



Moving toward a connected enterprise

KPMG Perspectives

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No single Property & Casualty (P&C) insurance proposition can adequately satisfy all market needs.

Organizations become successful outperformers when they establish a customer agenda and take specific steps to align their capabilities behind it. The customer agenda is based on a deep understanding of who the customer is and what the customer needs and values, along with how the organization can deliver value to that customer while capturing value itself.

No single Property & Casualty (P&C) insurance proposition can adequately satisfy all market needs. Just as fast-food chains operate a different capability footprint and deploy different processes than three-star Michelin restaurants, P&C insurance companies must develop and deploy differentiated processes and capabilities based on their identified customer agenda (which is the foundation of their strategies and business models). Some customers may want to buy all their insurance from one company because it offers the insurance equivalent of fast-food, for example, or, alternatively, three-star Michelin service. Others may seek a fast-food equivalent from one insurer, or from one of its business units, and a more service-oriented product from another business unit or from another company altogether.

Any business — generically speaking — may have an online channel, or an analytics function, or a call center, or campaign management, or partnerships and alliances. However, the extent, maturity, and prominence of these capabilities should be fine-tuned and 'connected' as a function of the customer agenda, the business model and strategy deployed by that business or business unit.

Why? KPMG commissioned Forrester Consulting to conduct a study to gain a better understanding of success factors in delivering against a company's customer agenda. Our research shows that when companies move away from the limitations of operating in functional silos and toward what KPMG defines as a connected enterprise — an organization that is connected and aligned across businesses, functions, and channels — they outperform their competitors.

Making customer centricity work

To succeed in winning the loyalty of 21st century customers, insurers need an enterprise-wide approach that connects the capabilities of the front, middle and back offices — so they can appropriately focus on the customer agenda. A connected enterprise approach enables insurance companies to see and serve their customers as people with a wide variety of insurance needs and preferences, and not just as policyholders according to how their business units define them — as, for example, homeowners, vehicle owners, business owners, or insured lives.

While the theory of aligning business capabilities to its customer agenda and business model is not new and rarely disputed, our research has found that the P&C insurance industry as a whole is lagging other industries significantly in applying and extracting the value of this theory.

What's more, although P&C insurers place a higher priority on creating an interconnected and aligned organization than the average of all global industries surveyed (80 percent of P&C insurance respondents versus a study average of 77 percent), more than three-quarters of respondents say such efforts haven't generated the returns they need.

Insurance companies that seek to deliver on their customer agendas need to connect and align specific business capabilities to do so. KPMG's connected enterprise approach highlights the capabilities on which insurers need to focus. It also identifies steps companies can take to create the desired connectedness across these capabilities and thereby generate sustainable value by aligning with the customer agenda.

The excerpt was taken from the publication entitled Aligning behind your customer agenda.

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