Key Considerations for Successful Digital Transformation in Insurance and Finance

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"The market is demanding convergence and integration of CDA RPA, Process orchestration and Analytics. This is Intelligent Automation. If you can leverage your IA capabilities from one or a minimal number of vendors, you can mitigate risk."

– Roberta DeDonato
Vice President Sales Engineering
Kofax

GENUS TECHNOLOGIES

Introduction

Insurance and finance companies have begun to see cost-savings and improved customer experience benefits enabled by digital transformation technologies like robotic process automation, artificial intelligence, and machine learning.

Despite these advances, more than 65% of enterprise-level organizations have experienced stalled or abandoned digital transformation efforts. Complex processes and multiple unstructured data inputs put insurance and finance at particular risk when it comes to digital transformation. It is critical to understand emerging best practices so you can navigate the divide between digital transformation success or failure.

This white paper summarizes the digital transformation strategies and techniques highlighted in the Genus Technologies webinar Digital Transformation 360 available for viewing here.

"It's important to work with someone who has the consultative maturity to recognize which tool is needed for the job: in this environment we are seeing an awful lot of situations where the client acquires some sort of software hammer and all of the sudden believes that every business challenge looks like a nail. That understanding of the right tool for the job can go a long way towards addressing project risk from the get-go."

Randy Dufault
Director Solutions Development
Genus Technologies

Key Digital Transformation Business Best Practices

1. How do we start if this is our first business process automation project?

First, consider whether the business challenge that has prompted the discussion to explore automation challenges requires a specific skillset that you may not have internally. To succeed, you may need to find an experienced outside software services partner to help you fully understand the business problem. That way, you can identify what is practical to automate—and what the business can support automation initiatives. Ultimately, there are pieces of any solution that people must remain a part of.

Once those decision have been made, you can then go about selecting the right software tools and determining whether you need to extend these tools to create any needed additional features. Along the way, don't forget to consider issues like security, compliance, and life-cycle management.

2. How do we scale initial successes across the organization?

Following best practices provides the surest path to taking early digital transformation efforts to scale across your organization. To do so, you may need to overcome resistance from discrete parts of your company where "going it alone" outside normal IT practices has allowed a business unit or segment to automate some function or step of a process. That unit may not have stopped to consider how to handle issues that come into play when solutions go enterprise-wide and so may need to broaden their understandings of the key components of business process automation.

To increase success—and manage risk—in enterprise-wide efforts, first adopt a life-cycle approach centered on systems, process, and people. Then make sure to:

- Create the right culture—develop a philosophy regarding digital automation, including the understanding that mistakes will occur
- Recognize life-cycle issues and that one-size doesn't fit all
- Know that you must ultimately develop an approach that works for your organization and culture, but make sure that what you create always includes tenets of the efforts encompassed in traditional technology deployment efforts

3. How can we anticipate and overcome risk for insurance and finance digital transformation?

Understanding the challenges that have already presented themselves for those attempting individual and enterprise-wide digital transformation efforts can help to both anticipate or avoid those challenges. Known challenges include:

BENEFITS EROSION

Over time, the cost of the deployment may not provide the return on investment required to deploy the solution in the first place. Developing a more thorough understanding of the existing system and its stakeholders can result in a better alignment of investment to savings or return achieved.

SCALING UP

Recognize the culture change that may have to take place as IT seeks to include best practices for governance and oversight on top of dispersed efforts led by business units previously unfamiliar with these considerations.

ORGANIZATIONAL READINESS

Implementation of tools like RPA can have unintended consequences when deployed with a full understanding of the people and processes involved. Gearing up for automation often requires a broader system check and understanding of how both structured and unstructured data flow into the system, as well as the places people have been added to technology to overcome its limitations.

4.
How can an early recognition level of legal considerations help manage digital transformation risk?

Key Legal Considerations

Even at the beginning of your digital transformation journey, it's important to consider several legal questions to mitigate risk down the road. Topics to consider include:

PROTECTING CONFIDENTIALITY

Make sure to follow standard company practices regarding non-disclosure agreements, trade secrets, and the exchange of any other confidential or proprietary information when involving third-parties in your digital transformation efforts.

CONTRACTING PROTOCOLS

Don't let excitement about promised outcomes override established procedures for defining and documenting agreements.

INTELLECTUAL PROPERTY AND LICENSING

Make sure you understand who owns what and for how long. You should also understand the terms of current licenses as well as anticipated renewals—and how each of those affect the support you receive from the provider.

INSURANCE COVERAGE

Review current policies to verify that you have coverage for risks from digital workers, cyber-attacks, and other emerging technology risks.

EMPLOYER/EMPLOYEE MATTERS

As new technologies demand a new skill-set from employees, competitors may wish to try and gain market share by poaching employees from within your organization. Manage the risk and costs associated with potential departures through appropriate, strong, defensible non-compete agreements. Further protect proprietary information by considering how restricting access and delineated processes can help.

5. What are the Cybersecurity and Data Privacy issues with digital automation?

"From a cybersecurity perspective, every digital worker deployed within an organization creates a vector for potential attack".

- James A. Kitces, J.D.
Partner
Robins Kaplan LLP

CYBERSECURITY

Because digital transformation technologies exponentially increase the surfaces available for cyber intrusions, cybersecurity protocols have increased importance. Managing the risk includes:

- Asking what your vendor can do to help in the effort
- Creating a governance scheme that intentionally separates IT—which creates value—from cybersecurity oversight, where the job is to protect the value that gets created
- Valuing data properly by using access controls to protect private and sensitive data
- Having a plan in place to address potential attacks
- Knowing your insurance coverage

DATA PRIVACY

Remember other jurisdictions have regulations that apply

- HR Issues. Make sure any workforce reductions that occur after automation do not have a disparate impact on any protected class of workers. Also seek to demonstrate that any algorithms used for hiring don't unintentionally discriminate for class action considerations.
- Regulatory compliance. Don't forget to consider applicable industry-specific regulations that may apply as part of your overall governance of systems going to scale. In addition, keep your eye on emerging regulations, especially as automation begins to make its projected impact on workforce and real-world workers.

Key Technology Considerations

6. How can the use of proven technologies help reduce digital transformation project risks?

Certain technologies are helping enterprise-scale automation efforts, many of which have significant track records and enterprise-level operational successes. These include:

OCR/CDA

Optical character recognition, or OCR, is the foundational technology that makes Cognitive Document Automation (CDA) happen. There are a variety of ways that these technologies understand the documents to help automate processes. These include sample training, machine learning at both design and runtime, image perfection capabilities and separation algorithms.

PROCESS ORCHESTRATION

Software that helps business process management.

ANALYTICS

Creation of statistics and other key metrics that offer information visibility regarding data within a defined process of system. This too is integrated into the platform.

7. How can digital transformation technologies add value?

Digital transformation technologies can create value at multiple points both for internal operations and external customer interactions. These include:

OPERATIONAL EFFICIENCY

Look for technologies that can support the diverse ways that information is acquired— from data streams to paper and mobile capture.

CUSTOMER INTIMACY AND THE CUSTOMER EXPERIENCE

Business process automation solutions can support customer ease for onboarding and applications, while improving metrics and driving value.

INFORMATION VISIBILITY

Process automation can acquire data from a variety of sources — including previously undocumented processes — to make that information more useful and relevant.

Bonus: Ethical Considerations for Leaders

Four key areas you must address to de-risk Digital Transformation Projects

"The organizational and computational tasks of coordinating a robot's role with multiple human colleagues (if not also multiple robots alongside them) demand several priorities to be made explicit. How does robot participation maximize effciency? What are the most effective ways for robots to give and receive information in such a multi-agent context? How can robots enable the team and its human teammates to perform better?"

– Thomas Arnold
Tufts Human-Robot Interaction Lab

The increased use of robots as well as emerging technologies—like AI and machine learning—introduce several ethical questions that business and technology leaders need to consider today as they prepare to address the challenges of working with the technologies now and in the years to come. Areas to be addressed include:

INFORMATION

On what terms does an automated system gather information, both within the organization and through user interfaces? What kind of privacy is considered while doing so?

How does an automated system act on that information? What analyses and advice will it be able to offer?

INTERACTION

What kind of relationship should a "digital worker" have with users or "co-workers?"

How does one weigh a person's comfort with a system against its effectiveness?

REPRESENTATION

How does an automated system represent its abilities to people in a responsible way, without overpromising or concealing?

How does a system explain its work and its rationale?

LEADERSHIP

How will the 'digital worker' relate to leadership? Will it support it or provide it?

How will human-digital teamwork take shape?

Bonus: Digital Transformation Glossary

ROBOT

A machine programable by a computer that can execute tasks autonomously.

ROBOTIC PROCESS AUTOMATION (RPA)

The use of software robots to automate business processes involving structured data. The robots are programmed to use the applications required for the execution of the target process in the same way as a human operator would, allowing automation of mundane, repetitive tasks.

DIGITAL WORKER

Any software robot that takes over a process or task otherwise performed by human workers.

ARTIFICIAL INTELLIGENCE (AI)

Cognitive technologies that enable computer systems to perform tasks normally requiring some form of human intelligence.

MACHINE LEARNING

Technologies enabling progressive, computer-generated improvement of the performance of a specific task through data processing, either independently or with human supervision.

NATURAL LANGUAGE PROCESSING

Technologies allowing the processing of large amounts of natural (human) language data, often using machine learning technologies for continuous improvement.

COGNITIVE DOCUMENT AUTOMATION (CDA)

Use of AI and optical character recognition (OCR) to automate the acquisition, understanding, and integration of documents needed in business processes.

INTELLIGENT AUTOMATION

Process automation solutions that combine technologies like AI, natural language processing, CDA, machine learning and RPA to automate business processes involving complex and unstructured data.

Watch the Webinar that has additional insights: Digital Transformation 360

This webinar provides more details on the digital transformation strategies and techniques highlighted in this White Paper.

CLICK HERE TO WATCH NOW

You have questions?

We have answers.

Click here to contact us.