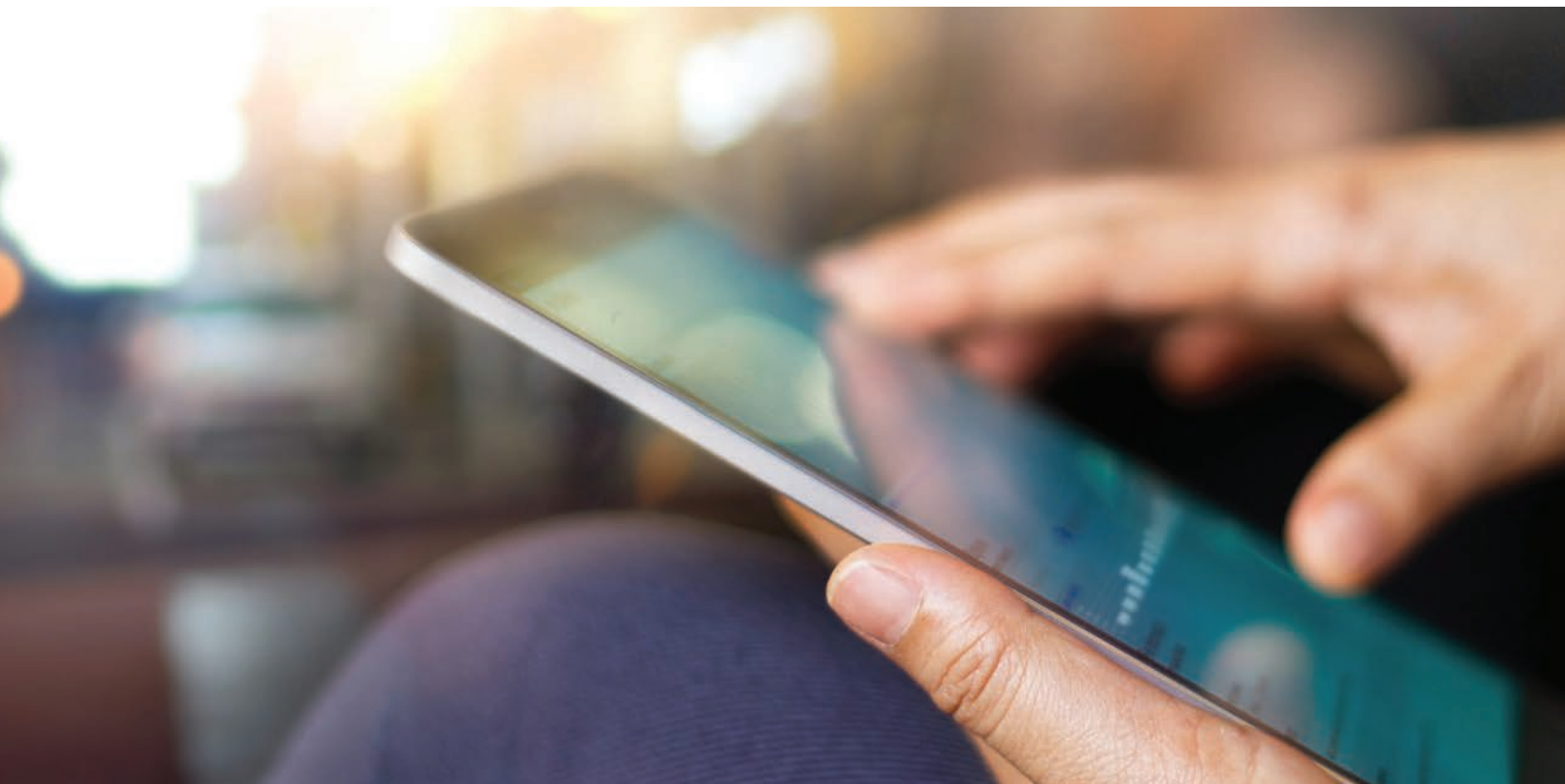




APPLIED DIGITAL AGENCY ANNUAL REPORT

2018 Digital Technology Adoption Benchmarks and Trends



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Survey Overview

The Applied Digital Agency Annual Report: 2018 Digital Technology Adoption Benchmarks and Trends was produced by Applied Systems.

More than 1,300 independent agencies across the U.S., Canada, UK and Ireland participated in the 3rd Annual Applied Digital Agency Survey, from which the results of this report were generated. Respondents voluntarily participated in an online survey conducted in February 2018. The findings are based on responses to a set of questions about agency technology use. Responses provided the data to calculate a digital score for each agency taking the survey and identify baselines for technology adoption.

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

Key Takeaways

44%

is the average for digital technology adoption at an independent agency in 2018. Given this score is exactly the same as 2017, it reveals that agencies have yet to fully embrace the opportunities that digital technology affords to service and support connected consumers in the digital age.

97%

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

45%

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

A significant opportunity is there for the taking. Given more than half of all consumers use mobile devices first for anything they do online (Gartner), agencies must embrace mobile technology now for both clients and staff.

77%

receive download directly into the management system. Some download types, such as Personal Lines, are more widely received, but overall, use of download services is strong among agencies worldwide. This strong showing reinforces the importance agencies place on digital connectivity with insurer partners.

20%

use data analytics applications to gain insights from their management system data. Year over year, use remains virtually unchanged. Ambivalence to adopting data analytics is likely due to the misconception that it is too complex and technical for agencies to manage on their own.

65%

host software in the cloud. Cloud continues to be the top choice among agencies 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 Indispensable Agency Engine

97% use a management system. This almost ubiquitous adoption by agencies worldwide confirms that the management system is the foundation of their businesses and indispensable for their day-to-day operations.



Top Capabilities Used

91%

Document management

80%

Financial reporting
and accounting

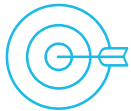
71%

Complete visibility into all
departments via one system

Capabilities Growing in Use



14% increase in use of sales opportunities and prospect information tracking YoY



80% increase in use of integrated marketing tracking YoY



71% increase in use of workflow process management tracking YoY

Standout Regional Stats



206% increase in use of eSignature YoY by UK brokers

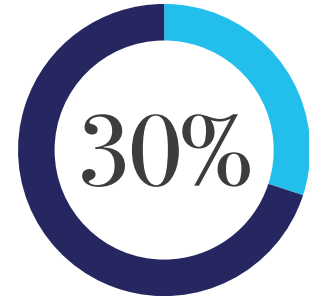


Almost 80% of Canadian brokers use integrated rating in the management system

Why It Matters

Best-in-class digital agencies 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 standardized workflows and eliminating time spent managing and updating disparate systems.

In Fact



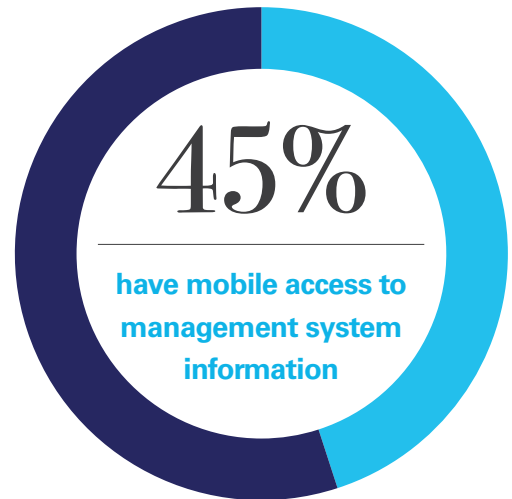
Switching between multiple, disparate systems can reduce staff productivity by as much as 30%.

Source: American Psychological Association



Mobile: Time to Mobile-ize

Only 45% have mobile access to management system information, and even fewer, 24% and 18% respectively, offer clients mobile apps and self-service portals. A significant opportunity is there for the taking. Given more than half of all consumers use mobile devices first for anything they do online (Gartner), agencies must embrace mobile technology now for both clients and staff.



Customer Self-Service Portal

64%

do not have a customer self-service portal

Customer Mobile App

77%

do not provide mobile apps to clients

Staff Mobile Tools



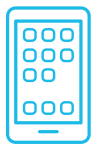
50% cannot access management system via mobile

Standout Regional Stats



No customer self-service portal:

- 93% (Ireland)
- 81% (UK)
- 76% (Canada)
- 62% (U.S.)



No customer mobile app:

- 95% (Ireland)
- 92% (UK)
- 77% (U.S.)
- 73% (Canada)



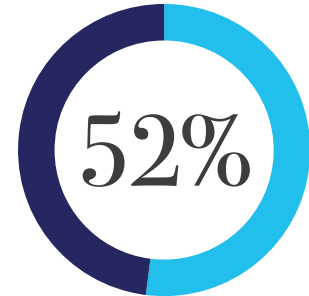
No staff mobile tools:

- 68% (Ireland)
- 59% (UK)
- 49% (U.S. and Canada)

Why It Matters

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

In Fact



52% of consumers would switch providers for greater online service.

Source: Deloitte Survey, "Serve Them Before You Lose Them," 2016



Insurer Connectivity: The Ultimate Time Saver

77% receive download directly into the management system. Some download types, such as Personal Lines, are more widely received, but overall, use of download services is strong among agencies worldwide. This strong showing reinforces the importance agencies place on digital connectivity with insurer partners.



Global Download Service Types Received

86%

Personal Lines

71%

Commercial Lines

62%

eDocs and Messages

58%

Claims

Connectivity Technology Use



81% are registered IVANS
Exchange users



41% are IVANS Markets users



51% are real-time inquiry users

Standout Regional Stats



72% of Canadian brokerages
manage insurer relationships in
the management system



82% of UK brokers take advantage of
eTrading in the management system

Why It Matters

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

In Fact

1 hour

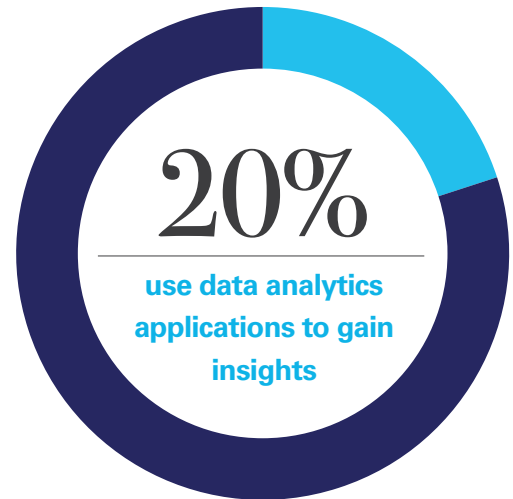
By going paperless, agencies save at least one hour per employee per day.

Source: IVANS Annual Agency-Insurer Connectivity Report, 2017



Data Analytics: The Underutilized Secret Weapon

Only 20% use data analytics applications to gain insights from their management system data. Year over year, use remains virtually unchanged. Ambivalence to adopting data analytics is likely due to the misconception that it is too complex and technical for agencies to manage on their own.



Strongest Adopters

47%

United Kingdom

Weakest Adopters

15%

United States

Standout Regional Stats



38% YoY increase in use of data analytics by UK brokers

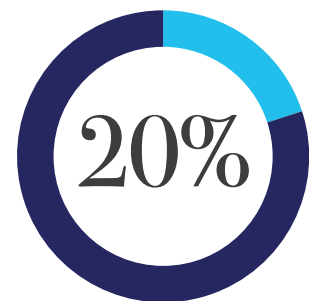


25% of Irish brokers use data analytics

Why It Matters

The industry is moving at a faster pace and today's insurance consumer is more connected than ever before. At the center 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, agencies 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 organization to one that is data-powered gives agencies a competitive edge through enhanced decision making, insight discovery and process optimization.

In Fact



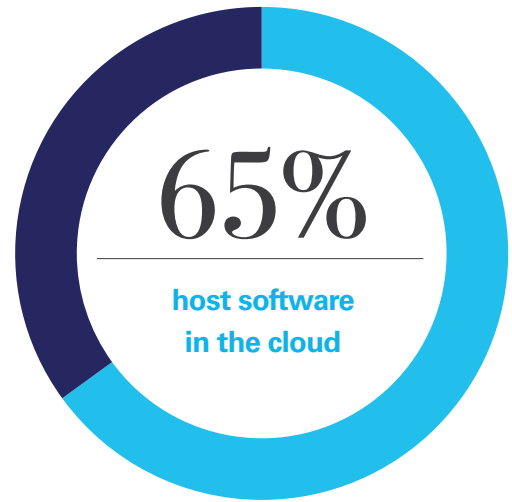
20% more profit is realized by information-centric organizations.

Source: Gartner



Cloud: The Go-To for Business Continuity and Data Security

65% host software in the cloud. Cloud continues to be the top choice among agencies 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

77%

United Kingdom

66%

United States

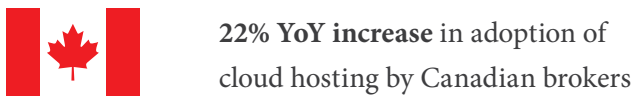
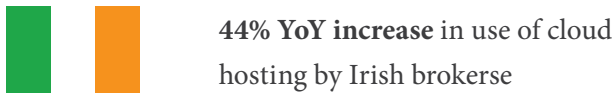
60%

Canada

Growing Adoption



Standout Regional Stats



22% YoY increase in adoption of cloud hosting by Canadian brokers

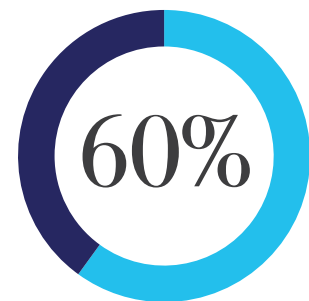


22% YoY increase in adoption of cloud hosting by UK brokers

Why It Matters

Hosting the applications that your agency relies on day in and day out in the cloud ensures continuous business operations and secure data. By leveraging 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 agency operations. Additionally, by eliminating the time and expense managing IT systems, more of your staff's time can be spent selling insurance and servicing customers.

In Fact



60% of small and medium-sized businesses that experience a cyber attack go out of business after six months.

Source: National Cyber Security Alliance

Why Becoming a Digital Agency Matters

Digital agencies experience greater monetary return. Overall, agencies that completely transform into a digital agency experience 156% higher revenue per employee than those that do not. When agents are focused on selling and serving customers rather than performing manual tasks, they deliver a better customer experience driving increased retention and business growth.

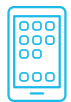
156%
higher revenue per employee (RPE) realized by complete digital agencies



35% higher RPE for agencies that have a single view of customers



32% higher RPE for agencies that have a customer self-service portal



37% higher RPE for agencies that provide clients a mobile app



18% higher RPE for agencies that provide mobile tools to staff



18% higher RPE for agencies that digitally connect with insurer partners



60% higher RPE for agencies that adopt data analytics solutions



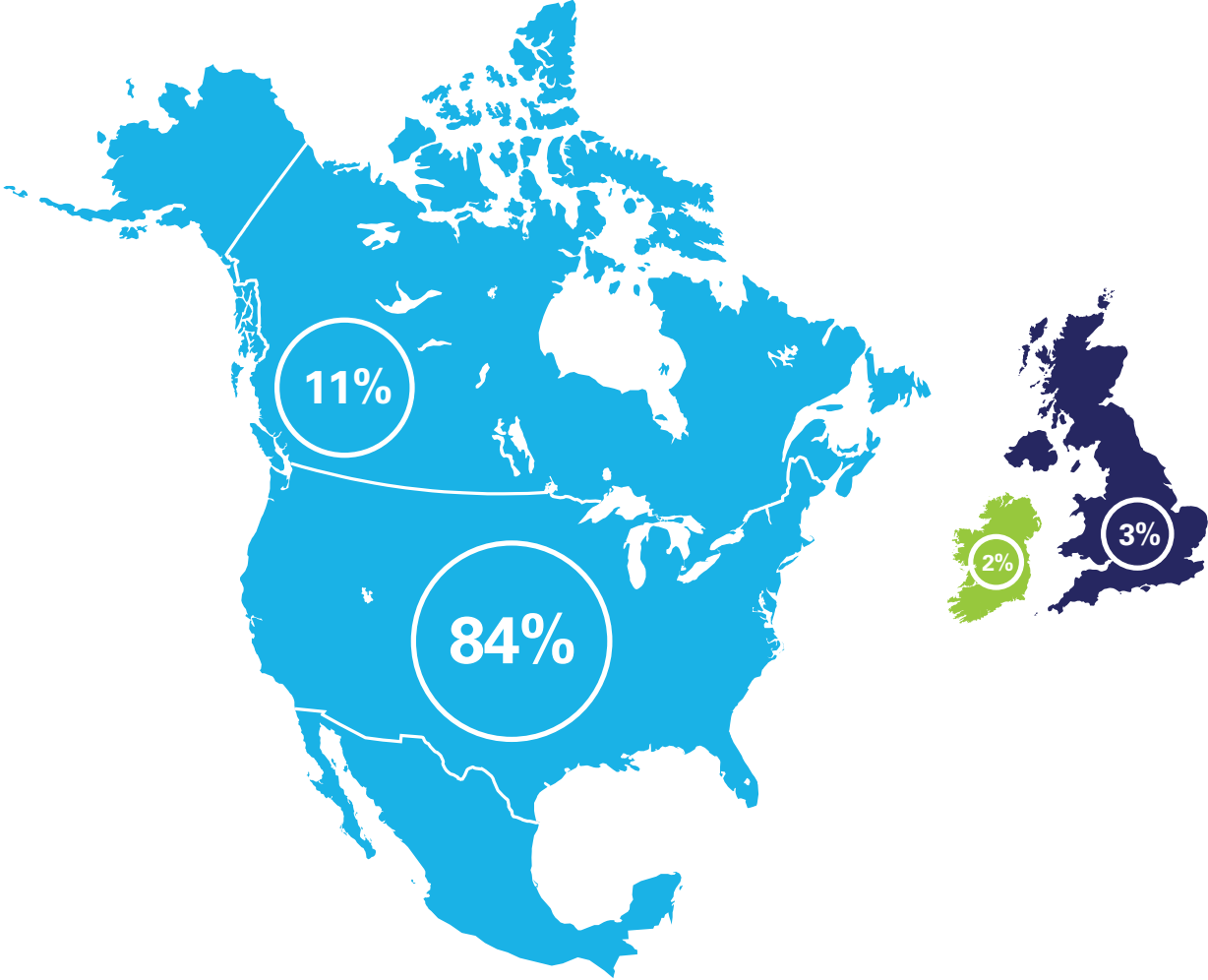
40% higher RPE for agencies that host software in the cloud

Conclusion

Similar to the 2017 survey results, in 2018 agencies are on par with their digital technology adoption. There remains a strong opportunity to better leverage the core technologies that a digital agency is built on – a foundational management system, mobile, insurer connectivity, data analytics and the cloud.

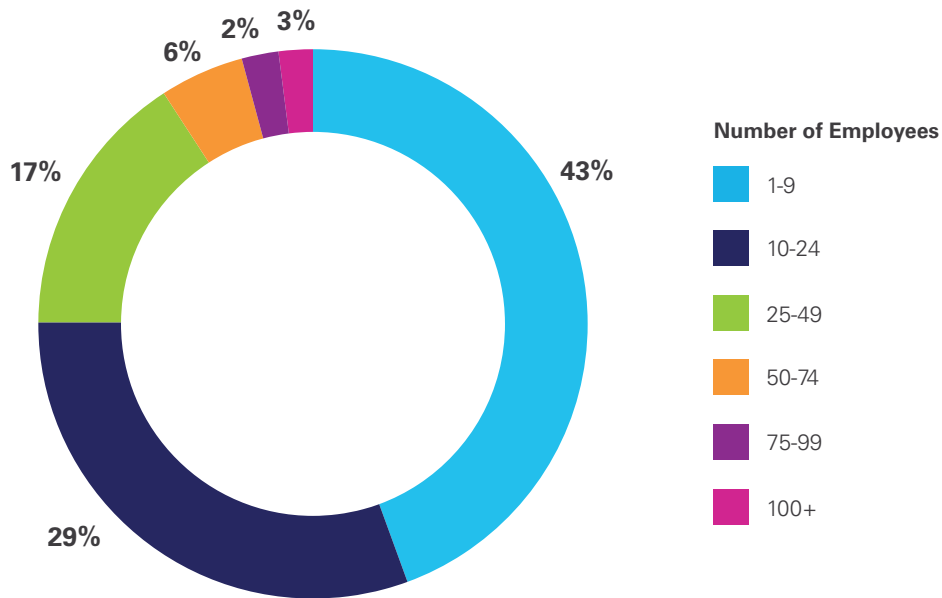
Demographics

Geographical Region

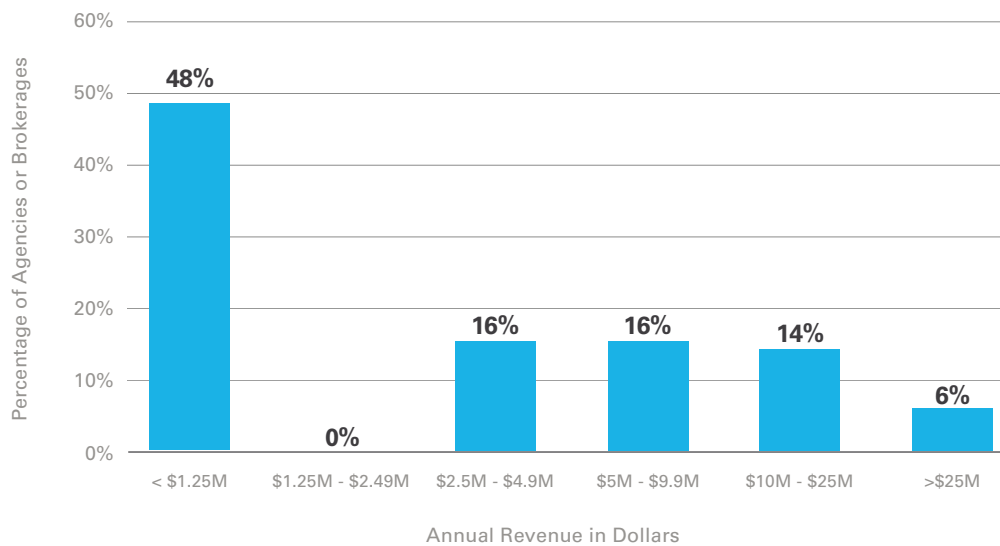


Demographics

Agency Size



Agency Revenue



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

Recognized as a pioneer in insurance automation and data exchange between agencies, insurers and their clients, Applied is the world's largest provider of agency and brokerage management systems, serving customers throughout the United States, Canada and the United Kingdom. By automating the insurance lifecycle, Applied enables millions of people around the world to safeguard and protect what matters most.





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