

A project with the prestigious title «Best of Consulting 2012»

MARKETMAP[®]

Increasing Competitiveness

Award

For the second time since 2011, the magazine «WirtschaftsWoche» has recognized Synpulse for the successful implementation of a challenging project in the competition «Best of Consulting» for outstanding consulting companies. The expert jury under the supervision of Professor Lars D. Wellejus from the Fachhochschule Frankfurt awarded Synpulse first place in the Marketing/Distribution category for the project MARKETMAP[®] (a self-developed analysis tool for strategic and effective pricing). Within the scope of the project, the pricing of Helvetia Insurance was optimized. The possibility of carrying out complex tariff simulations and developing new rates was established for internal pricing experts, while at the same time market prices were optimized iteratively for comparison to competitors.

Starting position

The correct pricing strategy is essential to the competitiveness of an insurance company, particularly in the car insurance business. Implementing a pricing strategy is challenging, as pricing for a modern car insurance tariff is extremely complex. Market-based pricing in particular places huge demands on an insurer's data, tools, processes and skills. In order to continue offering sustainable and competitive solutions in car insurance, Helvetia launched the project MARKETMAP[®] to ensure that its pricing remained state-of-the-art.

A structured method was developed that would take into account relevant external market data in the calculation of prices. The collection and integration of external market data substantially increases the accuracy of pricing. The effectiveness of the pricing strategy could be measured for target segments and the development within these segments documented. It was possible to improve the overall quality of the portfolio and to promote growth in attractive segments.

The objective faced various challenges, such as a heterogeneous application landscape which previously made the necessary tariff simulations rely too heavily on IT. This was the main reason why the development of new pricing versions and also tariff simulations required considerable time and effort and al-

lowed only a small degree of iteration. Thus, it was not possible to efficiently include structured market observations in the pricing process.

This starting position resulted in three core questions:

- How can car insurance pricing be made more efficient and transparent?
- How should a market-based pricing strategy look like?
- How can structured market observations be integrated into pricing?

Solution

These questions were addressed in parallel and resolved in two modules. Synpulse carried out the project using SPEEDmethod[®], an internally developed project approach.

To meet the challenges above, a tool was designed and implemented using the latest technologies. It ensured that internal business experts could develop rates and carry out iterative tariff simulations without relying on the IT department. Additionally, the pricing process was optimized once a benchmark of existing tariffs, tool and data analyses had been carried out.

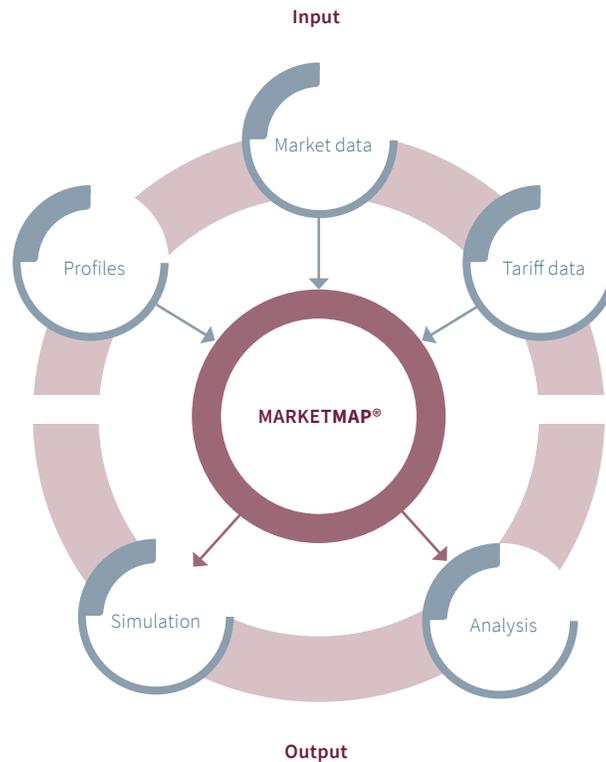
MARKETMAP[®] can calculate the market position of Helvetia's tariffs using competitive market data and can also evaluate user tariff modifications by visualizing the impact on the representative sample client portfolio stored in the tool. Helvetia Insurance thus has an effective instrument to implement and control its pricing strategy.

External market data stored in MARKETMAP[®] was mainly obtained from mystery shopping that was carried out during the project. Offers for predefined profiles, which represent the insurance portfolio of the customer, were gathered, analyzed, structured and stored in the pricing tool. It was also possible to integrate existing data sources (e.g. NAFI in Germany).

Benefits

By optimizing the pricing process, further defining the pricing strategy and implementing MARKETMAP® with Synpulse, the client was able to benefit from measurable successes:

- 🕒 Time-to-market for product development was significantly decreased.
- 🎯 Segment-specific pricing strategies were implemented. The corresponding objectives could be measured per segment using MARKETMAP®.
- 📈 Simulation capabilities increased the overall quality of the tariffs.
- 🔄 Portfolio quality could be maintained even in changing market conditions.
- 🎯 Goal-oriented, segment-specific tariffing was strengthened.
- 🔍 Tariff errors could be identified.
- 🔄 Complexity of tariff development concerning the interactions between IT and business department was unbundled.
- 😊 Employee satisfaction was increased.



Source: Synpulse

Analysis tool for strategic and effective pricing