



BUYER CASE STUDY

Social Software Buyer Case Study: Farmers Group Uses Hearsay Social to Empower Agents While Maintaining Compliance

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IDC OPINION

This IDC Buyer Case Study features the Farmers Group unit of Farmers Insurance Group of Companies, a longtime seller of personal lines insurance policies and provider of other insurance services. To help its agents take advantage of social networking to grow sales of insurance policies and to support internal collaboration among agents, Farmers Group created a unified program through which agents access and utilize different social software systems. Social software has received increased attention over recent years, but the question of how end users are approaching business requirements, vendor/product selection, and solution rollout to achieve successful usage levels has been a top question among IDC clients. Farmers Group chose Hearsay Social to be part of its social software strategy based on the following criteria:

- ☒ **The platform's ability to run national programs down to the local level.** The platform had to manage and disseminate corporate content to localized agents.
- ☒ **The platform's ability to meet regulatory compliance requirements.** Because the insurance industry is regulated, communications to customers and prospects had to meet compliance requirements.
- ☒ **The platform's capability to provide analytics to evaluate social media effectiveness.** To determine the effectiveness of its social media program targeted at prospects and customers, Farmers Group needed to assess the program's reach and performance.
- ☒ **The platform's ability to meet the needs of key stakeholders.** Farmers Group needed social media managers to be able to manage and disseminate content over Facebook, LinkedIn, and Twitter while keeping the platform easy for agents to use.

IN THIS BUYER CASE STUDY

This IDC Buyer Case Study is designed to capture the business situation and drivers, metrics, implementation and adoption, outcome (anticipated and unexpected), next steps/future plans, lessons learned, and advice for other buyers considering a social software investment. Social software has received increased attention over recent years, but the question of how end users are approaching business requirements,

vendor/product selection, and solution rollout to achieve successful usage levels has been a top question among IDC clients.

To help other buyers evaluating social software and vendors developing, marketing, and selling these solutions, IDC is conducting a series of buyer case studies to highlight end-user organizational challenges, the evaluation process, solution attributes, the implementation procedure, and benefits and results achieved from select social software products. In this Buyer Case Study, IDC features Farmers Group, a unit of Farmers Insurance Group of Companies, a company containing multiple operating companies related to personal lines insurance. In April 2011, IDC interviewed Ryon Harms, director of Social Media, Farmers Insurance Group, to get insight into his experience.

SITUATION OVERVIEW

Organization Overview

Farmers Insurance Group of Companies is a personal and commercial lines (property and casualty) insurance group with approximately 15,000 exclusive agents. Although the company is a U.S. entity with headquarters in California, it is owned by Zurich Financial Service Group (Switzerland). Farmers Insurance Group of Companies, founded in 1928, is the third-largest insurance group in the United States and operates in 30 states. The company itself comprises various divisions and subsidiaries, including underwriters, reciprocal inter-insurance exchanges, a financial services company, and other small insurance companies. This Buyer Case Study focuses on the social software strategy from the entity of Farmers Insurance Group of Companies known as Farmers Group Incorporated (the Farmers Insurance brand).

Farmers Group does business as Farmers Underwriters Association, which acts as the attorneys-in-fact for three policyholder-owned inter-insurance exchanges, including the Farmers Insurance Exchange. It also provides nonclaims management services to these exchanges. These inter-insurance exchanges, directly or through other Farmers Group subsidiaries, offer homeowners insurance, auto insurance, commercial insurance, and financial services throughout the United States. The 15,000 exclusive insurance agents that sell insurance policies on behalf of those exchanges are themselves independent business owners.

Challenges and Solution

Business Challenges

Although insurance companies in the personal lines market establish brand presence through marketing and advertising, sales of policies comes from establishing a one-on-one, personal relationship between agent and consumer buyer. To an insurance company, the agent is the brand representative that the prospect or customer sees. But to the prospect or customer, the personal relationship is such that the insurance company appears as a brand extension of the agent. In this business model, the agent is, according to Harms, the "centerpiece of the company."

Successful agents connect with their local community, whether through charity organizations, "church," social clubs, or personal interest activities. Through these community relationships, the agent forges personal relationships with individuals. The agent then sensitively shifts these personal relationships into insurance policy sales opportunities. Typically, the first prospects a new agent approaches are from his/her "natural network," which comprises friends and family and their friends.

Agents must go wherever their communities exist. Today, with social networks, this also includes the social Web. Farmers Group faced two challenges in encouraging agents to engage through the social Web:

- ☒ Helping agents make effective use of social networks, including choosing the appropriate social platforms
- ☒ Ensuring that communications and interaction via the social Web address regulatory compliance concerns

Prior to Farmers Group creating and implementing its social software strategy, only a very small percentage of agents had experimented with — but abandoned — social networks, specifically Facebook. Out of 15,000 agents, 1,400 had Facebook pages, of which 1,000 had fewer than 10 fans. Harms speculated that these agents "probably just started it because people were starting Facebook pages but they weren't sure exactly what to do with it." In addition, the company had no insight into what these agents were posting, which was disconcerting to the marketing, legal, and compliance leadership teams.

Although agents are independent owners and not employees of Farmers Group, Farmers Group manages the business operations of the divisions and subsidiaries that form the company. This includes providing marketing, advertising, legal, regulatory, and compliance support to the company and its agents. In addition to planning a strategy to help agents successfully engage personal communities through the social Web, the company also saw that social software could be used to support collaboration within various internal company communities.

Selection Process and Business Requirements

As part of the company's overall social software strategy, Farmers Group embarked on two independent social software initiatives at approximately the same time: helping agents reach out to their personal networks, and supporting internal-facing collaboration within Farmers Group, including within the agent community.

The initiative to support agents' personal networks was started by the e-Business (Marketing) Department and used Facebook as the social networking vehicle and Hearsay Social as the social media management platform. The company chose Facebook because of its widespread consumer popularity and familiarity.

Farmers Group chose Hearsay Social after a careful evaluation process. The company compiled a list of vendors based on its own research and suggestions from Facebook. Eventually, Farmers Group eliminated all but four or five vendors and then quickly narrowed the choice to two candidates: Hearsay Social and another company (name not disclosed). Farmers Group initiated a three-month test trial to evaluate how

well these two platforms would meet the company's needs. Each vendor candidate was assigned its own group of 100 insurance agents who would use the platform in conjunction with Facebook. About halfway through the trial, it became evident that Hearsay Social was the right platform.

Farmers Group chose Hearsay Social because the solution met the following criteria:

- ☒ **The ability to run national programs down to the local level.** Farmers Group needed the platform to manage and disseminate content to agents. Agents must be able to customize content, within guidelines, to accommodate either locale-specific requirements or the specific character of the agent's personal networks. The company encourages agents to use a ratio of 40% company-supplied content to 60% personal content on their Facebook pages.
- ☒ **The ability to meet regulatory compliance requirements.** The insurance industry is a regulated industry. Farmers Group needed the platform to monitor content posted on Facebook, manage the creation and dissemination of agents' content, and archive communications between agents and their prospects and customers for regulatory compliance.
- ☒ **The capability to provide analytics to evaluate social media effectiveness.** The company needed to assess the reach and performance of its social media programs that target prospects and customers. This included determining the reach of its social media efforts, determining which content and programs were effective with customers and prospects, and evaluating the sources of growth and potential opportunities.
- ☒ **The ability to meet the needs of social media managers and address agent capabilities.** Although social media experts and managers need powerful capabilities to manage social media properties and are savvy with social media tools, most insurance agents are not. The platform needed to have the necessary management and content dissemination capabilities, yet be easy enough for agents to use.

The initiative to support internal-facing collaboration was started by the Strategic Marketing Department and used Jive Engage as the community and collaboration platform. Jive Engage provides capabilities such as blogs, documents, discussions, groups, spaces, projects, markets, rich media, video, social bookmarking, social media monitoring tools, security, and permissions. The platform can also store data on each individual's interactions, behavior, and content in a data warehouse.

Farmers Group selected Jive Engage for internal-facing communities because it could support collaboration across an extensive enterprise of approximately 20,000 participants that included the diverse employee communities of the Farmers Group subsidiaries and divisions as well as its agents. Within the agent community in particular, Farmers Group found that agents were helping each other with social networking best practices and sharing tips on using social media.

Solution

Hearsay Social

Hearsay Social meets both a corporate and a field-level need to manage and disseminate content via social media. At the corporate level, Hearsay Social lets management monitor for compliance and branding, distribute content and campaigns to the field, and measure results. At the field level, it allows local representatives and employees to select and edit content for their own social media pages to help generate leads and increase fans, followers, and connections.

The platform uses a standard multitenant cloud services stack consisting of Linux, Apache, MySQL, and Python, along with additional high-availability load balancers, data stores, caches, distributed queuing, and workflow systems. Hearsay Social integrates with Facebook, LinkedIn, and Twitter through both public and private APIs to allow content to pass between Hearsay Social and these other platforms. By disseminating and capturing content to and from these social platforms, Hearsay Social facilitates compliance with regulations and corporate governance guidelines.

Hearsay Social has a brand dashboard that provides a daily summary and real-time monitoring of performance metrics across social media channels as well as watchword filtering for profanity and client information. The solution also has the ability to suggest content for agents to post and provides reporting and analytics.

Implementation and Rollout

Farmers Group created a social marketing communications program called AgentPage to help agents generate leads and maintain relationships with prospects and customers. This program includes support, literature, and access to the Hearsay Social and Jive platforms through the Agency Dashboard. To encourage adoption, Farmers Group promoted AgentPage through all of the company's publications and magazines for agents including through the Agency Dashboard itself.

Once the decision was made to use Hearsay Social for social media content management and dissemination, the 100 agents assigned to the competing platform during the trial period were brought onto Hearsay Social. The Farmers Group strategy involved developing superusers out of the 200 agents from the trial program while the company developed its social media education and support infrastructure.

Farmers Group took advantage of its University of Farmers to deliver social media courses for agents. Additionally, Facebook and Farmers Group developed a series of Facebook Webinars tailored to the needs of the agent. Farmers Group allocated support staff and created materials to help address customer support issues. The current support infrastructure includes the Jive platform and email support. Harms emphasized the importance of the phone hotline so agents who "get stuck can call and get help," thus preventing them from abandoning the AgentPage program out of frustration. The content created to help address customer support issues includes a series of documents that cover topics such as how to set up a business page, how to set up a personal page, and how to get more Facebook fans. To ensure support calls and emails would be addressed promptly, support content was created by anticipating typical questions agents might have.

Harms set up a group on the Jive platform specifically to help agents use social media. Through this group, agents can ask each other questions or share ideas about social networking. They can also use this group simply to communicate among themselves about a variety of other topics or issues.

AgentPage launched in March 2011, after Farmers Group established its education and support systems. By that time, the company had an active community of 200 agents (from the test trial) in the program who were successful with Hearsay Social and Facebook, and who could provide community support through Jive. As of June 2011, AgentPage is still being rolled out to agents, with thousands of agents currently enrolled.

Results

Benefits

According to Farmers Group, the AgentPage program has been very successful during its first two months of operation. Using their social media community on Jive, agents have already started helping each other. Harms noted that this community "accelerated this entire process." With Hearsay Social, Harms can evaluate how well specific content works; for example, he can see the top posts that received the most "likes." Agents can see which posts are the most popular, which allows the best content to surface to the top. Additionally, agent communication using social media can be archived by Hearsay Social to comply with FINRA 10-06 and corporate governance guidelines.

The success of AgentPage stems from agents embracing the program. In fact, one agent added almost 1,000 fans in the past month. Harms hopes to determine why this agent has been so successful so he can replicate this success with other agents. According to Harms, AgentPage is such a success that agents have expressed sentiments such as "I'm so happy that Farmers is doing this. I feel proud to work at a company that's so forward-thinking and innovative."

Harms traced a significant number of policies sold back to agent interaction with Facebook "fans." Although sources, leads, and customers must be entered manually into the company CRM system, Harms can determine the number of policies, and their associated revenue, that result from Facebook fans. These metrics yield very credible KPIs for establishing a financial value on the AgentPage program.

Lessons Learned

The AgentPage program has been live for just over three months, giving the company an early glimpse of progress. Early goals included onboarding as many agents as possible, ensuring that agents take advantage of the support infrastructure being offered, and evaluating areas for improvement.

Farmers Group also learned that agents are willing to help each other with Facebook, which made Harms' job admittedly easier. Through this program, distinctions between the best use of Hearsay Social, Facebook, and Jive platforms for Farmers Group became very clear: Hearsay Social is how the company disseminates compliant

content and promotions as well as ensures the use of social media conforms to company standards and industry regulations while allowing agents flexibility in modifying company content; Facebook is how agents further or maintain relationships within their social networks; and Jive Engage is how Farmers Group nurtures the relationship between its agents.

ESSENTIAL GUIDANCE

Actions to Consider

Advice for Buyers

IDC has the following advice for buyers:

- ☒ **Develop a comprehensive and deep understanding of your social software users.** Social software solutions work best when you understand how users develop relationships and conduct business. This includes understanding their networks, collaboration practices, and if purchase decisions are influenced by personal relationships, how those relationships are initiated. Gaining this understanding will ensure your social software solution accomplishes the business goals you hope to achieve. In addition, you must gauge the degree to which users have fluency with social software tools. Depending on the users, and how quickly their social software skills may evolve, you may want the experience level of your users to influence choice of tool.
- ☒ **Build a support infrastructure that can meet user demand.** Assume users will experience difficulties with new technology and will need prompt help. Establishing a support infrastructure that covers all channels through which users will seek help, such as phone, email, instant messaging, discussion forums, and perhaps other social media, will ensure users get up to speed quickly and remain productive even when problems arise.
- ☒ **Evaluate the technology carefully.** Be sure platforms under consideration provide mechanisms to integrate with existing applications if needed. Consider usability in addition to the platform's capability to support business functions, workflow, and core software functions such as security and so forth. The right platform can quickly become the wrong platform if it is too difficult for users to learn easily. In addition, determine if the platform is sufficiently robust and scalable to meet current and future requirements.
- ☒ **Evaluate vendors carefully.** Be sure vendors have the experience, bandwidth, and resources to provide guidance and execute your social business strategy. This includes working with you to support organizational change strategies in addition to handling the technology project. Before making significant investments, also consider vendor stability and long-term viability.
- ☒ **Create effective change plans.** Put vehicles in place to ease adoption of your new social business solution. Remember to include formal training courses, Webinars, and other social software applications to ease adoption by communicating change and teaching users.

Advice for Other Vendors

IDC has the following advice for other vendors in the social software market:

- ☒ Consider the motivating factors driving the customer's social business initiative and also the business context in which the software will be used. Not only will this help you determine whether the customer is a good fit for your company, but this will improve your ability to deliver a successful solution that meets customer expectations.
- ☒ Determine whether your software is part of a larger solution. Doing so will help you understand the larger business context in which your software must work and will raise potential integration issues with other platforms and applications.
- ☒ Before starting a customer engagement, be sure your organization has the requisite experience, bandwidth, and resources to both help guide the customer and successfully execute the software implementation and deployment.

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Related Research

- ☒ *Worldwide Collaborative Applications 2010 Vendor Shares* (IDC #229202, July 2011)
- ☒ *Worldwide Collaborative Applications 2011–2015 Forecast* (IDC #228926, June 2011)
- ☒ *Worldwide Messaging Applications 2010 Vendor Shares* (IDC #229098, June 2011)
- ☒ *Worldwide Team Collaborative Applications 2010 Vendor Shares* (IDC #229043, June 2011)
- ☒ *Worldwide Conferencing Applications 2010 Vendor Shares* (IDC #228944, June 2011)
- ☒ *Worldwide Social Platforms 2010 Vendor Shares* (IDC #228808, June 2011)
- ☒ *Worldwide Integrated Collaborative Environments 2010 Vendor Shares* (IDC #228403, June 2011)
- ☒ *Conferencing Convergence: The Battle for Eyes and Ears Continues with Skype Acquisition by Microsoft* (IDC #cUS22822711, May 2011)
- ☒ *IDC's Unified Communications Ecosystem Taxonomy, 2011* (IDC #228042, May 2011)
- ☒ *Social Software Buyer Case Study: National Instruments Selects Lithium for Community Support and to Generate New Product Ideas* (IDC #228040, April 2011)

- ☒ *Social Software Buyer Case Study: Psion Selects Telligent Community to Drive Open Innovation with Customers* (IDC #227525, March 2011)
- ☒ *Social Business Goes Mainstream at IBM's Lotusphere 2011 Conference* (IDC #227317, March 2011)
- ☒ *Measuring for Success: Social Business Measuring Return on Investment (ROI)* (IDC #227519, March 2011)
- ☒ *Market Analysis Perspective: Worldwide Collaborative Applications Market 2010* (IDC #227452, March 2011)
- ☒ *Clouds Filled the Sky, But the Mood Was Sunny and Full of Chatter at Salesforce.com's Eighth Annual Dreamforce Conference* (IDC #226676, January 2011)
- ☒ *Worldwide Software Business Solutions 2011 Top 10 Predictions: The Hyperconnected Enterprise* (IDC #226541, January 2011)
- ☒ *IDC's Software Taxonomy, 2010* (IDC #222023, February 2010)

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