

# CCM Legacy Migration Strategies for Insurers

Ten Best Practices for Transformation and Growth

WHITEPAPER:  
**INSURANCE**

Pitney Bowes Business Insight



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### ABSTRACT

INSURANCE COMPANIES ARE ACTIVELY REPLACING LEGACY DOCUMENT MANAGEMENT TECHNOLOGIES—BOTH SOFTWARE AND HARDWARE—WITH NEW CUSTOMER COMMUNICATION MANAGEMENT (CCM) SOLUTIONS THAT CAN SCALE FORWARD TO ADDRESS:

- AN EVEN MORE COMPETITIVE ENVIRONMENT
- NEW BUSINESS OPTIMIZATION STRATEGIES AND BEST PRACTICES
- HEIGHTENED CUSTOMER EXPECTATIONS
- NEW CUSTOMER COMMUNICATION CHANNELS—SUCH AS ONLINE CHAT, TEXT AND THE SOCIAL WEB
- THE UNPRECEDENTED GROWTH OF UNSTRUCTURED DATA (CAPTURED THROUGH MANY OF THESE NEWER CHANNELS) THAT MUST BE PROCESSED, CLEANSED, HARNESSSED AND ARCHIVED
- CHANGING COMPLIANCE REQUIREMENTS WROUGHT BY REGULATORY AGENCIES

THIS PITNEY BOWES BUSINESS INSIGHT WHITE PAPER DISCUSSES BEST PRACTICES AND A FRAMEWORK THAT, WHEN APPLIED, CAN INITIATE A SUCCESSFUL MIGRATION FROM LEGACY DOCUMENT MANAGEMENT ENVIRONMENTS TO NEXT GENERATION CUSTOMER COMMUNICATION SOLUTIONS.

## CCM DELIVERS THE RIGHT MESSAGE TO THE RIGHT CUSTOMER AT THE RIGHT TIME VIA THE RIGHT CHANNEL.

It's almost impossible to overstate the importance of migrating IT systems and the processes they enable from legacy environments to next-generation solutions.

The new foundation that is built must last for a decade or longer. For some insurers, it will be worth hundreds of millions, perhaps billions, of dollars in value. And it will be responsible for supporting new applications, new products, new processes, and new customer communication channels that may have been undreamt of during its gestation period.

In analyzing insurers' planned spending on IT projects during the first three years of the new decade, Deborah Smallwood, the founder of the strategic advisory firm Strategy Meets Action, notes that customer-facing applications and processes—especially customer communication management (CCM)—is the major focus of new IT investment. “Customer communication management, coupled with a growth strategy, is the perfect way to ride the wave of recovery,” Ms. Smallwood says.

CCM—which is designed to deliver the right message to the right customer at the right time through the right channel—impacts the entire insurance product lifecycle, from product development to distribution, underwriting, issuance, billing and claims.

In her report “*The Growing Need to Improve Customer Communications in Insurance*”, analyst Kimberly Harris-Ferrante of Gartner Inc. cites six drivers spurring CCM adoption among insurers: (1) To gain efficiencies and cost reduction; (2) To ensure brand/message consistency and accuracy; (3) To fulfill cross-channel strategies; (4) As part of “go green” initiatives; (5) To make sure that outbound communications comply with regulatory requirements; (6) To improve customer satisfaction and promote up-sell and cross-sell activities.\*

There are no “magic button” or “black box” approaches for this migration to next-generation CCM: only a sound, methodical approach; a clear-eyed and holistic view of the business, the competition, and available solutions; a commitment to rigorous and frequent testing and validation of the new solution; the ability to adjust on the fly, and to communicate shortcomings and successes; and a determination to see the project through.

The migration methodology is distilled into the ten best practices that are described in this white paper. This list is sourced from “*Strategy Meets Action's Top 10 Best Practices for System Migration/Replacement*” presented by Deb Smallwood at the “*Maximizing Your Policyholder Communications*” webinar held on September 22, 2009.

### Step 1: Understand the Business Problem—and Opportunity

Your CCM legacy migration strategy is part of a larger business strategy that encompasses the long-term direction of your organization. Where does it play now, where does it want to go, what products must it develop, what product lines must it retire (yet still manage), what processes are in urgent need of overhaul (or retirement), which communication channels are your customers using, how are lines of business siloed and how are they interdependent? Moreover, because there are no “black box” solutions, what are the unique characteristics and assets of your organization—its data, its customer-facing documents, its human capital and unique corporate brand and culture?

Identify gaps and redundancies in your current system architecture. Do you have multiple systems performing similar (or the same) tasks, or content duplicated in multiple systems that's difficult to keep synchronized? Are you using ad hoc solutions, such as Microsoft Word, as a main tool of customer interaction, and how does that compromise your workflow processes, data archiving or brand management needs?

\* Harris-Ferrante, Kimberly [30 March 2009].

“THE GROWING NEED TO IMPROVE CUSTOMER COMMUNICATIONS IN INSURANCE”. Gartner, Inc. <http://www.gartner.com/DisplayDocument?id=923844>.

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Is your CCM infrastructure running on all-but-obsolete hardware and operating system software whose failure could prove catastrophic? What key software applications are no longer supported by their vendors, or are facing retirement? How can your processes (and infrastructure) evolve to support the coming generation of customers: “digital natives” who have grown up with the Internet, chat, text and social web-based means of communication, and who want “real time, any time” responses through any device or platform?

### Step 2: Understand Your Market, Your Customers and Your Competition

Look outward. Assess the strengths and weaknesses of your current CCM efforts against external benchmarks—overall economic trends as well as more industry-specific ones; changing expectations among your entire community of stakeholders, including end-customers as well as agent-brokers; and what your competition is doing. Take special notice of what they seem to be doing better and where you can outperform them.

### Step 3: Understand the Available Technologies

The CCM market offers a host of field-tested, high performance solutions from multiple vendors. Through requests for information, product demos, peer-to-peer conferences and discussions with third-party experts, begin the process of familiarizing yourself with the state of the art in CCM solutions. Gain a true appreciation for the limits—as well as the future-scaling potential—of enabling technologies. And let this knowledge inform the evolving set of prioritized business capabilities that you first began in Step 1.

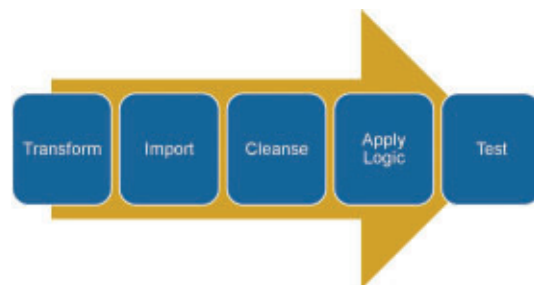
### Step 4: Create a System Architecture and a Document Architecture

Begin the process of designing what your solution should look like, and the development of a migration strategy. Map your legacy products, processes and underlying technologies to their counterparts in the new system. Understand how your new CCM solution must integrate with other systems in your organization, both in the short and longer term. Accept that you won't know every answer at the outset of the process, and that you will change and improve the architecture and your legacy migration strategy based on validation testing and unforeseen challenges.

### Step 5: Shop for Best-of-Breed Software

Through requests for proposals, begin a more formalized and rigorous evaluation and buying process for the enabling CCM software that supports your business vision.

Remember that you're building a foundation that may last for years. It must support both traditional, “structured” customer communication (bills, statements, policy packets)—as well as on-demand documents generated in real time (such as online quotes and statements) and interactive channels (text, chat, social media and email) that are increasingly used in underwriting, claims and customer service communications. Moreover, it will have to handle the ongoing explosion of unstructured data that will have to be gathered, harnessed, stored, protected, analyzed and accessed.



## HOLDING ON TO YOUR LEGACY SYSTEM IS NOT AN OPTION FOR GROWTH, OR SURVIVAL.

### Step 6: Conduct Proofs of Concept for Software and System Alike

Next, you need a reality check. Make sure that the software solutions that you have purchased (or are still evaluating) actually support the changes that you want to make in your business. Work with the vendors (and/or consultants you may have engaged), test the software, and prove that the technology performs to your expectations.

To what extent does the software do what you need it to do? Can it handle the transaction volume you require? How does it work with your overall, “best of breed” solution? How much configuration and integration work will be needed? How will your legacy data (see sidebar) be migrated to the new system? Where do you need to amend your system architecture to align it with the real world of available technologies?

### Step 7: Create a Roadmap

The roadmap phase differs from the system architecture phase in a number of ways. It occurs further downstream—and after you have chosen your best-of-breed software, and continually tested, challenged and refined your system architecture.

At this stage, you’ll have a better grasp of the software’s functionality and you’ll be better equipped to integrate it with other IT systems. You can also identify asset-sharing opportunities with other IT initiatives across your organization, and explore how data, technology and process-related silos can be overcome. Finally, you can develop a formal migration plan—with real (and realistic) schedules and milestones—that will drive your transition off the legacy hardware and software.

### Step 8: Begin with a Small Pilot Project—and Test Rigorously

Implementation should start with a small and manageable pilot project that, ideally, contains as few unknowns as possible. Design baseline tests involving CCM processes or products and manageable data sets that can readily be benchmarked (for data accuracy, throughput, etc.) against a similar process in the legacy environment. As the migration proceeds incrementally, continue to rigorously test every release.

### Step 9: Maintain Urgency About Retiring Legacy Solutions

Remember that clinging to the legacy system is not an option for most insurers. Applications software vendors are sunsetting their old products, putting yet another patch on a decades-old operating system is a recipe for disaster, and today’s software and systems support personnel are focused on existing and emerging technologies, not on dinosaur maintenance.

Build on early successes of the migration—and make sure you continue to steer the correct course when there are setbacks. Don’t lose focus on the main goal. Hit your schedules and show continuous progress in the form of regular releases of the new environment.

### Step 10: Communicate and Commit

Communicate your early successes, upward to the executive suite and horizontally to peers. Quantify the multiple dimensions of the program using hard data—in improvements in productivity, return on investment, error reductions, and other tangible metrics.

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### Conclusion

External and internal forces together make migration from legacy customer communication management systems and processes a strategic imperative for insurers during this decade. It has never been more urgent to begin such a migration plan—for the sake of customer recruitment and retention, product development and delivery, data management, IT resource management and a host of other front- and back-office business reasons.

The thought of moving such business-critical operations and data to a new IT foundation can be daunting. The framework presented here—holistic, methodical and proven—offers you a way to conceptualize and map how your organization might transform its CCM system. You may wish to work closely with vendors and integration experts to ensure that your plan is sound, your milestones are attainable, and your focus is acute.

Because holding on to your legacy system is not an option for growth, or survival. As one insurance executive recently told SMA's Deborah Smallwood: "Those companies that are not investing in technology that positions them for growth and recovery will be left behind—or they will be acquired."

## A PROVEN DATA MIGRATION PROCESS

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### 1. TRANSFORM: HARVEST DATA FROM EXISTING CCM DOCUMENTS AND ASSETS

- Extract content from available resources
- Convert to XSL Formatting Objects
- Identify and convert variable placeholders
- Define data model based upon available artifacts from legacy system
- Identify shared objects
- Headers, footers, branding, inside addresses, letter closes, terms and definitions, forms
- Split into parts
- Custom at each site for each source—ensuring optimal content usage

### 2. IMPORT: MOVE THE DATA ONTO THE NEW PLATFORM

- Use a batch import utility to save time and costs associated with inputting thousands of pieces of customer data
- Create documents or shared content
- Naming based upon source file name
- Organization based upon source directory organization
- Run once, run many depending upon the nature of the project

### 3. CLEANSE: RESTORE FORMATTING MANUALLY WHERE IT MAY HAVE BEEN LOST IN STEP 1

- Utilize document comparison technologies to ensure light table compatibility if required
- Amount of time required depends on document size
- Offshore resources can be used for reduced costs

### 4. APPLY LOGIC: CREATE AND APPLY BUSINESS RULES BASED ON PARADIGMS OF YOUR NEW SYSTEM

- Import business/document logic manually
- All source systems are different and document structure and logic should be engineered for the best performance on the new system
- Failure to approach the logic this way will result in unacceptable performance and inability to meet SLAs
- Use existing systems as a guide or design artifact

### 5. TEST, TEST AND RE-TEST

- Test incrementally during design
- Conduct regression tests
- Compare baseline test bed from legacy to baseline test bed from new system
- Apply fixes and repeat
- Don't under-estimate the duration of this step



#### UNITED STATES

One Global View  
Troy, NY 12180  
1.800.327.8627  
[pbbi.sales@pb.com](mailto:pbbi.sales@pb.com)  
[www.pbinsight.com](http://www.pbinsight.com)

#### CANADA

26 Wellington Street East  
Suite 500  
Toronto, ON M5E 1S2  
1.800.268.3282  
[pbbi.canada.sales@pb.com](mailto:pbbi.canada.sales@pb.com)  
[www.pbinsight.ca](http://www.pbinsight.ca)

#### EUROPE/UNITED KINGDOM

Minton Place  
Victoria Street  
Windsor, Berkshire SL4 1EG  
+44.800.840.0001  
[pbbi.europe@pb.com](mailto:pbbi.europe@pb.com)  
[www.pbinsight.co.uk](http://www.pbinsight.co.uk)

#### ASIA PACIFIC/AUSTRALIA

Level 7, 1 Elizabeth Plaza  
North Sydney NSW 2060  
+61.2.9437.6255  
[pbbi.australia@pb.com](mailto:pbbi.australia@pb.com)  
[pbbi.singapore@pb.com](mailto:pbbi.singapore@pb.com)  
[pbbi.china@pb.com](mailto:pbbi.china@pb.com)  
[www.pbinsight.com.au](http://www.pbinsight.com.au)