

CUSTOMER EXPERIENCE IS CRITICAL TO HEALTHCARE DIFFERENTIATION

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THE BOTTOM LINE:

A positive and effortless customer experience can result in increased customer satisfaction, loyalty, advocacy and greater customer lifetime value, which leads to competitive advantage.

Major driving forces for customer insights in healthcare:

- BIG DATA
- CONSUMERIZATION
- OPTIMIZED DECISION MAKING



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Consumer driven health plans, advancements in “shopping” tools that allow consumers to compare cost and value, ever increasing individual out of pocket costs, and increased membership in individual and small group markets as a result of the Patient Protection and Affordable Care Act have shifted more of the purchasing power for health insurance to the individual.

Both healthcare payers and providers are reacting to this change and reorganizing their business models to better acquire, service, and retain these newly enlightened and empowered consumers. With this strategic shift, smart organizations are realizing the importance of optimizing the customer experience.

The following are considered to be the key driving forces converging to increase the importance of an optimized customer experience in healthcare.

- *Access to technology and information*—The proliferation of information and ease of access to it via technology is changing the dynamics between healthcare firms and their clients. A growing willingness to trade ease of access for certain components of privacy is changing the business model.
- *Shifting of cost to consumers*—The shifting of healthcare costs from employers to individual employees is driving consumers to more actively analyze and manage their healthcare purchases. As a result, individual consumers are requiring more and better information for improved healthcare decision making and better customer experiences.
- *Requirements of the 2010 Affordable Care Act*—Healthcare reform via the PPACA aims to encourage healthy competition in the healthcare market by providing price visibility, rewarding proof of good patient outcomes, and promoting insurance transparency and accountability. The goal is to make information on both healthcare payers and providers readily accessible to consumers via state health insurance exchanges, which is creating a retail-like environment where shopping for healthcare will be similar to shopping for financial or travel services.

CUSTOMER EXPERIENCE MATURITY MODEL

For a healthcare organization to optimize its customer experience, it must understand the needs and behaviors of its customers and be equipped to act on them in a manner that adds value to the experience. Healthcare is shifting towards more customer-focused approaches similar to those used by other industries like financial services and airlines.

Based upon our experience, there are four dimensional capabilities that together allow an organization to deliver effortless, multi-channelled customer experiences. These are:

- *Customer Experience (CX) Strategy & Design*—Developing a vision and blueprint consistent with the brand promise.
- *CX Information Management*—Integration of data, including big/unstructured, to develop a single customer view.



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- *CX Insights*—Leveraging information based customer intelligence, analytics, modeling, segmentation, and research.
- *CX Delivery*—Using data, insights, and technology to make an optimal customer experience operational.

Metrics designed to measure an organization's progress in each of the four dimensions are highlighted in the diagram below. The higher the score against each of these metrics, the more established the organization's customer experience strategy is. The maturity of a healthcare organization's customer experience strategy can be measured against four levels – Developing, Foundational, Advanced and Optimized.

As healthcare firms increase their customer experience maturity and capabilities, they will improve their insight-based relationships with customers, thereby increasing customer loyalty and lifetime value, while also achieving competitive differentiation. Health insurance, particularly, is an industry where there is some perceived commoditization of the product offering which investment in an insight based customer experience can overcome and provide advantage.

CONCLUSION

West Monroe Partners believes that a customer's perception of a healthcare payer or provider organization is developed as a result of his or her interactions with that organization across multiple-channels, not through one individual transaction or moment in time.

Companies must holistically address the four dimensions of customer experience in order to provide a data-enabled, insight-driven customer experience and that provides differentiation to develop a unified vision and strategic blueprint consistent with the brand promise.

Integrating customer data and platforms in order to develop a single customer view is the information-based foundation of a customer-centric organization. Leveraging this information and analytic-based insights that along with new technologies can be utilized to deliver multi-channel, digital, and optimized customer experiences can then truly enable business growth and competitive advantage.



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Dimension/ Level	4 Levels: Developing, Foundational, Advanced, and Optimized
Customer Experience Strategy & Design	Level of development of Client/Member Experience vision and strategy
	Lagging/leading indicators/KPIs for Customer Experience
	Customer-centric organizational design
	Alignment of incentives to Customer Experience performance
Customer Experience Information Management	Common customer IDs established for 360o view
	Enterprise-wide customer data integration capabilities
	Big and/or unstructured data management capabilities
	Customer data governance processes
Customer Experience Insights	Customer segmentation capabilities- demographic, behavioral, attitudinal, needs, persona and/or micro
	Customer value differentiation – customer profitability, customer lifetime value, potential value
	Usage of predictive or pre-emptive analytic modeling
	Social media listening and analytics capabilities
	Customer Experience metrics - descriptive, subjective (e.g., Customer Effort Score), and outcome-based
Customer Experience Delivery	Customer self service capabilities (e.g., customer portals, virtual agent)
	Effortless, insight-based, differentiated customer experiences
	Multi-channel, seamlessly integrated, consistent experiences across sales, marketing and service
	Digital and mobile experiences (e.g., social media engagement, mobile apps for tablet)
	Collaboration and digital content management capabilities