

# Financial Services

Microsoft Dynamics CRM

## CRM Solutions for Insurance Organizations

White Paper

Helping insurance companies transform traditional reactive approaches into a better customer experience and increased revenues

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<http://www.microsoft.com/crm>



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## **Opportunities and challenges for insurers**

Customer Relationship Management (CRM) in insurance has been well established for many years. Most insurance organizations understand the importance of maintaining comprehensive records of their clients' product holdings, together with logs of correspondence for compliance purposes. But there is a vast amount of untapped potential in CRM that is just starting to be discovered through technologies such as customer analytics, data warehousing, predictive technologies, mobile access, and collaborative CRM.

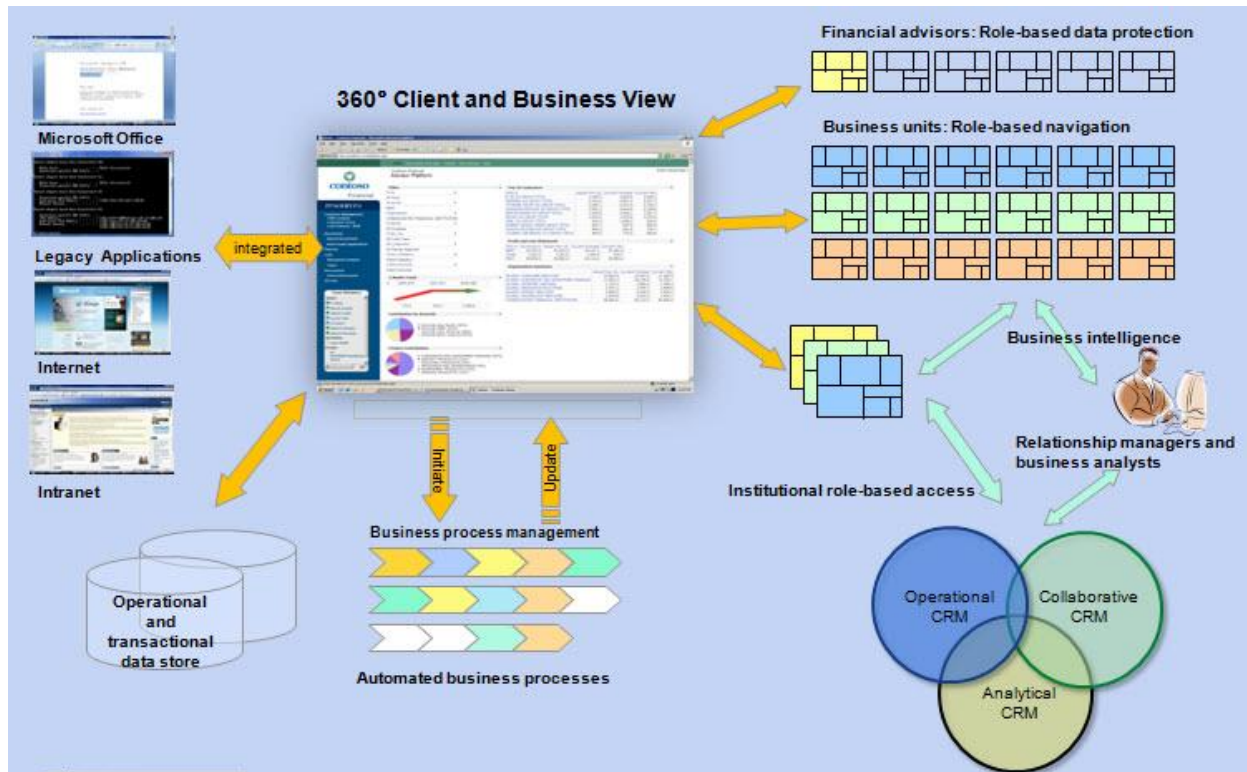
Customers are connecting with their insurers through new channels, and they expect to receive consistent service across those channels. Sales representatives who are marketing investment products and services to a wide and diverse clientele need a comprehensive business view to be able to effectively sell to and service their clients. By using new channels strategically, insurers can deliver a better customer experience and establish a true competitive differentiation. However, achieving consistency is not straightforward without an underlying platform that can support all channels. Efforts to create a more effective approach to channel sales and service have been hampered by the shortcomings of existing applications and legacy systems, the continued use of paper-based work processes, and the challenges faced by organizations that exist in silos.

This paper provides examples of how Microsoft Dynamics® CRM can benefit insurance organizations that focus on consumers and businesses of all sizes. It outlines current and future needs for CRM in insurance and describes how Microsoft Dynamics CRM facilitates long-term success and sustainable competitive advantage by adding value to every point of contact with customers.

Common business scenarios, including a case study for one of the leading insurance companies in the Netherlands, demonstrate how Microsoft Dynamics CRM can help companies centralize business and client information, improve efficiency through business process automation, ensure high-quality service through aggregated information from disparate sources, and resolve customer queries faster.

## **Staying ahead of the competition**

New opportunities for enhancing business insight can help insurance organizations reduce costs, improve agility, and increase efficiency. One avenue is to complement content management systems with analytics and a flexible CRM platform that takes full advantage of Service Oriented Architecture (SOA) and Web services. Such a platform can deliver integrated, timely customer insight that is relevant to each customer agent's authorizations and responsibilities. Customers can access information and processes through the Web, saving time and increasing service levels. Using Web services tools, insurers can efficiently integrate their CRM application with legacy and partner applications.



**Figure 1:** An integrated CRM platform enables insurers to reduce costs and create the business agility they need.

A flexible, integrated system can provide agents with a complete and accurate view of client history. It gives sales managers the insight to drive better performance and client service. For example, the system can provide a complete view of current client financial positions, along with alerts to important events and actionable knowledge presented through a personalized dashboard.

When insurance companies can exploit the value of integrated channels and deliver capabilities that add real customer value, they can stay ahead of the competition. By sharing customer intelligence across channels and business units, they can maximize business efficiency and the quality of customer services.

Today, industry experts and solution providers provide tools that help improve almost every aspect of the insurance business. Microsoft, as a leading platform provider, is working with insurance industry partners to extend CRM platform capabilities further to create extensible insurance solutions that drive customer intimacy, excellence in collaboration, and superior analytics. By adopting these solutions, insurers can:

- **Empower agents** to shift their focus from contact management to higher service and sales levels with intuitive navigation and quick adoption.
- **Gain fast, accurate insight into customers** to see who's profitable, who's loyal, and who's most likely to buy, defect, or default.
- **Enable insurers** to work seamlessly with the wide range of systems used by agents.
- **Design intelligent interaction strategies** to know what to sell, when, and to whom, and when to talk and when to listen.
- **Make every interaction count** by holding intelligent conversations, making relevant suggestions, and delighting customers by showing an intimate understanding of their current and future needs.
- **Respond to change** by implementing new campaigns and customer management strategies and ideas quickly and consistently, and by responding in minutes to changes in the market, the competition, product offerings, and customer needs.

Delivering superior sales and service requires a complete, multi-channel view of the customer that provides insight on how to meet both service and sales needs. When this happens, all customer-facing staff, whether they are mobile staff or channel partners, working within agencies or brokerages, or servicing contact centers, can gain full knowledge of their customer's service and product needs, while management gains actionable insight into these producers.

A role-based single view of each customer helps ensure that any channel- or customer-facing staff member has secure access to all available information about each customer's current activity and history. In addition, staff can keep informed about customer-specific sales and service needs, regardless of where they work or the nature of their business relationship to the insurance company.

## Benefits of CRM and customer metrics for insurance

Both the measurement of customer value metrics and customer segmentation are essential for insurers who want to offer customers superior services and products. They are the two pillars that improve operational efficiency, enabling insurers to increase revenue and develop sustainable, healthy growth.

Increasingly, insurance organizations are looking for CRM solutions that help them include customer-value analytics in their business development model and build business strategies based on customer value management. CRM tools can deliver:

- **Customer profiles** that allow agents and relationship managers to capture client information at every contact point, helping them build strategic customer knowledge and insight over time. Account managers can anticipate changes in each client's life cycle and the market to make appropriate offerings, reducing sales time and increasing profits.
- **Campaign management** supported by real-time messaging, built on efficient customer segmentation and automated marketing lists. Marketing units can generate effective and measurable campaign activities to maximize campaign response across all channels and increase the number of leads and opportunities.
- **Data warehousing and business intelligence** that provide decision makers with fast, deep access to the customer profiles and information they need to plan and develop successful strategies that increase revenue and return on investment.
- **Automated workflow and business process management** that enables agents to efficiently capture and monitor opportunity details, provide and revise quotes, and create and process customer agreements once a proposal has been accepted.
- **Integration of all business units, including banking, into one platform**, which significantly reduces IT costs for business process automation and connects the entire organization.
- **Connected, consolidated data and systems** that provide comprehensive information about the complete portfolio of insurance products held by each customer. Working with integrated information and processes, insurers can increase service consistency and enable operational efficiency and collaboration across multiple business units. The result? Higher levels of customer satisfaction and better customer retention.
- **Management functions and tools** that drive smart decision making based on deep visibility into integrated customer data, helping management and individual agents better manage sales and conduct local events and marketing campaigns.

## Case study: VVAA

VVAA, a leading insurance provider in the Netherlands, wanted to introduce online services for customers and reduce the time employees spend on manual claim approval processes.

Online financial services providers who sell cut-price insurance and financial packages presented the company with its chief business challenge. "More than 40 per cent of insurance bought in the Netherlands is purchased and managed online. Customers now expect their insurance providers to offer an online service option and to remain competitive. It was crucial that VVAA expand its offering to include Web-based services," says Tino Scherpenzeel, Chief Information Officer at VVAA.

The company's other major challenge was to increase internal efficiency. The nature of their business meant that many documents required several approvals in addition to going through stringent, clearly documented workflows. Scherpenzeel explains: "Employees spent up to 25 percent of their work day trying to get the right stamp or signature for a piece of paper."

VVAA relied on an outdated, static customer relationship management solution that limited the company's strategic goals. "We couldn't implement a dynamic Web-based service because it would have been virtually impossible to link it to the customer data held in various applications," says Scherpenzeel. "Yet, we risked losing business and our foothold with premium customers by limiting ourselves to the person-to-person sales model." Without a flexible, integrated CRM system, VVAA couldn't automate workflows easily and employees couldn't work as efficiently as they needed to.

As the existing CRM system neared the end of its lifecycle, Scherpenzeel seized the opportunity to look for a scalable, CRM platform based on SOA. The platform needed to support online customer services and streamline document workflows for employees, as well as provide the business with collaboration and analytical tools that gave employees better insight into customers' needs.

In 2006, VVAA deployed a flexible, integrated client relationship management system based on Microsoft Dynamics CRM. The system integrates data from the company's line-of-business applications to provide a comprehensive basis for the company's new Web services platform strategy. It also provides employees with the tools to create superior products and services personalized for each customer based on their individual financial needs—so that staff can communicate with customers in a highly professional manner.

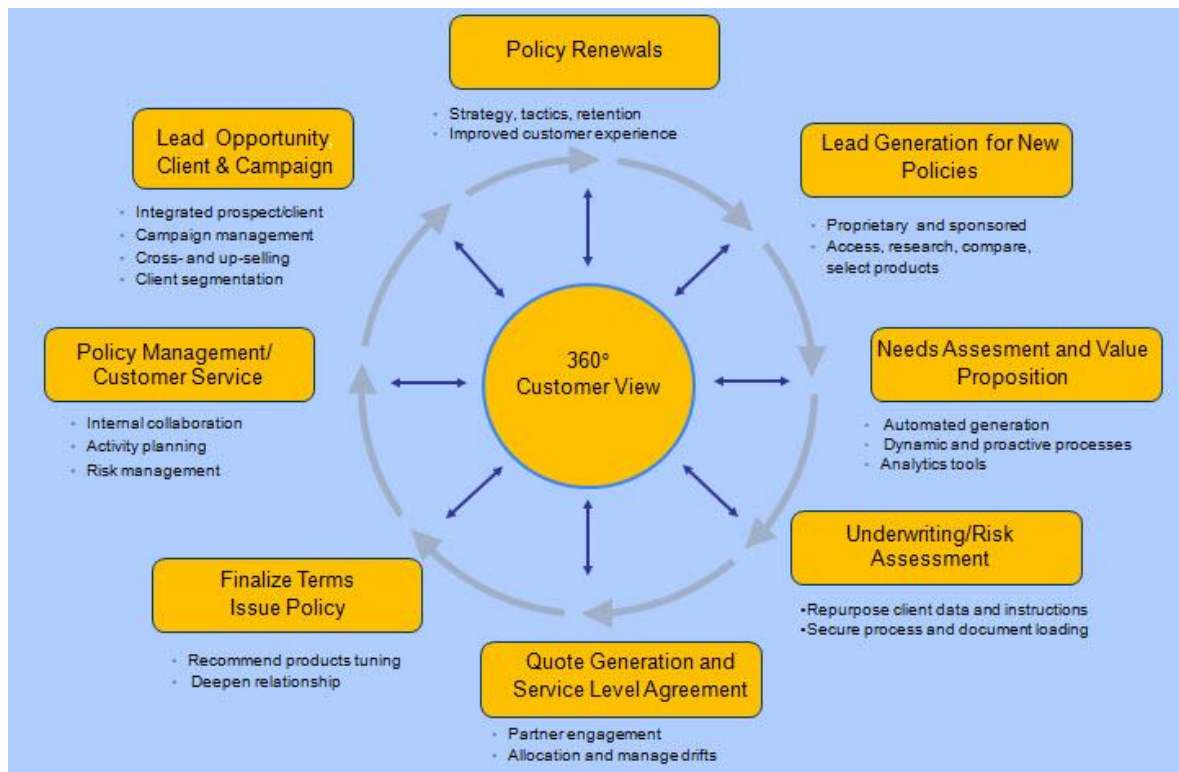
With Microsoft Dynamics CRM, VVAA has streamlined business processes, ensuring more accurate and efficient claims and approvals processing. Since deploying the solution, employees have increased the speed of claims processing by 25 percent and the company has reduced overheads by 10 percent. Sales associates have a 360° view of clients and of business and can provide value-added service. Equally important, the company can keep pace with change by working with a collaborative, operational, and analytical CRM platform based on Web services and SOA.

## Business process management

Effective business process management enables insurers to focus on customers and optimize customer processes, which in turn improves their competitive position in the global and transparent market and

helps them increase revenue. That is why a CRM application cannot exist in isolation, but rather should optimize and integrate all processes across all departments to create a 360° customer view. Equipped with the right CRM system, the insurer can put the customer at the center of their universe.

Orchestrating all client interactions and business processes presents insurance companies with a major challenge. A flexible CRM system is one of the main prerequisites for gathering the intelligence needed for excellent business orchestration. Insurers also need an extensible CRM process management capability that enables them to streamline both CRM processes and legacy applications to react quickly to customer needs, market changes, and new business requirements.



**Figure 2:** A well-designed CRM platform supports business process automation at all stages of the customer life cycle.



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## Return on Investment (ROI)

Management has the right to ask, “What are the benefits of implementing a CRM system?” CRM success depends on measurable Return on Investment (ROI) over a definable period. Expenditures and prospective earnings over a certain period must be defined, and the returns flowing from a CRM investment should ensure that a project is headed in the right direction.

For example, efficient claims processing presents a technical challenge. Shifting peak period workloads to untapped resources in branches, remote call centers, or outsourced partners will increase ROI, but they require a collaborative platform and a tightly integrated system. Similar challenges apply to insurers that are growing rapidly and need to integrate systems from recent acquisitions.

Microsoft Dynamics CRM offers process-driven workflow and integration capabilities that bring diverse units and people together, while integrating fully with core-applications business and introducing flexible processes. By implementing Microsoft Dynamics CRM, insurers can realize tangible benefits that drive faster ROI:

- Core data and customer inquiries are captured both at the front office and directly through the CRM system, increasing efficiency and eliminating paperwork for all business units.
- By providing management with high-quality information, Microsoft Dynamics CRM facilitates accurate and timely reports and sophisticated analyses that support better planning and forecasting.
- Customer contacts and correspondence are managed through a centralized database and automated support processes, helping ensure cohesive and consistent customer service across all channels.
- Customer communications reflect an efficient, high-quality firm. Along with easy access to complete customer information and history, Microsoft Dynamics CRM includes communications templates that can help insurers establish a clear corporate identity and standard guidelines for communications.

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## Service Oriented Architecture (SOA)

Decision makers in insurance companies want a single desktop view that integrates services and information across multiple applications, including core insurance applications, intranets, agent extranets, and the Internet. Microsoft Dynamics CRM provides all business groups with a personalized, role-based view of business data and customer processes to help insurers build and deliver high-quality services and products.

Microsoft Dynamics CRM is a scalable solution based on SOA and Web services, giving insurers the flexibility to customize processes and workflows to meet precise organizational needs. Microsoft Dynamics CRM offers:

- An enterprise repository for common components, functions, and data elements used across channels and applications.
- A process-oriented management system that lets organizations create, extend, reuse, and deploy workflows and business processes across channels and applications.
- Cross-application features such as reports, benchmarks, alerts, and auto-enrollment that enable business decision makers and management to build more accurate plans, increase process efficiency, and ensure load-balancing.

In addition, Microsoft Dynamics CRM extends SOA technology to provide real-time connectivity, enabling partners to service the industry better by combining the benefits of Microsoft technology with a wide range of business applications. By ensuring compatibility and integration across applications, Microsoft can reduce complexity, time, and cost for modernizing business systems, as well as give insurers the “power of choice” to achieve straight through processing (STP) across their organizations.

Equally important, a multitude of offline capabilities equip agents to conduct business when they are travelling or when host communications are not available. This means that insurers also benefit from lower cost of ownership, competitive agility, and rapid deployment of changes and customizations.

## Familiar look and feel and 360° client view

Microsoft Dynamics CRM delivers a complete set of tools and functions in a single user interface that works as a natural extension of Microsoft® Office Outlook®. Features that include a 360° customer view, campaign management, and integration with Microsoft Office system applications help improve service delivery capabilities. By combining a familiar user experience with built-in tools that are easy to learn and use, insurers can increase user adoption, reduce training costs, and empower employees to work the way they want. In addition, Microsoft Dynamics CRM provides an integrated user experience that does not compromise requirements for financial transaction entry. Without juggling applications, agents can improve customer service, generate new business, and work more efficiently without juggling applications.

Microsoft Dynamics CRM enables insurers to:

- Manage customer profiles.
- Establish a financial sales and service culture.
- Develop an investment and profitability plan.
- Develop a revenue plan based on customer and product knowledge.
- Integrate thoroughly with core policy servicing applications.

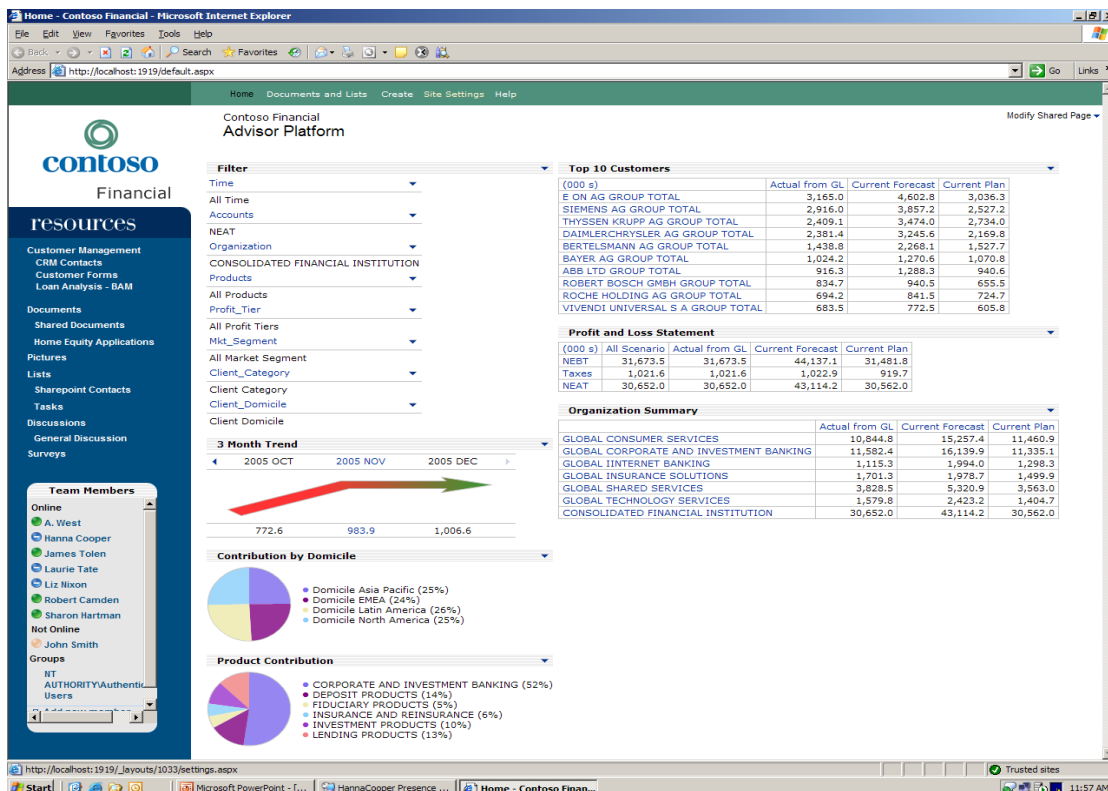


Figure 3: Microsoft Dynamics CRM delivers the information you need, the way you want.

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## Conclusion

Insurance organizations recognize the need to identify, attract, and retain profitable clients, but often lack a full or holistic view of their customers. In addition, consumer demand for flexible, customized services and products that can be accessed through multiple channels has leveled the competitive playing field. Insurers are looking for solutions that will empower agents to make smarter decisions at the point of contact, provide them with a complete customer view that fuels greater customer intimacy, and supports their ability to up-sell and cross-sell a full range of financial products and services.

Though decision makers understand the value of this comprehensive approach, they are hesitant to take the plunge. They are concerned about high costs, ease of user adoption, and the risks associated with time spent deploying a CRM system that addresses these needs.

There is a solution. Microsoft Dynamics CRM provides holistic client information views and intuitive prospecting and relationship management tools that are a natural extension to the Microsoft Office system. With Microsoft Dynamics CRM, your staff can find your best clients and offer all customers the right service at the right time.

Through Web services and a native SOA architecture, Microsoft Dynamics CRM can aggregate data from disparate sources to provide a fully integrated, 360° customer view that includes client profiles and histories, portfolio accounts, relationships, households, and support records—all from a central location and within a familiar user interface. Agents can focus on immediate and long-term goals for clients and increase profits through improved internal collaboration and business process management, critical business alerts, and shorter sales cycles—all within a unified framework of business processes.

Microsoft Dynamics CRM also offers a cost-effective, flexible CRM solution that delivers measurable ROI by helping drive sales and customer loyalty without high ongoing costs. Because Microsoft Dynamics CRM is built on the Microsoft platform and utilizes SOA technology, your organization can implement and integrate the solution into your existing systems efficiently and cost-effectively.

The Microsoft Dynamics CRM platform has become a leading solution for the financial services industry. With ongoing investments in innovation based on customer feedback, Microsoft Dynamics CRM offers the insurance industry new tools, advanced feature enhancements, and robust platform capabilities. The latest release of Microsoft Dynamics CRM delivers a platform that is more flexible than ever, providing innovative technologies and a wide range of capabilities that allow insurers to strengthen customer relationships and achieve the highest levels of customer intimacy.

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Microsoft Dynamics is a line of integrated, adaptable business management solutions that enables you and your people to make business decisions with greater confidence. Microsoft Dynamics works like and with familiar Microsoft software, automating and streamlining financial, customer relationship and supply chain processes in a way that helps you drive business success.

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