



SAFECO®: Leveraging the Web in a Knowledge-Based Service Industry

Debabroto Chatterjee and Leonard M. Jessup
Washington State University, USA

The Internet and World Wide Web present significant business opportunities and threats, particularly for business organizations that are knowledge-based and/or that offer primarily information-based services. For these types of firms, the Web offers opportunities that range from exchanging information with partner organizations, the delivery of existing services to customers, and the creation of new services. The potential threats include choosing the wrong strategies for adopting Web technologies, poor implementation of Web technologies, entering late into the realm of electronic commerce and thus losing market share, or worse, ignoring the use of the Web altogether and potentially being replaced by more nimble rivals.

The majority of large organizations in a variety of industries have slowly, cautiously begun deploying Web technologies. This is perhaps not surprising considering the implementation challenges and risks posed by this new technological innovation. It is not yet clear how large organizations, particularly those that are knowledge-based and provide primarily information-based services, should strategize about, adopt, and implement Web technologies. The purpose of this study is to understand how SAFECO, a large corporation in the insurance and financial services industry, is strategizing for and implementing technologies to exploit the Web. SAFECO was recently ranked as one of the leading innovative users of the Web technology in its industry. This further legitimizes the selection of the company as an appropriate case study site.

* Our sincere gratitude to all the interviewees from SAFECO Corporation. They were extremely generous with their time. Special thanks to Mr. Mike Crook, Systems Manager, for his supreme effort in coordinating this project. We are also grateful to Mr. Chuck Stone, the CIO of the company for all his support in making this study possible.

When I am at Disneyland, I can come in through Main Street, where I have access to all the lands that are available, or I can come in on the monorail and get off at Tomorrow Land. When I am in Tomorrow Land it is distinctly different from Adventure Land but it is clear to me that I am still in Disneyland. There is a continuity of experience there. That's the general philosophical vision that we have for our corporate Web presence.

Rod Sargent, Director of Marketing, SAFECO

BACKGROUND

In November 1998, George Johnson, senior vice president of marketing and operations for SAFECO, reflected on the progress the company had made during the last four years in adopting Web technology:

The Web-based marketing and distribution initiative is a fundamental component of our strategy today. As far as what Web-based electronic commerce can do for us, it can drive up sales (by driving more prospects to our agents) and thereby drive up our revenue, and it can drive down unit costs by reducing manual interventions in our work flows. It can automate a lot of the work processes back and forth between our consumers and between our agents.

While much progress had been made in assimilating this new technology into the business activities and strategies of the firm, he recognized that a great deal still needed to be done to take full advantage of the Web's technological capabilities.

The Company

SAFECO's origin can be traced back to 1923, when Hawthorne Dent founded Dent's General Insurance Company of America in Seattle. Though it started out as a fire insurance company, today SAFECO and its subsidiaries provide a wide range of insurance and investment products sold through independent agents. Its diverse product lines include property and casualty insurance, life and health insurance, pension and annuity products, mutual funds, and real estate. The company also provides commercial financing and leasing services. It has been ranked among the top 20 "diversified financial" companies in the U.S. by *Fortune* magazine.

One of the major and critical strengths of this company is its large and loyal force of independent agents. These agents form the company's channel of distribution, and SAFECO is committed to continually enhancing its relationship with them. The following excerpts from the Message to Our Shareholders (1997 Annual Report) captures the extent of the importance the company attaches to this relationship:

We envision SAFECO as an insurance and financial franchise unequaled in its ability to provide value and service through its independent partners. Our mission is to be the premier company distributing insurance and financial products through independent agents.

Considered one of the leading users (among independent agent insurance companies)

16 more pages are available in the full version of this document, which may be purchased using the "Add to Cart" button on the publisher's webpage: www.igi-global.com/teaching-case/safeco-leveraging-web-knowledge-based/33510

Related Content

A Hyper-Heuristic Using GRASP with Path-Relinking: A Case Study of the Nurse Rostering Problem

He Jiang, Junying Qiu and Jifeng Xuan (2011). *Journal of Information Technology Research* (pp. 31-42).

www.irma-international.org/article/hyper-heuristic-using-grasp-path/52816

Systems Design Issues in Planning and Implementation

Mahesh S. Raisinghani (2002). *Annals of Cases on Information Technology: Volume 4* (pp. 526-534).

www.irma-international.org/chapter/systems-design-issues-planning-implementation/44529

Electronic Supply Chain Partnerships: Reconsidering Relationship Attributes in Customer-Supplier Dyads

Rebecca Angeles and Ravi Nath (2003). *Information Resources Management Journal* (pp. 59-84).

www.irma-international.org/article/electronic-supply-chain-partnerships/1248

Political Consumption as Supplement to Conventional Political Participation in Promoting Social Change

Emmanuel Adugu (2016). *International Journal of Information Systems and Social Change* (pp. 47-62).

www.irma-international.org/article/political-consumption-as-supplement-to-conventional-political-participation-in-promoting-social-change/143104

Managing E-Mail Systems: An Exploration of Electronic Monitoring and Control in Practice

Aidan Duane and Patrick Finnegan (2009). *Best Practices and Conceptual Innovations in Information Resources Management: Utilizing Technologies to Enable Global Progressions* (pp. 103-115).

www.irma-international.org/chapter/managing-mail-systems/5514