Delivering multichannel customer communication without replacing legacy systems

How insurance industry decision makers can extend the value of existing core systems and deliver low risk, repurposed modern customer communications anytime, anywhere – now.

Table of content

Table of Illustrations

Executive summary

There has been a lot of talk about repurposing outputs from antiquated legacy applications to deliver modern customer communications management (CCM), but little understanding of how best to approach it.

With budgets under pressure and profits dwindling, the ability to keep legacy applications in place is appealing despite their numerous drawbacks.

With the aid of commissioned independent research from the industry analysts Forrester, this paper looks at what repurposing is in relation to insurance companies. It reviews three options for updating systems to gain multichannel communications, comparing cost, risk and time to results.

Giving case study examples, it explains what business benefits to expect to your brand consistency, compliance, risk and sales opportunities.

Along the way, it will highlight thought provoking findings from a recent independent report. It will show that:

- More than two thirds of all customer communication outputs are print-based and not multichannel (mobile, email, web, etc)

- 70% of all insurance companies are planning to or are currently considering projects to improve their CCM in the next 12 months

Finally, this document will provide questions to help you choose your route for implementing multichannel customer communication strategy across your organization.

Modernizing communications

In today's insurance company, there are many legacy core systems of record and packaged applications that deliver customer communications in print and digital: statements, claims, welcome packs and marketing campaigns. Every business has a system of record and these offer great business value. And while they are fundamental to the business and perhaps part of a long term strategy to be replaced, they do a poor job at engaging the customer. They were adequate when print was the primary communication – albeit with multiple software patches on top of layers of old code, the risks and possible disruptions to the business mean that there is little incentive to change anything. This means system changes were less frequent – but are inadequate to meet today's communication challenges.

And unfortunately, ignoring limitations with these current systems of record is no longer a viable option. Changes in compliance regulation, customer retention, risk management, and capital reserve minimums all have to be responded to. Customer relationships must be strengthened and adapted. Also there is an ever-present need to control costs and improve profitability.

Insurance customers are changing how they want to communicate. Technology and channels that are readily used now were not even dreamt of 20 years ago when many legacy applications were being developed. Today's mix of channels will change again every year. Gartner (2012) predicts mobile phones are expected to overtake PCs as the most common web access device within the next two years.

Decision makers in the IT, marketing and customer services departments – and perhaps newly appointed customer experience executives – are all aware of the issues faced around communications. Survey results confirm that supporting modern multichannel communications is a top priority: replacing existing legacy applications with minimum disruption, a fast time to market and low cost (Figure 1). But how should this be done?

> "Engaging consumers is no longer about marketing to them… but about connecting and socializing with them."
>
> Deloitte, Consumer 2020, 'Reading the Signs' 2011

Why multichannel communications?

To be a customer centric organization means allowing your customers to control the conversation. Not everyone communicates the same way, and multichannel communications means adapting so you can talk to customers in the way they want.

Multichannel communications means moving from one to many, print – as the dominant form of communication – to delivering highly personalized communications through print, online, mobile, email and social media.
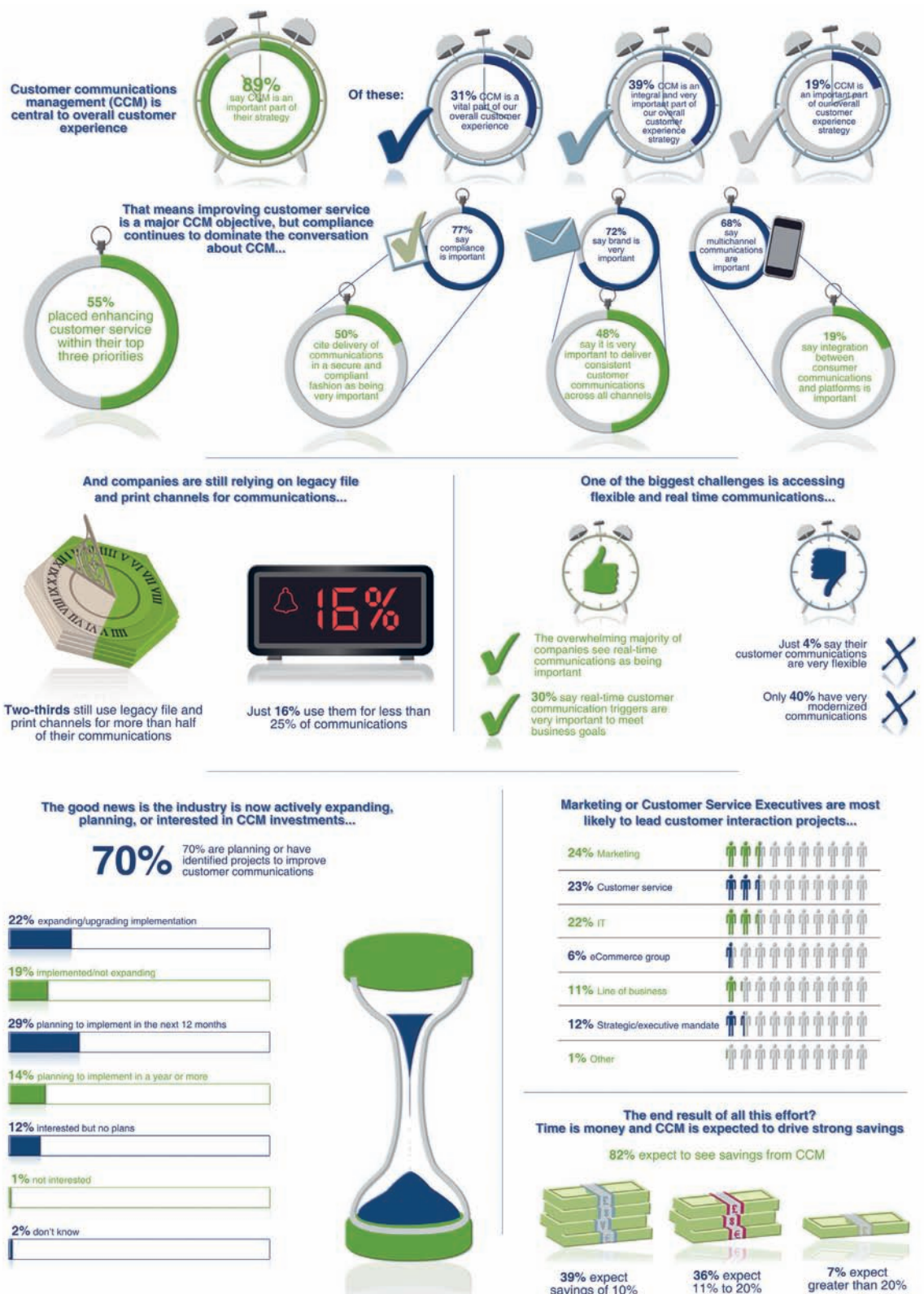
Customer communications management (CCM) is central to overall customer experience

89% say CCM is an important part of their strategy

Of these:

31% CCM is a vital part of our overall customer experience

39% CCM is an integral and very important part of our overall customer experience strategy

19% CCM is an important part of our overall customer experience strategy

That means improving customer service is a major CCM objective, but compliance continues to dominate the conversation about CCM...

77% say compliance is important

72% say brand is very important

68% say multichannel communications are important

55% placed enhancing customer service within their top three priorities

50% cite delivery of communications in a secure and compliant fashion as being very important

48% say it is very important to deliver consistent customer communications across all channels

19% say integration between consumer communications and platforms is important

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And companies are still relying on legacy file and print channels for communications...

△ **16%**

Two-thirds still use legacy file and print channels for more than half of their communications

Just **16%** use them for less than 25% of communications

One of the biggest challenges is accessing flexible and real time communications...

The overwhelming majority of companies see real-time communications as being important

30% say real-time customer communication triggers are very important to meet business goals

Just **4%** say their customer communications are very flexible

Only **40%** have very modernized communications

The good news is the industry is now actively expanding, planning, or interested in CCM investments...

70% 70% are planning or have identified projects to improve customer communications

22% expanding/upgrading implementation

19% implemented/not expanding

29% planning to implement in the next 12 months

14% planning to implement in a year or more

12% interested but no plans

1% not interested

2% don't know

Marketing or Customer Service Executives are most likely to lead customer interaction projects...

24% Marketing

23% Customer service

22% IT

6% eCommerce group

11% Line of business

12% Strategic/executive mandate

1% Other

The end result of all this effort?
Time is money and CCM is expected to drive strong savings

82% expect to see savings from CCM

39% expect savings of 10%

36% expect 11% to 20%

7% expect greater than 20%

Figure 1: Repurposing for multichannel customer communications: an overview of survey findings

Why repurpose?

Customers demand more and more from business. They are sophisticated shoppers and if they are not happy with your insurance products or renewal prices, they use social media to share their opinion. They want information on demand at any time and by the method that best suits them. Often, they will initiate a demand for information – not just passively receive communications sent to them.

Insurance companies are rightly concerned about how to address the explosion in consumer technology – the source the emerging power. They must now pay attention to the communications channels their customers are using, or lose out.

Insurance companies customer communications from systems of record historically didn't need to be anything other than print formats. Customer choice and today's elated customer experience needs were not on the agenda. Pulling data out of the system to personalize a customer experience was considered a bonus, at best.

Communications data, rules, templates, and approval workflows were contained in the system of records and delivered to stand alone production and fulfillment systems. Policies and renewal notices perhaps coming from an administration system and welcome packs from another and since each core system had its own communication rules and approach, there was no consistency in the look and feel of the communications. Output options were limited because of the age and inflexibility of these systems, e.g. black and white print, in some cases needing on to preprinted paper stock.

What is repurposing?

Repurposing is to create a flexible multichannel communications service that is external to any one core system or packaged apps to enhance communication by adding content like OMR, full color advertising, logos and barcodes – personalize, and deliver through any channel at any time.

Customer experience is vital for business growth and therefore customer communications has an increased profile. In fact customer experience is the top metric category in insurance today for measuring successful transformation projects. Part of that customer experience means looking at legacy core system outputs and how they can be repurposed.

Insurance providers that have embraced customer communications management (CCM) have seen their investment pay for itself quickly. Insurance companies looking to improve communications cite their top three goals as
1. Improved customer service with more rapid and targeted communications
2. Lower costs through increased automation
3. Improved quality and accessibility of customer data for cross channel and department initiated processes

Repurposing outputs for more rapid and targeted customer communication offers benefits not just in small isolated areas of the company, but can also help across multiple departments.

Brand consistency
When millions are spent yearly on brand awareness, to deliver substandard customer communication would be self-defeating, but sadly, it happens. Through poor language and inconsistency, brands are undermined by companies' fragmented approach to customer interaction.

Enterprises now realize that their brand – driven by traditional corporate messaging – is being undermined by the proliferation of customer touch points, particularly as consumers increase their use of social media. All customer interaction must be more strongly coordinated since the customer experience is the aggregate of all interactions.

Risk and compliance

Compliance and security are never-ending battles for the insurance industry. Of all the motivators for change, compliance and delivering communications securely dominate the CCM conversation, with regulatory requirements the main motivator. Failure to comply has serious financial and legal consequences regardless of which country you operate in.

For Property and Casualty (P&C) providers the web and mobile internet are driving customers to insurance comparison sites, and ultimately leading them to online account opening. For Life and Annuity (L&A) providers the human channel is still paramount for their complex products. But neither P&C nor L&A will experience the level of change projected for Health Payers due to healthcare reform, which will require communications to support millions of newly insured customers. In a heavily regulated industry these worries mean that it is essential to plan for new investments in communication to manage digital disruption and evolving regulations.

Flexibility

Every organization knows it needs to be agile, both to respond to market opportunities and to customers. Systems that are not flexible enough to deliver rapid communications and meet changing customer demands will hamper the customer experience.

Efficient sales processes

Existing silos of information stop insurance companies having a single view of their customer therefore inhibit cross- and up-selling services and products.

Having better CCM reduces complaints and supports sales initiatives, because people can be encouraged to self service, which also helps drive down call center costs. A highly personalized renewal notice offering a discount if their respond within a certain time, plus cross-selling with a service from another division, will increase profit and improve the customer experience.

Challenges of legacy communication infrastructure

For more than half of companies, print-based legacy systems deliver the bulk of customer communication. However, supporting modern communications is a growing struggle.

All the insurance companies that GMC surveyed were worried about smart devices, pervasive video and social media and how these had given new powers to the customer – allowing them to interact easily with customer service agents, pass information electronically, and complete business transactions on the run. For interviewed enterprises, there is a disturbing communications gap that is getting worse by the day. Respondents cited legacy systems that still dominate communications as a significant barrier to supporting modern communications.

Insurance clients demand high value, low cost services, the ability to meet changing regulatory requirements, and operational efficiencies. To respond, customer communications outputs have typically been managed in an ad hoc way.

Developing and implementing modern customer communications that allows the organization to access relevant customer data and repurpose it for effective multichannel communication can be seen as disruptive, revolutionary and costly. Why change something that still works, at least up to a point?

How to repurpose

Many core legacy systems that were designed and installed in the late 1970s are still in use today. Historically, systems produced single type or limited outputs (Figure 2) that tends to be only print based, with basic information in black and white. Over time they may have had a number of updates, patches, quick fixes and work-arounds to gain slightly improved customer communications. More than likely, poor upkeep of operational documentation means that no one may really know exactly what is happening 'under the hood'.
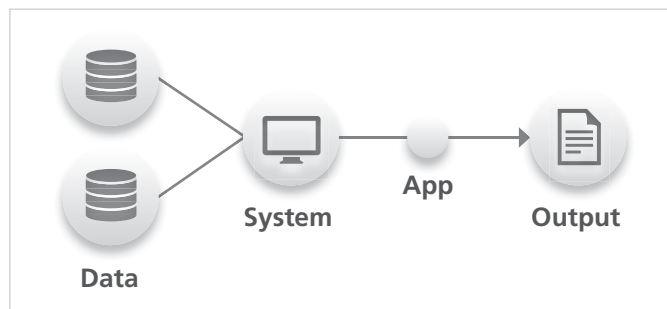
Figure 2: Example view of a single flow process to gain output

Now repeat that process across the enterprise to deliver other customer communications, (Figure 3) it become an IT, customer service and management headache. With this precarious operational state and deficient CCM, 65% of insurance companies surveyed, more than half of existing legacy systems for customer communications the output is still print based.
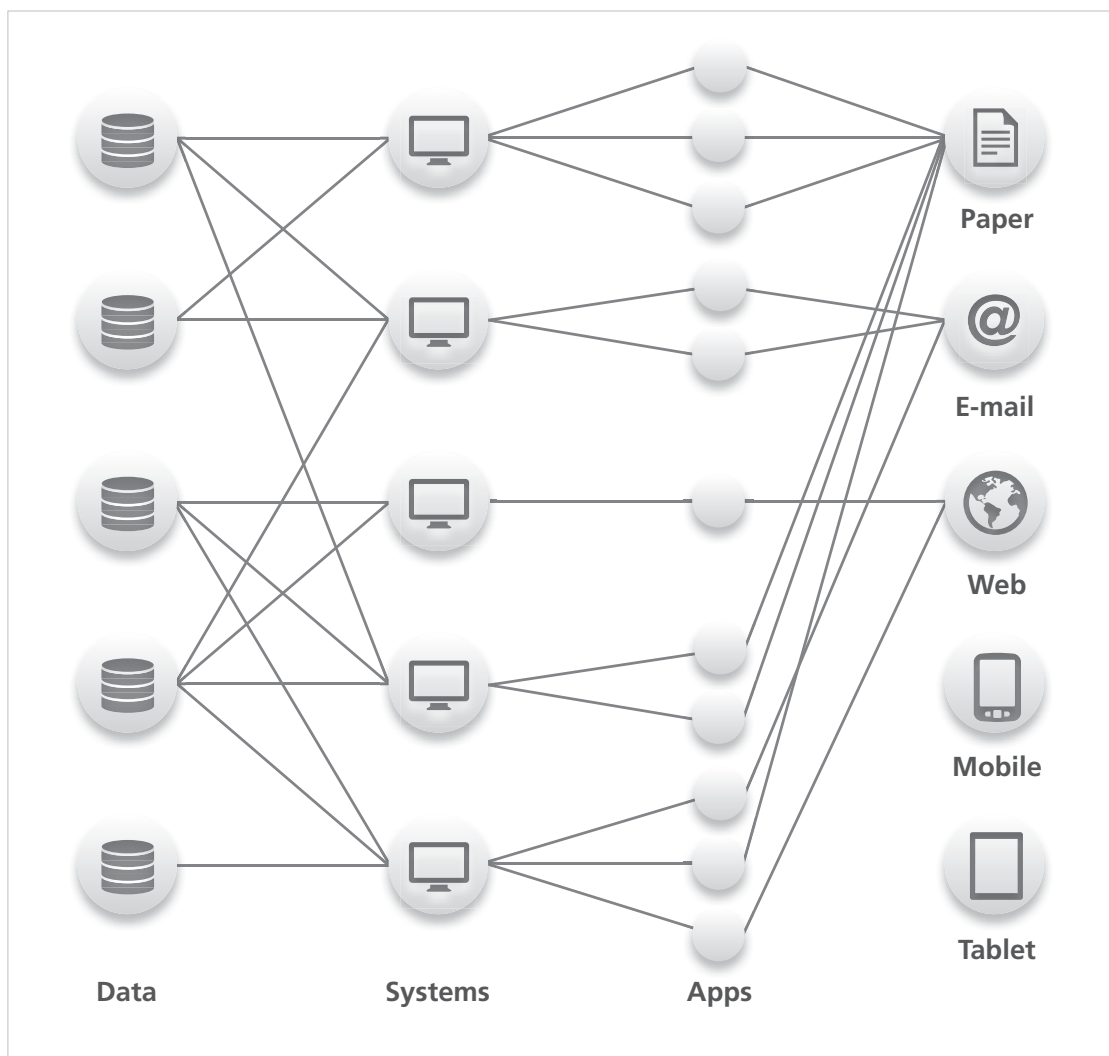
Figure 3: Example view of this single process repeated across an enterprise

This means that maintaining the legacy applications has become an issue, and a fear of interfering them. Also as people leave, they take knowledge with them so that in the end, nobody in the organization knows anything about the applications or how to manage them.

While customer communication and insight is poor, there is often a lack of true ownership from IT or line of business to address the problem – particularly when times are tight and budgets under pressure.

Transforming communication processes and infrastructure will require leadership, but there are many roles such as e-commerce, customer service, marketing and IT which all want a say. Line of business managers and the IT team must cooperate and share responsibility – but solutions that reduce risk and expenditure will make it easier to drive change through the organization.

Customer communications – today and tomorrow

We have seen what an Insurance company's infrastructure for customer communications could look like. Moving to a better solution has several approaches.

Depending on the enterprise's taste for risk, cost, and time to market, the attempt to deliver communications other than print has in the past tended to follow one of two approaches: a radical rip and replace, or a more practical, incremental methodology. But now there is a new, third option: the Inspire approach.
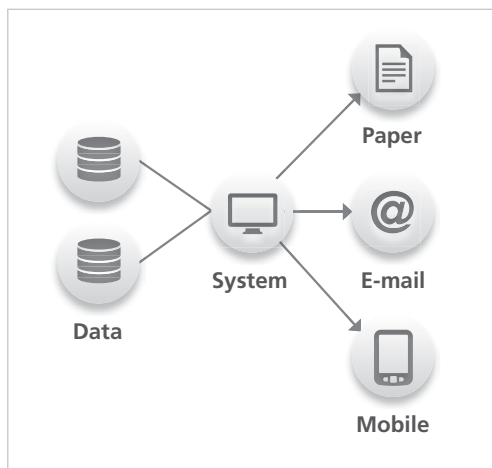

Figure 4: The rip and replace approach

Option 1 – rip and replace

By far the most extensive and radical approach to improving communications from core systems is to implement a system-wide restructure (Figure 4). This entails the ripping out of existing customer communication applications and replacing it with a single central CCM system. The approach would be high risk, slow to implement, even longer to deliver benefits, and staggering set up costs.

Historically the rip and replace solution has been the stumbling block to make any change to the systems and that has lead to other creative approaches to the problem. This option also calls for a system revolution to deliver modern communication needs, rather than evolution.
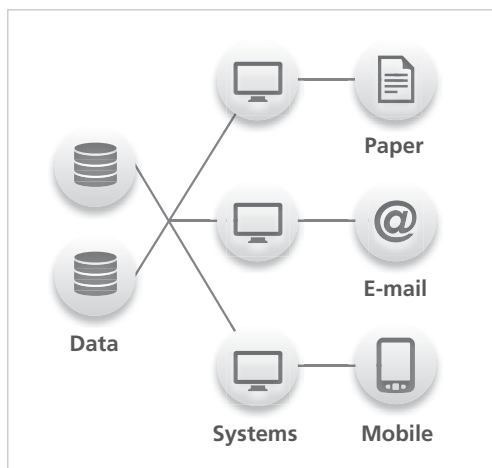

Figure 5: View of adding CCM aligned to channels

Option 2 – keep on adding

By far safer then option one, is to accept that individual core systems can only deliver part of the communications needed within the enterprise. This approach requires the integrations of additional systems into an aging infrastructure and deliver one part of the solution. In practice this would mean one CCM system per channel (Figure 5). To have all your customer communications channels met will mean multiple dedicated systems all aligned to their communication outcomes. These additional systems can be integrated as skills, time, budget or demand requires them.

However, it is considered as a reactionary solution rather than a strategic solution that drives the direction of communications. Each system will need its own set of support staff, upgrades, plus time to train staff, large budgets and detailed documentation. This approach in the past has been the most pragmatic to take, but has only kept Insurance providers limping forward and in-step with current market and customer needs.

Adding more systems is low risk but can also be slow and expensive – and is by far the most costly option to maintain. The maintaining aspect should not be underestimated. With the rising costs of new systems and the continuing maintaining of old systems, adding systems is the line of least resistance.

Option 3 – the inspired approach
Rather than undertaking the costly and revolutionary rip and replace approach, or the add systems as you need them, insurance organizations need to consider adopting a holistic and evolutionary approach that avoids the need to rebuild data structures, content and business logic. This inspired approach (Figure 6) maintains the value of the existing environment, and the integration of the legacy system.

Adopting an evolutionary approach will allow access to all relevant data via the legacy systems without the need to change them. Any number of systems either in isolation or as a group of systems, can be combined to deliver any customer communication. Taking any of the outputs straight into for instance, GMC Inspire means legacy applications do not need to be interfered with, which buys the IT team time to consider its options and move forward at a pace they choose rather than one dictated to them.
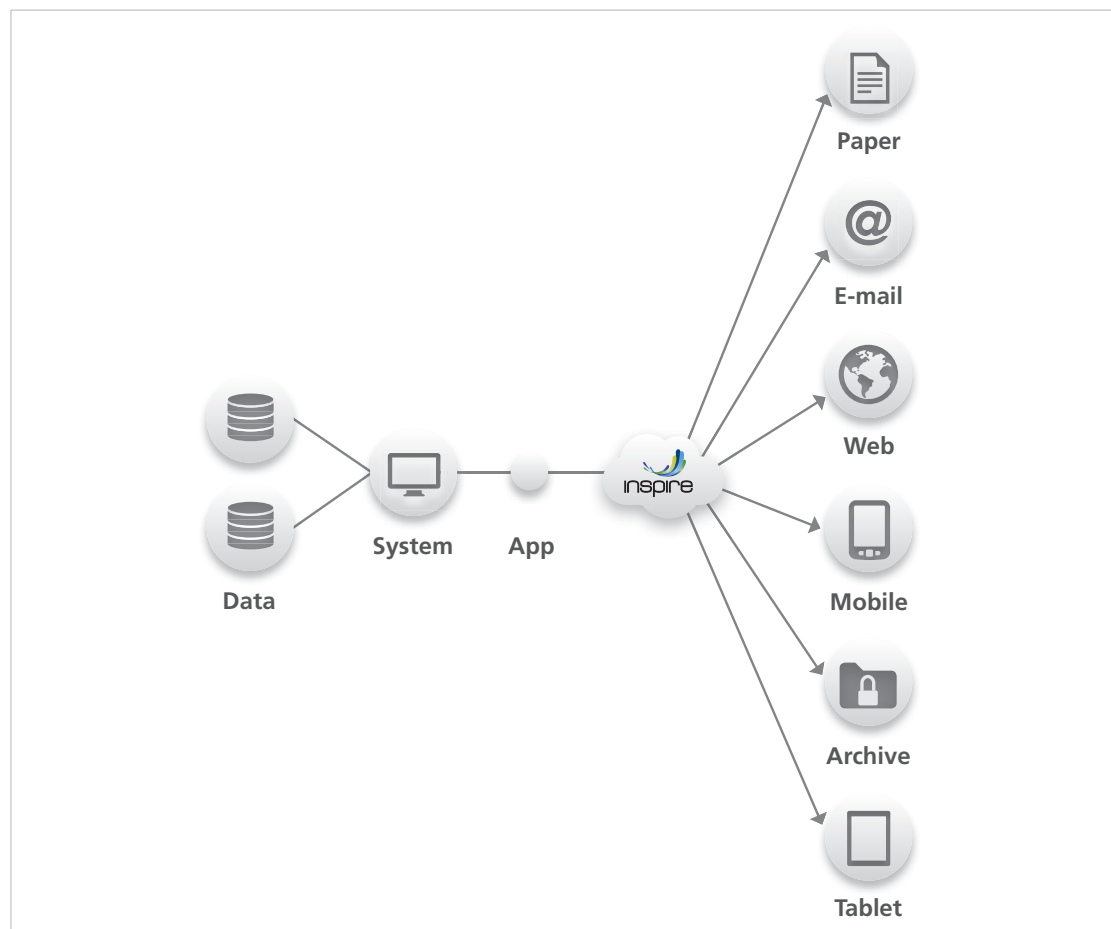

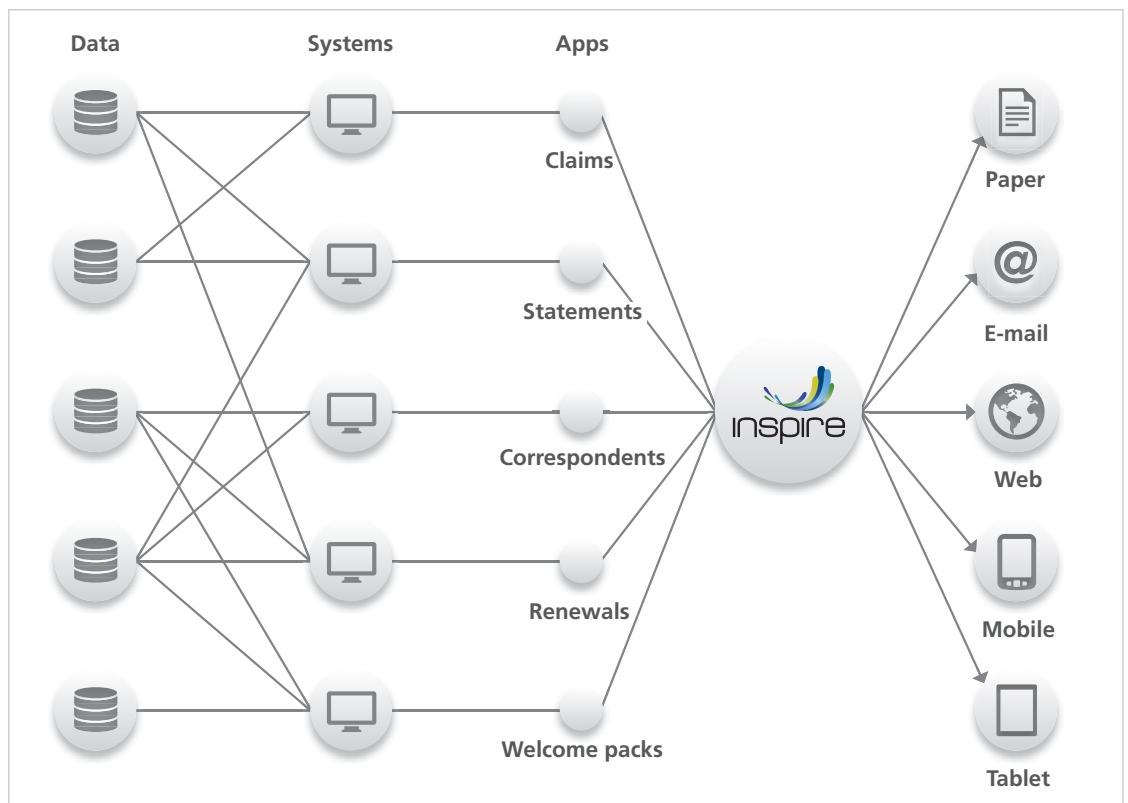Figure 6: The inspired approach on a single scale

Figure 7: The inspired approach across the enterprise

This option delivers a flexible solution that meets all the needs for customer communication outputs immediately without the need to address any legacy system migration, at least for the time being. It can pull in any application output, repurpose it and have it formatted for any multichannel communication (Figure 7).

It is low on risk as the core legacy applications are not touched, with only their outputs taken into GMC Inspire for management. The GMC Inspire approach is low cost and faster to market as it requires less change. It also allows for a step-by-step approach in delivering giving the companies options.
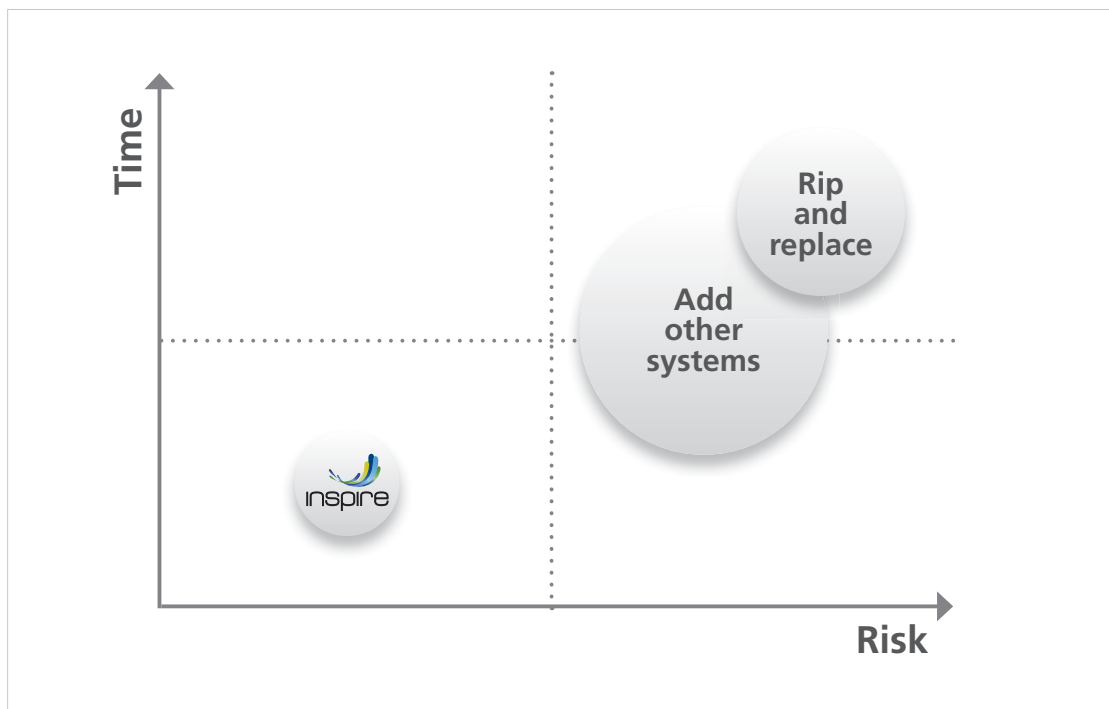
Figure 8: The size of the bubble represents the cost of repurposing and delivering multichannel customer communications

Consider the options

While all options are valid, choices are made depending on attitude to risk, budget allowed to deliver and how long you need to start delivering tangible benefits.

For many insurance organisations, GMC Inspire approach will be lower in time and risk than alternatives, as well as being less expensive (Figure 8). It allows Insurance providers to take existing communication applications, mine, extract and repurpose content for multiple uses, across multiple channels, without impacting core, critical systems, and without requiring extensive support from IT. This means they can use existing reliable and stable legacy systems to meet changing business needs without extensive and costly reprogramming.

Go beyond financial returns

The benefits for modernizing your customer communications through repurposing can be substantial. For marketing and sales, it gives them the opportunity to create cost-effective, appealing campaigns, and to cross-sell. They can cost-effectively acquire new customers while increasing the value and lifetime of existing ones.

Customer service is improved, giving customers the information they need in a format and channel that they like – whether that is print, email, online, SMS or social media.

For the IT department, they reap the benefits from keeping existing applications without the need to overhaul them, or at the very least, buys them breathing space to decide how best to move forward.

Overall, communications are compliant, costs are reduced due to increased efficiency and lower paper usage, and risk is minimized at all stages.

Case study
Top global insurance company:
ROI in less than 6 weeks

Challenges
- Rebranding of documentation after acquisition
- Supporting different division requirements
- To become more customer centric
- Supporting multiple legacy systems
- Dependent on third party

Outcome
- Fully automated process from end-to-end communications
- Empowered business users
- Reduce delivery costs by 15%

Case study
Leading US insurance provider: shortens time to market with repurposing approach for customer communications

Challenges
- Migrate legacy applications
- Reduce time to market
- Grow the business by providing competitive services

Outcome
- 80% drop in development time
- more automatized processes meaning less errors
- increased customer communication capabilities

Figure 9: A sample of what is possible with repurposing

Conclusion

We live in a multichannel, online world, and insurance companies must communicate with their customers through the channel they request – or lose business to competitors.

While modernizing legacy systems may seem daunting, the new face of CCM doesn't need to be invasive or costly. And the software to make it happen is available now.

How you approach modernizing your customer communications depends on your business. The only certainty is that doing nothing is not an option.

How many of these questions can you answer 'yes' to?

1. Can your existing legacy systems respond to market opportunities in less than 30 days?
2. Do you have a single view of all customer communications?
3. Can you cross-sell products and/or services from other divisions?
4. Do you know what is of interest to your customers?
5. Are you able to communicate in all your clients' preferred methods?
6. Are all your communications compliant?
7. Can you update all communications with minimum impact to your business processes?
8. Are your customer communications in line with best practice within your industry?
9. Can you print customer communications in color or add charts and other information?
10. Can you integrate your communications across all your legacy systems so that your customers get a single email or letter from you rather than several?
11. Do you get the maximum value from each of your customers?
12. Are your communications flexible enough that you can amend your templates centrally and within hours?
13. Can you drive your customers to self service options on your website via your standard communications?
14. Do you have a single view of each one of your customers so that you can profile them and deliver highly relevant, timely communications?
15. Have you never lost a client because you couldn't communicate with them in the way they wanted?

If your answer is 'no' to any of these questions, your customer communications systems are not as effective as they can be.

Useful information

- Thought Leadership paper: "Insurance companies falling behind in delivering modern communications", Forrester, October 2012

- Customer Experience Index 2010, Forrester 2010

- "Best Practice: Mastering output options for customer communications", Forrester, September 2009

- "The Forrester Wave: Document Output for Customer Communications Management, Q3 2011", Forrester, September 2011

- "Market Trends: customer Communications management software, worldwide, 2012", Gartner, October 2012

Contact your local GMC office

About GMC
With unrivalled experience in the industry, GMC Software Technology has consistently demonstrated the ability to help businesses increase customer engagement across all touch points. The company's CCM platform, GMC Inspire, enables enterprises to deliver relevant communications, at the right time, through the preferred channel for every customer – driving customer loyalty, acquisition and operational efficiency.

GMC serves thousands of clients worldwide across the banking, insurance, retail, business services, telco/utilities and healthcare industry. Having received numerous awards in the field of customer communications management, the company is recognized as an industry leader for innovation.

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