



APPLIED DIGITAL BROKER ANNUAL REPORT

2019 Digital Technology Adoption Benchmarks and Trends



Contents

Survey Overview	3
Why the Digital Brokerage	4
Key Takeaways	7
Management System: The Foundation of Your Business	8
Mobile: The Vehicle for Anytime, Anywhere Service	10
Insurer Connectivity: The Ultimate Time Saver	12
Data Analytics: The Revealer of Hidden Truths	14
Cloud: The Hassle-Free, Secure Business Essential	16
Why Becoming a Digital Broker Matters	18
Conclusion	19
Demographics	20
About	22

Survey Overview

The Applied Digital Broker Annual Report: 2019 Digital Technology Adoption Benchmarks and Trends was produced by Applied Systems.

More than 850 independent brokers across the U.S., Canada, UK and Ireland participated in the 4th Annual Applied Digital Broker Survey, from which the results of this report were generated. Respondents voluntarily participated in an online survey conducted in Q1 2019. The findings are based on responses to a set of questions about broker technology use. The responses provided the data to calculate a digital score for each broker taking the survey, and identified baselines for technology adoption.

The survey questions examined five core competencies of a digital broker, including management system capabilities, mobile, insurer connectivity, data analytics and cloud software. Brokerages scoring 80% or higher across all core competencies were considered to be digital brokers, having adopted most of the key drivers of digital transformation.

According to the survey, the average for digital technology adoption at an independent brokerage in 2019 is 43%.

Why the Digital Brokerage

Now that the digital transformation of insurance is here, opportunities abound for brokers who are ready to take the steps necessary to become a digital brokerage. A distinct set of core characteristics define a digital brokerage and enable more efficient operations, more informed business decisions, better insurer relationships, improved customer service, and accelerated growth and profitability across all lines of business.

The three core characteristics of a digital brokerage include:

- Digital automation within a brokerage to drive extreme efficiency
- Digital connectivity to insureds to drive an enhanced customer experience
- Digital connectivity to insurers to drive efficient interactions





Key Takeaways

43%

is the average for digital technology adoption at an independent broker in 2019.

Given this score is nearly the same as 2018 (44%), it reveals that brokers still have a long way to go in terms of digital technology adoption and realising the opportunities it provides to service and support connected consumers in the digital age.

96%

use a management system. This almost ubiquitous adoption by brokers confirms that the management system remains the foundation of their businesses and is indispensable for their day-to-day operations.

47%

have mobile access to management system information, and even fewer, 18% and 24% respectively, offer customers mobile apps and self-service portals.

A significant competitive advantage exists for brokers that adopt mobile technology. Given 90% of consumers expect an online portal for customer service (Microsoft), the time is now for brokers to embrace mobile technology for both customers and employees.

76%

of UK brokers take advantage of integrated eTrading in the management system. Some products, such as Personal Lines, are more widely traded, but overall, use of eTrading is strong among brokers. This strong showing reinforces the importance brokers place on digital connectivity with insurer partners..

23%

use data analytics applications to gain insights from their management system data. Year over year, data analytics use has increased 3%. Although a measured response, ambivalence to adopting data analytics may be shifting as more and more brokers realise the competitive advantage it brings in the “age of data.”

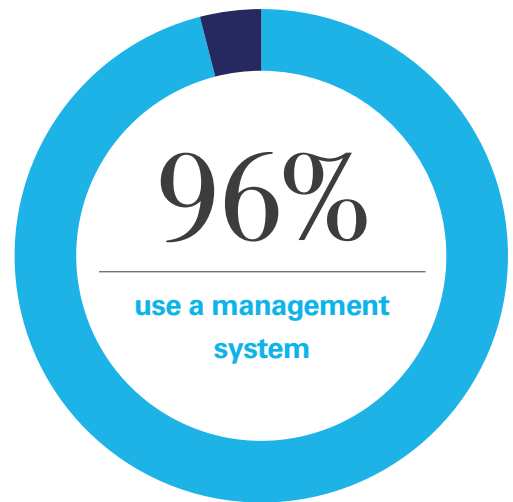
69%

host software in the cloud. Cloud continues to be the top choice among brokers for software hosting. From increased data security and performance to reduced IT management and expenses, the benefits of moving operations to the cloud are clear.



Management System: The Foundation of Your Business

96% use a management system. This almost ubiquitous adoption by brokers confirms that the management system remains the foundation of their businesses and is indispensable for their day-to-day operations.



Top Capabilities Used by UK Brokers

97%

Document management

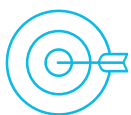
94%

Financial reporting
and accounting

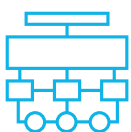
83%

Sales opportunities and
prospect information tracking

Capabilities Growing in Use



13% increase year over year in use of integrated rating in the management system



12% increase year over year in use of workflow process management



3% increase year over year in use of document management

Standout Stats



317% increase increase year over year in use of eSignature by Ireland brokers



24% increase year over year in use of integrated rating in the management system by U.S. brokers

Business Impact

Leading digital brokers use one system of record across all lines of business, locations and roles. The benefits of a single foundational management system include lower total cost of ownership, better business visibility, more standardised workflows, and eliminating time spent managing and updating disparate systems.

Consider This



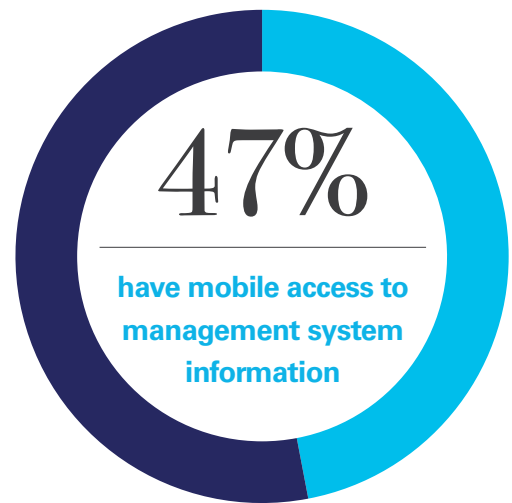
Switching between multiple, disparate systems can reduce staff productivity by as much as 30%.

Source: American Psychological Association



Mobile: The Vehicle for Anytime, Anywhere Service

Only 47% have mobile access to management system information, and even fewer, 18% and 24% respectively, offer clients mobile apps and self-service portals. A significant competitive advantage exists for brokers that adopt mobile technology. Given 90% of consumers expect an online portal for customer service (Microsoft), the time is now for brokers to embrace mobile technology for both customers and employees.



Customer Self-Service Portal

76%

do not have a customer
self-service portal

Customer Mobile App

82%

do not provide a mobile app
to customers

Employee Mobile Tools



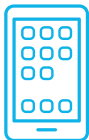
53% cannot access the broker management system via mobile

Standout Stats



No customer self-service portal:

- 96% (Ireland)
- 77% (Canada)
- 76% (UK)
- 67% (U.S.)



No customer mobile app:

- 93% (Ireland)
- 92% (UK)
- 79% (U.S.)
- 73% (Canada)



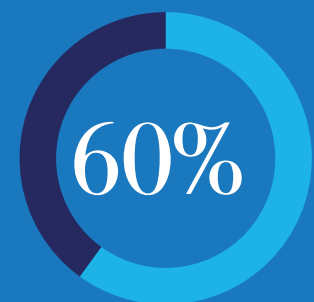
No employee mobile tools:

- 69% (Ireland)
- 67% (UK)
- 56% (Canada)
- 47% (U.S.)

Business Impact

Customer experience is today's battleground in customer retention. Insurance consumers expect omnichannel service in real time via whatever channel they choose. Giving employees remote access to information and tools within the management system empowers them to quickly respond to customers and prospects anytime, anywhere.

Consider This



60% of organisations focused on customer experience drive higher profitability.

Source: Deloitte



Insurer Connectivity: The Ultimate Time Saver

76% of UK brokers take advantage of eTrading in the management system. Some products, such as Personal Lines, are more widely traded, but overall, use of eTrading is strong among brokers. This strong showing reinforces the importance brokers place on digital connectivity with insurer partners.



Integrated eTrading



- 78% (Personal)
- 62% (Commercial)
- 58% (Both)

Business Impact

Independent brokers must work in tandem with insurer partners to ensure the best coverage and service. Through increased connectivity, brokers have greater access to markets and automated policy fulfilment, providing instant access to the latest customer information – from quotes to policy details to claims management – at a moment's notice and when customers need it most.

Consider This

60 minutes

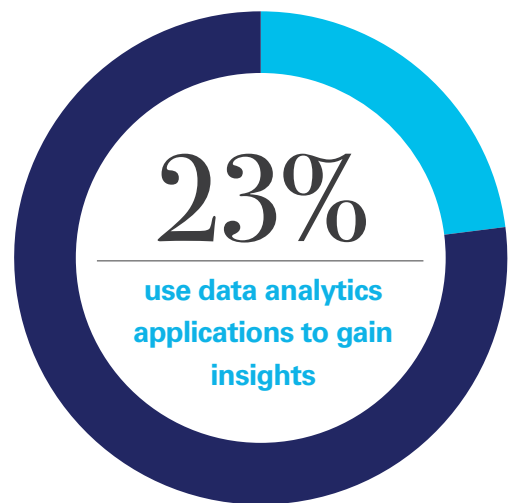
is the amount of time savings per employee per day when going paperless.

Source: Applied Annual Agency-Insurer Connectivity Report, 2018



Data Analytics: The Underutilised Secret Weapon

23% use data analytics applications to gain insights from their management system data. Year over year, data analytics use has increased 3%. Although a measured response, ambivalence to adopting data analytics may be shifting as more and more brokers realise the competitive advantage it brings in the “age of data.”



Strongest Adopters

30%

Ireland

Weakest Adopters

20%

Canada

Standout Stats



29% of UK brokers use data analytics



28% increase year over year in use of data analytics by U.S. agents

Business Impact

The industry is moving at a faster pace and today's insurance consumer is more connected than ever before. At the centre driving it all – is data. In this new environment, reliance on outdated, manual reporting is no longer sufficient. To thrive in the age of data, brokers need to gather, process and get insights from data in real time across the entire business. Fortunately, data analytics solutions have rapidly advanced and are extremely accessible to any business regardless of size, revenue and/or IT resources. Making the shift from being a data-generating organisation to one that is data-powered gives brokers a competitive edge through enhanced decision making, insight discovery and process optimisation.

Consider This

23x

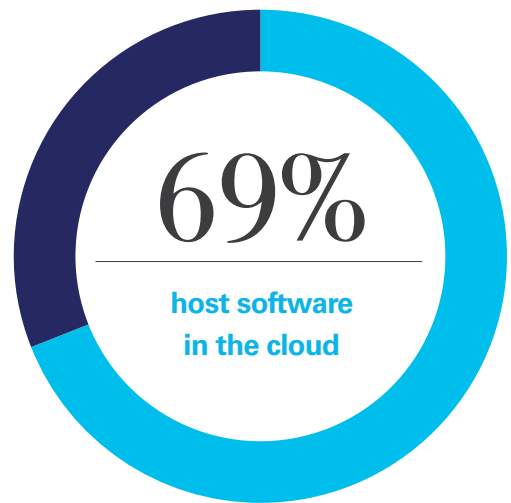
Data-driven organisations are 23x more likely to acquire customers, 6x as likely to retain customers, and 19x as likely to be profitable as a result.

Source: McKinsey Global Institute



Cloud: The Hassle-Free, Secure Business Essential

69% host software in the cloud. Cloud continues to be the top choice among brokers for software hosting. From increased data security and performance to reduced IT management and expenses, the benefits of moving operations to the cloud are clear.



Wide Adoption

80%

United Kingdom

75%

United States

52%

Canada

Growing Adoption



Ireland – 38%

Standout Stats



41% increase in adoption of cloud hosting by Ireland brokers since 2017



27% increase in adoption of cloud hosting by UK brokers since 2017



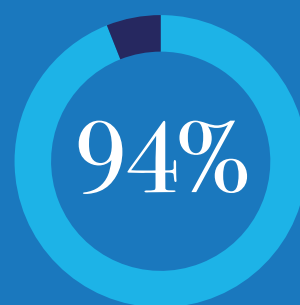
6% increase in adoption of cloud hosting by Canada brokers since 2017

Business Impact

Hosting the applications that your business relies on day in and day out in the cloud ensures continuous operations and secure data.

By using software that is accessible anytime, anywhere and backed up by redundancies, your business is always available to customers – even during a catastrophic event that historically would have completely disrupted broker operations. Additionally, by eliminating the time and expense managing IT systems, more of your employees' time can be spent selling insurance and managing customers.

Consider This



94% of companies that suffer from a catastrophic data loss do not survive.

Source: University of Texas

Why Becoming a Digital Broker Matters

Digital brokerages experience greater monetary return. Overall, brokerages that completely transform into digital businesses experience 158% higher revenue per employee than those that do not. When brokers are focused on selling and serving customers rather than performing manual tasks, they deliver a better customer experience driving increased retention and business growth.

158%

higher revenue per
employee (RPE)
gained by complete
digital businesses



40% higher RPE for brokers who have a single view of customers



121% higher RPE for brokers who have a customer self-service portal



93% higher RPE for brokers who provide customers a mobile app



98% higher RPE for brokers who provide mobile tools to employees



98% higher RPE for brokers who digitally connect with insurer partners



62% higher RPE for brokers who adopt data analytics solutions



223% higher RPE for brokers who host software in the cloud

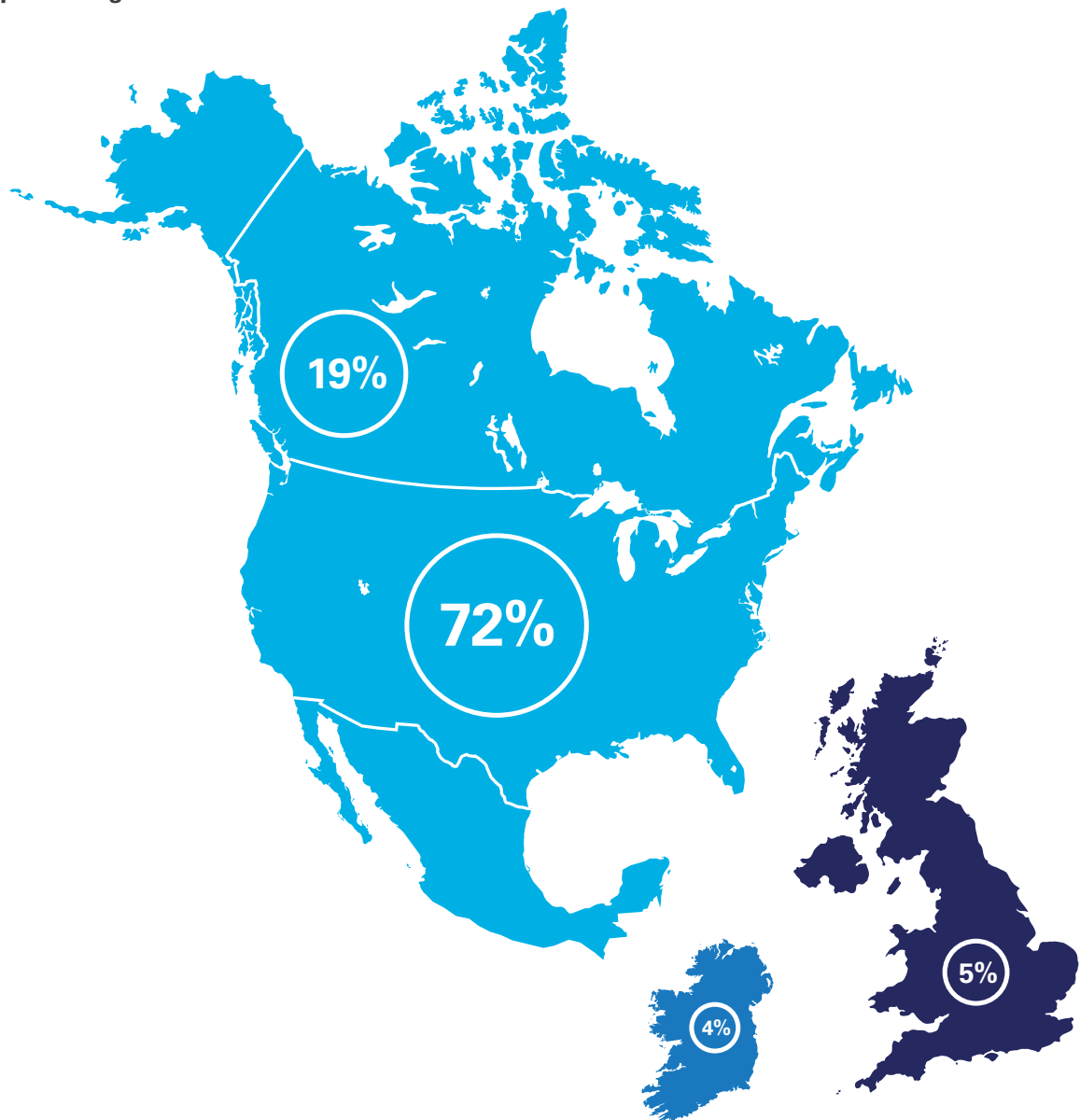
Conclusion

Similar to the 2018 survey results, in 2019 brokers are on par with their digital technology adoption. There remains a strong opportunity to better utilise the core technologies that a digital business is built on – a foundational broker management system, mobile, insurer connectivity, data analytics and the cloud.

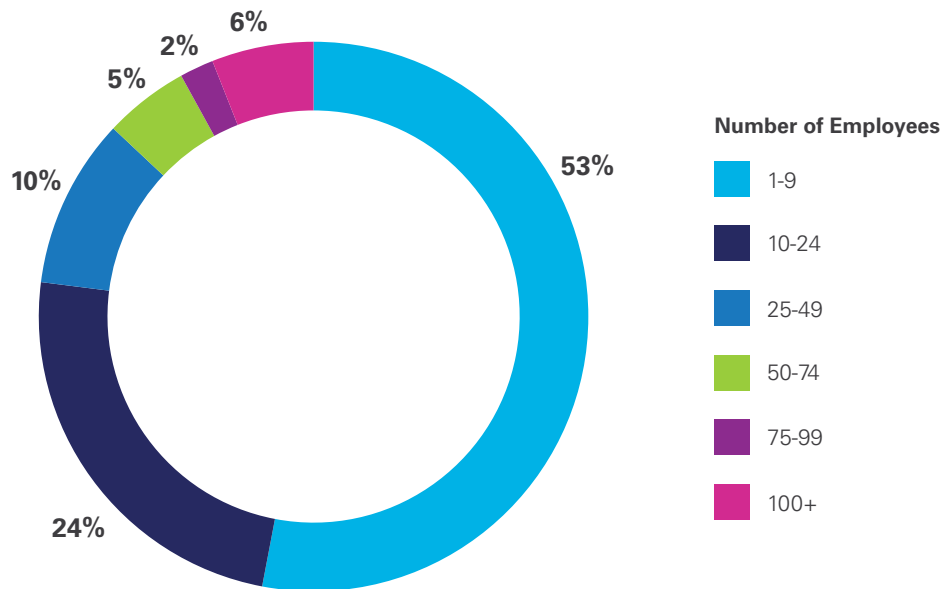


Demographics

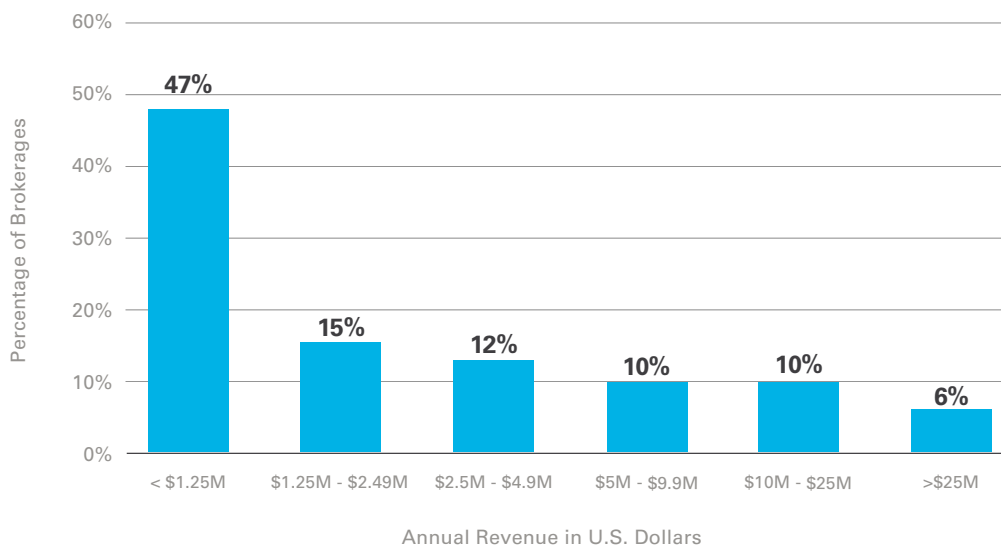
Geographical Region



Brokerage Size



Brokerage Revenue



About Applied Systems

Applied Systems is the leading global provider of cloud-based software that powers the business of insurance.

Recognised as a pioneer in insurance automation and the innovation leader, Applied is the world's largest provider of agency and brokerage management systems, serving customers throughout the United States, Canada, the Republic of Ireland, and the United Kingdom. By automating the insurance lifecycle, Applied's people and products enable millions of people around the world to safeguard and protect what matters most.



This report was prepared by Applied Systems, Inc.

©2019 Applied Systems, Inc. All rights reserved. This document is provided for information purposes only. It is intended to give timely, but general, information on the subject matter covered herein, and the contents of this document are subject to change without notice. Prior results and case studies mentioned in this document do not guarantee a similar outcome on any particular situation in the future. You should consult with an attorney or other professional service provider with respect to how the matters discussed herein affect and relate to your own business affairs. This document is not warranted to be error-free, nor subject to any other warranties or conditions, whether express or implied. Applied Systems and its affiliates specifically disclaim any liability with respect to this document and no contractual obligations are formed either directly or indirectly by this document. Any statements made herein are not a commitment to deliver any material, code or functionality, and should not be relied upon in making purchasing decisions, except as provided for in a separate software license agreement. The development, release, timing and availability of any products, features or functionality described herein remain at the sole discretion of Applied Systems and its affiliates. All other names of products and published works identified herein may be the trademarks or otherwise proprietary material of their respective owners.



Applied Systems UK
Invicta House
Trafalgar Place
Brighton
BN1 4FR
United Kingdom
+44 (0) 1273 852000

appliedsystems.co.uk

© Copyright 2019 Applied Systems, Inc.