

# Adapting to Change

Advanced Technology Helps Carriers Reduce Costs and Increase Sales

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The past 10 years have brought many changes to the typical insurance sale. Products once sold from a rate card are now sold as part of a financial plan or a comprehensive retirement strategy. Along with that, agents have developed their own selling scripts and methodologies over their individual careers. They know what to present to prospects in various situations to maximize their selling success.

The tools used in making insurance sales have also changed significantly. From DOS-based tools showing a single quote to Web systems showing comprehensive product solutions, these tools continue to change and improve. How then can carriers prepare for the next 10 years of industry change? What new developments in technology will help agents increase their sales? And what can be done with field software to help carriers lower their costs while differentiating themselves to their distribution?

The most significant technology change is the emergence of the point-of-sale system that is truly enterprisewide. The focus of such a system is to allow a producer to have a single software application that can tell the unique story of the insurance product. Whether that story begins with a customer need, a product desire or an advanced selling concept, the enterprise point-of-sale system enables carriers to effectively communicate their value proposition to the producer and customer through needs-analysis tools, quotes, illustrations, advanced concepts, etc. Once sold, the agent can reuse the entered information, complete the application, and send it all to the home office for approval.

In defining the truly enterprisewide system, it is helpful to discuss what has historically been done to help agents sell insurance products. For several years carriers have been attempting to piece together an enterprise point-of-sale strategy that would allow them to both reduce overall costs and provide the functionality demanded by individual distribution channels. Many have bowed to the demands of individual

agencies and purchased software unique to a small subset of their sales force, while others have tried to create an in-house system that encompasses all distributor demands. Neither of these approaches has lived up to the expected increase in sales, but instead has generated additional business acquisition costs.

Vendors too have tended to build systems for niche products or niche distribution channels. With separate systems for different product types, they have not solved the overall needs presented by

today's major insurance manufacturers. Costs have continued to increase, leaving manufacturers with a range of systems spread across the distribution landscape. From various systems on desktop and Web platforms to home-built systems utilized by small groups of agents and distributors, all of these approaches have increased costs while attempting to meet the needs of the enterprise. Even with the introduction of communication standards and increased architectural openness, the number of nonintegrated software packages on producers' computers continues to grow. Many of these tools have redundant functionality, leaving the agent with a large number of marginally useful applications.

What then does an enterprise system need to contain to control costs and increase sales successfully? First, the system must support all insurance business lines. Agents should not need to shift from one software application to another to show life, annuities, long-term care, and disability insurance. They should also be able to illustrate additional

investment and protection products so that product comparisons can be made. Systems that do not do this add significant time to the sales effort and force agents to learn multiple systems to model the various lines of business. If agents are going to become familiar with solution selling and creating comprehensive solutions, they must not be asked to switch to multiple systems to create their comprehensive solutions. They must be given the ability to bundle together products and features to demonstrate the value of the solution to the customer.



Technology now makes it possible for companies to model a wide range of products and comprehensive solutions on a single system.

Second, the system must support the unique needs of each distribution channel. From branding to product mix to sales stories to investment options, systems are now able to present a specialized user experience for each user group. This capability is very powerful in that carriers are able to create a user experience that fits their objectives for that channel. For instance, agents in one channel might specialize in worksite marketing or sell products through the use of middle-market selling concepts. The enterprise system is able to activate or deactivate capabilities or interfaces based on the user group that the user is a part of. It is no longer necessary to develop separate systems for each distribution channel.

Shaping the system around the needs of each channel not only provides cost savings but also the ability to quickly adapt to a changing selling environment. Whether there is a need to turn off a particular feature for one of the selling broker-dealers or to add a new brand for a banking relationship, the enterprise system can adapt to a dynamic distribution landscape. This capability delivers the right sales tools to the producers, in many cases with the click of a mouse. Carriers with this capability have a distinct advantage in getting producers in new channels selling more quickly. This, of course, translates to increased sales.

The third characteristic of an enterprise point-of-sale system is its ability to support connected and disconnected users effectively. Perhaps the most important enterprise system characteristic, it provides a consistent user experience and robust functionality to the user regardless of the hardware device or Internet connection status. Technology now allows carriers to deploy a single set of code for all agent platforms. Whether connected to the Internet, running on a disconnected machine, or working from a handheld device, agents use the same software to create their sales strategies. This revolutionary functionality permits users to interact with the point-of-sale system in the way that best matches their selling style.

The best systems make the user's transition between Internet connected and disconnected simple and user-friendly. This is accomplished by allowing users to select specific business lines, illustration functionality, and marketing concepts that they want to run when they are not connected to the Internet. The necessary code for these functions is then downloaded to the user's machine and is available for offline use. When the user reconnects to the Internet, the software automatically updates his or her machine with any new computer code updates for that functionality.

In addition, it is also important that the system synchronizes the work completed in an offline mode. It is very possible that several people could be working to create cases on behalf of a particular producer: the sales desk, the illustration staff member in the agency, the application entry staff in the agency, etc. Each of these people could be creating new cases, some online while others are offline. The best systems will synchronize all of this work so that each person has the appropriate access to all of his or her cases regardless of where and how they were originally created. This capability allows users to share and collaborate on cases efficiently.

So, who receives the benefits from this new technology? If the software is written well, both the carriers and every participant in the distribution channel should see significant value. First, when agents

have all this functionality as a part of a single system, it helps them to strategize about how to create more comprehensive solutions instead of focusing solely on individual product sales. They are able to use the tools to help them create an overall client solution, where the output includes multiple product recommendations and presents them in a way that is clear to the consumer. Furthermore, since the same system code is used for such a broad range of functionality, agents can spend their time focusing on creating solutions to customer problems, rather than learning the new look and feel of various systems. Finally, the technology allows agents to use the tools in the environment that fit them. They do not need to modify their selling practices to use the tools effectively.

**POSITIVE IMPACT ON THE BOTTOM LINE** Carriers stand to see the biggest payback from these technology changes. Agents selling with solution-based selling tools will more successfully sell multiple products at the same time while creating a solid and compliant sale. They will create a stronger bond with the client, thereby creating a longer relationship. Not only will this increase sales and wallet share of the consumer, but it will also benefit carriers by lowering the cost of legal battles, improving customer satisfaction, and increasing customer commitment. All of these factors have a positive impact on the bottom line.

It should be noted, however, that moving agents to a more comprehensive selling approach doesn't just affect the sales tools. Companies must also understand that when products are sold in a bundled way, consumers will expect a different level of service. They will probably want to see more comprehensive service, in which the service representative recognizes that the products were sold as part of a comprehensive solution. The service reps may need tools that will help them see both the aggregate cost and benefits of the products. Companies may need to look at their toll-free number strategy and to consolidate statements and correspondence to successfully service these new customers.

By adopting single-system strategies, carriers can save millions of dollars in development costs while continuing to increase sales. Carriers that rely on a single system to support all of their product lines and all their distribution channels can quickly adapt to the changing needs of the distribution channels. This capability allows carriers to add new products to existing channels, enter new channels, and increase sales in each channel with a single system platform. Think about the cost savings with a single system to support all product types and all distribution channels. Finally, think about the costs related to creating functionality both for Web users and for desktop users. Advances in technology have now made this a reality and costs can be dramatically reduced as a result.

**TECHNOLOGY ALWAYS BRINGS CHANGE** As technological capabilities continue to evolve and deepen, great gains will be made in providing comprehensive systems to agents and agencies. New capabilities discussed here will be essential in helping carriers adapt to the changing marketplace while better servicing their distribution channels. Most important, carriers will be able to lower their costs and to compete more effectively. 🌐