

From Vision To Reality

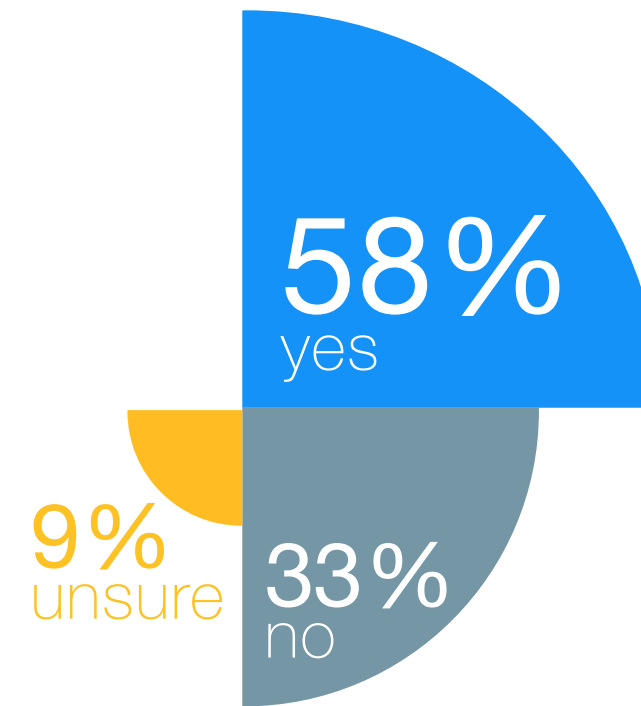
Why Technology Represents the Biggest
Opportunity for Insurance Distribution

From Vision To Reality

With shrinking margins and ballooning customer expectations, the vast majority of agencies, brokers, MGAs and carriers understand that the industry is becoming more technology intensive. Bringing this notion to reality creates a challenge and an opportunity.

In the recent revolutions in industries such as ecommerce, online travel and even transportation, one thing stands out—data is key. In the past decade, the insurance distribution industry has been facing fiercer competition from automated insurance options resulting in lower margins and higher customer expectations.

Our survey respondents include 102 brokers/agents (53%), insurers/carriers (32%), MGA (2%) and others. We found that in this demanding industry environment, insurance professionals and organizations realize that they must transform their operation to be more technology intensive. However, in reality, many respondents in the industry report siloed systems and unfriendly—and consequently rarely used—user interfaces.



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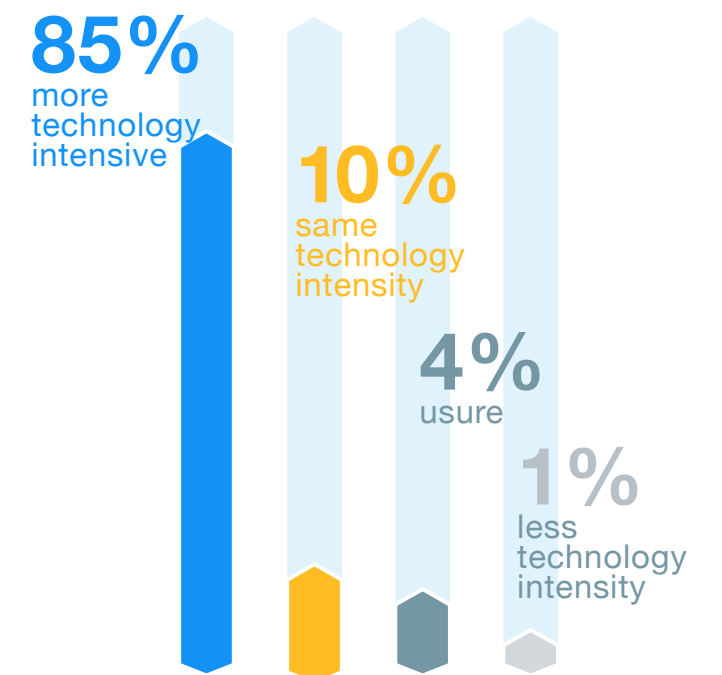
Do you consider your industry a software and technology intensive industry?

The vision: Increasing investment in software & technology

Our survey respondents deeply understand technology's role. Fifty-eight percent of the members of the insurance distribution industry report that they consider the industry to be "technology intensive." Furthermore, an overwhelming majority – 85% of the respondents – are saying that the industry is becoming even more technology intensive.

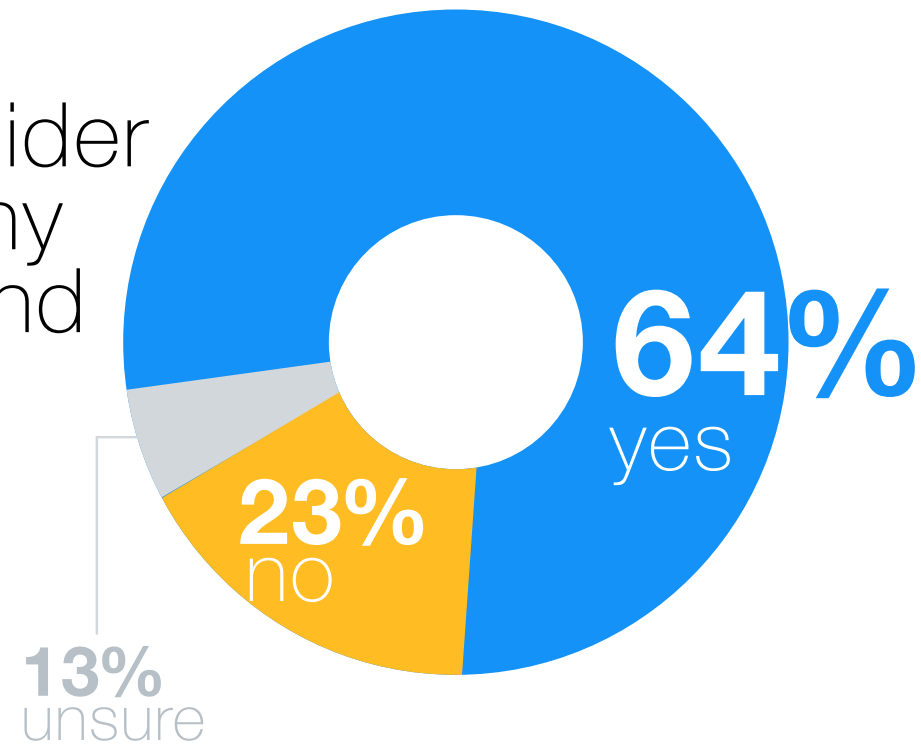
#2

Do you see the industry changing in this regard?



#3

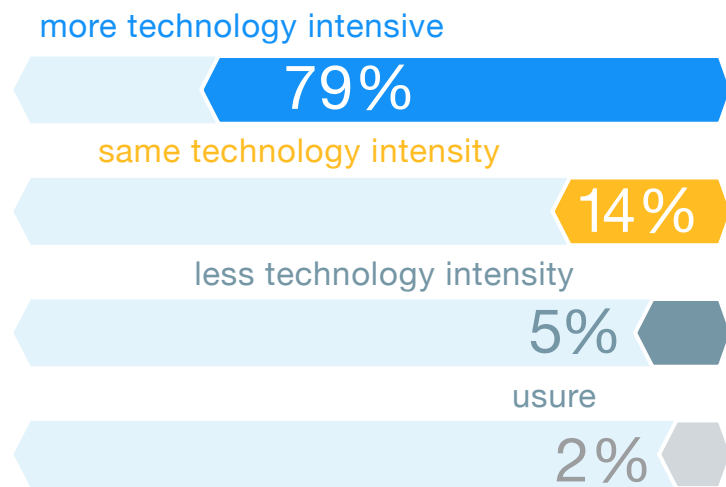
Do you consider your company a software and technology **intensive business**?



Our survey respondents were pretty confident about adoption of technology in their own company. Sixty-four percent consider their company to be a “technology intensive business,” while 79% see their company changing to be even more technology intensive.

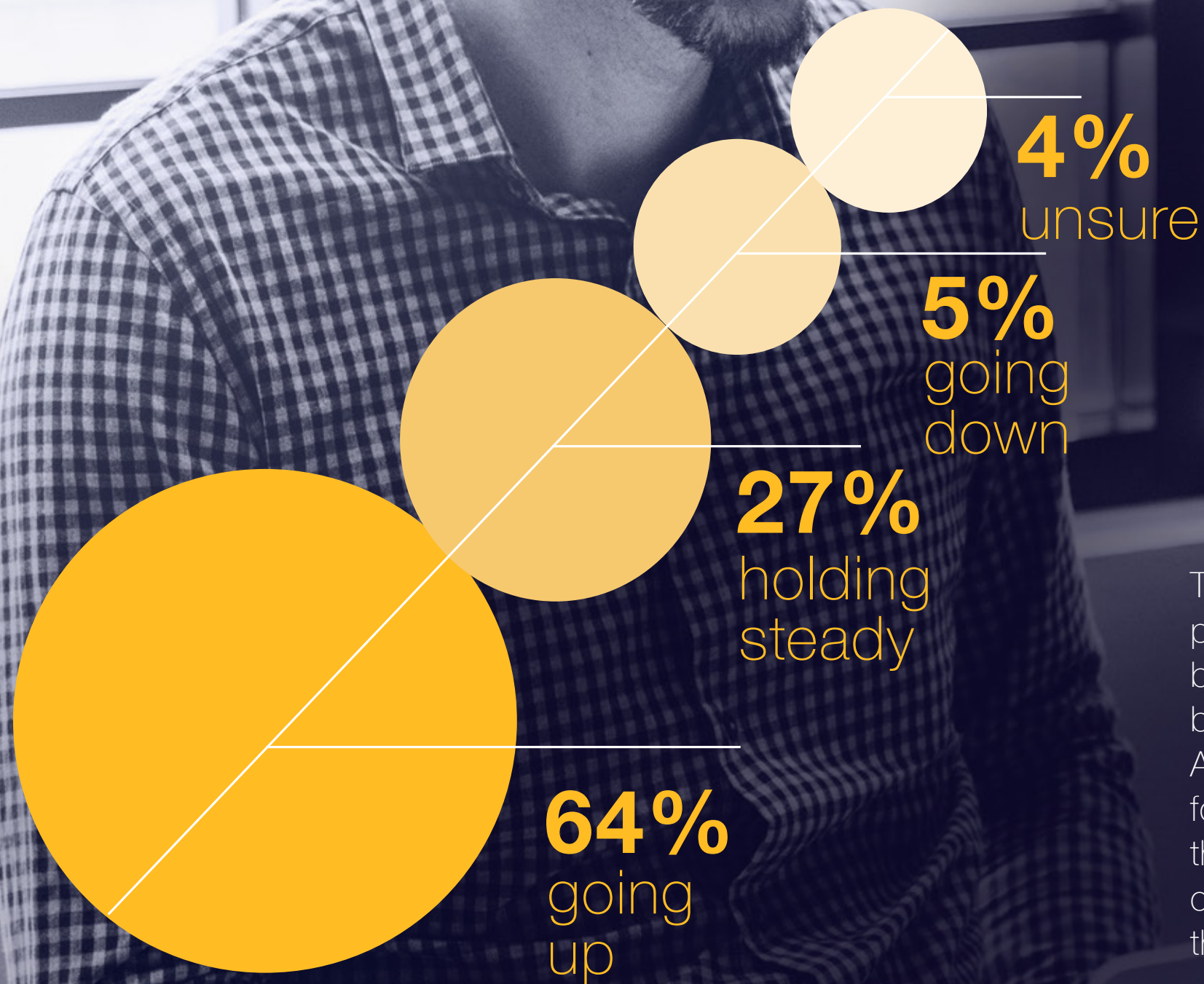
#4

Do you see your company changing in this regard?



#5

In your judgement, how is IT budget percentage changing with time?



The confidence exhibited by industry professionals that their company is becoming more technology driven is backed by an increase in IT budgets. And, as we know, money talks! Sixty-four percent of respondents report that their tech budgets are going up, while only 5% of respondents report that their budgets are going down.

Simultaneously, there is a large percentage of operating overhead devoted to IT. Sixty-three percent of respondents approximate that IT takes more than 11% of their company's operating overhead.

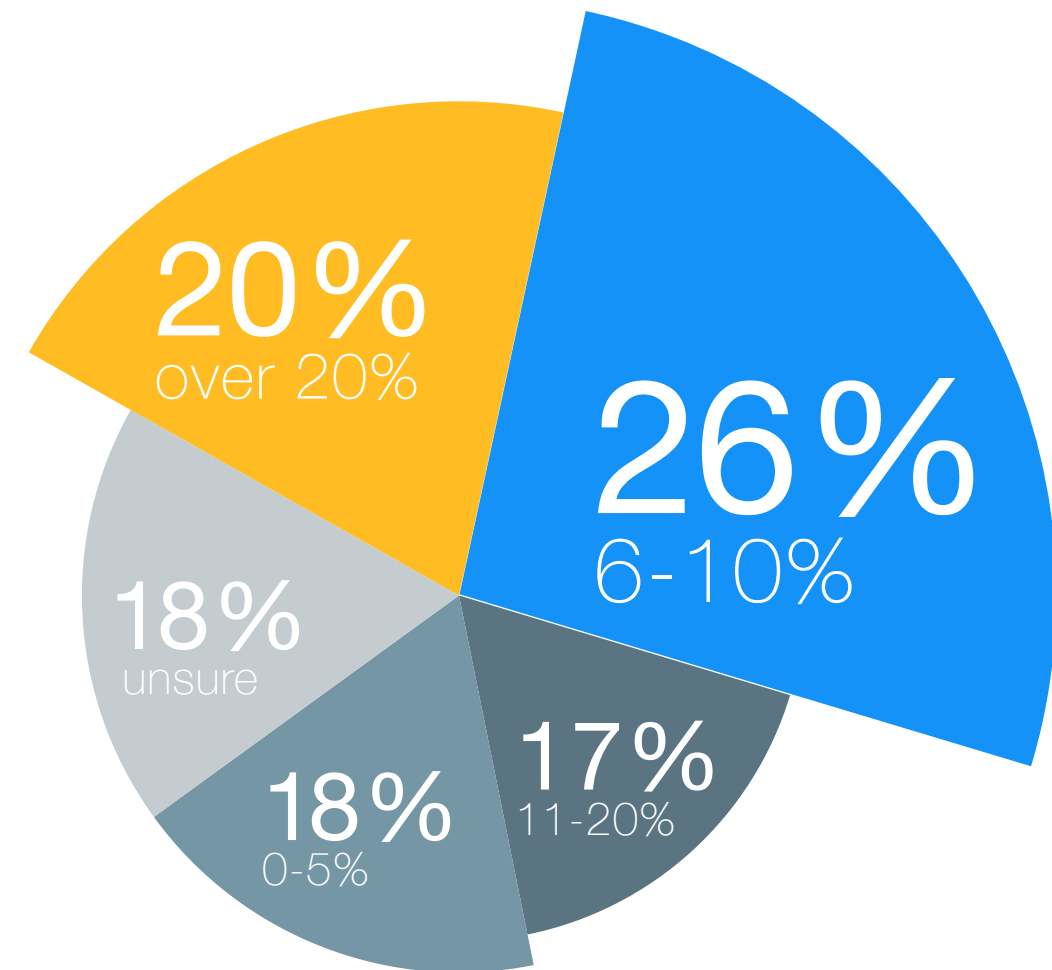
Summing up the numbers

Summing up the numbers, survey respondents consider the industry “technology intensive” and consider their companies to be highly vested in technology.

They are ready to invest the funds to make technology a core competency in their organization to help them grow the business and become more competitive.

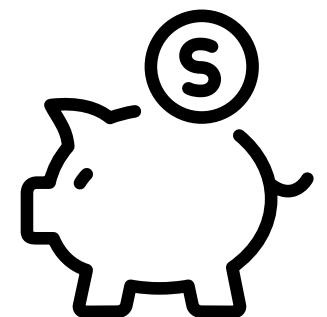
But is this vision a reality?

When we dive into the more granular details, we uncover a more challenging state of technology adoption.



#6

To your best approximation, what percentage of your **operating overhead is devoted to IT?**

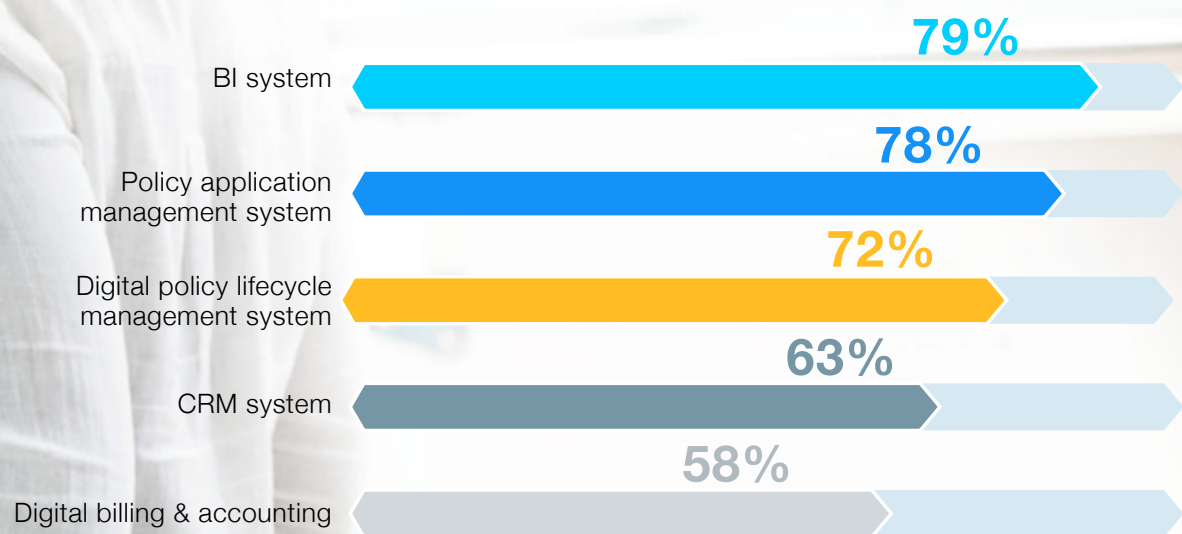
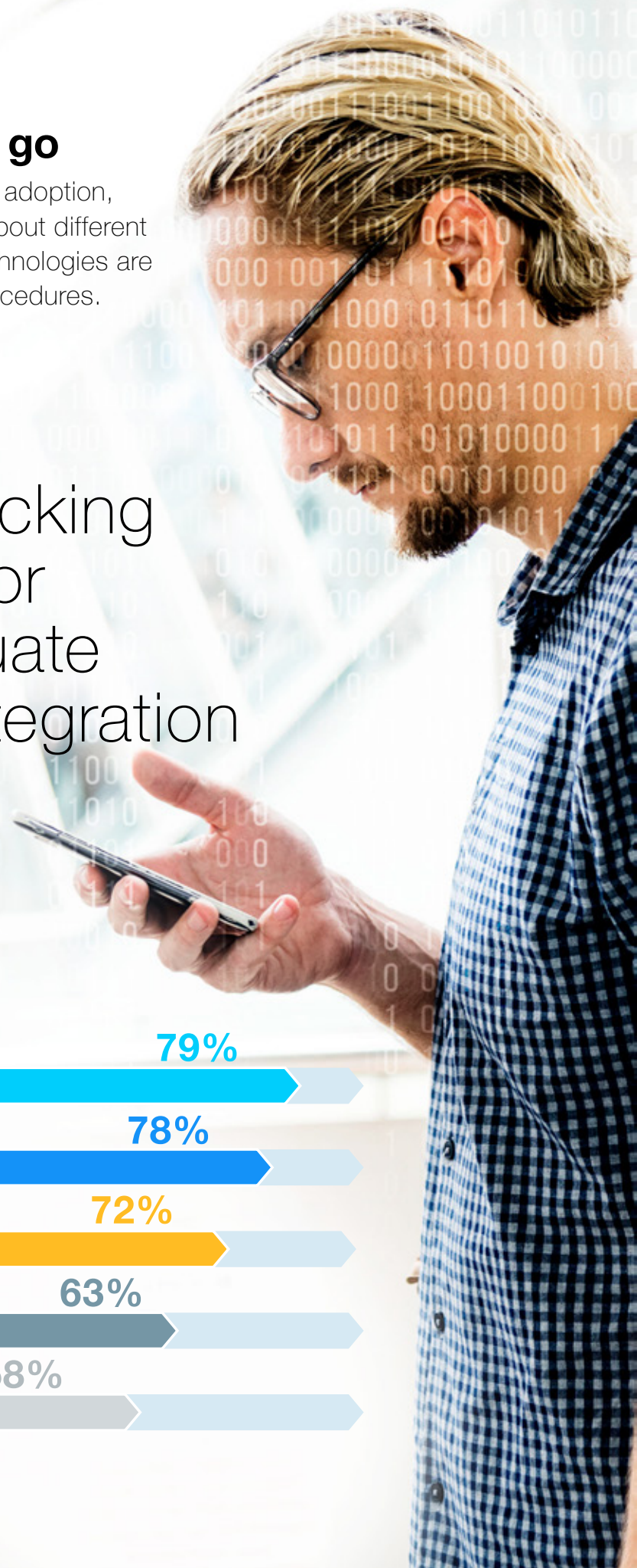


The reality: There's a long way to go

To see the actual level of technology adoption, we asked respondents specifically about different technologies, and whether these technologies are a part of their standard operating procedures.

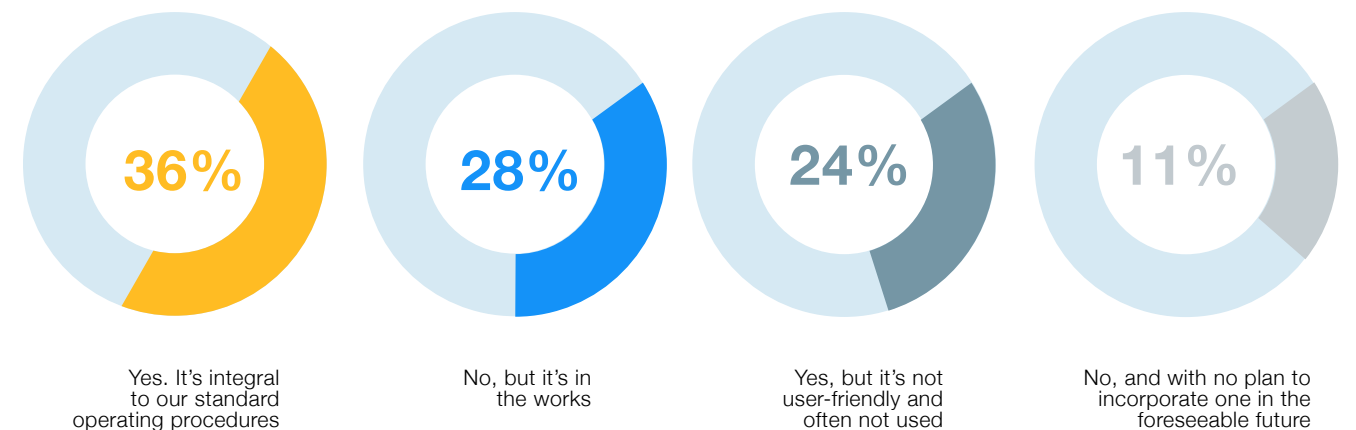
#7

Companies lacking technologies or without adequate technology integration

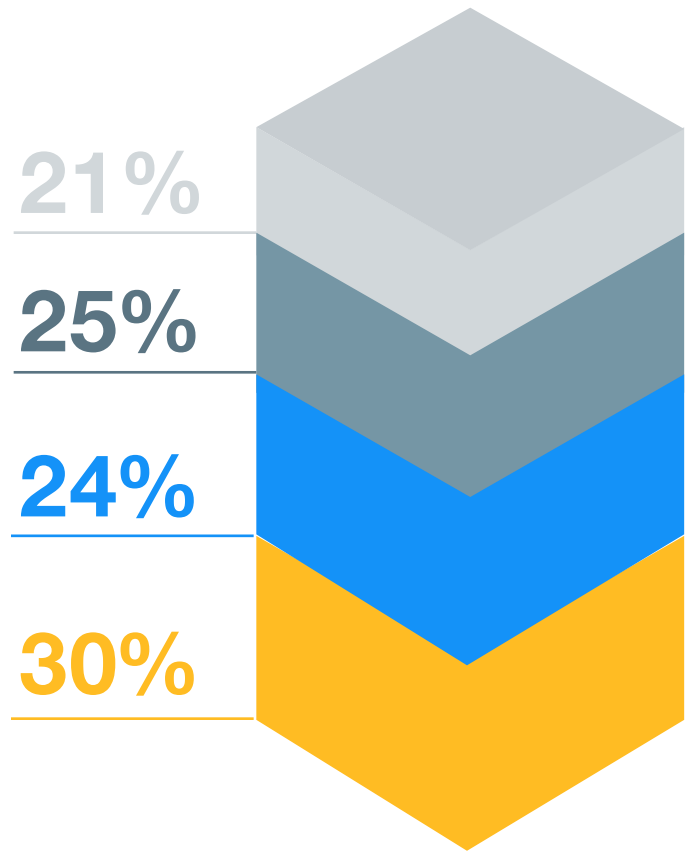


#8

Does your company have a **CRM** in place?



A customer relationship management platform (CRM) for robust prospect management, streamlined sales and efficient customer service, is one of the most basic and important tools in the industry. Yet, only 36% of respondents report that their CRM is operational and is integral to their business. For the rest, 39% say that they don't have a CRM system at all, or they plan to implement one in the future and 24% of respondents have a CRM platform, but it's not user friendly and often – not surprisingly – not used.

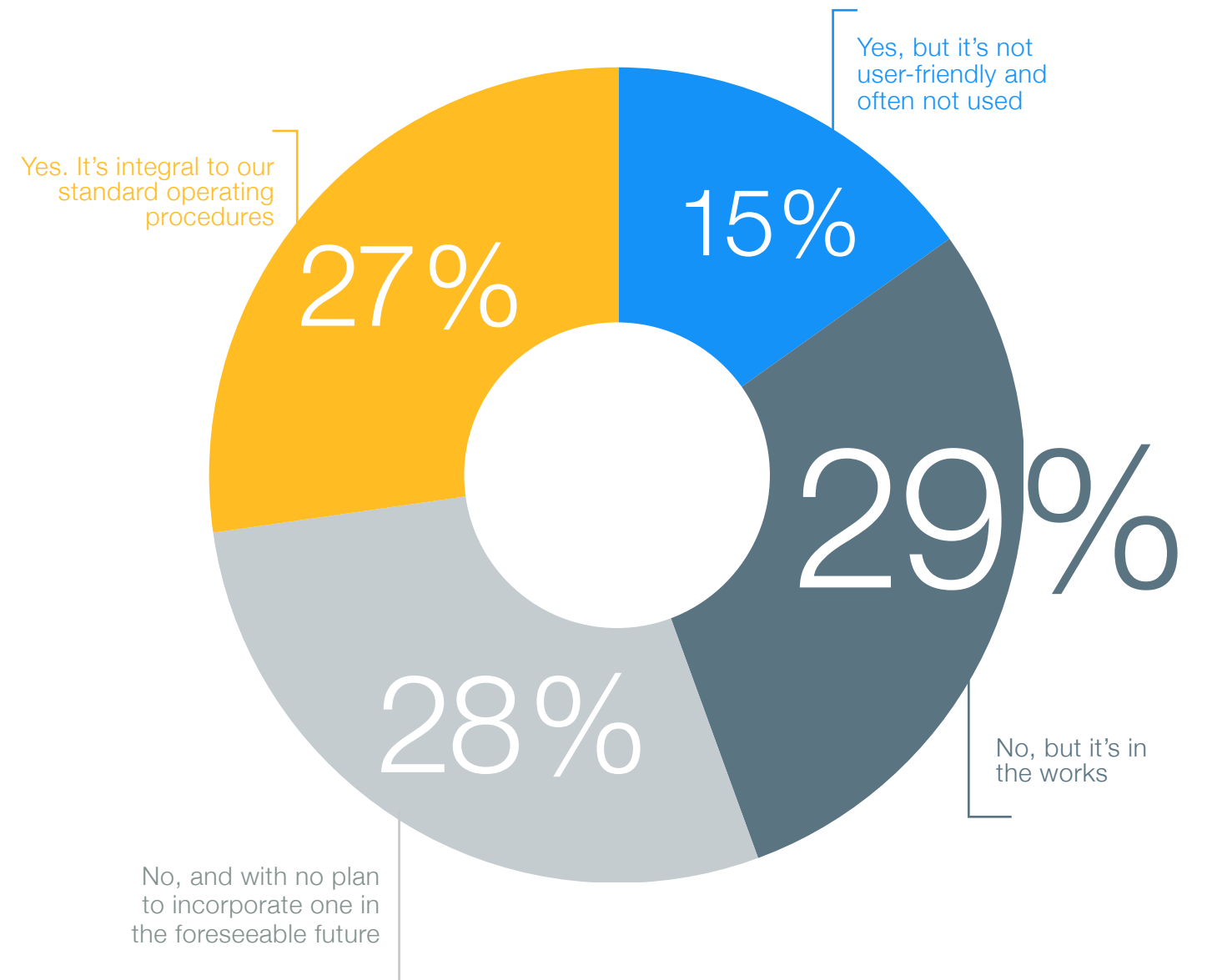


Another example is the policy application/quotation management system. Only 21% have a system that integrates with the interface of the insurer. Thirty percent have a system, but they are still working on integration, 24% don't have any system and another 24% have an integrated system that's not user friendly, and for that reason hardly used.

■ No, but it's in the works
 ■ Yes, but it's not user-friendly & often not used
 ■ No, we don't have one
 ■ Yes, it's awesome

#10

Does your company have a digital policy lifecycle management system in place?

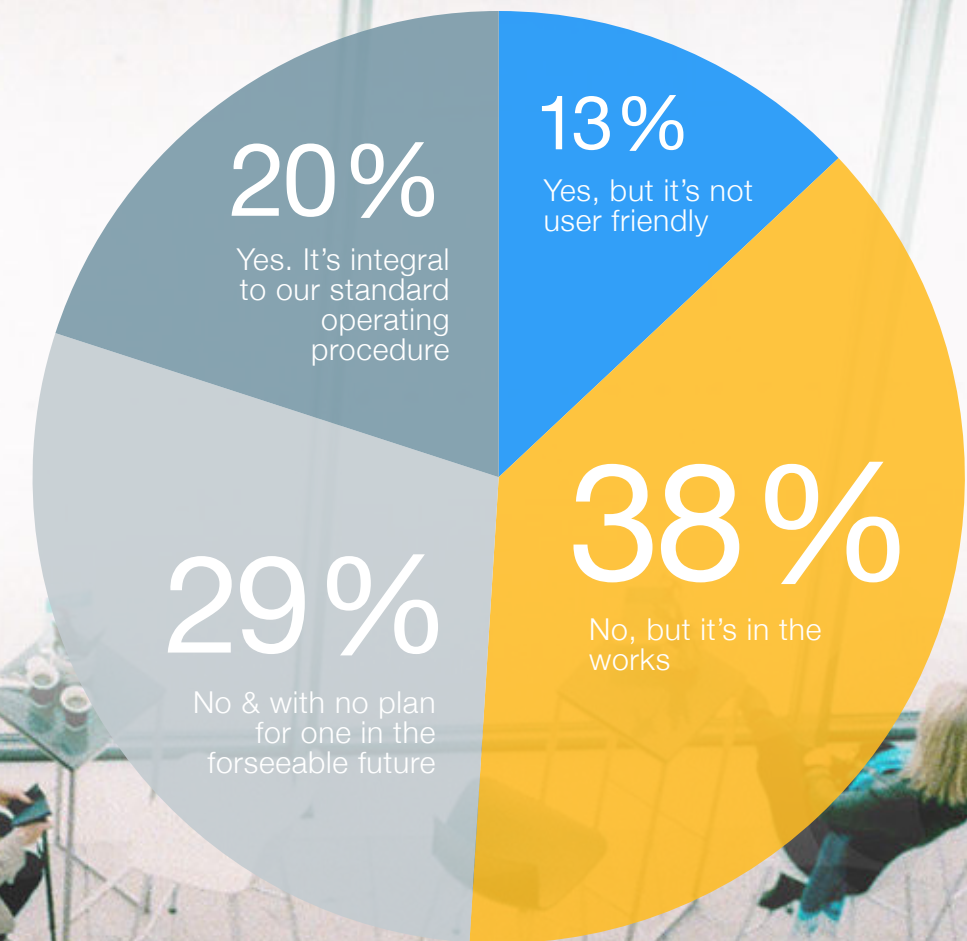


#9

Does your **policy application/quotation management system** automatically interface with insurer systems?

Another important system is business intelligence (BI). Among survey respondents, only 42% have an existing BI system when it is crucial in supporting the lifecycle of any organizational initiative – from planning and decision making to implementation and review.

When asked about key priorities, the survey respondents weigh in on the following: Cross-sell and upsell (27%), customer relations (50%), growth (47%) and data-driven monetization (30%). They also aim to have visibility on customer profitability (23%) and productivity optimization (18%).



#11

Does your business have a digital business intelligence (BI) system in place?

To support the identified key priorities, the right systems must be in place. And, at present, the systems survey respondents do have are not enough. Respondents report having two (27%), three (21%) or even as many as four systems (19%) covering main day to day operations of policy lifecycle management. But this is exactly where the opportunity lies.

The Opportunity: Outsmart the Competition

Agencies, brokers, MGAs and carriers are very confident about the direction of the industry – more software that's data driven. They're also confident about their vision and that their company is heading in the right direction – adopting more software and being a technology intensive business.

However, in reality, many struggle to successfully adopt the basic tools that enable the digital transformation, such as CRM systems, digital policy lifecycle management systems and a data-driven BI platform to analyze, visualize, and act on the data immediately.

See this as an opportunity.

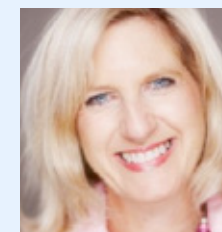
With a large percentage of operating overhead dedicated to IT amid increasing budgets, a preferred solution is diverting investments to a cloud-based system. IT systems are band-aids of legacy systems and not substitutes for substantive technological change in the current market environment. Conducting periodic upgrades to outdated systems while customer requirements and competitive options race into the future is a recipe for disaster.

A cloud-based solution will free up budgets for sales prospecting and other priority systems for business growth, improved workflows and efficiency. It will direct budgets to places where the company will benefit like having a robust digital policy lifecycle management that many respondents currently lack.

What are the other benefits of adopting cloud technology?

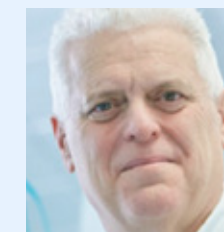
- There is no need to worry about hardware, software and other related IT expenses.
- It eliminates the need to acquire and maintain servers, operating systems, hardware devices and more.
- It is accessible from any device – mobile, desktop, tablet – anytime, anywhere.
- System upgrades/updates are done seamlessly and consistently freeing customers from cumbersome maintenance tasks and regular backups.
- Multi-tenant cloud technology, in particular, gives the ability to easily add new channels, new lines of business, new territories and new revenue streams in a short time and with low cost.
- And finally, automatically derive the benefits of availability, security, disaster recovery and compliance by harnessing the power and exploiting the application ecosystems of global cloud-based platform providers, for example Salesforce, Oracle and Microsoft.

Companies that manage to successfully integrate the technology stack with their standard operating procedure will be able to provide better customer service and focus more on profitability, growth and ability to operate on sound, data-driven management practices.



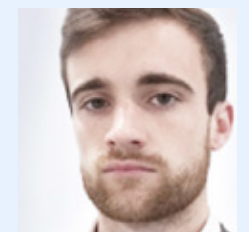
Lyn Grobler
Group CIO, Hyperion

"We are asking what can we give our business, our brokers, our clients most importantly, that will be useful to them. We are starting to put new data systems and data analytics in place to standardize and aggregate the data in the way that then helps the client, the broker, the business, and finally the shareholders and investors".



Howard Lickens
CEO, Clear Insurance

"There is not one version of the truth. Brokers have data sitting in pockets all over the place and never being reconciled. There must be huge efficiency gains but also extra insights that can be gained from all this data. The chaotic way that Commercial brokers have been managing their data should not continue. Tech is fundamental".



Ben Rose
AON Inpoint

"There is a big advantage to collecting data in consistent ways and bringing it together. There are so many types of analyses that can be done that you can only do when you get the data organized first. When you have a really good data set at your fingertips, as a broker you are then transformed, and your role becomes more valuable".

Here are 5 steps that can help you realize the **cloud-based & data-driven vision:**

- 1. Use technology, data and analytics to support and grow the business.** But as important is the need to foster a culture that embraces technology and data, working across the business with all levels of management to showcase the benefits in a way that delivers the best results.
- 2. Make quality and integrity of data a key KPI.** Get data organized in one repository, and then ensure it is consistent and standardized across the business. Quantification of time, resources, and effort and decisions based on accurate, actionable insights significantly impact both profitability and growth.
- 3. Insurance is a customer-centric business at its core.** Focus on building loyalty, value-add and personalized services to meet your customers' needs using aggregated customer data, real-time actionable intelligence to inform up-selling and cross-selling strategies.
- 4. Consolidate all functions and workflows across the entire journey, multiple business lines, and front and back office operations with an end-to-end platform.** The 360-degree view of the business will reveal growth opportunities that have remained hidden until now.
- 5. Consider a modern agency management system with the power of real-time customer intelligence and predictive analytics.** By investing in innovative technology, insurance distributors will be in a perfect position to evolve their offerings, stay ahead of the curve, and clearly differentiate themselves as value-add experts providing an optimized customer experience.

About Novidea

Novidea is the company behind the leading end-to-end, data-driven solution designed specifically for insurance distribution professionals and their customers. By consolidating all front-and back-office data and workflows into a unified view, the platform provides real-time visibility and actionable intelligence into the entire customer journey. The Novidea platform enables top-tier global brokerages, agencies, bancassurance and corporate insurance operations to optimize every customer interaction, expose opportunities for revenue and growth, and dramatically improve profitability and competitiveness.

The company has offices in the UK and US, with R&D based in Israel. Learn more at www.novideasoft.com