

# The Insurers Guide to Modernizing Business Processes

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*From Document Imaging to Enterprise Content Management:  
What You Need to Thrive, Not Just Survive*



## Executive Summary

It is no longer a question of if an insurer will need to modernize its legacy systems; it's a matter of when. Regulatory pressure, economic instability, increasing channel and distribution demands, the changing face of competition and higher customer expectations are forcing insurers to modernize. Insurers choosing to maintain the status quo risk becoming obsolete.

While viability is preferred over obsolescence, the process of modernizing can be overwhelming. Modernization is best in steps. Start small and continue at a sustainable pace: Evaluate current systems and processes. Identify areas of improvement. Think long-term when looking at ways to strategically manage document-based business processes, and plan for growth. The insurers who do will position themselves to not only survive, but thrive in today's marketplace.

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## Scanning Documents isn't Enough for Today's Carriers

Insurance companies were some of the earliest adopters of document imaging. Earlier than many other industries, insurers saw the immediate value of turning cumbersome paper documents into electronic files. Fast forward to the present: Those same imaging systems are often still in place yet insurers operate in a completely different environment.

Yesterday's document imaging systems are no longer capable of meeting the needs of insurance companies. Rudimentary imaging, manual processes and disparate systems impact service, revenue, productivity, efficiency and security. Carriers need to move beyond imaging to a solution that is meant for the processes and problems of today.

*Legacy imaging systems, once at the forefront of technology, are no longer capable of meeting the needs of the needs of today's insurance companies.*

## Why It's Important to Modernize Business Processes

We've all heard the saying, "If it's not broken, don't fix it." When something is working well enough to get by, it's easy to stay with the status quo. However, you can't afford to keep this attitude when it comes to document imaging. Outdated legacy systems are preventing many insurance companies from modernizing processes. These include:

- **Growing the company without adding staff:** As insurance companies grow, processes once handled manually can become overwhelming. Adding head count often isn't sufficient to handle the increased workload. Instead, processes need to evolve to meet these expanding needs.
- **Containing costs and increasing profits:** Sending documents manually is significantly more costly than automating the process. By lowering costs of processing claims, new applications and more, you can pass those savings onto customers or re-invest the money in new lines of business.
- **Meeting agency and customer needs more easily:** With multiple silos of information and still more information on paper, finding the answers to customer and agency questions might take hours or even days while the answer is hunted down. With information in one system, answers can be found in minutes.
- **Increasing speed to market:** Getting into new markets requires an incredible amount of paperwork. On top of that, information on the new product must then be shared with the agency force in order to sell it, bring a faster return on investment and, ultimately, keep an A rating. Handling the paper manually or in an outdated imaging system can bring that work to a snail's pace. However, putting it into a single system keeps everyone on the same page and moving quickly.

*How can we ensure compliance when users save documents to their hard drives or store them in file cabinets?*

*With competition heating up, how can we provide access to accurate business data quickly so that we can provide real-time answers to our customers' questions?*

*Will we be able to find people who know our systems when our staff members retire?*

*Can our current systems meet increasing customer expectations for convenience and faster service in crucial areas like underwriting, claims and billing?*

## How Insurers Need to Evolve to Meet These Demands

While document imaging was a strong start, maintaining the status quo only delays the inevitable. Insurers must evolve from document imaging to create a foundation that fits today's modern business processes. Not only that, they need a system that won't be outdated in two, five, 10 years or even 20 years.

Modernization efforts include systems migration, replacement or redevelopment. Whichever route an insurer takes, to drive real business value, they must develop a strategy to optimize these new business processes. Without a strategic approach to content management, insurers won't be leveraging the advantages of modernization to their potential or achieving the highest return on their investment.

Enterprise content management, or ECM, is the strategy behind the suite of technologies. ECM includes document imaging; however, it goes beyond that to also focus on solutions for workflow and business process management (BPM), compliance/archives, records management and e-forms.

*Insurers need a solution that offers a long-term strategy to managing document-based business processes.*

## What You Need to Modernize Business Processes

If insurers are looking for a solution that can meet their needs now and into the future, there are certain keys to success they can't live without any longer. Without these, they'll find that they fall short of goals in the short and long term.

### The five keys to a solution that modernizes business processes

- Flexibility
- Scalability
- Low total cost of ownership
- Moving beyond Claims
- Interoperability

### Flexibility

Needs change and transform over time. If adapting a process to meet new needs involves too much time, IT development and expense, it won't get done. That's why you need a solution that is easily configurable. In fact, strong ECM systems even let business managers take control of a process and make tweaks themselves.

It's not just insurers who change, technology changes, too. Insurers need a vendor that continually improves its software. Without a solution with a consistent and continuous upgrade schedule, the technology will become outdated quickly and you won't have the flexibility insurance companies require to keep business processes modern.

### Scalability

Without a scalable solution, insurers will get stuck in a cycle of legacy technology. In a few years, they'll be right back where many of them are now – weighed down with a system that can't meet their needs anymore. Two of the most important aspects are of ECM scalability for insurance companies are:

- Expanding to handle larger volumes of content
- Rapidly taking on users, agents, locations, processes and new lines of business

As companies grow, so does their volume of content. An ECM strategy should be able to scale to the volume of content an insurance company will have now and in 10 or even 20 years. However, the solution doesn't just need to scale storage-wise. It also has to have the capacity to easily take on other ways insurers will grow, such as adding employees, growing the agent force or taking on new lines of business.

### **Low total cost of ownership**

Keeping profits up means keeping costs down. If you have the best ECM system in the world, but it costs you an arm and a leg to maintain or update it, doesn't bring real value. A strong ECM solution should maintain a low cost of ownership (TCO)

#### **To do that, it has to:**

- Have the right mix of out-of-the-box and customizable features. Think of the 80/20 rule – about 80 percent of the functionality should come out of the box and only 20 percent should require customization. That way, you meet your unique needs without skyrocketing costs
- Be flexible (as mentioned above). Insurers must be able to tweak and add processes easily so that changes to the solution aren't a high-priced IT project.
- Stay easy to maintain and not take up too many IT resources. That way, IT spends time enhancing the solution, not fixing it.

By keeping a low total cost of ownership, your ECM solution saves you more money than it costs you.

### **Move beyond just Underwriting and Claims**

It might seem surprising that the same solution can make a difference in areas as different as Underwriting and Human Resources. But the truth is that paper and manual processes aren't just a problem in one or two areas of any organization – they're problems in every department. That's why insurers need a solution that doesn't just fit one or two areas. They need a solution that really knows the "E" of enterprise content management.

Just like Claims and Underwriting, AP and HR also have too many paper files to share and too many documents to pass around for review and approval. By using ECM in these areas, insurers have found a proven return on investment over and over again. If the ECM solution can't move beyond Underwriting and Claims, areas like AP and HR will either continue to operate inefficiently or they'll create their own content silos. Either way, they're increasing costs.

### **Interoperability**

An ECM solution doesn't work in a vacuum. It has to fit into the infrastructure, applications and standards that exist both inside and outside of your company. First, it has to integrate quickly and easily with your applications already in place like claims and policy administration systems. With just a hotkey or mouse-click, users should see documents relevant directly to that specific screen. That way, the information they need is right there without switching between systems.

In addition, it should work with the many different types of files types insurers use on a daily basis and it should allow them to stay in those native file types – TIFF, PDF, reports, e-mails, e-forms, Microsoft Office content, text files and more.

Finally, it has to work with industry ACORD standards so insurers can share information and create a common framework between systems. If your ECM solution isn't capable of communicating with ACORD standards and connecting to other systems, it won't be able to be a valuable part of your IT strategy for the long haul.

## A Real-Life Example: CAA – South Central Ontario

### *The Problems with its Legacy Imaging System*

The life a document at the Canadian Automobile Association – South Central Ontario (CAA SCO) was long and tedious.

When a document came in, staff had to send a paper copy to the mail room for scanning (which often meant printing out a document that originated electronically). Then, staff had to wait for the mail room to scan and index it into an outdated imaging system. This process could often take a week or more and it:

- Generated mountains of tedious administrative work
- Created challenges in maintaining service levels in claims processing
- Made it difficult to turn around policy documentation to agents and customers
- Could take days to find the information needed to answer a customer call

The bottom line was that the legacy imaging system wasn't meeting CAA SCO's needs. And it never would – the system was no longer supported by their previous vendor.

### *How CAA SCO Exceeds Customer Expectations*

This time, CAA SCO looked for a solution that could do what they needed now and what they needed in the future. In addition, they needed a system that could completely replace the old system without disrupting critical business processes.

CAA SCO chose an ECM solution that met those needs. In only four days, CAA SCO had completed the conversion and had users up and running.

With integrations with in-house applications, CAA SCO automatically indexes documents, eliminating 90 percent of the manual effort to index content. In addition workflows route documents to the appropriate worker in the organization, instead of waiting for weeks in the mail room. Even if a customer's claim adjuster is not available, another staff member can speak to the status of the claim when they call in – the information is available no matter what. On customer calls, service and claims staff have information right there for single call resolution.

Now that CAA SCO's technology is aligned with their organizational mission, it exceeds customers' expectations. As a progressive, member-focused company, CAA SCO's strategic decision to migrate to a robust, modern enterprise content management system has paid off.

## About Hyland Software Inc.

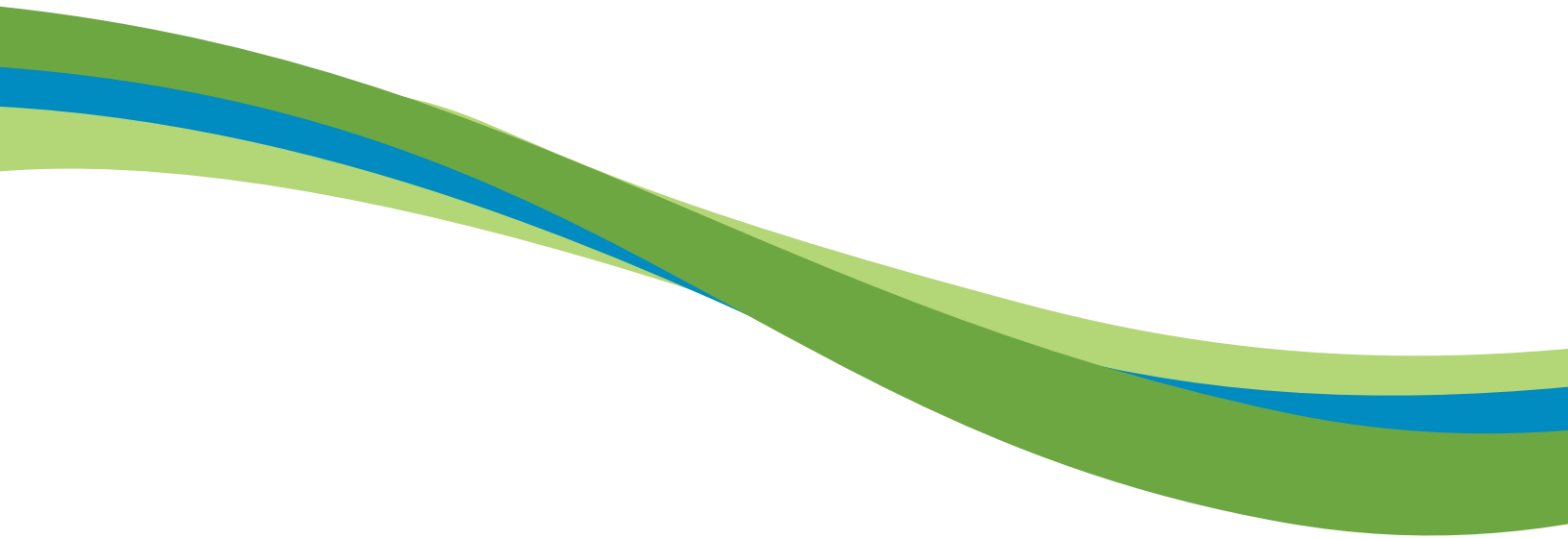
Hyland Software develops the award-winning enterprise content management (ECM) solution, OnBase®. For nearly two decades, it has helped companies around the world become more efficient, more effective and save money. Today, more than 8,000 organizations in 47 countries work better and faster thanks to OnBase.

Available as a premises-based solution or by software as a service (SaaS), OnBase deploys quickly at both the departmental and enterprise levels. It eliminates the need for expensive, time-consuming programming – OnBase is point-and-click configurable. And, its modular design allows it to grow cost-effectively with organizations.

OnBase also maximizes current information technology investments by integrating with them. The technology could be core line of business systems such as SAP®, Oracle®, Lawson™ and Microsoft SharePoint® or it could be industry-specific, such as Epic in healthcare.

Hyland is committed to supporting OnBase with superior customer service. The company's more than 300 worldwide OnBase Authorised Solution Providers have expertise in specialised industries such as insurance, healthcare, financial services, government, manufacturing and higher education. These dedicated, local resources are able to help customers solve industry-specific problems.

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