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The Digital Brokerage:
Developing a Digital Transformation Plan

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CHAPTER 1

Introduction

Insurance is undergoing rapid digital transformation, reshaping fundamental business practices in an environment of constant change and evolving competitive landscape. At the same time, digital technology has created a different kind of insurance consumer—one that asks for on-demand self-service from their computer, tablet or smartphone from every company they do business with. Younger consumers like millennials and Generation Z expect mobile and self-service applications that enable them to communicate and make purchases on their terms. The convergence of technology and changing consumer preferences in the insurance industry has brokerages adopting new technologies to grow and thrive during the digital transformation of the insurance industry.
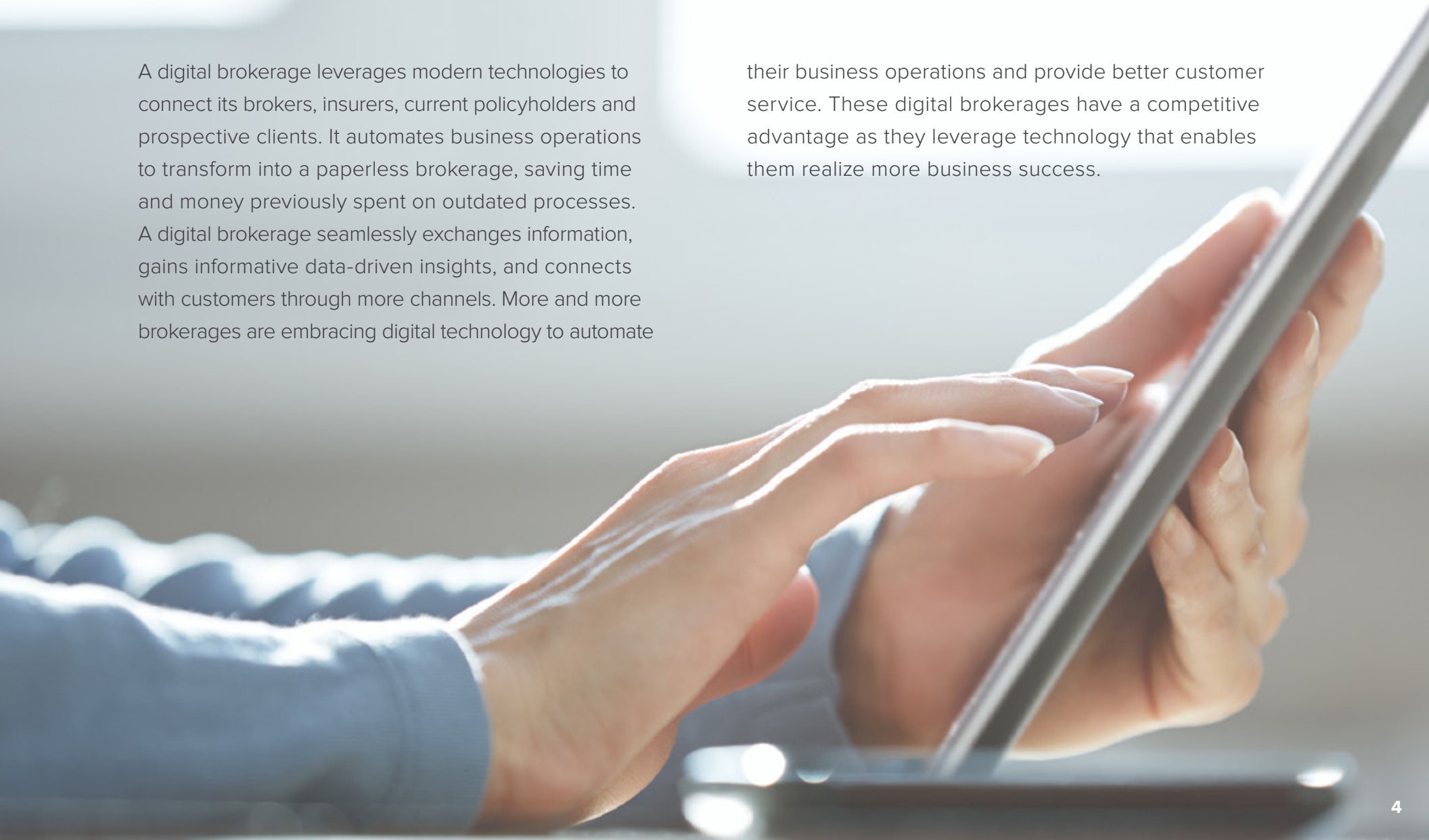
CHAPTER 2

What is a Digital Brokerage?

A digital brokerage leverages modern technologies to connect its brokers, insurers, current policyholders and prospective clients. It automates business operations to transform into a paperless brokerage, saving time and money previously spent on outdated processes. A digital brokerage seamlessly exchanges information, gains informative data-driven insights, and connects with customers through more channels. More and more brokerages are embracing digital technology to automate their business operations and provide better customer service. These digital brokerages have a competitive advantage as they leverage technology that enables them realize more business success.

The Five Pillars of a Digital Brokerage

A digital brokerage is built on five pillars that work together cohesively to support a brokerage's digital growth strategy, providing the core capabilities needed to operate more efficiently, make more informed business decisions, build better insurer relationships, improve customer service, and accelerate growth and profitability across all lines of business.

The centre of the digital brokerage is a foundational brokerage management system to efficiently manage customer relationships, policy administration, sales automation, financial accounting processes and document management across the entire brokerage in one application.

BROKERAGE MANAGEMENT SYSTEM

CLOUD

BIG DATA

THE DIGITAL BROKERAGE

MOBILE

INSURER CONNECTIVITY

Data analytics allows a digital brokerage to transform the vast amounts data within the management system into visual insights for data-driven analysis of business performance.

Mobility enables digital brokers to provide consumers anytime access to insurance information from their smartphones, as well as staying connected to the office while on the go.

Effective and efficient insurer connectivity is critical to enhance communications and exchange data securely and seamlessly between insurer policy systems and a brokerage, as well as provide access to more and better products for clients.

The cloud allows digital brokerages to move core software applications to offsite data centres for improved performance, flexibility and security, safeguarding data and providing better customer service from anywhere.

"With our cloud-based management system, self-service and mobile technologies, we consider ourselves to be a digital business. We are fully leveraging software and Internet-based applications to grow our business and realize success."

THOMAS CRAIG WATSON, III

Principal

Watson Insurance

A Foundational Brokerage Management System

The centre of the digital brokerage is a foundational brokerage management system to efficiently manage customer relationships, policy and benefits administration, sales automation and financial accounting processes across all lines of business and the entire brokerage in one application. Additionally, a foundational brokerage management system must be built on scalable architecture with standardized data that enables brokerages to seamlessly add new customers, lines of business and locations across multiple geographies to quickly expand their business.

Traditionally, a brokerage management system was thought of as a software application that automated the management of all business processes in an insurance brokerage, from policy management to financial accounting and billing. It's no longer enough to go un-automated with paper files and manual records. Disparate systems of record cannot support a growing digital brokerage either.

"We've consolidated multiple insurance systems into a single platform to best position our expanding insurance business for future growth by simplifying processes for our employees, enabling them to spend more energy on what matters most: offering better service and more quickly identifying opportunities to get our clients the insurance products they need."

TIM MACKIE

Vice President
First West Insurance

Today, a single application with centralized customer data, sales automation and seamless insurer connectivity is necessary to effectively manage a digital brokerage. It provides seamless integrations to third-party applications, proprietary systems and other data sources for a single view of the entire business.

A foundational brokerage management system manages the entire brokerage, serving as a single source of the truth and core hub for all prospect, customer, policy and financial data across all lines of business. It also offers sales automation to efficiently cross- and upsell and automated insurer connectivity to effectively write new business.

Benefits and P&C—Managing benefits alongside P&C business in a single, foundational brokerage management system drives broker productivity and business revenue and provides a holistic view of every customer

Best Practice Workflows—Digital brokerages standardize operations around workflows for increased efficiency and lower administrative costs, while ensuring a high-level of customer service

Marketing Capabilities—Fast, easy access to information in one system enhances customer relationships, including policy sales, marketing initiatives and customer service

Today, a single application with centralized customer data, sales automation and seamless connectivity is necessary to effectively manage a digital brokerage.

Financial Oversight—Automated accounting and reporting provide consolidated financials for ease of use and flexible accounting and structure to allow for easy documentation

Document Management—A foundational brokerage management system must provide secure document management capabilities from a single source to allow for multiple folder levels, search, report and tracking of history and versions at the client and vendor level, as well as enable custom organization according to a brokerages business process guidelines

Sales Automation—It's important to automate and measure the sales pipeline for both new and renewal business in the brokerage management system

Insurer Connectivity—End-to-end communications between a brokerage and insurers need to happen within the management system for optimal brokerage productivity and efficient business operations

Open Architecture—In order to easily expand across offices and geographies, a scalable software application that seamlessly integrates third-party applications with secure access is imperative to become a digital brokerage

A DIGITAL BROKERAGE LEVERAGES A FOUNDATIONAL BROKERAGE MANAGEMENT SYSTEM TO:

> Quickly identify cross- and up-sell opportunities via a single view

> Mine and analyze the vast amount of data found within the system for business insights

> Drive digital connectivity between the brokerage and insurers

> Interact with prospects, clients and employees via insurance mobile apps and client portals

> Host critical software applications in the cloud for anytime, anywhere access to secure data

Data Analytics

There is a vast amount of big data within a brokerage management system that can be unlocked to provide powerful business insights and strategic decision making. Data analytics allows a digital brokerage to transform data within the management system into visual insights for

data-driven analysis of business performance. Data analytics is the discipline of evaluating large sets of data to discover patterns, market trends, customer preferences and other useful information for greater business insights.

5x

A report by Bain & Co. shows that data analytics makes companies **five times more likely to make decisions faster** than their peers and likely to be in the top 25% of financial performance within their industries.[1]

In the past, brokerages could see the data, but had trouble unlocking insights; a basic report was defined and static and only offered a point-in-time snapshot of one or more business metrics. Robust data analytics applications in the insurance industry are now necessary to uncover insights and inform strategic decision making. To remain competitive in today's insurance market, leveraging data to better understand client and business operations is critical in driving growth and profitability.

"Real time analytics empower our business for the future by giving us insights that our competitors don't have. Analytics allow us to project and put strategies in place so we are successful in the future."

KARI SCHILL

Junior Partner

Schill Insurance

A DIGITAL BROKERAGE LEVERAGES DATA ANALYTICS TO:

> Access graphical reports to view performance metrics and KPI analysis over time

> Manage employee productivity more precisely, as well as RPE

> Strengthen client relationships, retention and market share

> Create more profitable insurer partnerships

CHAPTER 6

Insurer Connectivity

Effective and efficient insurer connectivity is critical to enhance communications and exchange data securely and seamlessly between insurer policy systems and a brokerage, as well as provide access to more and better products for clients. Insurer connectivity is the ability to communicate and exchange data securely and seamlessly from insurer systems directly to their brokerage partners.

It enables the exchange of current, accurate data for quoting, underwriting, billing and customer service allowing brokers to work efficiently with insurers to provide access to advice, product range, insurer choice and localized personal service. Insurer connectivity creates an opportunity for brokers to provide an enhanced customer experience and capitalize on more desirable business opportunities.

"Client service is our top priority. Our quoting process is automated to enable our customer service representatives to recommend the most comprehensive coverage options and ensure the personal and business needs of our clientele are protected."

MIKE AUSTEN

Broker

Austen & Noble Insurance Brokers Limited

Automated insurer connectivity eliminates time spent on daily manual administrative tasks, including looking up quotes and policy information by visiting multiple websites or using outdated paper guides. Effective and efficient insurer interactions are critical to enhance the core value proposition of the independent broker to consumers and strengthen a brokerage's position as a digital brokerage.

Insurance consumers expect timely, accurate insurance rate comparisons. To maximize sales and deliver high-level service, insurance brokers need quick access to accurate rate information to effectively advise consumers. With automated access to the latest insurance company rate plans and features, brokers can differentiate from directs by providing clients and prospects accurate, personalized, fast comparative service.

Over 3 million Canadian consumers request a comparative quote from independent brokers each month.[2]

A DIGITAL BROKERAGE LEVERAGES INSURER CONNECTIVITY TO:

> Access current, accurate policy information throughout underwriting and servicing

> Receive accurate quotes in real time

> Identify the best covers for client's risk

> Improve productivity with efficient communications

> Ensure critical documents are immediately available to brokers and clients

Mobility

Mobility enables digital brokerages to provide consumers anytime access to insurance information from any device and keeps brokers connected to the office while on the go. Mobility in the insurance industry is the ability for brokers to work while away from the office in order to continually provide the best customer service and keep daily operations running smoothly. With information flowing freely to mobile devices, straight-through processing is enabled at the moment a request or transaction is made.

Before digital technologies entered the workplace, brokers had to be in the office at their desks to complete tasks or provide customer service. Most business was done via phone, with producers calling into the office to relay information to CSR staff. Today, mobile applications enable brokers to conduct business on the go, providing a direct link back to the brokerage management system with access to client and prospect information and risk assessment tools anywhere, anytime via a tablet or

"Digital technology has allowed us to reach out to our customers in multifaceted ways. Our customers can communicate with us through self-service or our mobile app to contact us, make a change, report a claim or ask for advice."

KAREN HOFLIN

Vice President

Go Insurance

THE DIGITAL BROKERAGE: DEVELOPING A DIGITAL TRANSFORMATION PLAN
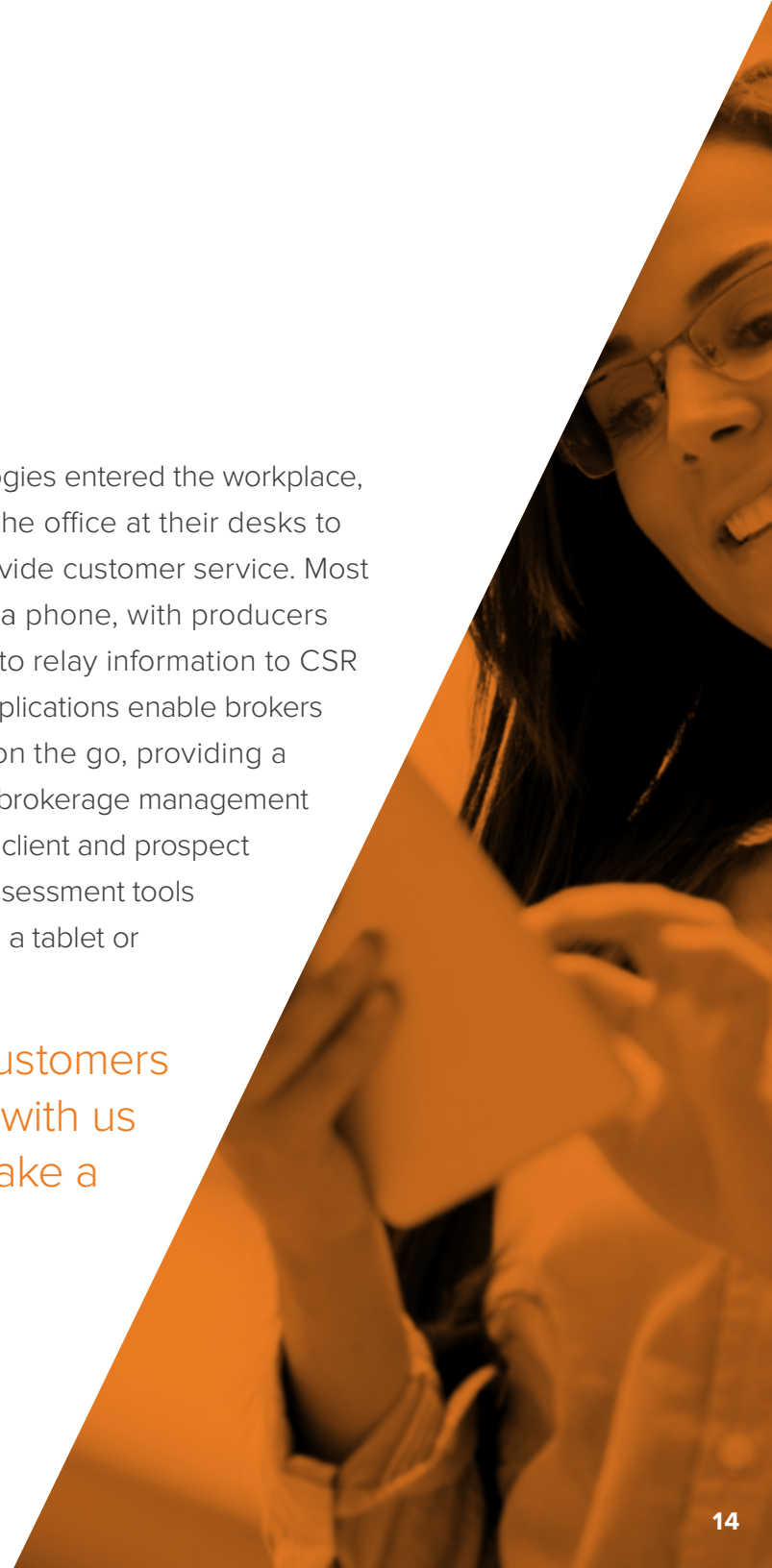
smartphone. On-demand access to client and prospect information enables a digital broker to conduct business outside the brokerage and deliver better service to clients with a single, up-to-date view of client and business information.

Likewise, consumers are quoting, purchasing and reviewing insurance information—all on their mobile devices. For both millennial and Generation Z consumers, mobile access to information and online service is also important when choosing an insurance provider.[3] To allow customers to interact with their insurance brokers 24/7, digital brokerages require client self-service software that allows clients to review policy information, request changes, make premium payments, and manage claims processing via online and mobile apps. Native mobile apps offer clients quicker, more convenient access to insurance information directly from their smartphone or tablet, providing greater flexibility and servicing options while keeping their broker's trusted advice top of mind.

Millennials and Generation Z have unique preferences and attitudes toward mobile technology as **76 percent** believe having access to information and service through a mobile app is very important.[4]

76%
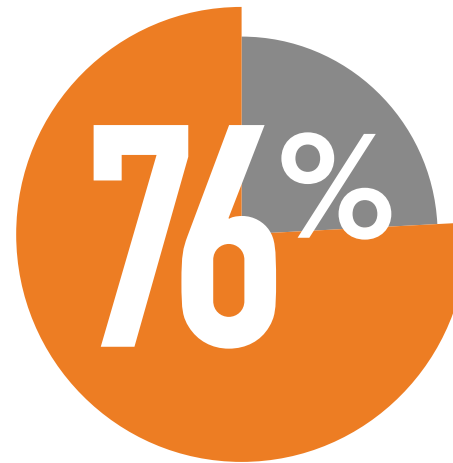
A DIGITAL BROKERAGE LEVERAGES MOBILITY TO:

> Increase agility and streamline customer service

> Improve productivity with access to customer account information at any time

> Enhanced customer service with mobile and Internet-based service options

The Cloud

The cloud allows digital brokerages to move core software applications to offsite data centres for improved performance, flexibility and security, safeguarding data and providing better customer service from anywhere. The cloud is commonly understood as the delivery of software applications and data as a service through the Internet. With local, on-site servers, brokers risk a cyber or natural disaster destroying all company data, creating downtime and financial repercussions. Additionally, manual software and hardware updates require time, money and IT resources, which can hinder brokerage productivity.

More and more businesses are accessing software through the cloud, and the insurance industry is no exception. Cloud adoption is expected to continue to rapidly grow across the insurance industry as brokerages take greater advantage of the flexibility of moving their software to the cloud. The cloud enables companies to focus more on growth opportunities and develop new

"The cloud provides access to the same data across all locations. The accuracy of data mitigates our E&O, and I sleep better at night knowing that our data is safe."

BOB MCINTYRE

IT Training & Quality Assurance Manager
Burns Insurance

business strategies for a competitive edge. From cost savings to better data management, the cloud offers digital brokerages an opportunity to operate in a secure and flexible environment that rewards speed and business continuity with profitable results.

According to IDC, by 2018 the cloud software model will account for **$1 of every $5 spent on software.**[5]

A DIGITAL BROKERAGE LEVERAGES THE CLOUD TO:

> Gain improved data security and enhanced system performance

> Access brokerage applications and data from anywhere

> Eliminate time spent on manual software updates

> Easily scale and grow

> Reduce investments in hardware and IT resources

> Provide mobile access to information

Conclusion

To thrive today in a time of digital transformation, brokers must seriously consider their technology options and develop a digital transformation plan. It's no longer viable to remain un-automated and consumers expect mobile and self-service technology during all interactions. To become a digital brokerage, a business must have a digital transformation plan and the five pillars in place to support digital strategies.

All five pillars work together cohesively to support a digital brokerage, providing the core capabilities needed to operate more efficiently across all lines of business, make more informed business decisions, build better insurer relationships, improve customer service, and accelerate growth and profitability. More importantly, implementing a digital brokerage strategy enables a brokerage to strengthen its core value of being a trusted advisor to clients, while remaining viable into the future with a more competitive position. As technology continues to alter the insurance landscape, businesses that embrace the possibilities of becoming a digital brokerage will be best positioned to grow and prosper in this new era.

Contact Applied today to discover how to develop a digital transformation plan.

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This eBook was prepared by Applied Systems, Inc.

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