Improving business processes for the insurance industry
A detailed look at HP’s Enterprise Content Management (ECM) solutions
An insurance industry white paper from HP

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Financial Services Industry Solutions
Introduction
The nature of insurance has changed dramatically over the years. New insurance investment vehicles have redefined the manner in which people prepare for their future, demanding the industry adapts to a host of fresh challenges. In the face of growing regulatory pressure and diminishing margins, new, more efficient sales channels have emerged, allowing the insurer to better communicate with its customers. Technology too has transformed the manner in which insurance companies do business, allowing them to improve efficiencies across the board if they have the right IT environment in place.

Insurance companies of all sizes have to manage millions of policies, making amendments and ensuring renewals are completed in a timely fashion. It is imperative that the right documents are delivered to the right people in a swift and efficient manner, both internally, to help employees make better informed business decisions, and externally, to ensure customers receive accurate information regarding their policy details.

Enterprise Content Management (ECM) is a relatively new concept that is aiding insurance companies in the capture, creation, collation, processing, distribution and management of these documents. With ECM implemented across an organization, it can begin to view content as a business differentiator; a benefit rather than a laborious, unrewarding chore.

Section 1: The changing face of insurance
Adapting to a new environment
The insurance industry has experienced wide-reaching change over the last decade. Whereas traditionally, life insurance was purchased as a means of protecting one’s family in the event of a tragedy, today, individuals and businesses purchase life insurance products as investment vehicles or to reduce tax burdens.

Increasingly, regulatory pressure is driving investment in new compliance solutions, while market forces have spurred a number of high profile mergers. With pressure coming from new competitors in the shape of banks and fund managers, traditional insurance companies are finding their space is becoming ever-more crowded. Just as banks and fund managers addressed this growing competition by consolidating their resources, so the insurance industry has followed suit.

However, the mega-mergers of recent years have not always been happy affairs. Unwanted consequences can range from internal culture clashes to operational chaos. In addition, insurance companies are facing customer demands to innovate distribution channels, improve time to market and enhance customer relationships—all the while, facing cost pressures to reduce operational expenses.

“We realize that our range of products is not covering the market. As the economy changes, people would want you to be a one-stop shop. So our product range needs to be increased.” —Insurance company executive
Compounding these challenges, insurance companies must also monitor and manage risk in order to remain competitive. With increasing regulatory pressure a merger or acquisition target may be forced to show that it has a comprehensive records management system in place.

As a consequence of these environmental factors, the business of insurance is changing in some fundamental ways. These include:

- **Regulatory pressures**
  Recently, the insurance industry has had to invest heavily in corporate governance. Furthermore, the emergence of new International Financial Reporting Standards (IFRS) has added gravitas to the already hot topics of reporting and cost control.

- **Opportunities in new markets**
  The worldwide geographical reach of insurance companies has opened up a wealth of possibility. However, this must be balanced against the potential risks involved in investing in these unproven markets.

- **New products defined by strategic demands**
  Across the board, the insurance industry is investing in new products and more robust, efficient sales channels to create competitive differentiation.

### The IT Challenge

Today, insurance companies face a host of challenges, some of which stem from consolidation, but many of which have emerged as a result of new opportunities and the changes to the nature of the business. Traditionally, the insurance sector has not experienced the degree of IT investment enjoyed elsewhere in financial services. Consequently, insurers have had to contend with the myriad risks and inefficiencies associated with paper-based, manual processes. These include:

- The high cost of communicating effectively with a client via mass marketing;
- The potential for errors to creep into policies owing to the constant need to manually amend and revise documents;
- The time taken to complete these tasks manually preventing skilled employees devoting their time to more productive, profit-focused jobs;
- The expense of maintaining and integrating disparate systems.
Meeting regulatory demands
Ever since the corporate scandals that rocked the US in the early part of the decade, compliance has become a major factor in business planning. In particular, the Sarbanes Oxley Act has had a massive impact on the way in which companies store, archive and retrieve their information. It is no longer acceptable or even possible for most large companies—particularly those that have to manage huge amounts of external documentation, such as insurance companies—to simply maintain paper records in warehouses.

Emails and documentation have to be archived and must be accessible for rapid retrieval. This puts a huge strain on existing systems. ECM provides the perfect vehicle to help insurers address this growing concern.

Keeping ahead of the competition
To increase revenues in maturing segments, companies must also continue to develop new products and enhance existing services (e.g. a better investment vehicle) with the effect of becoming one-stop-shops for their customers. But as insurance products grow more complex, the need to differentiate in the sales environment is essential. The sales team must be able to provide a quicker turn around time to improve customer relationships and offer greater personalization of customer-facing documentation. In addition, they must also focus on new distribution channels, such as the cross-selling of insurance through banks.

As the number of claims continues to escalate, insurers must deal with a number of perennial problems. For example, greater volumes strain company resources and increase the chance of errors in processing. Furthermore, claims handling is a complex task and manual processing can result in inconsistent information that can lead to uncertainty about which risks are covered. It is also essential that customer queries are responded to rapidly, and to do so, field adjustors need to enter and access current data from any location. While attempting to meet these challenges, insurance companies must reduce costs in reaction to an adverse market outlook, characterized by low investment returns and low demand. To improve services and maximize profit, companies need to improve customer knowledge, segment customers according to needs and product fit, improve customer satisfaction and customer retention, and provide enhanced agent experience and increase agent satisfaction.
Section 2: What is ECM?
An overview

ECM represents the tools and methods used to create, manage, store, preserve, and deliver content across an enterprise. ECM allows the management of an organization’s unstructured information, wherever and in whatever form that information exists. Both traditional content types, such as images, policy documents, questionnaires, graphics and drawings, and new digital document channels (email, web, video) can be managed using ECM technologies.

ECM solutions incorporate a number of different infrastructure, application and business process elements that collectively improve enterprise-wide content management. The primary ones are Document Management, Records Management, Work Process Management and Web Content Management. Other areas ECM addresses include security, localization and management functions.

- Document Management is a server based repository offering library services at a minimum, with the potential to include extended and related technologies.
- Records Management includes the management of business content through its complete lifecycle. A related area is Case Management which refers to a collection of records pertaining to a particular subject.
- Work Process Management provides the ability to manage the documents and unstructured data that constitutes workflow processes. It also lets companies route and track content along with varying levels of support for rules and roles.
- Web Content Management takes an automated approach to implementing content management processes, controls and policies within a website, a web-based application or a web-based network.

The relevance of ECM today

Enterprise content management has emerged as the evolutionary offspring of last generation point solutions, and adopts an enterprise-wide, holistic approach to content. As IT completes its transition from simple functional support to mainstream profit driver, the business benefits of providing timely, relevant document delivery and content management are becoming strikingly apparent.

According to a report by Forrester Research¹, CIOs and architects are now focusing on content management as a strategic, enterprise-wide initiative, rather than solutions for specific departments. It estimated that only three to five percent of its content-related inquiries focused on the ECM big picture in 2001, but by mid-2004, approximately 50 percent were about ECM. It goes on to note that many enterprises now prefer vendors that provide ECM suites rather than “point solutions”.

According to a TowerGroup report², although ECM is a core infrastructure technology, many insurers make ECM purchasing decisions from department to department. The downside to this approach is that insurers cannot easily leverage content from one system to another, content hampers business processes, maintenance costs escalate and integration projects increase in complexity.


**Business process management and ECM**

The open nature of ECM solutions means they can be easily integrated with other frameworks, such as business process management (BPM) systems.

These solutions provide insurers with visibility into their daily business processes, enabling them to monitor the exact status of such processes as quote delivery. Using this information, they can assess the impact of delays in a process in terms of the impact on revenue or cost per contract. BPM systems also let insurance companies monitor the paths taken by a process so they can isolate problems in their business behavior and flow structure.

As Forrester Research notes: “Many of the pure-play ECM vendors are not ready to cede ground to the mainstream IT vendors, so they will continue expanding their reach and value to customers. BPM will help them focus on content-centric applications and vertical markets.” It goes on to point out that document management vendors with simpler workflow capabilities will have a harder time addressing BPM without making acquisitions. “While ECM will contribute to only a small piece of the overall BPM market, the ECM players will pursue the BPM market through internal development and acquisitions,” it notes.

**Managing each step in the process**

BPM allows insurance companies to increase business effectiveness by optimizing the end-to-end process including the imaging and printing (I&P) environment through value-added, adaptable offerings and solutions. These include, advanced input/output devices, imaging and printing infrastructure expertise, and consulting and services that leverage key partnerships.

BPM improves business processes by reliably and securely integrating I&P infrastructure with enterprise applications through its industry-specific consulting services and applications, partnerships with key enterprise software developers and market-leading I&P products.

**Measuring business process performance**

BPM solutions are able to track and locate each business process instance (e.g. a claims request) in its flow, and can thus generate business process metrics. By recording metrics such as time taken between stages in an operation or the time taken to complete a single step, organizations can better understand the performance of their business processes.

BPM can automatically monitor the health of a business process so the user need only be notified when something is outside the thresholds they have set. This eliminates the time-consuming need to constantly monitor a particular business process.

Coupled with an ECM solution, BPM can further aid insurance companies in their quest to generate content across different channels. This integrated approach to content management allows insurance companies to fully exploit the benefits of multi-channel content management, better aligning their processes with their customer’s requirements.
Section 3: Solving insurance challenges through ECM

With new technologies creating more exotic insurance offerings and an environment dominated by compliance issues and cost savings, insurance companies need to improve their service offerings while simultaneously bolstering internal efficiencies. Put simply, they require more efficient channels of distribution for their low-end products and better integration with sales channels for complex products.

ECM—multiple gains and rapid ROI

The appeal of ECM lies not only in its ability to address these concerns, but also in its simplicity—it is widely acknowledged that ECM solutions are easier to install, administer, support, and maintain than point products accessed via a host of different vendors.

According to the TowerGroup report, those insurers that embark on ECM initiatives report savings in operating costs and increases in revenue. The report finds that: “ECM drives efficiency, and it is typical for an insurer to save several staff hours in customer service, data entry, and records management. Some gain between five percent and 40 percent in new business and claims productivity and 50 percent to 100 percent in policy assembly and forms management. Most insurers realize hard-dollar savings in storage, print, and postage costs and soft-dollar savings in customer loyalty, agent retention, and potential liabilities.”

And while the report accepts that it is difficult for insurers to identify savings in content automation and its influence on efficiency in the business processes, it also notes that “most insurers achieve a 12-24 month return on investment with more efficient content flow”.

Creating content once, extracting appropriate content for each of the deliverables, and automatically formatting that content appropriately can significantly reduce costs and speed time-to-market, says Ann Rockley in her book, Managing Enterprise Content: A Unified Content Strategy (2002). “Organizations we have worked with have identified 25 to 60 percent of their content as reusable, with some as high as 80 percent,” says Rockley.

“Some of that content can be identically reused (no change to the content) while in other cases it can be used derivatively (reuse much of the content but change a portion of it). These results are the same in pharmaceutical, medical devices, finance, insurance, high tech industry and other industries we have worked in.”

Meeting the challenges head-on

In section 1 of this white paper, we highlighted the challenges insurance companies face in today’s ultra-competitive world. Let’s now see how ECM can better equip these companies to meet and overcome these challenges.

Personalized marketing

While investing in new markets is inherently risky, the potential benefits demand insurers take notice and act on this opportunity. Personalized marketing allows insurers to gather the right data and utilize digital publishing to deliver the information that end-customers want, when they want it.

This approach works because customers respond to messages that are relevant to them. Its value, however, extends beyond response rates by helping to reduce costs and drive incremental revenue. It allows insurers to generate collateral on demand and cost-effectively create communication materials that are customized to their audience and printed on demand. Furthermore, insurance companies can employ such solutions to streamline and simplify the management of marketing campaigns and product promotions. Personalized marketing also allows insurers to increase their response rate and ROI with personalized, highly targeted direct marketing.

Maintaining compliance
With a host of new regulations making the lives of insurers harder, compliance has become a key concern. Emails and electronic documentation has to be archived, yet must be accessible for rapid retrieval, and this puts a huge strain on existing systems. Records management allows insurance companies to do just that. The millions of pieces of electronic and physical documentation can be archived automatically, while regulatory requirements which demand rapid retrieval are easily adhered to.

Capturing data at source
As insurance products grow in complexity, the need to differentiate in the sales environment is essential. Technologies like digital pen and paper (DP&P) help insurers capture information as the form is completed. The pen records the writing and converts this into XML which allows instant communication to back-office systems. Accuracy is improved as completed forms can be approved before being submitted. Distributed scanning can reduce the time for submission of supporting documents to the underwriting process from days to minutes.

Reduced costs
The costs of creating and managing content is reduced and, with ECM ensuring consistency and eliminating duplication, products can be delivered to market more quickly. Not only are costs decreased, but revenue is actually increased.

More accurate content
Because less manual intervention is required in both the document creation stage and the amendments stage, ECM ensures that content is accurate and consistent no matter what channel it is distributed through. Customer satisfaction is greatly improved because they are able to define their preferred delivery channel.

Better use of resources
A unified content strategy that eliminates the repetitive processes involved in creation and maintenance will clearly have a beneficial impact on resource optimization. Because they are required to do less repetitive work, those involved in the content creation process can focus their skills on tasks that will provide more value-added benefits to the company and customer. Organizations can rely on content being the same wherever it appears, providing both internal and external customers with an accurate, consistent message.

A unified content strategy, successfully exploiting the many benefits available through ECM allows insurance companies to guarantee consistent content across multiple distribution channels.

Section 4: HP—Providing ECM solutions to the insurance industry
With a proven history in document management for the financial services industry, HP is ideally positioned to extend these services to the insurance community. As the insurance market continues to evolve, the HP Adaptive Enterprise framework aligns technology with changing business models.

HP Consulting has a track record of delivering IT solutions to the insurance industry. HP understands the entire services lifecycle and delivers expertise and innovative solutions at every step. Our framework offers insurance companies a full choice of highly flexible, highly available, scalable, and high performance systems at the lowest cost of ownership, meeting business requirements.

“We what is important is that the right content gets to the right people in a timely and efficient manner so that individuals can make better, faster decisions. ECM tools and platforms are a foundation to help insurers achieve that goal.”
– TowerGroup Report
HP is the leader in printing and imaging devices and solutions that allow customers to capture data, print documents and manage output across multiple channels. HP’s Multi-function printers (MFP) offer insurance companies the ability to combine printing, scanning, and copy functions into a single small footprint device.

HP Services offers a comprehensive managed services portfolio. This portfolio features a range of sourcing solutions, including strategic outsourcing and innovative utility pricing solutions. Our services simplify the management of IT and facilitate the ongoing alignment of IT with our customers’ overall business strategy.

**HP ECM for Insurance—the unique approach**

HP has developed an adaptive enterprise architecture that provides flexible IT to an ever-changing insurance industry. Components include a mobile platform for insurance professionals, broker/agent integration, call centers and enhanced Internet distribution. This architecture and our approach to ECM gives HP unique strengths. With HP ECM in place, insurance companies will immediately benefit from:

- **Increased agility**
  
  HP ECM enables field adjustors to update the customer database from the field. Insurers can connect front and back office systems, as well as multiple distribution channels to improve data exchange and keep their information current for faster processing. Furthermore, they can offer innovative distribution channels and reduce time to market based on customer knowledge.

- **Reduced costs**
  
  Reducing the administrative burden of excessive paper work, error-prone and repetitive data entry and expensive claims leakage means insurance companies have better control over customer data in a single repository. By automating business processes and exploring HP’s alternatives to traditional vendor cost models, insurers can cost-effectively facilitate mergers and acquisitions.

- **Improved customer relationships**
  
  Using HP ECM, insurance companies can leverage the latest customer data in one centralized location for fast and accurate response to claimant inquiries. They can provide multiple customer-touch channels for customer convenience without hindering their ability to process data efficiently. HP’s solutions can improve marketing programs by personalizing and targeting communication with customers.

- **Better risk management**
  
  HP ECM reduces downtime by leveraging a better integration of IT processes and roles. Insurance companies can mitigate risks with first-class methodologies and infrastructures and eliminate operational and financial risks by ensuring compliance with regulations.
HP's solution components
HP provides a unique document delivery solution to manage/administrate and reliably deliver to all different types of channels. HP's solution range covers printing, computer products, software and services. It includes the following solution components:

• Digital pen and paper (DP&P)
The digital pen functions like any normal pen but enables the user to capture information from forms, and share or send by email anything they write or draw. The pen houses a sophisticated array of technology that includes; an infrared camera, an image processor and a wireless Bluetooth™ transceiver.

• Document delivery solution (DDS)
HP DDS provides reliable document delivery to multiple destinations across the enterprise. It provides a logical abstraction of all IT aspects of the multi-channel delivery infrastructure, allowing the customer to focus on growing its business. In addition, HP DDS offers a flexible delivery infrastructure that lets the customer adapt to ever-changing business conditions. Business disruption due to content delivery failure is eliminated with HP's cross channel failover mechanism.

• AutoStore capture software
AutoStore is a powerful, flexible tool that enables the capture, processing and routing of documents to desired repositories. Documents are captured from various sources—HP MFP’s, digital senders and scanners. They are then routed to AutoStore's processing functionality, which includes OCR engines, forms processing engines, document encryption, image processing and barcode recognition. Finally, the documents are sent to document management systems (SharePoint, FileNet), database engines or collaboration platforms (MS Exchange, Lotus Notes).

• Personalized marketing
Personalized marketing is key to improving marketing ROI, by delivering highly targeted, customized communications on demand. Digital publishing solutions enable targeted marketing and the ability to cost effectively create, print on demand, and distribute collateral such as brochures, direct mail and point of sale materials.

• RISS
RISS integrates all information management functions into a seamless structure. As long as there are gaps between the various elements of an archive system there is the potential for tampering or data loss. With RISS, there are no gaps. The modular design of HP RISS means a RISS box can be expanded without moving existing data, thus assuring integrity.

• Content management reporting
HP offers document management (DM) platforms from partners like FileNet. The DM solution is the central repository for documents and is integrated with the capture, print, distribution, and management functions.

• Business process manager (BPM)
HP’s BPM can help insurance companies improve productivity and reduce cycle times by streamlining and optimizing the flow of work throughout the enterprise. It is both flexible and can be easily customized to suit a wide range of industries. HP’s BPM lets insurers gain competitive advantages from standard processes, simultaneously increasing agility and improving responsiveness and enabling the insurer to react to market events, while helping to ensure compliance and shortening process cycle times.

• HP OpenView business process insight manager
This tool allows detailed analysis of business processes and supporting IT systems.

• Distributed operations
The technologies required for effective distributed capture applications have improved massively in recent years. Scanners and multi-function peripherals are easier to use and provide increased functionality, while
software solutions can ensure quality and accuracy before passing images and data to downstream business processes. Our ranges of leading solutions exist to improve the capture process:

- Multifunction printers (MFP) that allow users to copy, print, scan, and fax all from a single device. Capture software drives the MFP and can display custom menu selections on the MFP display (e.g. claims receipt);
- Security options including authorization, authentication, secure transmissions, and image encryption;
- Intelligent capture features such as document classification, data extraction (OCR, ICR), and the ability to generate index/meta data for routing or application use allowing routing to FileNet, Legato, On-base, and many more.

Our partners
HP works closely with our partners to integrate their products into our ECM solution sets. HP offers a wide variety of market leading partners including, Microsoft®, Adobe®, FileNet and Meridio. Our partner integration and close working relationships ensure that the solutions are designed to properly address the business problem and align with customer needs and objectives.

The HP advantage
HP’s understanding of the demands and requirements of the insurance sector allow us to offer our customers expertise at both the implementation and post-implementation stages. Consequently, insurance companies can realize immediate benefits when they approach content reengineering with a clear understanding of existing processes and future objectives.

HP’s unique, customizable approach to ECM, set within a clearly defined, structured environment, provides our customers with a single, cradle-to-grave ECM roadmap. HP’s consulting and systems integration capability, coupled with its rich product portfolio, allows customers to experience the benefits of ECM without managing multiple vendors.

With a track-record of success and comprehensive experience in the insurance sector globally, HP is ideally positioned to address the community’s ECM demands. Consequently, HP is the clear choice for insurers who wish to automate content flow as a means of reducing costs, addressing regulatory compliance risks and enhancing customer service.

Section 5: Success stories

Union Capital Mortgage
Union Capital Mortgage is a private mortgage bank serving residential homeowners. It is a small- to medium-sized company located in Willoughby Hills, Ohio. The nature of the business demanded it reduce loan processing time, while increasing the number of return customers. It also needed to send and receive large mortgage documents (55-60 pages) to/from borrowers. By teaming with HP, Union Capital Mortgage has been able to realize significant savings by lowering its mortgage processing time. Before the implementation of an HP/Documentum document management solution, processing was taking an average of 55 days from start to finish. Today it averages 17 days—a reduction of almost 60 percent.

International Finance Corporation (IFC)
IFC promotes sustainable private sector investment in developing countries as a way to reduce poverty. Prior to implementing HP’s solution, IFC distributed documentation across departmental disk drives were then filed under different organizational systems. Having installed HP Digital Senders 9100C and deployed Cobra Image Router software, IFC was able to roll out a centralized documentation system and train its entire staff in just three months. As a result, paper flow and storage costs have fallen, while the group has experienced increased efficiency.

Section 5: Success stories