

MOVING BEYOND CX TO INTELLIGENT EXPERIENCE

HARNESSING AI AND OTHER INNOVATIONS IN THE P&C INSURANCE ECONOMY AND BEYOND

INTRODUCTION

It seems commonplace to note that information technology is progressing at an accelerating rate. Yet we constantly see new innovations in areas such as cloud computing, wireless connectivity, and especially artificial intelligence that remind us of just how profound these changes are, and how quickly they keep coming. Based on what we've seen from successive waves of technological change — client-server architecture, the Web, social networks, ubiquitous mobile networks, cloud, and AI — we can expect even greater changes in the years to come.

Unfortunately, how we think about technology and its optimization for business has not kept up with the pace of change, to our detriment. This shortfall is costing organizations in terms of process inefficiency, capital inefficiency, customer satisfaction, lost business, and more. And these costs will only rise as technology makes even deeper inroads into our lives and organizations. This means we must reframe how we think about optimizing our use of technology.

What's needed: a new paradigm purpose-built to keep up with technology change and the increasing expectations of customers. This paradigm must build on the best of what has come before, excel even in the most complex settings, and take advantage of — rather than being overwhelmed by — the overabundance of data that is another hallmark of technology acceleration. The way forward, already being put to work in certain markets starting with automotive repair and property and casualty insurance, is *intelligent experience* (IX).

WHAT BROUGHT US THIS FAR: UI, UX, AND CX

Before we fully define this new paradigm of human-machine interaction, it is worthwhile to consider the other major conceptual frameworks that have preceded it in the world of technology and tech-driven commerce. Each of these has its own strengths and limitations.

Whether informally or formally, *user interface* (UI) has been an ongoing focus since the days when computers used punch cards. While we still see innovation in hardware-based UIs such as keyboards and touchscreens, many of the advances in this area since the 1980s have come in software UIs, ranging from the command-line interface to GUIs for PCs to tap and swipe commands for smartphone apps. Today, users take advantage of voice interaction with home digital assistants, motion sensing for smartwatches, and look-and-pinch commands for AR headsets without a second thought. As impressive as all of this is, however, it became clear decades ago that focusing on the interface itself was not enough to help users get the most out of new technologies.

To help fill that gap, in 1988 a cognitive scientist and Apple veteran named Don Norman coined the term *user experience* (UX). This built on previous work to formally expand the scope of interactions that technology designers account for. Today, UX researchers, designers, and content experts consider the totality of users' interactions with a piece of technology and optimize the impacts of layouts, typefaces, icons, and other graphics, explicit and implicit workflows, and much more. UX has indeed become indispensable, so much so that we all grit our teeth when we encounter a piece of technology that has not received as much attention from skilled UX pros as it should. Yet even with these strengths, UX does not extend to the whole of a user's human interactions with a business.

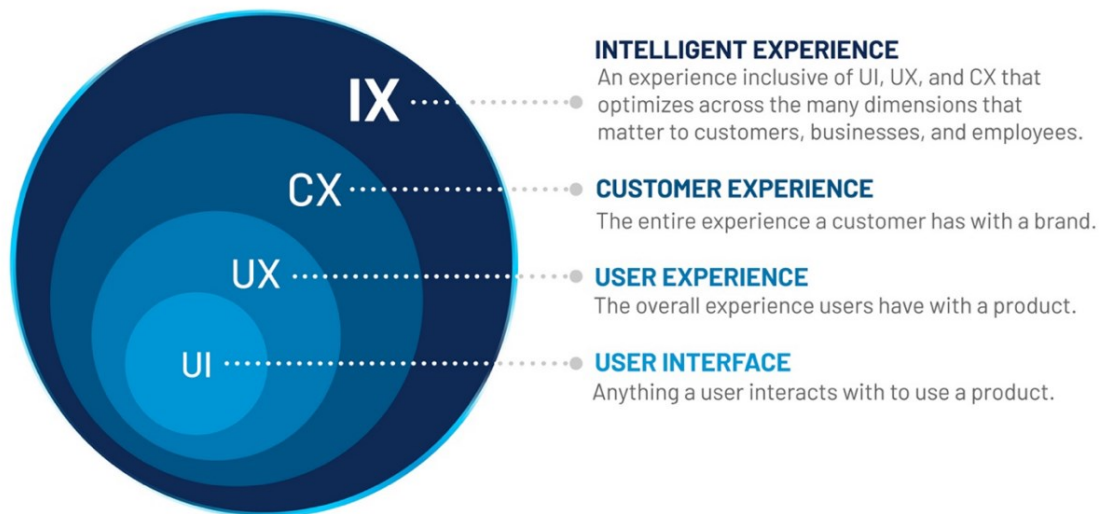
Enter *customer experience* (CX), a term coined by ad executive Lou Carbone in 1994. CX situates UX alongside all the other aspects of a company's customer interactions. The thoughtful application of CX helps companies solve issues and cultivate higher customer satisfaction and loyalty across many different vectors of sales, billing, fulfillment, and service. Ideally, a strong focus on CX can help any business treat customers not as a serial number with account information attached, but as organizations and individuals with specific needs that can be met in friendlier, faster, and more efficient ways that benefit all parties.

Powerful as it is, though, CX optimizes only for customers, not for many other important business considerations such as production costs, profitability, regulatory compliance, or employee satisfaction. More than that, there is nothing inherent in CX to help it take advantage of cutting-edge machine learning and AI, federated data sources, and today's hybrid enterprise IT environments. This is even more notable when the company implementing CX must also create or co-create the goods or services being sold. To put it another way, even a famously CX-driven company such as Zappos doesn't need to make or even customize the shoes it sells, which is a very different

proposition from, for instance, an auto insurer that must take much greater ownership over every aspect of each unique claim when a customer has been involved in a collision — even the aspects handled by other companies.

IX builds on the insights of UI, UX, and CX to deliver the optimal outcome for any technology-enabled experience across the customers, businesses, and employees involved in a transaction. Intelligent experience is delivered by systematically applying a platform-based approach to orchestrate data, ecosystems, and AI, with humans and technology collaborating and mobilizing to achieve the best possible results.

FIGURE 1: THE JOURNEY TO IX



Source: CCC Intelligent Solutions

We can think of UI, UX, and CX as concentric rings, each one subsuming those that came before. What we need now is the bigger concentric ring of IX that incorporates all of those but also expands the scope of concern:

- To include more commercial and technological dimensions as noted above,
- To keep evolving to address increasingly complex problem sets in specialized domains,
- To keep pace with cutting-edge technologies,
- To address the unique needs of each customer and provide the truly individuated experiences they expect, and
- To do it at scale.

HOW IX WORKS

While embracing the paradigm of IX will inevitably surface many ad-hoc opportunities for optimization, fundamentally it requires a holistic view. From an IT infrastructure perspective, this means systematically applying a platform-based approach to handling large quantities of data, complex ecosystems, and new advances in AI. Readers experienced in IT will immediately see that building an IX platform from scratch to achieve the goals listed above would involve the concerted efforts of teams handling infrastructure, data, applications, DevOps, and other functions, all working from a cohesive plan formulated in partnership with line-of-business leaders. That plan must also include forward-looking investments so that the organization can keep up with relevant new advances in technology. The easier approach would be to use an industry-specific SaaS platform for IX to achieve the same ends without all the IT overhead.

From a data perspective, harnessing IX will allow a company to provide accurate, individuated customer experiences only if the platform is built to accommodate and harmonize many diverse inputs. To take the example of automotive P&C insurance — covered in more detail later in this paper — handling a single collision requires automated collation of the facts of the incident (including statements from those involved, photographs, police reports, the repair shop's damage assessment, and so on), the service preferences of each customer (smartphone app, phone call, online chat, e-mail, or SMS), the operating parameters of service providers, real-time conditions in contact centers, and more.

Note that the application of IX is hardly limited to this one type of business. There are many other examples from the insurance industry and beyond where customers require detailed individuated solutions tailored in real time to their unique needs and expectations. For example:

- **Homeowners insurance** shares many commonalities with automotive insurance, including the need for providers to respond swiftly and flexibly after an adverse event such as a hailstorm or a house fire.
- **Employee benefits administration**, improved by IX, can help employers ensure that each employee navigates the complexities of a corporate benefit package to get the most out of their health insurance, education incentives, 401(k) matching, stock purchase plan, and more, especially after life events such as the birth of a child or a divorce.

- Many areas of **financial services**, especially financial planning and retirement planning, would benefit from an IX-driven approach to deliver tailored solutions to each customer.
- The emerging field of **device-as-a-service (DaaS)** for enterprises would benefit from IX to provide better service and exactly the right laptops, smartphones, tablets, and other devices — configured to a T — for each employee’s work use.

In all of these examples, effectively using federated data sources is a baseline requirement. Beyond that, the platform must orchestrate and balance those multivariate inputs alongside the interconnected concerns of the parties involved. For starters, it must retain all the best insights of CX to ensure outstanding customer experiences. Other aspects include the work supplied by auto repair shops, builders, and other contractors; any industry-specific requirements, including regulatory compliance; and the job effectiveness and employee satisfaction of those doing the work.

Last but certainly not least, an IX platform must allow the organization to factor in the *business needs* of entities through the ecosystem, including accuracy in handling claims, cost management, profitability per department and account, and much more. The point here is not to list all of the components that matter, let alone how each of them might be optimized for maximum business impact. Rather, this overview is meant to reinforce how flexible and capacious an IX platform must be so that it can embrace disparate — but essential — concerns, no matter what they are.

IMPACTS OF IX

For an organization that implements IX thoughtfully and thoroughly, the specific, granular impacts will be endless — process by process, customer by customer, and for one IT product after another. From a customer perspective, the overarching goal is to create optimized, individuated experiences in every customer interaction as it happens and for the benefit of every party involved. That may sound utopian, and it certainly will not be achieved overnight, but it is the goal of IX.

From a technology perspective, the challenge is first to understand the desired experiences to be delivered, then to adopt the necessary technology to consistently deliver them. Using a SaaS platform for IX spares the organization from mastering the details of infrastructure configuration, data federation, and application performance—and simplifies complexity for all parties.

Finally, a fully realized IX approach will harness AI to frame intelligent options that would be beyond the grasp of any one human expert to support and guide users. As already noted, this will apply to each interaction with a customer, vendor, contractor, or partner. More than that, it will apply to categorical considerations that move the needle for the important business needs outlined above. Only by using AI in this way can an IX platform handle the growing volume of interactions, fully instrumented with data, at scale. This is essential for creating the virtuous cycle of ongoing optimization that will make IX a business discipline that keeps on giving.

FIELD RESULTS: THE AUTOMOTIVE P&C INSURANCE ECONOMY

It should be no surprise that IX emerged in automotive P&C insurance. This multi-trillion-dollar sector is fiendishly complex, bringing together as it does hundreds of thousands of business entities, ranging from giant insurance companies and auto manufacturers to towing companies, repair facilities, parts suppliers, medical providers, and many others. More than this, the specifics of each auto accident are unique, and the stakes are high, especially when anyone is injured. Plus, there are more than 20 million auto accidents each year in the U.S. alone, which means that all of these challenges must be handled at a massive scale.

It was in this setting that CCC began to offer software applications for insurers and repair shops decades ago. Over time, the company developed expertise in multi-tenant cloud platforms and highly performant SaaS infrastructure to address the highly interconnected real-time needs of the industry's business entities and their customers. In more recent years, this has extended to sophisticated mobile capabilities and AI models (more than 350 of them) for processing claims and repairs faster, more accurately, and in the modalities preferred by each customer (online, phone, SMS, and so on). That progression continues, for example, with increasingly sophisticated photo-analysis software that can interpret a single picture of a damaged car to accurately predict both the likelihood of injuries and whether the car can be repaired.

Over the years, CCC has evolved its pioneering technology platform to address the unique needs of the automotive P&C insurance economy and power intelligent experiences for its customers and theirs. It's a good bet that the most effective IX implementations in other fields will come from organizations that are similarly deeply embedded in their own industries. That kind of contextual expertise is what enables CCC to apply AI to accelerate workflows for collision repairs and claims, and it's what will enable other companies to address the highly specific requirements of their markets.

CONCLUSION

IX is the opposite of a one-size-fits-all solution: in every case, it must be fitted to the unique problem set of the industry being addressed. By building a better ecosystem, bringing in more business considerations, making the best use of massive amounts of data, and harnessing AI, an effective IX platform will work to improve every touchpoint for every customer across the lifecycle of every account. Implemented well, IX will also make for happier employees, suppliers, and partners — everyone involved in a business ecosystem.

If that sounds like a tall order, it is. Yet it needs to happen, because it will only be by using the holistic approach of IX that we can get the most out of new technologies and effectively manage the complexity that they bring. It starts when we think expansively to understand the possibilities created by today's technology — and tomorrow's. More importantly, and beyond the specifics of hybrid multi-cloud platforms, federated data, smarter applications, and AI, the discipline of IX allows us to embrace the reality that *more is possible*.

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