

# Customer information management as a competitive tool in the insurance industry

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Strategy in the Age of Digital Disruption

March 2019

Definition: Customer information management as a competitive tool in the insurance industry

Scope:

- Formulate the digital strategy required for a large insurance company to efficiently manage customer information across different platforms and subsidiaries / group companies
- Identify how to use this efficient management of data to create competitive advantage for the company

# Business Context



The company is a large diversified insurance group that provides services in long-term and short-term insurance. Much of their business comes from institutional investors (e.g. pension funds) which provide individual customer information in accordance with regulatory requirements.

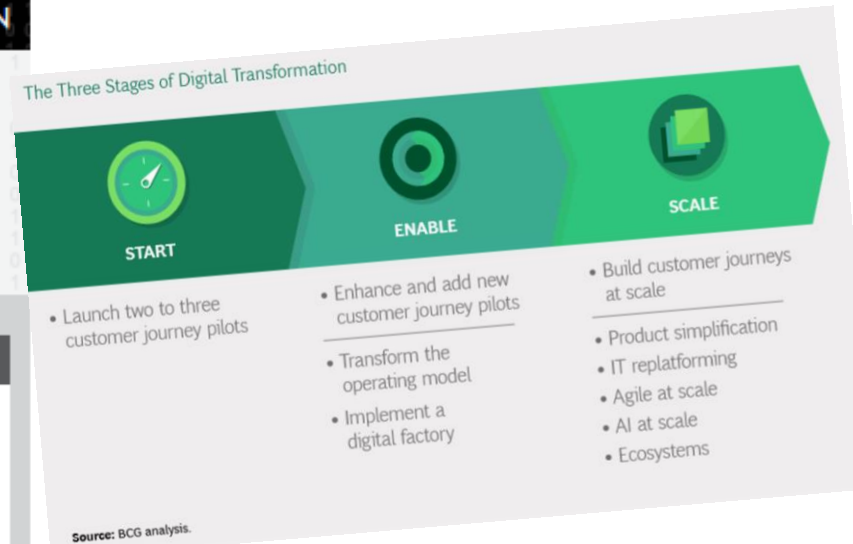
The industry is highly regulated as it holds investments from the public.

The insurance business is traditionally conservative and slow to implement innovative changes.

The group operates mainly in Sub-Saharan Africa with its holding company in South Africa. It has a mix of highly financially literate customers as well as less sophisticated ones.

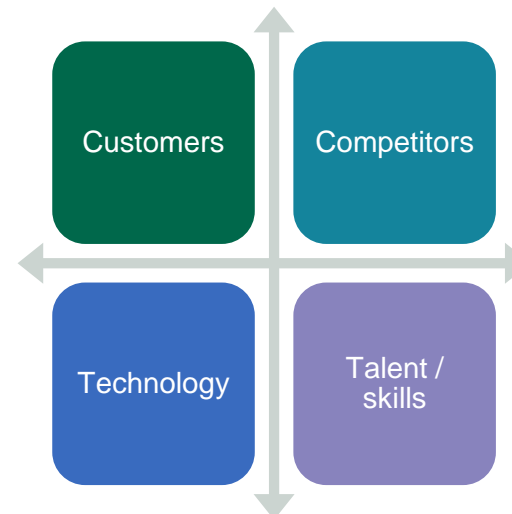
# Digital disruption trends in insurance

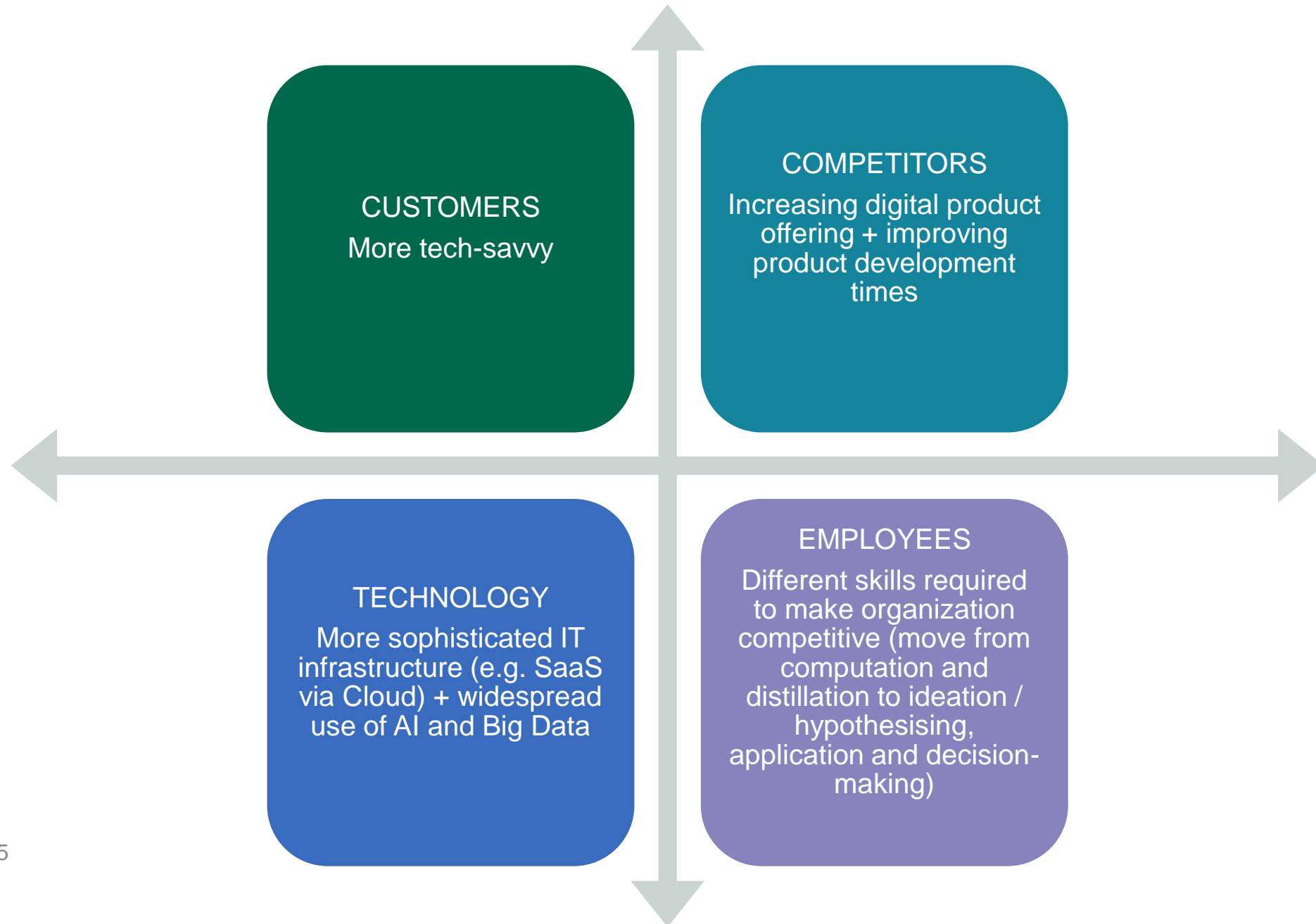
Recent studies done by major consulting firms (e.g. Deloitte, BCG, Bain)



Digital trends and disruption facing the industry can be grouped into **four main categories**

What are the key trends in each category that will inform our strategy?

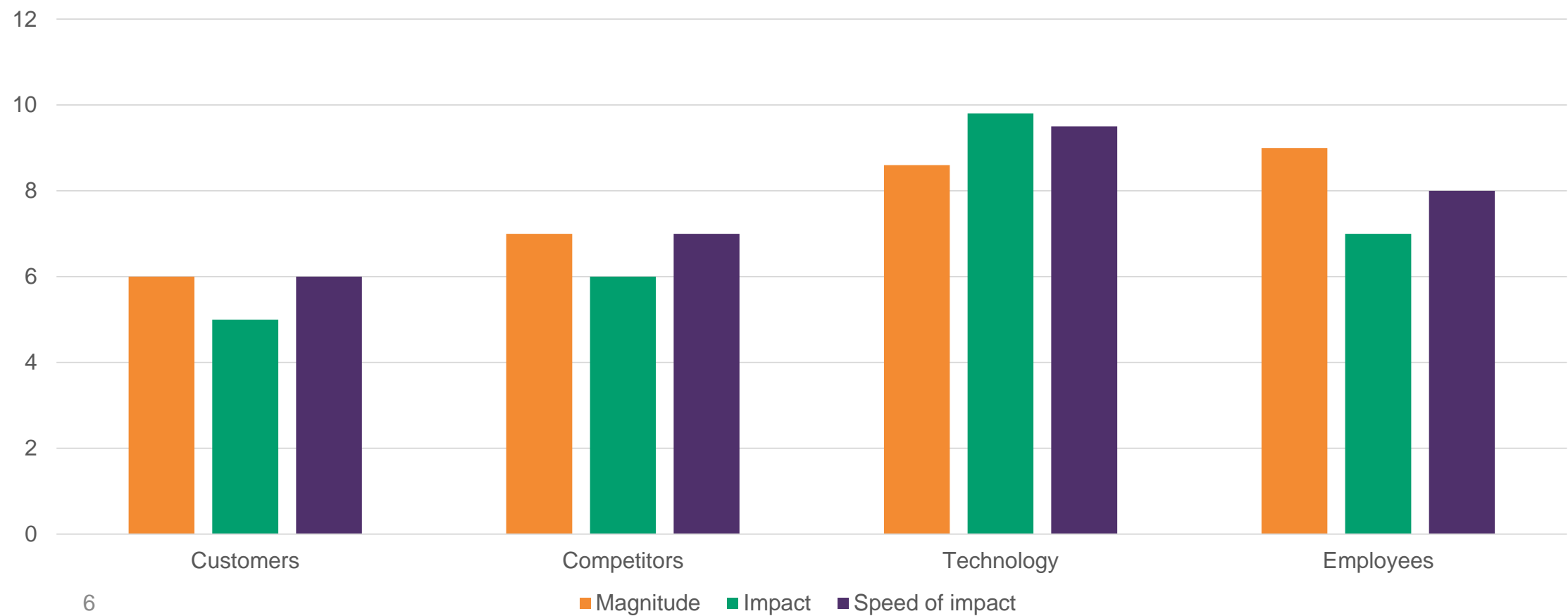




# Relative magnitude and speed of impact



Survey of insurance professionals rating magnitude and impact on a scale of 1 - 10



# Are our current products and services competitive?



**Customers**

- All products and services: – can our customers expect multi-platform engagement with ease of access at all times




**Competitors**

- All products and services: can we also offer what our competitors are offering online and via mobile?



**Technology**

- Products and services offered across platforms and entities – are we able to manage customer data efficiently in order to gain competitive advantage and enhance customer experience?



**Employees**

- High end products and services – do we have the right employees to run and manage more complex systems?

# Current responses – are these appropriate?



Customers: products and services currently being offered on various platforms including online and mobile

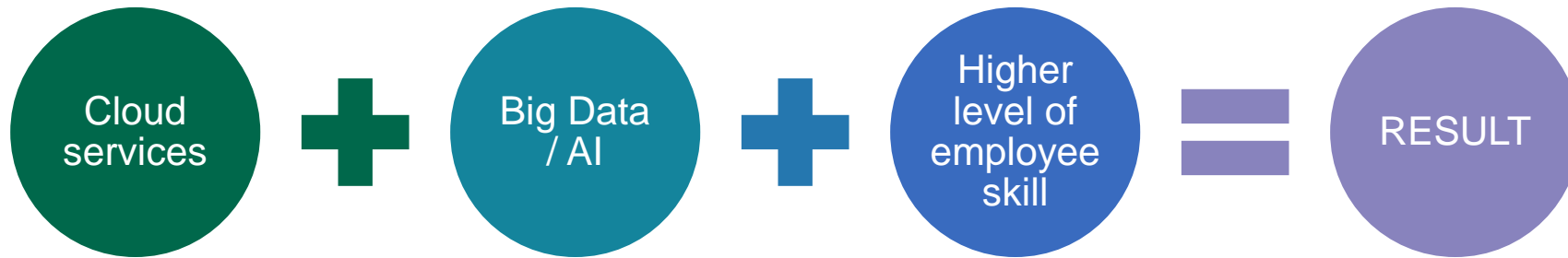
Competitors: comparable products and services currently being offered across platforms and constant monitoring of competitive environment in this regard

Technology: lagging behind on ability to harness new technologies to enhance efficiency of data management and customer experience

Employees: significant gaps in respect of hiring the appropriate skills and transforming the culture



# Focus areas: Technology + Employees



RESULT:

MORE EFFICIENT MANAGEMENT OF CUSTOMER DATA  
+ ENHANCED USER EXPERIENCE FOR CUSTOMERS

# Questions and uncertainties

How do we harness technology to improve our IT infrastructure and ability to use Big Data and AI to create more efficient customer information management systems?

How do we enhance the customer user experience so that customers return for further products and services?

How do we employ the right people?

What will this cost?

What are the challenges involved in changing the company culture?

# Impact of trends on new products and services

Using technology for more efficient management of customer data

- Effective market segmentation
- Customised product offerings

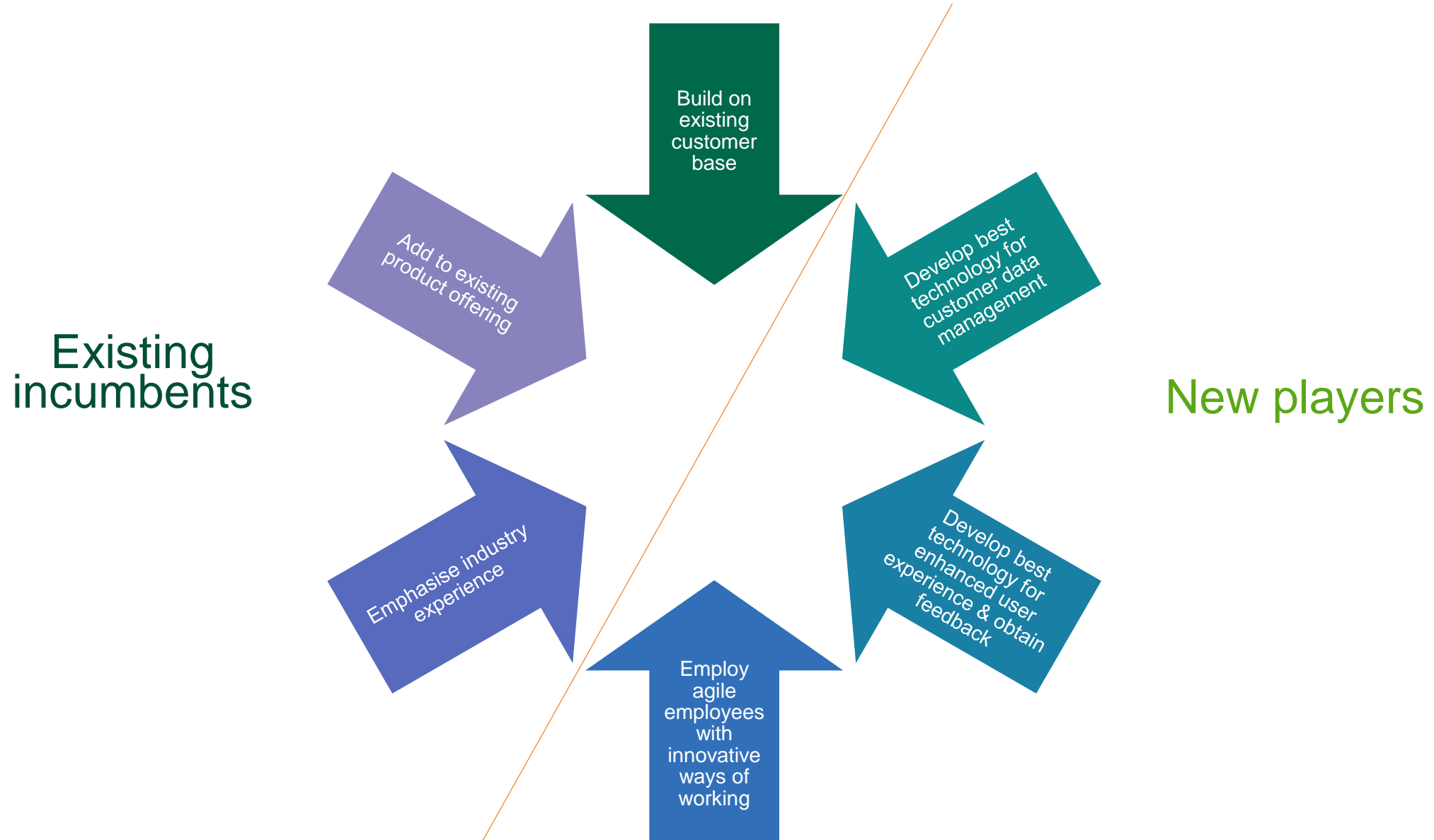
Using technology to enhance the customer user experience

- Faster product development
- Quicker sign-on for customers
- Customised / more meaningful user experience

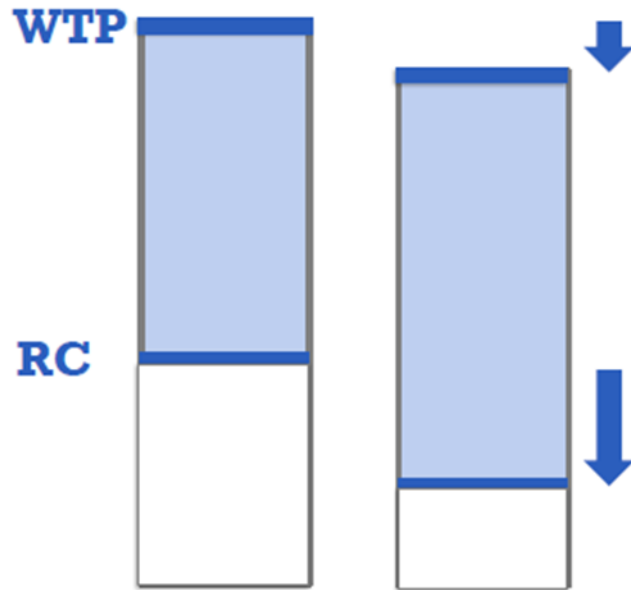
Employing the right talent to be able to deliver on what the market demands

- Culture shift in respect of different ways of working
- Agile responses to market demands
- Innovative products and services developed

# Response of new players vs incumbents



# WTP & RC impact: attack from above



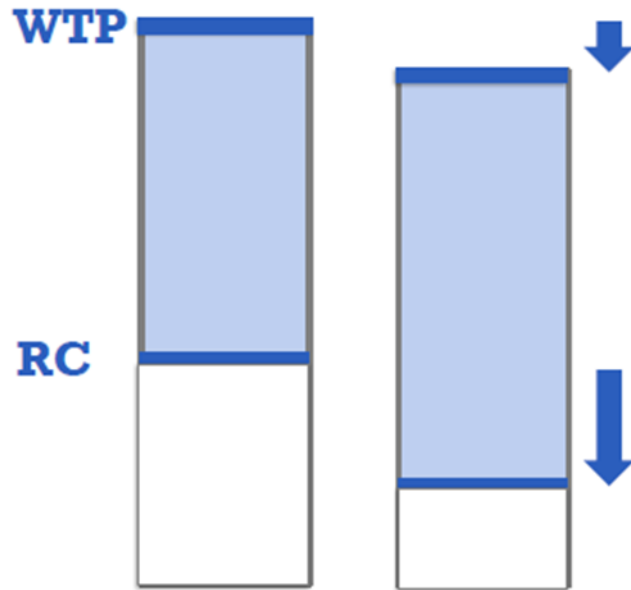
## WTP:

- Ease of access to insurance solutions
- Ability to compare products and services
- Choice and flexibility
- Quicker sign-on times

## RC:

- Online process reduces transport, delivery and paper costs
- Quicker turnaround times increases volume

# WTP & RC: negative impact



WTP:

- Access to more competitive products from other players

RC:

- Highly skilled (technology) employees more expensive
- Skills shortage increases cost in respect of employee turnover

# Biggest impact

A stylized illustration of a nuclear mushroom cloud. The cloud has a dark, billowing base that tapers into a thick column, which then expands into a large, rounded, cloud-like top. The top of the cloud is colored with a gradient from yellow in the center to orange and red at the edges. The background is a pale yellow with faint, grey, diagonal streaks.

**GREATEST LEAP IN VALUE: LOW-END PRODUCTS  
WITH HIGH VOLUMES (VS HIGH-END PRODUCTS  
WHERE HUMAN INTERACTION AND INDIVIDUAL  
CUSTOMIZATION STILL IMPORTANT)**

# Uncertainty and data



## Available data

- Existing customer data
- Competitors reports
- Consultants' reports (BCG, Bain, Deloitte)

## Uncertainties

- Data usually a few years behind – rapidly changing environment
- Diverse customer base – generalisations about industry must be applied with caution