IP-enabled Virtual Contact Center Improves Customer Experience, Reduces Cost, Enhances Flexibility for Allianz AG

Executive Summary

CUSTOMER NAME
Allianz Deutschland AG—Germany

INDUSTRY
Financial Services

CHALLENGES
- Provide seamless, one-touch customer service via telephone
- Enable "one company across product lines" experience for agents and end customers
- Meet stringent efficiency and cost targets of Allianz Deutschland AG

SOLUTIONS
- Develop a top-down process model (target operating model)
- Implement an integrated customer view across all offered insurance products
- Implement a multichannel virtual contact center connecting agents and customers with the back office

RESULTS
- Transaction cost base reduced by more than 30 percent (about €50 million per year)
- Contact center call success rate increased from about 60 percent to about 90 percent
- Greatly improved customer experience
- Strengthened management capabilities due to improved reporting

Business Challenges

At the end of 2005, Allianz SE, the Munich-based insurance giant, started a major reengineering of its business model for the German market. A burgeoning cost structure, inefficient support processes across the different back-office locations, and lack of a coherent customer view were having a significant negative impact on the firm's competitive position and customer experience. Allianz Germany AG (the German subsidiary of Allianz SE) was asked to decrease costs while improving customer satisfaction.

Appointed as CIO of Allianz Deutschland AG in early 2006, Dr. Ralf Schneider faced a host of challenges underlying the situation:

- Property and casualty (P&C) insurance was operating in seven different locations, life insurance was operating in eight, and the health insurance operation had only a single call center

- The processes, operating procedures, and back-office support for these locations differed significantly, making comparisons and benchmarking impossible

- No unified customer database existed

- Costs were up to 25 percent higher, compared with the local competition

- It was impossible to measure exactly how many calls reached their intended recipient on a first try—estimates provided a rate of only 60 percent. A high percentage of calls dropped before reaching a service agent.

- No unified calling number existed; customers needed to use different numbers depending on the nature of their request

- Both customers and independent agents suffered significant service issues when trying to reach Allianz Deutschland AG

Obviously the situation called for drastic changes.

Cisco Internet Business Solutions Group (IBSG)

Solutions

Dr. Schneider teamed up with the COO of Allianz Germany and the Betriebsorganisation (BO) to redefine the operating model for all back-office and contact center processes.

The new model, named target operating model (TOM), addresses both the customer satisfaction issue and the cost disadvantage. By implementing a new set of operating procedures (dubbed the Allianz Business System, or ABS), Allianz will optimize the magic triangle of cost, quality, and time usage. It follows a clear vision—segmentation and specialization of processes, while taking advantage of economics of scale wherever possible.

The changes in the operational processes would not be possible without a strong technology foundation. Two major elements are required:

· A customer database providing an integrated, unified customer view

· A flexible, scalable communication system, allowing seamless integration of multiple communication channels and sites

From previous engagements, Dr. Schneider knew Cisco and the company's strategic global consulting organization, the Internet Business Solutions Group (IBSG). He turned to Cisco to gain a better understanding of how technology could help Allianz implement the ABS and make a profound impact on the business.

The following elements are at the core of the new solution:

· Significantly reduced number of contact centers, with single access across the different product lines

· Separate processes between front office (call support) and back office (dedicated customer service)

· Online access to all relevant information for contact agents, thus resolving 85 to 90 percent of customer requests directly

· All elements of the insurance value chain (selling, underwriting, and claims management) are covered

· A single point of entry for customers, regardless of product line or location

· Call success rate target of 85 percent or higher

· Highly scalable solution that allows future extension to other back-office functions or distribution channels

· Architecture for a virtual contact center, allowing flexible integration and management of the workflow for 9,000 agents and back-office employees. This is helpful for high-volume claim situations and peak requests around the year end.

"Implementing the target operating model enables the industrialization of insurance processes.

"The new contact center is a key element of Allianz SE's success and enhanced competitive position in the market.

"Cisco is a very strong strategic partner in making this happen."

Dr. Ralf Schneider, CIO
Allianz Deutschland AG

Later in the process, Cisco was asked to provide the communications intelligence for the planned solution, together with the integration partners T-Systems and Bucher + Suter. The implementation called for one, virtual, IP-enabled call center across three different locations, integrating legacy telephony equipment and the new, unified customer database.

Success was measured through several key metrics:

· Direct contact with agents via a single call

· Direct case closure (in other words, satisfying the customer request within a single call)

· Overall cost of serving a call

· Employee satisfaction

The pilot for the contact center was implemented during the second half of 2007. Dr. Schneider recalls several key implementation challenges:

· Integration of a complex technology stack, including legacy communication hardware

· Fast scaling to enable call volumes of more than 100,000 calls per day

· Achieving high stability from the start to avoid negative impact on brand/customer satisfaction

By April 2008, the system was stable (with the first pilot contact center in Leipzig), and the rollout within the organization began. After overcoming initial technical and operational issues, such as software interoperability or simply coping with the volume of new call center seats, the new system was installed across Allianz Deutschland AG's operations.

Results

Using the defined success criteria, the results so far are outstanding:

· On average, more than 90 percent of all calls reach their target within 30 seconds—some product lines have achieved 95 percent (compared to less than 60 percent previously)

· Even better, about 90 percent of the cases can be resolved directly during the call (compared to less than 70 percent previously)

· More than 50 percent of users view the contact process as positive; only 1 percent have expressed negative feedback

· Almost no quality issues—such as lost calls—were reported, compared to an estimated lost-call rate of 25 percent previously

· Overall, the transaction cost base has been reduced by more than 30 percent, or €50 million per year

These results are better than expected, given the short time the system has been operating. Costs have been reduced significantly; up to 30 percent of the relevant cost base has been cut due to the ABS and implementation of the IP contact center. More than 1,500 employees have been realigned within Allianz.

All but three sites of the contact center will be shut down—but callers will experience just one, large contact center. The chosen intelligent communications solution, coupled with advanced reporting, allows extremely flexible resource utilization, increasing efficiency even further.

Considering the design and implementation process, Dr. Schneider is frank about key lessons learned. In hindsight, he would have:

· Moved 100 percent to IP communication technology, avoiding legacy technology to the maximum extent possible

· Demanded even stricter and clearer collaboration among implementation partners, with simple interfaces

· Cleaned up the architecture to an even greater extent, cut old processes, and so forth

Overall, he is proud of the outcome achieved for Allianz Deutschland AG.

Next Steps

Though Allianz Deutschland AG is experiencing great benefits from the IP-enabled contact center, Dr. Schneider has not stopped thinking about how to further improve customer satisfaction and operational efficiency. Three major steps have emerged for the future:

· Fully exploit the reporting and management capabilities of the current solution, potentially achieving another 10 percent improvement

· Expand the contact center logic to all 10,000 employees of Allianz Deutschland AG, hence substantially extending the benefits of this technology. This should significantly broaden access to specialists, driving costs down while reducing call hand-off. Allianz would also be able to react more effectively to mass-claim and year-end request peak situations.

· Broaden the logic to include the Allianz agents, as well as other third-party distribution channels. As a result, more than 30,000 additional professionals would be available through a single point of contact for the customer.

Such an advanced, integrated contact center is possible only through state-of-the-art, IP-based technology using unified communications, presence, and call-center desktop integration. Given the vast experience Allianz Deutschland AG has in its wider agent community, the implementation of these steps will create a sustainable, competitive advantage compared to smaller players in the market.

More Information

The Cisco Internet Business Solutions Group (IBSG), the global strategic consulting arm of Cisco, helps CXOs and public sector leaders transform their organizations—first by designing innovative business processes, and then by integrating advanced technologies into visionary roadmaps that address key CXO concerns.

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