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TEACHING CASE

Multiasistencia: transforming the digital ecosystem

Javier Busquets[1]

Abstract Multiasistencia was an ecosystem in 2017 managing a network-based service called the "Comprehensive Claim Management Service" (CCMS). The firm offered home repair services to its 100 Corporate Clients (Financial Institutions and Insurance Companies) which attended to some 8 Million end customers, managing a network of some 6.000 Trade Professionals (SME and self-employee). The service was supported by an advanced digital platform to coordinate all actions in that ecosystem. The case shows the challenges of digitalization, namely (1) new digital entrants, (2) the Smart Home trends, (3) the digital effects on banking, and (4) the demand of personalization. Those strategic changes lead to Multiasistencia to create a Digital Hub to manage Big Data so placing students on the managerial situation to decide priorities in business model, processes, and new ways to grow.

Keywords Digital transformation · Platforms and ecosystems · Big data · Business model change

Introduction

Tres Cantos, Madrid, October 2017

"Our main concern is how to stay relevant and competitive" thought Javier Bartolomé, Multiasistencia's CEO, when he arrived at the company's Head Quarters in Tres Cantos (Madrid) early that morning in October 2017 (Fig. 1).

In 2017, Multiasistencia was a €170 millon firm with 900 employees managing some 750,000 repairs (see Fig. 2). The firm main business was to manage service of home repairs, claim adjustment, and management. This services was delivered through a Control Center with 400 Customer Service Representatives (CSR) based in the Madrid suburb of Tres Cantos. Its main clients were some 100 banks and insurance firms which offered this service to its customer base (some 8 mm) as an added value in conjunction with mortgages, credit cards, and other products. The firm also managed a network of some 6000 trade professionals who executed the repairs. From the 2000s, the firm had pioneered the creation and deployment of digital platforms and mobile technologies to manage the coordination processes among all actors in the ecosystem.

Bartolomé was going to attend the Board Meeting with José Antonio Molleda (General Manager of Strategy), Borja Diaz (General Manager for Spain), Alvaro Linares (CIO), Pedro Morán (Chief Financial officer), and Iñigo Astarloa (General Manager for France and Brazil) (see Fig. 3). The board meeting scheduled in October has as objective the review of the challenges Multiasistencia had to face, related mostly to three factors: digital technology changes such as the Smart Home trend where technology giants were entering into home services, deep changes in the industry structure (banks and insurance companies), and the emergence of new digital models such as "Insurtech" startups. An additional challenge involved the changes in customer demand as consumers desired more technology to have better experiences at home to make their lives better.

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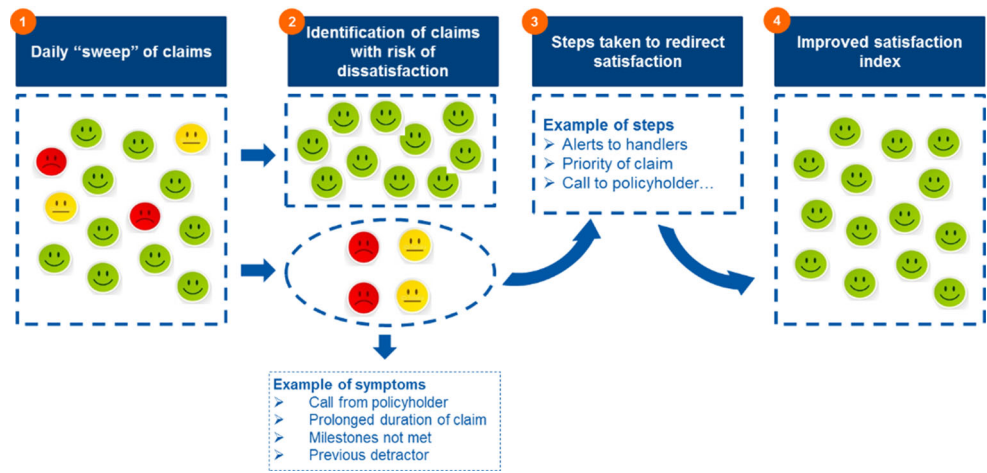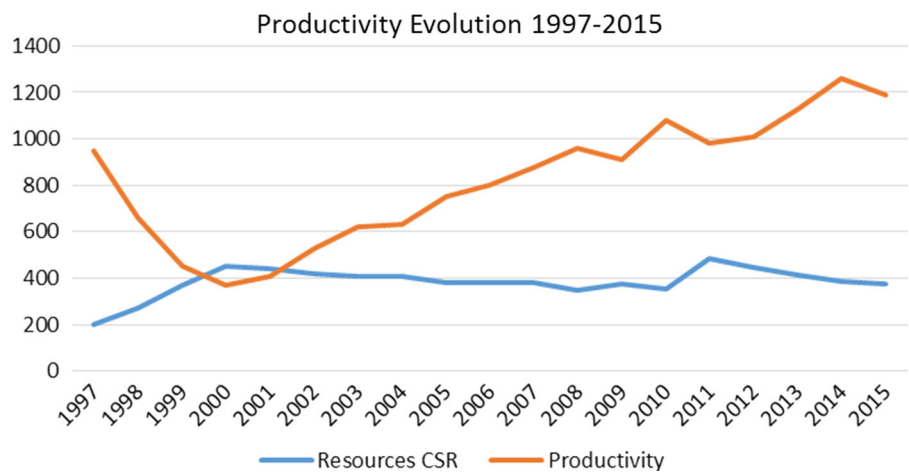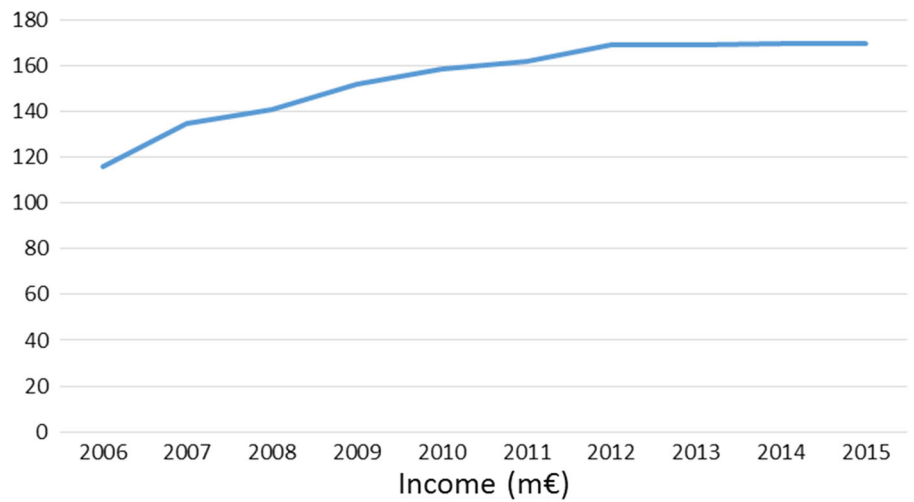**Fig. 1** Systematic approach to data management

Fig. 2 Multiasistencia in numbers. *Source* Multiasistencia, 2017

Multiasistencia's managers were considering the creation of a new Digital Innovation & Data Unit to centralize innovation activities and distribute them to develop new competencies, allowing the firm to stay competitive in the new market dynamics. The creation of this Unit was not without internal debate. Would this Unit focus on automation and optimization of the existing business model, or business model transformation? At the structural level, Bartolomé knew that the organization of this new Unit had to face different challenges regarding its main
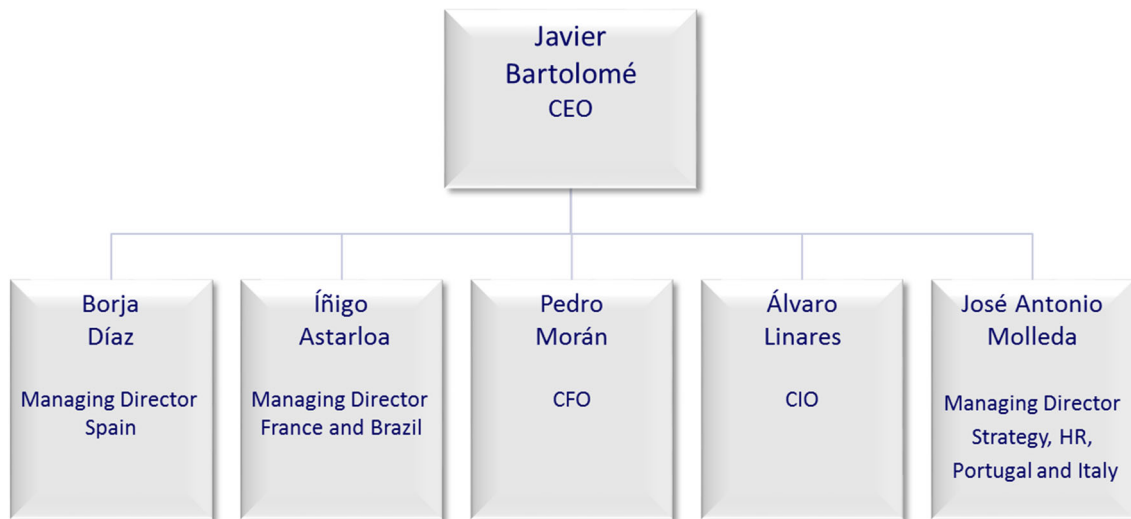
Fig. 3 Organization structure

purpose and priorities, how to "connect" it inside the firm, and how to make sure to create innovations and distribute them throughout the ecosystem Multiasistencia was managing at that time. Those challenges required a high degree of shared vision within the firm's structure (see Fig. 3), and meeting them was critical to ensure competitiveness in the new digital context.

Company and market background

The startup: "Yes, we can"

The Multiasistencia Group was founded in 1983 by Nicolás Luca de Tena. Multiasistencia started its operations by offering a household repair service through which the firm tried to standardize the highly fragmented and heterogeneous household repair field (plumbers, glaziers, constructors, etc.) at preset prices. Service quality was a key element in the company's culture, expressed (beginning in 1986) in its slogan and promise, "Yes, we can." The group's operational heart was its Digital Platform and the Contact Center whose employees—the Customer Service Representatives (CSR)—managed the entire claim process on behalf of their corporate customers from the reception of the claim notification to its resolution, mainly through a home repair service. The motto at the Control Center was "Listen, Answer and Smile."

Due to the initial success of this model, some banks and insurance firms wanted to offer the claim management service as an added value to their home insurance policies or as a part of their customer loyalty programs; this would allow them to differentiate their service from that of others, and to serve increasing numbers of customers. Multiasistencia's

claim management and repair services were carried out through a nationwide network of self-employed trade professionals. This network increased rapidly, comprising some 12,000 self-employed trade professionals by the year 2000.

Multiasistencia had two major sources of revenue: a fixed fee to the banks/insurers according to the end customer base the firm needed to support and, when the firm assigned a repair to one of these trade professionals, a predefined royalty charged by the firm (on average 10–14%).

Multiasistencia (2000–2006): development of the Digital Platform

Around the year 2000, Multiasistencia had to face an increasing number of complaints from its end customers and corporate client base. Manual operations were a burden at that time of high growth in the firm's customer base and demand. In the worst moments, the Customer Service Representatives (CSR) at International Control Center sometimes took 2–3 h to reach an available trade professional to do the job. Moreover, paperwork problems were continually increasing.

In order to improve that situation and create some perspective on the day-to-day activities, Luca de Tena, the founder, decided to abandon his role as CEO, becoming the company Chairman at the end of 1999. Javier Bartolomé, who initially was going to leave the Boston Consulting Group (BCG) to become Multiasistencia's Chief Operational Officer, was appointed as the group's CEO. At that time, Iñigo Astarloa also joined the firm, serving as Director of the Trade Professional Network (in 2016, he became the Managing Director for France and Brazil; see Fig. 3). According to Astarloa,

In that moment, the firm needed a scalable operating model and it needed to change from being a startup to a more mature and structured type of business; we needed to balance entrepreneurial spirit with experienced executives.

Multiasistencia pioneered the creation of a Digital Platform which would act like "integration glue" and empower relationships with its customers and network of trade professionals. The Digital Platform was the catalyst for the creation of the Comprehensive Claim Management Service (CCMS). Its function was to receive claim notifications and home repair requests and deploy repair jobs to the appropriate affiliated trade professional. The new seamless Digital Platform led to an unprecedented transformation of the firm, allowing it to scale up and manage the entire repair process end to end from the Control Center. As Linares, the group's CIO, stated,

> We pioneered the idea to make the whole network process transparent. The integration of processes on the Digital Platform allowed us to define some 100 controlled steps linked to the client and trade professional applications. As result, the number of errors and incidents in the process dropped dramatically.

The new Trade Professional Network

Iñigo Astarloa described how from 2000 to 2004 Multiasistencia started a program to transform the Trade Professional Network into a network of small to medium-size firms (SMEs). "In each country the network was administered with a local management team responsible for selecting, tracking and ensuring quality among the different contractors," added Molleda, the General Manager of Strategy. The firm required the trade professionals to sign a Service Level Agreement (SLA) whereby the professionals guaranteed service quality, response time, the use of an optional uniform, being polite with end customers, and using and respecting recommended price tables.

Through the Digital Platform, Multiasistencia offered trade professionals guidance on starting and controlling a business as well as serving as their main source of jobs. Many trade professionals the firm had worked with became franchises, leading by 2006 to a concentration in the network from 12,000 autonomous trade professionals to approximately 6000 small companies (SMEs) and autonomous trade professionals. For those franchises that already had their own applications in place, the essential part of the functionality offered by Multiasistencia was available via web service technology. Linares, the group's CIO, added,

We pioneered 'functionality modules' called Web Services which made the 'plug and play' integration of inter-organizational applications easier, allowing the franchise's applications to communicate with Multiasistencia's system and avoiding costly system integration projects and redundancies.

The Digital Platform also required changes in the Control Center's structure and operations. With the automation introduced, the volume of calls was reduced from 10 to 1. The Control Center was organized into two teams: the front office and the back office. The front office was in charge of receiving the calls and organized in mini-platforms specifically designed for each of the firm's corporate clients.

The dual-sided platform (2006–2016)

Despite the advantages provided by using the Digital Platform and the model based on SMEs, it was also becoming an obstacle, because, as Bartolomé pointed out, "we were losing awareness regarding the work carried out by the self-employed tradesmen." The platform allowed these tradesmen to report the corresponding data for each repair either while working or at the end of the day. The majority chose the latter "because they would give that responsibility to someone else in the company who helped them with administrative tasks," said Alvaro Linares, Multiasistencia's CIO.

Managing fraud control

It became apparent to Molleda that the volume-based remuneration system for professionals encouraged over-scoping and fraud. To address this problem, Multiasistencia changed its income structure, eliminating the 10–15% fee to prevent over-scoping. In its place a dual-platform market structure was introduced, offering one price structure (a fixed fee per claim and a aggregated repair pricing list) to the Bankassurance and Insurance market and a different pricing list (according to their knowledge and data in repairs) to trade professionals. What lay in between was the value appropriation for Multiasistencia.

Changes in the control center and Trade Professional Network

Ricardo Calvo joined the firm in 2006 as Director of the International Control Center. The entire CCMS process was automated through Digital Platform functions and supervised by the back-office agents, who monitored activity and managed exceptions to the defined process.

More senior agents made up the new back-office team. As Calvo noted, "It is not uncommon for out-of-the-ordinary or non-standard issues to arise, requiring a good dose of flexibility, speed, experience and know-how."

Calvo led a change that affected both the Trade Professional Network and the International Call Center's structure. Multiasistencia's management decided to work once again with self-employed trade professionals and to better control their activity through mobile devices and tracking their performance. The Control Center changed to an integrated center with claim handlers that controlled the whole process end to end; there was no longer a division between front-end and back-end agents. Calvo commented that when they first deployed the new model, in 2008, the firm lost productivity, but gained an important increase in customer satisfaction and quality (see Fig. 2).

Digitalization challenges

In 2016, Multiasistencia was a €170 millon firm, managing some 750,000 repairs per year. The firm was managing an ecosystem of firms by outsourcing claim management and repair services for its corporate clients (approximately 100 banking and insurance institutions) and policyholders, reaching some 8 million end customers and managing a network of 6000 trade professionals who carried out the actual repair work for property insurance claims. The global footprint included operations in Spain, France, and Portugal, entrance to markets in Italy and Brazil, and exploration of other markets as a global challenge. However, as Bartolomé stated,

The nature of competition, the changes in the banking sector due to the financial crisis which began in 2007 and the evolving nature of digital technology posed new pressures and challenges to the existing business model due to changes in customer behavior, structural changes in industry and digitalization.

Customer behavior and demand

Although Multiasistencia had introduced the repair service and claim management some 30 years earlier in Spain, there was still an important demand for those services. The service was highly appreciated above other insurance approaches such as traditional cash settlements or "do it yourself." According to Multiasistencia customer analysis, demand for insurance-as-a-service was present and increasing. In the insurance market and in particular the management of claims, speed and responsiveness were critical (see Fig. 4). As Mollleda observed,

> A claim not solved in less than 30 days decreased satisfaction and in consequence increased the risk of customer churn. Therefore service quality is the critical aspect in our business and in the way we use technology to fulfill end-customer expectations.

Changes in banking and insurance

For Borja Díaz, General Manager of Spain one of the main challenges was the process of industry concentration. In 2007, one of the worst financial crises in history began, leading to substantial restructuring. In Spain over 35 banks
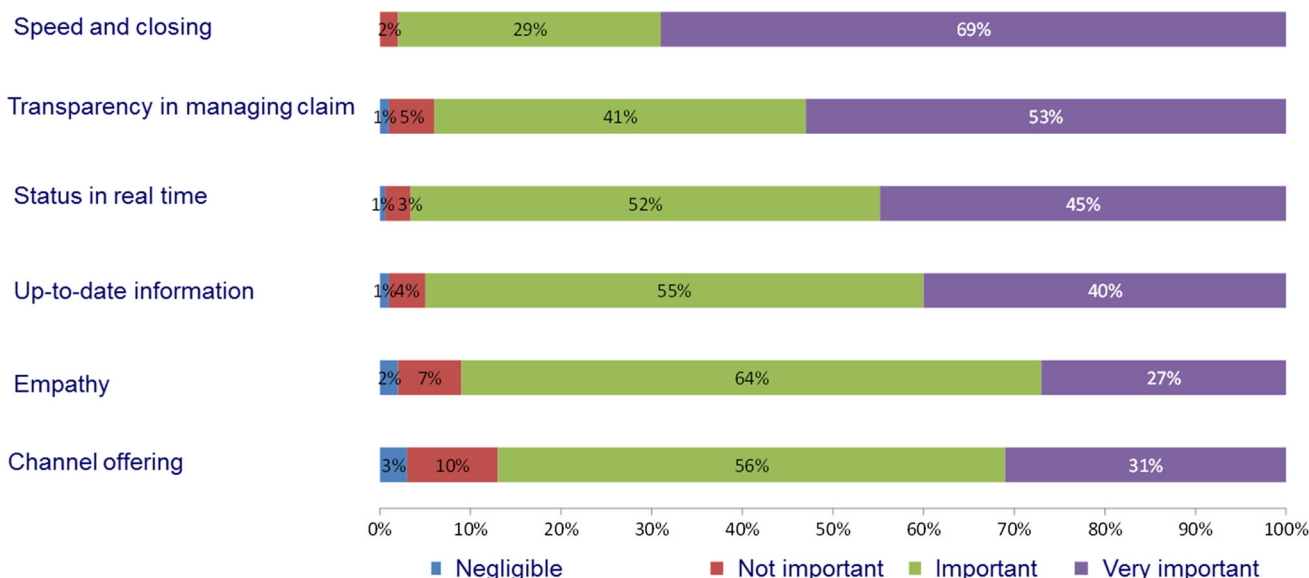

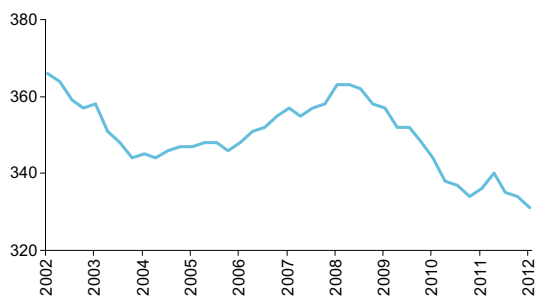**Fig. 4** Customer behavior. *Source* Multiasistencia, 2017

Fig. 5 Evolution in the Spanish banking sector (number of institutions). *Source* Multiasistencia, 2017

and saving banks disappeared from 2008 to 2011, and 15% of branches were closed in less than 4 years[1] (see Fig. 5). In April of 2016, BBVA, the second largest bank in Spain and among the top 10 in the Eurozone, announced—with no specific plans—that some 75% of employees were at risk and the institution intended to close 2800 branch offices out of 3800.[2] As Díaz recalled,

> the retail banking restructuring in Spain speeded up in the period 2012–2015 through a new consolidation effort that strongly increased the concentration of the sector and also changed the role of the insurance offering for the Bankassurance.

Competition in the "external market" of repairs

The Spanish property claim management market in 2015 billed approximately €3000 m. In Spain, 75% of insurance firms had their own claim and repair subsidiary; the remaining 25% outsourced this service. As Bartolomé stated,

> In Spain there are 6 million repairs managed by insurance companies and bankassurance firms: 25% of this number—some 1,500,000 repairs—are externalized in what is called *external market*, in which Multiasistencia led in Spain with 40% of market share.

Multiasistencia had to face competition in this so-called external market, with firms such as Reparalia[3] offering a similar portfolio of services, that is, carrying out all types of repairs in the home, home assistance contracts, and integral claim management for the insurance industry. Unlike Multiasistencia, however, Reparalia also offered contracts to end customers (business to consumer or B2C), featuring flat rates ranging in price from 3 to 6 euros per month depending on the type of coverage. Reparalia had its own network of professionals with 2000 tradesmen throughout Spain. This firm was part of the Homeserve Group in the UK and was present in five countries.

The other main competitor was Interpartner,[4] which also provided legal service and auto repairs. Interpartner had offices in more than 70 countries and, like Reparalia, it also provided services to end clients. Both companies also offered a "one click" service via apps and SMS in smartphones.

In this context, loss adjuster companies were losing their traditional market (due to an increase of delegation authority limit and tele-expertise evolution) and were reacting with acquisitions in the repair segment. At the same time, large claim operators of motor claims, assistance companies, damage control companies, and specialist repair companies (glaziers, electrical repair companies, etc.) were also trying to expand into the mass property market.

Digital new entrants: Insurtech startups

Digitalization was showing some important limitations in the way insurance was offered for incumbent firms. First, losses were predicted using historical indicators; most pricing models did not adjust to real-time individual behavioral and usage data. Second, profitable, claim-free customers typically did not interact with insurers until renewal, limiting insurers' ability to develop a productive relationship.

Insurers only reacted to customers' predicting risk profiles upon binding and at renewal, with little to no visibility into proactive risk management opportunities throughout the policy term. Here the key issue was to understand how digitalization could affect to this approach at the moment of truth, when the customer raised a claim. Bartolomé stated,

> Through new trends such as shared economy, the concept of private property may change the main idea of having insurance, such that insurers may gravitate towards "customer-centric" insurance policies rather than product-based, meaning that an insurance policy encompasses all risks associated with the customer, rather than risks associated with specific assets.

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[1] This was a consequence of changes to the European common currency in 2002 that led to a fall in interest rates and a consequent increase in loans to the property industry. Such loans increased from 21% of total credits to the business community in 2002 to 41.8% in 2007, a percentage well above the banking industry average and thus escalating the percentage of high-risk loans. In just 1 year, from 2007 to 2008, these loans increased by 326% among savings banks, compared to 265% for other types of banks.

[2] http://www.noticiasdenavarra.com/2016/04/06/economia/bbva-planea-cerrar-a-largo-plazo-el-75-de-sus-oficinas-y-migrar-hacia-la-banca-on-line.

[3] http://www.reparalia.com/es/sala-de-prensa/descargas, March 2016.

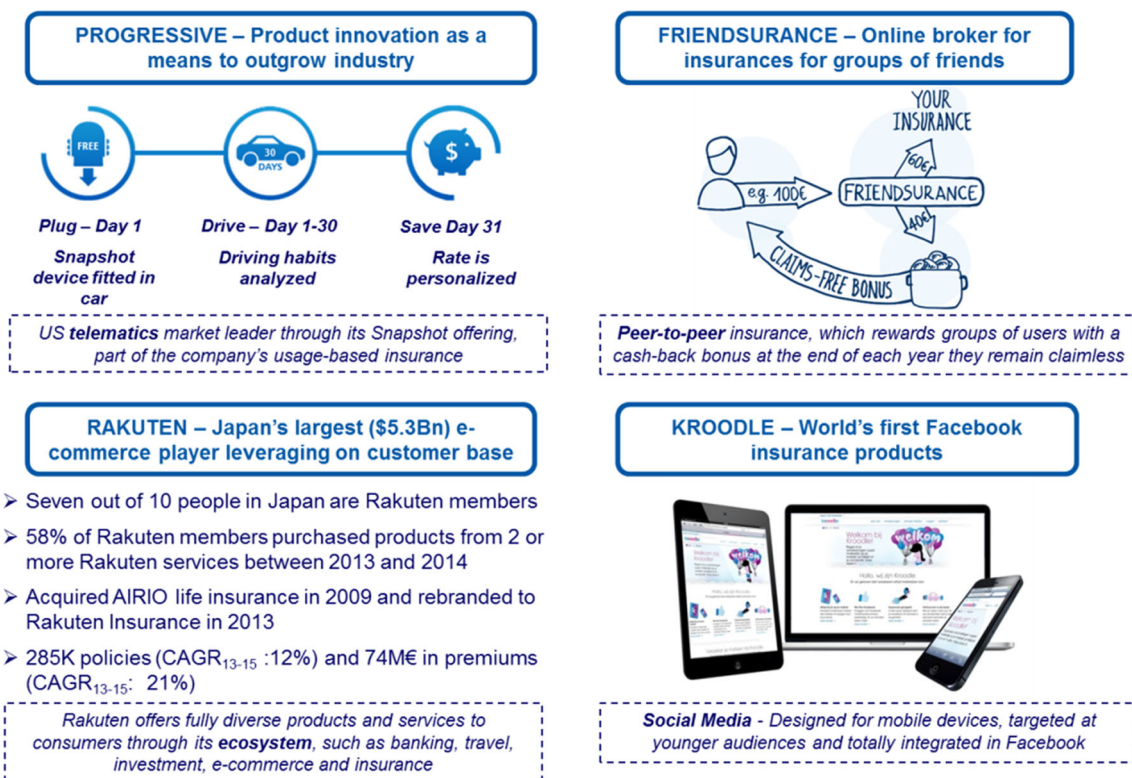[4] http://www.ip-assistance.es/quienes_somos.html, March 2016.

Fig. 6 Example of Insurtech disruptive startups. *Source* Multiasistencia, 2017

In addition, the appearance of the so-called Insurtech startups (in many cases leveraging large software platforms) initiated a disruption in the whole insurance industry (see Fig. 6) with customer-centric approaches, social and "sharing economy" models. In addition, the European Union introduced a new directive in digital payment services (PSD2) to start in 2018. To boost competition and innovation in the financial sector, this directive asked banks to give access to bank accounts and customer information (with the customer's acknowledgement and explicit authorization), opening the door to new service aggregators and digital entrants.

Internet of Things and Smart Home

Smart Home was the residential extension of the Internet of Things[5] involving sensors and switches connected to the Internet for the control and automation of lighting, heating, ventilation, air conditioning, home appliances, and security. Smart Home was a system generally connected to a digital platform that aggregated all information and allowed users to control the system through specific terminals, smart phones, and tablets. Through sensors, Smart Homes[6] would provide the capability to

- monitor key metrics (e.g., temperature) and automatically modify the environment based on learning,
- identify risk factors (e.g., smoke) and take adequate actions for prevention, and
- communicate with the environment to better adapt to changing conditions.

The Smart Home was predicted to have a market value over 10 billion US$ by the year 2020.[7] Good examples were Smart Things, Samsung's approach integrating sensors, switches, home appliances (washing machines, air conditioning), and mobile devices; and NEST, Google's thermostat. In 2016, Google announced Google Home, a new artificial intelligence advisor driven by voice, integrating sensors, appliances, and voice-activated home

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[5] The Internet of Things was the expression to define the Internet as a more pervasive and ubiquitous network with embedded sensors in energy grids, water and gas infrastructures, transport systems, citizen services, and homes—all in conjunction with control and monitoring systems. Some studies suggested that in 2020 the expectation was to reach 50 billion sensors worldwide. The Internet could become "the next utility," enabling the holistic, intelligent, and environmentally sustainable development and management of homes.

[6] World Economic Forum Report on "The Future of Financial Services," June 2015.

[7] Research and markets: global home automation and control market 2014–2020: lighting control, security & access control, HVAC control analysis of the $5.77 billion industry." *Reuters. 2015-01-19.* Retrieved 2016-05-31.
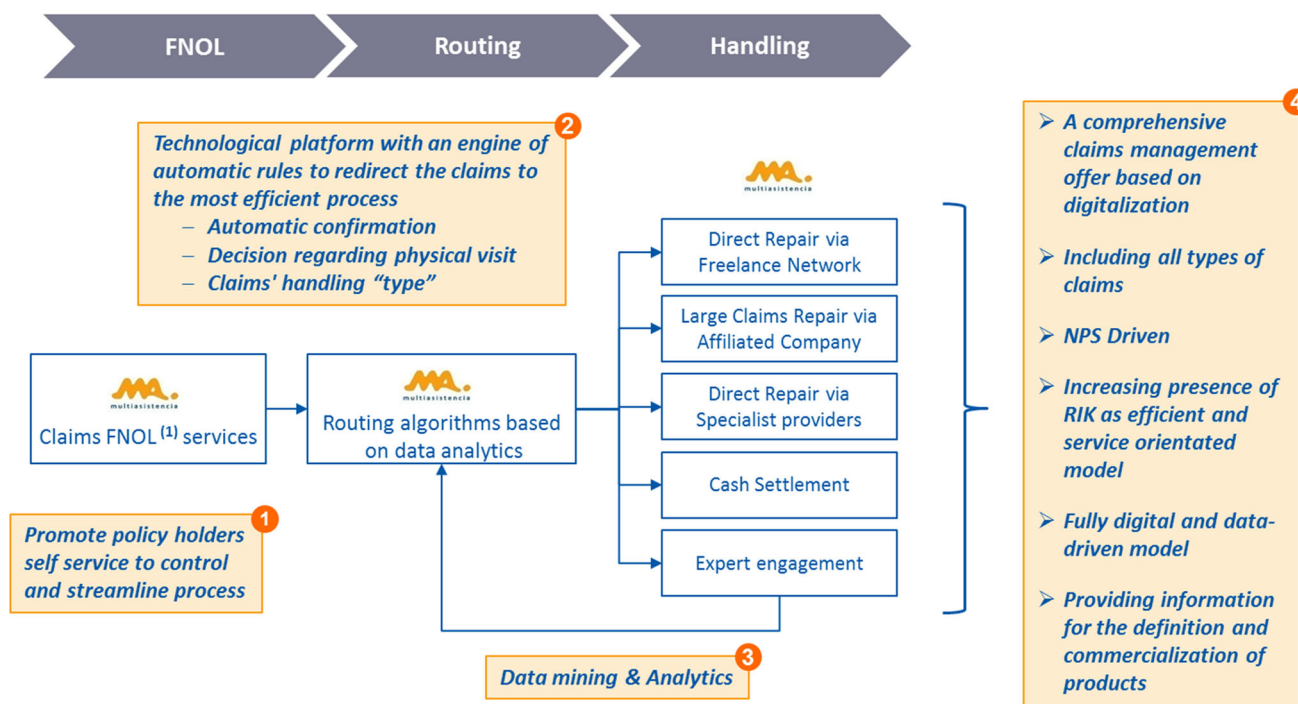
Fig. 7 Digital Platform main functions and processes. *Source* Multiasistencia, 2017

products to get answers from Google to better manage everyday tasks at home.

A wider adoption of wearable devices (e.g., wristbands) and smarter home sensors, as well as the development of new digital platforms, may allow insurers to expand usage-based offerings to home policies. Smart Home services incentivized safer behaviors among customers as premiums were linked directly to the behaviors and reduced the overall claims losses for insurers. As the result, some banks and insurers were considering the development of new premium-level service based on risk profiles and personalization. However, Molleda argued,

> Although some studies consider that Smart Home is a strong trend in the insurance business, we know that at this point, only low-risk customers are interested in sensoring their homes to get better rates, but high-risk customers opt out, so the insurance economics [of Smart Home] is a challenge. Moreover in our experience insurance apps are harldy used.

However, through increased connectivity, "personal" insurance policies could be adjusted more frequently to add, subtract, or modify coverages to match the customers' individual usage patterns. Finally, the shared economy trend may undermine the notion of property and as a result lead to the emergence of pay-as-you-go types of insurance.[8]

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[8] World Economic Forum Report on "The Future of Financial Services," June 2015.

Innovation and growth

According to José Antonio Molleda, there could be three fundamental lines of innovation linked to the company's growth:

> There can be three axes behind our innovation and growth: the first is our core business; the second is leveraging our abilities in other markets, such as maintaining boilers through energy companies, facility management services maintaining real estate assets, multisite shops, offices, housing complexes or retail offering of repair services; and the third is globalization, that is, international expansion, where the leading claim managers are less efficient, and our model can create a lot of value.

The new the digital platform

The Digital Platform had embedded the Comprehensive Claim Management Service (CCMS). Its function was to manage the whole process: receive claim notifications and home repair requests and deploy repair jobs to the appropriate affiliated trade professional. The Digital Platform was the "integration glue" of the ecosystem. Although the heart was the Control Center, the management of the whole process required new technologies and algorithms to assess the claim, to assign it, and supervise operations (see Fig. 7). The intention of Multiasistencia management was to re-

design the Digital Platform to fulfill new challenges and provide a lean process divided into three phases.

The first phase was the receipt of the call and the opening of the repair order, detailing the service to be carried out and all the related information on the Digital Platform (First Notification of Loss). The second phase, the deployment of the repair, was carried out automatically using an assignment algorithm. The deployment request was received immediately by the trade professional through mobile applications. In addition, as Molleda indicated, another key to understanding costs in the network of trade professionals was what we called the "local scale." The tradesman had to optimize routes in a small, defined area, dedicating time to the repair and traveling as little as possible to get there. Linares, Group's CIO, added,

> We introduced more mobile technology through a new app (Fig. 9) adding GPS functionality to ensure we kept that local scale. We also introduced claim data entry, assessment, a photo upload function, digital signature and the use of thermography meters to avoid breaking through walls before fixing a water leak and thus reducing repair costs.

In the third phase, trade professionals executed the repair. All interactions were followed up in real time in Multiasistencia's Control Center. If any of the 100 points of control raised an alarm, an exception was generated, which would be dealt with by the Customer Service Representative (CSR) in charge of the claim until it was resolved.

The fourth phase: on completing the repair, the trade professional reported the termination of the service and his new availability. The trade professional also needed to inform using the Price Table with some 220 concepts of the work's standard price list. This action automatically closed the repair process and generated an electronic invoice of the closed order. As Linares commented,

> Although the technology is already available, to be successful we need to have, first, a deep knowledge of the processes; second, be really fast in implementing applications; and third, be flexible to ensure a dynamic adjustment of those key parameters related to continuous improvement.

Using this new approach, the role of CSRs and trade professionals was bound to change. CSRs would act as generalists in charge of the whole process, being totally automatic unless an exception should occur. Second, the new mobile approach was to enrich trade professional interaction with the mobile device, as Linares added:

> Not only with the display, but considering the mobile device as tracker of operations, facilitating message

interaction with us, and enhancing trade professional jobs with technology.

Globalization/international expansion

In the 1990s, the founder had wanted to replicate the model in other countries, beginning in the UK, and the attempt ended with a failure.[9] The management learned that it required a local partner to understand the complexities of every local context. In France and Portugal, Multiasistencia signed joint ventures with key local partners to gain fast access to the market, establish credibility, and deploy Multiasistencia efficient processes.[10] As recalled by José Antonio Molleda,

> In Portugal, at first they didn't believe it, but we proposed forming a joint venture between Multiasistencia and Cares, showing them our tracking system [to reduce over-scoping and keep tradesmen from taking on too many job assignments]. We lowered the average cost of claims because, with our model, we were able to reduce their resolution times and make a profit. We prepared a proposed business plan and reached an agreement, becoming a big success, achieving the main goals of the business plan.

According to Astarloa, who now manages France and Brazil, the trade-off in the company's globalization implied establishing a balance between replicating the model and adapting it to the particular needs of each area. Operations were discontinued in the UK in 2007. However, "with local partners in France and Portugal, the internationalization and growth process has been a success," Astarloa added. In 2013, the company started operations in Brazil and in 2015 Multisistencia acquired a company in Italy following this schema.

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[9] The company opened its United Kingdom headquarters in London's Docklands with 100 employees initially, including a small call center. The UK was the most competitive and sophisticated market in Europe where Multiasistencia tried to impose its model. However, the vast majority of insurers there wanted to keep their front-office call centers and Multiasistencia found that UK was also covered by some 30 firms that carried out repairs. Potential customers (banks and insurers) only wanted a bolt-on claims management service.

[10] In France, the firm signed an agreement with SMABTP (*Société Mutuelle d' Assurances du Bâtiment et des Travaux Publics*), France's leading construction and public works insurer and the parent company of ASEFA, one of the Spanish corporate clients already working with Multiasistencia. Since SMABTP had immediate credibility in the French insurance market, this helped Multiasistencia launch and implement a profitable claims repair service in France. In Portugal, Multiasistencia began operations in 2002, billing approximately €150,000 that first year. The insurance industry in Portugal was highly concentrated and dominated by a state-run entity, Caixa Geral de Depósitos, which worked with Cares, a subsidiary of Caixa Geral with a similar offering to Multiasistencia. In 2008, Multiasistencia approached this firm to sign a joint venture.

Astarloa observed that one key issue in expanding the Multiasistencia model internationally was to understand the frequency and average cost per claim in different countries. The market in Spain presented a frequency of 30% of claims with a low cost average (some €300), while insurance holders in other markets presented much less frequent claims but with much higher average costs. So, communication and interaction with customers was a critical variable to understand. The second issue was "what type of modules can work in different countries and which are the core of our business platform."

The creation of a Digital Innovation & Data Unit

In order to meet the challenges of digitalization, Multiasistencia was considering the creation of a new department, the Digital Innovation & Data Unit, to concentrate and consolidate digital initiatives, facilitate data management, and steer the transformation of Multiasistencia in the new digital competitive context. The focus was to explore and leverage the opportunities that digitalization and Big Data may offer.

At that time, as Linares stated, the term "Big Data" was an umbrella that embraced techniques for acquiring, analyzing, and visualizing data as well as connecting with existing business processes, and creating models for better understanding the past and forecasting the future. Management needed to prioritize their strategy to focus either on improving real-time analytics to optimize operations or to consider the exploration of new models to prepare to compete with Insurtech models and Smart Home potential offerings.

The new Digital Platform and the embedded processes, mobile apps, and other technologies may be the core of the digital transformation and the creation of a new ecosystem. According to Borja Díaz, General Manager of Spain,

> The first question of a Digital Innovation & Data Unit is about accountability. We need one executive to manage the digital transformation and be accountable with key indicators for doing this job.

The investment for the creation of that unit in salaries, software, and infrastructures could be around €1.5 m in the next 3 years. Moreover, there was a debate between automating and optimizing the operating model vs. business transformation. There were automation opportunities in the Control Center as well in better tracking of trade professionals—"this is for sure, but the real opportunity is leveraging data in the creation of new products and services," as one manager stated. Digital technologies and data management may improve operations and ecosystem

performance, but for other managers the capacity to create new products and services was the key.

Optimization of the operational model

Javier Bartolomé was the "acting" Director of Operations, considering Bernardo Olmos his right hand in this area. According to Olmos, operations were embedded in the Digital Platform, which was a key infrastructure to increase value in the firm's relationships with its corporate clients, allowing it to track the repair processes in real time and also to supervise related Service Level Agreements (SLA). Corporate clients had online access to the same information as any Multiasistencia employee. As Borja Díaz stated,

> Our clients have real-time access to all the data regarding their claims. It also enables us to quickly and periodically exchange data and for the companies to revise and track them. We're not worried that errors can be detected in our management because we know that identifying and correcting them is the path towards ongoing improvement.

Some managers considered that the Digital Innovation & Data Unit should focus on defining early alert systems, accelerating process resolution by speeding up certain steps (e.g., setting up an appointment directly with the client when they call to present their claim), provide updated real-time information about what is happening at any given time (single and online data), and enrich the content associated with the claim report to improve management. According to Díaz, the repair process and its follow-up (photos, videos, and online delivery notes) required new "logical sequences" to automatically handle requests from suppliers (e.g., automatic budget processing) to reduce the times required in each repair. In fact, as one manager stated,

> To face challenges we need to remind [ourselves] that we compete through specialization: first, in terms of scale and reducing repair costs, that is, materials and logistics; second, through our capacity to innovate our services; and, third, in our use of the Internet and the real-time access we provide to our client networks.

In fact, after more than 30 years of claim management and repair service, Multiasistencia possessed a great deal of historical statistical data to improve average repair costs, prevent possible fraud, and determine the pricing structure before assessing the repair in situ. Olmos had studied some reports that showed that, on average, only 30% of insurers had digitalized and automated their processes, which in turn may lead to reductions of around 50% in operational costs. This was the major argument for the management

who considered that the first priority was to optimize operations.

Customer data: the voice of the customer

However, Ricardo Calvo, director of the Control Center, considered customer relationships and the related data as a key asset. These data sources come from quality surveys such as the Net Promoter Score, asking only one question: would the customer recommend Multiasistencia services? The second source was active listing in social media. These outputs should provide an ongoing view of the customer's perception of each interaction to their satisfaction and churn propensity. Finally, Multiasistencia was also using speech analysis. Pedro Morán, CFO, indicated,

> Speech analytics technology allows us to detect key words (for example, 'worry', 'complaint' or an insult) as well as emotional tone (positive, negative and neutral) and measure Control Center performance. We indeed need to use a lot of data but we also need to show strategic compliance with data protection and EU directives

Multiasistencia was focusing on gathering data from all these sources to prepare patterns, associating key words and tone with the type of repair implied. As indicated by Alvaro Linares (CIO),

> Speech analytics and statistical modeling of this dissatisfaction allows us to identify claims with difficulties, allowing us to take appropriate actions as well as understand what variables have a greater causal impact to thus adjust the operating circuits and assign resources accordingly.

Calvo's point was that the focus was on reducing customer churn managing real-time information and reducing average time of repair, the most critical indicator for quality assurance. For Pedro Morán, CFO,

> The ability to capture data systematically from the customers, holistically, requires an investment in numerous technologies, each of which provides analysis and recommended actions, and organization velocity (see Fig. 1). Data acquisition and organizational changes required have different speeds. Here our major challenge is to combine both velocities dynamically and respect the customer rights. To that respect vast majority of our data communications are encrypted

Borja Díaz, added,

> Analyzing the 'client's voice' will allow us to systematically select calls with different regional accents

and key words, and enrich this 'voice' by cross-referencing data from other sources, such as area, types of repairs and types of clients. For example, we will be able to develop predictive patterns to asses call center performance and improve the retention rate amongst our portfolio of clients.

The key challenge was to be closer to our customers, be more active according to "personal events" rather than focusing on "claims."

Machine-based decision making

After years of analyzing data, Multiasistencia management learned something intriguing. In the words of Molleda,

> Based on our data, [we can see that] manual/traditional confirmation that a claim is covered by the policy generates a bias towards policy coverage by the professional/loss adjuster and yields a heterogeneous statistical distribution, whereas an automatic confirmation generates a more normalized pattern, with a coverage rate between 60 and 70% in Spain (see Fig. 8)

Was this information supposed to mean that machines could be "more objective" in the interpretation of the policy coverage? This fact may have opened a new way of working in order to reduce errors (and costs) in the decision-making process of accepting or rejecting claims. As Borja Díaz added,

> As a consequence [we can achieve] the simplification of the process and the reduction of manual tasks through the wise use of the proper algorithms. This is not a question of whether machines are faster; the issue is that according to our data, they are more accurate in their decision-making process.

This was a topic that would drive the new adjustment of policy coverage and the redefinition of products; it would also generate a new value proposition for the actors in the network. Some management considered it a potential culture clash with the long-time motto at the Control Center: "Listen, Answer and Smile." Could machine-based decisions replace people? (Fig. 9)

Creating data products

Analyzing the "client's voice" and following Control Center performance could reveal critical insights. It was clear that with this type of data Multiasistencia could create thresholds and exceptions that, once triggered, would enact associated workflows and alerts as key components in these solutions. At the operational level and focusing on the
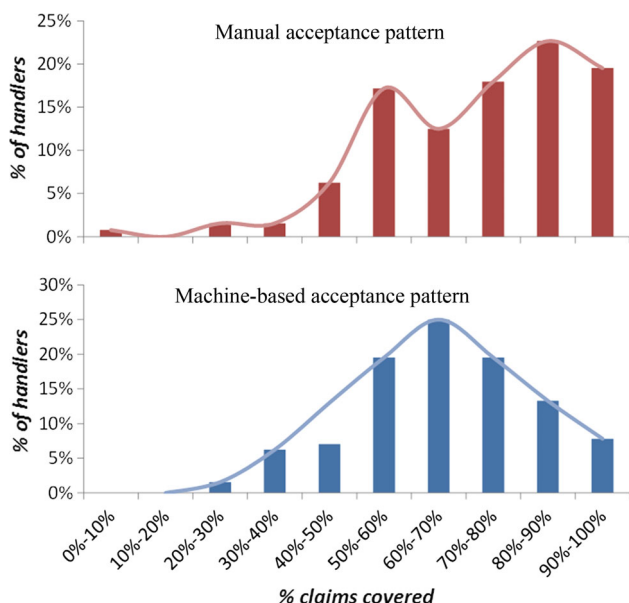
Fig. 8 Acceptance of claims patterns. The figures present % of claims rejected versus % Customer Service Representatives (CSR). For example, in the upper figure 60–70% CSR reject the 15% of claims. What figures explain is the human bias versus the machine-based decision based on statistic algorithm

Control Center, the aim was to be able to make real-time decisions, triggering an alert or recommending that contact be made with a disgruntled customer.

However, Molleda, General Manager of Strategy, wanted to explore further: "maybe with all these data flows we can create new categories, products and innovations." In consequence, this line of thought may lead to a greater focus on IT innovations. Therefore, the Digital Innovation & Data Unit could develop "tailor-made" products for corporate clients such as repair of leaks originated within the home, damages to electrical equipment due to lack of maintenance, maintenance and repair of window blinds, and change of lock due to malfunction or loss of keys—all of which, as Borja Díaz added, "created new differentiated value propositions to our corporate client base." To that matter, for a number of executives, a centralized Digital Innovation & Data Unit could help to create new products and new relationships, the coordination and prioritization of new initiatives, and a culture of sharing knowledge to truly develop new capabilities throughout the ecosystem.

Fig. 9 Mobile app for trade professionals. *Source* Multiasistencia, 2017

Decisions

Multiasistencia management knew that there were many decisions to make. To maintain Multiasistencia's leadership, it was important for the company to determine what innovation priorities would ensure its growth. The strategic role of the insurance business was changing as insurers and bankassurance tended to concentrate; but also there was a strong focus on new models based on gathering behavioral data from customers, thereby becoming more sophisticated in understanding risks. Multiasistencia also faced the emergence of new digitally connected insurance models.

Thus far, the company had favored improving efficiency in the repair model, specialization, access to new lines of business by leveraging its existing competencies, and the company's globalization. Were these enough? The company had made a wager on the creation of a Digital Innovation & Data Unit. Was this unit to be related with operations or with new product creation? How should the firm develop a reporting line between the potential Digital Innovation & Data Unit and the existing organization to avoid culture clashes? What could its role be in the organization? What should be the role of potential strategic alliances in the new environment?

Bartolomé had scheduled a special board meeting to define an agenda for the years to come. Bartolomé had to present his point of view and plan of action to José Antonio Molleda (General Manager of Strategy), Borja Diaz (General Manager for Spain), Alvaro Linares (CIO), Pedro Morán (Chief Financial officer), and Iñigo Astarloa (General Manager for France and Brazil). They had a previous meeting with Linares (CIO). When all six executives were seated at the table to start the meeting, Bartolomé looked at them first. He started with the following words:

> We must explore every opportunity to use digitalization to either optimize our operating model, or start to re-invent our business model and re-think our ecosystem.

Bartolomé paused, looked at the executives' faces for a minute, and continued,

> We need to take advantage of digital technologies to create a next step. The decision to create a Digital Innovation & Data Unit needs to make us relevant and competitive.

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