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Broking on the move

The next stage of digital transformation for the insurance broking industry.



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This guide, which follows interviews with a wide range of brokers from across the insurance market, sets out some of these challenges, and explains how a modern, flexible, end-to-end cloud-based broking system helps to solve them. It also includes some practical tips on how to build an effective digital transformation strategy to become a next-generation broker on the move.

Broking on the move takes digital transformation to the next level, giving insurance brokers the ability to service clients seamlessly from anywhere, at any time.

It means brokers being able to access all the data they need about clients, contracts, and carriers on any device from any location – securely and in real time – with just a few clicks.

With broking on the move, brokers are no longer tied to a single location. They can show relevant data to clients during meetings, produce documentation and agree on transactions in the client's office using an iPad or laptop. They can send and generate documentation while travelling to face-to-face meetings.




Brokers can work with complete flexibility, at an airport, on a train, or wherever they happen to be, including from home if they are hybrid working, which many see as the future.

With the impact of Lloyd's Blueprint Two digital transformation programme, the rise of digital trading, brokers migrating to the cloud, and remote working, the time is right for insurance brokers to embrace digital transformation. Many have already embraced change. Some are slower, but the pandemic has become the catalyst the industry has needed to accelerate its efforts.

However, remote working has shown that many brokers need to update their technology and processes to provide a stronger foundation for this new way of working, e.g. by:

- Removing rekeying and repetitive admin, freeing up staff to focus on more valuable work.
- Automating workflows to prompt the right actions at the right time, ensuring revenue opportunities don't slip through the cracks.
- Generating actionable management intelligence to get a full 360-degree view of the business and highlight areas for improvement and revenue generation.
- Consolidating data from various spreadsheets, post-it notes and in trays onto a single system that allows secure, real-time access – by underwriter, by client, by line of business, or in any other way you want to view it.
- Combining multiple disparate back- and front-office systems into one streamlined, end-to-end system with an open API structure for ease of integration.

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Market trends around digital transformation in broking

With the impact of Covid and remote working, many in the insurance broking industry are now looking to accelerate their digital transformation efforts. Broking businesses have fast-tracked digital initiatives and investments to connect employees working from home and to support the needs of customers.

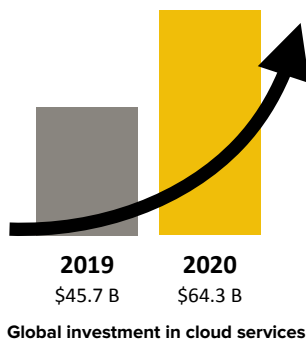
For brokers who were hesitant about digital before lockdown, remote working has proved it can work. For brokers who were already planning – or had already begun – a digital transformation programme, remote working has validated their efforts and made it easier to make the business case for more investment.

Whilst Covid has been an important catalyst, there are several other key digital transformation trends that are also driving change.



Blueprint Two

Blueprint Two is Lloyd's digital transformation programme. Announced in November 2020, its roadmap is to deliver an end-to-end digital journey from electronic trading through a new digital central services mechanism, and ultimately processing claims for open market and delegated authority business faster, which together makes up 80% of Lloyd's total premium. The mentality for Blueprint 2 is build it once, build it right and provide market participants and service providers core capability to connect with the market initiatives seamlessly and at a time that is right for them.



Rush to the cloud

With the move to remote working in 2020, global investment in cloud services skyrocketed. According to Gartner, the global infrastructure as a service (IaaS) market grew 40.7% in 2020 to total \$64.3 billion, up from \$45.7 billion in 2019.

Insurance brokers followed suit, with many moving their on-premise office applications into the likes of Microsoft Azure or Amazon Web Services. Microsoft alone grew its annual cloud services revenue by 60% in 2020.



Electronic Placement

In the London market, we can see just how big the impact of digitisation has been, with a huge increase in the use of e-trading platforms such as PPL and Whitespace for transacting Lloyd's business. According to InsTech London, over the past year PPL has seen almost a 100% increase in transactions with Whitespace, the other main beneficiary, as brokers and underwriters have been forced by circumstances to trade electronically.

As we see multiple applications carry the weight of remote trading and digital transformation becomes more commonplace, we see more emphasis on user experience and how we can replicate the physical in the virtual world. With data forever at its core, those clients and service providers who can provide that interoperability between applications will harness huge advantages over those who cannot. Market participants reliant on ongoing manual processes, which are both costly, time consuming and lead to reduced data quality, will suffer the consequences.

Electronic trading is almost certain to continue to be the dominant model going forward, thanks to its greater convenience, operational efficiencies and lower costs.

Challenges of working remotely

In a recent survey of insurance brokers regarding remote working, they cited the following top challenges:

- **Lack of management**

Most brokers say they lack access to Management Information (MI) while working remotely and don't have a full view of their business. They are unable to see at a glance what commissions they are generating from customers, or which customers were most profitable. Many aren't able to match customer needs to underwriting capacity as quickly as they would like. Automating workflows to prompt the right actions at the right time ensures revenue opportunities don't slip through the cracks.

- **Communicating effectively with employees**

Well over half of brokers cite 'less effective communication' as their biggest remote working challenge.

- **System performance and scalability**

Many brokers report performance issues with the systems they currently use during remote working. Some have had to spend more on licenses for their end-users, since they now require access from multiple locations. Others report issues with lack of capacity, bandwidth limitations or network performance issues. Having multiple front- and back-office systems – usually a mix of new and legacy – also makes these issues more difficult to manage. Migrating multiple front and back-office systems into one streamlined, end-to-end system with an open API structure, allowing for easy integration, can solve these challenges.



Operational challenges

Remote working and migrating to public cloud services such as AWS or Azure have also highlighted certain other operational challenges that many brokers have with their existing systems, including:

- **Inability to find workflow bottlenecks**

Many brokers are unable to spot or resolve workflow bottlenecks, due to lack of oversight.

- **Outdated legacy technology**

In our survey, 24% of respondents cited technology constraints as their number one challenge with remote working. In speaking to brokers, however, it's clear that legacy technology is an issue for almost all of them, including:

- Siloed data that takes manual effort to process
- Inefficiencies and human error due to the need to rekey data
- Data security issues
- Inability to access all systems remotely

Data challenges facing insurance brokers

Remote working and the rush to the cloud has given rise to new data management challenges, while also exacerbating pre-existing issues. These include:

- **Maintaining data security whilst retaining customer centricity**

Remote working threatens data security in three main ways:

- Staff may be saving data on their personal devices, where it is vulnerable to being lost or hacked
- With staff extracting data from multiple systems and sending it to each other in multiple static Excel files, more customer data is likely to be lost or be inaccurate through human error
- Remote access increases the vulnerability of a broker's entire network



- **Data quality and accuracy**

Manual processes mean that data must be checked and rekeyed multiple times, increasing the likelihood of human error. In many broking businesses, information is still stored in static spreadsheets and on paper in in-trays, filing cabinets, and post-it notes, which is impossible to access remotely in real-time. Manually transposing this data onto spreadsheets or other digital documents again increases the likelihood of human error.

- **Data transparency and productivity**

All brokers currently work with a mix of front- and back-office systems. Some are hosted in the cloud. Some are hosted on-premises. Few brokers have a complete 360-degree view of all their data in one place that they can access remotely. This makes it difficult and time consuming to create reports. Many brokers put up with this because it is simply business as usual.

- **Data monetisation and understanding profitability**

Most brokers know which customers generate the highest revenues. However, not many are able to prove how profitable that customer is. Are staff spending so much time servicing the customer that it becomes less profitable than smaller customers?

This is largely due to siloed data and the manual effort of creating reports. Too many brokers miss opportunities to cross-sell or upsell cover to their customers, due to not having a holistic view of the account.

- **Remote system access and engaging with the 'eco-system'**

One of the biggest challenges cited by brokers has been inconsistent access to remote systems. They struggle with limited bandwidth or slow system performance due to the sheer number of employees who must log-on remotely at the same time. Similarly, many broking businesses simply cannot access all their data remotely because some of it is still held in on-premises servers.



In 2021 and beyond, brokers will need access to a range of online platforms and applications to do business, from Office 365 and Teams to trading platforms like Whitespace and PPL for the London market. For those brokers who work in the delegated authority space, the ability to integrate with Lloyd's common data standards platform will also become essential. At the same time, brokers need to be able to interact with customers seamlessly online.

How a best-in-class modern broking system enables broking on the move

Brokers have digitised in line with the immediate needs of the business. Attitudes within the insurance industry have become more open to change and more accepting of the potential benefits of digital transformation. Now, many brokers are looking to leave behind legacy systems and go digital to increase their resilience and agility, and reduce their costs.

However, not all cloud-based broking systems offer the same functionality or enable remote access to all their data securely in real time.

With a best-in-class, cloud-based system, brokers should look for the following benefits:

- **One unified view**

360-degree, front- and back-office visibility into the entire customer journey. The platform should consolidate currently disparate and unconnected data silos. This allows brokers to drive efficiency across every stage of the broking lifecycle, from enquiry and quotation to policy, claims, and reporting, through one customer-centric, intuitive platform.

- **Data-driven, actionable intelligence**

On-demand insights, reports, and dashboards make for better decisions and more advanced insurance operations. With a data-driven platform, brokers can transform data into knowledge and insights that empower broking and management teams.

Integrated analytical tools enable brokers to leverage key information to create cross-selling opportunities that feed the new business pipeline, increase business from existing clients, and generate increased returns.

With a few clicks, brokers should be able to access an integrated view of every client, empower agents to make informed decisions, and drive cross-sell and upsell opportunities from existing customers. By using real-time customer intelligence, brokers can also deliver more tailored advice which in turn pays significant dividends in terms of bottom and top line.

- **Optimised profitability**

Advanced Profitability Optimisation offers management extensive dashboards and reports, and the visibility and insights readily at their fingertips to determine how the different business lines are performing. Brokers can identify and nurture their most profitable customers. They can get actionable insights into questions such as:

Which customers are profitable, break even, or unprofitable for the business? What is the total income a customer brings vs. the number of staff hours and resources the customer requires? What is the customer's claims history relative to premium income?

Quantification of time, resources, and effort invested in the insurance portfolio relative to actual revenue is now made remarkably easy and granular. Ready access to these answers guides renewal strategy, pricing decisions, and management of staff's time and resources — all of which significantly impacts overall profitability and growth.





- **Automated workflow**

Efficiency through out-of-the-box workflows that can be customised to any brokerage business, freeing up skilled staff to focus on value-add activities.

- **Borderless architecture**

One platform serving multiple territories for any language, currency or regulatory environment. With multi-lingual, multi-currency support, brokers get a single system that works seamlessly across multiple territories and markets, as well as for real-time currency conversion. This enables brokers to operate locally and report globally to HQ, while staying compliant with all international regulations.

- **Proven performance and future-proof infrastructure**

Insurance brokers require a platform that can scale in line with their business and allow them to deploy globally. Cloud-based technology frees brokers from expensive IT overheads, such as on-site hardware, maintenance costs, and support staff.

Whenever the platform is updated, the broker's system should update automatically, with no hassle and zero downtime, so that brokers can spend less time managing their data centre and more time focusing on supporting their customers and driving profitable growth.

- **Easy integration**

An integration-ready framework assures smooth integration with your legacy or third-party systems. A truly open API framework gives you the flexibility to add additional functionality, capabilities, and services as your business grows, with zero hassle and no costly integration process.

- **Best-in-class security**

The platform should come with comprehensive global compliance and security measures included, with sophisticated data breach protection via two-factor authentications, inactivity time-outs, and password policies.

Next steps for building your own digital transformation strategy: how to become a broker on the move

We've drawn from the experiences of our broking clients to put together the following list of steps on how to build your own effective digital transformation strategy:

Step 1: Understand where you are now

You probably have a mix of different systems, legacy and new, some on-premise and some partially in the cloud. Perform an audit so you can get the full picture. Then look at how to get the most out of what you have in line with your business goals.

Step 2: Work out your business goals

Broking on the move is about brokers being able to access the data they need from anywhere and on any device, and having access to data that will increase cross-selling opportunities and increase your profitability from existing clients. Keep the bottom-line business goals in mind, as this will keep you focused during your transformation.

Step 3: List out your key technical goals to meet your business goals

London market insurance brokers need a platform that can integrate with Lloyd's. All brokers need to be able to integrate with other systems, both internal and external. You want secure access from any device, dashboards to help improve decision making and boost sales, and so on. Make a list of the integrations and tools you need and make sure you seek out a platform with those capabilities.

Step 4: Prepare your team for change

Change management is as much about attitudes and mindset as it is the technology itself. Brokers who aren't used to entering data into a system will often push back against it. Back-office staff may be uncomfortable combining all your data onto a single platform, or changing the way they've always worked.

Take the time to communicate the change to your team, including the benefits. Listen to their feedback and answer any concerns. This might sound like a lot of extra effort, but the feedback from our clients is that the more time you take to do this, the smoother the change will be and the faster your teams will accept it.



Step 5: Migrate in stages

Brokers who have had the most success with migrating their systems to the cloud tend to be those who have done so in stages. Thanks to Covid and remote working, many insurance brokers will already have migrated their Microsoft Office apps onto the cloud. This is a great first step to get your business used to cloud-based working. When migrating onto a new platform, look to do that in stages too. This allows your people to adapt to the change and minimises the risk of any issues.



Step 6: Be flexible and willing to adapt

Brokers who have migrated successfully say it's important to stay flexible during the migration process. They say that, once part of the new platform becomes available, they discover new functionality they hadn't had access to before, and they adapt their processes around it. As your business gets used to a new platform, you are likely to discover new ways of working that will increase your efficiency and productivity.

Step 7: Build a data culture from day one

Embedding digital transformation means building a data-led culture in your business. The more your people understand the value of data, the higher quality your data will be, and the more benefits you will see. Here are the main recommendations on building a data-led culture:

- Automate workflows wherever possible, so tasks are flagged automatically where staff members need to add data, and tasks are marked as incomplete until they do
- Show employees the time-saving benefits of working with data
- Offer training when adopting new systems and processes
- Appoint a senior executive to oversee the adoption of new systems and processes
- Find 'champions' within your business – people who see the need for change and are willing to help promote it among their colleagues

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Want to discuss how Novidea can help support your digital transformation?

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