



## Insurers Can Unlock Human Potential while Investing in Digital

A digital evolution is upon us, driven by a different convergence of advanced technological capabilities, a need to innovate to keep key talent, and more recently, a global pandemic driving new ways of working that we infrequently imagined. Prior to this pandemic, we saw insurance executives embrace digital transformation by investing strategically in technology, standing up internal digital teams, and aligning technology with their future state goals. Even for a nontangible product like insurance, our clients have been quick to shift their ways of working, embrace a digital and virtual environment, and consider how their ongoing digital investments can be tailored to required employee productivity.

We know the investment is worth it because digital maturity has been

positively associated with financial performance. According to Deloitte's 2020 Digital Trend Analysis; companies with higher levels of digital maturity are three times more likely to report annual net revenue growth and net profit margins significantly above their industry average than companies at lower levels of maturity—a pattern that held true across industries.<sup>1</sup>

When considering specific talent, an organization should realize that its employees may not meet a proposed digital transformation with the same level of excitement as leadership because "Transformations" mean "change," and change in any capacity is emotional. Digital transformation should include a carefully constructed road map, one that fully considers the importance of the human

capital transformation alongside the technological one.<sup>2</sup>

Organizations have shown resilience in 2020 by addressing the roller-coaster of evolving work conditions and continuing to embrace a digital future. Now is the time to develop an end-to-end digital road map, to tie existing digital investments together, plan for strategic future investments, and required the return on investments by considering the human element, an organization's key talent, that will drive digital strategy for years to come.

## Becoming More Digital – The Time Is Now

The MIT Sloan Management Review and Deloitte have collaborated year-over-year to investigate digital maturity, focusing on the organizational aspects of digital disruption rather than the technological ones. The research shows us that the gap is growing amongst companies' digital maturity. Recent analysis shows that the gaps can often be explained by a company's approach to innovation. To be succinct, digitally maturing companies are not only innovating more, they're innovating differently.<sup>3</sup>

Deloitte leaders across digital are normally looking for opportunities our clients can consider which promote innovation within their enterprise. We strive to demonstrate 'what good looks like' so that our clients can leverage our broad transformation experience to create their own custom road map for digital evolution. What sets Deloitte aside, is a commitment to understanding and planning for the human element as part of these transformations, the not-so secret ingredient to drive your transformation to be effective.



Let's consider an example, highlighted by our leader of Customer and Markets in Insurance, who has delivered projects across customer experience strategy with a focus on contact center transformation driven by customer insights and analytics. This team has brought our clients to the next level of digital contact center service by implementing representative assist via artificial intelligence (AI) to enable bots which can address common customer questions. At face value, this investment is a 'win-win' for an insurer, offering cost savings and quicker response times for customers basic questions while allowing more complex questions to be routed to a

contact center representative for triage. If you stop there in your transformation planning, you may not realize the risks associated with failing to consider the experience of that contact center representative resulting from your investment.

Let's consider the digital contact center transformation introduced above. In the previous state, before the investment in AI, the contact center representative was responsible for answering a series of customer queries, both basic and complex. Within each shift they likely answered a mix of common questions, simply leveraging their own historical knowledge and experience for basic inquiries like card replacement, along with the intermittent complex questions, like specific billing issues, which require additional resources and time to research. The obvious benefit here when leveraging AI is that the bot enables quick answers for customers who have basic questions, allowing the experienced call center representative to manage more complex scenarios and offer customers a high-touch level of customer service. Additionally, the bot will also collect some basic information from each customer who calls in, sharing that with the representative as a query is routed for their review. This standard set of information allows the call center representative the opportunity to begin the triage process the minute the phone connects with a customer. The future state of your investment in AI will be 'win-win' allowing your customers with basic inquiries to receive quick answers, and those with more complex inquiries to be serviced by representatives who have the time and the resources to answer their questions. By thinking through the evolution of your digital transformation and its true impact on your employees, you will be able to identify the critical opportunities to set your employees up for success in alongside your investment in digital.

Another example of end-to-end digital transformation which benefits the enterprise and talent is the implementation of drone technology in the claims adjusting process. When considering the tools and infrastructure needed to invest in a more digital adjustment process, drones are becoming a big part of the conversation. Drones can be leveraged to conduct remote assessments of damage. The introduction of this technology means eliminating the need for claims adjusters to physically be onsite for an inspection. For the adjusters, the time they may likely have spent traveling to and from the site of inspection can now be spent taking care of other tasks. It also means a decreased amount of time to assess and process a claim overall, as the drones can survey greater distances in much less time and with much less effort than the claims adjuster could have done on their own.<sup>4</sup>

Not all digital transformations, however, are all positive for all parties involved. "Transformations" mean "change," and change in any capacity can be met with resistance from both internal and external stakeholders. Digital transformation can be emotional, it is as much a human capital transformation as a technological one.<sup>2</sup> It's important to remember that becoming digital or maximizing your digital investments cannot be done in a silo, without consideration for how your talent will impact the realization of your full digital maturity.

Organizations need to consider their workforce that will leverage this technology, just as much as they do the technology itself. For broad digital transformation to occur, the human element should be taken into careful consideration from the onset of the implementation process.



## Activating Your Digital Transformation

The organization that continues to solve for the human element of digital transformation, harnessing the symbiotic relationship of people and their technology will be the ones that produce a return from their digital investments that they can see, sustain, and scale.



“Human concerns are not separate from technological advances at all, but integral for organizations looking to capture the full value of the technologies they’ve put in place<sup>7</sup>”

– and vice versa; technology, when executed correctly, should act as a catalyst that unlocks human potential that was previously unreachable.

In order to unlock human potential, your organization should consider deliberately redefine ways of working across the enterprise; from its ecosystem, organization, leaders, and teams, down to each individual. These five human-related

areas of the enterprise can be used as ‘levers’ to accelerate digitization, as they work together to cut down organizational silos, facilitate cross-functional collaboration, promote the type of leadership that empowers and enables the workforce, and incentivize the individual.

Without these levers, a digital transformation can result in unintended consequences for both your internal and external stakeholders – whether that be a limited adoption of your desired capabilities, or an adverse impact to your workforce or customers. There are three steps to addressing the human side of digital transformation that should be considered prior to your journey:

1. Define and promote a clear digital strategy and vision for your transformation. Communicate expectations effectively with the organization, with specific attention paid to those in leadership positions.
2. Identify small, impactful changes that begin to catalyze new behavior (Minimum viable change, MVC)
3. Build on the momentum of the MVCs to activate change across the organization: for individuals, teams, leaders, the organization, and the ecosystem. Consider ways to build new skills, develop capabilities, or train leaders for the new types of decisions they may have to make in the new ways of working that are enabled by the technological transformation.

Technology that intends to “do more with less” does not always mean a ‘win-win’. A thoughtful process of selecting the right technology, and considering human elements and impacts, prior to implementation, can help lead you to a effective transformation.



## Road map for Successful Digital

Now is the time to develop your end-to-end digital road map, to further your digital strategy, and leverage your organization, already poised for change after this year, to drive towards your future-digital state goals.

But where to start? It’s important to understand how digital you are today,



how digital you want to become, and how you can get from where you are to where you want to be. There are tools available for you to leverage which assist with this assessment, such as Deloitte’s proprietary Digital DNA Tool, which uses 23 traits to determine how digitally mature your organization is.<sup>5</sup> Make sure you consider the immediate circumstances brought on by the COVID-19 pandemic, but also your multiyear strategy when considering the digital investments you want to make.

In assessing your current state and defining your optimal digital future state, you’ve created a Point A and Point B which will require a broad digital transformation strategy and road map to guide the organization. A guiding principle for the journey should be knowing that the power of a digital transformation strategy lies in its scope and objective, integrating the business needs with a focus on both the technology and the employee.<sup>6</sup>

To bring the digital journey to life within your organization, you should focus on delivering some ‘quick wins’ on the road to transformation. Considering how you can drive small, impactful changes at the start of the journey will greatly increase organizational momentum, driving excitement within the workforce to individually drive this change. These wins will begin to catalyze new behavior, creating a more digitally mature

organizational mindset, preparing employees for the work ahead.

As your organization begins to realize these 'quick wins' along the journey, you will be able to build upon this momentum and scale to activate change across the organization: for individuals, teams, leaders, the organization, and the ecosystem. When you strategically activate of these levers in your organizations journey to become more digitally mature, you are able to 'innovate differently' than your competitors, further driving your own digital maturity which in turn, drives profitability and minimizes the turnover of talent. By innovating differently, you will catalyze the human element that will be important to your transformation success.

## References

1. [Deloitte Digital Transformation Survey](#)
2. [Realizing the Digital Promise](#)
3. [Accelerating Digital Innovation Inside and Out](#)
4. [How Insurers Use Drones](#)
5. [Deloitte Digital DNA](#)
6. [Strategy Not Technology Drives Digital Transformation](#)
7. [Returning to Work](#)

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