**ASSIGNMENT 7.1: DATA VALUE TEMPLATE**

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In this digital era, the value of data collection have become a very important strategic asset for businesses to engage with customers, gain a competitive advantage and maximise profits. Huge data sets from customers are generated, which companies are storing but often not using; however, the data produced can help intensely in improving and supporting data-driven decision making (Campos, et al., 2017); (Brous, et al., 2016). The assignment is based on the data value creation template from the course.

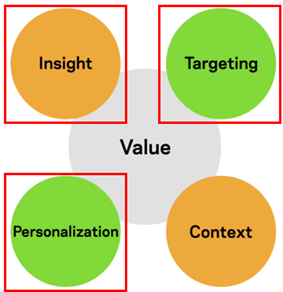
1. **Business unit in focus**

The business in focus is called the **AXA Group Company** that operates many business units. The authors will only concentrate on the insurance business unit (in this case study called AXA for better readability), whose main activities are property casualty business of personal property (cars, homes) insurance and liability (personal or professional); life and saving business (savings and retirement products; health and personal protection products); and asset management service for the Group’s insurance companies and their clients, as well as the third parties (both retail and institutional clients) (AXA, 2018). AXA is facing the challenge that it acquires around 700’000 new customers each year but is losing around 650’000 at the same time. The known reason for losing them are the high prices without perceived added value comparing to the competitors and a wrong way of addressing the needs of millennials.

AXA needs to find new ways how to build more adaptive environments to meet customer needs, gain loyalty and advocacy through tailored insurance solutions for their customers.

**2. Chosen templates for data value creation**

In this assignment, the chosen templates from the data value creation template for AXA are insight, personalisation and targeting. Choosing these templates, the authors assume that AXA can create new insurance products and services for their customers.

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Figure\_1: Templates for data value creation. (Source: Course “Digital Strategies for Business”) with highlighted templates in focus for AXA.

First, AXA needs to gain insights in the available data, gathered and connected through the actions explained later in this assignment. Afterwards, tailored services can be created and targeted on the chosen customer segments. In a first step of bringing the new services to market, services cannot be personalized on an individual level but on the level of defined segments.

**3. Brainstorming of value creation for AXA**

Brainstorming on how AXA can create new value, AXA first needs to find ways how customers feed the company with information. A lot of customer information are captured by AXA's agent, but are not stored thus AXA cannot explore these data or analyse them. This kind of social interactions add lights on customers (lives and habits). In fact, customers give more sincere and most valuable information when the interactions don't involve commercial or products sale.

AXA need to go beyond a simple and obvious analysis of data: given a customer who doesn’t own a car, but uses a bike for his transportation. Today and obviously, AXA won’t pay attention to this information (riding a bike). But if the company can cross this usage (riding a bike instead of driving a car) with additional information collected from new sources such as social network, for example, if this customer posts photos of vegan food on his Instagram account, or shares his last marathon’s scores on his Facebook...  then AXA can say it’s someone who cares about the environment, or maybe he’s a sportsman and put it in the right segment.

Furthermore, personalisation and targeting customers is an important aspect of identifying the right segment for new and existing customers. The authors used a combination of personalisation and targeting, since they are closely linked together by ensuring that customers can be identified based on their behaviour and targeted in order to offer better services and appropriate products. Additionally, based on data knowledge and interactions with customers, AXA will create new tailored products by focusing on the usage and needs; improve customer satisfaction and loyalty; attract new customers especially millennials as the millennials are a separate segment which needs to be analysed. However within the millennial segment there are several categories that must be identified to offer a competitive advantage; and create or cooperate with other businesses to expand the service proposal of ensuring that customers are connected with their health and property. For example, a surveillance camera will be installed to reduce home burglary insurance cost as the customers will have to agree to share their data to facilitate in alerting them if there is a cause.

**4. Required data**

To identify the required data, AXA shall follow the following guidelines:

* diverse data types shall be gathered
* behavioural data shall be preferred to achieve a comprehensive customer understanding
* data shall be combined across silos and with external data
* data shall be used as a predictive layer in terms of understanding the customer and it’s future actions better
* data shall be used to design new insurance services

These kind of data types can be

* base data (e.g. name, sex, age, place of residence, salary, family)
* data about preferences (preferred way of transportation, style of living, style of food, style of vacation, ...)
* social network data (tweets, posts, pictures, social graphs) to achieve better understanding of the private activities of the customer and its social network
* behavioural data (identifying activities, moving patterns, shopping behavior, …)
* online behavior data (understand interests of customer, analysing user flows on current digital touchpoints of AXA)

The authors identified two different ways of ecosystems, which can support AXA in gathering this and even more data: an ecosystem operated by AXA and an ecosystem together with third parties.

*Ecosystem operated by AXA*

This ecosystem is based on the will of customers to share their data with AXA. As a reward, AXA offers better prices for them. Therefore, they need agree on the following actions:

* installing an app on their smartphone which tracks their physical movements (e.g. diets, sport activities) and their digital behavior
* installing an extension in their internet browser to track their online behavior (topics of interests and online shopping behavior)
* allow regular health checks to monitor their health
* installing a GPS sensor in their car to monitor their driving behavior

With these actions, AXA will gain a much better customer understanding (Insight) and can create more customer centric services for specific segments (Personalization and Targeting).

Obviously customers need to allow such a strong insight in their private data, but they get rewarded with cheaper prices and services which fit their behavior better.   
  
*Ecosystem with third parties*

A more advanced but rather challenging way would be an ecosystem with third parties. To gather external data, ideally an ecosystem of different partners who share data within the ecosystem would help to achieve a better picture of the customers. Obviously, there are many data privacy regulations which have to be respected.

Some examples of preferred partners would be:

* Hospitals/doctors to get insights in health conditions of customers
* Carmakers to gain data about the preferences and style of driving
* Police to know about committed road offenses
* Transportation companies to understand the use of public transportation
* Social security companies to understand health spending
* Financial service suppliers to understand the spending of the customers
* Shopping malls/Shop chains to understand shopping behavior of customers

Such an ecosystem would be very valuable for all participating parties to design customer centric products. But most likely, customers would be very critical to provide their data to such an ecosystem. Therefore it should be established and operated by a neutral authority in which customers trust. This authority would be responsible to ensure data security and privacy. A potential operator could be for example the European Union.

Again, the authors highlight the challenges to align both ways of ecosystems with data privacy regulations. But these ecosystems are basis to more customer centric services instead of company centric solutions.

**5. How to gather the data**

The data collection is very important for the company to engage with customers in order to meet their needs or demands. But for customers it’s not easy to trust their companies when they want to share their personal data freely because of frauds and safety. Trust is something that encourages people to commit to every transaction they are having with other institutions without hesitation. With the ecosystem operated by AXA, AXA offers a forensic ecosystem that allows the customers to have absolute trust and ensures data security from thefts and hackers. One way to ensure data security might be that when customers want to access the company’s website with an authenticated and encrypted digital ID and password, they get notified immediately with an automatic email or SMS. With the ecosystem with third parties, AXA needs to work closely with the neutral authority and the third parties to ensure customers trust and privacy laws. In both ecosystems, AXA needs price incentives beside the absolute trust of the customers. Through digital marketing campaigns, invite-your-friend campaigns, good recommendations  and good communication campaigns, AXA can acquire new customers and hopefully convince them to sign up for one of the offered ecosystems.

**6. Measurable benefits for AXA**

Lastly, in order for business companies to succeed, they either have to cooperatively work together to compete among themselves so they can solve challenges facing them collectively and gain a mutually benefits or engage closely with their customers to meet their expectations to maximise revenues. Benefits such as improved customer satisfaction, gain a competitive advantage and optimised marketing to understand customer needs and behaviour are some of the opportunities that data from customers offer to AXA. Furthermore, the measurable outcomes will be the number of new customers, giving customers premium products (interacting with the customers and getting an idea about their wants, needs and patterns of purchase), customer satisfaction and maximising profits by reimagining existing products and services through digital innovations. The current digital transformation era has made companies to become data-driven that are allowing them to use data to make better decisions and have access to data ubiquitously as data is a strategic asset that normally or always powers every decision made. These data driven mechanisms have paved way to automation of products that are increasing productivity, improved consistency of business processes or products and reduced labour costs. Additionally, as customers would like to work and complete tasks at their own time, the implementation of a self-service portal will facilitate helping customers meet that need. This process is critical to the business growth since it offers reduced customer assistance costs in terms of helplines or call centres.

In conclusion, the authors see a large potential for AXA in implementing a data driven value creation. By choosing the value creation templates of insights, personalisation and targeting, new customer centric services can be designed and reward AXA with higher profits through more customers and more efficient processes. However, the risks of customer trust and data privacy regulations need to be considered and emphasized in more detail.

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