

# BUSINESS INTELLIGENCE EQUATION



## BUSINESS INTELLIGENCE FOR THE INSURANCE INDUSTRY

The concept of business intelligence is simple: use technology to identify, retrieve and analyze business data. In practice, an insurer's business intelligence process is as complex as the number of industries and technologies multiplied by the number of metrics required by managers and executives.

CSC's practitioners of business intelligence in the global insurance industry have reduced that complexity to this simple formula:

$$\begin{aligned} &\text{Quality Data Provisioning} \\ &+ \text{Meaningful Data Consumption} \\ &= \text{Insight for Decisioning} \end{aligned}$$

Data provisioning refers to the science and technology required to wrestle the data to the table regardless of source or content. But bringing it to the table is not enough; it must be good quality data that carries a lineage and ancestry.

Data consumption is the business discipline required to present and utilize data in a level of granularity and aggregation suitable for the metrics, analytics or dashboard requirements that provide meaning and context to specific business value drivers.

### QUALITY DATA PROVISIONING — IT'S NOT REALLY THE INSURERS' FAULT

In the data-rich environment of an insurance company, where financial survival is based upon the ability to assess risk and exploit data for reward, insurers make considerable investments in business intelligence.

The insurance industry is one that started with columnar pads and ink smears. Since then, the only change to the data-

intensive nature of the industry has been the addition of silos. Once the data is captured, it is rarely modernized or rationalized to meet prevailing standards.

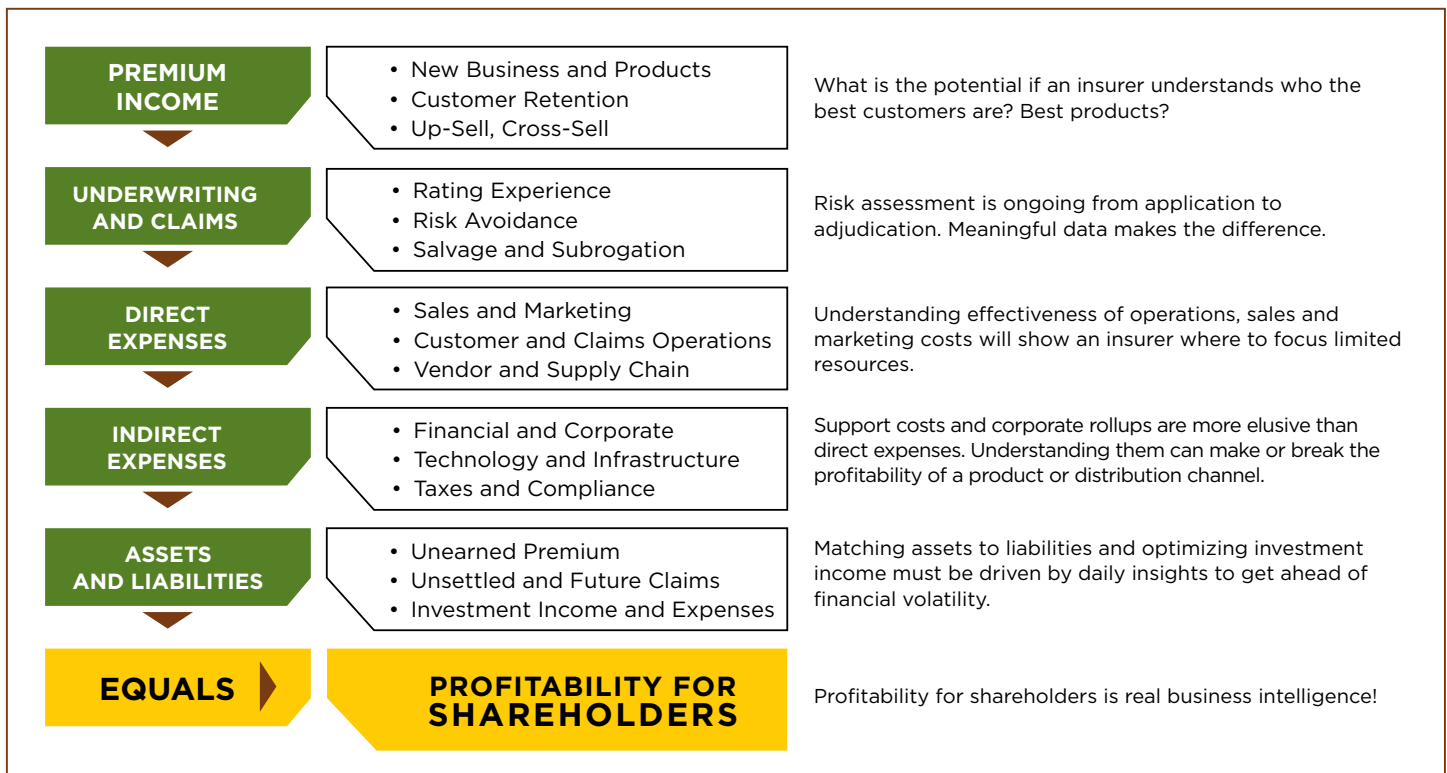
Insurance industry silos are artificial boundaries of departments, lines of business, regions and statutory companies. And they've created a legacy of reporting based upon fragmented performance analytics built with differing standards, underpinned by disparate technologies and overly focused on narrow requirements. Mergers, acquisitions and conglomerated mega-insurers have contributed mightily to this industrywide problem.

Consequently, companies trying to get real value out of their business intelligence investments need to overcome some longstanding challenges:

- Data access and data quality
- Labor-intensive manual or semi-automated data provisioning processes
- A morass of source systems and no single version of the truth
- Numerous uncontrolled spreadsheet applications supporting critical analytics processes
- Piecemeal approach to analytics adoption within a department that stifles enterprise adoption.

### MEANINGFUL DATA CONSUMPTION — IS THE INSURER MAXIMIZING VALUE CHAIN LEVERS?

All insurers, regardless of product line, geography or operating model, have the same money trail that drives the value chain to a profit (or loss) position for shareholders.



Successful insurers view their enterprise as an end-to-end value chain, managing it through the adoption of an integrated suite of performance metrics powered by an array of analytics solutions that improve decision making.

### INSIGHT FOR DECISIONING

Business intelligence can help insurance executives improve decisions by understanding the drivers of profitability.

This insight will open the door to systematic enhancement of analytical processes across the insurance organization. In stark contrast to multiple manual and untraceable processes, an enterprisewide business intelligence strategy can:



- Deliver a 10 percent to 15 percent improvement in revenue through customer retention and optimization
- Enable advanced analytics based on quality, reliable, auditable data
- Reduce cycle times for reporting and financial analysis by 75 percent to 80 percent

- Facilitate increased frequency and sophistication of analysis
- Reduce operating costs by 25 percent to 35 percent through automation of manual processes
- Reduce technology costs by 15 percent to 20 percent through elimination of redundant data and integration points
- Provide regulatory transparency and traceability.

### THE BUSINESS INTELLIGENCE EQUATION

If insurers can overcome legacy information silos to consume and analyze their data, they'll gain business insight for improved decision making.

Insurance Optics™ is CSC's family of business intelligence software and services. Our solution to the business intelligence equation, Insurance Optics includes data and analytics accelerators with CSC's Insurance Industry Data Model as a foundation to drive insightful decisioning.

### ABOUT THE AUTHOR

*Daisy Weaver is director of financial services business intelligence at CSC. She has more than 25 years of experience in helping insurance companies solve problems related to business intelligence, technology management and business processing. She can be reached at [dweaver5@csc.com](mailto:dweaver5@csc.com).*

