Progressive

WHAT HAPPENS WHEN YOU OPEN A SIMPLE WEB SITE AND EVERYBODY COMES? IF YOU'RE PROGRESSIVE AND HADN'T REALLY EXPECTED THAT LEVEL OF TRAFFIC, YOU GET CISCO TO CREATE AN INDUSTRIAL-STRENGTH INFRASTRUCTURE THAT MAKES EVERYONE GLAD THEY DID.

Background

The country's fourth largest auto insurer, Progressive has been called a visionary company that is leading a wave of change within their industry. But what makes Progressive so progressive? Innovative products, a distinctive culture, and, most importantly, a relentless commitment to providing unparalleled customer service—all of which can be traced to the company's founders.

Lawyers Joseph Lewis and Jack Green owned five small auto service companies when they formed the Progressive Mutual Insurance Company in Cleveland on March 10, 1937. The company's first offerings were auto-related services including insurance, and Lewis and Green continued to seek innovative ways to serve customers.

Priding itself on staying a step ahead, Progressive experimented with a variety of practices such as time-payment premium plans and drive-in claims service. But turmoil in the world in the early part of the 20th century was affecting American business, and Progressive was no different.

America's focus on the war effort left the company struggling, frequently requiring capital contributions. It wasn't until the end of World War II that auto insurance became more popular and Progressive emerged small but solid.

EXECUTIVE SUMMARY

BACKGROUND

Progressive insurance employs 19,000 people, has 350 nationwide offices, is the nation's fourth largest writer of private passenger auto insurance, the largest writer of private auto insurance through independent agents, and the number one writer of motorcycle insurance in the United States.

CHALLENGE

Progressive's first Web site, created in 1995, was no more than "brochureware" that soon became unexpectedly overrun with increased traffic—and all the inherent problems in the race to meet or exceed customer expectations.

SOLUTION

Using a Cisco infrastructure as foundation, Progressive expanded their network and created portals for their three most critical constituencies: consumers, employees, and independent agents.

RESULTS

Progressive tapped into the large segment of consumers who prefer online shopping, cut costs and increased customer satisfaction by offering self-service applications, and allowed employees to share news, information, and training on the company's Intranet.

Progressive's vision was and is to be an auto insurer of all people, offering competitively priced auto insurance so everyone can live the American dream by "taking to the road." Their stated mission is to reduce the human trauma and economic costs of automobile accidents.

In 1992, Progressive became the nation's largest writer of private passenger auto insurance sold through Independent Agents. The same year, Progressive stock split 3 for 1 and the company distinguished itself in the insurance industry by providing consumers with a cutting-edge auto insurance comparison rate shopping service.

In 1994, Progressive surpassed $2 billion in premiums. In 1999 Progressive became the fourth largest auto insurance company in the country, operating in 48 states and employing close to 18,000 people.

The Challenge

In 1995, forward-thinking Progressive became one of the first major auto insurance companies with a presence on the World Wide Web. Their initial site was fairly simple.

"We had what we now call a billboard site," explains Alan Bauer, Internet Business Leader. "It was 'brochureware' providing information on Progressive, asking people to send us an e-mail, that kind of thing. But the initial decision was certainly not made with some long term strategic vision in mind."

Progressive received far more interest than they ever expected from their Web presence. It was early in the Internet economy—Amazon had just come on the scene—so there weren't many models to follow. As traffic on their Web site increased, Progressive knew there was substantial opportunity to be tapped. They began thinking about how to expand their Internet scope.

The Solution

At the time, Progressive had a number of services that lent themselves to the Web. Using a Cisco infrastructure, they decided to expand their network to create portals to reach consumers, employees, and independent agents—their three critical constituencies. They began by Web-enabling the kind of services most requested online.

"The answer to what made us go further was really the customers," says Bauer. "They were telling us they liked doing business on the Web, but wanted more." The kinds of requests Progressive received ranged from how to buy, to how to make policy changes, to how to get a job or invest in the company.

Progressive put the Web to work. They set up a direct purchase process online, as well as a self-service function to get rates from competitors as well as from Progressive. They set up an agent network that allowed consumers to find an agent in their neighborhood. And they began an eLearning initiative for employees.

Results

Progressive experienced immediate benefits from its expanded Internet strategy. First, they tapped the large segment of people who prefer to shop online, but who previously had no options for purchasing auto insurance this way.

Next, they reaped internal savings by offering self-service applications. By adding an Extranet, Progressive is able to communicate with and transfer information to and from independent agents electronically. "This eliminates paper costs and time delays, and gives agents much more information on demand than ever before," says Bauer.

Progressive uses an employee Intranet for timely sharing of news and information, as well as for training. Online training alone has made an enormous difference in productivity and cost savings. "Progressive has many large call centers," Bauer explains. "Typically, we've taken a group of 50 or 60 employees out of these centers and put them in a classroom for up to a week. Service levels are impacted and a real expense is incurred in travel costs. With the Intranet, people can learn at their own pace and use the down time between calls to study."

Another benefit that complements Progressive's innovative nature is the ability to experiment. With instant feedback from their virtual networks, they are comfortable trying something new, knowing they can quickly adapt to feedback. "We learn very quickly whether something is popular or not, which helps us limit risk," says Bauer.

With that attitude and its tradition of innovation, Progressive is just beginning to explore the possibilities of a comprehensive Internet business model. "We know the Internet is playing an increasingly important role in people's lives," Bauer says. "We will continue to experiment—to find what people want. We've learned to try new things, to act quickly, and to be bold and not underestimate. It's easy to experiment, because you know almost immediately if you've got a winner or a loser and can make immediate corrections. It's unlike any other business model I've ever seen."

Cisco Systems

Corporate Headquarters
Cisco Systems, Inc.
170 West Tasman Drive
San Jose, CA 95134-1706
USA
www.cisco.com
Tel: 408 526-4000
800 553-NETS (6387)
Fax: 408 526-4100

European Headquarters
Cisco Systems Europe
11, Rue Camille Desmoulins
92782 Issy Les Moulineaux
Cedex 9
France
www.cisco.com
Tel: 33 1 58 04 60 00
Fax: 33 1 58 04 61 00

Americas Headquarters
Cisco Systems, Inc.
170 West Tasman Drive
San Jose, CA 95134-1706
USA
www.cisco.com
Tel: 408 526-7660
Fax: 408 527-0883

Asia Pacific Headquarters
Cisco Systems Australia, Pty., Ltd
Level 17, 99 Walker Street
North Sydney
NSW 2059 Australia
www.cisco.com
Tel: +61 2 8448 7100
Fax: +61 2 9957 4350