MOBILE INNOVATION

The next frontier for growth and productivity for insurers

REPORT
JULY 2011

FOREWORD

Telstra is pleased to present 'Mobile Innovation – the next frontier for growth and productivity for insurers'.

This comprehensive report is the third in our series of research into communication technology-enabled improvements to the financial services industry.

We are indeed living in a connected economy. The connected economy is a product of consumers, businesses, enterprises and governments becoming more connected.

This connected economy is an ecosystem where almost everything is connected to a network and the network enables productivity and growth that covers collaboration; converting massive amounts of data into useful actionable information.

If insurers are to stay ahead of the demands being placed upon them by the pressures of this connected economy, then they themselves need to move and be better connected. They need to become connected enterprises.

The network is at the centre of our investments and we look forward to the foundation role we play as demonstrated through this report in enabling insurers to reap the benefits from improved productivity and growth.

Paul Geason
Group Managing Director
Telstra Enterprise & Government™

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INTRODUCTION

At the launch of News Corporations' new mobile tablet designed news service 'The Daily' in February 2011, Rupert Murdoch outlined how 'new times' required journalists to 're-imagine their craft'[1]. He was of course referring to a new era characterised by the Internet, wireless technology and new forms of customer interactions. This report demonstrates that in these 'new times', mobile innovation is the next frontier for Australian insurers to 're-imagine their craft' and deliver improved growth and productivity.

Research conducted on behalf of Telstra in late 2010 to explore the key challenges facing the Australian insurance industry across general and life sectors, suggest that the market is changing by key external drivers that have ushered in 'new times' characterised by:

- **Changing Customer Expectations/Motivations** – The Australian insurance industry is being challenged by customer expectations that are largely being set outside traditional insurance boundaries, for example through the quality of their online and mobile interactions[2]. According to Data Monitor's 2010 report on General and Life Insurance, while price is important, Australian consumers are also motivated by a brand they know and trust. Price is the biggest motivation across general (40.3%) and life insurance (21%) products among Australian consumers. Importantly, it is a bigger motivation for Australian consumers than it is on average globally (Global average general 35.6% and life 14.6%). The next two biggest motivations are an existing relationship with an insurer and trusted brand. Like the global average, Australian consumers are most concerned with trustworthiness and honesty of their general and life insurance providers, but are more concerned with convenient and accessible insurers than other consumers globally[3].
- **Increasing Frequency of Catastrophic Events** – The rise in the frequency of large claims in recent years is concerning the insurance industry with nine of Australia's fifteen largest claims events since 1967 occurring since 2006. This has caused total annual catastrophe claims to average $2b since 2006 against an average of $600m since 1970. The insurance industry is bracing for reinsurance price rises of up to 20% for the July 1, 2011 renewal period following the Queensland floods, New Zealand earthquake and Japanese earthquake and tsunami[4] and is placing an increased strategic priority on productivity.
- **Under-Insured/Non-insured** – The Victorian bushfires in February 2009, and more recently the Queensland floods in 2010 brought to the forefront the prominence of under-insurance and non-insurance of property in Australia. According to global reinsurance giant Swiss Re, Australia ranks as one of the most under-insured developed nations, ranking only 16th in the world for life insurance protection and density. Rice Warner Actuaries estimate that under-insurance costs tax payers an estimated $394m a year in additional society payments as they have to support the beneficiaries of individuals that are under-insured[5]. In 2005 the Australian Securities and Investment Commission (ASIC) estimated that 70% of Australian homes were under-insured[6]. The sophisticated consumer technology environment and the aging of Australia's population provides insurers an opportunity to consider how to lift the under-insured levels and lift the current proportion of the population that hold general insurance from 77.1% and risk and life from 20.4%[7].
- **New Entrants & Aggregators** – New entrants such as Progressive, Youi and Real Insurance, along with the growth in popularity of aggregators in the Australian market, are predicted to place downward pressure on premium prices. Some analysts report $1.8b in commercial and personal insurance premiums are at risk to general insurers from these competitors[8]. Declining satisfaction, coupled with more efficient means of searching, may explain the sharp increase in the propensity of consumers since April 2010 to search for both renewals and new services[9]. The increased availability of websites that facilitate easy insurance product comparisons such as iselect, moneytime, ozecover and infochoice are now widely used by 41% of consumers for information searching[10].

INTRODUCTION

- **Distribution Models/Economics** – Leading insurers in Australia have increasingly leveraged the Internet with the emergence of self service models that allow customers to purchase products online. Market analysis suggests this trend is increasing, with only 5 - 10% of personal insurance sold online within Australia compared with 20% and 40% respectively in the US and UK[11]. This will only become more competitive as more players enter the market such as Virgin Money, Coles and Australia Post, and this would be over and beyond growing brands such as Youi, Real Insurance, and Progressive Direct.
- Australia is considered one of the world's most mature mobile telephone markets. It is generally considered there are slightly more active mobile phones in Australia than people – a situation expected to accelerate in the foreseeable future particularly as Machine 2 Machine (M2M) applications enable consumer appliances. However, in section 3 of this report, evidence suggests that most Australian insurers are yet to offer mobile applications for use by employees, customers, agents or brokers, despite the high level of appeal.
- **Emerging Usage Based Insurance Models** – As the general insurance market matures, insurers in North America, many areas of Europe and some areas of Asia Pacific are offering usage based insurance (UBI) to increase profitability e.g. Liberty Mutual, Panda Group, Progressive, Zurich, Real Insurance[12]. While most of these today are based on a 'trust and verify' model, advancements in telemetric, location and other wireless technologies offer the industry the opportunity to design new value-added services e.g. Zurich Fleet Intelligence Solutions[13]. Telstra's research in section 3.3 of this report, demonstrates that one in two people find insurance customised to behaviour and lifestyle appealing.

Key Issue Addressed by this Report. These challenges present the Australian insurance industry with a major growth and productivity opportunity. As the leading mobile network technology provider in Australia, Telstra's response has been to collaborate with leading industry researchers in Australia and the US to create this report. The research team addressed the following key questions;

- What value-added services could improve consumer, employee or agent insurance experiences via mobile channels?
- How appealing are these services to consumers, including impact on satisfaction, loyalty, advocacy, switching and consideration?

Report Scope

This report investigates the Australian consumer markets for general insurance and life insurance and is structured into the following sections:

- **The Current Frontier** – **How are consumer behaviours changing toward insurance?** Research on product penetration, satisfaction, renewal, channel preferences and switching is presented to understand how consumer behaviour is changing and the key drivers for this.
- **The Next Frontier** – **How attractive is the mobile as a channel for value-added services?** Research is presented from the USA and Australia to summarise existing mobile insurance application development. New research is then presented to outline appeal and propensity for Australian consumers to adopt mobile technology-enabled value-added insurance services and its impact on satisfaction, loyalty, advocacy, switching and consideration.
- **A Roadmap to the Next Frontier** – **How can mobile innovation drive growth and productivity?** Technology research and user cases are then presented to outline a 'technology response' in the form of which technologies are likely to deliver growth and improved productivity. Further, roadmaps are provided to describe the evolution from existing to emerging technologies to guide investment planning.

1. EXECUTIVE SUMMARY

This report examines the role of mobile innovation as the next frontier to drive growth and productivity in the general and life insurance market in Australia. While considerable investments continue to be made in the online channel, this report demonstrates the time is right to accelerate investments in the mobile channel as technology developments have seen a significant change in the capabilities of mobile devices and a corresponding shift in the way consumers engage with the Internet. We are now living in a connected economy. The connected economy is a product of consumers, businesses, enterprises and governments becoming more connected.

As a whole, the research findings suggest that innovation leveraging mobile-enabled technology has the potential to deliver growth for insurers through greater customer loyalty and category growth. Mobile-enabled technologies can deliver benefits highly valued by consumers including:

- Greater convenience
- Personalisation
- Fairer premiums.

Mobile applications also provide insurers with the opportunity to create a deep interactive and ongoing relationship with their customers, thereby changing the commoditised, purely transactional nature of the market.

The current frontier: How is consumer behaviour changing? (see Section 2)

- **Product Ownership Unchanged** – Penetration of general and life insurance products has not changed in the past four years and the opportunity for category growth remains strong, particularly for life insurance at just 20% penetration.
- **Channel Preferences Changing** – In general insurance, obtaining insurance from the company directly is by far the most popular channel in which the policies are obtained (80%); but there has been a gradual decline in the use of the contact centre while the use of the Internet has grown in popularity, particularly for new entrants.
- **Consumers Switching/Shopping Around** – More than half of general insurance consumers obtained a competitive quote at last renewal. This is an opportunity for products and services that encourage competitive quote seeking such as insurance that is customised to behavior and lifestyle. Intention to seek a quote for life insurance at next renewal has increased by 41%.
- **Customer Satisfaction Declining** – Overall satisfaction levels have been on a gradual decline since 2007 and may have been another factor that has encouraged customers to shop around. Risk and life insurance being the lowest for customer satisfaction and advocacy across the categories.
- **Price Related, Offered Product/Policy and Shopping Around are Switching Drivers** – The most popular reasons for switching insurance relates to price (71%), being offered a product/policy just as good/better (9%) and shopping around (11%).
- **Competitive Intensity Increasing** – Niche players are responding to price sensitivity of consumers. The major insurers have launched their own low-cost brands to compete, and this market will only become more competitive as more players enter the market and more websites facilitate insurance comparisons.

1. EXECUTIVE SUMMARY

The next frontier: How attractive is the mobile as a channel for value-added services? (see Section 3)

The Australian market is seeing a significant shift in the nature of mobile devices being shipped (with Smartphones surpassing more traditional mobile phones and tablet devices gaining momentum) and an accompanying fundamental change in the way consumers engage with the Internet. At the end of December 2010, there were 8.2 million mobile handset subscribers in Australia accessing the Internet over their phones. According to CISCO, in Australia there will be an estimated 4.5 million mobile-only Internet users by 2015, creating a new frontier in marketing.

Relative to the US market, most Australian general insurers are yet to offer consumers mobile based applications and life insurers are yet to commence the journey – only two general insurers were identified. US life insurers are taking a cautious approach to consumer facing mobile applications, Unlike Property & Casualty (P&C) insurers, where having the brand or logo on a consumer's mobile phone was recognised as a brand builder and also came quickly and cheaply, life insurers have not looked at mobile applications as marketing opportunities. Life insurance applications in the US are not fully transactional, and functionality is slow in coming. In comparison to P&C insurers who brought significant application functionality online in just 18 months, life insurers are not quickly investing in or investigating mobile applications.

Despite this situation, at this point in time 17% of Australians prefer using wireless devices to search for and make decisions about insurance. As the penetration of mobile web-based technologies increases, the use of these devices in interactions with insurers is expected to increase in the future.

We presented Australian consumers with five concepts of insurance services enabled with mobile technologies.

1. Insurance customised to your behaviour and lifestyle
2. Tools to keep your insurance coverage up to date
3. Mobile applications to suit your circumstances/location
4. Mobile applications to make it easier to apply for insurance
5. Mobile applications to make it easier to make claims, enquiries or payments

Each of the five concepts tested in this research had a broad level of appeal, with at least two in five finding each concept appealing and more consumers finding each concept appealing than unappealing. If an insurer were to offer all five concepts, almost half (48%) would find at least one of the concepts to be extremely or very appealing.

Insurance customised to behaviour and lifestyle offers the strongest opportunities for both customer retention and category growth, with mobile applications to suit circumstances/location also providing good opportunity for customer retention and relationship. (see Table 1).

1. EXECUTIVE SUMMARY

Table 1: Summary of Concepts – Impact on Total Existing Customer Satisfaction, Loyalty & Likelihood to Switch

Existing Customers	**Concept 1:** Insurance customised to behaviour and lifestyle	**Concept 2:** Tools to keep coverage up to date	**Concept 3:** Mobile apps to suit circumstances/ location		**Concept 4:** Mobile apps to make it easier to apply	**Concept 5:** Mobile apps to make it easier to obtain/enquire/pay
	Motor	Home or Contents	Motor	Home or Contents	All	All
Satisfaction More to much more satisfied %	40	24	29	27	23	23
Loyalty More to much more likely to renew %	41	24	29	26	25	24
Advocacy More to much more likely to recommend %	41	24	34	30	25	27
Switching More to much more likely to consider switching insurer %	34	15	22	21	17	18

Source: Telstra Research April 2011

All concepts researched have the potential to drive category growth. Customised motor insurance has the greatest potential to motivate category entry and mobile applications for application/enquiries/claims also have strong potential to motivate category entry for motor and home or contents (see Table 2).

Table 2: Summary of Concepts – Impact on Category Entry (Non Holders of Insurance Types)

New Entrants	**Concept 1:** Insurance customised to behaviour and lifestyle	**Concept 2:** Tools to keep coverage up to date	**Concept 3:** Mobile apps to suit circumstances/ location		**Concept 4:** Mobile apps to make it easier to apply			**Concept 5:** Mobile apps to make it easier to obtain/enquire/pay		
	Motor	Home or Contents	Motor	Home or Contents	Motor	Home or Contents	Life	Motor	Home or Contents	Life
Consideration More to much more likely to consider %	36	27	21	25	29	29	14	27	29	12

Source: Telstra Research April 2011

Currently life insurance providers have the smallest proportion of promoters (those who rate advocacy as 9-10) at 21% and rate the lowest in satisfaction scores (65%). All concepts have shown some impact to increase both advocacy and satisfaction and elements from them could be developed in the life insurance market to address these issues.

1. EXECUTIVE SUMMARY

A roadmap to the next frontier: How can mobile innovation drive growth and productivity? (see Section 4)

A key technology response to the issue of the need for insurers to increase productivity and to better integrate the mobile workforce, has been the development of enterprise Unified Communications & Collaboration (UC&C). UC&C integrates real-time communications such as telephony and videoconferencing; non-real-time channels (such as email and messaging) and collaborative capabilities (such as content sharing and collaborative authoring) into a single framework.

To better serve customers and improve growth, insurers will need to be able to support a much greater range of increasingly complex channels with mobility properties and to adapt to new channels much more quickly than ever before. It is simply not feasible to meet these requirements using a siloed channel-centric approach. Combining UC&C with two customer contact technologies; Unified contact management and intelligent adaptive routing using the capabilities of smart mobile devices and mobile networks, help facilitate growth and higher productivity for insurers. We show this can be achieved using three technology experience themes:

1. **"The Mobile Insurer"** – Shows how modern information communications technology (ICT) infrastructure can be combined with effectively designed enterprise systems to leverage the capabilities of mobile phones and channels to deliver streamlined and effective customer service experiences and improved productivity.

2. **"The Mobile Consumer"** – Demonstrates how mobile applications offer insurers the potential to drive growth by becoming regular, value-adding participants in many of the day-to-day activities of their customers.

3. **"The Connected Insurer"** – In addition to 1 and 2 above, evolving M2M technology that gathers data from a wide variety of connected devices and appliances enables insurers to design 'usage based' services and, by combining it with the vast amounts of customer behavioural data they already hold, can provide new classes of value-added services.

2. THE CURRENT FRONTIER: CONSUMER PURCHASING BEHAVIOUR

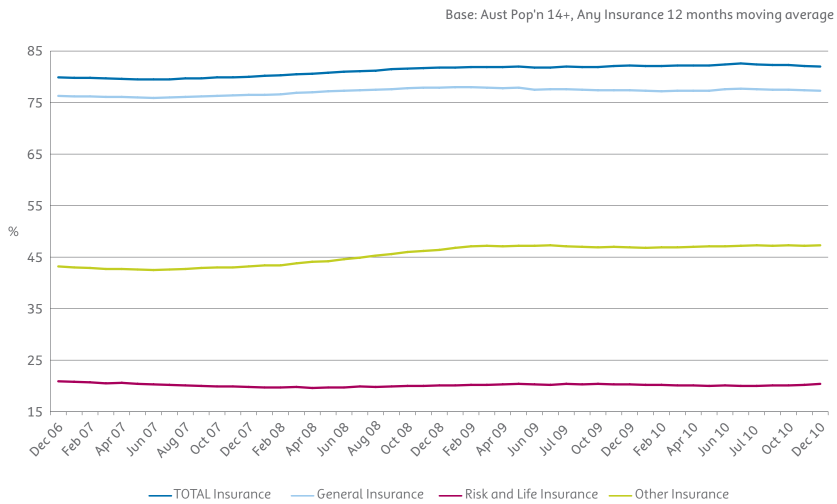
This section examines the historical and current purchasing behaviour for general, risk and life insurance. The focus is to understand what is changing in relation to product ownership, demographics, channels, new entrants, renewals, customer satisfaction and reasons for switching.

2.1 Insurance Ownership Unchanged

The proportion of people holding insurance overall and by the specific categories, namely general insurance, risk and life insurance and other Insurance[14] , has only marginally increased over the last 4 years (see Chart 1).

Category growth potential across general, risk and life insurance

Chart 1: Proportion of Product Ownership Total Population 14+



Data Source: Roy Morgan Research, March 2011

2.2 Purchasing Channels

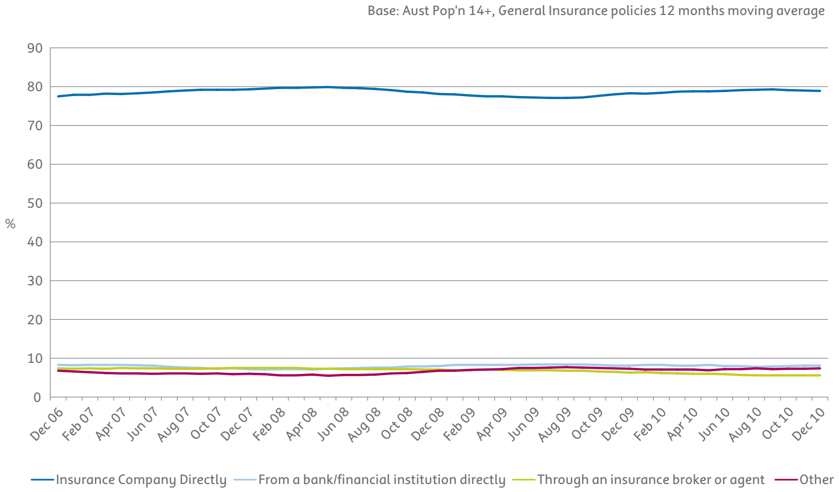
In contrast to the stability exhibited in insurance ownership, the dynamics of the insurance market have changed as evidenced by the channel in which the insurance products have been obtained.

Looking at the general insurance market, obtaining insurance from the company directly is by far the most popular channel in which the policies are obtained with nearly 80% obtained via that channel (see Chart 2).

2. THE CURRENT FRONTIER: CONSUMER PURCHASING BEHAVIOUR

Consumers prefer to buy directly from insurer

Chart 2: Purchasing Channels – General Insurance

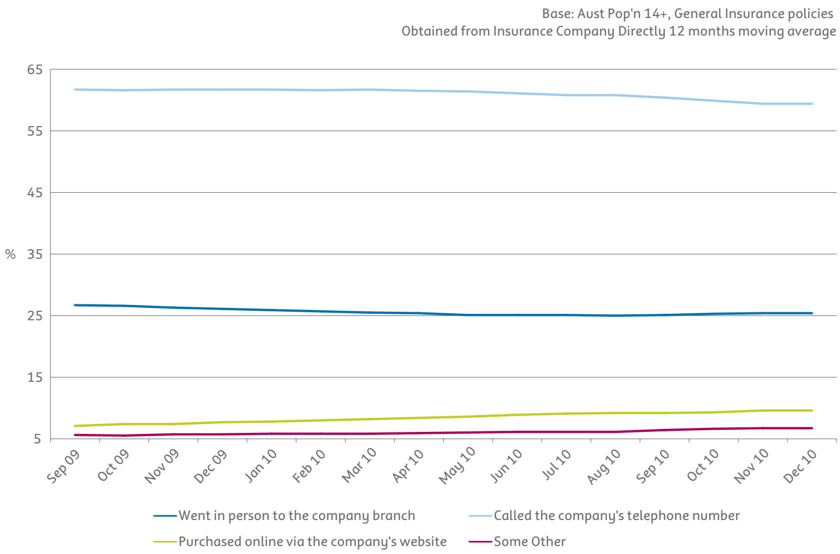


Data Source: Roy Morgan Research, March 2011

Of those who obtained the general insurance product directly from the insurance company, there has been a gradual decline in the use of the contact centre and going in personally to a branch while the use of the Internet has grown (see Chart 3).

Contact Centre while still prominent, is in decline and online channel increasing

Chart 3: Purchasing Channel Types – General Insurance from Insurance Company Directly



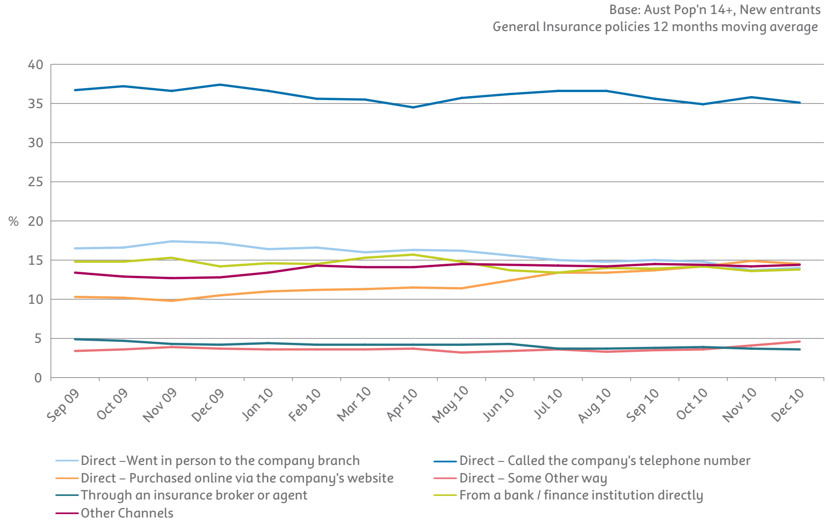
Data Source: Roy Morgan Research, March 2011

2. THE CURRENT FRONTIER: CONSUMER PURCHASING BEHAVIOUR

If we take a closer look at channels used by the new entrants (defined as new policies taken up for the first time) in the general insurance market, there has been an increase in the proportion opting to use the online channel to purchase their policy. The proportion of general insurance policies obtained via the online channel had increased by around 5% from late 2009 till end 2010 (see Chart 4).

Online channel is growing in popularity for new category entrants

Chart 4: Purchasing Channels – New Entrants General Insurance



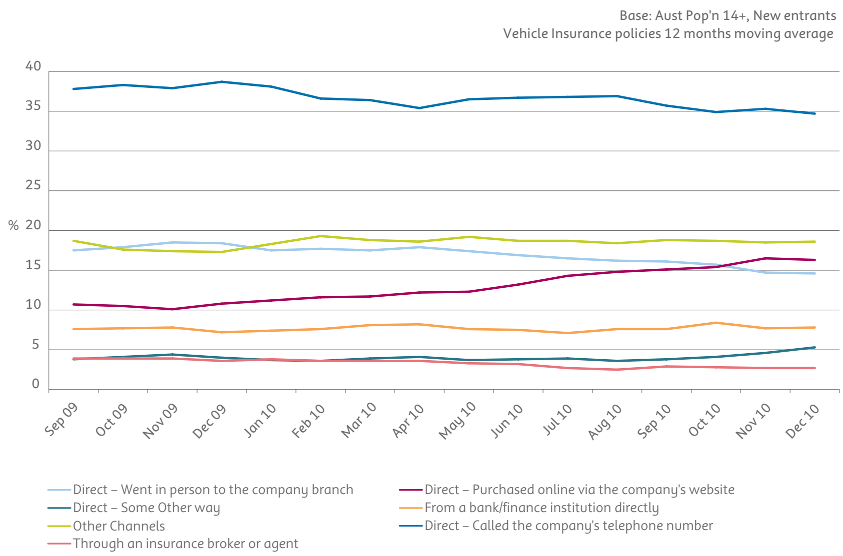
Data Source: Roy Morgan Research, March 2011

When looking at the two main classes of business within general insurance, namely vehicle and household, the trend in using the online channel for purchasing by new entrants becomes more evident, particularly for vehicle insurance. The telephone, while still the most popular means by which new entrants purchase their motor vehicle insurance policy, had been declining at a steady rate while online purchasing has been growing (see Chart 5).

2. THE CURRENT FRONTIER: CONSUMER PURCHASING BEHAVIOUR

Contact centre channel declining and online channel increasing for new entrants to purchase their policy

Chart 5: Purchasing Channels – New Entrants Vehicle Insurance

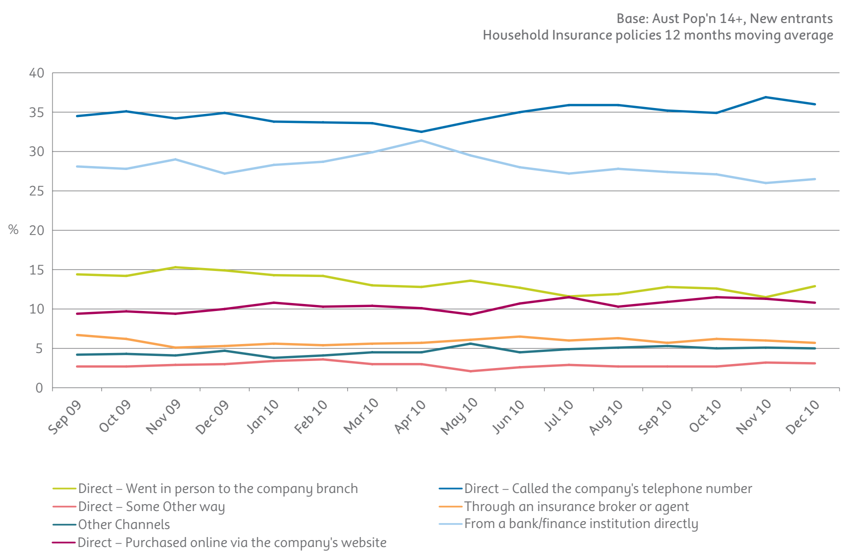


Data Source: Roy Morgan Research, March 2011

However, this change in purchase behaviour is not universal nor is evident across all insurance types (see Chart 6). For household insurance (includes contents, building or valuables items), the contact centre remained the main channel used while the online channel remained relatively unchanged.

New entrants prefer Contact Centre for household insurance

Chart 6: Purchasing Channels – New Entrants Household Insurance



Data Source: Roy Morgan Research, March 2011

2. THE CURRENT FRONTIER: CONSUMER PURCHASING BEHAVIOUR

For household insurance, new entrants are using more traditional means to purchase their home policies, i.e. the telephone. This may be due to the additional complexity (and higher involvement) in obtaining household insurance as compared to vehicle insurance and subsequently, having a person assisting would make the application process smoother.

Furthermore, household insurance policies may need greater clarification and may be inherently more complex than vehicle insurance, especially in light of recent catastrophic events such as the Queensland floods. For example there is still ambiguity in the industry regarding the definition of flood damage.

2.3 Renewal Behaviour

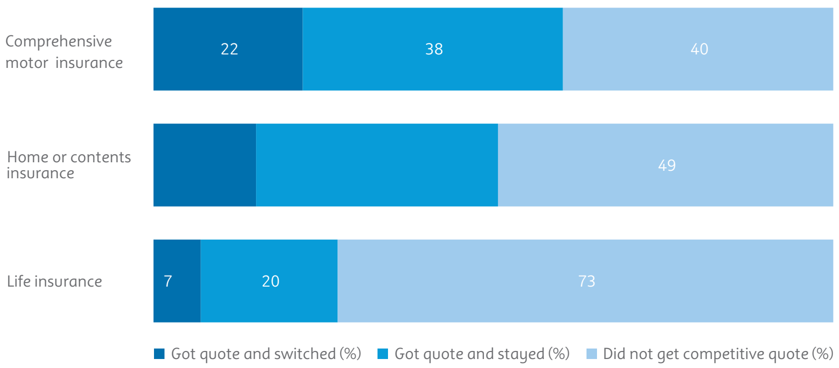
Besides the shift observed in channel behaviour, another aspect of the insurance industry that needs to be examined is renewal behaviour. With the growth in the popularity of the Internet and advancement in technology, information is more accessible and searchable.

More than half of general insurance consumers obtained a competitive quote at last renewal. This is an opportunity for products and services that encourage competitive quote seeking, such as insurance customised to behavior and lifestyle (see Chart 7).

2. THE CURRENT FRONTIER: CONSUMER PURCHASING BEHAVIOUR

More than half of general insurance consumers got a quote at last renewal

Chart 7: Renewal Behaviour – Previous Renewal

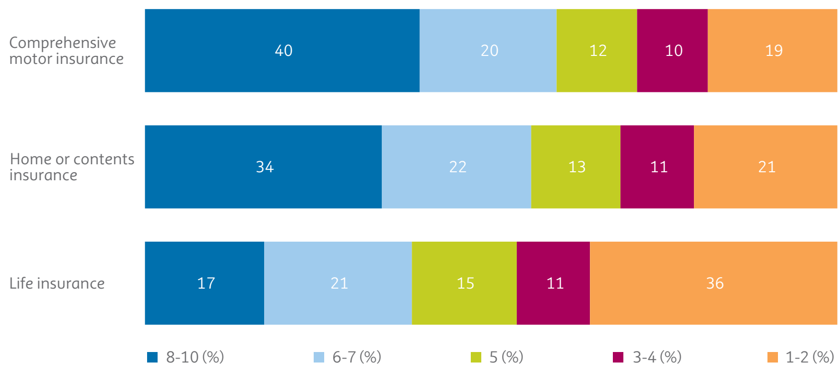


Data Source: Telstra Research, April 2011

Furthermore, the majority of motor and home or contents insurance consumers that are more likely to seek a quote at next renewal under-scores the commoditisation of the market and opportunity to improve customer loyalty/advocacy. There is a notable 41% increase in the likelihood of consumers getting a quote for life insurance at next renewal (see Chart 8).

In the order of 2 in 5 life insurance consumers are more likely to get a quote at next renewal

Chart 8: Renewal Behaviour – Next Renewal



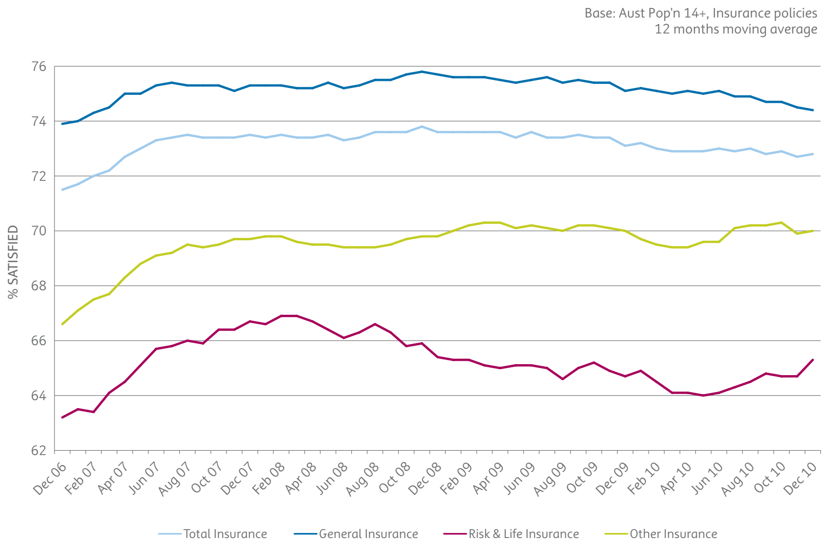
Data Source: Telstra Research, April 2011

Satisfaction has been in decline since 2008 across all insurance categories

2.4 Satisfaction with Insurer

One possible driver for the increase in shopping around prior to renewal may be customer satisfaction. Looking at the following chart, satisfaction with the relationship with the insurer has been on a gradual decline since 2008 across a majority of insurance categories (see Chart 9).

Chart 9: Customer Satisfaction



Data Source: Roy Morgan Research, March 2011

2.5 Reasons for Switching/Shopping Around

By looking at the reasons why people are switching, by far, the most popular reason for switching insurers is price related. This is most notable for vehicle insurance, where over 71% of people switched companies due to a price issue (better price elsewhere or renewal price higher than last year).

Looking at the next most common reason for switching, we find a greater difference between insurance types. The reason 'offered a product/policy just as good/better' is more common. For vehicle insurance, reasons related to policy features are more common. Household is much more complex in nature, providing insurers greater opportunity for differentiating their product from competitors. But for life and risk insurance, advisor/brokers play a major role in influencing switching (see Table 3).

2. THE CURRENT FRONTIER: CONSUMER PURCHASING BEHAVIOUR

Table 3: Switching Behaviour

"Base: Aust. Pop'n 14+, Switched Insurance policy (%) 12 months to December 2010"	Total Insurance	General Insurance	Vehicle Insurance	Household Insurance	Private Health Insurance	Risk & Life Insurance
Better price/premium	58.9	61	62.9	58.4	51.4	40.8
Renewal price higher than last year	12.1	12.9	12.7	13.1	7.8	5.4
Always shop around	11.1	12	12.8	10.9	6.6	2.4
Insurer gave poor customer service	6.2	5.8	4.9	6.9	6.6	8.9
Bad claims experience	4.6	4.7	3.9	5.8	4.6	4.3
Pay-by-the-month facility	2.9	3.3	3.1	3.6	0.8	0
Offered a product/policy just as good/better	9.2	9.2	7.7	11.2	14	3.7
Change to property/contents covered	1.6	1.7	0.7	3.1	0	0.8
New/different vehicle	3.9	4.5	7.2	0.8	0.5	0.3
Recommended by a family member, friend or work colleague	3.1	2.7	2.2	3.5	8.4	3.2
Recommended by my adviser/broker	4.5	2.6	2	3.4	1.8	29.6
Moved job/changed employer	1.5	1	1.1	1	2.5	8.1
Change in employment status	1.1	0.7	0.7	0.8	4.6	3
Change in marital status	0.9	0.6	0.5	0.9	3.4	1.7
Change in family circumstances (pregnancy, birth, death, etc.)	0.9	0.5	0.8	0.2	6.3	1.8
Other	5.8	6	5.6	6.4	7	2.3

Highest reason for switching
2nd highest reason for switching
3rd highest reason for switching

Data Source: Roy Morgan Research, March 2011

Similarly, if we break down the reasons for switching by customer age, price is again a dominant factor across all age groups. However, particularly in the under 35's we see that life changes such as 'new/different vehicle', 'change in employment status' and 'change in family circumstances' become factors influencing reasons for switching insurance policies.

2.6 Changing Competition of General Insurance Market

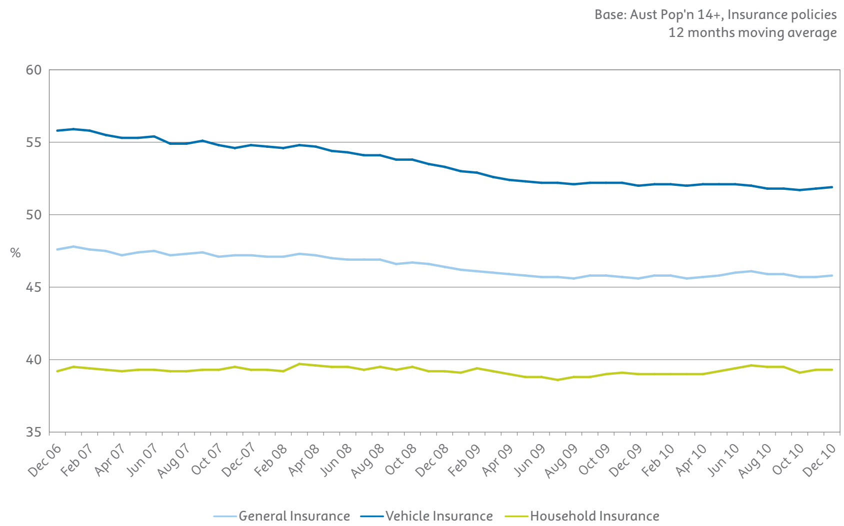
With the changes happening in relation to renewal behaviour and an emphasis on price competitiveness, new niche insurers are appearing in the market challenging the dominance of the established major players.

Although the major four insurance brands (NRMA, AAMI, Suncorp, GIO) still control around half of the general insurance market, the past four years has seen a gradual decline of their dominance predominantly in the vehicle insurance market (see Chart 10).

2. THE CURRENT FRONTIER: CONSUMER PURCHASING BEHAVIOUR

New niche insurers are challenging dominance of the majors and gaining share

Chart 10: Market Share Major Insurers

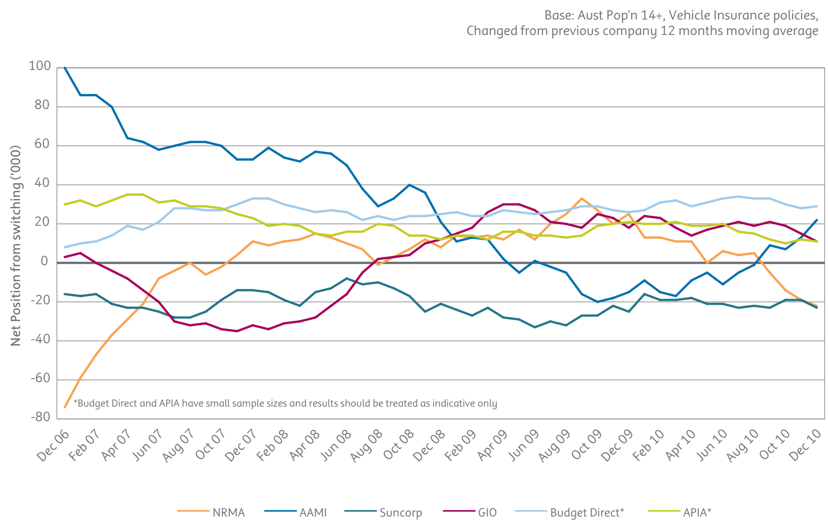


Data Source: Roy Morgan Research, March 2011

Looking at the four major insurers individually, there have been periods of positive and negative growth in policy numbers. In contrast, niche insurers such as APIA and Budget Direct have consistently gained policies over the same time period (see Chart 11).

Major insurers launched own low-cost brands

Chart 11: Net Gains/Losses from Switching – Vehicle Insurance



Data Source: Roy Morgan Research, March 2011

2. THE CURRENT FRONTIER: CONSUMER PURCHASING BEHAVIOUR

With gradual growth in market share by niche players, the major insurers have launched their own low-cost brands to compete in this space, with Suncorp introducing Bingle and IAG introducing The Buzz. This market will only become more competitive as more players enter the market (for example Virgin Money, Coles and Australia Post) and existing brands including Youi, Real Insurance and Progressive Direct continue to grow.

Further pressure on price has resulted from the growing popularity of websites that facilitate easy insurance product comparisons such as iselect, moneytime, ozecover and infochoice.

Summary

- The proportion of people holding insurance overall and by the specific categories, namely general insurance, risk and life insurance and other insurance, has not changed in the past four years.
- Looking at the general insurance market, obtaining insurance from the company directly is by far the most popular channel in which the policies are obtained with nearly 80% obtained via that channel. But of those who obtained the general insurance product directly from the insurance company, there has been a gradual decline in the use of the call centre, while the use the Internet has grown.
- New entrants in the general insurance market are still using the contact centre as the main channel to obtain their policy but the use of the online channel has increased by around 5% between late 2009 and the end 2010.
- More than half of general insurance consumers obtained a competitive quote at last renewal. This is an opportunity for products and services that encourage competitive quote seeking, such as insurance customised to behaviour and lifestyle. There is a significant increase in the likelihood (41%) of life insurance consumers to get a quote at next renewal.
- Satisfaction with the insurer may be another factor encouraging customers to shop around. Satisfaction levels have been gradually declining since 2008 for general insurance.
- The most popular reasons for switching insurance are related to price. This is most notable for vehicle insurance, where over 71% of people switched companies due to a price issue. 'Offered a product/policy just as good/better' is more common for household insurance switching.
- With niche insurers gradually winning market share with a price-based proposition (including low-cost brands from major insurers), growing price sensitivity and the rise of insurance comparison sites all point to greater competitive intensity in the market.

3. THE NEXT FRONTIER: HOW ATTRACTIVE AND VALUABLE IS THE MOBILE CHANNEL?

Section 2 provided insights on the current behaviours, motivations and expectations of consumers for insurance. We now turn to evaluating the 'next frontier' by examining the insurance industry's existing developments with mobile technologies and importantly, present new consumer research to determine the appeal of concepts that can be prospectively utilised to guide insurers' mobile innovation.

3.1 Methodology

This section has two parts. In 3.2 we take a look at the mobile applications (and associated features) that insurers in the United States and Australia have launched. The analytical frameworks presented in 3.3 were developed by Celent in the United States and published in North American SnAppshot: A Look at Mobile Apps Aimed at Insurance Consumers (November 2010) and North American SnAppshot, Life Version: Mobile Apps for Life Insurance and Annuity Consumers (February 2011). We have then extended Celent's analytical framework to evaluate the Australian market.

Section 3.3 is based on Telstra Consumer Research conducted during April 2011 to test appeal and impact on consideration, satisfaction, loyalty and advocacy for the following concepts:

1. Insurance customised to your behaviour and lifestyle,
2. Managing/keeping your insurance coverage up to date,
3. Mobile applications to suit your circumstances,
4. Mobile applications to make it easier to apply for insurance, and;
5 Applications that make it easier to make claims/payments/quotes or enquiries.

3.2 North American & Australian Insurance Mobile Application Activity

3.2.1 Approach

The evaluation focused on eleven life insurers and financial services companies and ten property/casualty (P & C) insurers in the US. No Australian life insurers were identified offering applications and only two general insurers in Australia. The results reflect advertised functionality at time of research. The applications targeted life insurance as well as long-term care, retirement, and annuity consumers, and P&C insurance.

The applications we found were evaluated for a number of key features, as described in Table 4.

3. THE NEXT FRONTIER: HOW ATTRACTIVE AND VALUABLE IS THE MOBILE CHANNEL?

Table 4: App Features

Feature	Description
Connected	Is the app connected to the Internet?
Transactional	Is the app connected to the insurer's systems?
Location Aware	Does the app offer features based on current position?
Social	Does the app connect to social networking websites?
Data	Does the app provide access to proprietary data, or have features that rely on a significant amount of data?
Media	Does the app provide access to audio or video media?
Game	Is the app a game?

Source: Celent November 2010

As part of the survey, the applications displayed a number of classes of functionality summarised in Table 5. The intent here was to capture common functions performed by the applications rather than completely defining all functions of the app. Claim and Help functionality exist in the P&C applications, but not the life applications, which is not surprising.

Table 5: App Functions

Function Category	Description
Claims	The ability to submit details about a claims incident.
Product Information	Provides information on different types of insurance and/or annuity products offered by the insurer.
Account	Allows the insured to view the details of their insurance policy and possibly pay bills.
Agent	Uses location aware facilities of the phone to find local agents able to quote and sell the insurers products.
Help	Uses location-aware facilities of the phone to find local repairers and rescue services. Typically the search returns approved or insurer-preferred providers
Data	Allows users to manage their data, for instance allowing the user to input personal financial information into life value calculators.
Quote	Offer a quote for insurance directly on the phone.
Contact Company	Allows for user to get in touch with an agent/representative from the company; may also mean access to the company's website.

Source: Celent November 2010

3. THE NEXT FRONTIER: HOW ATTRACTIVE AND VALUABLE IS THE MOBILE CHANNEL?

Most common platform in the US was iPhone and Android and Blackberry platforms starting to take off

Platform Support

The most popular platform for insurers was the iPhone, or more accurately, the iOS platform. Investment in the Android and Blackberry platforms is starting to take off, with insurers porting their iPhone applications to these operating systems. With three different operating systems at practically equal levels of penetration and Microsoft's Windows Phone Series just entering the market, insurers must decide whether to develop mobile applications for each, or choose one and hope that it's a winner.

Due to the focus on applications, Symbian platforms weren't considered in this study. Symbian released its App Store equivalent in late 2010, and adoption in the USA and Australia has been very low.

Most insurers opted to first build their iPhone applications, and then moved to leverage design and functionality

The Evolution of Features

Table 6, Table 7 and Table 8 show the features of the applications discovered as part of the survey. Based on our analysis most of the insurers we examined opted first to build their iPhone applications, then moved to leverage that investment in design and functionality to subsequent platforms. Considering the current state of adoption of phones by platform, this is mildly surprising. For example, BlackBerry devices outnumber iPhones in use in the US by a wide margin. But we believe that Apple's iPhone has the "buzz" factor that other platforms lack and a well-established app infrastructure. Insurers appear to have leveraged Apple's strong consumer satisfaction, while at the same time borrowed heavily from Apple's app design constructs. Now that the first wave of app development is complete, this dynamic should change. We expect the sheer number of phones in use by platform to impact insurer decisions going forward.

iPhone applications were found to be mostly connected directly to insurers systems and strong adoption of services oriented architecture technologies

iPhone Applications

Table 6 is focused on the iPhone. The applications are mostly connected, with many connecting directly to insurer systems— enabled by strong adoption of service-oriented architecture (SOA) technologies in tier one P & C and general insurers. Location-aware features are also common. Only two Australian general insurers were identified as offering iPhone Applications.

3. THE NEXT FRONTIER: HOW ATTRACTIVE AND VALUABLE IS THE MOBILE CHANNEL?

Table 6: iPhone App Features

Name	Connected	Transac-tional	Location Aware	Social	Data	Media	Game
Allstate: Digital Locker	•						
Allstate: Allstate Mobile	•	•					
Allstate: Allstate Motor Club	•	•	•				
Allstate: What's Your Life Worth?					•		
American Family: My Amfam	•	•	•		•		
AXA: Financial ToolSet					•		
Farmers Insurance: iFarmers	•	•			•	•	
Farmers Insurance : Balloon Ride							•
Geico: Geico Glovebox	•	•	•	•		•	
Geico: Snap Quote	•						
Legal & General America: MobilQuote					•		
Liberty Mutual: Driver Seat Game							•
MetLife: MetLife Annuities						•	
Nationwide: Nationwide Mobile	•	•	•				
Nationwide: Cartopia	•				•		
New York Life: Virtual Service Center*	•	•	•		•	•	
Progressive							
Progressive: Route-Rageous	•			•			•
Principal Financial Group America Rebuilds*	•				•		
SBLI*							
State Farm: Pocket Agent	•	•	•				
State Farm: Steer Clear Mobile						•	
The Hartford: The Hartford Mobile	•	•	•				
TIAA-CREF: Savings Simplifier	•				•	•	•
Transamerica: TransQuote					•		
Travelers: Auto Accident Help	•	•	•				
Just Car: (Australian general)		•	•		•		
NRMA: (Australian general)	•	•			•		

Source: Celent & Telstra
*Mobile Optimized Websites
Geico Glovebox social features only available on iPad.

3. THE NEXT FRONTIER: HOW ATTRACTIVE AND VALUABLE IS THE MOBILE CHANNEL?

Android applications leveraged existing assets and infrastructure and mimic iPhone features

Android Applications

Insurers that had already invested in Android applications have clearly leveraged their existing assets and infrastructure. All the released applications mimic the features of their iPhone siblings. Game applications and pure media applications have not migrated to the Android platform. This points to a convergence in functional applications, as opposed to those that mimic brochureware or information websites. No Australian general or life insurers were identified as offering Android applications.

Table 7: Android App Features

Name	Con-nected	Trans-ac-tional	Loca-tion Aware	Social	Data	Media	Game
Allstate: Allstate Mobile	•	•					
Farmers Insurance: iFarmers	•	•			•	•	
Geico: Geico Glovebox	•	•	•			•	
New York Life: Virtual Service Center*	•	•	•		•	•	
Progressive	•	•	•		•	•	
Principal Financial Group America Rebuilds*	•				•		
SBLI*	•				•		
State Farm: Pocket Agent	•	•	•				
Transamerica: TransQuote					•		

Source: Celent & Telstra
*Mobile Optimized Websites

RIM Applications

Similar to Android applications, RIM applications have clearly leveraged the insurers' existing assets and infrastructure. All the released applications mimic the features of their iPhone siblings. No Australian general or life insurers were identified offering Android applications.

3. THE NEXT FRONTIER: HOW ATTRACTIVE AND VALUABLE IS THE MOBILE CHANNEL?

Table 8: RIM App Features

Name	Con-nected	Trans-ac-tional	Loca-tion Aware	Social	Data	Media	Game
American Family: My Amfam	•	•	•		•		
Farmers Insurance: iFarmers	•	•			•	•	
New York Life: Virtual Service Center*	•	•	•		•	•	
Principal Financial Group America Rebuilds*	•				•		
SBLI*	•				•		
Transamerica: TransQuote							

Source: Celent & Telstra
*Mobile Optimized Websites

The features of the applications suggest a slow adoption of the mobile channel, particularly in Australia. In our conversations with insurers, we found that most life insurers are just beginning to investigate mobile applications, and most think it is not yet necessary to have an app presence. This is a significant contrast with P&C insurers, who broadly view having an app as the cost of doing business.

App Functionality

Table 9 provides a view of the high-level functionality available in insurer applications. There is little consistency so far in the functionality that life insurer applications offer to consumers. Some insurers such as AllState and AXA offer simple calculators, while others like American Family and New York Life attempt to provide a virtual service centre.

3. THE NEXT FRONTIER: HOW ATTRACTIVE AND VALUABLE IS THE MOBILE CHANNEL?

Table 9: iPhone App Functions

Name	Claims	Product	Account	Agent	Help	Contact	Date	Quote
Allstate: Digital Locker							•	
Allstate: Allstate Mobile	•		•					
Allstate: Allstate Motor Club	•		•		•			
Allstate: What's Your Life Worth?							•	
American Family: My Amfam			•	•		•		
AXA: Financial ToolSet							•	
Farmers Insurance: iFarmers			•	•		•		•
Farmers Insurance : Balloon Ride								
Geico: Geico Glovebox	•		•	•	•			•
Geico: Snap Quote								•
Legal & General America: MobilQuote								•
Liberty Mutual: Driver Seat Game								
MetLife: MetLife Annuities		•						
Nationwide: Nationwide Mobile	•		•	•	•			
Nationwide: Cartopia				•				
New York Life: Virtual Service Center*		•	•	•		•		
Progressive	•		•	•	•			•
Progressive: Route-Rageous								
Principal Financial Group America Rebuilds*						•	•	
SBLI*		•				•		•
State Farm: Pocket Agent	•		•	•	•			
State Farm : Steer Clear Mobile							•	
The Hartford: The Hartford Mobile	•		•		•			
TIAA-CREF: Savings Simplifier		•	•	•		•	•	
Transamerica: TransQuote								•
Travelers : Auto Accident Help	•			•	•			
Just Car: (Australian general)	•		•		•	•		•
NRMA: (Australian general)	•	• •						

Source: Celent & Telstra

*Mobile Optimized Websites

3. THE NEXT FRONTIER: HOW ATTRACTIVE AND VALUABLE IS THE MOBILE CHANNEL?

Once again the Android and RIM applications noted in Table 7 and Table 8 largely mimic their iPhone siblings.

Table 10: Android and RIM App Functions

Name	Claims	Product	Account	Agent	Help	Contact	Data	Data-Quote
Allstate: Allstate Mobile	•		•					
American Family: My Amfam			•	•		•		
Farmers Insurance: iFarmers			•	•		•		•
Geico: Geico Glovebox	•		•	•	•			•
New York Life: Virtual Service Center*		•	•	•		•		
Progressive	•		•	•	•			•
Principal Financial Group America Rebuilds*						•	•	
SBLI*	•					•		•
State Farm: Pocket Agent	•		•	•	•			
Transamerica: TransQuote								•

Source: Celent
*Mobile Optimized Websites

3.3 Australian Consumer Research

The findings suggest that innovation through mobile-enabled technology has potential to deliver growth through greater loyalty and category growth

The previous section highlighted the relatively low level of mobile application and services activity within the Australian market (with no life insurance examples identified). Therefore, Telstra commissioned research to assess whether a number of mobile-enabled insurance concepts appealed to Australian consumers. We also identified which concepts have the potential to increase satisfaction, advocacy and loyalty with insurers for those currently insured or drive category entry among the uninsured.

As a whole, the findings suggest that innovation through greater usage of mobile-enabled technology has the potential to deliver growth for insurers through both greater customer loyalty and category growth. Mobile-enabled technologies can deliver benefits valued by consumers including:

Benefits valued by consumers include greater convenience, personalisation and fairer premiums

- Greater convenience
- Personalisation
- Fairer premiums.

Mobile technologies also provide insurers with the opportunity to create a more interactive and ongoing relationship with their customers, thereby changing the commoditised, purely transactional nature of the market.

3. THE NEXT FRONTIER: HOW ATTRACTIVE AND VALUABLE IS THE MOBILE CHANNEL?

3.3.1 Concepts Tested

The following five concepts were tested at an overall level and Concepts 1, 2, and 3 were also tested in the context of specific insurance types (i.e. with examples of the concept that pertained to that type of insurance.

Concept 1:Insurance Customised To Your Behaviour And Lifestyle	Insurance where your premium is calculated according to your specific usage patterns. Because you are only paying for what you use, the key benefit of this concept is that it will result in a fairer premium. Insurance Types: Motor
Concept 2: Tools To Keep Your Insurance Coverage Up To Date	Tools that make it easy for you to keep your insurance coverage at the right level. These may take the form of mobile phone applications or regular alerts sent to your phone. These tools aim to provide convenience (easy access wherever you are) and peace of mind (always knowing you have the right coverage). Insurance Types: Home or Contents
Concept 3: Mobile Applications To Suit Your Circumstances/Location	These are mobile applications that provide you with relevant information depending on where you are to help you make the most of your insurance cover or alert you to possible insurance risks. Also allows you to easily get in touch with the right agent or representative from your insurer. The key benefits of these applications are convenience (saving you time) and safety/ reassurance (helping protect you and your assets). Insurance Types: Motor, Home or Contents, Life
Concept 4:Mobile Applications To Make It Easier To Apply For Insurance	Mobile applications that speed up the process of applying for insurance, or finding information about types of insurance policies available. These applications may allow you to do the following. • Take photos on the spot with your phone and send them to the insurer in real time to get a quick quote • Share documents with your consultant on the spot while on a call • Receive a quote and accept the offer directly via your mobile phone. The key benefit is a quick and easy enquiry and application process. This concept can apply to all types of insurance. Insurance Types: Motor, Home or Contents, Life
Concept 5: Mobile Applications To Make It Easier To Make Claims, Enquiries Or Payments	Mobile applications that speed up the process of making insurance claims, enquiries or payments to your insurer. These applications may allow you to do the following. • Take photos and send them to your risk assessor or claims assessor while you are on the call with them • View and modify details of your insurance policy • Send enquiries or make payments to your insurer on the go via your mobile phone. The key benefits are faster and easier processing of claims and management of your insurance policies. This concept can apply to all types of insurance.

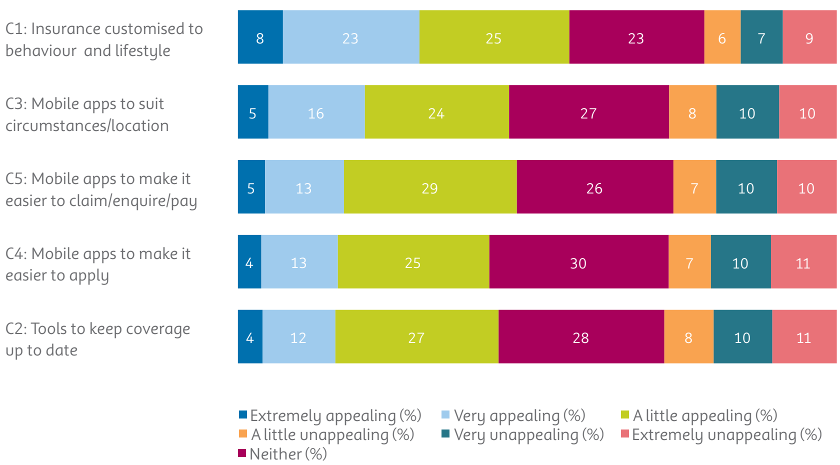
3. THE NEXT FRONTIER: HOW ATTRACTIVE AND VALUABLE IS THE MOBILE CHANNEL?

2 in 5 consumers finding each concept appealing – if offered all concepts, almost half find at least 1 concept extremely or very appealing

3.3.2 Appeal of Concepts

Each concept tested had a broad level of appeal among Australians, with at least two in five finding each concept appealing (see Chart 12). For each concept, the proportion who found it to be appealing was significantly higher than those who found it unappealing. If an insurer were to offer all five concepts, almost half (48%) of the participants would find at least one of the concepts to be extremely or very appealing.

Chart 12: Overall Appeal of Concepts



Data Source: Telstra Research, April 2011

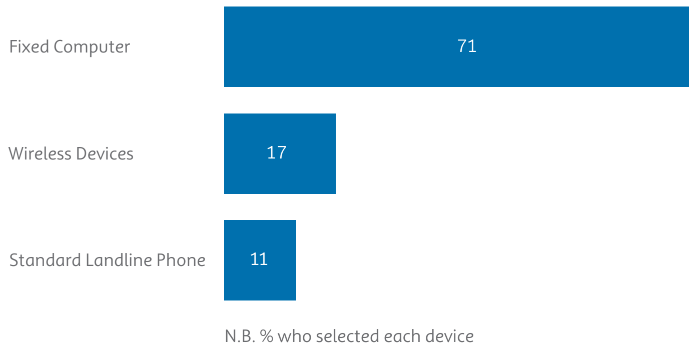
The next sections outline the appeal of concepts specifically for searching for information on insurers (Concept 4) and interacting with insurers (Concept 5), followed by a discussion of the appeal of concepts for different insurance types.

3.3.3 Searching for Information about Insurers - Concept 4

This research identified that wireless devices are now firmly fixed as part of the landscape in terms of searching for information about insurers. Wireless devices (including laptops on the go, smart phones, standard mobile phones and mobile tablets) are the most convenient device to use to find information for 17% of insurance consumers. It would be expected as penetration of these devices increases over time, their use to search for information will also continue to grow (see Chart 13).

17% of consumers using wireless devices to search for insurance information

Chart 13: Device Used When Searching for Information on an Insurer



Data Source: Telstra Research, April 2011

Concept 4 held some potential to alter perceptions of insurance and drive both category entry and positively impact on advocacy, satisfaction and loyalty measures for insurers.

42% of consumers found mobile applications to make it easier to apply for insurance appealing

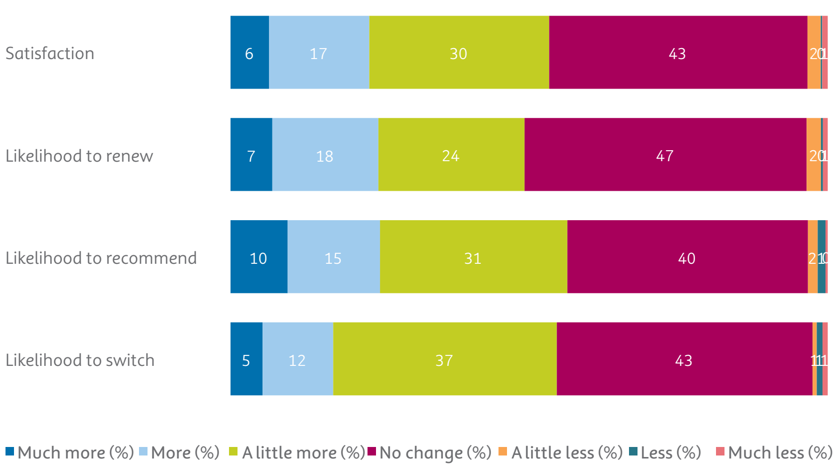
The concept had a strong level of overall appeal, with over two in five (42%) of all respondents finding the concept at least a little appealing. When presented with the concept, the key reasons why it appealed to them related to the themes of quick and easy access, with specific mentions of the appeal of the idea of relaying photos to an assessor coming through as one of the top responses.

Introduction of the concept is likely to have some impact on satisfaction with over half (53%) of those who found the concept appealing, indicating they would be at least a little more satisfied with their current insurer if this concept was implemented. Advocacy and loyalty are also likely to benefit, with around half at least a little more likely to recommend their insurer to friends, family or colleagues (56%) and just under half (49%) would be at least a little more likely to renew with their insurer (see Chart 14).

3. THE NEXT FRONTIER: HOW ATTRACTIVE AND VALUABLE IS THE MOBILE CHANNEL?

If offered mobile applications to make it easier to apply for insurance, over half of consumers would be more satisfied, more likely to renew, advocate and switch

Chart 14: Concept 4 – Impact on Satisfaction, Loyalty, Advocacy, Switching

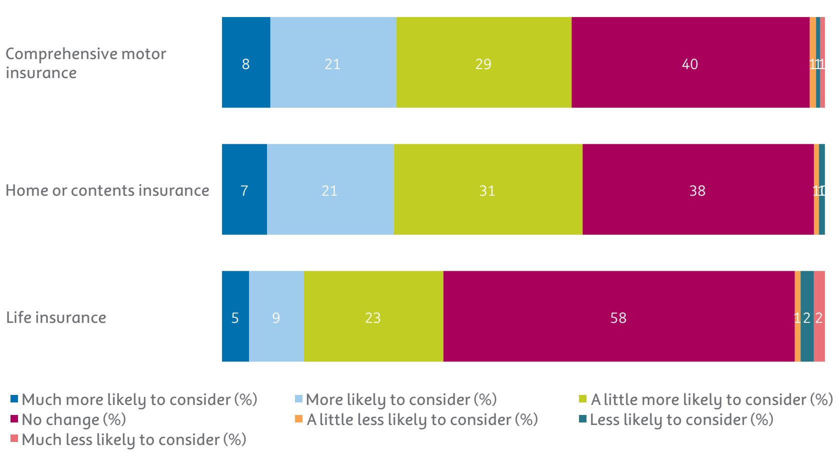


Data Source: Telstra Research, April 2011

Concept 4 also has strong potential to drive category entry in the general insurance space, with just under three in five (58%) who do not have motor insurance at least a little more likely to consider taking up insurance. A similar proportion (60%), were also a little more likely to consider taking up home or contents insurance. The concept also had good potential for category entry in life insurance (37%) (see Chart 15).

If offered mobile applications to make it easier to apply for insurance, 58% of uninsured consumers would be more likely to consider taking up motor insurance, 60% home insurance and 37% life insurance

Chart 15: Concept 4 – Impact on Category Entry



Data Source: Telstra Research, April 2011

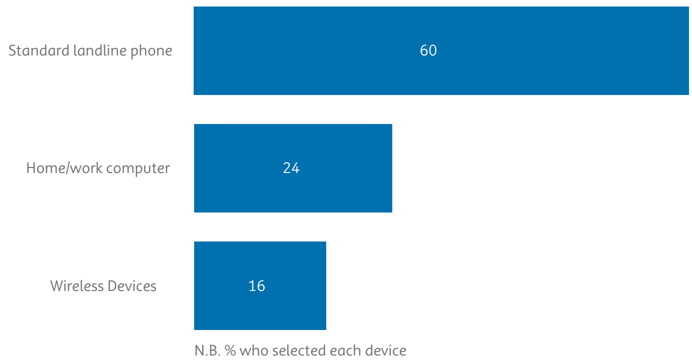
3. THE NEXT FRONTIER: HOW ATTRACTIVE AND VALUABLE IS THE MOBILE CHANNEL?

3.3.4 Interactions with Insurers – Concept 5

Wireless devices are seen by a growing proportion of Australians as the most convenient way to interact with an insurer when making claims or enquiries. While the standard landline phone is the most convenient choice for 60% of those who currently have insurance, 16% of Australians use wireless devices (including laptops on the go, smart phones, standard mobile phones and mobile tablets) quoting them as the most convenient method of interaction. This rapidly closes the gap between Home/Work Computer (see Chart 16). Again, it would be expected that increases in penetration of these devices will also likely see an increase in the use of these devices to interact with insurers.

16% of consumers prefer to use wireless devices to interact with their insurers for claims/enquiries

Chart 16: Most Convenient Channel for Claims/Enquiries



Data Source: Telstra Research, April 2011

3. THE NEXT FRONTIER: HOW ATTRACTIVE AND VALUABLE IS THE MOBILE CHANNEL?

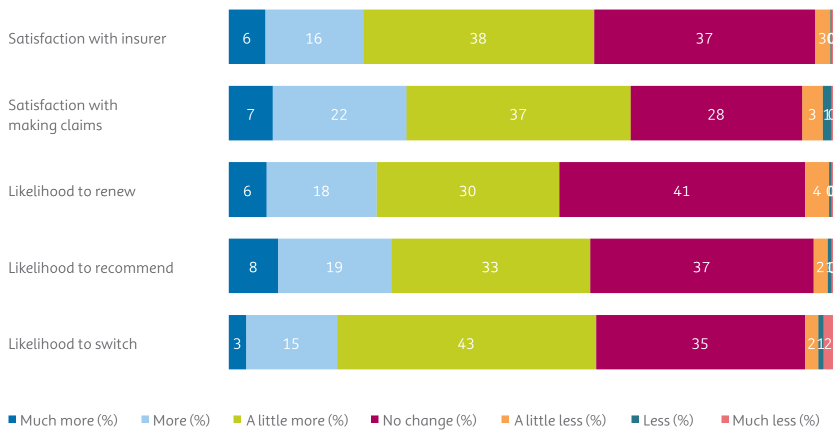
Concept 5 (mobile applications to make it easier to make claims, enquiries or payments) held potential to impact perceptions of insurers and drive both category entry and positively impact on advocacy, satisfaction and loyalty measures for insurers.

The concept had a strong level of overall appeal, with just under half (47%) of all respondents finding the concept appealing. As with Concept 4, initial reactions as to what appealed the most focused around themes of accessibility, both in terms of speed and ability to access from anywhere, with specific mention of the appeal of the idea of relaying photos to an assessor coming through among the top responses.

This concept has potential to positively impact perceptions of insurers among current customers. Among those who found the concept appealing, the introduction of the concept would likely increase satisfaction at least a little bit for three in five (60%) and increase satisfaction with claims for two in three (67%). Advocacy and loyalty are also likely to benefit as three in five were at least a little more likely to recommend their insurer to friends, family or colleagues (60%) and just over half (55%) would be at least a little more likely to renew with their insurer (see Chart 17).

Just under half (47%) of consumers found mobile applications that make it easier to claim, make enquiries or pay appealing and the concept is likely to increase satisfaction, advocacy, loyalty and switching

Chart 17: Concept 5 – Impact on Satisfaction, Loyalty, Advocacy, Switching



Data Source: Telstra Research, April 2011

Concept 5 also has strong potential for category entry in the general insurance space, with just over two in three (66%) who do not have motor insurance at least a little more likely to consider taking up insurance, and a similar proportion (62%) at least a little more likely to consider taking up home or contents insurance. This concept also had moderate potential for category entry in life insurance (33%) (see Chart 18).

3. THE NEXT FRONTIER: HOW ATTRACTIVE AND VALUABLE IS THE MOBILE CHANNEL?

If offered mobile applications to make it easier to apply for insurance, 66% of uninsured consumers would be more likely to take up motor insurance and 33% life insurance

Chart 18: Concept 5 – Impact on Category Entry – General Insurance

Data Source: Telstra Research, April 2011

3.3.5 Appeal of Concepts by Insurance Types

The next section will focus on the potential each concept has when applied specifically to insurance types, focusing specifically on the motor and home or contents insurance categories.

3.3.5.1 Motor Insurance

Motor vehicle insurance has a high potential level of turnover enabled by growth of comparison websites

As highlighted in section 2.5, the motor insurance category shows a high potential level of turnover. This research identified that three in five (60%) were obtaining a competitive quote at their last renewal, and one in five (22%) switching at this point in time. This can partly be attributed to the growth of comparison websites, which currently are used by two in five (41%) to find out about insurance.

Concept 1 (insurance customised to behaviour and lifestyle) held particularly strong appeal for the category of motor insurance and has the potential to significantly impact perceptions of insurance.

> Example: where your premium is calculated based on how often you use your car, how far you drive, and where you drive or park your car. This information is accurately captured by a telematics type device installed in your car and transmitted back to your insurer.

3. THE NEXT FRONTIER: HOW ATTRACTIVE AND VALUABLE IS THE MOBILE CHANNEL?

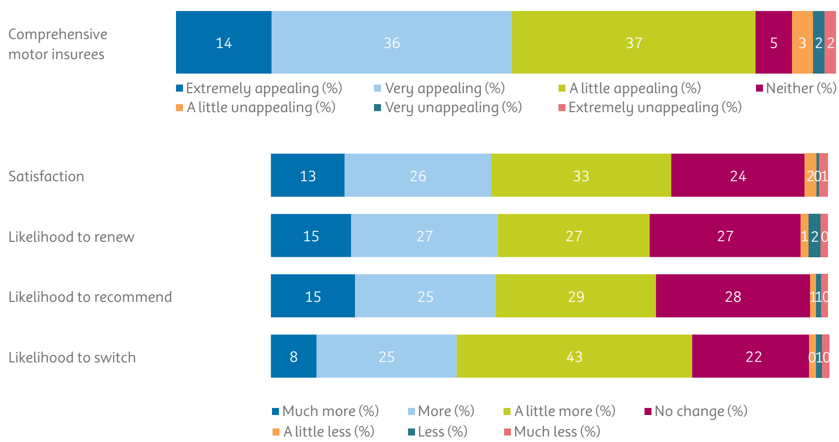
Almost half (49%) of consumers with motor vehicle insurance found customised insurance to behaviour & lifestyle appealing – the concept is likely to increase satisfaction, advocacy, loyalty and switching.

Almost half (49%) who currently hold motor insurance found the concept as applied to motor insurance appealing (see Chart 19).

This concept has potential to increase the likelihood to switch, with three in four (76%) at least a little more likely to consider switching if another insurance company were to offer this product.

Introduction of the concept is likely to have some impact on satisfaction levels with over seven in ten (72%) of those who found the concept appealing. This would indicate they would be at least a little more satisfied with their current insurer if this concept was implemented. Advocacy and loyalty are also likely to benefit as seven in ten (69%) would be at least a little more likely to renew with their insurer and at least a little more likely to recommend their insurer to friends, family or colleagues (70%).

Chart 19: Concept 1 – Comprehensive Motor Insurance Customised to Behaviour & Lifestyle – Impact on Existing Customers



Data Source: Telstra Research, April 2011

If offered, 70% of uninsured consumers would be more likely to take up motor vehicle insurance

Concept 1 also has strong potential for category entry, with over seven in ten (70%) of those who found the overall concept appealing and do not currently have motor insurance indicating they were at least a little more likely to consider taking up motor insurance.

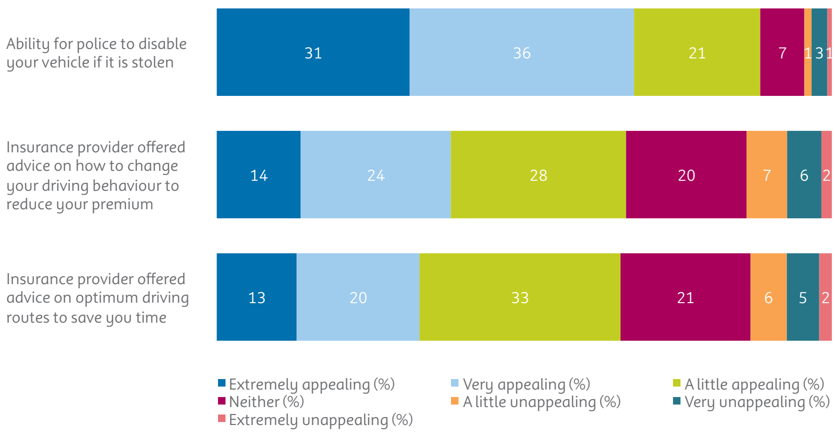
There was strong appeal for additional features alongside customised insurance, suggesting there is scope for insurers to provide value-added services with clear benefits to consumers, moving away from merely competing on price. Nearly all (88%) of those who found the overall concept appealing also found the ability for police to disable stolen vehicles appealing.

3. THE NEXT FRONTIER: HOW ATTRACTIVE AND VALUABLE IS THE MOBILE CHANNEL?

More than 2 in 3 consumers found additional features alongside of customised insurance to behaviour & lifestyle appealing

Additionally, those with motor insurance were fairly receptive to mobile communications from insurers. Insurers providing advice, both on how to change driving behaviour to reduce premiums and on optimum driving routes to save time, was welcomed by the majority, with two-thirds (67% and 66%, respectively) finding these concepts appealing (see Chart 20).

Chart 20: Concept 1 – Comprehensive Motor Insurance Customised to Behaviour & Lifestyle – Additional Features



Data Source: Telstra Research, April 2011

Concept 3 (mobile applications to suit your circumstances/location) also has the potential to impact perceptions of insurance and drive both category entry and positively impact on advocacy, satisfaction and loyalty measures for insurers.

Example: Save time and money with a GPS enabled application that connects you to nearby mechanics or automotive service centres approved by your motor insurer. Can also alert you on your mobile to potential risks depending on where you are (e.g. high car theft area).

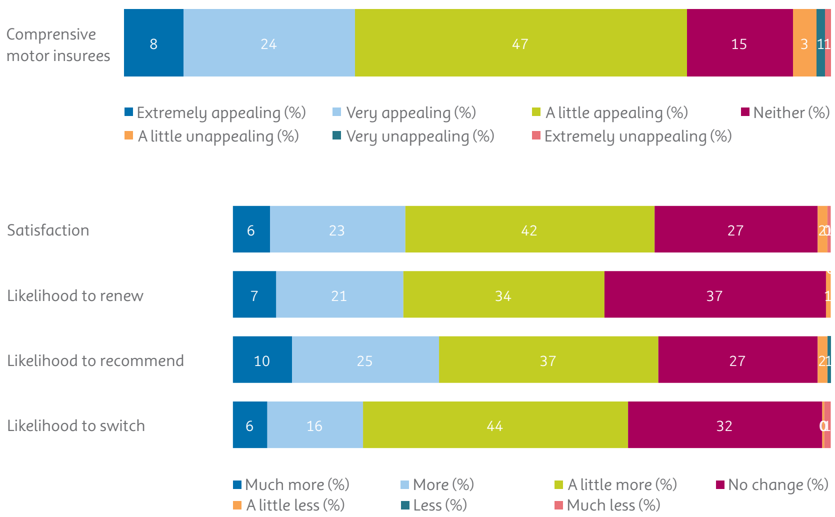
Mobile applications to suit individual circumstances appealed to 79% of consumers and would increase satisfaction, advocacy, loyalty and switching

This concept had a strong level of overall appeal. 79% who currently hold motor insurance found the concept as applied to motor insurance appealing. The top responses related to aspects of emergency/risk warnings, convenience, ease of access, helpfulness/usefulness and saving time. This concept has the ability to change the expectations and nature of relationship with the insurer, as demonstrated by this verbatim response to the appeal of the concept (see Chart 21):

“These apps offer more information than I would expect from an insurer so I'd feel I had access to great services”

3. THE NEXT FRONTIER: HOW ATTRACTIVE AND VALUABLE IS THE MOBILE CHANNEL?

Chart 21: Concept 3 – Mobile Applications to Suit Your Circumstances for Comprehensive Motor Insurance – Impact on Existing Customers



Data Source: Telstra Research, April 2011

This concept has potential to increase the likelihood to switch, with two in three (66%) at least a little more likely to consider switching if another insurance company were to offer this product.

If offered, mobile applications to suit individual circumstances, 64% of uninsured consumers would consider motor vehicle insurance

Introduction of the concept is likely to have some impact on satisfaction with over seven in ten (71%) of those who found the concept appealing indicating they would be at least a little more satisfied with their current insurer if this concept was implemented. Advocacy and loyalty are also likely to benefit as seven in ten are at least a little more likely to recommend their insurer to friends, family or colleagues (71%) and six in ten (62%) would be at least a little more likely to renew with their insurer.

This concept also has strong potential for category entry, with just under two in three (64%) of those who found the overall concept appealing and do not currently have motor insurance indicating they were at least a little more likely to consider taking up motor insurance.

3. THE NEXT FRONTIER: HOW ATTRACTIVE AND VALUABLE IS THE MOBILE CHANNEL?

3.3.5.2 Home or Contents Insurance

Home or contents insurance is a category that has potential for a degree of switching, with around half (51%) obtaining a competitive quote at their last renewal (see Chart 7) and 60% intending to (see Chart 8). Mobile applications making it easier to get quotes or apply for insurance are likely to take advantage of the nature of this market and enable insurers with those applications to entice customers to take up their services.

Tools to help you keep insurance coverage up-to-date appealed to 44% of consumers and would increase satisfaction, advocacy, loyalty and switching

Another key challenge for home or contents insurers is relatively poor satisfaction. Mobile applications that allow consumers to make claims, enquiries or payments are likely to have some impact in improving satisfaction with home or contents insurers, subsequently improving advocacy and loyalty (and reducing the likelihood to switch).

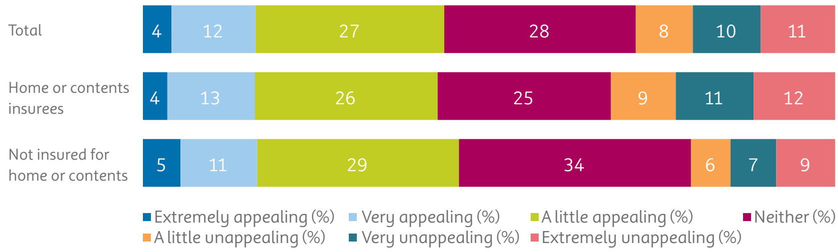
Concept 2 (tools to keep your insurance coverage up to date) has potential to impact perceptions of insurance and drive category entry. It is also likely to positively impact on advocacy, satisfaction and loyalty measures for insurers.

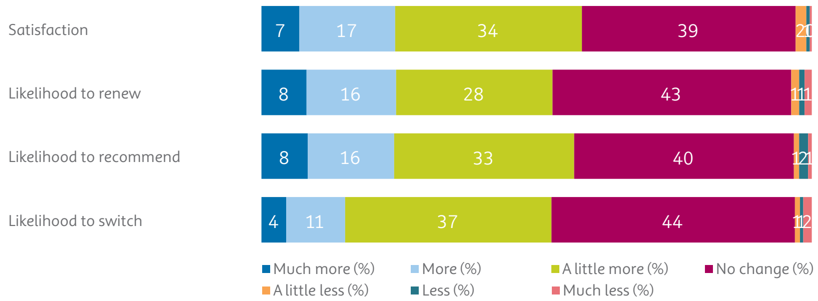
> Example: A mobile phone application that makes it easy to record details, collect and store evidence (e.g. photos of items, receipts & associated paperwork) so that your home or contents coverage always matches your assets. You can also receive regular alerts or reminders that allow you to add new items to your current policy easily and quickly

This concept had a strong level of overall appeal, with over two in five (44%) finding the concept appealing. The top responses related to the appeal of the concept focused on the themes of ease of keeping records up to date (see Chart 22).

3. THE NEXT FRONTIER: HOW ATTRACTIVE AND VALUABLE IS THE MOBILE CHANNEL?

Chart 22: Concept 2 – Tools to Keep Your Home or Content Insurance Up To Date – Impact on Existing Customers





Data Source: Telstra Research, April 2011

This concept is likely to promote switching, as around half (53%) who found the concept appealing would be at least a little more likely to switch to another insurance company if they were offered this product as part of their insurance policy.

If offered tools to keep your home or content insurance up-to-date, 71% of uninsured consumers would consider taking up home or contents insurance

Introduction of the concept is likely to have some impact on satisfaction with over half (58%) of those who found the concept appealing indicating they would be at least a little more satisfied with their current insurer if this concept was implemented. Advocacy and loyalty are also likely to benefit with over half at least a little more likely to recommend their insurer to friends, family or colleagues (57%) and over half (53%) would be at least a little more likely to renew with their insurer.

It also has strong potential for category entry, with around seven in ten (71%) of those who found the overall concept appealing and do not currently have home or contents insurance indicating they were at least a little more likely to consider taking up insurance.

3. THE NEXT FRONTIER: HOW ATTRACTIVE AND VALUABLE IS THE MOBILE CHANNEL?

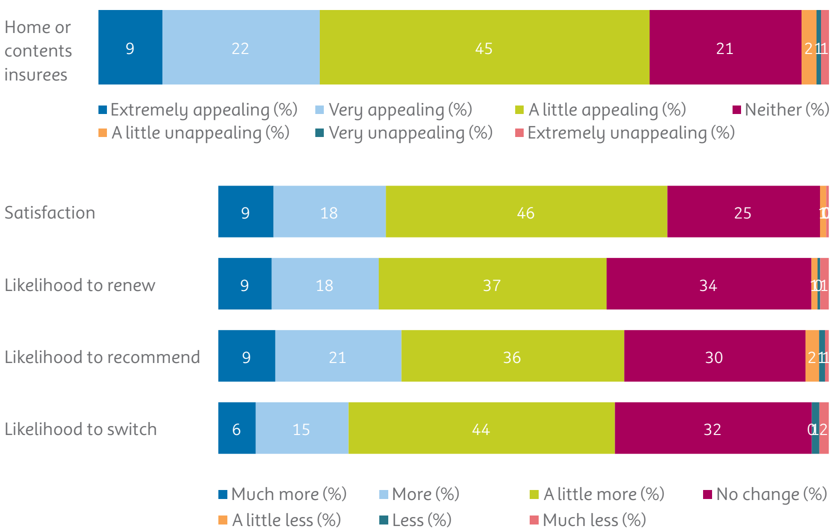
Mobile applications to suit individual circumstances appealed to 76% of consumers and would increase satisfaction, advocacy, loyalty and switching

Concept 3 (mobile applications to suit your circumstances/location) also has the potential to impact perceptions of insurance and drive both category entry and positively impact on advocacy, satisfaction and loyalty measures for insurers.

Example: Receive warnings of upcoming weather events in your area and advice on how to avoid damage based on your location.

This concept had a strong level of overall appeal when applied to home or contents. Just under one in three (32%) who currently held home or contents insurance found the concept, when applied to home or contents insurance, at least a little appealing (see Chart 23).

Chart 23: Concept 3 – Mobile Applications to Suit Your Circumstances for Home or Content Insurance up to Date – Impact on Existing Customers



Data Source: Telstra Research, April 2011

This concept is likely to promote switching, as two in three (65%) who found the concept appealing would be at least a little more likely to switch to another insurance company if they were offered this product as part of their insurance policy.

Introduction of the concept is likely to have some impact on satisfaction with three in four (74%) of those who found the concept appealing indicating they would be at least a little more satisfied with their current insurer if this concept was implemented.

Advocacy and loyalty are also likely to benefit as two in three are at least a little more likely to recommend their insurer to friends, family or colleagues (66%) and just under two in three (64%) would be at least a little more likely to renew with their insurer.

This concept also has strong potential for category entry, with just over half (54%) of those who found the overall concept appealing and do not currently have home or contents insurance indicating they were at least a little more likely to consider taking up insurance.

3.3.5.3 Life Insurance

Life insurers have the smallest proportion of promoters (21%) and the least satisfaction (65%)

The life insurance category faces some key challenges in terms of advocacy and satisfaction. Life insurance providers have the smallest proportion of promoters (those who rate advocacy as 9-10) 21% and as demonstrated in section 2.4, are the lowest in satisfaction scores (65%) amongst other categories. All concepts have shown some impact in increasing both advocacy and satisfaction and could be developed in the life insurance space to address these issues.

Section 2.1 also highlighted that Australians are underinsured, and it seems that Australians tend to overestimate the adequacy of their cover, with three in four (74%) believing they have adequate cover. Insurance customised to behaviour and lifestyle and mobile applications to keep insurance coverage up-to-date are concepts that could be developed in the life insurance space to improve coverage in Australia.

3. THE NEXT FRONTIER: HOW ATTRACTIVE AND VALUABLE IS THE MOBILE CHANNEL?

Summary

- USA life insurers are taking a cautious step into the world of consumer facing mobile applications. Unlike P&C insurers, where having the brand logo on a consumer's mobile phone was recognised as a cost-effective and rapid brand builder, life insurers have not looked at mobile applications as marketing opportunities.
- Life insurance applications are not fully transactional, and functionality is slow in coming. In comparison to P&C insurers who brought significant application functionality online in just 18 months, life insurers are not quickly investing in or investigating mobile applications.
- Australian life insurers are yet to commence the journey into mobile applications and only two general insurers were found to be offering iPhone based mobile applications.
- As a whole, the research findings suggest that innovation through greater usage of mobile-enabled technology has the potential to deliver growth for insurers through greater customer loyalty and category growth. Mobile-enabled technologies can deliver benefits valued by consumers including:
- Greater convenience
- Personalisation
- Fairer premiums
- Mobile technologies also provide insurers with the opportunity to create a more interactive and ongoing relationship with their customers, thereby changing the commoditised, purely transactional nature of the market.
- Each concept tested had a broad level of appeal among Australians, with at least two in five finding each concept appealing. For each concept, the proportion who found it to be appealing was significantly higher than those who found it unappealing.
- If an insurer were to offer all five concepts, almost half (48%) would find at least one of the concepts to be extremely or very appealing.

4. A ROADMAP TO THE NEXT FRONTIER: MOBILE COMMUNICATIONS TECHNOLOGIES

The preceding section confirmed the existence of the 'next frontier,' specifically the appeal and positive impact on satisfaction, loyalty, advocacy, consideration and the likelihood of switching associated with the concepts presented. Critically, if an insurer were to offer all five concepts, almost half (48%) would find at least one of the concepts to be extremely or very appealing. Section 2 further identified that, unlike the US market, most Australian insurers are yet to offer mobile-enabled technology services. This section therefore considers the 'road to the next frontier' by examining the customer and insurer's technology environment, providing a framework in this connected economy in which to prioritise between what is possible today with mobile technology, and what has potential for development over time.

4.1. The Consumer's Environment

Let us begin by looking at the technology system underpinning mobility as it pertains to the customer. If we were to characterise the Australian consumer today from a technology perspective, we would have to point to the following:

i) The mobile phone is increasingly the primary connected device for most consumers.

ii) The Internet is also increasingly about allowing devices to exchange data with other devices – M2M technology is enabling a vast array of wireless consumer electronic devices.

iii) Consumer engagement with mobile Internet expands the breadth of communication, information and transaction related services, and;

iv) Consumers have access to vast amounts of information about brand, products, services and providers, have tools to readily conduct research about them and have an increasing propensity to do so.

In short, we can characterise the consumer as:

Consumers are mobilised, connected and informed

- Mobilised,
- Connected, and;
- Informed.

We will now examine developments in consumer technology and usage patterns of that technology in each of the above three aspects.

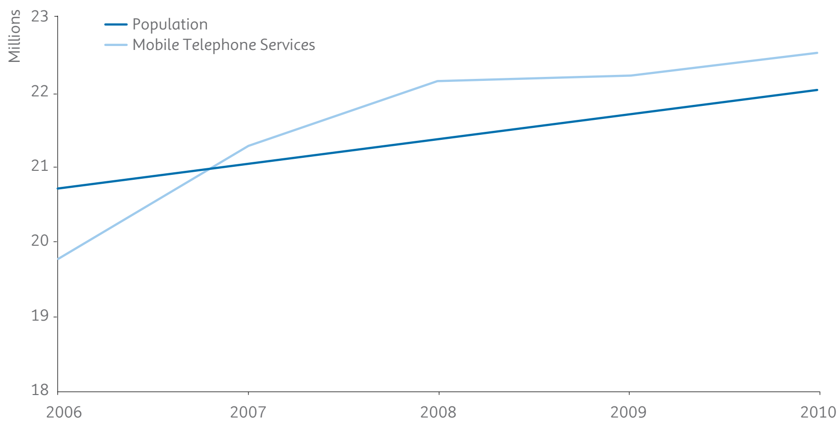
4. A ROADMAP TO THE NEXT FRONTIER: MOBILE COMMUNICATIONS TECHNOLOGIES

Australia is considered one of the world's most mature mobile markets and predicted that 2015, there will be 2.4 mobile devices per person

4.1.1 Mobilised – The Rise and Rise of Connected Mobile Devices

Australia is considered one of the world's most mature mobile phone markets. As shown in Chart 24[15] , there are generally considered to be slightly more active mobile phones in Australia than people[16] – a situation expected to continue for the foreseeable future. According to CISCO[17] , there will be an estimated 56 million mobile-connected devices in Australia in 2015, or approximately 2.4 devices for every person.

Chart 24: Mobile Telephone Services in Australia



Source data: Australian Communications and Media Authority Annual "Communications Report" Series from 2008 to 2010

Mobile handsets are generally divided into two classes:

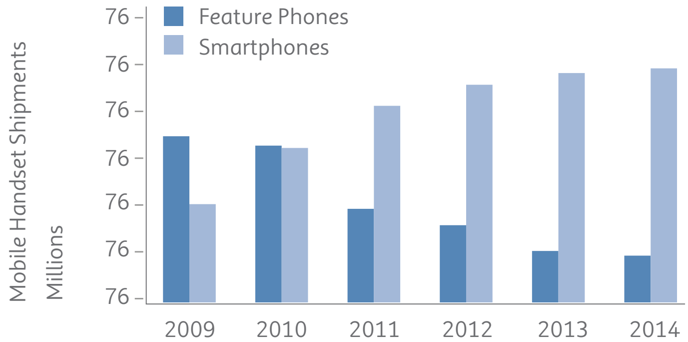
- **Feature phones** which have relatively basic functionality. These are typically lower cost handsets targeted at the lower end of the market. They have modest memory, small screens and are generally not well suited to add-on applications.
- **Smartphones** which are highly capable devices generally featuring large screens, powerful processors, ample memory and an array of sensors which can be employed by applications running on the handset.

Shipments of Smartphones now exceed that of feature phones

We are seeing a significant shift in the Australian handset market with shipments of Smartphones exceeding shipments of feature phones for the first time during late 2010 as depicted in Chart 25[18]. Globally, Smartphones are predicted to outnumber feature phones during 2011 and PCs by 2012[19]. Within a few years, the vast majority of Smartphones in use in Australia will be highly capable Smartphones as depicted in Chart 26[20].

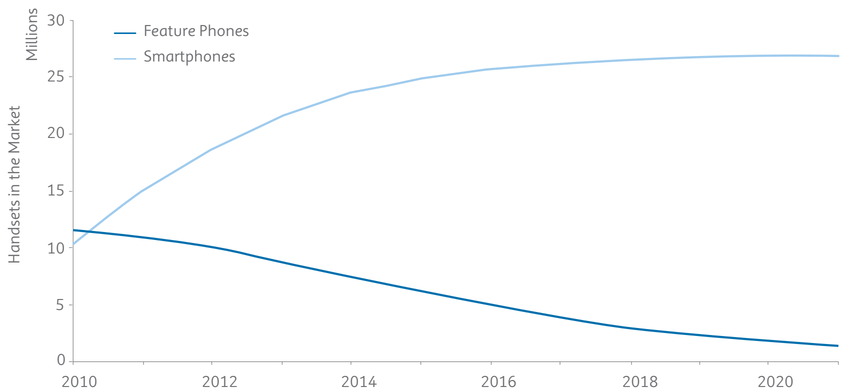
4. A ROADMAP TO THE NEXT FRONTIER: MOBILE COMMUNICATIONS TECHNOLOGIES

Chart 25: Shipments of Mobile Handsets in Australia



Source data: "Australian Quarterly Mobile Device 2010-2014 Forecast and Analysis (3Q10)", IDC, December 2010

Chart 26: Forecast for Australian Mobile Handsets in Operation



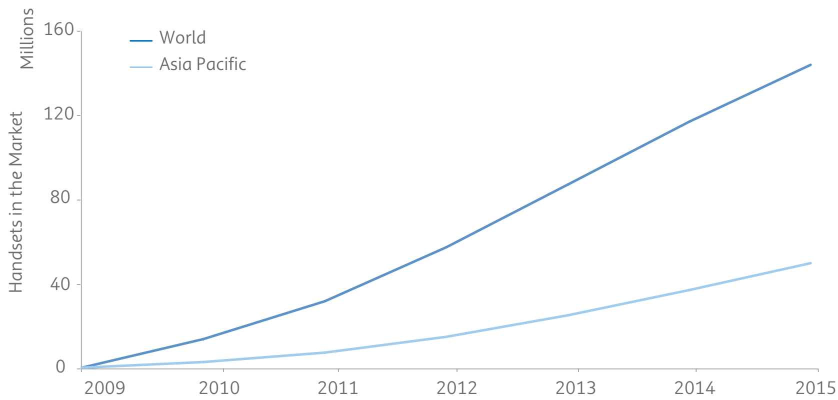
Source: Telstra Analysis 2011

4. A ROADMAP TO THE NEXT FRONTIER: MOBILE COMMUNICATIONS TECHNOLOGIES

Shipments of tablet devices have exploded in the Australian market

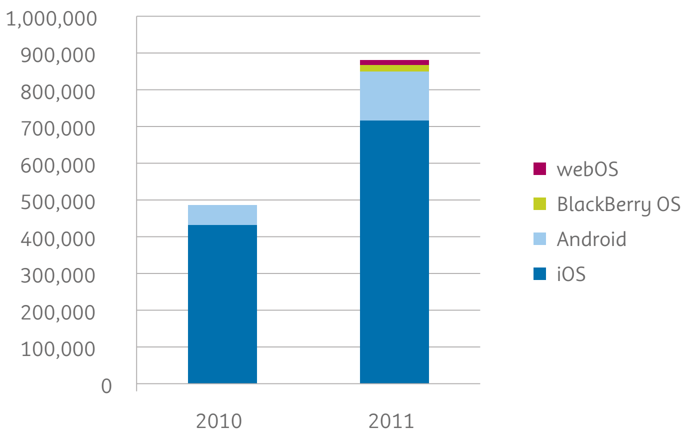
Of course, beyond the mobile phone, other connected mobile devices are playing a role in creating The Mobile Consumer. Laptop computers, tablet computers (such as Apple's iPad series and Telstra's T-Touch Tab) and other mobile Internet devices are rapidly gaining popularity as well, as indicated by Chart 27[21]. Many of these devices are connected to the Internet via high-speed wireless broadband networks such as Telstra's Next G® network. Chart 28[22] demonstrates the explosive arrival of tablets into the Australian market in 2010 expecting to double in unit shipments over 2011.

Chart 27: Shipments of Tablets and Other Mobile Internet Devices



Source data: "Tablets and Other Mobile Internet Devices Forecast: 2010–15", Ovum, November 2010

Chart 28: Australian Shipments of Tablets



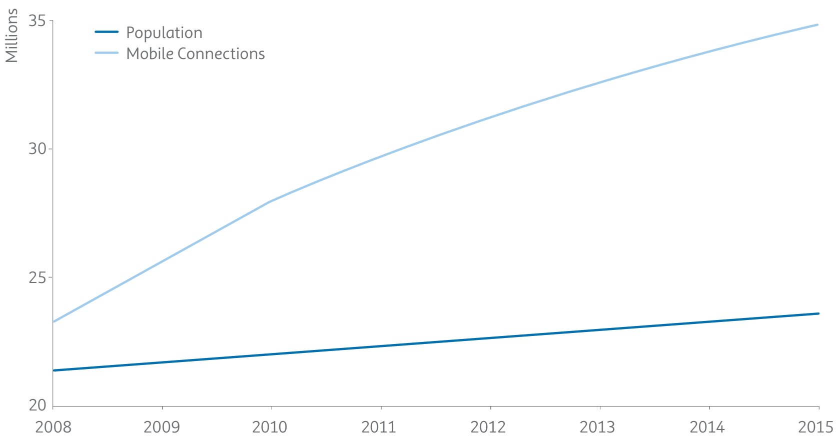
Source data: IDC Media Tablet Tracker, Q4, 2010

4. A ROADMAP TO THE NEXT FRONTIER: MOBILE COMMUNICATIONS TECHNOLOGIES

Chart 29 predicts the penetration of mobile connections in the population. These mobile devices are connected to the Internet on the same high speed wireless broadband networks as mobile phones. Ovum talks about "small-screen" connections to mobile networks (essentially mobile phones), and "big-screen" connections (or tablets, laptop PCs and mobile Internet devices). Chart 30 shows in their forecast that, at least for the next four years, the mobile Smartphone will continue to be the dominant connected device for the mobile consumer.

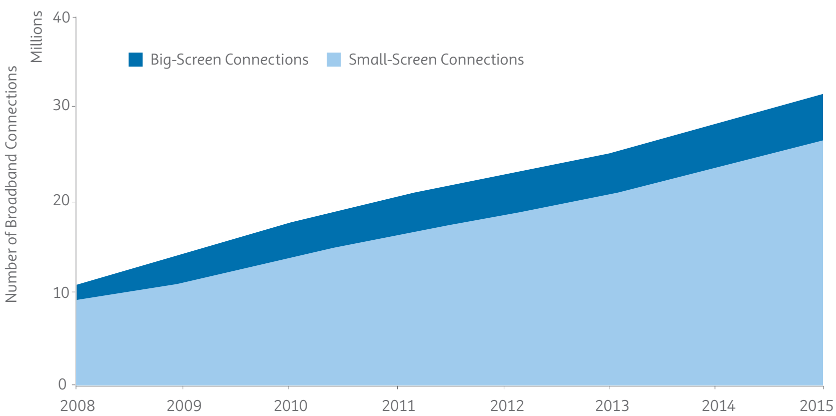
Over the next 4 years, it is predicted that Smartphones will continue to be the dominant connected mobile device

Chart 29: Australian Mobile Network Connections



Source data: "Mobile Voice and Data Forecast: 2010–15", Ovum, February 2011

Chart 30: Australian Wireless Broadband Connection Forecast



Source data: "Mobile Broadband Connections and Revenues Forecast: 2010–15", Ovum, March 2011

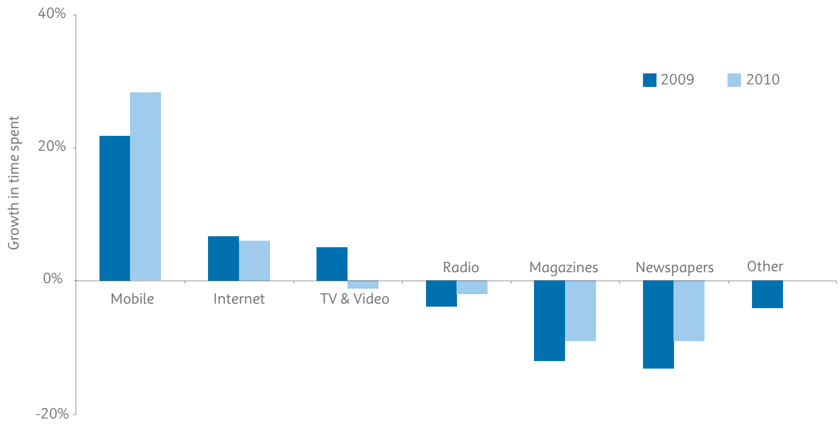
The role of the Smartphone as consumers "go to" device is actually strengthening. Research from digital market intelligence company eMarketer indicates that, for

4. A ROADMAP TO THE NEXT FRONTIER: MOBILE COMMUNICATIONS TECHNOLOGIES

Americans, the amount of time people spend engaging with their mobile phones has increased by almost 60% between 2008 and 2009 – by far the largest increase of any channel (see Chart 31)[23]. Much of the growing time share of the mobile can be attributed to the rise of mobile applications – or "mobile applications" – applications which can be easily purchased and downloaded directly via the mobile phone (or optionally via a PC connected to the mobile phone). Research by the Australian Mobile Media Industry Association[24] indicates that about 71% of users install six or more applications (see Chart 32)

71% of consumers installed 6 or more applications on their devices

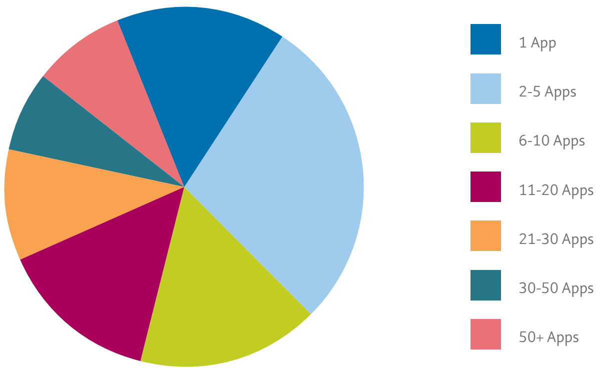
Chart 31: Changes in Time Spent Engaging with Media



Source data: "Trends in Consumer's Time Spent with Media", emarketer, December 2010. URL: http://www.emarketer.com/Article.aspx?R=1008138

4. A ROADMAP TO THE NEXT FRONTIER: MOBILE COMMUNICATIONS TECHNOLOGIES

Chart 32: Number of Applications Installed



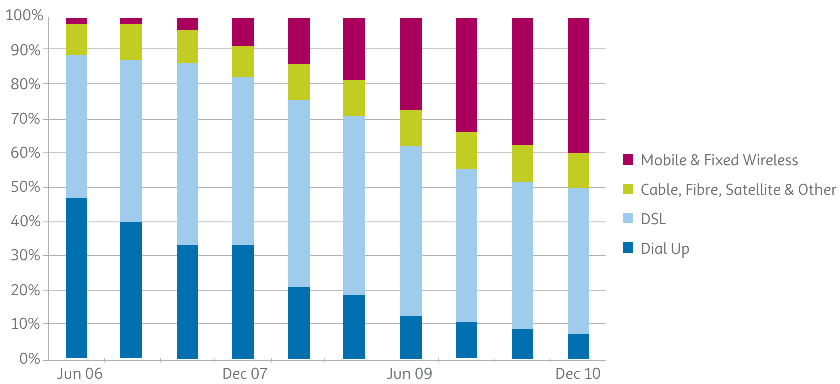
Source: Data from "Australian Mobile Lifestyle Index, 6th Edition", Australian Mobile Media Industry Association, October 2010

4.1.2 Connected – Mobile Internet

The significant shift in the Australian handset market correlates with the shift in the way consumers access the Internet. According to the Australian Bureau of Statistics[25], mobile broadband subscriptions surged from 2.8 million in December 2009 to 4.2 million in December 2010 and now represent 40% of all Australian Internet connections (see Chart 33).

Mobile broadband has surged to now represent 40% of total Internet connections with 8.2m mobile handset subscribers accessing the Internet over their phones

Chart 33: Proportion of Subscribers by Connection Type (a)



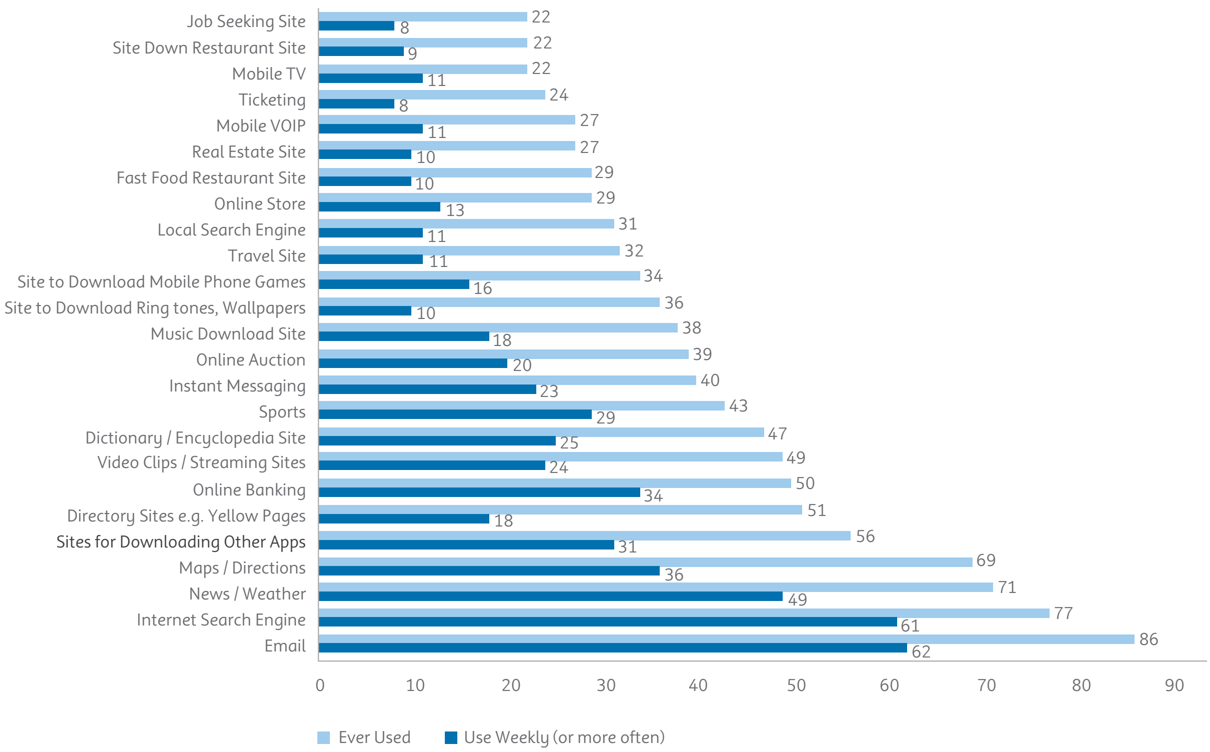
Source data: Australian Bureau of Statistics December 2010

4. A ROADMAP TO THE NEXT FRONTIER: MOBILE COMMUNICATIONS TECHNOLOGIES

This same data indicates that at the end of December 2010, there were 8.2 million mobile handset subscribers in Australia accessing the Internet over their mobile phones. This represents an increase of 21% from June 2010. So what are consumers accessing online with Smartphones? Telstra's Smartphone Index in October 2010[26] (see Chart 34) highlighted that:

- More than a third use mapping sites like Whereis Maps weekly.
- One in three use mobile banking weekly.
- Email and social networking sites are visited most frequently by Smartphone users.
- Nearly four in ten Smartphone Internet users access mobile email sites daily
- Almost a third of Smartphone owners use the mobile Internet to access social networking sites each day. One in five use mobile search sites like Google, Yahoo and Bing daily.
- One in ten visit instant messaging sites each day.

Chart 34: Mobile Internet – Sites Used & Frequency



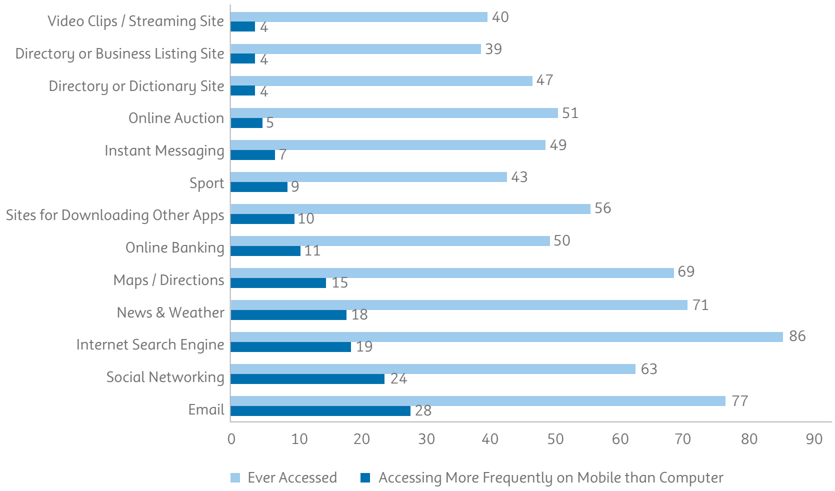
Source data: Telstra Smartphone Index October 2010

Importantly, the transition of the online channel from the PC environment to the Smartphone is now in full swing in Australia. Chart 35 highlights many Smartphone owners visiting certain sites on their mobiles more frequently than they do via a desktop or laptop computer. According to CISCO[27] , in Australia, there will be an estimated 4.5 million mobile-only Internet users in 2015.

4. A ROADMAP TO THE NEXT FRONTIER: MOBILE COMMUNICATIONS TECHNOLOGIES

The transition of the online channel from the PC to the Smartphone is now in full swing. It is estimated that by 2015, 4.5m Australians will only access the Internet on mobile devices

Chart 35: Transition from PC to Smartphone Internet



Source data: Telstra Smartphone Index October 2010

Insurers will need to commence development of mobile channel

The key point here is that 34% of Australia mobile Internet users are predicted to become mobile-only users and so insurers will need to complement their PC based online channel with one focused on the mobile device.

Importantly, the connected mobile customer is; searching, communicating, locating, planning, entertaining, socialising, informing, influencing, transacting and booking – these are the key opportunity points where insurers can design new services delivered through a mobile channel.

4.1.3 Informed – Information Everywhere

Chart 13 in section 3 highlighted that wireless devices are now the second most widely used devices when searching for information about an insurer (17%) and now play a fixed role in the insurance landscape. For consumers, researching via the sea of information available is becoming a standard part of the shopping process. And if purchases are to be made online (for example, in the case of insurance through either an insurer's site, an aggregator, an online broker etc.) then the likelihood of a prospect performing online research is very high.

Social platforms are growing in importance as an online channel for customers and prospects to use. Looking more specifically at the insurance sector, an IBM study of 21,000 insurance customers globally found that 13% of respondents searching for insurance used social platforms as a source of information regarding insurance products, services and providers[28].

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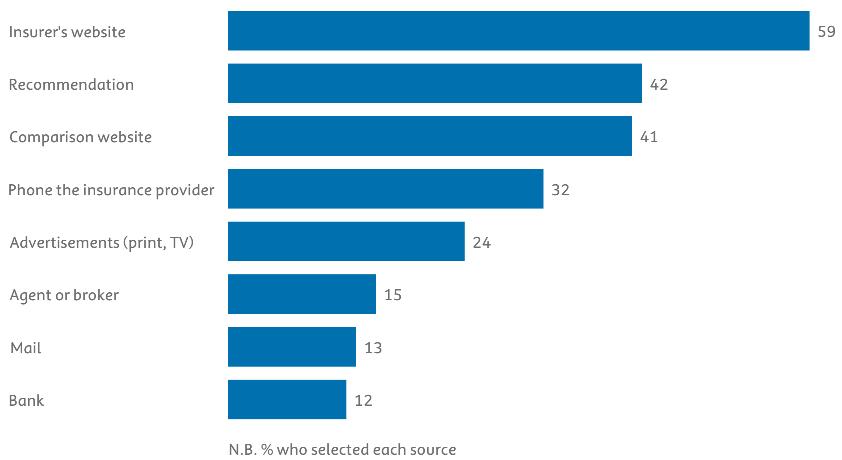
Importantly, the 'informed insurance consumer' relies upon information they source directly when deciding on an insurer. Chart 36 highlights that the top 3 sources of information don't require the consumer to interact with the insurer at all. The insurer's website is the most relied upon source of information in making purchasing decisions.

Chart 36: Sources of Information for Deciding Which Insurer



Source data: Telstra Research, April 2011

The informed consumer is searching, recommending and comparing insurance increasingly on wireless channels (whether through insurer websites, comparison sites or social platforms). Thus the Smartphone appears to be the ideal channel for an insurer to have a presence 'close' to where consumers are having conversations about their brand, products and services.

Improving productivity addresses key issues associated with skills shortages and increasing complexity of consumer communications

4.2 The Insurer's Technology Environment

Improving productivity provides insurers with the opportunity to address two key business issues. Firstly, skills shortages are present at all levels from Contact Centre, Assessors to Actuarial services. Secondly, the wide variety of complex communications required to deal with customers efficiently, effectively and immediately. In this subsection, we will examine both of these problem areas.

4. A ROADMAP TO THE NEXT FRONTIER: MOBILE COMMUNICATIONS TECHNOLOGIES

4.2.1 Productivity, Skills and the Mobile Workforce

A significant challenge facing the insurance industry is a shortage of skilled employees[29]. Two factors have been identified. Firstly, the approach of baby boomers to retirement is predicted to result in shortages across all levels of the industry. Secondly, the skills shortage problem is exacerbated by the need for some insurance employees to attain higher skills levels as required by increasing regulatory standards. For example, advisers are bound by ASIC's Regulatory Guide 146 and the Corporations Act requires that financial advisers must hold an Australian Financial Services Licence (AFSL).

The annual Deloitte – J. P. Morgan General Insurance Survey of Australian insurers in both 2009 and 2010 reported that more respondents ranked retaining and attracting staff an issue over any other[30].

Typical responses to such skill shortages include:

1. Minimising unproductive time such as travel time for those skilled individuals operating outside the organisation e.g. Advisers, Assessors.
2. Finding ways to more efficiently engage the expertise of people in skill centres inside the organisation e.g. Claims Agents, Contact Centre.
3. Providing tools to help people with these high-value skills collaborate effectively with others across the organisation as required.

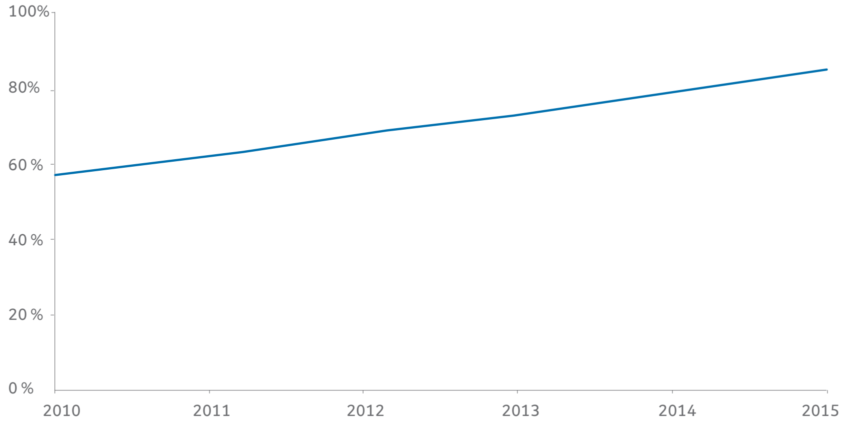
Additionally, customers have an increasing expectation of immediacy in customer service. This will drive the need to engage all of the expertise necessary to resolve customer contacts in real-time. A multi-national study by Accenture highlights this need. When asked to rate the importance of a various factors when choosing an insurance provider, the single highest ranked factor was speed of problem resolution[31].

Evolving ICT infrastructure plays a key role in delivering each of these and importantly enables organisations to do so while supporting an increasingly growing mobile workforce. Forrester estimate the majority of enterprise workers are already mobile workers[32] and the proportion of mobile workers is predicted to increase steadily over the next four years, as depicted in Chart 37.

4. A ROADMAP TO THE NEXT FRONTIER: MOBILE COMMUNICATIONS TECHNOLOGIES

Mobile workforces are predicted to increase over next four years

Chart 37: Proportion of the Enterprise Workforce Considered as Mobile



Source data: "The Rise of Wannabe and Maverick Mobile Workers", Forrester, February 16 2011

Worryingly, Forrester also found that organisations consistently and heavily underestimate the proportion of mobile workers in their workforce[33]. This is congruent with a 2011 Telstra study of 350 Australian business leaders regarding attitudes towards productivity and approaches to improving it[34]. The report found that although 76% of leaders rank productivity as an important strategic priority, only 24% have actually measured it and found an increase over the past 12 months. Productivity is a key area where many Australian organisations are struggling to deliver against their business priorities.

A separate Forester study found that the Internet is allowing workers to dissolve the work/life barrier, with workers trading, in roughly equal measure; work in their own time for some personal activities at work. Notably however, many employers did not provide the tools required to allow these workers to be as productive away from the office[35].

Unified communications and collaboration is a driver to improve productivity

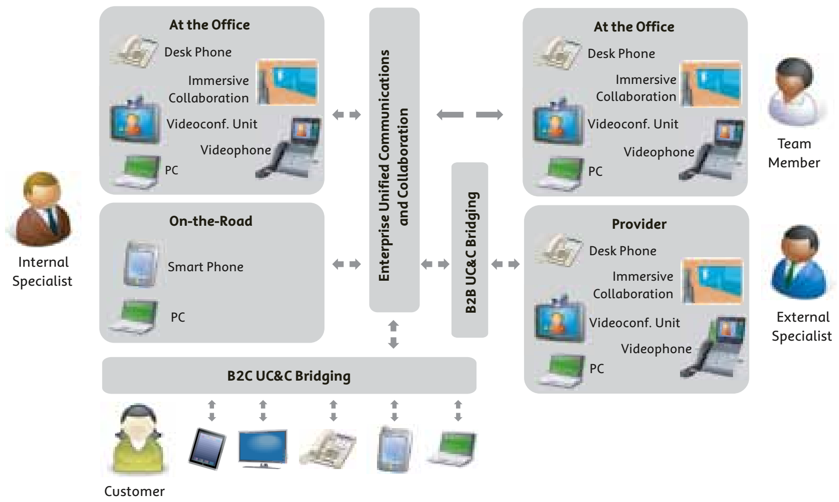
A key technology response to improve productivity and to better integrate the mobile workforce has been the development of enterprise Unified Communications and Collaboration (UC&C). UC&C integrates real-time (or synchronous) communications channels such as telephony and videoconferencing; non-real-time (or asynchronous) channels (such as email and messaging) and collaborative capabilities (such as content sharing and collaborative document authoring and mark-up) into a single framework.

4. A ROADMAP TO THE NEXT FRONTIER: MOBILE COMMUNICATIONS TECHNOLOGIES

In an enterprise setting as show in Figure 1, the UC&C vision allows people in the organisation to easily communicate and collaborate using a wide range of end devices such as mobile and desktop PCs, IP telephones and videophones, mobile phones and Smartphones. UC&C to improve communication within the organisation is available today, although mobile integration which is somewhat limited, but will progressively improve over the next 2 years.

To date, the UC&C paradigm has largely been restricted to within the organisation. However, the enterprise UC&C vision can be extended beyond organisational boundaries to include the supply chain, thereby improving the efficiency and effectiveness of working with external organisations such as garages or repair centres in the case of the insurance landscape. This is achieved through an extension called Business-to-Business (B2B) UC&C bridging, allowing organisations who have implemented enterprise UC&C systems to connect their systems together. Early adopters will start to build out this capability during the next 12 months and it will progressively become a mainstream enterprise capability during the next couple of years. Attitudes to customer service experiences that seamlessly engage a range of appropriate service providers were tested on Concept 1 and two-thirds of consumers found this to be appealing.

Figure 1: Enterprise UC&C



4. A ROADMAP TO THE NEXT FRONTIER: MOBILE COMMUNICATIONS TECHNOLOGIES

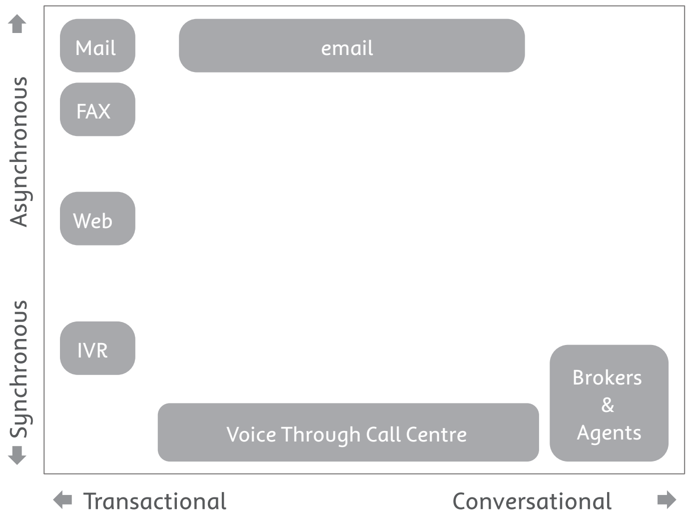
4.2.2 Channel Complexity

To date, customer-facing organisations have typically dealt with a relatively small set of customer contact channels. Much of the innovation in customer contact has been in handling and usage patterns within those channels. This situation is however, changing rapidly. We've seen earlier in this section that people today are communicating with other people and with organisations in far richer and more complex ways than ever before. The number of communications channels available has expanded rapidly, predominantly driven by the pervasive, ubiquitous nature of the Internet and by the recent proliferation of mobile devices (especially Smartphones) and anywhere, anytime connectivity.

Communication channels are expanding rapidly, driven by the pervasive nature of the Internet and proliferation of mobile connectivity

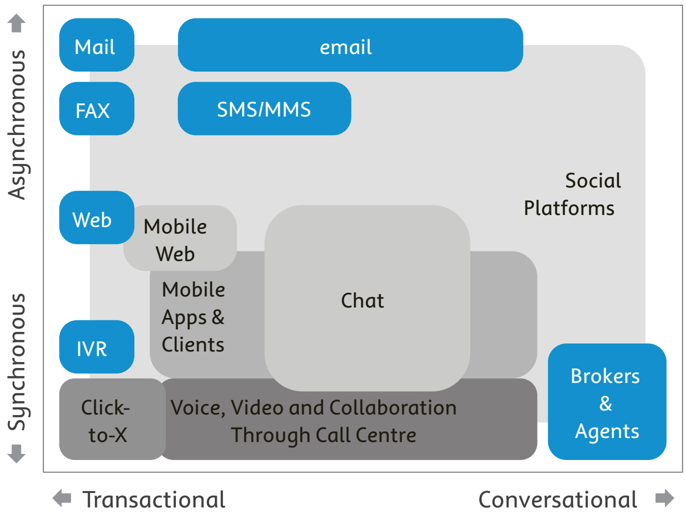
To further complicate matters, the notion of simple channels with easily defined application spaces (Figure 2) is breaking down, as is the concept of customer contact being a one-to-one conversation between a customer and an organisation. The massively popular social platforms are a case in point. These often combine a wide range of features from more traditional contact channels including messaging, email, chat, voice calling, voice mail, video calling etc. as shown in Figure 3 and interaction can often occur in a public or semi-public forum.

Figure 2: Traditional Channel Properties



4. A ROADMAP TO THE NEXT FRONTIER: MOBILE COMMUNICATIONS TECHNOLOGIES

Figure 3: Channel Properties Tomorrow



The end result is that organisations need to support a much greater range of increasingly complex channels and to adapt to the rise of new channels much more quickly than ever before. It is simply not feasible to meet these requirements using a channel silo approach.

Organisations seeking to deliver on customers' growing channel expectations are trending towards a different approach, as depicted by Figure 4.

To address channel proliferation, channel complexity and the need to facilitate person-to-person contact requires a contact infrastructure that:

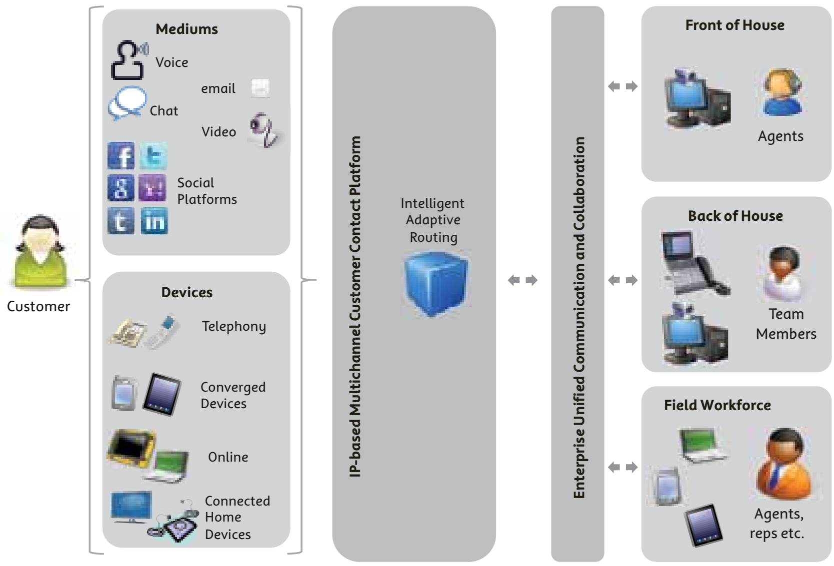
- Supports a contact on any channel.
- Supports contacts sessions that span and blend channels (e.g. beginning a contact session online and completing it as a mobile phone call).
- Ensures consistent handling of contacts through, for example, shared business logic across channels.
- Can facilitate a conversation with the right consultant or agent even if the customer or prospect has come in on a self-service channel.

4. A ROADMAP TO THE NEXT FRONTIER: MOBILE COMMUNICATIONS TECHNOLOGIES

Integrated multi-channel deals with channel proliferation and complexity delivered through UC&C, unified contact management platform and intelligent adaptive routing

Figure 4 shows the integrated multi-channel approach which addresses these points.

Figure 4: Full Multi-channel Customer Contact Approach



There are three key elements to delivering this customer contact vision. Firstly, enterprise UC&C as discussed previously, which enables all of the resources in the organisation, required to resolve a contact to be immediately and effectively engaged. The second component is a unified contact management platform which allows a customer to experience a consistent and effective contact regardless of the channel or combination of channels used. It has intelligent adaptive routing allowing fine grained logic (down to an individual customer level) which enables insurers to connect the customer or prospect to the right person at the right time to maximise the probability of a sale. The third component is mobile-enabled technology services to allow communications between consumers and insurance experts.

4. A ROADMAP TO THE NEXT FRONTIER: MOBILE COMMUNICATIONS TECHNOLOGIES

We have already talked about the evolution of enterprise UC&C previously. Unified contact management platforms are available today, however the current generation are not truly multi-channel. Typically organisations can use the one platform to handle an array of channels (e.g. voice, email and some online mediums) but usually with varying levels of capability. Full multi-channel capability will emerge with a new generation of platforms over the next year or two. Finally, intelligent adaptive routing systems have started to become mainstream offerings from most contact infrastructure vendors. However integration to the customer analytics, business intelligence and decision making has been somewhat slower. Expect to see this integration mature over the next 12-24 months.

Insurers need to form deeper customer relationships with value-added based propositions

4.3. Customer Experience Themes

We know from section 2 that customer behaviour has changed and so have their service expectations. Customers crave immediacy and they expect organisations to intelligently exploit the tools and information at their disposal to resolve their contact. What is more, their experience with service providers in other sectors means they know this is achievable.

Section 3 has reinforced that insurers need to form deeper relationships with customers in order to present the customer a value-based proposition in the face of emerging challenges with a cost-based proposition. The following three customer experience themes show how the capabilities of the mobile phone, emerging as the primary connected device for the customer and modern mobile networks can be exploited to address both of these issues. The three themes are:

1. **"The Mobile Insurer"**
Shows how modern ICT infrastructure can be combined with effectively designed enterprise systems to leverage the capabilities of mobile devices and channels to deliver streamlined and effective customer service experiences and improved productivity.

2. **"The Mobile Consumer"**
Demonstrates how mobile applications offer insurers the potential to drive growth by becoming regular, value adding and welcome participants in many of the day-to-day activities of their customers.

3. **"The Connected Insurer"**
In addition to 1 & 2 above, evolving M2M technology that gathers data from a wide variety of connected devices and appliances enables insurers to design 'usage based' services and combines it with the vast amounts of customer behavioural data they already hold to provide new classes of value-adding services.

4. A ROADMAP TO THE NEXT FRONTIER: MOBILE COMMUNICATIONS TECHNOLOGIES

4.3.1 The Mobile Insurer

Utilise context services, messaging and security services to make interactions streamlined

We've shown earlier in this paper that two important areas for the insurance industry are:

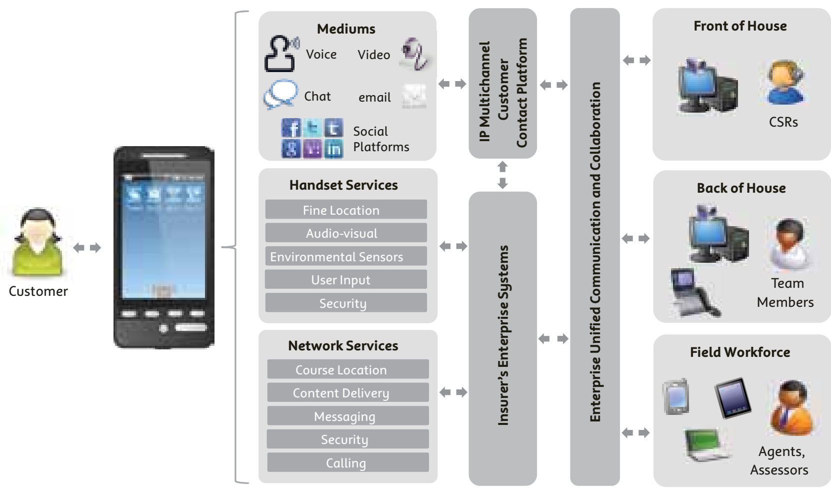
- Productivity (particularly for those with skills currently in short supply)
- Growth through improving loyalty and category growth.

We have also seen that the mobile will continue to become a more important channel through which to deliver those experiences and outcomes. "The Mobile Insurer" has two key thrusts:

- Exploiting a range of services both on the handset and in the network, including context services (such as location and presence), content services (such as photo and video capture), messaging services and security services to make a customer interaction as streamlined as possible. For example Concept 1 – Comprehensive Motor Vehicle Insurance Customised to Behaviour and Lifestyle – Additional Features, and;
- Exploiting modern ICT infrastructure to effectively engage all required resources from the insurer and its service suppliers, to ensure that service outcomes are actioned immediately wherever possible.

The evolving ICT infrastructure that insurers are progressively deploying, in particular enterprise UC&C platforms, combined with IP-based multi-channel customer contact platforms - position them well to begin exploiting the capabilities of mobile devices both internally and as a primary channel to the customer.

Figure 5: High-Level Architecture of the Mobile Insurer Concept



4. A ROADMAP TO THE NEXT FRONTIER: MOBILE COMMUNICATIONS TECHNOLOGIES

The key to completing the vision (shown in Figure 5) will be enabling enterprise systems to:

- Exploit context information (such as location) from the mobile device and network to guide the interaction; and
- Orchestrate the various mobile and network messaging and communication services to resolve the contact.

The capabilities in the enterprise systems layer which will deliver this enablement are real-time decision making, highly flexible service & business process orchestration and communication-enabled business processes. These could be applied to all five Concepts researched and are presented in section 3. All of these technologies are available today and are maturing rapidly. Now the service models to best apply those capabilities to delivering a compelling service experience also need to be evolved.

User Case 1: The Mobile Insurer

"The Mobile Insurer" in Action

When Stacey is involved in an unfortunate minor car incident on her way to work, she uses her insurance company's mobile application to get through to the Contact Centre.

Behind the Scenes: The IP Multi-media Contact System and the Enterprise UC&C platforms that many insurers are adopting can be used to ensure immediate contact to the right consultant for the job.

After checking Stacey is alright, Nathalie can organise the best available tow truck to take Stacey's car to an approved repairer with capacity or a short work queue. (Concept 1)

Behind the Scenes: Using mobile location data, job dispatch systems can interrogate nearby tow and repair companies to find providers with the shortest queues.

Nathalie asks Stacey if she'd like to start the claim while she's waiting to be towed. Stacey is keen to get things moving so Nathalie conferences in Rob, a mobile claims assessor, taking the call on his Smartphone. Stacey sees Rob on the phone's screen. After asking permission, Rob can record Stacey's answers to his questions and he can ask Stacey to point the phone's camera at particular areas of interest on the car. Soon the tow truck arrives and Stacey's claim is already in motion. (Concepts 3 & 5)

Behind the Scenes: Having an application on Stacey's phone gives her insurer the capability to access a wide range of handset based services such as video capture and positioning and SMS messaging. These can be combined with network-level services such as video calling to ensure a great customer service experience. Integration with enterprise systems ensures Rob can have the content captured in the relevant case file.

Increase the number and frequency of touch-points to change the infrequent, transactional nature of the relationship

4.3.2 The Mobile Consumer

In section 3 we identified an opportunity for insurers to change the current transaction based relationship with customers, with whom they often have infrequent contact. A key aspect of building the relationship is to increase the number and frequency of touch-points with the customer as shown with Concept 1 – Additional Features that two-thirds of consumers found appealing. We've seen in section 3 that USA insurers are using the mobile phone to connect to the customer for a variety of purposes including: marketing, educating customers, facilitating simple transactions and locating local services including towing, repairs and health providers. "The Mobile Consumer" extends this approach. Rather than focusing in on transactions, it acknowledges that the ultimate path to a deep customer relationship is by participating in their common, day-to-day lifestyle processes such as shopping, exercising, entertaining and travelling. We already know that the mobile phone has become the primary go-anywhere, go-to device, and will often play a role in these processes. Smartphones provide a vast ecosystem of functionality shown in Figure 6 through which insurers (and others) can help enable those activities, making it an ideal entry point to the customer's lifestyle processes.

Figure 6: The Mobile Consumer Service Component Ecosystem

"The Mobile Consumer" theme involves leveraging these service components into applications that play a value adding and enabling role in customer lifestyle processes.

4. A ROADMAP TO THE NEXT FRONTIER: MOBILE COMMUNICATIONS TECHNOLOGIES

User Case 2: The Mobile Consumer

"The Mobile Consumer" in Action: To top off their renovation, Steve and Vanessa decide to buy a top-of-the-line entertainment system. Using their insurer's shopping research mobile application they can instantly find the most popular entertainment system at the moment. (Concept 1)

Behind the Scenes: Insurers have significant data about the major purchases of their customers and can use this to engage in the research that customers increasingly do before major purchases and communicate via messaging back to the customers' device.

To pay, Vanessa swipes her mobile past the checkout EFT terminal. Immediately, her mobile screen asks whether she'd like to add the system to her contents insurance. Vanessa clicks "Yes" and the system is covered straight away (Concepts 2 & 4)

Behind the Scenes: Near Field Communications (NFC) will allow the mobile phone to replace traditional payment cards. When Vanessa uses her phone to pay, an NFC application from her insurer gets the details of the purchase from the merchant's Point-of-Sale system and sends them to her insurer.

Using the mobile phone to play a genuine enabling role in the customer's lifestyle

In this scenario, the actual end-user application is not the important issue – as they will, of course, vary from segment to segment. The essence of the "The Mobile Consumer" is that by using the mobile phone's capabilities, insurers can play a genuine enabling role, in existing lifestyle processes, making it possible to gain "admission" to those processes. The benefits that flow from that include:

- A deeper relationship and greater customer mindshare;
- A chance to provide an excellent customer service experience as more traditional "insurance events" occur;
- Access to rich behavioural information which can better support existing product and service delivery as well as potentially form the basis of up-selling completely new products and services.

Importantly, as outlined in section 3, mobile applications also provide insurers with the opportunity to create a more interactive and ongoing relationship with their customers, thereby changing the commoditised, purely transactional nature of the market.

4.3.3 The Connected Insurer

Consumers and insurers increasingly have the capability to be connected in many aspects of their lives. We know that people are increasingly surrounded by connected devices that they engage with as they go about their daily life.

Consumers and insurers are increasingly surrounded by connected devices in person, the home or on the road

- **In person**: The Smartphone is arguably the primary connected device. It is the device most closely associated with us, as we spend a significant part of our day engaging with it and it is almost continuously with us during the day.
- **In the home**: The home plays host to an ever expanding array of connected devices including networked televisions, game consoles, tablets, and media players. But it also contains less obvious connected devices such as smart meters, home networking devices, networked alarms, appliances and the like.
- **On the road**: An increasing number of vehicles are themselves connected devices collecting information which can range from location to vehicle performance and driver behaviour.

While the apparent reason for connectivity in these devices varies, they all offer the potential to be valuable sources of data which can help insurers understand their customers, the level of risk they are subject to and the appropriate level and cost of coverage applicable.

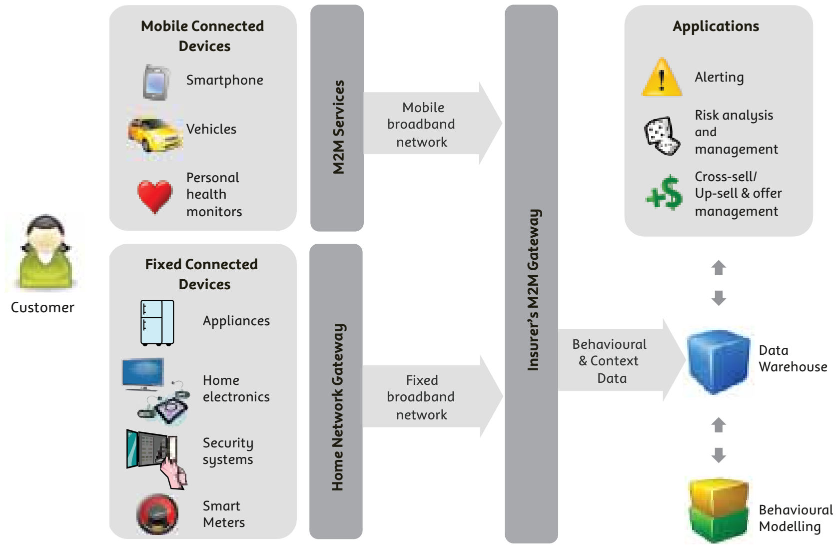
This is an example of M2M network traffic where connected devices produce data primarily for the consumption of other devices rather than people. "The Connected Insurer" theme takes this approach to its logical extension. Using the M2M approach, an insurer can gather data from a wide variety of connected devices. By aggregating this data and combining it with the vast amounts of customer behavioural data which they already hold and exploiting analytic expertise, insurers can:

- Better understand the risk factors associated with particular customers and cover and monitor these in a much more dynamic manner than they do currently.
- More accurately identify opportunities to cross sell and or up-sell insurance products to customers and moreover, better select the appropriate cover when they do so.
- Provide new value-added services to customers based on analysis and monitoring of this data.

4. A ROADMAP TO THE NEXT FRONTIER: MOBILE COMMUNICATIONS TECHNOLOGIES

In vehicle telematics delivers insurance customised to behaviour and lifestyle

Figure 7: "The Connected Insurer"



Today, probably the most obvious example of this approach is the in-vehicle telematics units which some large fleet operators attach to their vehicles in order to better manage vehicles in the fleet, optimise performance and maintenance and also the behaviour of those who drive them. Other point-solution examples are emerging around mobile devices. However, service models which will enable M2M solutions scaled efficiently across millions of connected devices are only just beginning to evolve.

4. A ROADMAP TO THE NEXT FRONTIER: MOBILE COMMUNICATIONS TECHNOLOGIES

User Case 3: The Connected Insurer

"The Connected Insurer"

Eric has always been a careful driver. He works for a transport company in the inner city and only drives in a well-defined district. To reduce their insurance premium, his company installs a vehicle telematics unit to monitor Eric's truck and others in the fleet. Wireless telemetry allows data from these units to be automatically transmitted to the insurer, enabling the company to prove lower fleet risk. Because he has agreed to have a vehicle telematics unit installed, his insurer can see Eric is a low risk driver so they offer him a substantially reduced premium. (Concept 1)

Early one morning, context services, that continually upload data into the insurer's gateway, compares it to behavioural data, detect a driving pattern vastly different from Eric's norm. They register that the vehicle is in an area Eric has never travelled to, and his mobile phone indicates he is currently at home.

This automatically generates an alert. The insurer then confirms with Eric's company that the vehicle has been stolen. (Concept 3)

Eric indicates that his car should be at home. His insurer remotely disables the ignition and contacts the police and gives them the details. The company and police then collaborate to recover the vehicle (Concept 1)

Behind the scenes

The driver behaviour data coming from the vehicle telematics unit indicates a driving pattern vastly different from Eric's normal behaviour. Additionally, the vehicle is in an area Eric has never travelled to and his mobile phone indicates he is currently at home. An alarm is triggered for an operative to call Eric and let his organisation know about the abnormal observation

Extending "The Connect Insurer" theme into the home will likely rely on a new type of network element called the "home network gateway" providing a single, consistent managed environment for service providers (such as insurers) to access devices and data in the connected home. The home network gateway is likely to mature into the mainstream over the coming few years.

4. A ROADMAP TO THE NEXT FRONTIER: MOBILE COMMUNICATIONS TECHNOLOGIES

Summary

- There are slightly more active mobile phones in Australia than people - CISCO estimate there will be 56 million mobile-connected devices in Australia in 2015, approximately 2.4 for every person.
- A significant shift is occurring in the nature of mobile handsets shipped in the Australian market with Smartphone shipments exceeding shipments of more traditional handsets. This shift is accompanied by a fundamental change in the way consumers access the Internet – mobile handsets are rapidly becoming the go-to connected device for consumers. At the end of December 2010, 8.2 million Australian mobile subscribers were accessing the Internet via their phones. Importantly, according to CISCO, Australia will have 4.5 million mobile-only Internet users in 2015.
- A key technology response to increase productivity and to better integrate the mobile workforce has been the development of enterprise UC&C. UC&C integrates real-time (or synchronous) communications channels such as telephony and videoconferencing; non-real-time (or asynchronous) channels (such as email and messaging) and collaborative capabilities (such as content sharing and collaborative document authoring and mark-up) into a single framework.
- Organisations need to support a much greater range of increasingly complex channels and to adapt to new channels much more quickly. It is simply not feasible to meet these requirements using a channel silo approach. Combining enterprise Unified Communications & Collaboration (UC&C), unified contact management and intelligent adaptive routing and wireless technology will help organisations respond to these challenges.
- Three technology experience themes created to show how ICT and the capabilities of mobile devices can be used to improve productivity and drive growth:

a. **"The Mobile Insurer"** – Shows how modern ICT infrastructure can be combined with effectively designed enterprise systems to leverage the capabilities of mobile phones and channels to deliver streamlined and effective customer service experiences and improved productivity.

b. **"The Mobile Consumer"** – Demonstrates how mobile applications offer insurers the potential to drive growth by becoming regular, value adding and welcome participants in many of the day-to-day activities of their customers.

c. **"The Connected Insurer"** – In addition to 1 and 2 above, evolving 'Machine 2 Machine (M2M) technology that gathers data from a wide variety of connected devices and appliances enables insurers to design 'usage based' services and, by combining it with the vast amounts of customer behavioural data which they already hold, to provide new classes of value-added services.

5. CONCLUSIONS

This report demonstrated that in this connected economy, mobile innovation can become the next frontier for growth and productivity for Australian general and life insurers. As evidenced in the US market, life and P&C insurers have already commenced innovating with mobile technology and are increasingly developing the functionality associated with their services. The significant shift in the Australian mobile technology market with shipments of Smartphones and tablets correlates with the shift in the way consumers prefer to access the Internet, and importantly as evidenced through this research, their appetite for mobile technology-enabled insurance services. This connected economy is a product of consumers, enterprises, businesses and governments being more connected.

What we know? The 'current frontier' is rapidly changing characterised by:

- **Product Ownership Unchanged**: Penetration of general and life insurance products has not changed in the past four years and the opportunity for category growth remains strong, particularly for life insurance at just 20% penetration.
- **Changing channel preferences**. While the direct channels are most popular for taking out insurance, the top three preferred channels for sourcing information for deciding which insurer to use, do not involve interactions with the insurer and this trend is increasing.
- **Consumers are switching and shopping around**. A more notable shift is occurring with consumers comparing policies prior to renewing and new entrants' use of Internet channels is increasing in popularity. The most common reason for switching is related to 'price' followed by 'shopping around' and 'offered a competitive product/policy'.
- **Customers are increasingly dissatisfied**. Satisfaction with the insurer may have been another factor that is encouraging consumers to shop around and is lowest with life insurance.
- **Competitive intensity increasing**. While only 5 - 10% of personal insurance in Australia is sold online, if US and UK markets whereby 20% and 40% are respectively sold online are reliable indicators, we can expect new competitors with niche offerings and highly targeted online offerings to make an impact.

What we need to think about? The 'next frontier' is here.

- While most Australian insurers are yet to commence offering consumers mobile technology enabled insurance related services, **17% of the population have already begun interacting with them through wireless devices**.
- We can characterise the consumer as **mobilised, connected and informed**. Consumers are **searching, communicating, locating, planning, informing, transacting and purchasing** through wireless devices.
- The research findings suggest that innovation through greater usage of mobile-enabled technology has the potential to deliver growth for insurers through greater customer **satisfaction, advocacy, loyalty, switching and category growth**. Mobile-enabled technologies can deliver benefits valued by consumers including **greater convenience, personalisation and fairer premiums**.
- Mobile applications also provide insurers with the opportunity to **create a more interactive and ongoing relationship with their customers**, thereby changing the commoditisated, purely transactional nature of the market.
- Each of the five mobile concepts tested had a broad level of appeal among Australians, with at least two in five finding each concept appealing. For each concept, the proportion who found it to be appealing was significantly higher than those who found it unappealing.
- If an insurer were to offer all five concepts, almost half (48%) would find at least one of the concepts to be extremely or very appealing.

5. CONCLUSIONS

The roadmap to the next frontier requires innovating using mobile technology to improve growth and productivity

- The keys to increase productivity are to:

1. Better integrate the mobile workforce and suppliers with enterprise UC&C as an ICT approach. UC&C integrates real-time communications channels such as telephony and videoconferencing; non-real-time channels (such as email and messaging) and collaborative capabilities (such as content sharing and collaborative authoring and mark-up) into a single framework.

2. Support a growing range of increasingly complex channels and to adapt to new channels much more quickly. It is simply not feasible to meet these requirements using a channel silo approach. There are three key elements to delivering this integrated multi-channel; **Enterprise** Unified Communications & Collaboration **(UC&C), unified contact management & intelligent adaptive routing and wireless technology**.

- The key to driving growth is to incorporate mobile technology as a key part of the customer communications infrastructure. We demonstrated how this can be achieved through using three customer experience themes:

1. **"The Mobile Insurer"** – Combined with effectively designed enterprise systems to leverage the capabilities of mobile phones and channels to deliver streamlined and effective customer service experiences.

2. **"The Mobile Consumer"** – Mobile applications that offer insurers the potential to drive growth by becoming regular, value adding and welcome participants in many of the day-to-day activities of their customers.

3. **"The Connected Insurer"** – In addition to 1 and 2 above, evolving Machine 2 Machine (M2M) technology that gathers data from a wide variety of connected devices and appliances enables insurers to design 'usage based' services and, by combining it with the vast amounts of customer behavioural data which they already hold, to provide new classes of value-added services.

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Rocky Scopelliti is the National General Manager - Banking, Finance & Insurance, Industry Development at Telstra Enterprise & Government™. In this role, Rocky is responsible for accelerating the awareness of and adoption of Telstra's technology solutions in the Financial Services sector.

Rocky has extensive experience in both the Information Technology and Financial Services sectors where he has held senior management responsibilities covering Product Development, Strategy & Planning, Business Development and Strategic Marketing.

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7. ACKNOWLEDGEMENTS

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Roy Morgan Research

Roy Morgan Research is the largest independent Australian research company, with offices in each state of Australia, as well as in the United States, United Kingdom, New Zealand and Indonesia. A full service research organisation specialising in omnibus and syndicated data, Roy Morgan Research has more than 65 years experience in collecting objective, independent information on consumers.

In Australia, Roy Morgan Research is considered to be the authoritative source of information on print media measurement, financial behaviour, voting intention and consumer confidence. Roy Morgan Research is a specialist in recontact customised surveys which provide invaluable and effective qualitative and quantitative information regarding customers and target markets.

About Celent

Celent is a research and advisory firm dedicated to helping financial institutions formulate comprehensive business and technology strategies. Celent publishes reports identifying trends and best practices in financial services technology and conducts consulting engagements for financial institutions looking to use technology to enhance existing business processes or launch new business strategies. With a team of internationally experienced analysts, Celent is uniquely positioned to offer strategic advice and market insights on a global basis. Celent is a member of the Oliver Wyman Group, which is part of Marsh & McLennan Companies [NYSE: MMC].

8. GLOSSARY

Assisted GPS (A-GPS)	Locating devices using GPS alone is prone to inaccuracy or delay in certain circumstances (particularly in highly built-up areas). A GPS uses mobile network information to improve both the accuracy and speed of GPS location.
Co-browsing	Co-browsing is short for collaborative browsing. It refers to the process of two people, on different end devices (usually PCs or mobile devices) being able to simultaneously and collaboratively view, navigate and otherwise interact with a website or web-based application.
Collaboration	Collaboration technology refers to software designed to help people (often located remotely from each other) work effectively together to complete a shared task. Typical collaboration features include voice conferencing, video conferencing, instant messaging, document storage, file sharing, document creation and mark-up.
Communications-Enabled Business Processes (CEBP)	CEBP refers to the integration of unified communications and collaboration with core business applications, allowing the organisation to substantially redesign core business processes (rather than simply improving the efficiency of existing processes).
Customer Relationship Management (CRM)	The system(s) and processes used by organisations to managed and track contacts with its various individual customers and the information it holds regarding them. CRM systems are typically used by customer-facing staff to help support and guide customer contacts.
Enterprise Collaboration	Enterprise collaboration technology refers to the subset of collaboration technology focused on enabling people within an organisation to collaborate effectively.
Enterprise Mobility	Enterprise mobility is an umbrella term for a variety of approaches aimed at enabling access to enterprise tools, systems and resources from mobile devices.
Home Gateway	A residential gateway is a home networking device, used as a gateway to connect devices in the home to the Internet or other WAN.
Instant Messaging (IM)	Instant messaging is a collective term for a set of technologies that allow a real-time text-based communication between two or more participants (who are typically remote from each other) via a network. Many instant messaging services are popular among Internet users including AIM, Jabber, Windows Live Messenger and Yahoo! Messenger. Many social networking applications include instant messaging as a component.
Interaction Voice Response (IVR)	Interactive Voice Response is a technology or system allowing a user to provide input via voice or using a touch on keypad and provides responses via either recorded or synthesised speech.
Interaction Voice and Video Response (IVVR)	Interactive Voice and Video Response complements IVR technology by allowing output from the system to include either recorded or streaming video as well as recorded or synthesised speech.
Global Positioning System. (GPS)	A global navigation system based around a network of satellites deployed by the United States government. Devices equipped with GPS receivers can locate their position quite accurately by measuring and comparing the time taken for signals to reach the receiver from various satellites in the network.
Information and Communication Technology (ICT)	ICT is an umbrella term which includes information technology, communication technology and the integration between them.
Location	In this content, location refers to the systematic determination, recording and publishing of information indicating the current or historical geographic location of a user of a location service.
Location-Based Service (LBS)	A service or application which utilises the user’s location information (see Location) to help deliver or customise the service or application.

8. GLOSSARY

Machine 2 Machine	A term describing the field of machine-to-machine communications.
Microblogs	Microblogs allow users to exchange small elements of content such as short sentences, individual images, or video links.
Mobile Broadband	Is the name used to describe various types of wireless high-speed Internet access through a portable modem, telephone or other device.
Multi-channel	Multi-channel contact usually refers to interactions which transition between one or more channels (e.g. voice, instant messaging or video) during the course of the interaction.
Multimedia Message Service (MMS)	An extension of the Short Message Services (SMS) paradigm which allows mobile users to send and receive video messages and still images from their mobile phone.
Multimodal	Multimodal contact usually refers to interactions, components of which take place on multiple channels (e.g. voice, instant messaging or web) simultaneously. An example of a multimodal interaction is where an agent talks to a customer on a telephone while showing them information using co-browsing (see Co-browse) on a PC.
Presence	In this context, presence refers to the systematic determination, recording and publishing of information indicating the current or historical status and availability of a user of a presence service. Presence is frequently combined with location (see Location) to infer context information regarding an individual.
Short Message Service (SMS)	A messaging communications service provided on mobiles phones and mobile networks which allow users to send and receive text messages of up to 160 characters from their mobile phone. SMS text messaging is the most widely used data application on the planet, with 2.4 billion active users, or 74% of all mobile phone subscribers sending and receiving text messages on their phones.
Smartphones	Is a mobile phone that offers more advanced computing ability and connectivity than a contemporary feature phone.
Social Network Service or Social Network Application	Social network services refer to a class of predominantly web-based service allowing people who share some form of relationship to share status, profile and interest information as well as various forms of media including files, photos, videos, music and applications. Some of the most widely known social network services are Facebook, MySpace, Bebo and Twitter.
Tablet Devices	Is a complete mobile computer, larger than a mobile phone or personal digital assistant, integrated into a flat touch screen and primarily operated by touching the screen. It often uses an onscreen virtual keyboard or a digital pen rather than a physical keyboard.
Unified Communications (UC)	A unifying approach for integrating various real-time communications channels (e.g. voice calling, video calling, and instant messaging) and non-real-time communication channels (e.g. mail, voicemail, email and video-mail) into a consistent framework. In UC systems, communications and their characteristics can generally be transferred seamlessly from one channel to another and can be made available for integration with other business applications.
Unified Communications and Collaboration (UC&C)	The integration of various collaboration features and functions into a unified communications framework.
Unified Messaging (UM)	The subset of unified communications (see Unified Communications) which deals exclusively with the integration of non-real-time channels such as mail, email, voicemail and video-mail.

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Telstra

Telstra is a leading provider of network-based solutions and services to large organisations in Australia and New Zealand.

Telstra is a leading provider of network-centric communication and managed services to large enterprise and government organisations in Australia and around the globe. Telstra serves more than half of the world's top 500 companies through its international operations that facilitate access to over 240 countries and territories.

Telstra offers superior value for money through its range of award-winning world-class products and services that are underpinned by the next generation Telstra Next IP® network and Next G® network – fully owned and managed based on the stringent quality standards of Australia's largest network manager. Telstra's solutions are developed and tested in close co-operation with partners such as Cisco, Microsoft, Ericsson and Alcatel and designed and deployed for customers by Australia's largest and most qualified Professional Network Services organisation. Telstra's service to enterprise and government customers is internationally recognised for its high quality, including full International Customer Service Standard (ICSS) certification, backed by Telstra's Customer Service Commitments and delivered by one of Australia's largest and highly qualified field and technical workforce with a culture of continuous improvement.

Telstra is a financially strong and reliable partner for large enterprise and government organisations who cannot afford downtime and use ICT solutions to improve productivity and drive growth in a sustainable way.

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