



The Digital Agency:

Developing a Digital Transformation Plan





TABLE OF CONTENTS

1

CHAPTER
PAGE 3
Introduction

2

CHAPTER
PAGE 4
What is a Digital Agency?

3

CHAPTER
PAGE 5
The Five Pillars of a Digital Agency

4

CHAPTER
PAGE 7
A Foundational Agency Management System

5

CHAPTER
PAGE 10
Data Analytics

6

CHAPTER
PAGE 12
Insurer Connectivity

7

CHAPTER
PAGE 14
Mobility

8

CHAPTER
PAGE 16
The Cloud

9

CHAPTER
PAGE 18
Conclusion



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 agencies adopting new technologies to grow and thrive during the digital transformation of the insurance industry.





CHAPTER 2

What is a Digital Agency?

A digital agency leverages modern technologies to connect its agents, insurers, current policyholders and prospective clients. It automates business operations to transform into a paperless agency, saving time and money previously spent on outdated processes. A digital agency seamlessly exchanges information, gains informative data-driven insights, and connects with customers through more channels. More and more agencies are embracing digital

technology to automate their business operations and provide better customer service. These digital agencies have a competitive advantage as they leverage technology that enables them to realize more business success.





CHAPTER 3

The Five Pillars of a Digital Agency

A digital agency is built on five pillars that work together to support an agency'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 center of the digital agency is a foundational agency management system to efficiently manage customer relationships, policy and benefits administration, sales automation, financial accounting processes and document management across the entire agency in one application.



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



Efficient insurer connectivity is critical to enhance communications and exchange data securely and seamlessly between insurer policy systems and an agency, as well as provide access to more and better products for clients.



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



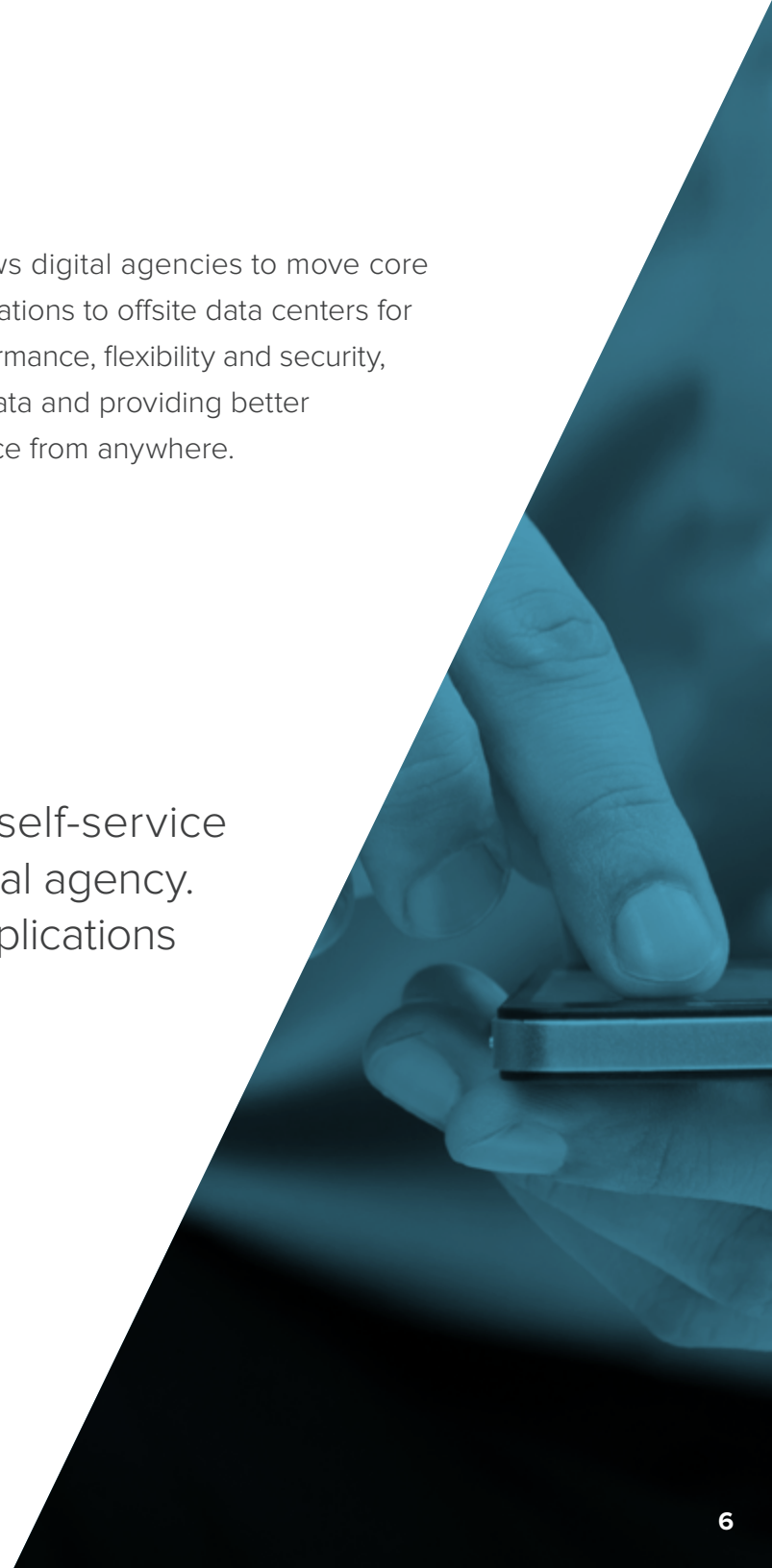
The cloud allows digital agencies to move core software applications to offsite data centers for improved performance, flexibility and security, safeguarding data and providing better customer service from anywhere.

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

THOMAS CRAIG WATSON, III

Principal

Watson Insurance





CHAPTER 4

A Foundational Agency Management System

The center of the digital agency is a foundational agency 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 agency in one application. Additionally, a foundational agency management system must be built on scalable architecture with standardized data that enables agencies to seamlessly add new customers, lines of business and locations across multiple geographies to quickly expand their business.

Traditionally, an agency management system was thought of as a software application that automated the management of all business processes in an insurance agency, 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 agency either. Today, a single application with centralized customer data, sales automation and seamless insurer connectivity is necessary to effectively manage a digital agency.

“We needed a unified system across our entire agency. Having our data in one place centralizes our workflows and allows us to grow as a company.”

GREG KIRSCH

Director of IT

Ansay & Associates



It provides seamless integrations to third-party applications, proprietary systems and other data sources for a single view of the entire business.

A foundational agency management system manages the entire agency, 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 up-sell, and automated insurer connectivity to effectively write new business.

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

Best Practice Workflows—Digital agencies 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

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

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





Document Management—A foundational agency 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 an agency’s business process guidelines

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

Insurer Connectivity—End-to-end communications between an agency and insurers need to happen within the management system for optimal agency 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 agency



A DIGITAL AGENCY LEVERAGES A FOUNDATIONAL AGENCY 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 agents 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



CHAPTER 5

Data Analytics

There is a vast amount of big data within an agency management system that can be unlocked to provide powerful business insights and strategic decision making. Data analytics allows a digital agency 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 percent of financial performance within their industries.¹



In the past, agencies 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.

“We use data analytics to derive insights from the past five years of data in our management system. All of our key performance indicators can be tracked back to our bottom line through the data, and when we make changes, we can see the impact and track our profitability. I'm more confident in my decisions with data analytics software.”

RYAN MORIZ

Director of IT

Anderson Insurance Associates



A DIGITAL AGENCY 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

Efficient insurer connectivity is critical to enhance communications and exchange data between insurer policy systems and an agency, 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 agency partners. It enables the exchange of current, accurate data for quoting, appetite search, underwriting, billing and

customer service via download, real-time and market appetite solutions and allows agents to work efficiently with insurers to provide access to advice, product range, insurer choice and localized personal service. Insurer connectivity creates an opportunity for agents to provide an enhanced customer experience and capitalize on more desirable business opportunities.

“We have now a fully connected agency where everyone owns a piece of the puzzle in the lifecycle of the policy. This seamlessness allows the policy to be presented to the client as soon as possible, from producer to CSR to client, all within our technology.”

MARK HARRISON

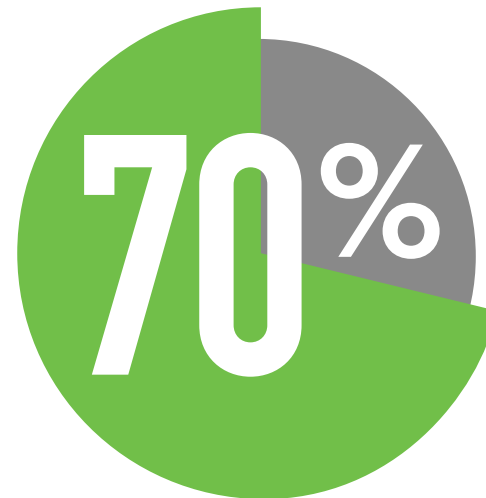
Director of Agency Operations
NBT-Mang



Automated insurer connectivity eliminates time spent on daily manual administrative tasks, including looking up quotes, policy information and appetite 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 agent to consumers and strengthen an agency's position as a digital agency.

Download is a data exchange solution that enables insurers to automate delivery of information to agencies, enabling more productivity and efficiency across an agency. Rating software delivers accurate quotes through real-time connectivity, ensuring timely and comprehensive client service. Online market search tools enable agents to find more and better markets for their clients. By using all three types of technologies, agencies build better relationships with insurers and more effectively grow the business.

Nearly **70 percent of agents surveyed** found the availability of download to be very important when selecting insurers to do business with.²



A DIGITAL AGENCY LEVERAGES INSURER CONNECTIVITY TO:

- > Access current, accurate policy information throughout underwriting and servicing
- > Receive accurate quotes from insurers in real time
- > Identify the best markets for client risks
- > Improve productivity with efficient communications
- > Ensure critical documents are immediately available to agents and clients



CHAPTER 7

Mobility

Mobility enables digital agencies to provide consumers anytime access to insurance information from any device and keeps agents connected to the office while on the go. Mobility in the insurance industry is the ability for agents to work while away from the office in order to continually provide the best customer service and keep 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, agents 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 agents to conduct business on the go, providing a direct link back to the agency management system and access to client and prospect information and risk assessment tools

“Mobility isn’t an option anymore. It’s a requirement and critical to run a business. With mobility, we can answer questions in real time, which increases staff productivity and helps us take advantage of new sales opportunities with information on the go.”

DAYTON KILGUS

Manager/producer

Metz Stoller, Inc.

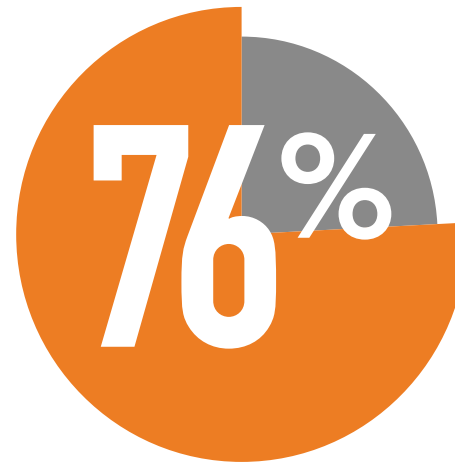




anywhere, anytime via a tablet or smartphone. On-demand access to client and prospect information enables a digital agent to conduct business outside the agency and deliver better service to clients with a single, up-to-date view of client and business information.

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 agencies 24/7, digital agencies require client self-service software that permits 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 smartphones or tablets, providing greater flexibility and servicing options while keeping their agent'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



A DIGITAL AGENCY LEVERAGES MOBILITY TO:

- > Increase agility and streamline customer service
- > Improve productivity with access to customer account information at any time
- > Enhance customer service with mobile and Internet-based service options



CHAPTER 8

The Cloud

The cloud allows digital agencies to move core software applications to offsite data centers 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, agents risk a cyber threat 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 agency 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 agencies take greater advantage of the flexibility of moving their software to the cloud. The cloud enables companies to focus more

“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



on growth opportunities and develop new business strategies for a competitive edge. From cost savings to better data management, the cloud offers digital agencies 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 AGENCY LEVERAGES THE CLOUD TO:

- > Gain improved data security and enhanced system performance
- > Access agency 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



CHAPTER 9

Conclusion

To thrive today in a time of digital transformation, agents 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 agency, 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 agency, 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 agency strategy enables an agency 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 agency 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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