

A man in a light blue shirt and dark tie is looking at a tablet. He is sitting next to a white car with the hood open. The background is a blurred industrial setting. The image has a blue and purple gradient overlay with a pattern of small white dots.

 SOLERA

# Accelerating digital transformation for the future of automotive claims

Solera explores the strategies and technologies that will transform the workflow of today and tomorrow

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# Introduction

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## How do I unlock digital today and prepare for tomorrow?

The world is changing, and the Covid-19 crisis has been an accelerant for digital transformation across the board. But as we emerge from the height of the pandemic and towards recovery, industry players will either embrace this change and leap forward or revert to traditional rhythms. Either way, we will inevitably see a huge divide between the two. Those who embrace digital now develop an agile mindset that will ultimately prevail in the modern automotive claims ecosystem. Those choosing to go back to the “old normal” will create an insurmountable gap whilst others surge ahead.

Digital in all forms is playing a huge role in business continuity efforts across the ecosystem, as we navigate new social distancing norms. For example, we’ve seen image capture technology enable customers to quickly contribute visual evidence of damage, via a guided and automated process, to insurers and bodyshops.

This allows for rapid review of damage and quick assessment of first notice of loss (FNOL) without requiring either the customer or the assessor to be on site, mitigating safety concerns by limiting physical contact. Similarly, digital communications channels are allowing bodyshops to instruct, update customers and invoice efficiently with a reduced team. Meanwhile, an increased uptake in remote video assessments is helping keep bodyshops productive with assessors operating from remote locations.

That said, any digital transformation journey to date has been largely fragmented across the automotive claims ecosystem. With very few early adopters, solutions that can truly transform at scale have not

been readily available. Instead, advanced technologies have been designed to digitise specific points of the claims workflow and the vision of digital pioneers has naturally outpaced the speed of development. In an ecosystem built on accuracy, decision-making is highly methodical to ensure maximum efficiency, safety and experience. Insurers and repairers have been less likely to deploy emerging technologies as quickly as less business-critical sectors as a result. However, with the lens focused on a digital-first future, understanding how we unlock faster and better decisions for all is crucial. By adopting agile means and disruptive technology, we can deliver controlled deployments at speed. That said, as compressed workforces strive to navigate the new normal, we also need to achieve more with less. With a new set of challenges at play, the focus must now be on accelerating our use of the technologies that will empower us with the touchless workflow we need to truly transform the claims experience.

**“Digital transformation is not just about disruption or technology. It’s about value, people, optimization and the capability to rapidly adapt when such is needed through an intelligent use of technologies and information<sup>1</sup>.”**

1. <https://www.i-scoop.eu/digital-transformation/>

# Solve challenges with a touchless claims workflow

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It is fair to say that Covid-19 has catapulted the ecosystem into the most rapid period of digital acceleration in the industry's history. The focus now is to understand how we can lean on the power of digital to solve the challenges of today and tomorrow. To achieve this, it is crucial to assess the entire vehicle repair claims workflow, identify the specific points of tension where we can digitalize the experience to make better decisions and enhance performance.

Many of the industry's longstanding challenges are centred around lapses in the flow of information or subjective human error at some stage of the value chain. However, a transition to data-driven claims management through Artificial Intelligence (AI) and Machine Learning (ML) can revolutionize this workflow. By correlating patterns and trends in data and continuously learning from both historical and real-time inputs, we can generate reliable, accurate insights that are trusted to inform and improve customer experiences.

According to Gartner, 91% of enterprises plan to deploy AI by 2022<sup>2</sup> and its potential for the collision repair businesses can be realized as we invest more. To drive most value across the entire workflow, use of automation must start from the beginning of a claim. Guided image capture technology can support the customer with a digital-led self-serve FNOL experience, gathering critical vehicle damage data at source to initiate the claim and assist the AI in intelligent damage validation with significant advantages across the entire workflow:

- Driver-led image capture can reduce the time assessors spend visiting vehicles with minimal or total loss damage, to safeguard social distancing practices and enhance the end-customer journey.
- Smarter triage of vehicle damage can enhance accuracy, classify more total-loss vehicles at FNOL and allocate special cases with the most suitable repair site.
- Bodyshops are able to 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.
- Machine-led analysis of vehicle damage captured can significantly reduce the margin for error during the estimate build, 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 that require a human's expertise and judgment.
- Removing unnecessary touch points ensures transparent communication between insurers and repairers, automates digital invoicing and supports faster claims settlement.

With this technology at play, we can visualise the entire digital journey from end-to-end and identify key touch points that can be automated to reduce friction, resolve claims faster and improve end-customer experiences.

2. <https://www.raconteur.net/digital-transformation-2019>



# A vision of the unified claims experience

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Firstly, leveraging remote video assessment technology, a digital inspection of the vehicle can be taken at the point of policy quotation. Then, when an accident is reported, a digital message invites the customer to capture the damage. After which, an insurer processes the customer's images via AI to enable smart triage of the damage and classify the vehicle as either repairable or total loss without manual input.

Once complete, the insurer chooses either to offer a cash settlement or the option to book an appointment to get the vehicle into a repairer - yet another stage of the journey that could be digitally transformed within the nomenclature of smart triage in the near future. Finally, the repair can be allocated to the suitable repairer, authorised and parts ordered automatically.

Through digital-first protocols, we are able to automate each step of this process and replace manual tasks which streamlines actions and saves time for both the insurer and customer. For example, damage reports can be shared digitally via the on-site images captured by the driver and physical contact centres can be traded for automatic updates sent directly to the customer in real-time.

When vehicle images are intelligently triaged by the AI and machine learning algorithms, assessors can validate the assessment and utilize the digital claims management process to finalize the estimate. The assessor can verify the conclusion of the technology or adjust accordingly. This critical step actually trains the algorithms to be more effective and supports better outcomes with each review cycle.

The assessor, insurance provider, repairer and driver have insight into the estimate and can agree on the fact-based findings. With this connectivity between parties and a shared understanding of the data, significant time may be won back as these parties agree on value and costs.

By leveraging the principles of AI algorithms, we can build scalable solutions which support the user by removing some of the manual judgment from the decision-making processes. In turn, assessors, insurers, shops and suppliers alike are empowered to work smarter and achieve the goal of doing more with less resources. The value of this technology is clear in all corners of the industry. Yet, the key to realizing its full potential truly lies in the make-up of data that feeds it.

# How do I extract value from digital transformation?

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As we look ahead to a period of slow economic recovery, these capabilities will be crucial under these circumstances. Yet, despite such huge potential for the ecosystem, the opportunity for failure is clear. For one in 1 in 4 companies, up to 50 percent of all AI projects fail<sup>3</sup>. AI will only reach its full potential if enterprises are able to introduce new technology in the existing workflows faster and in a sustainable way – rather than serving as standalone point solutions with disconnected individual capabilities.

This holistic approach requires data science that leverages a common set of algorithms to reduce complexity and ensure consistency in the inferences produced by AI. The quality and availability of the data that powers AI across the whole flow is the ultimate ingredient to produce future-proof machine learning solutions. Achieving this requires a sophisticated data repository or “data lake”, whereby data from available source systems is curated and automatically used to train and optimize the AI pipeline.

Unlike other providers operating in disparate markets, Solera has the ability to draw from its global data set to feed higher volumes of data back into the system to derive insights and propagate learning faster for a seamless customer experience. With over 300 million historical claims and one billion historical images, our data feeds the machines learning algorithms to drive efficiency and enhance the accuracy of outcomes. Once this valuable data is captured, we must turn our attention to just how it is blended to effectively streamline processes from one end of the digital journey to the other.

Fundamentally, if the data setup isn't right, the entire process will never be optimized. Performing some kind of image-based AI is possible. But without sophisticated repair science and historical data to power it, you cannot ensure accuracy, consistency or quality of its outputs across the whole workflow.

3. <https://venturebeat.com/2019/07/08/idc-for-1-in-4-companies-half-of-all-ai-projects-fail/>

# What does the perfect data setup look like?

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Automating the repair estimating process is the holy grail but there is an understandable reluctance to rely solely on machines to do the job. You can teach computers to detect parts and damage through computer vision, but you can't teach computers how vehicles are repaired. A hybrid approach that combines data science with the right repair science is poised to accelerate the adoption of automated estimating. With repair rules configured in the system, we can automatically calculate repair times and accurate costs in a way that is transparent and aligned between an insurer and repairer.

Aided by irrefutable data, insurers and repair professionals can agree on vehicle value and price of repair, remove unnecessary complexities in the workflow and present fast, accurate estimates to customers. With reduced cycle times and smarter repair diagnoses, more vehicles can be repaired and returned to customers in their original state, improving overall vehicle safety. Additionally, total losses can be more appropriately and factually determined, reducing the number of hazardous vehicles on the road with minimal human intervention. Both of these activities allow assessors to compare estimates created by AI to the final estimates and train the algorithms to improve accuracy over time. Doing so, we move from today's labour-intensive process to a faster, more automated touchless workflow with smarter decision-making that has been validated by experienced assessors.

That said, failure to feed all endpoints with the accurate vehicle data has the opposite effect; compromising vehicle repair accuracy, drawing human intervention and fragmenting the user experience instead of unifying a desired 'touchless' process. By blending data and repair science we can harness the full power of data and move beyond any guesswork or sense checking throughout the assessment process. In turn, businesses extend their capabilities from image categorization and damage detection at the point of AI. This model can unlock smart decisions for early identification of total loss, generate repair times, identify spare parts and even pre-estimate in minutes, with real-time data at the core.

In collaboration with industry partners, insurers and vehicle repair businesses can blend data and repair science with predictive capabilities to build a complete and reflective model over time. By testing iteratively, we can improve the machine's approach over time based on the experience that an ever-growing data lake offers us. This knowledge must then be combined with the expertise of repair professionals at every necessary stage of the repair. Only then are we able to realise a comprehensive intuitive workflow that delivers real-time insight and alleviates subjectivity to remove inefficiencies, improve the quality and volume of outputs for all stakeholders and enhance the customer journey.

# Where do digital and repair expertise combine in the process?

When combined, this mass of technology augments a service for people, created by people. Many organizations use AI and machine learning to streamline processes as they seek to deliver better outcomes for users. Yet, the modern workflow is not exclusive of human involvement; we cannot code empathy and understanding into a machine-led contingency plan. We need people to navigate the exponential rate of change that we will continue to experience during Covid-19 and beyond. Today, the organisations which embrace human empowerment at the heart of their digital transformation will deliver more valuable business outcomes<sup>4</sup>. If we consider the examples above around how algorithms are better trained with each “correct” estimate, we recognize the vital role that humans play in transitioning to a more fully digital claims workflow. Oversight of skilled and experienced assessors to validate estimates, recognize roadblocks and manage the more complex estimates and repair requirements continues to be an important part of digital transformation.

Innovation is as disruptive and far-reaching as high-speed internet and smartphones to machine learning and blockchain. This technology doesn't change overnight, yet we must adapt our approach to keep up or they will surpass us. Beyond digital claims management, autonomy is enhancing all areas of the automotive industry – from driverless vehicles to advanced driver-assistance systems (ADAS) that keep drivers safe on the road. This will further compound both the ecosystem,

as well as regulations around the ownership of digital information, requiring systems that can keep up.

It is important to understand that modern damage solutions are fixing the accuracy and speed of the estimate to solve current challenges. However, this innovation does not mean that humans are replaced at every stage of the journey. In fact, we are augmenting people with technology to ensure the correct mix of data science and human expertise, to sense check each decision. In turn, we can significantly reduce the volume of total loss cases sent in error into the repair network, free-up crucial resources and improve network relationships.

For claims and collision repair, this is only possible when all points of the ecosystem work closely together to navigate new norms, pressures and digital opportunities with agile mindsets. Keeping our people in tune with the flow of change, to pilot test-and-learn digital programs<sup>5</sup> is the key to true disruption.

What's more, stronger partnerships between providers and users will increase the quality of the innovation and therefore the quality of the returns. By nurturing relationships, we can weather the storm for change and build a complete claims journey with greater transparency. First, we must all understand the reasons for approaching digital transformation together, with greater clarity and urgency than ever before.

4. [https://www.fujitsu.com/downloads/GLOBAL/vision/2019/download-center/FTSV2019\\_Survey\\_EN\\_1.pdf](https://www.fujitsu.com/downloads/GLOBAL/vision/2019/download-center/FTSV2019_Survey_EN_1.pdf)

5. <https://www.mckinsey.com/business-functions/mckinsey-digital/our-insights/a-blueprint-for-successful-digital-transformations-for-automotive-suppliers>



# Why is this important now more than ever?

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It is true that each region faces its own set of challenges, and by no means will the speed of digital adoption be the same globally. Yet, while recovery from Covid-19 may happen at a different speed from region to region, the fundamental aspects remain the same. It will be easy for businesses to transgress from any first digital steps they've taken to survive throughout the crisis. To succeed from a distance, we need to enable our teams to become more automated and digitally interact wherever they can.

Meanwhile, we must come together through a shared vision of what the ultimate claims journey should look like for both the industry and the end-customer. This will strengthen partnerships essential for recovery and beyond. Most importantly, the approach that we action must also gather pace with smarter and faster technology decisions.

Amidst uncertain times, it is vital to adapt and leverage new capabilities in sensible ways that reduce risk, but with enough zeal that end-users and customers experience their presence in ever-improving ways. Waiting for 'perfect' in periods of critical change is never good enough and sitting on the sidelines, letting others try first, is simply not a viable model for digital transformation. Combined with the power of automation, the very best in entrepreneurial thinking and a willingness to test and trial between a collective community of insurers, assessors and shop owners is vital.

Embracing agility will ensure the automotive ecosystem can survive today and thrive as the new normal speeds up our path of digitalization. It is very easy to fastrack efforts in a race for innovation. Yet with many business-critical aspects to consider, we have to be thoughtful in our actions to check learning and ensure we add value with each innovation and learn along the way. A measured approach which allows time for deep and iterative testing over time will enable us to re-imagine digital strategies the right way.

At Solera, we understand this isn't an easy transition. The pace of digital innovation shows no signs of slowing and we must utilise the tools we now have to refine the claims workflow. As we evolve our own digital roadmap and deliver trusted strategies, solutions and services that support organisations through any circumstances, we strive to be a partner for the future, not just today or tomorrow. Through one shared vision, we can work closely with partners to understand their workflow and leverage data-driven AI to streamline digital efforts at a suitable pace for any business. By learning together as an industry, we will emerge stronger and transform through digital for the better.

# About Solera

Solera is a leading global provider of integrated vehicle lifecycle and fleet management software-as-a-service, data, and services. Through four lines of business — vehicle claims, vehicle repairs, vehicle solutions and fleet solutions — Solera is home to many leading brands in the vehicle lifecycle ecosystem, including Identifix, Audatex, DealerSocket, Omnitracs, eDriving/Mentor, Explore, CAP HPI, Autodata, and others.

Solera empowers its customers to succeed in the digital age by providing them with a “one-stop shop” solution that streamlines operations, offers data-driven analytics, and enhances customer engagement, which Solera believes helps customers drive sales, promote customer retention, and improve profit margins.

Solera serves over 300,000 global customers and partners in 100+ countries. For more information, visit [solera.com](https://www.solera.com).

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