



ACTUARIAL SOCIETY 2015 CONVENTION

OPERATIONAL STRATEGY: ***Sustaining customer experience***

Yageshree Moodley

18 November 2015

Agenda

- Customer experience
- Legacy management
- Your role

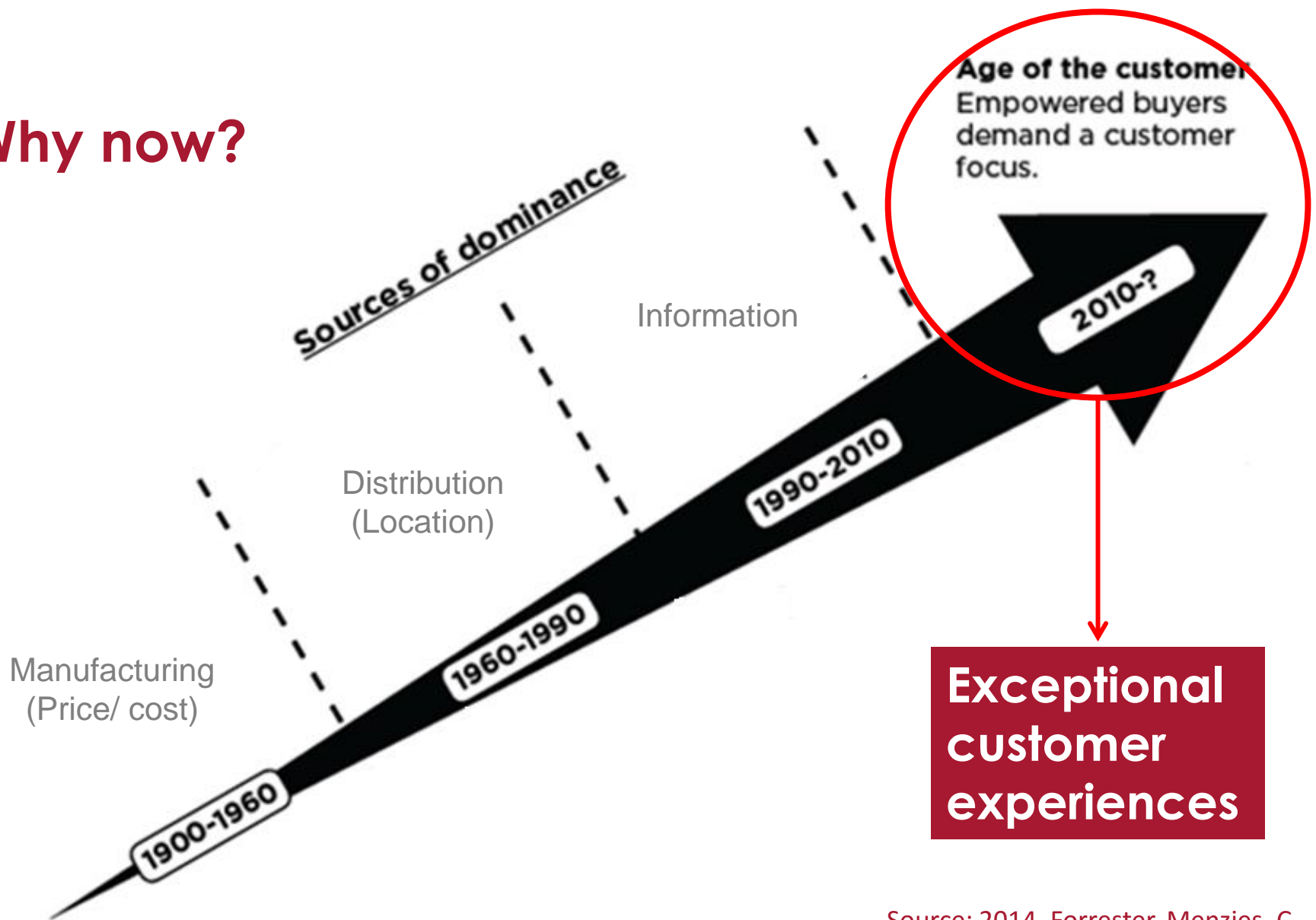
⇒ **Customers get the best value-for-money experience,
sustained over the entire contract term**

Customer experience

what is it, and why does it matter



Why now?



Source: 2014, Forrester. Menzies, C.

Customer experience (CX) is...

“..the **perception** of what a customer thinks and **feels** about a collection of **all the interactions** they have had with a company.”

Forrester

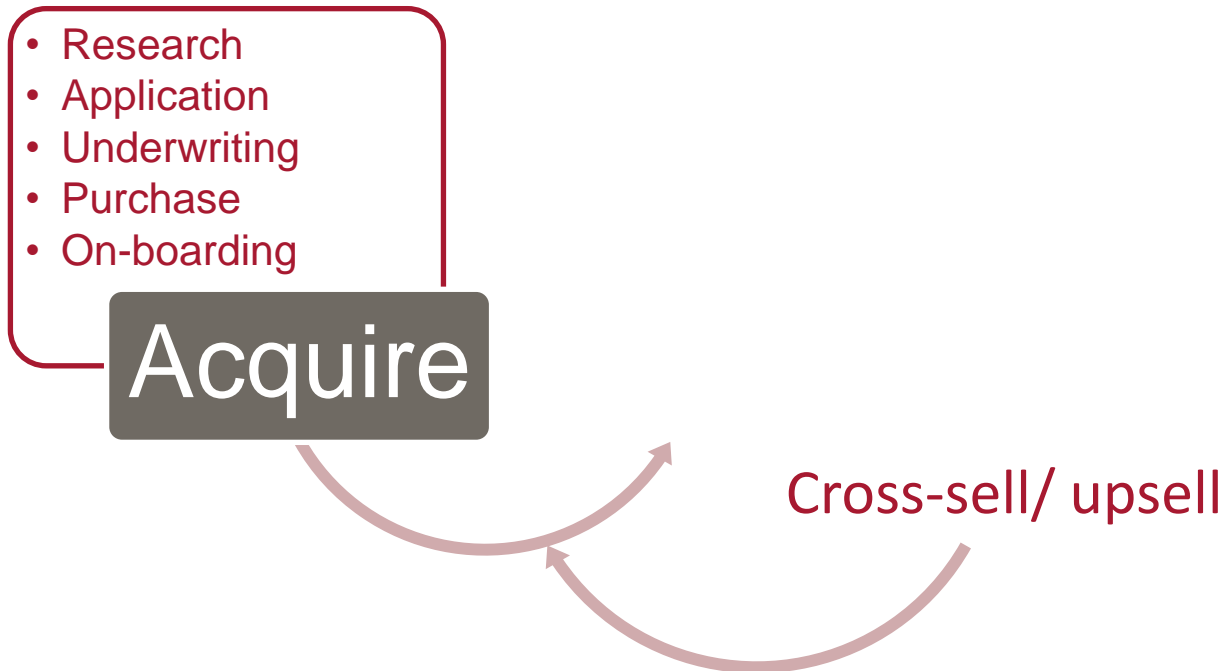


Feels





All the interactions



Customer EXPERIENCE MATTERS



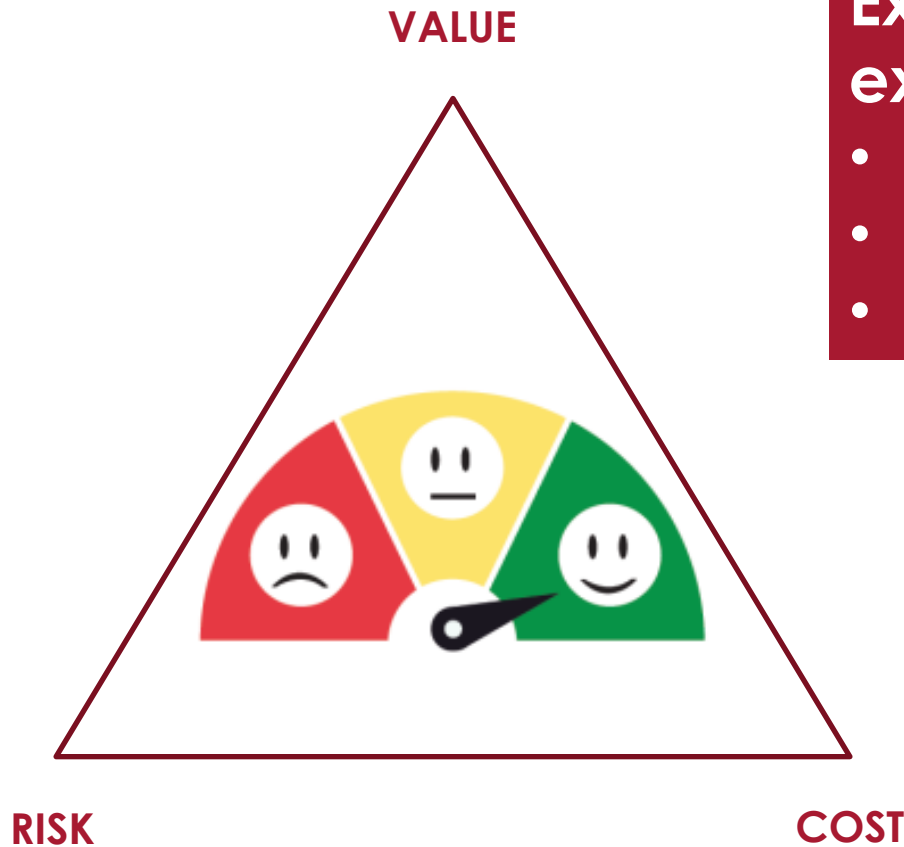
Strategic value



Customer experience score

Source: 2015. Watermark Consulting

Strategic intention



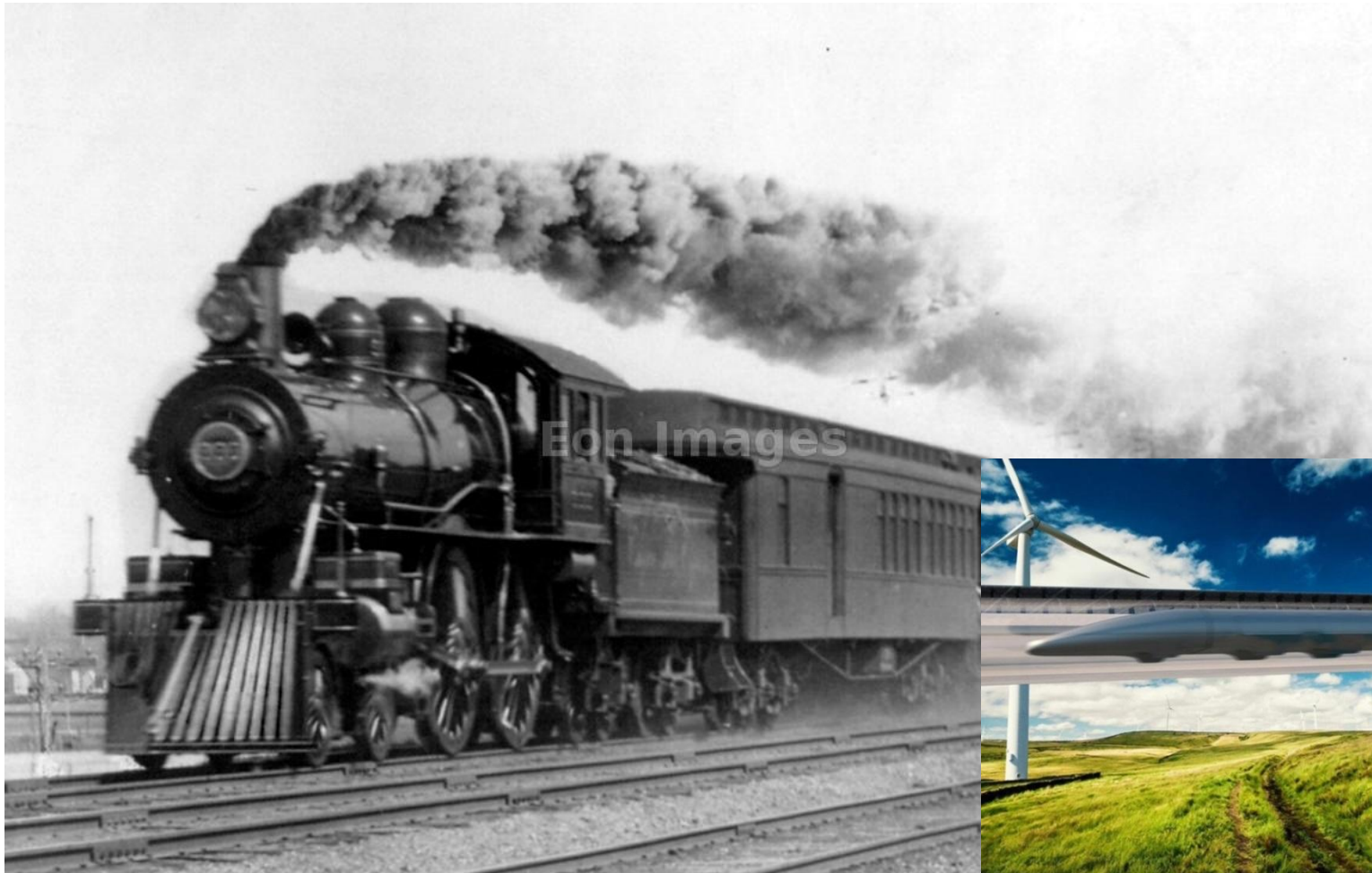
Exceptional customer experiences

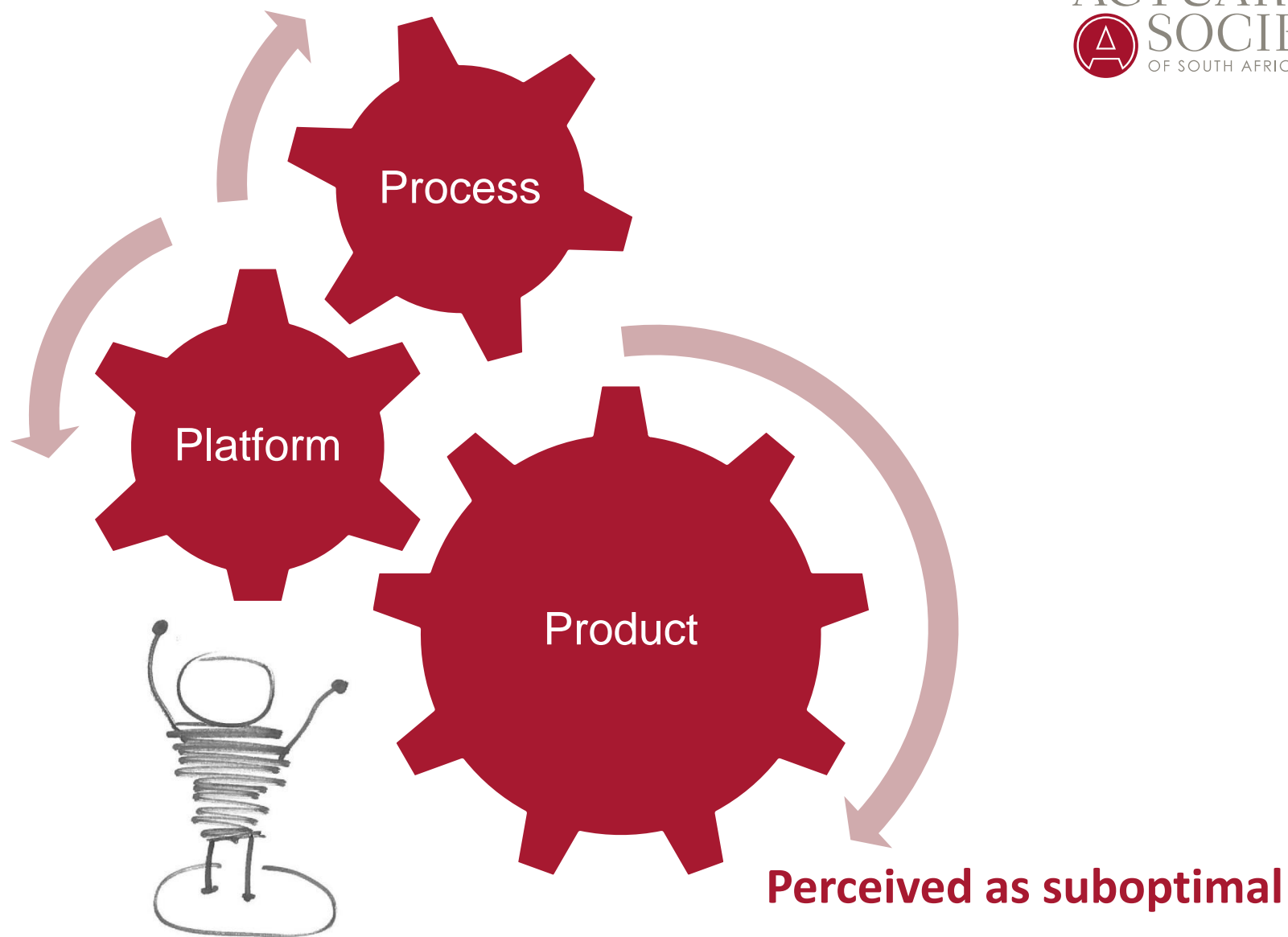
- Desirable
- Distinctive
- Consistent

Pick three things that stood out for you?



Legacy management sustaining customer experience



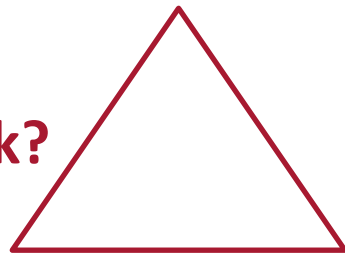


Legacy: identify the problem

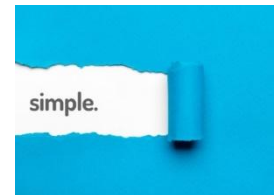
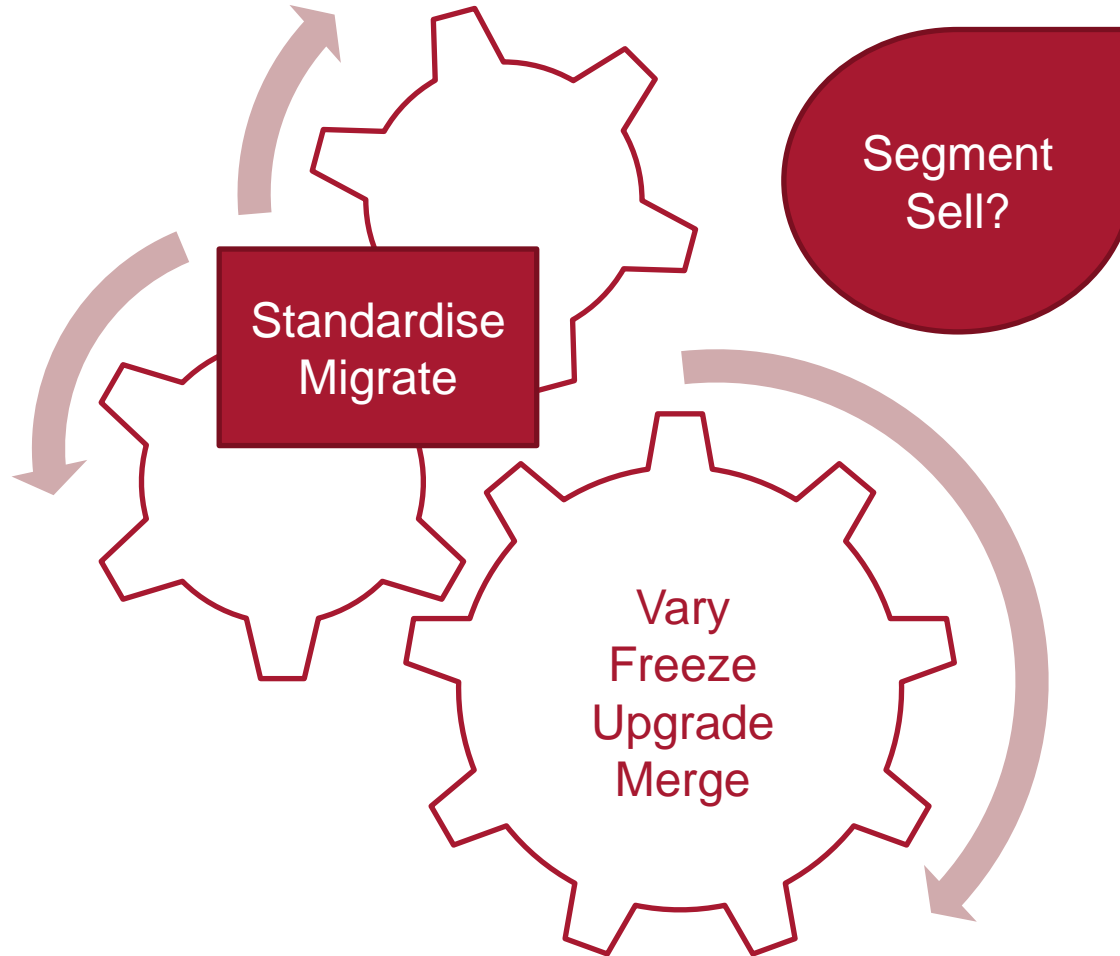
** Depends on the significance of the business and the “gap” relative to current expectations

- Increased risk and capital requirements
- Contributes to broader insurance industry challenges, such as TCF challenges and cost
- Opportunity cost – operational drag, contagion

=> strategic risk?



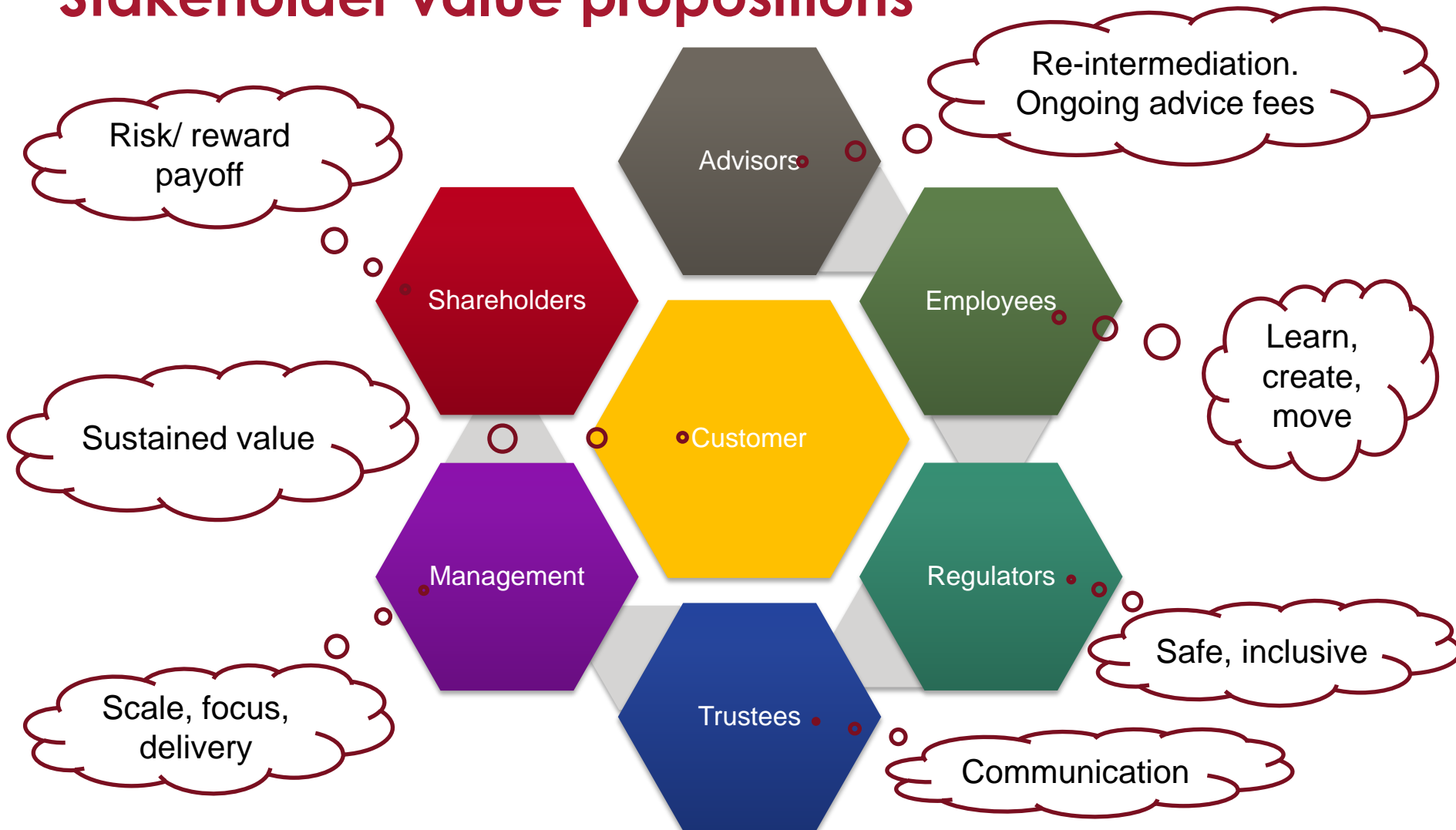
Legacy: develop the solution



Legacy: selecting the solution(s)

| Consideration | Vary | Upgrade | Merge | Migrate |
|---------------|------|---------|-------|---------|
|---------------|------|---------|-------|---------|

Stakeholder value propositions



Vote now

Are you involved in product development?

A. Yes

B. No

CX INNOVATION

Legacy: monitor and manage

- **Design**

- Simple and modular
- Price the servicing
- Exit strategy / “living will”

- **Maintain**

- Standardise and integrate, especially on M&As!
- Simpler, better, faster, cheaper (on commercial terms)

- **Communicate**

- Share perspectives on value
- Use existing touchpoints

- **Organise**

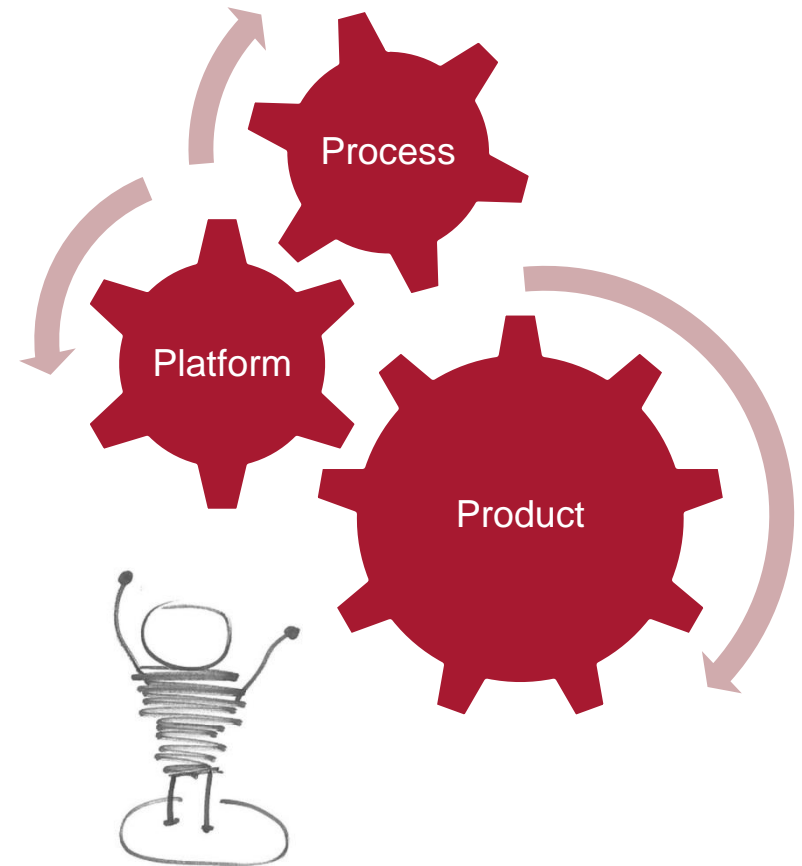
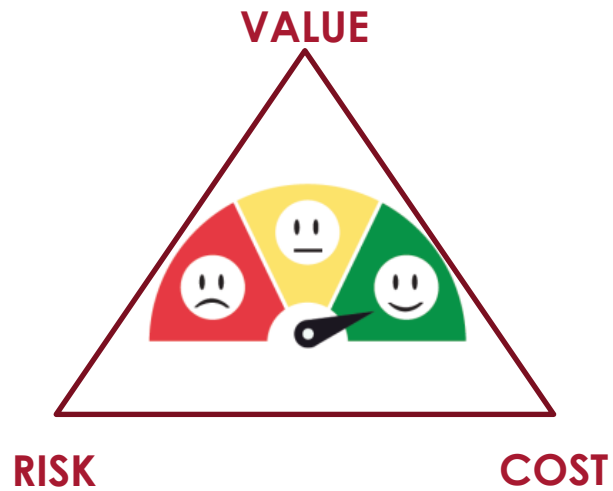
- Management focus (reporting lines, segmentation?)
- Knowledge management

Your role

what can you take from this?



Summary



Reframe your role

- Grow the value of new business
 - Design **experiences**, across enterprise value chain and time
 - Launch “beta” versions and iterate designs
 - Distribute by pulling customers e.g. through networks
- Maximise VIF
 - Value of existing customer **relationships**
 - With a weighting for the most valuable (target) customers
- Minimise risk
 - Opportunity cost and strategic drag
 - Downside variability in customer experience

REPORTING!

Contributors



Yageshree Moodley
Liberty Shared Operations
yageshree.moodley@liberty.co.za

Mark Barberini (Liberty)

Marquerithe Schreuder

Beth Richmond (Old Mutual)

Alex Thomson (EY)

Pieter Pienaar (MMI)

Danie Gryffenberg (Sanlam)

Tienie Hamman, Riona Lall, Calvin Quan, Sharm Naidoo, Lynette Sasto

Vote now (1)

What is your primary specialisation?

- A. Long-term insurance
- B. Short-term insurance
- C. Risk Management (EFRM)
- D. Other

Vote now (2)

What does “legacy” mean to you?

- A. Closed products
- B. Outdated systems
- C. A bequest / inheritance
- D. All of the above

Vote now (3)

In building customer loyalty, emotional factors account for:

- A. About 32% of customer loyalty score
- B. More than all other factors combined
- C. As much as rational factors (price, location, etc.)

Legacy rationalisation case study

- Full operational integration by **merging and migrating**:
 - Product: System products and system portfolios
 - Platform: Operational systems and associated applications
 - Process: End-to-end business processes and servicing
- It can be done in steps, but must be aligned to strategy



Why/how does this happen?

- Environment and expectations change, but contracts don't
- M&A, without operational integration or standardisation
- Complexity, with scarce skills and poor knowledge management
- Proprietary IT, with limited functionality and flexibility
- Focus on new business diverts resources from managing existing business

Critical factors

- Technology
- Transformation
- Team
- Timing
- Transparency



2015, Liberty (Barberini, M). Liberty Active migration

2015, McKinsey. Transitioning to standard software: Lessons from ERP pioneers