



# The Computerworld Honors Program

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## Final Copy of Case Study

**LOCATION:**  
*New York, NY, US*

**ORGANIZATION:**  
Hearsay Corporation

**YEAR:**  
*2011*

**ORGANIZATION URL:**  
<http://www.hearsaysocial.com>

**STATUS:**  
*Laureate*

**PROJECT NAME:**  
Hearsay Social Frees Farmers Insurance Group to Go Social

**CATEGORY:**  
*Emerging Technology*

### PROJECT OVERVIEW

The rise of social media provides an unprecedented opportunity to empower the representatives and branches of large organizations to cultivate their local customers and serve their communities. However, social media can also be confusing for the hardworking men and women who wish to use it without imperiling their company's brand or regulatory integrity. Hearsay Social is a robust new technology platform from Silicon Valley that enables local reps and branches to flourish on social media using their authentic personal voice, while keeping them and their company safe from any brand or regulatory infractions. We illustrate how this works using the example of Hearsay Social's deployment with Farmers Insurance. There are 15,000 Farmers Insurance Group agents in the United States, each working for an independently owned and operated agency under the larger corporate umbrella. These distinguished agents are perpetually looking for ways to benefit their communities and connect with their customers. As social media has taken off, sites like Facebook provide the ideal mechanism for personal exchanges with members of the local community and the dissemination of highly relevant, useful content for consumers about how to keep their families and property safe and protected. After Farmers developed a successful corporate Facebook page, several field agents began creating their own Facebook Pages to communicate with customers, prospects and the larger community. These agents found that whether they were using Facebook to distribute content about a local weather advisory or the car insurance options for teen drivers, their constituents loved the new approach. But there was a problem. How could Farmers guarantee strict Financial Regulatory Authority (FINRA) compliance and corporate governance on locally driven Facebook pages? Well-meaning agents might inadvertently run afoul of regulations. And Facebook certainly does not provide the critical message archiving that high-integrity, compliant financial and insurance companies require. Additionally, there was no system or official training in place to help agents understand how to be successful on social media and what would constitute timely, engaging content. Farmers Insurance Group turned to Hearsay Social to provide a first of its kind solution to:

- Archive social network

communications per FINRA 10-06 regulatory guidelines (using Hearsay's built-in integration to Facebook, Twitter & LinkedIn API's) • Provide agents with social media best practices and compliance training • Help seed agent conversations on Facebook with articles, videos, and other educational content, as well as provide one-click distribution of branded tabs to all or a subset of agents • Distribute community and global campaigns through Facebook Hearsay Corporation is co-founded by CTO Steve Garrity and CEO Clara Shih, who developed the first business application for Facebook when she was previously an executive at Salesforce.com. Ms. Shih is also author of the bestselling book *The Facebook Era: Tapping Online Social Networks to Market, Sell and Innovate*. Hearsay Social couldn't have been better designed to help Farmers grow its social media presence in a responsible and exciting manner, enabling agents to better serve their communities, while empowering local businesses in new ways.

## **SOCIETAL BENEFITS**

Hearsay Social empowers community-based representatives and agencies to operate under their respected corporate brand while maintaining their independent local social media presence. Whether it's raising awareness about a charity or providing industry best practices, Hearsay arms these hardworking small business owners with the tools to thrive in a changing economy.

## **PROJECT BENEFIT EXAMPLE**

The results from Phase I of the project exceeded all expectations. Not only was each agent up and running on Hearsay within a matter of minutes, but more than 90% of Farmers' field agents who signed up for the first phase quadrupled their number of Facebook fans within the first 60 days of use. Additionally, a Rose Bowl sweepstakes campaign run through Hearsay's branded tab distribution system was extremely popular and successful. In this campaign, Hearsay Social distributed an attractively designed Facebook tab offering a chance to win Rose Bowl tickets. This promotion garnered tremendous loyalty and excitement across the country and stimulated business for many local agents and agencies. Upon conclusion of the initial phase of this project, Marc Zeitlin, Vice President of Farmers Insurance Group said: "Our 15,000 agents are our most valuable brand representatives. For 80 years, we have empowered our agents with offline tools and training. It was imperative we start thinking about how to empower them with social media tools and training, so we looked to Hearsay Social. Their technology platform is powerful, effective, and simply outstanding." One field agent remarked: "The ability to use Facebook with Hearsay Social has dramatically improved my business. I am much more accessible to customers, and they are much more open to me. I have gained a new appreciation and understanding of their needs. With Hearsay Social I can post compelling, professional content, which adds validity and credence to my Facebook page. I can also pass along important information in a much more efficient way. I am incredibly grateful that Farmers integrated Hearsay Social. I was recently humbled to learn that I had won the Agent of the Year award, as well as Life Agent of the Year in my district. I estimate 80% of my life insurance leads and 60% of my overall leads come from Facebook. Thank you Hearsay Social!" James Peregrino Farmers Agency Owner at Peregrino Insurance Agency Pleasanton, CA Winner of following distinctions for District 58 (Easy Bay and Peninsula, San Francisco Bay Area): 2010 Agency of the Year Award 2010 Life Agent of the Year Award 2010 Life Star Plaque for productivity in life insurance sales Another simply stated: "I now have the greatest tools available so that I can provide an even higher level of service and share in the lives of my customers. I can't believe something this helpful and easy to use works within our strict compliance guidelines... but it does!" Terry Snow Farmers Insurance Platinum Elite Poway, CA 2010 "Gold Level"



Century in Life Award. Because Hearsay has fundamentally changed the nature of agent/customer relationships online, Farmers plans to continue using Hearsay Social as it moves forward with additional social media initiatives.

## **IS THIS PROJECT AN INNOVATION, BEST PRACTICE?** Yes

### **ADDITIONAL PROJECT INFORMATION**

We would like to emphasize that the risks of social media use in financial services and other regulated industries can be significant. Engaging in social media without the proper compliance infrastructure can have serious legal and financial consequences. For example, in 2009, MetLife Securities Inc. reached a \$1.2 million settlement with FINRA for violating MetLife's internal written policy on archiving email correspondence. Courts have held that social media is treated in the same manner as email for purposes of archiving and financial reporting. The two most important areas of concern are as follows: 1. Archiving and Retention The Financial Industry Regulatory Authority (FINRA) and the Securities Exchange Commission (SEC) are the two main groups that govern the management and retention of financial communications. Companies must retain all incoming and outgoing communications that disclose material about the value of the company. This includes every email, Facebook post, tweet, discussion board post, blog comment, instant message, and more. 2. Content and correspondence There are also regulations that cover what can and cannot be said in correspondence. There are particular words and phrases that simply cannot be said, and all social networking correspondence must be monitored for infractions. Hearsay Social keeps companies and their employees compliant Hearsay Social archives and retains all communications in accordance with FINRA, SEC and internal regulations. The software also automatically scans for and flags keywords, phrases, and other types of correspondence in order to protect the company. A 99-second video describing Hearsay Social can be found on YouTube at this web address:

<http://www.youtube.com/watch?v=TsupAdjvt5s>