

Why Digital Transformation Should Be Every Insurer's Top Priority

Plus: The Top Eight Considerations for Choosing Your Customer Communications Management System

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“Enterprises are spending excessively on print as electronic adoption remains tepid. They have too many decentralized and ungoverned output systems and confuse customers with incomprehensible language crafted by lawyers for other lawyers to read.”

FORRESTER RESEARCH

Introduction

With more people instinctively turning to their smartphones to interact with the world, insurance carriers are searching for new customer-centric ways to interact with their policyholders. Hyperconnectivity has drastically impacted how consumers behave, how they interact, and even how they think.

Customer expectations in the digital age are soaring. Consumers expect instant gratification and round-the-clock service, not to mention personalized content, user-friendly design, and flawless functionality. In a recent Pew Research Center study of smartphone users, 70 percent of respondents felt that their phone represented “freedom.”¹ For insurers, the fundamental challenge is how to harness this newfound freedom into meaningful communication—despite heavy government regulations, document-intensive requirements, and constrained budgets.

Consumers are choosing to view content and initiate transactions on small, handheld screens more often than ever before. While leading insurance carriers have made progress in enabling consumers to get quotes and manage claims online, the industry struggles with developing mobile-ready communications in all stages of the customer journey.

For consumers, reading insurance documents from a smartphone is often a frustrating, nearly impossible task. They’re forced to navigate PDF documents on small screens. Without device-aware, responsive content, consumers must repeatedly zoom in and out, and click and drag content. This is not the customer experience insurers want to provide.

Meanwhile, rapid technological changes and the convergence of social, mobile, cloud, and big data are fueling exponential growth. Insurers are beginning to realize the massive potential of making customer communications more dynamic and inviting. Advanced customer communications management (CCM) is the one of the most effective strategies to engage existing customers and prospects in the insurance industry. Consumers need an omnichannel experience—one that puts them at the center and gives them the freedom to engage using the device of their choice.

¹ Pew Research Center, “U.S. Smartphone Use in 2015,” 1 April 2015, <http://www.pewinternet.org/2015/04/01/us-smartphone-use-in-2015/>

Market Drivers to a Customer-Centric Communications Platform

Explosive Growth of E-commerce

The need for businesses to offer online payments, transactions, and customer support across all industries has become glaringly obvious. Since early 2014, the growth of e-commerce in the United States has been surpassing overall retail sales growth.² Worldwide, e-commerce sales are estimated to skyrocket from \$1.058 trillion in 2012 to \$2.357 trillion in 2017.³

More e-commerce transactions are happening on computers, however, mobile transactions are expected to grow significantly and quickly. A recent public statement from Brian Monahan, Vice President of Marketing at Wal-mart captures the immensity of mobile: “On Black Friday, over half of our traffic came from mobile devices.”⁴

In insurance, new policies sold online are expected to increase tremendously in the near future, according to Bain & Company. Today, 8 percent of new life insurance policies are sold online. In the next three to five years, that figure will nearly double to 15 percent. In property and casualty insurance, that number is estimated to jump from 10 percent today to 23 percent in the next three to five years.⁵

Hyperconnectivity: The New Normal

Considering the recent finding that mobile users reach for their phone 150 times per day, hyperconnectivity undoubtedly has a pervasive impact.⁶ Mobile devices essentially keep hyperconnected consumers in a constantly alert state with access to nearly unlimited resources—customer reviews, price comparisons, industry rankings, and more. Modern consumers may have always valued personal convenience, productivity, and flexibility, however, hyperconnectivity empowers them to be more in control than ever before.

Insurance policyholders know they can compare policy quotes and switch insurers within minutes. They can use social media to publicly broadcast their dissatisfaction with long hold times, high prices, or claims judgments they deem to be unfair. The “nonstop customer” of the digital age is very different from the customer of 10 years ago, according to the 2014 Accenture Global Consumer Pulse Research Study.

The nonstop customer is more likely to:

- conduct intense research before buying
- rely on customer reviews
- seek quick resolution through online channels
- constantly re-evaluate one’s experience and switch to other providers if the experience does not meet expectations⁷

² Cooper Smith, “U.S. E-Commerce Growth Is Now Far Outpacing Overall Retail Sales,” *Business Insider*, 2 April 2014, <http://www.businessinsider.com/us-e-commerce-growth-is-now-far-outpacing-overall-retail-sales-2014-4#ixzz3Y4l4Kw9V>

³ “Global B2C Ecommerce Sales to Hit \$1.5 Trillion This Year Driven by Growth in Emerging Markets,” eMarketer, 3 February 2014, <http://www.emarketer.com/Article/Global-B2C-Ecommerce-Sales-Hit-15-Trillion-This-Year-Driven-by-Growth-Emerging-Markets/1010575>

⁴ Cooper Smith, “U.S. E-Commerce Growth Is Now Far Outpacing Overall Retail Sales,” *Business Insider*, 2 April 2014, <http://www.businessinsider.com/us-e-commerce-growth-is-now-far-outpacing-overall-retail-sales-2014-4>

⁵ Bain & Company, “Global Digital Insurance Benchmarking Report 2015: Pathways to Success in a Digital World,” 2015, <http://www.bain.com/Images/GLOBAL-DIGITAL-INSURANCE-2015.pdf>

⁶ Kleiner Perkins Caufield & Byers, “2013 Internet Trends,” 29 May 2013, <http://www.kpcb.com/blog/2013-internet-trends>

⁷ Accenture, “Customer 2020: Are You Future-Ready or Reliving the Past?” 2014, https://www.accenture.com/t00010101T000000__w__/it-it/_acnmedia/Accenture/Conversion-Assets/DotCom/Documents/Local/it-it/PDF_3/Accenture-Customer-2020-Future-Ready-Reliving-Past.pdf



Given the expanding global population of smartphone users, insurers can expect more widespread impacts on behavior and perception. Sixty-four percent of American adults own a smartphone, up from 35 percent in 2011.⁸ As more consumers become hyperconnected, higher standards for customer service and real-time communications will become more widespread.

Millennials: A Powerful Consumer Group with High Demands

As executives and enterprise architects strive to improve their customer communications, they must develop an intimate understanding of the population segment with the greatest potential to impact the economy: the millennials.

These are the digital natives, born after 1980, who will make up 75 percent of the global workforce by 2025.⁹ They already comprise the largest population segment ever in U.S. history and are expected to outnumber baby boomers for the first time in 2015.¹⁰

What makes the millennial generation such a powerful consumer group is the combination of their net worth—estimated to grow to \$7 trillion by 2018—and their unique perspectives that impact their consumption. Millennials are more likely to spend money on experiences over things and trust online search engines over advertisements.

There are three statements that capture the mindset of millennials: Know me. Empower me. Wow me.

In order to win and retain loyal millennial customers, insurance companies must master all three.

- **Know me.** They expect their insurers to know their preferences and offer the coverage that is relevant to them.
- **Empower me.** They want the option to interact, pay, or conduct a transaction at any time from wherever they happen to be, using their chosen device.
- **Wow me.** They expect excellent service, relevant insurance coverage, and on-point pricing every time.

The Shift to Customer-Driven Communications

In many industries, particularly insurance, the communications approach was historically product-driven. An account would be activated for a product and a customer name would be attached to the account. Customers were perceived as less important than the product.

Today, with customer expectations at an all-time high, more companies are prioritizing the customer over the product. Gartner found that customer experience is the top innovation project for 2015. Even more telling, the same survey found that the highest marketing technology investment in 2014 was customer experience.¹¹

In customer communications, more businesses are searching for ways to adapt their communications to the customer journey. As Forrester Research reports, mobile users will not be satisfied merely with bills in static PDF format. More enterprises are adopting companywide initiatives to simplify the language, add more consistency in their branding elements, and improve the level of personalization.¹²

⁸ Pew Research Center, "U.S. Smartphone Use in 2015," 1 April 2015, <http://www.pewinternet.org/2015/04/01/us-smartphone-use-in-2015/>

⁹ Deloitte, "Big demands and high expectations: The Deloitte Millennial Survey," January 2014, <https://www2.deloitte.com/content/dam/Deloitte/global/Documents/About-Deloitte/gx-dttl-2014-millennial-survey-report.pdf>

¹⁰ Pew Research Center, "This year, Millennials will overtake Baby Boomers," 16 January 2015, <http://www.pewresearch.org/fact-tank/2015/01/16/this-year-millennials-will-overtake-baby-boomers/>

¹¹ Gartner, "Presentation for CMO Spend Survey 2015: Eye on the Buyer," <http://www.gartner.com/marketing/digital/research/digital-marketing-spend/cmo-spend-2015/>

¹² Forrester Research, "Brief: Ten Trends Will Reshape Customer Communications Management," 5 March 2015 <https://www.forrester.com/Brief+Ten+Trends+Will+Reshape+Customer+Communications+Management/fulltext/-/E-res120116>



Obstacles to Effective Digital Transformation

The extraordinarily high customer expectations in the last decade have led many insurance companies to explore various strategies to thrive in the digital age. They assess internal processes and infrastructure, then quickly discover major hurdles to digital transformation.

These are the three impediments insurers must overcome when modernizing customer communications:

Fractures in Leadership and Patchwork Legacy Systems

The combination of departmental silos and multiple document automation systems tend to hamper companywide efforts to overhaul customer communications. A common scenario is having dozens of systems within each department, each generating one particular type of correspondence. The idea of consolidating into one system suddenly seems a monstrous task.

Although more insurance leaders are attempting to improve customer communications, Forrester Research alludes to the silo mentality as the single leading factor keeping companies from converting their paper output systems to digital: “CCM implementations in enterprises today are not governed. They are decentralized and fragmented; they use scores of outside vendors and software platforms; and they are controlled at the department or business unit level.”¹³

Increased Costs and Complexity

Without the proper solution in place, implementing a digital strategy for any enterprise demands more staff time, adds complexity, and increases costs—particularly for mobile. The task of creating new mobile content becomes an extra step that not only slows down the entire process; it also puts the enterprise at risk for errors.

Employees responsible for generating documents typically turn to the IT staff or web development team to make content changes in the various output formats. Routine changes will typically land on a to-do list for the IT staffers, who then make each edit manually. The burdensome process delays communication with the customer, which further deteriorates the customer experience. Insurers with multiple lines of business suffer through the same inefficiencies on an even larger scale.

Government Regulations

Across the board, financial industries are struggling with the barrage of new government regulations established since the economic crisis, particularly by the Dodd-Frank Wall Street Reform and Consumer Protection Act. The regulations are becoming burdensome and expensive for financial services, banking, capital markets, and insurance.¹⁴ Regulations related to customer communications can be rigorous, mandating specific language, deadlines, and font sizes on customer notices and disclosures.

¹³ Forrester Research, “Brief: Ten Trends Will Reshape Customer Communications Management,” 5 March 2015 <https://www.forrester.com/Brief+Ten+Trends+Will+Reshape+Customer+Communications+Management/fulltext/-/E-res120116>

¹⁴ KPMG, “From Burden to Competitive Advantage: Regulatory Change and Transformation in Financial Services,” 28 October 2014, <http://www.kpmg-institutes.com/institutes/advisory-institute/articles/2014/10/burden-to-competitive-advantage-financial-services.html>



Since the 2010 creation of the Federal Insurance Office and the Federal Reserve's recently growing role in insurance regulation, experts see a push toward dual regulation in the insurance industry at the state and federal level. The U.S. insurance industry also faces pressure to conform to international regulatory standards in light of the International Association of Insurance Supervisors' (IAIS) recent efforts to create international capital standards.¹⁵

Customer Experience First

The exploration that often begins with trying to meet the high expectations of hyperconnected consumers ultimately extends to resolving the internal problems of the enterprise. Insurers that have relied heavily on their core legacy systems for decades are hesitant to implement costly system overhauls, yet well aware of the need to modernize.

Essentially, consumers and insurance companies are both seeking freedom: Consumers want freedom from the constraints of business hours, cash transactions, and their own schedules and locations. Meanwhile, insurance companies seek a sense of freedom from aging infrastructure, skyrocketing costs, inefficiencies, delays, errors, and pains associated with oppressive regulatory requirements.

The solution is an enterprise document automation platform designed for dual purposes: (1) to deliver the ultimate digital experience for customers and (2) to serve the entire enterprise without requiring it to rip and replace core legacy systems.

Modern CCM systems of the digital age dynamically create, manage, and deliver adaptive communications. They're able to weave through web, mobile, and print seamlessly. As a result, customers are never exposed to the limitations of existing legacy core systems.

Modern document automation platforms offer a cost-effective way to address the design and production of a broad spectrum of documents such as policies, contracts, quotes, welcome kits, and more.

With a quality system, users are able to do all of the following:

- repurpose existing content
- generate personalized documents
- create multiple outputs
- deliver across multiple channels
- integrate seamlessly with legacy back office and front office systems

The best document automation systems are able to support all business processes, including structured, on-demand, and interactive. For large insurers with multiple lines of business and multiple legacy systems in place, it's especially valuable for the document automation platform to integrate with existing systems.

Key Benefits to a Digital Customer Communications Management Strategy

- **Improve customer satisfaction.** The cost of attracting and on-boarding new customers is four to six times the cost of retaining existing customers. Advanced customer communications management systems present information in a way that's easier for the customer to understand. In the long run, customers are better informed, less likely to contact call centers and less likely to search for alternative insurance providers.
- **Faster time to market.** Documents are the critical components to product launches, openings in new markets, and compliance to regulatory reforms. Often, the most serious cause for product launch delays is the buildup of

¹⁵ Deloitte, "Forward Look: Top Regulatory Trends for 2015 in Insurance," 2015, <http://www2.deloitte.com/content/dam/Deloitte/us/Documents/regulatory/us-aers-2015regulatory-trends-in-insurance-242015.pdf>



documents that must be approved by regulators. Having a system that easily generates adaptive content to follow compliant language has a major impact on how quickly an insurer can take a prospect off the market.

- **Reduce risk.** In light of increased regulatory reforms since the financial crisis, insurers are working toward greater transparency. Document automation systems have built-in features designed to reduce risk, including approval workflows, history tracking, data validation, and full audit and log files for reporting.
- **Maximize effective customer engagement.** One of the inherent benefits of advanced document automation systems is the ability to create rich customer profiles complete with historical information. By providing the insurer with a 360-degree view of the overall customer relationship, the system empowers the insurer to engage customers, enforce customer affinity, and reduce customer churn.
- **Reduce costs.** Typically, large insurers with multiple lines of business, markets across jurisdictions, and numerous products use multiple legacy systems maintained by multiple vendors. They often require redundant training and additional IT staff involvement. Consolidating multiple vendor and homegrown document generation systems into a single customer communications management system significantly reduces costs immediately upon implementation. Not only does it slash application maintenance expenses, it enables changes to be done within minutes with a shared content concept. Additional cost savings result from decreased postage, reduced call center volume, faster processing times, and more.

Top Eight Considerations for Choosing Your Ideal Customer Communications Management System

Enterprise architects exploring new technology resources in document automation are tasked with comparing the pros and cons of over a dozen leading systems on the market. They seek greater flexibility and additional functionality without the complications that come with coordinating multiple systems. Mobile capabilities are also a top priority. Amid increasing competition, limited budgets, and higher customer expectations, the decision maker will inevitably feel a daunting task ahead. How does one identify the ideal CCM system to serve as an entire enterprise's single document automation solution?

Here are the must-have features for the ideal CCM system of the digital age:

1. **Adaptability to any publishing process.** The need for structured, on-demand, and interactive content output continues to grow in all industries. Online statements, custom quotes, and negotiated contracts are just a few examples of documents with variable content. The ideal CCM system allows the user to create and repurpose content once, then publish in multiple outputs.
2. **Device-responsive output.** Regardless of the device your customers choose to view your content (i.e., smartphone, tablet, or other device), the content should shape to the proper size of the device and display the most optimal presentation. Your customers should be able to conduct transactions through any mobile device.
3. **Browser independent.** A web browser should never impact customer experience negatively. Your customers should be able to view content, interact with your customer service agents, and conduct transactions through any browser. The ideal CCM system will display the best presentation regardless of the browser.
4. **User-friendly navigation.** Nontechnical staffers should be able to author and make changes to documents easily. CCM systems with nonintuitive interfaces are significantly more difficult and costly to implement throughout an enterprise for many reasons, including time-intensive training requirements. Your ideal CCM system will eliminate the need for redundant trainings and heavy reliance on IT staff.
5. **Version control, data validation, tracking, and auditing features.** Users should be able to lock down certain content—in particular, compliant language—and prevent others in the organization from modifying it. They should also be able to quickly find out who did what when. This reinforces compliance and transparency, which reduces risk to the insurer.
6. **Approval workflows.** Users should be able to submit documents easily to another user or group to approve or flag for publishing. Built-in workflows enable smooth document transfers and reduce confusion, error, and risk.

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- 7. Integration with legacy systems.** Legacy systems are often one of the major roadblocks preventing insurers from modernizing their technology. A CCM system that integrates with your core legacy systems will enable a pain-free implementation for the entire organization.
 - 8. Ability to support design programs.** Users should be able to use whatever design programs or tools they prefer when creating templates. Regardless of whether you use Dreamweaver or Eclipse, your ideal CCM system should support your design program.

Powering Enterprise Document Automation from the Inside Out: Oracle Documaker Mobile

At Oracle, our best-in-class hardware and software products were designed to eliminate the complexity that stifles business innovation. Oracle Documaker is the industry leading customer engagement platform for all customer communications across all touch points. Serving over 1,000 customers around the world, Oracle Documaker has been deployed in more insurance companies than any other customer communications management system. Business users rely on Oracle Documaker for high volume batch applications producing millions of documents a day, on-demand document requests, and interactive documents.

“Oracle’s global footprint and its extensive sales and services resources enable it to support Documaker implementations across the globe.”

GARTNER

Unlike other CCM systems that have been implemented at the department level, Oracle Documaker has a strong track record of enterprisewide implementations. Hundreds of multinational companies—including some with an active user base in excess of 50,000—use Oracle Documaker as their single source of truth for customer communications. This application has evolved over 20 years based, in part, on customer feedback in thousands of business use cases. As Gartner notes in a 2014 CCM market survey, “Oracle’s global footprint and its extensive sales and services resources enable it to support Documaker implementations across the globe.”¹⁶

The newest addition to the Oracle Documaker suite is Oracle Documaker Mobile, the critical mobile component that enables the ultimate customer experience in the digital age. Documaker Mobile offers the advantage of adapting to any publishing process, including structured output, on-demand, and interactive documents.

Empower your policyholders with the ability to interact with your content from wherever they happen to be. With Oracle Documaker Mobile, you can drive customer inquiries from communications to live chat, VoIP, or video chat with quicker response time and reduced telecommunications costs. Equip your customer service agents with cobrowsing navigation, helping them to resolve customer disputes in real time. You can also enable mobile bill payment and present dynamic content to nurture meaningful relationships with your hyperconnected customers.

Highlights of Oracle Documaker Mobile

Oracle Documaker takes data from your core systems, merges it with your templates, and runs your business rules to produce personalized output in any of the supported output channels (including data formats like XML, web or mobile platforms, e-mail, and actual print). The end result is a rich digital experience for your audience throughout the customer journey.

¹⁶ Gartner, “Magic Quadrant for Customer Communications Management Software,” 25 November 2014, <http://www.gartner.com/technology/reprints.do?id=1-25FCRVX&ct=141202&st=sg>



Here are some key features:

- **Responsive output.** Customers receive content in a device-aware, responsive format concurrently with traditional delivery. The customer decides what device to use to view the content. Whether they choose to use a smartphone, tablet, or laptop, the content will always present itself in the format designed for the device.
- **Shared business rules.** Users are able to follow existing business rules for print-based content selection to control mobile content. With Oracle Documaker Enterprise Edition as the central repository for content and business rules, there is no need to set up different business rules and manage content in multiple locations for mobile content.
- **Managed content.** Users can easily reformat print-based content into a device-responsive document for mobile simply by adding a target style set for mobile as Oracle Documaker natively separates rules and content from style. Documaker is able to send documents to an interactive environment where the user can personalize the document even further.
- **Web standards.** Users can design and style mobile documents using existing web branding. The Documaker design studio allows users to create templates and set business rules.

To learn more about how Oracle Documaker Mobile can engage your hyperconnected customers, speed up document creation, and reduce costs, visit oracle.com/goto/documakermobile.



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