

COLLABORATION IN A CRISIS: BUILDING A RESILIENT VEHICLE REPAIR ECOSYSTEM TOGETHER

Strengthening relationships to build
a safe and connected future

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INTRODUCTION



WHY COLLABORATION IS ESSENTIAL FOR VEHICLE REPAIR CLAIMS MID- AND POST-COVID MARKET

“ Companies should redouble their efforts to develop ecosystems with innovation partners and experiment with new collaboration models. ”

McKinsey & Company⁽¹⁾

Like many other industries, businesses across the automotive sector are now working hard to understand what the long-term impact of the Coronavirus pandemic will look like for them. The key to operating safely and successfully lies in our ability to collaborate effectively. At the time of writing, November 2020, confusion still remains on the road ahead. Many countries across the globe are emerging from second wave lockdowns, while other local and regional restrictions still vary significantly from boarder to boarder. However, with a vaccine now insight, governments attentions are turning to how quickly and effectively vaccinations can be deployed from Spring 2021.

More than ever before, businesses are relying on collective, constant communication to work safely, while continuously pushing the boundaries of digital technology to perform efficiently. The modern automotive claims ecosystem is no exception. Everyone impacted must work harder in order to unify experiences and navigate a new sense of normal. After being impacted harshly by disrupted parts supply availability and distribution, temporary shop closures, and stringent yet necessary cleansing regulations to be undertaken amidst the crisis⁽²⁾, the industry's siloed supply chain and lack of communication still must be addressed. Without conscious action and a duty to connect through challenging times, the industry risks failing to emerge stronger, or unable to serve a new set of customer expectations.

⁽¹⁾ <https://www.mckinsey.com/industries/retail/our-insights/time-for-change-how-to-use-the-crisis-to-make-fashion-sourcing-more-agile-and-sustainable>

⁽²⁾ <https://www.audatex.co.uk/news/covid-19-factors-impacting-repair>

To embrace a collective strategy, those of us in the industry must understand the integral contribution each player makes to the continuum of the customer experience.

INSURERS – As the first point of contact in the repair-claims process, insurers are judged on their ability to initiate claims quickly and with minimal involvement from the claimant. Often responsible for sharing all updates and information with the customer from initiation to settlement, claims communications are a critical element of the full-repair cycle that can significantly impact the customer experience.

VEHICLE REPAIRERS – The work of auto body repair professionals is the lasting visual reminder of a customer's repair-claims experience. Not only must the finished product be completed to the highest standards, the speed of repair, cost and availability of parts, as well as overall customer service are all essential to the modern claims experience.

SUPPLIERS – If any of the logistics overseeing timely parts deliveries are disrupted, it can reshape the way customers experience an entire repair-claims cycle. Without visibility and efficiency of supplier activity, the ecosystem faces severe difficulties in both completion of repair work and updates to customers about the progress of their claim.

Despite the inherent challenges heightened by recent global events, we are seeing early signs of greater transparency and better collaboration across the ecosystem. Recent research found that 18 percent of United Kingdom vehicle repairers identified an immediate opportunity to improve relationships with insurers, accident managers, fleet, and private customers⁽³⁾. In many cases, technology has been the driving force of these efforts. For example, digital communications channels are helping connect drivers with insurers to initiate claims faster while maintaining social distancing. Similarly, vehicle repairers are able to keep customers informed throughout their repair and then efficiently invoice when physical options are not permitted.

At Solera, we provide the connection that brings the claims ecosystem together by delivering the underlying platform that powers the modern claims workflow and increases efficiencies at every touchpoint within the cycle. While technology is the solution, working together to embrace these solutions effectively will ultimately define how quickly shop owners, insurers, and suppliers can respond safely and with resilience on a global scale.

This whitepaper will explore definitive actions for building a collective strategy across the claims ecosystem to enable a safe recovery while improving partnerships and in turn, enhancing the customer experience in a digital world. Before we understand the opportunities for a safe and connected sector mid- and post-crisis, there are some critical challenges that must be addressed in order to truly navigate the future of repair claims.

⁽³⁾ <https://www.trendtracker.co.uk/may-2020-free-pdf-download-uk-body-repair-covid-19-report/>

WHAT CHALLENGES FACE THE ECOSYSTEM'S NEW SENSE OF NORMAL?



Any actionable strategy will be formed by recognizing the effects of COVID-19 on the claims workflow and accepting a shared responsibility to address them. Repair volumes, cash flow, and staff safety also will remain major concerns for global auto body repairers as we continue to operate in these challenging times. As workloads return to some sense of normal, vehicle repairers are now having to operate under new measures and adhere to social distancing practices to maintain safety – whether that be larger work bays, rotated shifts, fewer hours, or a permanent workforce reduction.

As economies look to rebuild, disruption to global supply chains will remain a huge challenge for the industry. The first country to be impacted, China, is a major player in the auto supply chain, with 80 percent of players connected to it⁽⁴⁾. Demand for parts has been high and shortages have been felt by those heavily reliant on the country's exports⁽⁵⁾. Naturally, many parts discounts have also been lost and parts are now being sold at full price as suppliers look to maximize profits under new circumstances and challenges. According to research by IHS Markit, more than 50 percent of suppliers in Europe are very concerned with the disruptions⁽⁶⁾. As shortages extend amid a slow recovery of Original Equipment Manufacturers (OEMs) and aftermarket suppliers, many repairers may be forced to engage with different suppliers and adapt means of trading to source their parts in a short period of time.

We have also seen backlogs of assessments being logged by vehicle repairers to regain some of the profits lost during closures⁽⁷⁾. The drastic increase in workload, combined with fewer staff members and less space in which to complete repairs due to social distancing, risks pushing out repair cycle times even further than pre-lockdown levels with the potential to negatively impact overall claims experiences. Teamed with the roadblocks of a siloed supply chain, these challenges must be combated with new operating models and partnerships if businesses want to succeed post-COVID.

⁽⁴⁾<https://home.kpmg/sk/en/home/insights/2020/04/what-covid-19-means-for-china-car-industry.html>

⁽⁵⁾ <https://www.forbes.com/sites/laurieharbour1/2020/03/13/the-coronavirus-impact-on-the-global-automotive-supply-chain/#7dc31a4e444e>

⁽⁶⁾ <https://cdn.ihsmarkit.com/www/pdf/0320/Auto-COVID-19-Supply-Chain-Survey.pdf>

⁽⁷⁾ <https://www.audatex.co.uk/news/covid-19-cause-and-effect-blogpost-1>

Revised health and safety measures will have a lasting impact on everyone and will amount to new financial pressures shared by repairers and insurers alike. Stringent, necessary sanitation measures now must be undertaken to ensure all vehicles being repaired do not add to the spread of infections among workers and customers.

Vehicle repairers are now having to deep clean and disinfect customers' vehicles before they enter the facility, as well as after the repair has been completed and the vehicle is handed back to the driver. From AutoNation's new sanitizing services in its United States centers⁽⁸⁾ to the 'sanity system' being deployed by vehicle repairer, Castle Coachworks⁽⁹⁾ in Northampton, UK, post-repair vehicle disinfection has become a critical safety factor across the globe.

This also is the case for courtesy vehicles in use during a repair. This is both timely and expensive when conducted at such scale, adding to the total spend on every repair claim for insurers while reducing margins as a result. Additionally, we must question the need for and impact of any other post-repair touch-points. For example, repair networks must consider the need for vehicles to go to branded dealer shops to get advanced driver-assistance systems (ADAS) equipment recalibrated, and how it would be conducted safely and logistically to meet social distancing expectations.

For the insurer, the challenges lie within the additional resources required to first coordinate with repair partners to ensure vehicles are returned to their customers safely and with as little impact on the claims life-cycle and its cost as possible. The second obstacle is the greater costs incurred by having to clean and sanitize courtesy cars after each use, while negotiating with claims partners to establish who will cover the extra costs of the stringent post-repair cleaning measures. All while claimants are provided with regular updates about the progress of their claim through digital communication channels. The adoption of these digital communication channels will need to be accelerated quickly in response to the pandemic.

Despite a gradual easing of operational limitations, the future ecosystem still will be fundamentally different from its former self. There are, however, ways to navigate these challenges through a shared vision that maintains safe repair claims experiences amid reduced resources and social conditions. The first step is to embrace the importance of collaboration and actively form better relationships across the entire claims network.

⁽⁸⁾ <https://www.autofutures.tv/2020/03/20/how-new-and-old-tech-helps-to-disinfect-coronavirus-covid-19-in-cars/>

⁽⁹⁾ <https://www.northamptonchron.co.uk/news/people/northampton-car-bodyshop-implements-sanitising-tech-fight-against-covid-19-2854432>

HOW DO I INCREASE COLLABORATION ACROSS MY NETWORK?



This period of unforeseen change has undoubtedly challenged the claims ecosystem to work better together. For many years, the siloed nature of the claims workflow has prevented close industry collaboration. However, we've already seen a huge transition during the pandemic so far. In the UK, distributors, trade bodies (National Body Repair Association - NBRA), and paint companies have remained supportive throughout the pandemic, with the majority of vehicle repairers rating them an 8, 9 or 10, on a scale of 1-10, with 1 being very poor and 10 being excellent⁽¹⁰⁾.

Downtime in car insurance claims has also paved the way for stronger communication between insurers, repair partners and customers – a trend that shows promise for the future if this can be executed at scale. We've seen significant efforts from insurers to accommodate new processes at a rapid pace to support partners and customers. Many insurers also appreciate the work of their repair partners as the supply chain has executed on their behalf to fulfill their collective promises to their mutual customers.

Continuing this collaboration demands a move away from purely transactional relationships across existing networks. Instead, we must shift toward longer, innovation-driven partnerships that will ease points of tension in the workflow and deliver successful claims experiences. Start by considering whether digital can be a vehicle for enablement in your organisation's own operation. For example, can a digital-led strategy bridge gaps in a disrupted supply chain, or facilitate automated connections between insurers and operational repair sites?

Once these opportunities are identified, use them to open discussions leading to new, more transparent, collaborative, and supportive relationships where all parties – especially claimants – can benefit. These discussions may extend beyond your current networks, but they can fuel new ideas to help businesses adapt beyond their comfort zones. Naturally, such collaborations will only be successful when there is value for all participants reflecting the investment and effort going into them⁽¹¹⁾. As we look to a period of sustained uncertainty, partners must conduct ongoing evaluations and parameters to define what success looks like to maintain value.

Creating a broader ecosystem around an organization's workforce to foster collaboration across a range of priorities is proven to result in better engagement and business outcomes⁽¹²⁾. What's more, it will help businesses capitalize on digital solutions faster in order to build a highly-effective, safe and connected workflow delivering greater efficiency across the repair claims process. These conversations can begin with new or existing partners, but whatever the aim, they must be formed to build resilience on all sides. Once a collaborative framework is established, it is vital to assess the solutions that will deliver the level of functionality required to realize maximum value and performance.

⁽¹⁰⁾ <https://www.trendtracker.co.uk/may-2020-free-pdf-download-uk-body-repair-covid-19-report/>

⁽¹¹⁾ <https://www.bethebusiness.com/productivity-insights/coronavirus-how-to-collaborate-with-other-businesses/#>

⁽¹²⁾ https://www.accenture.com/_acnmedia/PDF-120/Accenture-COVID-19-Continuity-in-Crisis-Effective-Business-Services.pdf

HOW CAN DIGITAL CONNECT THE ECOSYSTEM EFFECTIVELY?



Now more than ever, we're engaging with products and services through digital channels and COVID-19 is accelerating digital transformation even further. Many of these innovations will form the backbone of the future ecosystem post-crisis and beyond, by aiding a frictionless flow of data between insurers, repairers, and suppliers to maintain a functional workflow from a safe distance. In addition to business continuity, digital holds the key to removing siloed claims experiences and provides the safe and accessible support people want and need today.

According to Accenture's Technology Vision 2020, 76 percent of executives agree organizations need to dramatically reengineer the experiences that bring technology and people together in a more human-centric manner⁽¹³⁾. This holds true for the claims ecosystem which will adopt the most effective digitization to enable people to connect faster, easier, and safer than ever before.

For example, we've seen a dramatic increase in adoption of our image-capture technology, that allows customers to quickly submit visual evidence of damage, via a guided and automated process, to insurers and vehicle repairers. This allows for rapid review of damage and quick assessment of first notice of loss (FNOL) from any location. Such driver-enabled activity can reduce the time assessors spend visiting vehicles with minimal or total-loss damage, to safeguard social distancing practices while improving the sharing of data between the customer, insurer, and repairer.

Digital-led avenues not only help to initiate claims, but can underpin critical functions allowing businesses to stay operational and productive. Using modern technology to enable faster payment for vehicle repairs will aid cash flow, allowing repairers to order the required parts and handle repairs faster thereby creating satisfied mobile customers. What's more, automated digital communication can provide vehicle repairers with time and cost-effective ways to update customers when resources are pressed.

Fundamentally, these capabilities will rely on the seamless flow of information and intelligent automation at key stages of the value chain. In collaboration with industry partners, insurers and vehicle repair businesses can blend data with predictive capabilities to build a model serving each touch-point with accurate information. Solera serves not only as the data aggregator, but as the key driver in bringing together such disparate contributors as insurers, assessors, and repairers, to find common ground in delivering better customer experiences through a more digitized workflow.

⁽¹³⁾ <https://www.accenture.com/us-en/insights/technology/technology-trends-2020>

Leveraging these capabilities to support an end-to-end transition to digital can build resilience in a number of ways.

- Smarter triage of vehicle damage can enhance allocation accuracy, classify more total-loss vehicles at FNOL before they enter the shop and allocate special cases with the most suitable repair facility first time
- Vehicle repairers can view the damage ahead of a vehicle's arrival on-site to proactively initiate parts sourcing or pre-estimate administration and reduce key-to-key times
- Augmenting people with technology can ensure the correct mix of data science and human expertise to check each decision and improve decision-making
- Machine-led analysis of vehicle damage can significantly reduce the margin for error during the estimate build, while increasing accuracy and reducing repair authorization times
- AI-driven assessments can eliminate repetitive or unnecessary tasks, allowing subject matter experts to focus on more complex cases requiring a human's skill and judgment
- Removing unnecessary touch-points ensures transparent communication between insurers and repairers, automates digital invoicing, and supports faster claims settlements
- The principles of AI algorithms can build scalable end-to-end solutions which allow assessors, insurers, shops, and suppliers to work smarter together and maximize operational hours
- Iterative testing and optimization of the models in use can then improve the workflow over time, based on the experience that an ever-growing data lake – a global repository of vehicle repair data through years of data collection and unmatched industry knowledge – provides
- Ultimately, key touch-points and areas of tension can be automated to reduce friction, resolve claims faster, and improve end-customer experiences

These approaches provide true transparency across the ecosystem and support each of the businesses in doing more with less, which is a requirement of the new normal mid- and post-COVID and a shared responsibility to keep the industry moving forward. Regardless of the technology, the way in which it is used to transform operations will prove to be the ultimate differentiator.

To learn more about the acceleration of digital transformation and its role in the automotive claims ecosystem of both today and tomorrow, please read our white paper [here](#).

AN AGILE APPROACH IS THE KEY TO RESILIENCE



An agile approach is critical during this time of change. As the situation changes each day, insurers and repairers must be prepared to readjust their services in order to stay productive, safe, efficient, and legally compliant. Those who show willingness to rethink their operating models in order to support their people, business and partners, will be able to build resilience and ultimately carve out new paths of opportunity in an industry that is quickly transforming. Through a shared appreciation of the power of technology and collaboration, smarter and faster decisions can be made to help steer the recovery of the ecosystem and strengthen partnerships for the future.

As we recover, we will also likely see wide-scale consolidation in order to safeguard the future of businesses and employment across the industry. As the landscape shifts, these businesses will be characterized by the ability to support and work with others, striving for accuracy while leading with empathy to unlock successful partnerships that serve a higher purpose. Only then can we truly realize the full potential of digital technology and deliver upon the new standards that will underpin the ecosystem.

However, this ability to adapt doesn't just come in the form of rapid technology adoption; it is a mindset that must be fostered in all areas of an organization. Employees working in the repair claims ecosystem have felt the full weight of disruption due to restricted supply chains, forced closures, and reduced job opportunities. Therefore, understanding the challenges of others and working closely together to navigate new norms will not only lead to better partnerships, but will leave the industry equipped for future challenges.

FIVE WAYS YOU CAN MOBILIZE WITH DIGITAL TODAY



It's clear we can't simply return to the old normal. We must reimagine what we do, why we do it, and how we will do it for a smarter future. Although many principles remain the same, there is not a one-size-fits-all approach for a positive impact. What may work for one partner could disrupt the business of another. Instead, it's time to nurture similarities and draw strength in differences, working as one to deliver the type of technology-driven repair claims services that not only will help the industry to recover, but allow it to thrive again.

Refining the way we communicate with customers, partners and suppliers, while leveraging the correct technology, will give industry players the transparency needed to understand the changing market position. This will enable us to catalyse the ecosystem's return to the 'new normal' – whatever it may look like. So, what definitive steps can the ecosystem take to mobilize the collective use of digital to unlock collaboration and provide greater resilience.

- 1** Proactively identify points of tension – Amid uncertain times, it is vital to stay ahead of the curve. Doing so often requires an attentive approach to problem-solving. Finding the most effective opportunities to digitize your workflow begins by assessing your current operation and identifying areas of potential weakness or manual inefficiencies. Proactively sourcing these opportunities, instead of waiting for issues to occur, will help to find gaps in current operations that can be plugged by a digital alternative, however small or simple
- 2** Engage with your network – The saying 'a problem shared is a problem halved' can hold true for collective digitization, particularly in challenging times. Many of the traditional issues felt across the ecosystem, such as customer experience and cost efficiency, are in fact shared by insurers, suppliers, and shop owners alike. In a consolidating industry, decision makers can use downtime to open up a dialogue between partners, grapple with today's challenges and create new solutions. By learning from one another, we can work toward one connected vision that helps businesses to recover and grow stronger together

- 3 Trial new technologies – From data-driven repair assessments to automated payments and intelligent image capture, modern claims solutions are continuously evolving to digitize specific points of the repair workflow. Embracing this change begins by taking advantage of opportunities to test the latest innovations and understand their impact first-hand. Time and resources are often the biggest bottlenecks to digital transformation. However, the period of unforeseen downtime may offer up a unique opportunity for many industry players to test the next generation of repair claims technology to support their business both today and in the future
- 4 Digitize customer interactions – For shop owners and insurers operating under new social distancing measures and/or reduced workforces, maintaining safe and seamless customer communication is critical. Rethinking back-office processes and replacing them with digital self-service tools can alleviate the pain points of manual communication and free up more time for fee-earners while also helping keep customers informed. For example, insurers can send automated settlement offers via a push message. Meanwhile, vehicle repairers can automatically notify drivers of collection instructions once their repair is complete – helping adhere to social distancing
- 5 Seek guidance from technology experts – Setting the pace for technological developments in the claims industry, solutions providers are well-equipped with the strategies, tools, and services that can support organizations through many circumstances. Working closely with experts from the very beginning of a digital journey can help new adopters better understand their workflow and find the right solutions to streamline their transformation efforts with minimal friction and maximum impact

The ultimate objective of a safe and connected claims sector will only be made possible by an ability and willingness to connect with others and understand key challenges impacting the wider industry. Solera is here to support our network of partners and customers to navigate these changes with a suite of flexible solutions that can bridge gaps and connect the ecosystem through technology and empowered decision-making. As a global business, we use our skills in delivering solutions to insurers and repair businesses in innovative ways to help create an industry that thrives on transparency and builds stronger, smarter experiences.

ABOUT SOLERA

Solera is a global leader in risk and asset management data, software solutions and intelligence. We empower companies across the automotive and insurance ecosystem with trusted solutions that support connectivity at scale and unlock innovation across the vehicle value chain.

Solera's suite of next-generation solutions connects customers, insurers and suppliers to unlock smarter decision-making through combined service, software, enriched data, proprietary algorithms and machine learning. Our unrivalled global data lake of 300 million historical claims and one billion historical images delivers the intelligence and accuracy that ensures customer vehicles and property are optimally maintained and expertly repaired.

Solera serves over 235,000 customers and partners in more than 90 countries across six continents. We combine cutting-edge technology and global business best practice, to provide unsurpassed scale and strength. With significant global R&D investment per year, Solera delivers superior performance and continuous innovation to support customers and move the industry forward.

For more information, visit solera.com