

High performance. Delivered.

How do you maximize the performance of your distribution channel?

Your Goal: Successful Multichannel Management – Gaining Insight Into Your Optimal Distribution Model

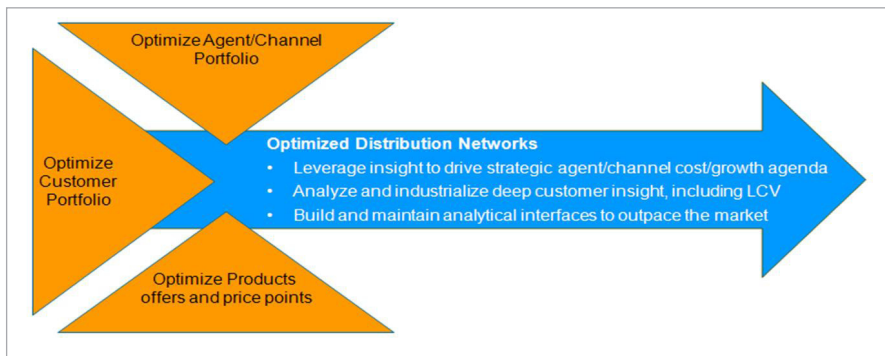
Direct mail, the Internet and insurance aggregators are changing the way people buy insurance and are putting downward pressure on premiums. Add to this increased mergers and acquisition activities, customer churn and high customer acquisition costs, and it is easy to see why the industry has become so fiercely competitive. Insurance companies are beginning to implement multichannel integration strategies, and in this environment, the selection and optimization of distribution channels, products and customer segment focus is more crucial than ever.

The Solution: Distribution Insight and Optimization

Distribution Insight and Optimization leverages existing Accenture and SAS® Analytics capabilities, assets and offerings, creating a new set of integrated consulting services and technical solutions. SAS brings together the technical capabilities of data integration and storage, customer intelligence and predictive business analytics into one cohesive framework. Accenture mobilizes the right people, domain knowledge and delivery methodology to help clients improve their distribution effectiveness and efficiency.

Key Challenges

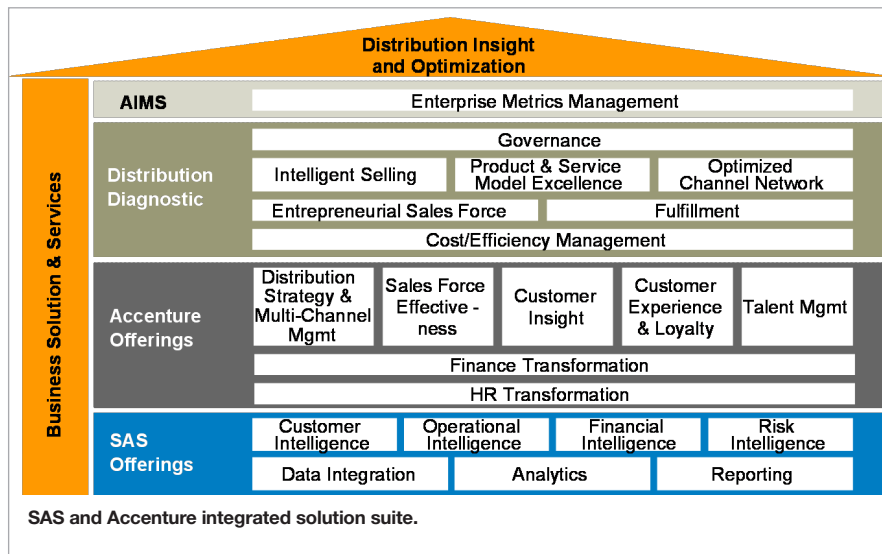
- **Sustained cost management.** Balance cost reduction with the retention of critical business capabilities.
- **Customer acquisition and retention.** Sustain existing customer base while taking market share from competitors.
- **Operational excellence.** Optimize processes, balance costs and build organizational agility with minimal complexity and maximum speed.



Distribution Insight and Optimization Explained

Channel management is certainly not a new concept; however, management decisions are driven by historical, periodic performance reporting. Product managers and field marketing can only react once an agent persistency rate or other KPIs fall below an unacceptable level, well after corrective action should have been taken. Distribution Insight gives insurers the ability to conduct “deep dives” into causal factors, which in turn requires access to predictive data and forward-looking analyses.

Companies must incorporate predictive insights into their day-to-day distribution management activities. Only then will they be able to unlock hidden patterns to explain and predict business outcomes and ensure that their products are being sold through the most appropriate and cost-effective distribution channels.



Distribution Insight

The first step is to explore and analyze historical data and external data sources that help describe complex relationships around your customers and agents to determine the predictive features of take-up, conversion, average premium and survival rates. Analyzing this diverse data requires advanced statistical analysis techniques, such as segmentation, associations and visualization, to answer such questions as:

- What are the root causes of poor agency performance?
- What customers are likely to purchase and renew the most profitable products?

Optimization

The second step enables product development, field marketing and agency management to optimize their business models, processes and resources on the basis of analytical insights, prediction and stochastic forecasting models. Optimization gives you the ability to create, test and implement actions to increase policy count and customer preference without increasing commissions, field marketing expenses or underwriting costs. This presents a proven opportunity to improve revenue and reduce costs.

Discussion Points

Agency Inefficiencies

Backward views of key performance indicators are proving ineffective in assessing the profitability of agents.

Multichannel Integration

The ability to select the right channel to market to the right customer at the right time.

Mergers and Acquisitions

Consolidation continues unabated, and insurers need to analyze how to integrate a new channel network into their existing distribution model.

Customer Churn

Customer loyalty decreases as insurance becomes commoditized, and customers often choose their insurer purely on the basis of price.

High Acquisition Costs

The ability to segment customers according to their likely behavior, potential profitability and channel preference is critical to minimizing acquisition costs.

For More Information

To find out more about how SAS and Accenture can help you grow your business and improve your performance, contact your SAS or Accenture representative or visit www.sas.com or www.accenture.com.