Omnichannel consumer inter-actions – a payer perspective

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The article is the first of several papers we will be releasing in the near future on the importance of digital for payers.

Omnichannel consumer interactions – a payer perspective

Omnichannel interactions are fundamentally improving the consumer experience in many industries. Payers should act now to keep up with rising consumer expectations.

How service companies interact with their consumers has markedly changed in the past two decades. Consumers' experiences with digital-native companies such as Amazon, Spotify, and Google have led them to expect best-in-class digital and live-person channels,[1] content tailored to their interests, and a seamless journey focused on their individual needs.

In response, many industries launched large-scale omnichannel transformations years ago, and consumers are experiencing the benefits. Banking, for example, has seen widespread adoption of digital service channels. (In the US, consumers now use mobile banking an average of 76 times per year.[2]) The telecommunications industry has undergone a similarly disruptive change; digital is now the main service channel (44 percent of all consumer requests are handled through digital channels, including online and apps[3]). In banking, telecommunications, and other industries, chatbots and other artificial intelligence (AI) assistants are now being systematically deployed to support consumers on their digital journey. Although companies in these industries still offer consumers traditional channels and contact points with service employees, most consumers enjoy the convenience that digital offers them and would not want to go back to the days when all transactions had to be dealt with in-person.

Health insurance lags behind other industries in providing an omnichannel experience, and consumers have started to notice. Although most payers have begun to offer some online services, many consumers still use traditional channels when interacting with them, for a variety of reasons. Often, the information consumers want is not available online. In many cases, changing channels cannot be done easily because the different channels are not connected. A consumer who leaves an online site and contacts an offline channel (e.g., a call center) must often start all over again, a process that leads to frustration for consumers and increased

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[1] Live-person channels include chat, co-browsing, and phone calls to service centers.
[2] McKinsey Global Banking Pools.
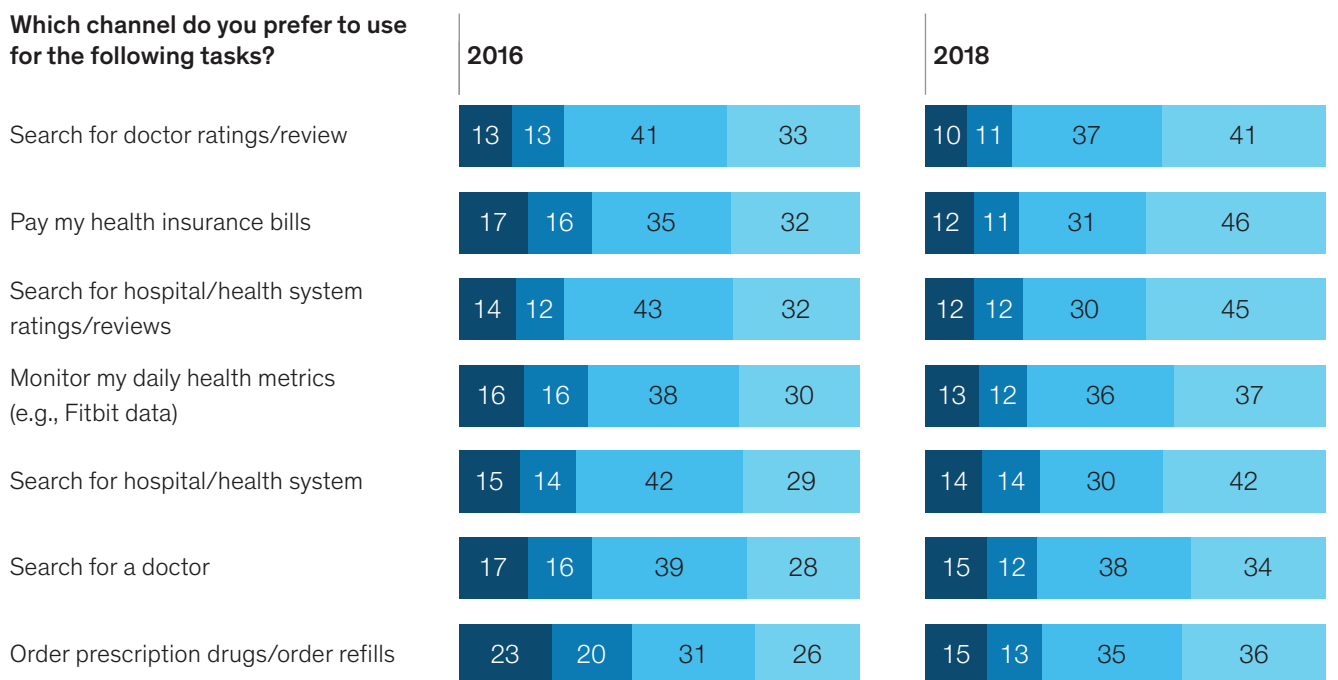[3] McKinsey US Digital Customer Experience Survey 2016.

costs for payers. Because most payers' digital offerings do not provide an easier, faster experience, many consumers continue to use traditional channels—but increasingly wonder why they need to do so. When an easier, faster experience is available, however, consumers are willing to use it. In a recent US survey, 77 percent of consumers said they prefer to use digital channels to pay their health insurance bill (Exhibit 1).[4]

This article provides guidelines payers can use to build omnichannel capabilities and design a solid foundation for a seamless best-in-class consumer experience. Some payers have argued that the nature of the health insurance industry makes it impossible to achieve that level of consumer experience (see the sidebar on p. 8 for more details). We disagree—we have seen a few payers offer consumer experiences that rival those offered by leading digital-native companies.

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[4] 2018 McKinsey Consumer Health Insights Survey.

Exhibit 1

A growing number of consumers prefer digital channels for healthcare services

Legend:
- Strongly prefer in-person
- Somewhat prefer in-person
- Somewhat prefer digital/online
- Strongly prefer digital/online

Which channel do you prefer to use for the following tasks?

	2016				2018			
Search for doctor ratings/review	13	13	41	33	10	11	37	41
Pay my health insurance bills	17	16	35	32	12	11	31	46
Search for hospital/health system ratings/reviews	14	12	43	32	12	12	30	45
Monitor my daily health metrics (e.g., Fitbit data)	16	16	38	30	13	12	36	37
Search for hospital/health system	15	14	42	29	14	14	30	42
Search for a doctor	17	16	39	28	15	12	38	34
Order prescription drugs/order refills	23	20	31	26	15	13	35	36

Source: McKinsey's 2016 and 2018 Consumer Health Insights Surveys.

The advantages of omnichannel

In addition to improved consumer experience, omnichannel can yield substantial business benefits through leaner and more efficient member onboarding and service processes. Two levers are primarily responsible:

— **Steering requests.** Omnichannel can help payers actively steer members toward low-cost channels (ideally, digital self-service channels) by promoting the advantages of using them (e.g., speed) and offering incentives, such as personalized rewards, for their use.

— **Avoiding requests.** Omnichannel also allows payers to avoid non-value-adding personal member interactions (e.g., through proactive status updates).

Omnichannel can also reduce operational expenditures on member service in three ways:

— **Lower volume.** In addition to reducing the number of personal interactions that members request, the self-service made possible by omnichannel decreases the total number of member requests.
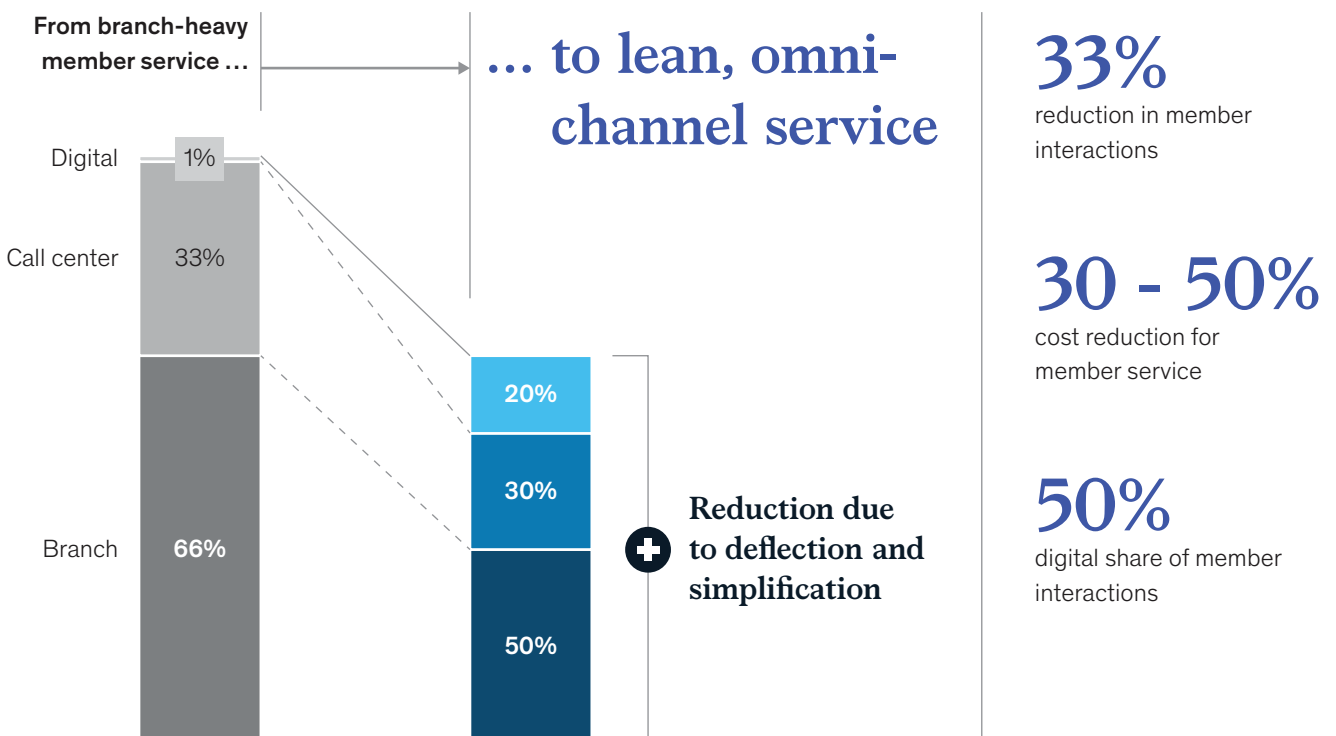
— **Higher throughput.** Omnichannel provides greater efficiency in request handling and more effective deployment of customer service representatives, yet the increase in costs for digital channels is negligible.

— **Reduced structural costs.** The decreased need for contact centers and branch networks made possible through omnichannel reduces property costs and administrative overhead.

Exhibit 2 illustrates the impact achieved by one German payer. Previously, the payer's member service was heavily based on branch networks; the use of digital offerings was limited. By adopting an omnichannel approach, the payer was able to move about 50 percent of its member services to digital channels, which reduced the cost of delivering a service by 30 to 50 percent. In addition, the omnichannel transformation improved the member experience by making faster service possible. The payer's remaining branches now focus on value-added services.

Exhibit 2

The business impact of omnichannel
German payer example

From branch-heavy member service …

… to lean, omnichannel service

Digital — 1%
Call center — 33%
Branch — 66%

20%
30%
50%

Reduction due to deflection and simplification

33%
reduction in member interactions

30 - 50%
cost reduction for member service

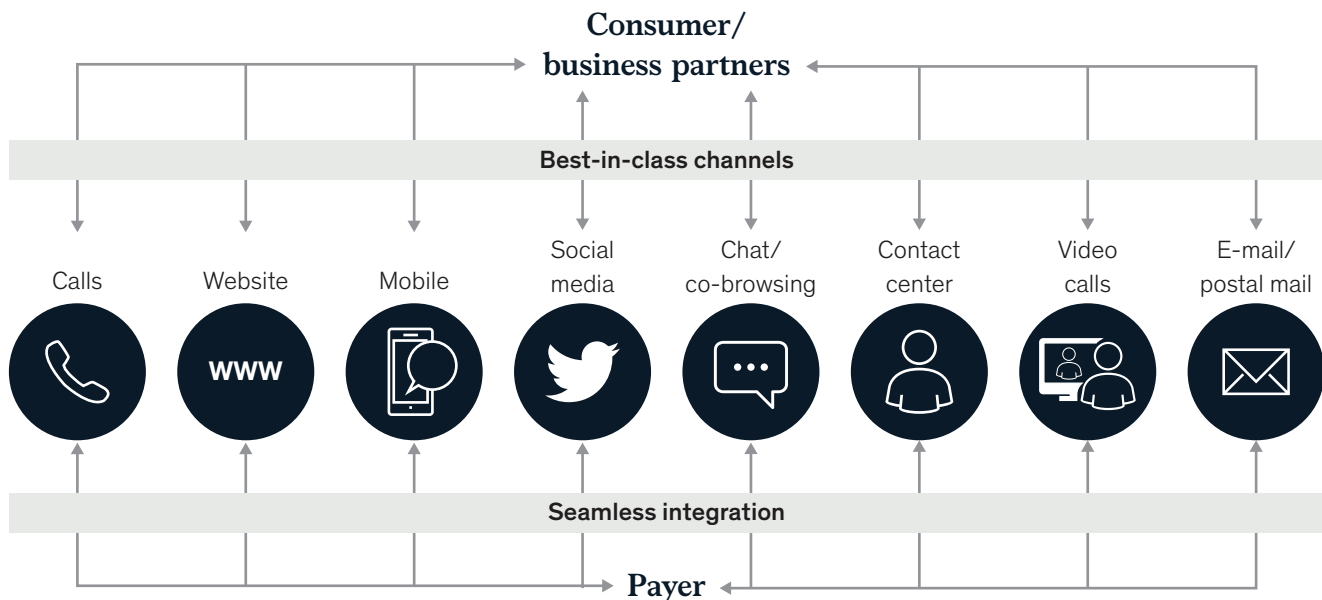**50%**
digital share of member interactions

Omnichannel requires seamless integration of best-in-class channels

Omnichannel relies on two main building blocks: best-in-class channels and seamless channel integration (Exhibit 3). Given the current quality of most payers' digital channels, significant improvement is usually needed. As payers begin to integrate their channels, however, they should bear in mind that at least in the short term, digital offerings cannot fully replace traditional consumer service channels. Traditional channels may still be needed as an escalation lever to provide targeted support and resolve complex issues. In fact, a payer might want to steer some consumers to live-person channels (e.g., to use the live contact to increase sales or because a member's illness requires intensive support). Furthermore, some consumers may simply prefer talking to a service employee, although research shows this group is shrinking (Exhibit 1). Thus, as payers begin their omnichannel transformation, they should make sure that their live-person channels are also best-in-class.
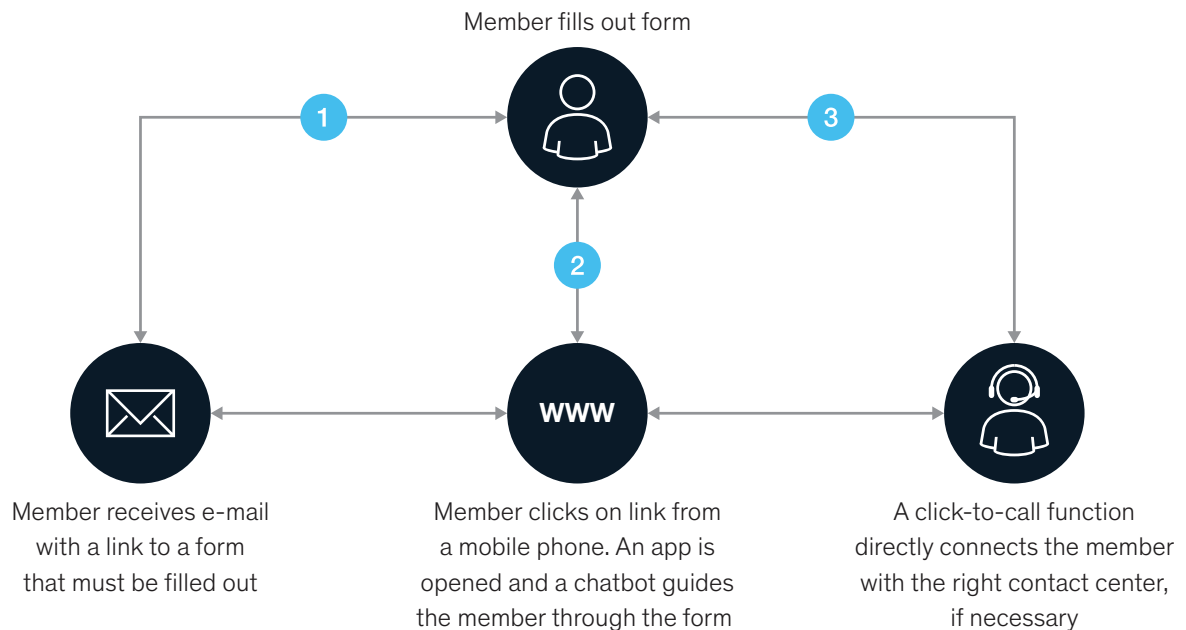
Exhibit 3

The most relevant channels for payers' omnichannel capabilities

From a consumer's perspective, seamless integration is the ability to switch easily between channels at any time without having to provide information twice. A common use-case example involves a member who starts filling out a form online or through an app, and then needs help. The member should be able to reach a contact center employee who has access to the data already filled in and should not have go through any additional authentication processes (Exhibit 4). This type of seamless integration usually poses the greatest challenge in an omnichannel transformation, because it has extensive implications for organizational setup and IT capabilities.

Exhibit 4

Use-case example of seamless channel integration

Member fills out form

Member receives e-mail with a link to a form that must be filled out

Member clicks on link from a mobile phone. An app is opened and a chatbot guides the member through the form

A click-to-call function directly connects the member with the right contact center, if necessary

This type of seamless integration usually poses the greatest challenge in an omnichannel transformation.

Common myths payers believe about omnichannel

The overall substandard experience that most payers offer consumers is often justified by the complexity of the payer business model, primarily because of two myths:

Myth 1. Since payers offer low-involvement products, demand is not sufficient to justify a major investment in omnichannel capabilities.

Although many consumers still prefer to use traditional channels (e.g., call centers) to contact their health insurer, a clear trend toward greater demand for digital channels is emerging (Exhibit 1). Furthermore, an omnichannel approach can bring impressive benefits to traditional channels, as we discuss later in this article.
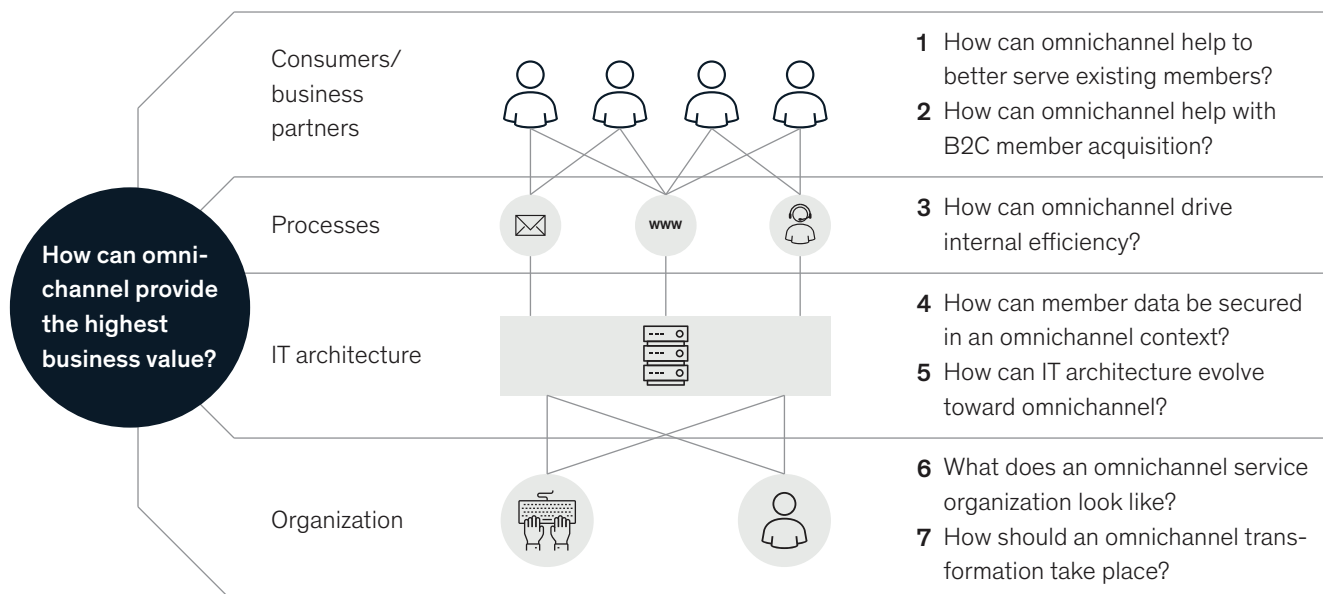
Myth 2. The regulatory requirements for payers prevent omnichannel offerings.

In many countries, existing restrictions are often cited as a major challenge that need to be addressed when a payer is building omnichannel capabilities. Yet, many other industries that are also heavily regulated (e.g., banking) have managed to work around these obstacles. Moreover, regulators in many countries are increasingly supporting ways to legally enable digital channels.

A mature omnichannel operating model requires strong performance in four areas (Exhibit 5). By optimizing offerings and using targeted approaches, an organization can attract new members and reduce churn among existing members. Optimizing internal processes can lead to a substantial increase in efficiency. The underlying IT architecture needs to be extended significantly to ensure seamless integration across consumer journeys. Finally, the organization itself needs to adapt to make omnichannel truly successful. In the remainder of this article, we address seven key questions in these areas and discuss how a successful omnichannel operating model can be established.

Exhibit 5

Key questions that need to be addressed to create a successful omnichannel strategy

How can omnichannel provide the highest business value?	**Consumers/ business partners** — **1** How can omnichannel help to better serve existing members? **2** How can omnichannel help with B2C member acquisition?
	Processes — **3** How can omnichannel drive internal efficiency?
	IT architecture — **4** How can member data be secured in an omnichannel context? **5** How can IT architecture evolve toward omnichannel?
	Organization — **6** What does an omnichannel service organization look like? **7** How should an omnichannel transformation take place?

1. How can omnichannel help to better serve existing members?

By offering members a seamless, integrated experience, omnichannel helps increase their satisfaction and reduces churn, and has the potential to decrease claims costs by optimizing the use of medical services. Traditionally, member requests have been processed by mail rooms and contact centers. In today's world, however, many members believe they can reach out to companies through any of a number of channels and rapidly receive an appropriate response. For example, some members may air grievances on social media (e.g., Twitter, Facebook), expecting to receive personalized, targeted responses. Because many companies do, in fact, provide these responses, payers are being forced to change with the times or be left behind.

Omnichannel member service relies on three main building blocks (Exhibit 6). First, a self-service portal ensures that all services are available on digital channels and all information is accurate and up to date. Here, member-centric design is crucial to ensure that the service portfolio is targeted to user needs. Given that most health insurance members currently rely on offline channels, steering them to self-service options may sometimes be a challenge. However, offering intuitive user interfaces and providing digital access to the complete service portfolio can go a long way in attracting members to digital channels. In addition, it is important to offer member journeys with a very low usage barrier and to have a flexible yet secure way for identity management (see section 4 below).

To serve members on their preferred channel, payers have a strong need to seamlessly integrate traditional channels with digital offerings. For employees, the integration requires an "omnichannel desktop." Its main functionalities should include:

— An automatically opened 360° view with the member's comprehensive interaction history

— A knowledge management module that easily provides the best practices employees can use to help members

— Semiautomatic documentation of member interactions

— Easy access to back-office processes

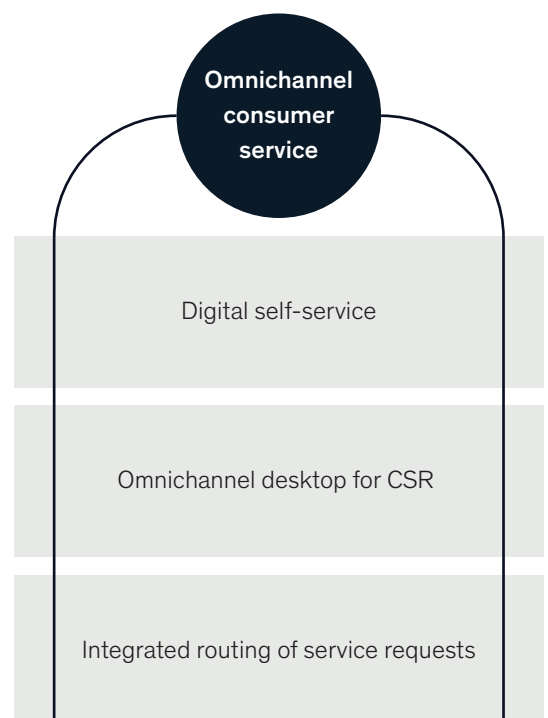— Automatic recommendations for cross-selling products, where applicable

Creating these desktops is one of the major IT challenges for omnichannel (see section 5).

Once the digital and live-person channels are in place, service requests need to be routed logically to improve both member satisfaction and efficiency. The logic should be based on traditional routing concepts in contact centers and rely on employee knowledge profiles, the current load in different channels, and the suitability of different channels for certain requests. Incorporating advanced analytics models can help a payer go beyond its usual up-selling model by enabling it to predict why a consumer is calling, identify the right responder, and provide recommendations on topics the consumer might raise during the call.

It is particularly important that payers shift to proactive communication with members to enhance transparency—the ideal would be to avoid service requests altogether. Here, digital channels offer a whole new way to ensure that members fully understand the current status of their requests and receive timely updates.

Exhibit 6

Key building blocks for omnichannel service

Omnichannel consumer service

Digital self-service

Omnichannel desktop for CSR

Integrated routing of service requests

2. How can omnichannel help with B2C member acquisition?

Omnichannel delivers an integrated sales and service experience throughout an entire consumer journey—the payer is always reachable and perfectly informed about the consumer's needs, and its offerings are consistent at all touch points. Exhibit 7 illustrates what is needed to succeed in one consumer journey (selecting an insurance plan).

In an omnichannel world, attracting and capturing a consumer's attention requires the ability to leverage knowledge about the consumer so that messages can be tailored to preferred channels and communication behavior, as allowed by local regulations. For this, all forms of modern advertising should deliver a coherent message that aligns with consumer needs. To make this possible, systematic leads management must collect promising leads and form an integrated view of each one. A leads engine should then identify the most promising leads and determine each consumer's preferences. Here, existing internal and third-party data can be used to make smart recommendations about plan choice without the need for the consumer to provide information. Finally, cross-channel campaign management ensures that potential members are approached in an optimal way.

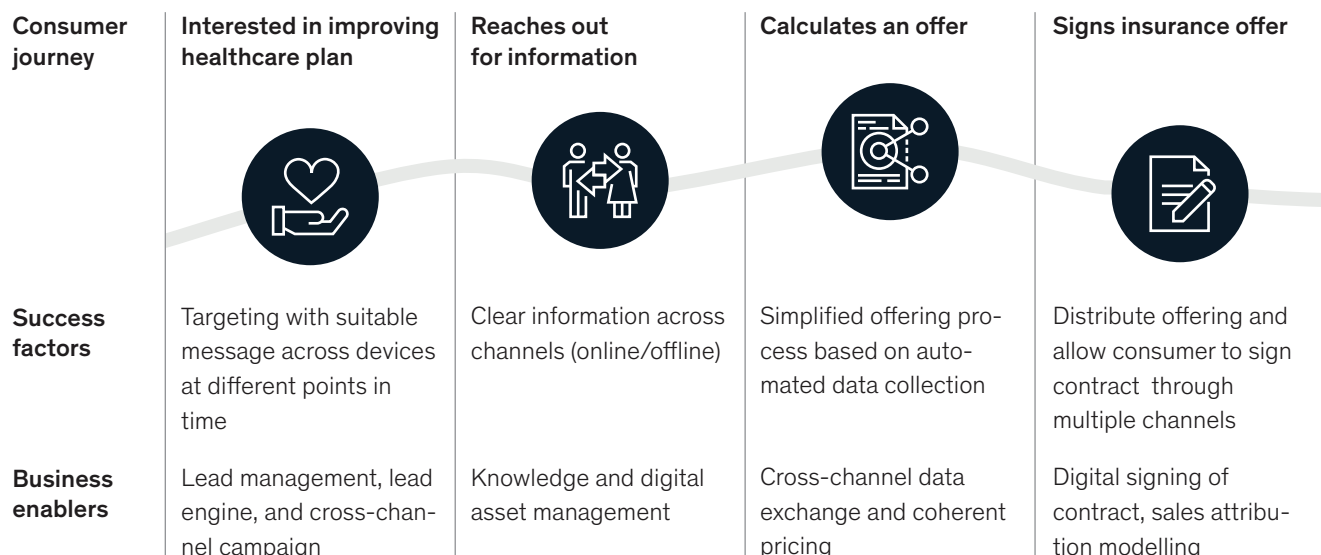Once potential members begin to actively reach out for information, all channels should deliver consistent information about the insurance product, related services, and required underwriting process. A systematic approach to knowledge and digital asset management can help ensure that all channels, including websites, chatbots, and sales agents, provide consistent information.

Once the potential member has filled out an application, a concrete offer needs to be calculated. Except in strongly regulated markets, calculating the offer often requires an exceedingly complex underwriting process. Better availability of data, such as electronic health records, could facilitate this process for payers. In the short term, however, the focus should be on adaptive underwriting and seamless channel integration to ensure that the potential member can enter the required data points in the most efficient way.

At present, many payers require bureaucratic processes to finalize sales and (depending on the country and product) sometimes still rely on paper-based processes. In contrast, omnichannel should allow the consumer to sign the policy and finalize the sale through any channel. To make this possible, the payer must have the necessary technical capabilities (e.g., a new sales-attribution model to determine how sales should be attributed to sales staff and departments). In addition, sales incentives must be adjusted to ensure that everyone involved in facilitating a sale is appropriately compensated.

Exhibit 7

Example consumer journey showcasing required success factors and enablers

Consumer journey	Interested in improving healthcare plan	Reaches out for information	Calculates an offer	Signs insurance offer
Success factors	Targeting with suitable message across devices at different points in time	Clear information across channels (online/offline)	Simplified offering process based on automated data collection	Distribute offering and allow consumer to sign contract through multiple channels
Business enablers	Lead management, lead engine, and cross-channel campaign	Knowledge and digital asset management	Cross-channel data exchange and coherent pricing	Digital signing of contract, sales attribution modelling

3. How can omnichannel drive internal efficiency?

Omnichannel is not only a powerful instrument to attract new members and better serve existing ones—it can also be a significant driver of increased internal efficiency (Exhibit 8). In this regard, omnichannel is inextricably intertwined with digitization as a whole (including increased automation and optimized digital document processing). All aspects of digitization should be driven in parallel to maximize efficiency.

Reducing the number of member interactions can be achieved in two ways. First, by shifting to proactive communications, member questions and concerns can be automatically addressed without them ever surfacing explicitly. For example, a digital interface can provide transparent status tracking, avoiding the need for members to have to call repeatedly to find out when their claim will be processed. The interface should provide the same level of detail accessible to customer service representatives, not summarized views (which is often the case in current apps). Second, the shift to digital channels—an integral part of omnichannel—usually simplifies processes and speeds them up, thereby reducing the number of member touch points required to resolve a request.

Omnichannel also reduces the time required to handle individual requests. A shift to digital communication minimizes the need to devote human resources to handling member requests. Moreover, offering members digital self-service tools makes it possible to automate many back-office processes and can provide assistance when human evaluation is required. For requests that need to be handled by service employees, an omnichannel desktop (as described in the previous section) makes optimizing the overall workflow of every employee possible; the direct member interactions in all channels can markedly increase employee productivity (by about 20 to 50 percent, from our observations). Additionally, the interface ensures that all forms and requests are submitted digitally, again supporting digitization and automation.

Many payers struggle with data quality, which raises significant challenges for automation and analytical evaluation. We have found that the main culprit is the use of physical letters, which for many payers, is still the most common way to reach members. The quality of data gathered through digital forms is much higher than that obtained when physical documents are later scanned.

Finally, omnichannel ensures that even employees with limited experience and know-how can confidently navigate member interactions. Because the front ends of IT systems for service employees are integrated across all business areas and channels, the barriers for employees to help members effectively are lowered. As a result, customer service representative training becomes easier, effectively also reducing recruiting requirements for the job. When combined with increased automation of simple requests and a clear focus on value-adding work, omnichannel can be a major driving force for increased employee satisfaction and efficiency.

Exhibit 8

Main drivers for increased internal efficiency through omnichannel

Reduce number of member requests
Proactive communication
Simplified processes

Reduce handling time
Digitization and automation
Omnichannel desktop

Drive data quality
Digital communication
Data as a priority

Increase employee satisfaction
Focus on value-adding work
Digital knowledge

4. How can member data be secured in an omnichannel context?

Payer data contains some of members' most personal information, and a range of incidents have already demonstrated that current processes are not sufficient to protect the information adequately. As a result, new regulations (e.g., the European Union's General Data Protection Regulation, or GDPR) are imposing concrete security standards and minimum requirements for protecting personal data. For payers, therefore, securing member information on all channels will be a pivotal part of omnichannel in coming years.

To adequately secure member data, a payer could consider building a comprehensive identity platform (Exhibit 9). This platform establishes a bridge between two processes at the core of secure communication: the generation of omnichannel identities and their later use as authentication tools.

Omnichannel identities should provide a comprehensive identity package with a focus on the requirements of digital and phone communication. This package should include an initial username and password for digital channels (including member portals and online forms), as well as a separate password to secure telephone communication. To ensure that particularly sensitive information and processes are secured, two-factor authentication with mobile transaction authentication numbers should be put in place. To create these identities, a wide range of generators can be used, including traditional postal identification procedures, personal touch points with agents and physicians, and new digital procedures (e.g., photo and video identification). In the future, more complex approaches, such as voice identification or fingerprint sensors on mobile devices, are likely to emerge.

For new members, these identity packages can easily be created and exchanged; however, retroactively equipping existing members with identity packages is challenging. Every relevant member touch point should be used to offer—and to promote the creation and use of—the identity package. A comprehensive view of member interactions and their context is crucial, again stressing the importance of an omnichannel desktop.
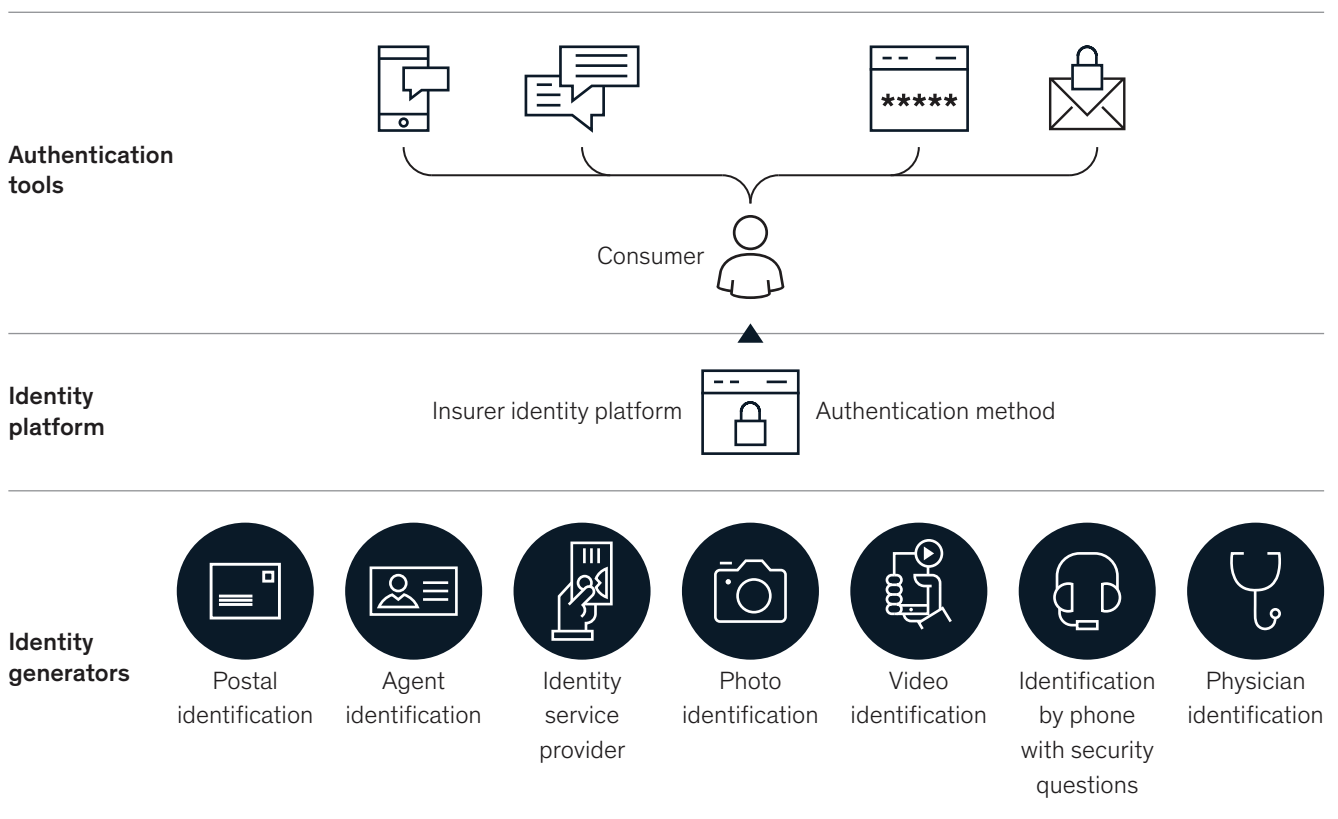
To adequately secure member data, a payer could consider building a comprehensive identity platform

Once a member's secure identity is established, it must be used consistently, which poses additional complexity because security standards differ between channels, use cases, and core payer platforms. Simple transactions (e.g., ordering a new insurance card to be sent to an existing address) can usually be authorized by asking a few personal questions, since the critical data is sent to a secure data point—in this case, the existing address. Changes of address, in contrast, require a much higher security level, such as two-factor authentication, since they could make subsequent data breaches possible. However, all payer processes can be mapped and assigned differing security levels for each use case and channel.

Exhibit 9

Potential aspects of a comprehensive identity platform that could be used to better secure consumer data

Authentication tools

Consumer

Identity platform

Insurer identity platform · Authentication method

Identity generators

Postal identification · Agent identification · Identity service provider · Photo identification · Video identification · Identification by phone with security questions · Physician identification

This platform establishes a bridge between two processes at the core of secure communication: the generation of omnichannel identities and their later use as authentication tools

5. How can the IT architecture evolve toward omnichannel?

To realize omnichannel business goals, a comprehensive IT architecture needs to be put in place. This effort requires fundamentally new member and employee tools, as well as the integration of formerly isolated solutions for different channels and/or use cases. The architecture can typically be separated into four key building blocks (Exhibit 10).

The digital platform provides personalized digital touch points, comprehensive self-service tools, and secure authentication. Ideally, the same digital platform should support a variety of use cases—for example, providing general information to unauthenticated users on the public website, allowing authenticated users to get access to a member portal, and enabling employees to perform transactions. In this way, seamless journeys can be established. Seamless integration of digital and live-person channels is particularly important when members decide to interrupt their digital journeys and switch channels. (Employees must often take over in the middle of a request and directly edit the digital form a member had filled in previously.) Additionally, the digital platform should offer device-independent service portfolios and give members the ability to switch devices while on a single journey.

The personal interaction platform integrates the technology solutions required to handle individual interactions between members and employees in all channels (e.g., mail, e-mail, chat, co-browsing, and service operations for the contact center). Just offering best-in-class solutions for each channel is usually a significant challenge—integrating them adds even greater complexity. For true omnichannel service, the personal interaction platform must provide seamless integration and a consistent member context for handling requests, thereby building the technological basis for an omnichannel desktop. Furthermore, workforce management and workflow/routing solutions must ensure that all requests reach the correct specialist while also balancing the service load to minimize overcapacity. While these tools have been part of contact center operations for many years, omnichannel increases their importance and complexity significantly. Efficient routing, for example, requires that request types be classified automatically through text recognition or interactive voice response, employee abilities be appropriately segmented, and available member data be automatically matched to an incoming request.

The integration and data layer provides an aggregated, high-availability 360° view for all member data; it also makes possible real-time channel switches and validation through both the digital and personal interaction platforms. Additionally, it helps orchestrate integration of services and the sales experience, and supports overarching channel management. Truly personalized lead management is enabled by big data technologies that facilitate storage and analysis of member information at an extraordinary level of detail (including click-stream data from digital platforms) from a variety of ecosystems (e.g., social media, e-health platforms). Naturally, for any such application, data security and privacy concerns need to be considered.

Member requests are processed by the back end, enabled by consistent application programming interfaces (APIs). This element of the architecture connects member interactions to automated business processes and IT systems that manage core insurance services. When the overall IT architecture is initially being built, it is important to check that the APIs for the integration and data layer are designed to support the level of service (e.g., in terms of speed) that should be offered by the digital and personal interaction platforms.

Establishing comprehensive omnichannel IT architecture requires a wide range of technological solutions.

— The digital platform typically relies on front-end coding frameworks (e.g., JavaScript) that are used as the basis for the tailored development of individual journeys. However, commercial or scalable open-source programming suites often speed up development significantly.

— In contrast, the complexity of the personal interaction platform requires the purchase of ready-made solutions. Few market leaders have emerged that are truly capable of servicing the entire range of channels in a proper fashion and of integrating the channels seamlessly. Furthermore, the personal interaction platform needs to be tailored to each payer, and an omnichannel desktop requires particularly extensive integration with existing IT systems.

— The data and integration layer usually builds on existing data storage approaches but also leverages a new data lake and real-time capabilities.
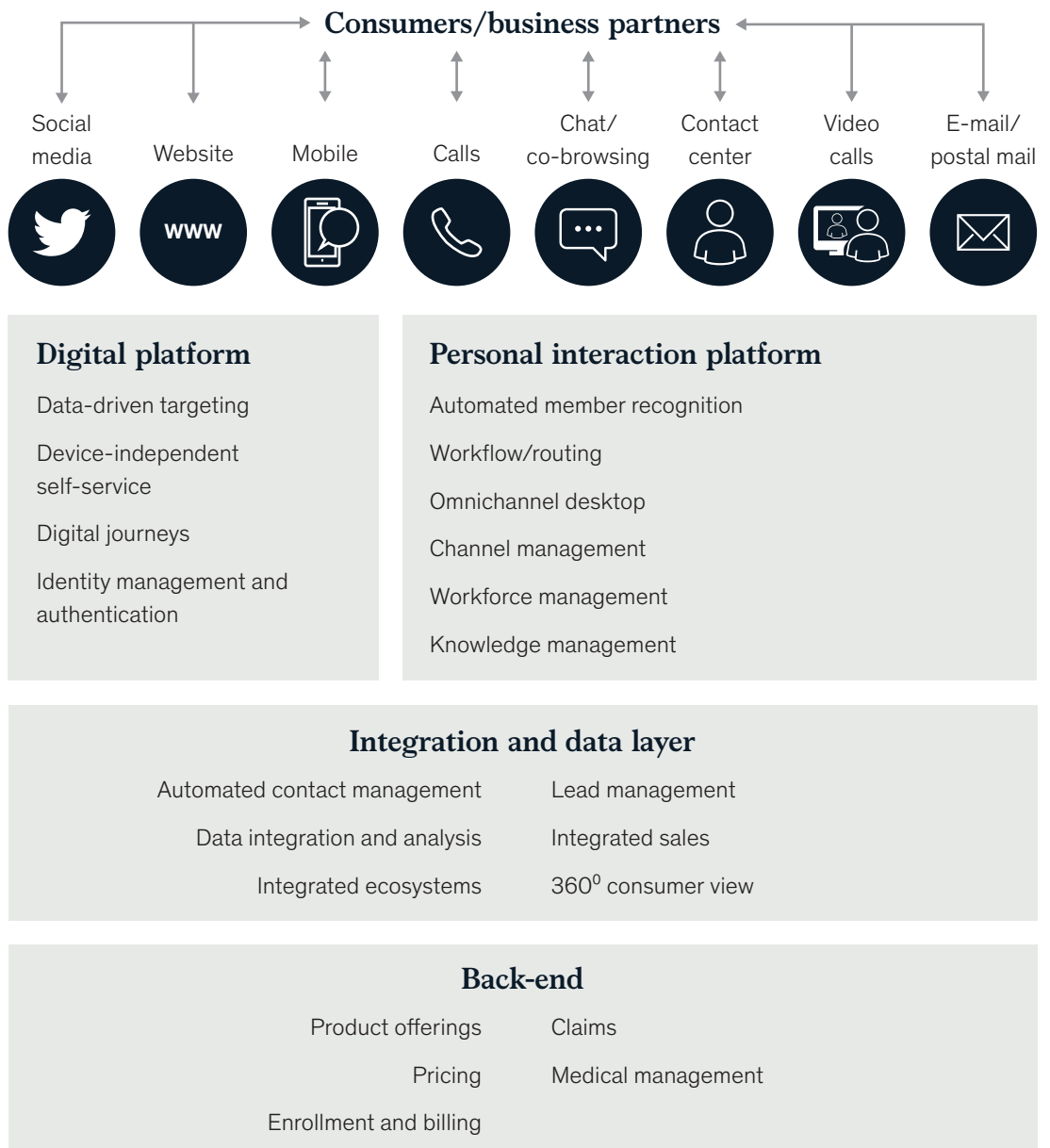
— While back-end services are unlikely to change fundamentally, having consistent APIs and real-time processing is crucial for the success of omnichannel. Here, a common challenge is to leverage and improve existing back-end services rather than rebuild them at the front end.

Getting all these solutions in place is a challenging and potentially costly task. Thus, a clear focus on business value, combined with an agile way of development and a fail-fast mentality, are critical. Nevertheless, the choice of key interfaces, employed technologies, and adequate frameworks should be deliberate; all potential stakeholders (including external providers of key back-end components) should agree on them early on to avoid high switching or adaption costs. Moreover, privacy and data protection regulations (e.g., GDPR) should be incorporated into all key design decisions.

Exhibit 10

Overview of key building blocks for omnichannel architecture

Consumers/business partners

| Social media | Website | Mobile | Calls | Chat/ co-browsing | Contact center | Video calls | E-mail/ postal mail |

Digital platform

Data-driven targeting

Device-independent self-service

Digital journeys

Identity management and authentication

Personal interaction platform

Automated member recognition

Workflow/routing

Omnichannel desktop

Channel management

Workforce management

Knowledge management

Integration and data layer

Automated contact management	Lead management
Data integration and analysis	Integrated sales
Integrated ecosystems	360^0 consumer view

Back-end

Product offerings	Claims
Pricing	Medical management
Enrollment and billing	

6. What does an omnichannel service organization look like?

Since the journeys of current and potential members typically involve multiple organizational units and touch points, managing a journey end to end is often subject to a lot of friction, which can negatively affect the consumer experience. Typical issues include a lack of collaboration between different channels and data pools, functional silos that prevent effective collaboration, sales-driven incentive logic, and a rigid service logic that does not increase the potential to steer consumers into appropriate service hubs/self-service platforms. Thus, implementing omnichannel has fundamental implications for service organizations (Exhibit 11).

First, if consumer experience is truly to become the focus of an organization, the key performance indicators (KPIs) that business units are measured against should reflect consumer experience. This type of measurement is best achieved by establishing feedback mechanisms for consumers as a standard across all channels and then linking the feedback to management incentives. Additionally, we recommend introducing KPIs that are directly related to omnichannel targets that enable an ideal consumer experience (e.g., ensuring 100 percent of consumer contacts are properly documented, rewarding agents for member portal registrations, or introducing an ambitious first contact resolution rate).
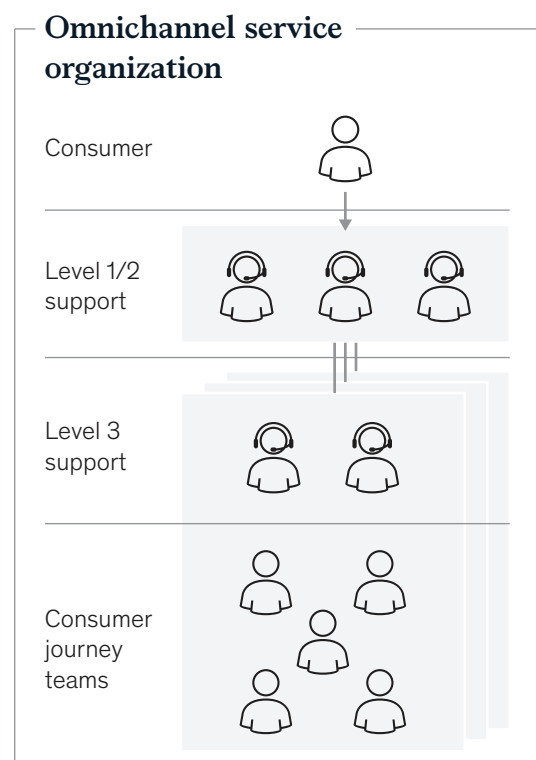
Omnichannel requires the optimization of the working practices within specific business units. Traditionally, some payers have permitted consumers to call specific customer service representatives at any time to raise requests. However, this consumer service approach entails regular interruptions for many employees, which lowers productivity substantially. Also, the approach is not tailored to an omnichannel world that allows consumers to engage on multiple channels. Centralization of consumer service across channels could help address some of these concerns. For low-complexity tasks, having the contact center handle the requests is often ideal; only rarely should the requests be sent to a business unit. For high-complexity tasks, we recommend that payers establish service pools that have dedicated business unit employees handling consumer service.

Finally, omnichannel also has significant implications for collaboration across business units—most importantly, employees in all units need to start working on one shared IT platform to ensure a com-

mon and comprehensive database. To optimize consumer experience during journeys, payers can set up cross-functional teams that are responsible for end-to-end journey design. This approach breaks down existing silos and promotes effective collaboration.

Exhibit 11

The implications of omnichannel on organizational setup

Omnichannel service organization

Consumer

Level 1/2 support

Level 3 support

Consumer journey teams

To reinforce these changes, incentives must be homogenized between business units and IT, based on coherent tracking of value. In this way, the goals of IT shift from simply delivering solutions on time to driving business impact. In the same way, the business units become responsible for effective IT delivery and support IT whenever necessary.

Key building blocks

Consistent KPIs to support omnichannel

New work flows within business units

New way of collaborating between business units

Implementing omni-channel has fundamental implications for service organizations

7. How should an omnichannel transformation take place?

Transforming an organization to omnichannel is a challenging task—one that, in our experience, typically requires a large-scale, multiyear program involving large groups of IT and business stake-holders. However, the benefits, including positive impact on a wide range of KPIs (from net pro-moter scores to measures of internal efficiency) can be substantial.

For a transformation of this scale, it is crucial to establish a clear structure and to remain focused on generating short- and long-term value for the organization. In our experience, an agile project setup usually works well; teams can be orga-nized along journeys, while central digital facto-ries drive IT improvements. Involving consumers early on (e.g., by establishing experience labs) can be helpful to keep driving the transformation in the right direction.

An important element of an omnichannel transfor-mation is to define intermediary goals and ensure short-term value. We find it useful to think of the transformation as having three phases (Exhibit 12).

In the first phase, best-in-class communication channels are established. The focus is typically on digital channels and newer forms of communica-tion, such as chat and co-browsing. While most payers have begun this phase, most typically have room to improve their self-service offerings by increasing their functional scope and enhancing user experience.

In the second phase, consistency with respect to products, prices, and services is established. When new channels are put in place, it is particularly important to ensure that members do not receive inchoate—or even contradictory—information on different channels. Thus, as soon as a coherent channel landscape is in place, true omnichannel offerings should be established. For this, channels need to be properly integrated, from both a tech-nology and process point of view. Moreover, infor-mation needs to be carried consistently between channels. At this point, it also becomes feasible to steer consumers across channels to drive efficiency and consumer satisfaction.
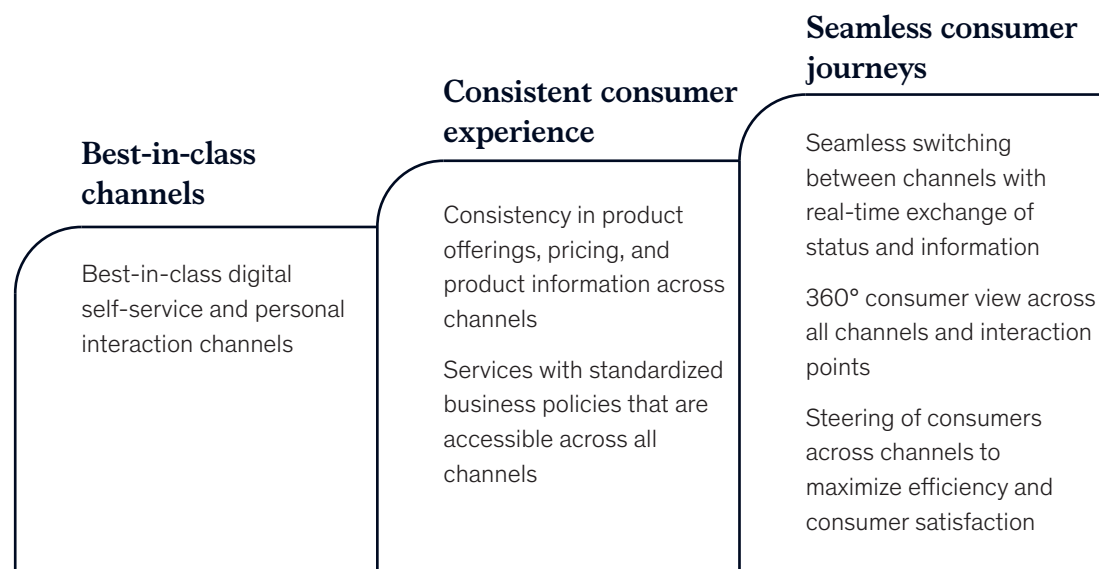
To ensure that the transformation retains a consum-er-centric point of view, it is critical to think about cohesive end-to-end consumer journeys rather than one-off consumer touch points and gimmicks. Here,

a two-pronged approach typically makes sense. For a set of prioritized consumer journeys, the three steps in Exhibit 12—from establishing digital channels to seamlessly integrating all channels—should be executed. At the same time, critical underlying capabilities must be identified and built, and the required IT platforms established. Since these platforms can in themselves be rather complex, a clear minimal viable product logic is needed. After the IT platforms are in place, the remaining consumer journeys can be implemented iteratively.

Omnichannel is, however, about far more than merely establishing a new technology—it also requires a comprehensive change-management effort. This effort goes far beyond encouraging internal employees to use new tools; siloed functions must be integrated. Employees as well as consumers have to be introduced to a new way of interacting with the payer. In fact, steering consumers effectively and educating them about new offerings is a major driver of a successful omnichannel transformation.

Exhibit 12

Omnichannel is commonly established in three phases

Best-in-class channels

Best-in-class digital self-service and personal interaction channels

Consistent consumer experience

Consistency in product offerings, pricing, and product information across channels

Services with standardized business policies that are accessible across all channels

Seamless consumer journeys

Seamless switching between channels with real-time exchange of status and information

360° consumer view across all channels and interaction points

Steering of consumers across channels to maximize efficiency and consumer satisfaction
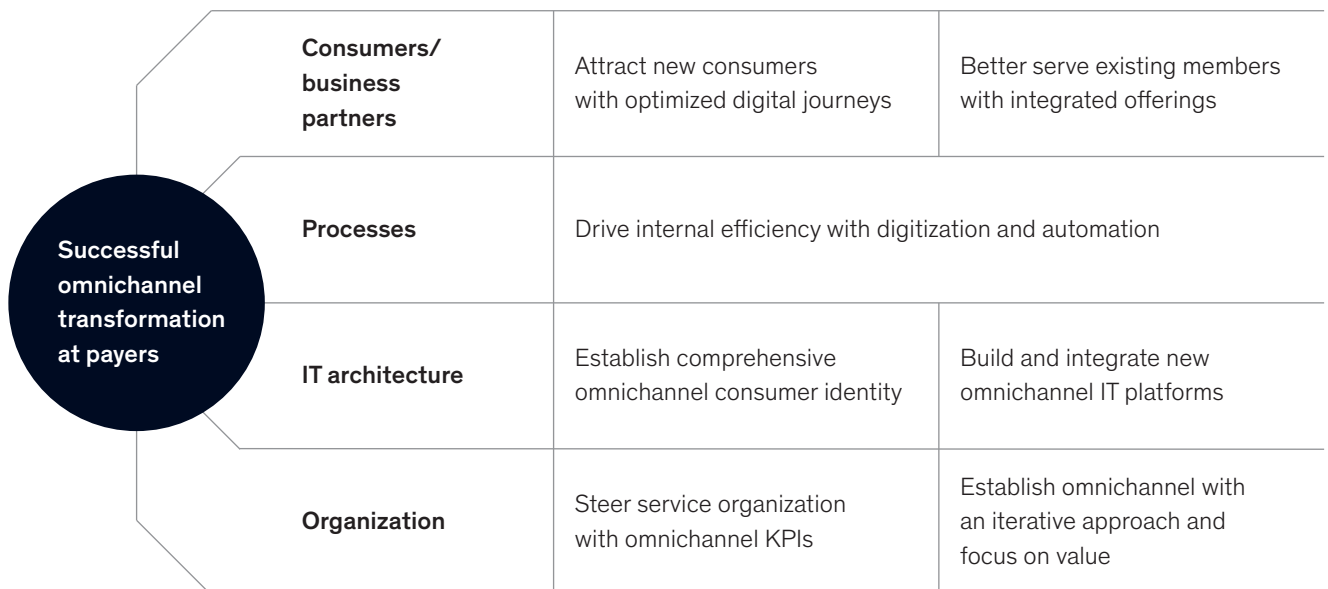
Omnichannel is about far more than merely establishing a new technology – it also requires a comprehensive change-management effort

In this article, we have highlighted the crucial success factors for an omnichannel transformation in four areas: consumers, processes, IT, and organization (Exhibit 13). To some extent, the transformation needs to be tailored to each payer and its business model, but we believe that the general outline of the transformation is similar for most payers.

Omnichannel transformations require significant investment, and building and refining the required IT platforms may take years. Thus, we believe it is

Exhibit 13

Key success factors for an omnichannel transformation

Successful omnichannel transformation at payers	**Consumers/ business partners**	Attract new consumers with optimized digital journeys	Better serve existing members with integrated offerings
	Processes	Drive internal efficiency with digitization and automation	
	IT architecture	Establish comprehensive omnichannel consumer identity	Build and integrate new omnichannel IT platforms
	Organization	Steer service organization with omnichannel KPIs	Establish omnichannel with an iterative approach and focus on value

crucial to establish a clear prioritization early on and focus on the clearly articulated value of the transformation with quick wins on the horizon. In this way, significant value can be realized in the early phases of the transformation.

We therefore typically recommend that an omnichannel transformation be a multiyear effort, one that strikes the right balance between an initial focus on high-value use cases that drive short-term value and building the right foundations for medium- and long-term success. By bringing smaller offerings into the market quickly, a payer can collect consumer feedback and test the suitability of partners. Given the complexity of an omnichannel transformation, early success can be crucial for aligning the organization, obtaining buy-in, sharpening focus, and driving commitment to making bold changes.

Content contributors

Editing and layout