

Business Intelligence Key to Surviving Meltdown, Consolidation and Cost Cutting

The ability to effectively acquire, manage and analyze data has long been the foundation of the financial services industry's success. But the lack of reliable data can have catastrophic financial effects.

Consider the U.S. government's recent decision to abandon buying as much as \$700 billion worth of illiquid mortgage-backed and mortgage-related securities through a reverse auction process. This decision was affected in part by the complexity of collecting and interpreting data on non-standardized information related to over the counter products.

The recent financial turmoil and the government's escalating equity stakes in financial institutions is already leading to calls for more transparency by regulators, producers and consumers. Business leaders must act quickly to respond to volatile markets. But the data they base those decisions on must be timely and, most of all, accurate.

Business intelligence and predictive modeling will play a key role in helping life and annuity companies address emerging regulations and market shifts. Data will also play a pivotal role in industry consolidation and cost cutting.

But how reliable is your data? How many companies are willing to admit they've got a problem?

"Many corporations are facing a data quality crisis. It's a dirty little secret that nobody wants to talk about," said Jerry Boltin, director of CSC's Business Intelligence Practice. "Making business decisions without accurate data can cause massive disruptions, and the issue



for many companies begins with a problem with the source data itself, in addition to the way that data is processed, analyzed and reported to management."

Reliable, Relevant Data

Armed with good business intelligence, insurance companies can do a better job of introducing products that appeal to the

it improves management's ability to monitor business performance.

"The key to successful business intelligence initiatives is getting reliable, relevant data in a configurable format to the people who need it on the frequency that they need it – from real-time to established cycles depending upon the decision context and use," Boltin added. "It takes the IT department

out of the critical path and allows for real-time decisioning throughout the organization including call centers, Web portals and the underwriting desk."

Solving business intelligence problems takes more than just an investment in a new tool. In fact, many companies are deluged with tools, often using different ones for various lines

of business.

Crossing Organizational Boundaries

CIOs typically must work with multiple business units and vendors



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market, and they can fine-tune those products based on customer, producer and competitor analytics. Business intelligence also supports the automation of key processes such as underwriting decisions, and

About CSC

CSC, one of the world's leading IT services companies, provides a full range of master data management services. Unlike other firms, CSC has more than 35 years of experience in insurance.

An estimated 70 million U.S. policies run on CSC's software, giving CSC deep insight into insurance data requirements from both line-of-business and enterprise perspectives.

to build a true master data management system.

"The CIO can't do it alone, and business unit managers are often reluctant to move to a new analytical environment that crosses organizational boundaries," Boltin noted. "It's essential to have a good change management plan to demonstrate the benefits of the new program. The days of 'my data' and 'your data' are gone. Companies must rethink their basic governance structure to ensure someone is always accountable for data management at the enterprise level."

Data management is especially challenging for insurance companies. Data sources are typically siloed like the organization itself. Departmental tactics on data warehousing over the years have left the organizational data fragmented, built with differing standards and overly focused on narrow requirements.

"Large-scale business intelligence programs require specialized skills most companies don't have in house, and building up that competency can be time-consuming and expensive," Boltin said. "Not only do they need to know where to put their investments but also the right metrics to gather. Underlying this is the need for better data security, which is becoming increasingly complex to manage."

The Master Data Management Approach

Wondering if master data management is right for your company? Bert Lasley, director of

CSC's Data Transformation Practice, offers the following advice to insurers:

- **Create a shared services framework.**

Organizations must define who's responsible for data at the enterprise level and create a roadmap for implementing change. A shared services approach can help pool resources and tools and ensure data management processes are standardized across the organization. Companies can unlock data currently stored in multiple silos and get a more cost-effective approach to technology consolidation and modernization.

- **Cleanse and reconcile data from multiple sources.**

A recent report by the Data Warehousing Institute found that 83 percent of organizations suffer from bad data because of inaccurate reporting, internal disagreements over which data to use and incorrect definitions that render the data unusable. In addition to reconciling these differences, companies should integrate data sources such as ERP, legacy and specialized applications. The coordinated use of data warehouses, data marts, operational data stores and master data repositories will ensure reliable and consistent data definitions, no matter what the source.

- **Gain greater insight into customer and distribution trends.**

The right set of metrics can equip insurers with better information for finding the right customer, determining the customer's propensity to buy or simply identifying customer segment characteristics that would best respond to specific products and campaigns. Distribution metrics help tailor campaigns based on specific channel performance variables.

- **Develop a dashboard of corporate performance metrics.**

The CEOs of mid-tier companies and presidents of market segments of larger carriers will be better positioned to make more productive capital allocation decisions with an easy-to-read dashboard consolidating data related to new business, sales backlogs, investments, claims and other liabilities and operating expenses.

"Insurers are facing tremendous pressure to grow top-line revenues, and they need more than business instincts — they need balanced, factual insight based on reliable analytics and data," added CSC's Boltin. "A growing number of senior executives are centralizing the analytics function to take full advantage of their available data — and improve their ability to compete in the marketplace."



For more information about CSC's business intelligence and master data management services, call 800.345.7672 or visit www.csc.com/insuranceBI.