

IASA/NOLAN TECHNOLOGY SURVEY

IT AS A BUSINESS ENABLER

OPPORTUNITIES ABOUND, REALIZATION LAGS

INTRODUCTION

IASA (www.iasa.org) and the Robert E. Nolan Company (www.renolan.com) have initiated a series of surveys exploring the use and effectiveness of technology in the insurance industry. The first survey in the series was conducted in April and May 2006 and is titled "IT as a Business Enabler." This document summarizes the survey results. A full survey report will be available in July 2006.

For the survey, IASA and Nolan invited approximately 450 CIOs and CFOs of IASA member firms to participate. A total of 75 responses were received. 79% of the responding companies are property & casualty writers, and 21% are in the life/health business.

SURVEY HIGHLIGHTS

- 88% of respondents rate IT "very important" or "absolutely critical" as an enabler for their business, yet nearly 40% (38%) rate IT's performance in their organization as "fair" or "poor"—suggesting that real or perceived performance is not meeting expectations.
- Improving efficiency and productivity are cited as the most important returns sought from technology. Decreasing risk is the least important. Not surprisingly, respondents indicate that past successes and future plans revolve around the basic transactional functions of an insurer, including underwriting, claims, and related areas.
- Respondents report that Marketing and Sales have benefited the least from IT as a business enabler, representing only 7% of top successes reported but 41% of top failures. Perhaps daunted by this track record, only 16% of respondents see IT enablement of Marketing and Sales as having top potential for the future.
- About two-thirds of the respondents do not view wireless technologies as very important to their company's future success, suggesting an under-appreciation for the extent that wireless technologies are being capitalized upon by the most forward-thinking players in the industry. The results are strikingly different for larger carriers, however, where 75% view wireless capabilities as very important to their company's future.
- 88% of respondents indicate that process design/redesign issues are considered simultaneously with, or following, technology initiatives. Only 12% conduct process analysis and design prior to exploring technology, suggesting some process design opportunities may be constrained by technology choices.
- Just 6% see Call Center/Contact Center technology as having great potential for future contributions, perhaps overlooking an area with promising returns. Respondents' low opinion of the future impact possible in this area seems to be tainted by a track record of unrealized improvements to date. Only 3% of respondents indicated Call Center/Contact Center as an area where they have enjoyed the best results from IT as a business enabler, while 16% reported some of their worst results in this area.
- Web-enabled systems and imaging/document management technologies are considered to be the most important technologies for the future, with 86% and 84% of respondents, respectively, rating them very important or absolutely critical.
- Respondents' top two business initiatives for the coming 12 months are 1) Increasing Sales, New Products, New Markets, and 2) Web services for agents and customers. The top two technology initiatives for the coming 12 months are 1) Web services for agents and customers, and 2) Legacy systems replacement or consolidation.

SUGGESTED ACTIONS

- Conduct "post-mortem" analysis on two recent successful IT-business projects and on two recent disappointments. Identify and explore the factors in your organization that most impact project success.
- Reevaluate your commitment to call centers, wireless technologies, and web-based services. Ensure you are investing appropriately for the future to meet market expectations.
- Review your business-technology project planning practices and if necessary change them to incorporate process analysis and redesign earlier in the process to avoid paving the cow path, and to allow for more impactful process innovation to occur prior to the introduction of technology considerations.

