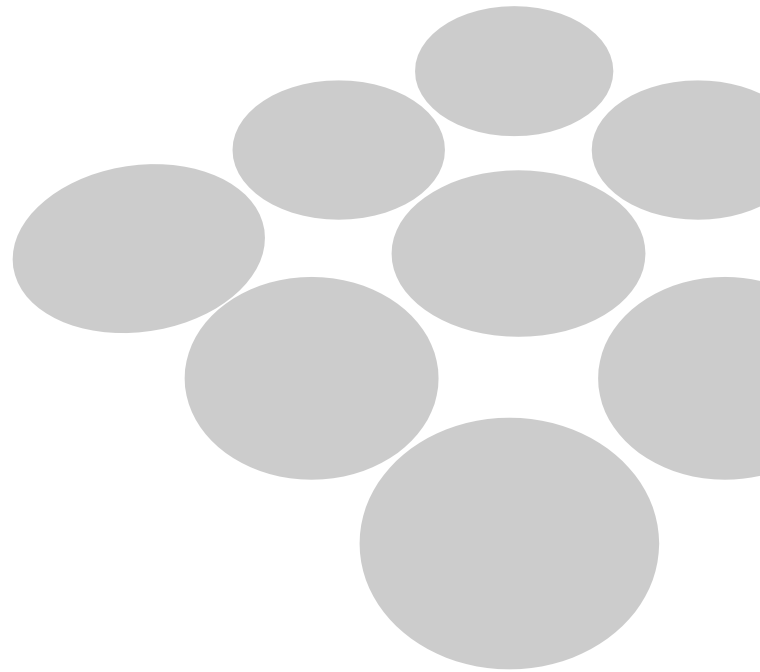




CLAIMS AND RISK MANAGEMENT IN THE DIGITAL WORLD: A Next-Gen Platform

Featuring as an Example:

360Globalnet



An SMA Perspective

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This perspective is based on SMA's ongoing research on digital platforms, customer experience, and claims. 360Globalnet has purchased distribution rights.



About This Perspective

This perspective is based on SMA's experience, research, and insights.

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EXECUTIVE SUMMARY

The property/casualty claims area is destined to transform more than any other aspect of the insurance business over the next decade.

The claims ecosystem is a multidimensional one. Due to the extensive partner networks involved in restoration and repair, the many types of parties involved (law enforcement, towing companies, attorneys, claimants, and others), and even the wide variety of claims categories, the area of claims is already very complex. Add to that regulations that change from country to country or jurisdiction to jurisdiction; add the patchwork of different systems that have evolved over decades, and the result is an extraordinarily complicated environment – an environment that is quite difficult to change.

In the new digital era, there are tremendous opportunities to rethink how claims are handled, efficiencies are improved, and processes are made more effective in order to facilitate the transformation of claims into a customer-centric environment.

Unfortunately, current models and systems are not well suited to the opportunities afforded by the digital era. Today's systems are often designed to focus on the internal needs of the insurer rather than the needs of the customer. Furthermore, existing systems tend to be sequential-process oriented, built around structured transactional data, and heavily reliant on IT department resources for all changes. There is a lack in the agility needed to adapt to the new world requirements of digital data, real-time processes, more demanding customer expectations, and a changing risk landscape.

Insurers need modern systems designed for the digital era that focus on the customer, provide speed and flexibility, enable data-driven analytics for structured and unstructured data, and deliver operational efficiency. And the true paradigm shifter will be the complete self-configuration of processes by business users at the desktop, in plain English (or any language). A self-configurable platform that provides all the digital tools necessary to build an ultra-modern digital claims handling process for any type of claims is essential for the digital world.

From a technology standpoint, modern claims and risk management systems must natively support new user interaction technologies, provide for advanced digital content management, include flexible workflow capabilities, and be based on an architecture that is future proof. Of critical importance is the ability to work alongside legacy claim systems in a hybrid model, or ultimately, as a standalone system.

360Globalnet provides the type of modern system and capabilities required for the digital age via a next-gen digital platform for claims and risk management supporting the full claims lifecycle and beyond. This SMA Perspective will further describe the business and technology capabilities that insurers need to transform claims, along with a profile of the 360Globalnet solutions for addressing these capabilities.





CLAIMS AND RISK MANAGEMENT TODAY

Property/casualty claims will likely be the area of the insurance business destined for the most transformation in the coming years. The digitally connected world has generated many new customer demands, new digital content, new and expanding ecosystems, and the realities of operating in a real-time world.

Claims in an Evolving, Digital World

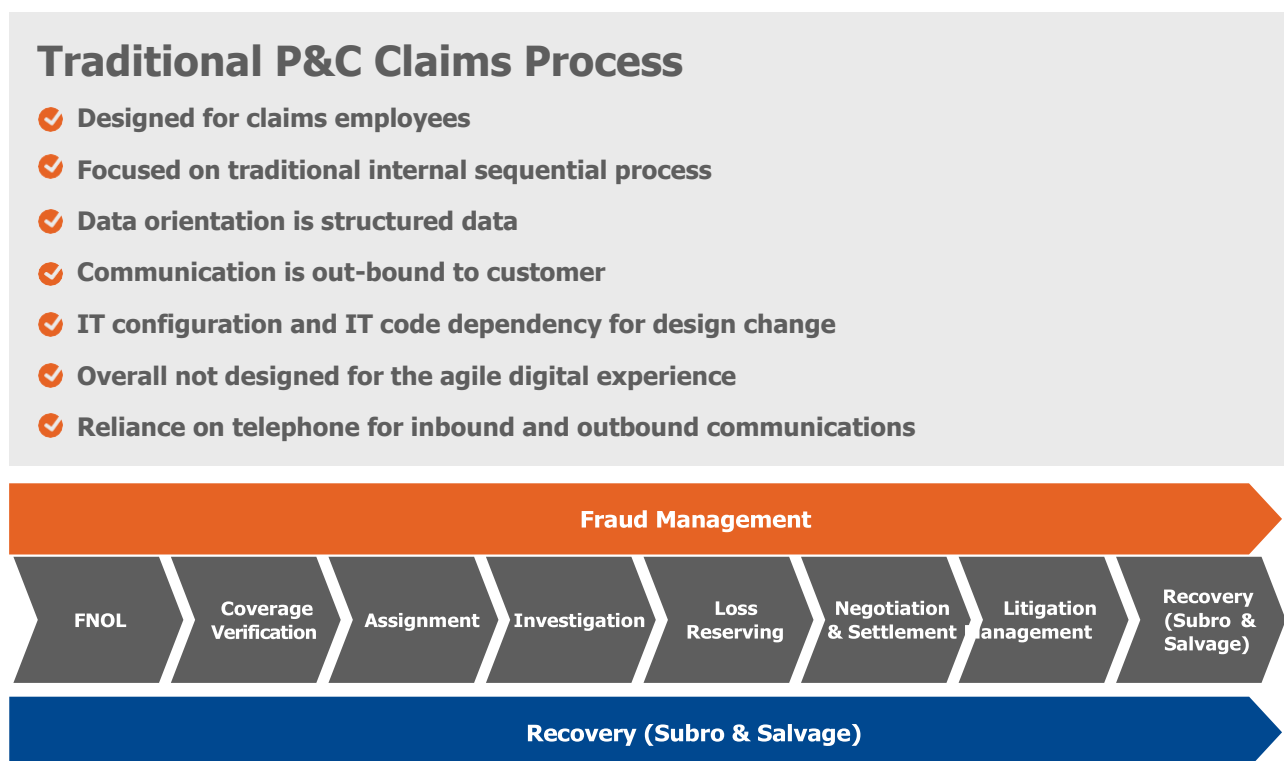
Property/casualty claims will likely be the area of the insurance business destined for the most transformation in the coming years. The digitally connected world has generated many new customer demands, new digital content, new and expanding ecosystems, and the realities of operating in a real-time world. The whole arena of risk management is evolving as insurers find new ways to leverage digital data and insights to partner with customers to better manage their risks. These factors combined with increasing catastrophes and emerging new risks provide insurers with the opportunity to differentiate from their competitors in the claims process. Ultimately, there is the potential to create a win/win scenario, with high customer satisfaction and retention, lower claims costs, improved partner relationships, and transformational reduction in operational and IT costs.

Challenges With the Current Model

The potential to transform claims is exciting. However, there are challenges within the traditional claims management systems and environments.

Fundamentally, these systems have not been designed for the agile, digital experience. Their focus has been more on internal operations than external interactions with customers and partners. Figure 1 shows examples of the challenges that many insurers face today, along with the typical functional areas in the claims management process.

Figure 1. The Traditional P&C Claims Process



Source: Strategy Meets Action 2019



The challenges can be further described as follows:

The very nature of the underlying systems, some of which were designed decades ago, is that they have facilitated traditional processes using traditional data with limited innovation. There is little impetus to rethink claims using a new lens.

- ✓ **Sequential processes:** The linear process and workflow orientation suited prior eras but do not adapt well to today's world of agile workflows where concurrent connection to customers and partners is required at any time.
- ✓ **Structured data:** The intake of transaction-oriented data at FNOL and beyond supports core administrative needs, but does not account for the ingestion of digital media such as photos, videos, unstructured documents, text, and email.
- ✓ **One-way communication:** Traditionally, the focus has been on outbound communications to customers rather than two-way collaborative communication among all involved parties.
- ✓ **Over-reliance on voice communications:** There is a high dependency on both inbound and outbound telephone communications requiring human-driven translation into text.

- ✓ **IT dependency:** Many claims systems require IT Departments to code required changes and maintain the systems, which involves significant additional cost and delay, rather than enable self-configuration by the business users themselves at the desktop in plain English.

The very nature of the underlying systems, some of which were designed decades ago, is that they have facilitated traditional processes using traditional data with limited innovation. There is little impetus to rethink claims using a new lens. As in many other areas of insurance, this elongates the timeframes for adapting and changing, increases the human resources involved in system changes, and tends toward an internal operational emphasis rather than a customer experience focus. To be clear, this does not mean that all current management systems in place are not required – they are necessary to enable the processing of claims capabilities. However, there are major gaps in the ability to incorporate and support a new set of required capabilities.

This paper will discuss the digital platform approach, covering the business and technology capabilities required by insurers. This approach can ultimately accelerate implementation, support omni-channel, connect and integrate the supply chain, and deliver new insights across the full lifecycle of claims, from first notice to settlement.

BUSINESS CAPABILITIES: A New Lens for the Digital Era

To address the challenges and constraints of the current model and capitalize on the opportunities in the digital age, insurers need a new lens for viewing and understanding claims and risk management. This new lens, first and foremost, must be customer-centric and seek out technology that enables quick implementations at low capital expense. Another key is to develop a cultural mindset that anticipates what customers will want, not only at the moment but in the years ahead, and provide themselves now with the ability to continually adapt and refine processes unhindered by the need to involve "big IT." The capabilities insurers are seeking for the digital era fall into a number of areas that include the following:

Customer Focus

All types of individuals and companies are becoming increasingly familiar and comfortable with communicating and conducting business via digital means. Whether it is an agent, policyholder, claimant, business partner, or another party, the person or organization involved has an expectation about how interactions should occur based on their



experiences with Amazon, Apple, Google, Uber, and a host of other digital-era companies. Many expect or demand self-service capabilities. Individuals also want insurers to communicate with them via their preferred device or app based on their communication preferences. Claims is an area where meeting customer expectations can have a high payback in terms of satisfaction, settlement speed, loss adjustment expense (LAE), reduced loss costs, and retention.

Today's digital world requires the ability and flexibility to capture, easily access, and share all types of media, such as damage photos, video, recorded statements, and forms, from any type of device at any time in any format.

Digital Aptitude

Today's digital world requires the ability and flexibility to easily access, capture, and share all types of media, such as damage photos, video, recorded statements, and forms, from any type of device at any time. Especially important are the seamless accessibility of video, both offline and live streaming, and imagery that enables the insurer to "see every claim." Sophisticated redaction capabilities for unstructured digital content are also useful in claims. It is essential to provide insurance documents during litigation with confidential information redacted (hidden or removed). Insurers also need the type of customer-in-control models that characterize the best online digital experiences from other industries – and customer means every claim participant in a fully digital claim settlement environment. In this model, activity is driven by signals, triggers, and events, not a pre-defined sequence.

Operational Efficiency

Insurers desire to create an environment of low cost and efficient operations while maintaining high service. To accomplish this objective, human-driven internal handoffs and manual processes must be significantly reduced or eliminated (including minimal re-key or repeat of information). A second important dimension of operational efficiency is optimum supply chain coordination. It is imperative that insurers can easily connect all participants in the supply chain: claimant, agent/broker, repair shops, and others. In addition to connecting, the supply chain partners must have access to provide their input collaboratively via a single digital record per claim in a common technology platform.

A third very important element of efficiency is the ability to manage a remote workforce in the same way as the internal staff, which may include the insurer's adjusters, TPAs, independent contractors, and other specialists. This includes the insurer being able to design jobs, specifying how they are to be completed, then tracking and monitoring task performance in real time, and ultimately going live to the site via video streaming if necessary.

Speed and Flexibility

Speed of settlement is critical in claims as there are direct correlations to claimant satisfaction, loss costs, and LAE. A digital platform with a connected supply chain and workforce enables faster settlement. Especially valuable is self- configurability by business users at the desktop in plain English, which is transformational for agility, cost reduction, and responding to changed circumstances. The ability to adapt quickly to business needs, such as new opportunities or a CAT, is also important. Total configurability of systems transforms the capability of the insurer and drastically reduces costs.

Data-driven Analytics and Unstructured Data Capability

Insurers possess an enormous amount of claims-related data that has the potential to yield a treasure trove of useful insights. However, 80% of the information captured by insurers is not available for extraction and analysis because it is in an unstructured form such as e-mails, texts, documents, attachments, or others. An insurer's key requirement should be that all digital information be organized in a way that is easily provisioned for business intelligence and analytics purposes. The ability to access key metrics should be mandatory for all claim systems.



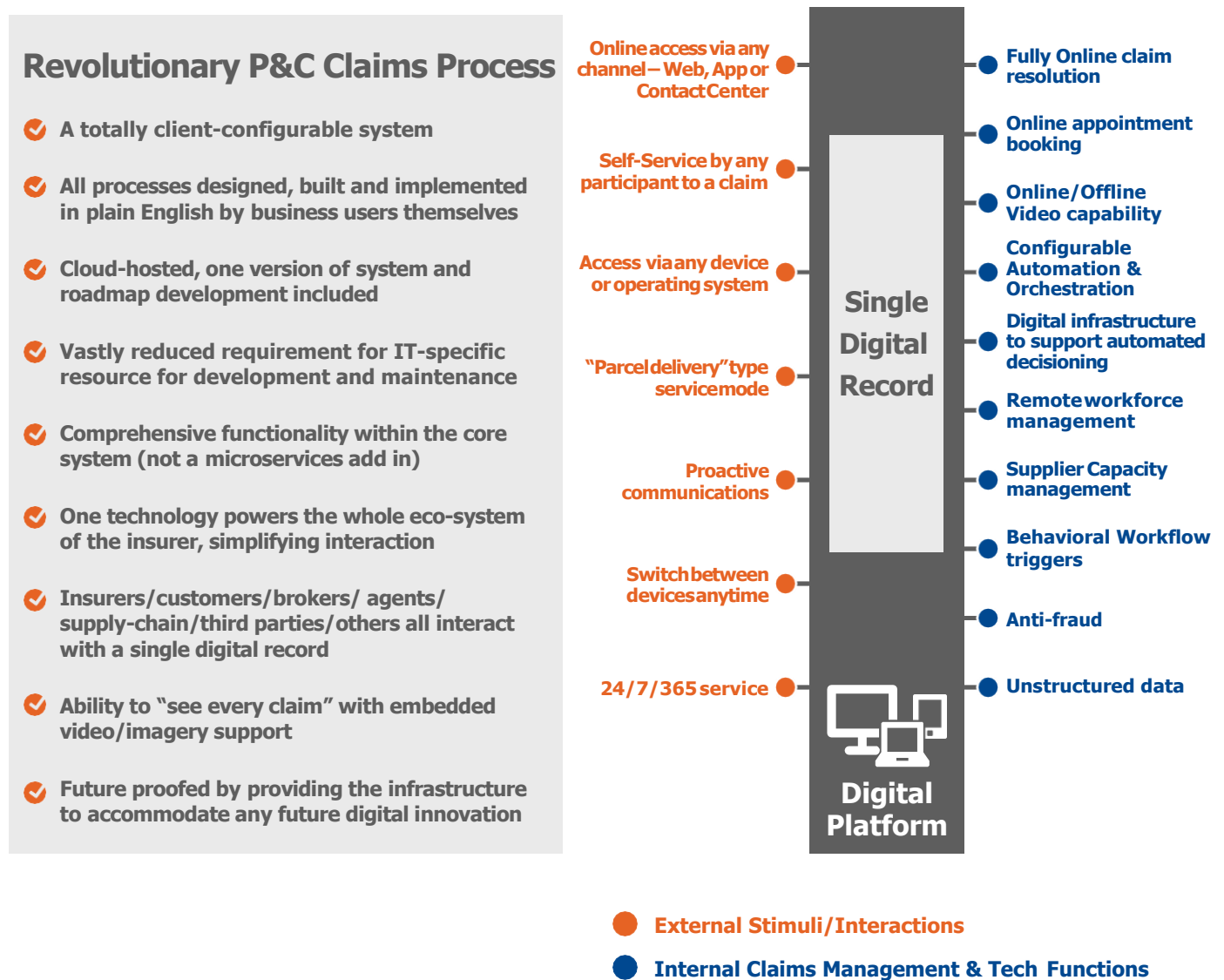
Gaining more insights into the customer and claimant behavior during the process (like why a claim was withdrawn or in an effort to detect fraud) can enable the insurer to optimize the process in their own interest and those of their customers.

Claims Functionality

All of these attributes and requirements must be met in the context of high-quality claims functionality. From first notice of loss to settlement and recovery, the core functions must be available in a manner that is customer focused, digitally enabled, efficient, and timely while delivering new insights for continuous improvement.

These requirements drive a new approach to solutions. Figure 2 illustrates an innovative approach centered on a digital platform and a common digital record.

Figure 2. Revolutionary P&C Claims Process



Source: Strategy Meets Action 2019



The tech capabilities necessary for this new approach will be described further in the next section.



TECHNOLOGY CAPABILITIES FOR INSURERS

The requirements for claims in the digital era can best be met with a comprehensive digital platform as illustrated in Figure 2. For those insurers seeking a new claims system, a self-configurable digital platform approach is a transformative way to think about new options and replace the legacy system. There is tremendous opportunity to leverage a new digital platform to design, build, and implement any digital process required by business users at the desktop in a form that suits the organization and its customers. Such a digital platform would enable, in one place, the essential new-era capabilities like video, imagery, any file type, sharing/collaboration within their eco-system, automation and workflow, unstructured data, and self-service data analytics.

For existing claims administration systems (even those that may have been recently implemented), it is important for a modern digital claims platform to co-exist in tandem, providing enhanced digital capabilities and functionality to the core system. However, a modern platform should have the capability of being consumed in any way, including as a standalone system, a hybrid approach where specific functionality can be called via API, or any combination.

A digital platform as described here can address the shortcomings of legacy systems via the points made in the dark gray box in Figure 2. The central design ethos is that the system revolves around a common digital record accessible by all claim participants, rather than having information about a claim and the parties involved scattered across multiple databases. Another primary design principle is that activity is automatically driven by signals, triggers, and events including real-time alerts, IoT device activity, interactions initiated by customers or partners, or any number of external stimuli. It is pro-active, machine-based intelligence and workflow that allows humans to make decisions.

The other key technology functionalities of a digital platform can be grouped into four areas:

Claims is one of the most complex areas of the insurance business, with many parties and functional areas involved. Modern workflow and process management systems must orchestrate the involvement of all parties in an efficient and effective manner.

Interaction/UI

The platform must support a true omni-channel environment. This means that an interaction and its related information initiated via one channel should seamlessly transfer to another channel. For example, if the customer contacts the call center for FNOL and then switches to a mobile app to provide more information, the transfer should be available in real time and with no rekeying of the information already provided. One approach to improved UI/mobile options is via the progressive web app concept (PWA) in which the user's interaction looks and feels like a native mobile app. But in reality, they are seamlessly linked to a web page that runs in a browser. This also ensures that the most current version is always being used.

Digital Content Management

The technology platform must not only handle all types of digital formats but must do so in such a way that the content is integrated and accessible. A single digital record can provide the anchor that ensures that anyone involved in the claim process can

have an integrated view of the information needed to do their job (without logging into multiple systems or swapping back and forth between multiple screens to piece together the whole picture). The basic structured data remains important but must be related to digital photos, online or offline video, text messages, or other content that is essential to managing a claim.

Workflow and Process Management

Claims is one of the most complex areas of the insurance business, with many parties and functional areas involved. Modern workflow and process management systems must orchestrate the activities of all parties in an efficient and effective manner. This is facilitated by an embedded automation and orchestration engine for intelligent routing and for choreographing the interplay between people and systems. Rather than multiple interrelated systems that must link their workflow capabilities, the modern platform has universal functionality which can be mandated out to all claim participants.



Implementation and Deployment

The top technology requirements include the ability to implement fast, highly secure systems at a reasonable cost (including low capital expense) and set them up so that they are easy to maintain and upgrade. This may sound like the holy grail of systems implementation – and it is – but it is achievable with today's technology.

The combination of cloud-based deployment, data kept in territory, and a self-configurable architecture can result in a platform that meets these requirements. A system that has most or all of the key functionality already seamlessly integrated and in one place allows the insurer to avoid the time, expense, and hassles of having to integrate tens or hundreds of separate applications and the related data. In the multi-party claims environment, insurers want the ability to determine the extent of access to the platform for each participant – from ad hoc information searches to full system access.

Flexible configuration tools are all essential contributors to the platform. Tools such as these support rapid implementation and also place the power of change into the hands of the business users. The importance of this approach cannot be overstated, as self-configuration based on a common, cloud-hosted version of the software can reduce IT costs by millions and optimize insurer resources. But it is important to keep in mind that the platform must have the flexibility to integrate with legacy core systems, as a full core platform, or in a hybrid model alongside the existing core system.

Future Proofing

One of the most important aspects of digital technology upgrades for insurers is that they now have the ideal place to add future developments, such as machine learning/AI capabilities for decisioning and real-time, connected-world solutions like smart homes and connected vehicles. A new digital platform collects all the information of whatever type, automates and workflows it, presents it to a decisioning algorithm, and then determines what happens as a consequence of that decision. Without the necessary base digital infrastructure, insurers will not be able to take full advantage of ever more sophisticated technology for automated decision making and real-time solutions.

360GLOBALNET

360Globalnet provides a next-gen digital platform for claims and risk management supporting the full claims lifecycle and beyond.

Company Overview

360Globalnet is an online digital technology company for claims and risk assessment founded in 2010 and focused on the insurance industry worldwide. Their mission is to "provide digital online platform technology to revolutionize the insurance claims process, offering personal and business customers the same standard of experience as online retail." All property/casualty lines are supported by their digital platform, and the company currently has deployments across Europe, the UK, the USA, and Australia with an entry into Asia expected shortly. The primary focus is on P&C claims and risk management, with a flexible platform that can be extended into other areas of the insurance business.

Breadth of Functionality

360Globalnet provides a next-gen digital platform for claims and risk management supporting the full claims lifecycle and beyond. There is one version of the platform, in a single tenant, private-cloud environment, with data kept in territory. Individual insurers can create their own custom configurations – and flexible, business-user-oriented configuration is a strength of the platform. In addition to the one version of the platform, the solution is centered around one digital record, which is time-stamped and includes all interactions and related content. All claim participants can be linked to the one digital record (including brand/sub-brand and sub-groups).



The platform can be integrated with current core systems for rapid implementation of extended claim services, implemented as a full claims platform for a greenfield situation, or deployed in a hybrid model via microservices. Charges are on a transaction or subscription basis which means there is no major capital expense required up front. Since all the infrastructure and hosting is included, and R&D on their roadmap is provided as part of the implementation, there is the potential to dramatically slash direct IT costs.

The platform is designed based on four key themes that provide value to insurers:

- ✓ **Agility:** The tools which are needed for the claims process have equal applicability to other disciplines such as sales, marketing, or underwriting. The platform enables digital communication to and from anyone via any media for any discipline. In addition, a powerful capability is complete self-configuration of processes at the desktop by business users.
- ✓ **Visibility:** The platform provides transparency throughout any process for all participants to a claim. The ability to “see every claim” and “see every risk” via its own advanced video and imagery technology both offline and online streaming brings a whole new visual perspective to claims and underwriting which has never been possible before.
- ✓ **Inclusivity:** Everyone involved works with and contributes to the one single digital record. This may include agents, brokers, insurers, customers, supply-chain, third parties, and any other claim participants, all connected to the insurer and one another. The inclusion of agents and brokers is especially important in the US market as it digitally enables them to offer all the benefits of the web and digital technology while maintaining their personal service approach.
- ✓ **Measurability:** There is the capability to extract data/information from anything provided to the carrier and turn it into measurable information, regardless of format (structured, semi-structured, or unstructured data). This is self-service data-analytics and also has anti-fraud capability and profiling of personal injury claims included.

The offerings that are part of the platform include 360SiteView and 360Retrieve:

360SiteView

360SiteView is an end-to-end digital platform that is highly configurable. The platform supports full self-service and collaboration between all parties involved in a claim, centered on a single digital record. All types of digital content are supported, including online and offline video and imagery capability which is natively built into the solution. In addition to the general characteristics of the digital platform described above, the key characteristics of 360SiteView are:

- ✓ A completely client-configurable system where business users (rather than IT departments) design, build, and implement digital process change on-demand and at low/no cost
- ✓ A platform with key digital capability built in, including advanced workflow with extensive automation, orchestration, and collaboration features
- ✓ Upload of photos, video, or voice from multiple devices, supporting different content types, and sent at different times, with all interactions staying in sync
- ✓ Support for customer communication preferences, by channel and frequency
- ✓ SMS support – a link brings up email automatically so more content can be delivered
- ✓ Live streaming of complex claims via high-quality livestream video (HD), natively built
- ✓ New insights during the initial triage, such as assessment of parts availability and 3rd party availability



- ✓ Weather data integration (such as UBIMET and IBM Weather Channel data)
- ✓ Integration with other popular decisioning solutions such as Audatex and Enservio
- ✓ Embedded decision support tools (for example the 360Globalnet QuoteBuilder technology for pricing and scoping of any type of loss)
- ✓ Embedded repair auctioning facility to identify the “street price” of any job of any description
- ✓ Appointment management via configurable slots for use by anyone in the ecosystem
- ✓ Supplier capacity management
- ✓ Remote workforce management
- ✓ Ability to configure anti-fraud rules and indicators directly into the platform

360Retrieve

360Retrieve provides advanced data analytics and unstructured data technology for extensive business intelligence, reporting, and fraud prevention. The solution can be implemented in conjunction with 360SiteView or as a standalone platform for data analysis, GDPR compliance, personal injury profiling and control, and anti-fraud capability. Some of the key features of 360Retrieve are:

- ✓ The ability to interrogate unstructured and semi-structured data
- ✓ Sophisticated search and entity extraction capabilities for documents, text and email content, based on custom search rules
- ✓ Flexible and comprehensive redaction facility
- ✓ Anti-fraud capabilities
- ✓ Personal Injury management

360Globalnet has a full range of digital capability to improve service while reducing operational expense and controlling claims spending and fraud activity. It is a multi-lingual platform capable of managing any type of claim of any complexity. It has been built from the ground up with no legacy to accommodate and currently has 19 company implementations across the world, including global carriers and implementations with insurers in the US, UK, Europe, and Australia.

Visit www.360globalnet.com and www.powerretrieve.solutions for more information.



STRATEGY MEETS ACTION COMMENTARY

Property/casualty claims is an extraordinarily high impact area for insurers. It is, in fact, the fulfillment of the insurance contract obligations and the reason that customers buy insurance in the first place. It also happens to be an area with a large variety and volume of digital data in many formats that are used across the network of firms and individuals that are involved in the claims process. The complexity of the parties involved, the digital content, and the workflows make it an ideal place for the digital revolution to occur within insurance.

Insurers seeking to capitalize on the opportunities to revolutionize their capabilities and differentiate through claims should consider the 360Globalnet platform. There are three specific situations for which the platform should be considered:

- 1 Greenfield operations** – Insurers setting up a greenfield operation for a new product or new venture should evaluate 360Globalnet as a primary platform.
- 2 Existing operations with modern core** – Companies that have recently modernized their core systems environment could benefit from leveraging 360Globalnet as an extension for new capabilities.
- 3 Existing operations with legacy core** – Insurers with older core systems can upgrade their capabilities by using 360Globalnet as an extension to the existing system, gradually replacing functional capabilities and potentially replacing the entire legacy system over time.

The 360Globalnet solution is a flexible platform designed for the digital era and already proven in the claims area. Global insurers, as well as smaller mono-line insurers, have deployed the solution, which demonstrates its flexibility. In addition, DXC Technologies has made an investment in 360Globalnet, which is a recognition of the platform strength and the opportunities they offer to insurance. While the platform is initially focused on claims, it can also extend beyond claims to manage any type of digital interactions, events, or networks in insurance. The successful insurers of the future will be those that have built agile, digital enterprises. Claims is an excellent area to start, due to the high value that a modern digital platform can provide in this area.

ABOUT STRATEGY MEETS ACTION

At Strategy Meets Action, our clients advance their strategic initiatives and accelerate their transformational journeys by leveraging our forward-thinking insights and industry expertise. Strategy Meets Action is a consulting firm that works exclusively in the P&C market offering both retained services and project-based consulting services.

This perspective is based on SMA's experience, research, and insights. 360Globalnet has purchased the distribution rights to this research and perspective. This is not paid-for research.

Additional information on SMA can be found at www.strategymeetsaction.com.

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