

Journey to the Leading Edge

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UPAC Insurance Finance

Breakout Session

Tuesday, September 16, 2008

4:00 – 5:00 pm

Why We ***MUST*** Go Down This Road...

Competitive Forces

- Ease (and speed) of doing business, efficiency
- Price being similar, clients will choose the easiest partner to deal with
- Greatest threat is from non-direct competitors who do it differently



Generational Change

- **Boomers**, born 1946 – 1964, 78 million
They use technology,
they've learned it.
- **Gen-X**, born 1965 – 1979, 48 million
They demand technology,
they've grown up with it.
- **Gen-Y**, born since 1979, 80 million
They take technology as a given,
they've never lived without it.



But it's **NOT the leading edge of technology that counts...**

It's the leading edge of Users' experiences and processes.

It's how you apply the tools, not the tools themselves, i.e. engineering not science.

Where to Look for Opportunities?

Find the Friction

- What could be easier or faster for the Customer? Eliminate, Streamline, Automate or Standardize.
- Convert multi-step interactions to Done-in-1 transactions.
- Change a workflow – or better yet adapt to your users' process.

It's a Self-Service World

- Who would use a bank without online banking?
- Who uses a travel agent to get their airplane tickets?
- It's convenience and control and I-want-it-now.
- Shifting work to the end customer is fine **IF** it shifts the control to them, especially control of time.



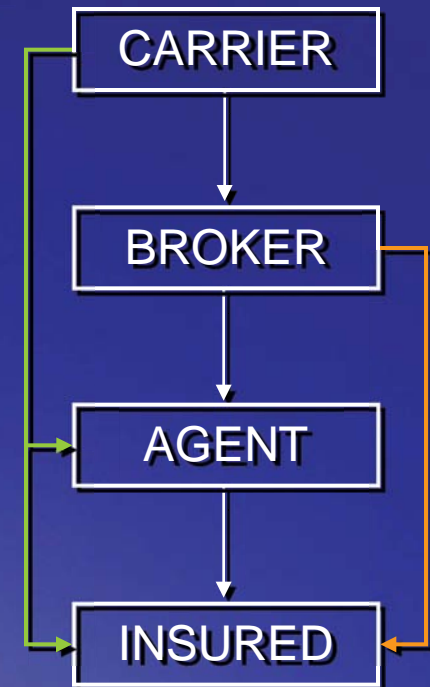
Straight Through Service

- Does a business process really have to be handled by a human? Let the humans do just the exceptions.
- First call – or first visit – resolution.
- If you can do it on the phone/fax and you can document the process, you can do it on-line.

Look at the Whole Value Chain...

Carriers – Brokers – Agents – Insureds

- Can technology aimed at one level down help two or three levels down?



CAUTION!

Blue Ocean Strategy

**It's not an
"either – or" world
any more.**

The UPAC Story

- In Premium Finance we are largely the billing function... But we have a similar quote, issue and service life cycle.
- The way we were in 1997...
 - Phone and Fax call center.
 - Windows quoting disk aka Rater (sent to clients)
 - Legacy loan processing system (not modern, but solid).
 - Brochureware website.

Epiphany

- We started to see a few sites that hooked to a database.
- New Cold Fusion and ASP tools took it out of CGI state.
- Realized we could show everything in our database to our agents.
- Same for the insureds. Most efficient way for an agent to answer a billing questions is not at all.
- Goal was EODB, not internal efficiency.

However, we saw a:

- 50% reduction in call center activity...AND
- 60% of finance agreements entered by our clients.

Since then, we've repeated the "Why" process

- **1999** – Why do they Fax paperwork created on our own computer?
Result: e-PFA
- **2000** – Why do they mail/fax for insured signature?
Result: e-Sign law, just built the click-throughs
- **2001** – Why do they re-key insured and policy data into our system?
Result: First interface (Applied System)
- **2001** – Why re-enter data for a Renewal?
Result: Once-click renewal process
- **2002** – Why do we manually process adds/changes?
Result: Online-endorsement process

- **2002** – Why do we cut so many checks?
Result: ACH to Agencies, GA's to Carriers
- **2003** – Why do we have paper files for documents WE create?
Result: Web document generation
- **2003** – Why are we always faxing copies of docs?
Result: Web document retrieval
- **2004** – Why do we get FedEx and wire transfer payments?
Result: Online checks, later credit card
- **2005** – Why are we custom coding agent-specific exceptions?
Result: Darwin project resulting in PF^x



- **2008** – Why do we have to resolve so many issues when a loan is submitted?
Result: PF^x front-end underwriting
- **2008** – Why does it take so long to change the rules?
Result: PF^x rules engine
- **2009** – Why do we still get 25% of loans via fax?
Result: Bar coding

What Were the Big Roadblocks?

- Attorneys objected to e-PFA and e-Sign
 - Business risk vs. Regulatory risk vs. Legal risk
 - Evaluate what's the worst case scenario and balance against the benefits
- Resistance to change
 - Internal users did not want to change their process
 - Field Sales and Client Services staff "*thought*" customers didn't want to change
 - Fear of failure/embarrassment:
"I like the DOS disk better."

Additional Roadblocks?

- Internal users did not want to let computers make their decisions
 - Everyone wanted to talk with the customer and make judgments
 - We “parameterized” those decisions, then left the gray ones to humans

Overall, Lots of Reasons Why Not...

Our Solution

"I know it can't be done, but if it could,
what would that look like?"

Created a New (Happy) Challenge

- Worked so well that internal users wanted to use what the Customer was using. (Creating a whole new set of demands for SMOPs.)
- Prioritizing opportunities – put the client impact stuff first.
- Very interesting issue – why not do them ALL?!

You Can't Always Rely on Customer Feedback...

- That's driving in the rear view mirror.
GM is better at focus groups than Japan, but who's getting the market share?
- Lead...Try on a small scale...Prototype
We did 3 complete reworks of the UI
- Look for things outside the industry that are setting expectations...
Online banking, Google, Amazon, PayPal
- Don't wait for your customers to ask.

The Road Ahead

- No obvious “Next BIG Thing”.
- Plenty more opportunities for user assistance.
- Computer-to-Computer rather than User-to-Computer transactions have great promise.
 - Much easier than it used to be with XML web services.
 - Still requires partnering.
 - Big wins if they work flawlessly. (Some great examples in the personal lines claims.)

The Road Ahead

- For us in Premium Finance...
 - Management System upload usage
 - Automated finance quotes with insurance quotes...it's the same data
 - Notice of Premium Finance / Cancel / Reinstate transactions via ACORD XML
 - Gen-Y communications like SMS
- For many of you...
 - GetRealTime.org
 - IIABA Agents Council for Technology E&S Workgroup



Create Friends & Fans More than Customers!

*Thank You
For Attending*