



# **SMA Top 8 Imperatives**

## ***for Becoming a Next-Gen Agency***

*An SMA Research Brief*

***Applied Systems has purchased  
distribution rights to this SMA report.***



Author: Deb Smallwood, Founder

Published Date: December, 2015

## Becoming a Next-Gen Agency

We hear about the Next-Gen Insurer all of the time. But insurers are not the only ones feeling the pressure to step up to the challenges and opportunities that are coming at us as fast as the changes that are inspiring them. Agencies are just as vulnerable to the dangers of being out-moded or left behind by the failure to keep up with heightened customer expectations, new and emerging technologies, and new business models. Becoming a Next-Gen Agency is an essential goal for agencies that want to survive and thrive in the coming years.

The dynamics are clear. The level and pace of change that are occurring today in the insurance industry is unprecedented. The impact of new technologies is opening the door for creative product and service offerings and innovative ways to compete, but these same technology advances are also encouraging new competitors with new approaches and ideas. The explosion of data is creating tremendous opportunities, and that very same explosion is creating complicated challenges. In the meantime, customers are behaving differently, and taking control with new expectations and needs.

The next three to five years will hold exciting times of both disturbing disruption and productive transformation as our industry progresses in experiencing the same dramatic changes that have restructured other industries like retail, travel, and entertainment. For agencies, the future promises unparalleled opportunity to increase customer value, engagement, and loyalty. Those that are equipped with modern capabilities that give them the agility and power to effectively and quickly respond to opportunities will gain the greatest rewards. In contrast, those that do not recognize the pressing need to prepare for the future will find themselves losing both competitive position and financial stability.

Agents and brokers are currently playing and will continue to play a critical and highly visible role in shaping the industry's response to the demands for a more responsive and nimble industry. To help agencies evaluate opportunities, set strategies, and effectively prioritize, SMA has developed a checklist of key imperatives for agencies. The *SMA Top 8 Imperatives for Agencies*, listed on the next page, are grounded in SMA's extensive body of proprietary research and incorporates the SMA partners' thought leadership and extensive experience in insurance and technology.

Each of these eight imperatives is independently important, but working in concert, the full force of the power of the Next-Gen Agency becomes a reality. This illustrates why it is so important to spend time now rethinking today's realities – in order to practically and accurately reimagine what the future can be.



## SMA Top 8 Imperatives for Agencies

- ✓ **Modernize Agency Management Systems** ... laying the foundation for flexibility, adaptability, and scalability for the operational needs of the entire agency.
- ✓ **Embrace Omni-Channel** ... making it easy and convenient for customers to reach you – increasing the quantity of touchpoints and the value of interactions.
- ✓ **Improve Customer Experience** ... delivering high value through timely and relevant personalized and customized engagements.
- ✓ **Become a Digital Agency** ... enabling intelligent, informed decisions and actions that drive growth and improve profitability.
- ✓ **Capitalize on BI/Analytics** ... using them across the enterprise to better manage your operations, financials, and customer interactions by discovering and effectively leveraging the power of your data and BI tools.
- ✓ **Interconnect Underwriting/Rating Intelligence** ... securing the best options for your customers through connections to the right insurers.
- ✓ **Leverage Maturing and Emerging Technologies** ... making it easy for your customers and partners to do business with you – making it possible to capitalize on new opportunities and achieve advantage in the marketplace.
- ✓ **Innovate to Become a Next-Gen Agency** ... rethinking, reimagining, and reinventing business operations, workflows, and customer touch points – readying the organization for the next generation customers, partners, and business environment.



## Exploring Opportunities

✓ **Modernize Agency Management Systems ... laying the foundation for flexibility, adaptability, and scalability for the operational needs of the entire agency.**

Modern agency management system (AMS) capabilities provide distinct advantages for agents in three key areas: business, organizational, and technical. With a modern AMS, the business can capitalize on sophisticated and thorough insights and make better decisions. A modern AMS enables the organization to transform to improve business processes, adapt skills, and evolve services.

A modern architecture delivers flexibility, agility, and scalability. The modern technical capabilities make it possible to integrate with maturing and even emerging technologies and platforms. Modern technology capabilities provide the foundation for growth and profitability.

✓ **Embrace Omni-Channel ... making it easy and convenient for the customer to reach you – increasing the quantity of touchpoints and the value of interactions.**

Omni-channel capabilities are an evolution of multi-channel operations. For many years, the industry has used a variety of channels for distribution and service. However, leveraging multiple channels did not always mean that they were fully integrated. In the omni-channel world, channels are fully integrated, making it possible to conduct real-time, seamless interactions that include a complete, single view of the customer.

An omni-channel strategy must harmonize all channels. This requires the ability to integrate a wide range of channels such as self-service, agent, and service centers, as well as incorporate a number of elements, including consistent branding, real-time updates, channel transparency, customer awareness, and digital content conformity.

Omni-channel capabilities are fundamental to improving the customer experience. Channels are the relationship gateway. The many interactions across the sales and service spectrum shape the experience of the customer and can be optimized by achieving a true omni-channel environment.

✓ **Improve Customer Experience ... delivering high value through timely and relevant personalized and customized engagements.**

Agents know best how important the customer experience is in making or breaking the customer relationship. While the notion of making customer experiences better is not new, the energy and action the industry is devoting to this area is reaching new levels due to the influence of other industries; the technologies in the hands of customers; and the expectations created by the digital, mobile, immediate-response world. According to our research – customer expectation is the key driver for investing in mobile solutions and offerings.



SMA research shows that the number one strategic initiative for North American insurers in 2015 is customer engagement and experience, with 85% of insurers now investing in this area. It is extremely important to improve customer experiences for many reasons. But the primary incentive is that fact that the opportunities to drive value are enormous.

✓ **Become a Digital Agency ... enabling intelligent, informed decisions and actions that drive growth and improve profitability.**

Agencies fully understand the importance of delivering an excellent customer experience. A unified digital strategy is essential to becoming a digital agency with the power to deliver consistent, coordinated, personalized, and valuable experiences to the customer across all touch points. This unified digital strategy considers and integrates strategies for agency marketing, brand, web, mobile, social, and more to establish a vision and create a roadmap for success in the digital world.

Agencies are not sitting still. Many agencies indicate that they are already making progress on the strategic journey to becoming a digital agency. Our research reflects agencies investing in mobile, collaboration tools, cloud, and BI investments – all aligned to support the digital agency. Investments and efforts are largely being driven by factors from both inside and outside the insurance industry. Consequently, comprehensive initiatives are underway to build capabilities that address customer experience and omni-channel capabilities.

✓ **Capitalize on BI/Analytics ... using them across the enterprise to better manage your operations, financials, and customer interactions by discovering and effectively leveraging the power of your data and BI tools.**

There are a wide variety of business intelligence (BI) and analytics offerings and tools available that can help agencies gain insights. Agencies that have reaped the greatest rewards typically first identify the questions they are trying to answer and then determine the technology approaches that best fit the need.

Big data is an approach overlaying the full spectrum of BI and analytics capabilities that usually analyzes a wider variety of data. The hardware/software approaches to organizing the data are dramatically different from traditional methods, enabling massive amounts of data to be analyzed at breathtaking speeds. Although, in many cases, big data analysis uses the same tools (predictive models, text mining, statistical analysis, etc.), new visualization technology and approaches allow for quick insights using large amounts of unstructured data.

The key imperative for agencies is to leverage BI and analytics technologies across the full enterprise, rather than applying them only in specific areas for specific purposes. Agencies are making progress. 31% of agencies declare they have moderate to advanced usage of BI tools, and 2% state they have enterprise wide capabilities. The ideal is to use them across business areas and information points – using them to gain new insights about opportunities, customers, and operations to improve customer relationships, accelerate growth, and increase profitability.



✓ **Interconnect Underwriting/Rating Intelligence ... securing the best options for your customers through connections to the right insurers.**

Using advanced comparative raters and connections to insurers' rating engines, combined with an abundance of new and valuable information, it is now possible to make faster pricing and placement decisions. To deliver optimal value, it is critical to capitalize on the agent's intelligence about the customer and the risk. This means that agent insights need to be interconnected with those the insurer is using to evaluate and price the risk.

The modern underwriting capabilities being used by insurers must be integrated and interconnected with agency management and information exchange solutions. The agencies that are best able to facilitate easy integration will benefit from interconnected intelligence that drives value and improves the quality of options the agent is able to offer their customers.

✓ **Leverage Maturing and Emerging Technologies ... making it easy for your customers and partners to do business with you – making it possible to capitalize on new opportunities and achieve advantage in the marketplace.**

Advancing technologies, such as mobile, cloud computing, analytics and big data, the Internet of Things, wearables, drones, telematics, 3D printing, and others are considered some of the greatest change agents since the introduction of the Internet. They promise innovative, game-changing breakthroughs that will challenge long-held business assumptions and shift existing boundaries between businesses and industries to create completely new businesses and industries. Rapid adoption is taking the insurance industry in new and surprising directions.

To stay competitive and relevant, agencies must carefully assess, strategize, and embrace new technologies, and watch how they are affecting insurers' product offerings and operations. They must evaluate how these technologies fit into the needs of the agency – how they will enable the agency to capitalize on the potential to improve customer satisfaction, the tremendous opportunities for growth, and the power to deliver additional value to policyholders. The fundamental requirement is a strong foundation of modern agency management capabilities. This foundation is critical – giving the agency the power to embrace and integrate new technologies to innovate and transform their businesses.

✓ **Innovate to Become a Next-Gen Agency ... rethinking, reimagining, and reinventing business operations, workflows, and customer touch points – readying the organization for the next generation customers, partners, and business environment.**

In today's hyper-connected, technology-driven digital world, those who experiment, innovate, collaborate, co-create, and challenge the status quo will gain competitive advantage while others hold on to their legacies and traditions.

Innovation has now become a must-have, strategic core mandate that will define a new era for the business of insurance and separate the winners from the losers.



The Next-Gen Agency rethinks, reimagines, and reinvents the fundamentals of the business. The Next-Gen Agency is equipped with a modern flexible infrastructure that can support the needs of agency operations well into the future. This organization is able to deliver the best possible customer experience and offer personalized products and services that address the unique needs of each customer. Becoming a Next-Gen Agency empowers both sales and operations professionals to achieve profitable growth for the agency by linking the agency's unique expertise and relationships with insurer insights to survive and thrive in a rapidly changing world.

## SMA Call to Action

First, and most importantly, recognize that our industry is undergoing massive change that will impact the opportunities and results for your agency for years to come. Many agencies have already made significant progress along the path to becoming a Next-Gen Agency. The journey has started, with or without you. The longer you wait – the more difficult it becomes and the more difficult it will be to stay relevant and competitive.

This is the time to examine the fundamentals and reimagine the possibilities. It is the time to make a commitment to creating new levels of agility, flexibility, creativity, and competitiveness for your business. The coming years promise unparalleled opportunity to increase the value you are able to deliver to your customers while providing major improvements in customer experience and operational efficiencies. Agencies that effectively plan for those possibilities have much to gain. It is important to understand the trends, determine the potential impact on your business, and find ways to take effective action for long-lasting advantage.

Becoming a Next-Gen Agency is a long-term, enterprise-wide endeavor. It takes vision and stamina. It is important to recognize that few agencies, regardless of size, can successfully go it alone. It takes solid leadership from within, cooperation and collaboration at many levels, the willingness to capitalize on the strength of strong business and technology partners, and an unwavering enthusiasm for pursuing the possibilities. There is no doubt that the rewards will be worth the investment. The journey to becoming a Next-Gen Agency might seem overwhelming at times, but while it is important to think big, small actions can be a very good way to start.





## About Strategy Meets Action

Strategy Meets Action (SMA) is dedicated to helping the business of insurance modernize, optimize, and innovate for competitive advantage. Exclusively serving the insurance industry, SMA blends unbiased research findings with expertise and experience to deliver business and technology insights, research, and advice to insurers and IT solution providers. By leveraging best practices from both the management consulting and research advisory disciplines, we take a unique approach – offering an unrivaled set of services, including advisory and consulting services, research, and events. Additional information on SMA can be found at [www.strategymeetsaction.com](http://www.strategymeetsaction.com).

### Use of Our Reports

The entire content and context of this research report is subject to copyright protection, with all rights reserved. Reproduction or distribution of the report, in whole or in part, without written permission, is not allowed. The material and observations contained in this publication have been developed from sources believed to be reliable. SMA shall have no liability for omissions or errors and no obligation to revise or update any data or conclusions should new information become available or future events occur. The opinions expressed in this report are subject to change without notice.

***Applied Systems has purchased full distribution rights to this research report.***

### About the Author

Deb Smallwood, Founder. Deb can be reached at 1.603.770.9090 or via e-mail at [dsmallwood@strategymeetsaction.com](mailto:dsmallwood@strategymeetsaction.com). Follow Deb at @dmsmallwood on Twitter.

© 2015 Strategy Meets Action, Inc. USA. May not be reproduced by any means without express written permission. All rights reserved.

