Case Study: Building a Profitable ₹300 Crore Digital Business Channel in 3 Years

Company Background:

DigiLife, a digital insurance business, was established three years ago with the goal of building a digital sourcing channel to cater to the needs of new-age customers seeking to purchase insurance online. The company established business verticals, trained and hired the right resources, and invested in the necessary technology and digital ecosystem to build a customer-centric digital business model. Below is an overview of the key lines of businesses and supporting teams within this unit:

Line of Businesses:

1. D2C (Direct-to-Consumer) Channel**:** In the D2C channel, the business utilizes tele-callers who are responsible for converting leads generated from the company's website into successful sales. This direct approach allows the organization to engage with customers more effectively, provide personalized service, and improve conversion rates. In this channel, the business has both an in-house tele-calling setup and some outsourced calling arrangements.

2. OCC and VRM (Outbound Call Center and Virtual Relationship Manager): This segment integrates Subject Matter Experts (SMEs) in Life Insurance into the call centers of the distribution partners, such as Kotak Mahindra Bank Limited. These centers handle customer servicing and are also involved in the cross-selling and upselling of financial products. SMEs play a critical role in driving life insurance sales by working closely with these partners to identify opportunities and enhance customer interactions.

3. Banca Channel: The Banca channel is focused on maximizing life insurance sales within the digital network. The team collaborates with the bank's digital distribution channels to ensure that life insurance products are effectively marketed and sold, optimizing partnership for mutual benefit.

4. Individual Digital Partner Business: This area is dedicated to acquire, onboarding and managing partnerships with leading aggregators such as Policybazaar and InsuranceDekho. By collaborating with these digital partners, the business extends its reach in the market, allowing efficient distribution of individual life insurance products.

5. Group Digital Partner Business: In this segment, the focus is on acquiring, onboarding and managing digital partners that provide credit life solutions and employer-employee insurance solutions. These partnerships are vital for expanding our presence in the group insurance market, particularly through digital channels.

Supporting Teams:

1. Digital Marketing Team: This team is responsible for driving customer acquisition and engagement across various digital platforms. By utilizing targeted marketing strategies, they ensure that our life insurance products reach the right audience at the right time, thus enhancing our digital footprint.

2. E-Operations Team: The E-operations team focuses on the policy lifecycle, from login to issuance. They play a critical role in ensuring that the process is seamless, efficient, and customer-friendly, thereby supporting the overall success of the digital business operations.

3. Tech Team: The backbone of the organization's digital initiatives, the Tech team is responsible for building and maintaining the technology infrastructure that powers digital business. Their work includes developing platforms, ensuring system integrations, and enabling secure and seamless digital transactions.

4. SQA Team: SQA team is tasked with ensuring the quality of the Calls basis different parameters and give necessary Inputs to Tele-callers in their trainings

5. Training Team: They also provide ongoing training to the workforce, ensuring that employees are proficient with the product and sales process.

While DigiLife has developed a robust digital infrastructure and ecosystem—considered among the best in the industry—scaling the business to its full potential has remained elusive. Last year, the digital business generated only 1% of the overall company premiums despite launching 15 products and having a sophisticated digital marketing setup.

With the objective to build a ₹300 crore digital business within three years, DigiLife needs to solve its current challenges and leverage its strengths for rapid, profitable growth.

Journey So Far
1. **Building the Digital Ecosystem (FY22-FY23):**

   i) DigiLife was set up with a vision to offer customers the option to purchase insurance online, backed by a solid digital infrastructure.

ii) Over the first two years, the company invested in building key digital enablers such as CRM, dialers, customer journeys, seamless backend systems, and best-in-class digital marketing capabilities.

iii) The technology architecture was designed to directly support interactions with customers and streamline the purchase journey.

2. **Product Launch and Digital Expansion (FY23-FY24):**

i) The company expanded its product portfolio from a single product in FY22 to 15 products across multiple insurance categories by FY24. Despite this expansion, growth plateaued due to various internal and external challenges.

Key Challenges

1. **Scaling the Business:**

i) Initial Growth but Stagnation: Despite investing in infrastructure and launching multiple products, DigiLife's growth stalled after achieving ₹10 crores in premiums in FY23. This was largely attributed to restrictive underwriting (UW) guidelines and product challenges, which limited the business's ability to scale. DigiLife also failed to participate in market trends in timely manner, resulting in missed business opportunities.

ii) Product and Proposition Constraints: The lack of aggressive, differentiated product offerings hindered DigiLife's ability to stand out in a competitive market. Stringent UW guidelines further reduced the pool of customers eligible for digital insurance, stalling business growth.

2. **Limited Digital Marketing Investment:**

i) Inconsistent Marketing Spend: The digital marketing spend required to drive brand and product awareness was neither significant nor sustained. While the brand marketing team has a budget for awareness building, their focus has been on other priorities, leaving the digital business with minimal support to drive direct and organic traffic.

ii) Competitor Landscape: Competitors also slowed down digital business investments due to the high customer acquisition costs. Only one major brand continues to aggressively invest, focusing on product differentiation, but it is

growing at the expense of profitability.

Objectives

DigiLife's challenge to participating colleges is to provide a strategic roadmap to achieve the following goals within the next three years:

➢ Build a ₹300 crore, profitable digital business channel.
➢ Leverage the existing infrastructure, product portfolio, and marketing capabilities.
➢ Scale up in a highly competitive digital landscape while maintaining profitability.

Points to be Addressed

1. Market Expansion and Product Strategy:

   i) How can DigiLife introduce differentiated products that cater to underserved customer segments while adhering to regulatory and underwriting guidelines?

   ii) What innovative product propositions or pricing strategies can be developed to attract a broader customer base without compromising profitability?

   iii) How can the company effectively position its products against competitors who are sacrificing profitability for growth?

2. Marketing and Customer Acquisition:

   i) What strategies should DigiLife employ to increase brand and product awareness in a crowded marketplace with limited marketing budgets?

   ii) How can the company optimize its digital marketing spend for maximum return on investment (ROI), particularly when resources are constrained?

   iii) How should DigiLife approach customer segmentation and personalization to reduce customer acquisition costs and improve conversion rates?

3. Technology and Customer Experience:

   i) How can DigiLife leverage its advanced digital ecosystem and technology architecture to improve the customer purchase journey and increase customer retention?

ii) What additional technological innovations or tools could be implemented to streamline the customer experience, thus increasing conversion rates and reducing friction?

4. Profitability and Cost Management:

   i) What strategies can DigiLife adopt to balance topline growth with bottom-line profitability, given the high cost of acquisition in the digital insurance sector?

   ii) How can the company reduce operational costs while scaling its digital business?

Expectations from Participating Students

- Students are required to submit a 10-slide presentation in PDF format (excluding the cover and thank you slides) and the file size should not exceed 10 MB.

- The cover slide should include participants' names, college name, and Institute ID.

- The slides must address all four points as well as all the sub-questions mentioned in the problem statement.

- Submissions should be clear, well-structured, and should provide detailed answers to all questions. Strict adherence to submission guidelines and deadlines is mandatory.

- Evaluation will focus on clarity, completeness, and quality of responses.

- Presentations should be detailed, visually appealing, and demonstrate a strong understanding of the problem statement, approach, and expected outcomes.

- Kotak Life's HR team reserves the right to modify or amend the guidelines and evaluation criteria at its discretion.