

Business Valuation

Accelerating Performance by Calculating Results™

GMAC Insurance: Re-engaging the Departed Customer

GMAC Auto Insurance

GMAC Insurance, a subsidiary of GMAC, with annual revenues of \$417M, provides diverse insurance products through multiple channels.

Kefta, Inc., acquired by Axiom Digital 2007

<http://www.axiom.com/> provides an on-line customer interaction tool.

Business Challenge

Capitalize on an online self service model while reducing customer attrition rates.

Strategy

Optimize through-put by creating a more customer centric website that actively re-engaged customers when they departed the web site

Value Achieved

- ✓ 10% increase in policies completed
- ✓ Reduced direct marketing cycle from 6-9 months to 2-3 weeks
- ✓ Ability to drive direct marketing quantitatively

Customer Intelligence Business Valuation

Business Challenge:

GMAC Insurance, a subsidiary of GMAC Financial Services, provides auto insurance policies through multiple channels -- direct to customer, web self service, and through automotive dealerships. In 1998, it became an early adopter of online customer interaction tactics.

GMAC understood that auto insurance is not an impulse purchase. Currently, only 4-6% of consumers are expected to purchase through the online channel. However, the company determined to capitalize on their web presence. They quickly discovered deploying an online point of sale channel presented a set of unique business challenges that must be addressed:

- ✓ How to streamline the buying process
- ✓ How to prevent shopping cart abandonment rates?
- ✓ How to re-engage consumers once they leave the purchase process?
- ✓ How to reduce customer acquisition costs?

Strategy

Optimizing through-put was critical to GMAC's on-line business model. They needed to get a better proportion of those visiting the site to buy policies. In order for GMAC to exceed industry norms, the company needed to define and create customer-centric business processes for their e-Commerce channel.

Transformation

Selecting a technology provider: Initially, the company looked to create an optimal online customer experience utilizing internal resources. However, they found that they lacked the expertise required to address line of business challenges. An internal referral led the company to Kefta, Inc. After a rapid review, GMAC never seriously considered other solutions, because Kefta's solutions met all of the business requirements that GMAC sought to address. GMAC went live with Kefta in 2003.

GMAC Auto Insurance

Kefta, Inc. was chosen not only for their technical expertise, but more importantly for their ability to improve business processes which is something GMAC Insurance highly valued. Kefta provided GMAC with a robust hosted solution that delivered key capabilities which included:

- ✓ 80/20 split of pop ups
- ✓ Geographic recognition
- ✓ Multi-version calls to action.

Technology deployment: In GMAC's "home-grown" IT environment, third-party integration was not the cultural norm and could have posed substantial obstacles during the deployment phase. Most of the heavy lifting involved strategic planning and reworking GMAC's business process workflow to align with their goals. Graphic design took an additional 2 weeks. Once the custom code was built by Kefta, it took 2 days of development time to install the application. However, the implementation process, from start to finish, took less than 30 days.

The New Operating State

Within 18 months GMAC's corporate initiative to offer its customers multi-channel point of sale options became a reality. GMAC Insurance is among a number of insurance providers who offer auto insurance policies via an on-line, self service model.

Prior to deploying Kefta's solutions and services, GMAC Insurance focused on creating applications for call center agents. The company now has the ability to intercept those customers who encounter hurdles and get them re-engaged through a rules-based workflow that recognizes the departure point from the website. For instance, customers who leave the web site at the homepage would receive a pop-up alert where as customers who depart during the check out process would trigger an internal alert for an individual agent to contact the customer directly.

Lessons Learned

For GMAC, having individuals inside of IT understand the business challenges as well as Kefta's ability to solve them, led to organizational change. Additionally, GMAC had full support at the executive level--a vital component to stimulating business processes change. GMAC was able to streamline their processes and successfully drive ROI from their technology investment by securing buy-in from both IT and line of business.

Hypatia delivers high impact market intelligence, industry benchmarking, best practices, technology vendor selection, ROI assessment, and consulting services that reduce cycle-time and influence customer management, product strategy and channel development goals. Since 2001, clients have relied on our industry insight, expertise and independent research for guidance in assessing various technology, solution and service options. Like our namesake, Hypatia, we are committed to *Calculating Results*TM for our clients.

Hypatia of Alexandria (c.370-415 AD), invented several scientific devices--the astrolabe, planesphere, and hydroscope (hydrometer). These instruments were used to calculate the distance between planets, the position of visible stars at any time of the year, and the gravity of liquids respectively. Hypatia was the first woman to make substantial contributions to the development of mathematics, astronomy & philosophy.

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GMAC Auto Insurance

Results

GMAC Insurance has seen significant improvements in customer acquisitions and policies sold. Moreover, the company gains valuable market insight from rapid cycle testing on the web as well as data-driven analysis of marketing investments.

- ✓ 10% increase in policies completed
- ✓ Reduced direct marketing cycle from 6-9 months to 2-3 weeks
- ✓ Ability to drive direct marketing quantitatively

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