encompassing the entire selling value chain i.e. curiosity to awareness to interest and finally the purchase. The pull aspect can be generated through

- Creating value for the consumer – In today's scenario consumers view transparency as the biggest value. Creating the right products, right pricing, option to customize the products and requirements are some of the key asks.

- Making the product readily available – Buy Online products in Life Insurance is the new normal. Not only do these products come cheaper but also reduce the hassles of buying what the agents want to sell. While mobile applications in life insurance are still largely used for premium payment etc., insurers will need to create products that can be purchased on the go, considering this pace is largely under tapped

- Creating segment based products – While the above data shows that the young generations access to these social media is higher, can insurers look at partnering with some of them so as to create a high visibility and recall factor

- Optimize internal processes – The age old saying of "Clock is ticking" is becoming more relevant for waiting time as patience levels are coming down. With ~ 70% of life insurance new business going through straight through processing (STP) the question to be asked is, what should be the optimum application to issuance (A2I) time? Can it be reduced further? Insurers are looking at moving to a complete digitization of the policy issuance process

- Creating awareness – Most critical of all the points are the awareness factor. Questions like
  - Do I need a policy?
  - Why should I buy a policy?
  - What is the product I need to consider?
  - Why buy from you organization and not from the other insurer?
  - Is this the right time to buy?
  - How much do I invest?

  need to be addressed through focused campaigns.

While a lot has been said about capitalizing on this segment risk and compliance norms need to be revisited and aligned as per the business objectives.

Summary

The changing trends are challenging the old concepts of doing business. Insurance long considered a push product is paraphrasing itself into a pull product enabling consumers to get what they want by the click of a button. Keeping customers engaged with the organization is becoming even more important not only from a competition perspective but also considering that economic swings are impacting new business acquisitions. There has been an increase in the way insurers are tapping into the social media segment but it's still a long way to go. The balance is tilting and the underlying message is to keep it simple, keep it cheap and make it accessible.

For the insurers Now is the time to change, Now is the time to engage with the new breed of consumers so that the growth story of tomorrow gets defined today.

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Amit has over 12 yrs experience in the Financial and Insurance sector. His current focus areas include operational optimization and process re-engineering for Insurance carriers. Prior to joining Infosys he has worked worked for the largest Private Life Insurance company in India.

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