Future Insurance Employees: Remote, Collaborative, and with Their Own Devices

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September 2012

Executive Summary

Historically, insurance organizations have had tight control on the types of technology employees utilized. Additionally, corporate technology was well surrounded by the company’s own bricks and mortar, which provided a secure environment. Pervasive consumer computing and a general socio-economic drive for work/life balance have changed the traditional landscape permanently. An additional transformational driver is that the insurance industry is now inescapably global at most all product levels, not just within jumbo commercial lines of business. Therefore, aligning expertise with individual insurance transactions is challenging, but imperative to compete in a marketplace that requires agility. Although this raises many issues, one important element is a virtual desktop in an insurance world without borders.

Underlying the strategic drivers is the need for IT organizations to manage increasing complexity and reduce costs — seemingly conflicting goals. Line of business heads want technology that can support multichannel sales and service. This is particularly important in contact centers where the need to connect consumers and distributors, in real time, with expert advice is essential to success. Integrated voice and video play a pivotal role in the new sales/service paradigm.

CEB TowerGroup survey results indicate that 78% of tech-savvy workers and, more strikingly, 51% of technology skeptics, believe that personally owned devices in the workplace, commonly known as bring your own devices (BYODs) have the highest value of all consumer technologies. Insurers must address this reality with managed BYOD strategic initiatives. Of equal importance in an overall innovative IT strategy is virtual workspace and this report addresses the additional drivers defining this critical element. Leveraging technology investment to address multiple business issues is imperative and the discussion themes of this paper encompass remote experts. The future insurance worker has arrived; is your organization ready to hire?
External Business Drivers Require Change
There are no shortages of highly complex external factors keeping insurance executives awake at night in 2012. Global economic uncertainty has been at the forefront of external business drivers since 2008. Many leading insurance executives are returning to insurance basics — underwriting, pricing, and claims cost optimization — to combat adverse economic conditions. Although time-tested actions work for some external business drivers, others require new approaches.

Pervasive Consumer Computing
Insurance executives are concerned about the business impact of consumer technology. Some executives wonder what the effect will be. Others worry about when it will happen. Still others wonder how long the organization can maintain the status quo before responding. However, the over-arching concern is the pace of change of consumer computing choices. Insurance organizations are accustomed to technology initiatives that take 12–24 months to complete, and then hold value and relevance for 5 to 10 years, or longer. Without doubt, consumer technology maintains leading edge status only until the next “latest and greatest” announcement, which is only months, not years, off. A pace of change expressed in months is disconcerting to insurance executives.

Sales/Service Channel Convergence and Integration
Historically, insurance organizations have aligned with one sales channel and related service channel. This stance has somewhat eroded over time. For example, some insurers that sell exclusively through the independent agent and broker channel have found it competitively necessary to establish a direct-to-consumer channel for commodity personal automobile products. These channels have remained siloed, without crossover, particularly from a service standpoint. Diversifying across several sales and service channels has become imperative for a number of insurers, but the challenging circumstance for insurers in 2012–13 is consumer and distributor requirements for channel shift, on demand. Depending on the complexity of the transaction, activities can start in a self-service mode then transition to needing skilled personal advice and then move back to self-service. Real-time channel shift, particularly when skilled advisory services are required, is troubling to many insurance organizations.

Marketplace Agility
The business acquisition luxury of taking 30 to 90 days to meet with distributors and potential customers, gather information, and make an underwriting and pricing decision is gone. Competition for profitable, new customers is fierce, particularly given economic conditions in 2012 and beyond. There are many moving parts in the insurance transaction process and connecting them all at a near real-time standard is difficult. Delays, even as short as a few hours, can make the difference between securing the sale and losing to a competitor. Insurers struggle with this level of immediacy.

IT Complexity and Cost
Technology has matured and business leaders are rapidly recognizing the value of operational efficiency, improved decisioning, and positive impact on financial results. However, based on market segment and product mix, the technology answer means different things to each constituency. IT is becoming very complicated and with complexity frequently comes expense. Given the precarious nature of financial results in 2012 and into the foreseeable future, all insurers are seeking methods of reducing IT costs. The challenge is that most business leaders are not willing to forego their favorite technology projects. IT executives are seeking ways to reduce costs without sacrificing business value, while continuing to enhance employee work experience. These goals appear to be in conflict.
**Enterprise Compliance and Risk Management**

Although Benjamin Franklin opined, at a human level, “In this world nothing can be said to be certain, except death and taxes,” the insurance equivalent is the certainty of compliance and risk management. In North America, given the individual state and provincial nature of regulation, complying with highly varied regulations is a constant. Compliance can be painful, but being in compliance underpins almost every insurance decision. Managing risk is the foundation of insurance and insurers. With increasing frequency, insurers are adding risk management responsibilities at a “C” suite level. The financial services crisis and Solvency II requirements, to mention but two influences, have made it abundantly clear that compliance and risk management are enterprise issues. Many insurers believe that compliance and risk management can be in conflict with consumer, distributor, and employees’ demands for changes to business processes and operating models. The challenge for insurers is to make certain that compliance and risk management do not become barriers to innovation and adoption of transforming ideas and technology.

**BYOD: The Silent Explosion**

BYOD is a unique phenomenon in business. Quietly, and with no ill intentions, employees have been bringing their personal devices to the workplace. Some employees brought personal devices to maintain social connections, and others to execute work tasks in ways that are familiar and intuitive. The phenomenon is that this very significant IT trend has happened from the ground up. Employees have driven demand to the “C” suite, which is atypical for technology adoption. However, this is not the case unilaterally. CEB TowerGroup interviews show that some insurance executive’s personal acquisition of leading edge devices was a catalyst for a BYOD initiative. However, in these instances, once BYOD initiatives commenced, employees reacted with “Oh good…I have been bringing my personal device to work for six months!”

**BYOD Demographics**

For insurers just starting to consider BYOD initiatives there are several important trends to understand that are illustrated in Exhibit 1.

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**Exhibit 1**

Consumers Technologies Used On a Regular Basis

Source: CEB TowerGroup
The important conclusions illustrated by the findings in the exhibit are twofold. First, personal devices are the leader in the use of emerging consumer technologies. Social networking technologies, collaboration/productivity tools, and communication tools all trail, which places priority on BYOD initiatives. The second trend is that utilizing consumer technologies at work is not an issue just for highly technology focused individuals — it is pervasive across all attitudinal segments. During interviews conducted by CEB TowerGroup for this paper, some insurance executives and managers have expressed that BYOD is primarily an issue for younger, tech-savvy individuals. This view shifted the conversation intensity at the insurer to moderate with a longer execution horizon. Our findings indicate this should not be the case because it impacts all employees, which should put a sense of urgency around BYOD support as well as other consumer technologies.

**More than Just Worker Experience**

BYOD support by insurers is critical in supporting employee expectations for executing work tasks. However, in terms of benefits, insurers gain in additional areas. One of the primary business drivers detailed at the beginning of this paper is the pace of consumer computing. BYOD allows workers to keep pace with the “latest and greatest” without compelling the insurer to maintain an impossible adoption and rollout schedule driven by external technology developments. Several insurance executives interviewed for this report indicated that BYOD allows their organization to appear to be on the cutting edge of technology without the direct device cost and related support expense. Given that insurance organizations are seeking cost reduction methods to reduce IT expense, offloading device support to employees’ chosen vendor delivers additional benefit.

**Work/Life Balance Imperative**

In April of 2012, news coverage that Sheryl Sandberg, COO of Facebook left work every day at 5:30 p.m. to be home at 6:00 for dinner with her children virtually hit every communication outlet. It was a viral revelation! In hindsight, the magnitude of the press focus was very curious. The real question is: Is Sheryl Sandberg’s work/life choice an aberration or is it more the norm? Exhibit 2 below reveals CEB TowerGroup’s research results.

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**Exhibit 2**

**Top Five Attributes of Attractive Work/Life Balance Offers**

Source: CEB TowerGroup
Regardless of the age of applicant, the number one consideration for candidates making a job decisions is a flexible work schedule. Whether it is being home at 6:00 for dinner with the kids, or addressing co-workers e-mails after a ball game, employees want flexibility. The other important revelation is that the “all respondents” number five element is, in part, telecommuting technology. This clearly indicates that most workers want to be untethered from the bricks and mortar of an office. To be able to attract the best employee candidates, insurers must step up to these requirements.

Exhibit 1 shows that consumer technologies are very important in getting work done. Although personal devices are the leading consumer technology, communication tools such as Skype are also important. Consumers rely on both visual and verbal communication and employees expect to have a full set of integrated communication tools at work, just as they do at home.

Putting the whole picture together, employees expect employers to provide a technology stack that facilitates work/life balance. They further expect their work environment to mimic the technology they use at home: personal devices, integrated voice and video, and a mobile environment that responds in any locale, depending on the circumstances of the moment. For insurers this means an effective BYOD program, integrated voice and video, and a virtual desktop. Some insurance executives may believe that this desire on the part of employees is simply to make work more fun, and thus not see the business value. However, CEB TowerGroup research shows that, of the top eight reasons employees’ value consumer technology four are directly related to efficiency and delivering value back to the organization, exclusive of work/life balance reasons.

Divergent Views of Consumer Tools
Even though employees’ views relative to consumer tools and work/life balance are fairly consistent, insurance executives on the business side see things differently than IT executives. Exhibit 3 provides survey results illustrating the differences.

Exhibit 3
Consumerization and Contrast
Source: CEB TowerGroup
Business leaders are clearly looking for consumer technologies to transform their organization. They are seeking productivity and agility gains, technology to attract smart younger workers, and new operating models. On the other hand, IT leaders are concerned about changes in cost structures due to consumer technology adoption, security risks, complexity and integration challenges. Both sides can be understood. However, CEB TowerGroup interviews revealed that IT organizations that have deep business knowledge, in fact, shared the above stated business leaders’ optimistic direction. These organizations had already established BYOD initiatives as a result.

Optimism aside, security concerns are very real as it relates to consumer technologies. Organizations must have unified policies for devices. Insurance companies must be able to monitor employee’s use of personal devices and have the technology that allows automated action to protect corporate data in the case of a lost device or disgruntled employee. Sound compliance and risk management strategies cannot be ignored simply because BYOD has upsides. Nor can insurance organizations ignore BYOD simply because there are risks. The risks must be managed through appropriate technology adoption.

The “Next Generation” Remote Expert

Historically, insurers have leaned toward creating and retaining expertise within their own organizations, as direct employees. Tradition also meant that employees were housed in bricks and mortar, corporate offices. As insurance has grown in complexity, it has been increasingly difficult to maintain this.

Demographics of Remote Experts

Insurer mergers and acquisitions have left trusted experts removed from newly centralized operations. The social trend of reduced relocation to accommodate multiple careers and child-care preferences, to mention but two factors, certainly puts insurers in a position of seeking alternate tactics for keeping expertise tied to the company.

In addition to the human demographics, the globalization of insurance has had a huge impact on location of employees. Large and jumbo commercial lines of business have generally had an international component, but this has evolved down into mid-sized commercial lines, specialty lines of business, and high-net-worth personal lines of business. The individual experts that have unique knowledge pertaining to these accounts quite literally are spread across the globe. The distributors servicing these accounts are also dispersed around the globe.

An additional point of complexity is that emerging nations are critical points of commerce and collaborating with experts in remote locations is necessary and frequently challenging. The 2011 floods in Thailand hammered home painful lessons in supply chain impact. Many insurers suddenly understood the ramifications of emerging nations from a global economic standpoint even at a mid-market level. But they also learned what collaboration with remote experts truly entails — there were stressful gaps in information gathering and problem solving due to lack of an integrated virtual communication structure.

Marketplace Agility and Remote Experts

Given the global nature of the insurance business today, technology that allows remote experts to connect, in real time, is imperative. Not only is this necessary due to the pace of competition, but also because of the sheer number of parties to an insurance transaction. Business owners and management, distributors, home office underwriters and actuaries, internal subject matter experts, external subject matter experts, and a plethora of field workers (e.g., claims adjustors, premium auditors, engineers, and inspectors) all have a stake in a successful business outcome.
Without the unique expertise of each of these constituents, converging and collaborating, the transaction stops until connections are made between all parties.

Some insurance executives are content to fall back on fax, e-mail, and phone conversations, but this is insufficient. Given time zone changes and remote geographical areas, personal devices, virtual desk tops, and integrated voice and video are a significant part of the answer so that experts can join a collaborative discussion regardless of when it occurs. Additionally, virtual collaboration technology facilitates real-time problem solving and process conclusion, faster, and with fewer execution cycles. This is imperative for insurers to compete.

**Expert Sales/Service Contact Centers**
The traditional call center is being replaced by the contact center. This change has occurred largely because of consumer and distributor demands for multichannel sales and service. Insurance is a complicated subject. Even at a commodity product level, such as personal automobile, coverage questions, individual state requirements, and product terminology can easily drive a consumer out of self-service into the need for real-time expert advice. Going up a notch in product complexity, for example, an investment-based insurance product could easily require home office expertise to deal with complex advisory issues. Suspending the transaction with "we’ll have someone get back to you with an answer" is not a winning strategy. Keeping the customer engaged by inserting the remote expert into the transaction in real time, via integrated voice and video is the successful strategy.

This same scenario easily ports over to service questions and distributor support, which also demands a collaborative, real-time environment. The moment of absolute value arises when a customer has a claim. Insurers prove their worth when they can connect the contact center representative, adjuster (via a tablet), and customer, in real time, at first notice of loss, so that appropriate information is gathered and vital services are executed with the first call. When health and personal property are at stake, nothing can be worse than waiting for a call back; and nothing can be better than answers and help on the first point of contact.

**Conclusions**
The convergence of consumer technology, employee work/life balance demands, and the globalization of expertise is transforming the insurance industry. Leading insurers recognize the importance and value of a “BYOD strategy in terms of elevating corporate technology savviness. In a time when IT is under extraordinary pressure to reduce costs and deliver new levels of employee and customer value, it is very rare to find strategic initiatives that can deliver on both accounts. Clearly, a well-executed BYOD initiative that balances risk management with innovation can do that.

In critical alignment with personal device choices is a virtual work environment that permits employees the flexibility to meet both work and personal goals. The cascading value of a virtual desktop and integrated voice and video is inserting experts with business processes at the exact time they are required. Insurance transactions are becoming more complex, and unique knowledge must be delivered regardless of where experts are located. Marketplace agility and sales/service channel diversification are challenging business issues. Business leaders can fill in many of the puzzle pieces by employing technology for virtual collaboration and supporting the future insurance worker who is on the payroll today.
Cisco commissioned CEB TowerGroup to conduct independent research and analysis of bring your own device, virtual expert, and collaboration practices and trends in insurance. The content of this report is the product of CEB TowerGroup and is based on independent, unbiased research not tied to any vendor product or solution. Although every effort has been taken to verify the accuracy of this information, neither CEB TowerGroup nor the sponsor of this report can accept any responsibility or liability for reliance by any person on this research or any of the information, opinions, or conclusions set out in the report.