

TAKE THE FINAL STEPS

Insurers need to integrate two plans to get the most out of one of their biggest corporate assets—data.

by Bill Jenkins

Editor's Note: This is the final article of a three-part series on data strategy. It provides guidance for how companies can successfully develop and implement a data strategy that capitalizes on this critical business asset. The first article, *A Different View* (February 2017 *Best's Review*), explains the importance of developing an enterprise data strategy. The second article, *Overcoming the Data Challenge* (March 2017 *Best's Review*) addresses the challenges facing insurance carriers in their quest to develop and implement one.

Companies recognize that enterprise data is a valuable asset for optimizing their business processes because it is used to create new products and services, and improve customer service, as well as a means to comply with regulatory and rating organization requirements. However, companies continue to struggle with how to manage, leverage and use the vast array of data they possess.

As reported in the second article in this series, insurers face numerous challenges around data such as big data hype, limited investments, organizational and cultural barriers along with multiple, complex and fragmented IT environments, to name just a few. So to get the most business benefit from this corporate asset, it is imperative that a

well-thought-out data plan be created and followed that is realistic and practical in its capture and use of data.

Two basic plans or pillars should be developed and integrated to create an overall enterprise data and information strategy: One is more technology driven, i.e., a data management strategy, and the other is more business-driven, i.e., an information strategy.

While separate, these two basic plans need to be fully integrated with one supporting the other.

The Data Management Plan

This plan addresses the technologies, organization structure and processes needed to capture, prepare, manage, store and deliver the data needs of the organization for decision-making and reporting. The



Contributor **Bill Jenkins** is a managing partner with Agile Insurance Analytics. He can be reached at billjenkins@agileinsuranceanalytics.com.

data management components or building blocks of this plan include:

- A data governance committee/council.
- An enterprise data model(s).
- An enterprise business glossary of terms including metadata definitions.
- A central reference/index for company user access.
- A data quality program.
- A single data repository (data warehouse).

At a high level, the governance committee/council is comprised of both business and IT management and establishes the standards, processes, policies and practices to be followed by the enterprise. This governance body ensures that data initiatives are prioritized and that each data project provides business value and aligns with and supports the business strategy. The data governance committee/council monitors and oversees each data-related project and is the vehicle that an organization can use to create sustainable processes that ensure appropriate levels of data quality and integrity. This committee is the means for corporate collaboration and cooperation.

A critical first step for this committee is to assign data ownership to organizational data sets so appropriate individuals assume the responsibilities of data quality and use in which they are most involved, i.e., claim data would be owned by the claims department, the underwriting department would be responsible for underwriting data, etc.

In most cases, one of the first efforts of the data

governance committee/council would be to develop an enterprise data dictionary/business glossary. The initiative would involve a cross-functional project that establishes a single enterprise definition for each of the organization's critical data elements. This effort provides the organization's standard for how it refers to data.

In concert with the data dictionary/business glossary effort the organization should also gather, identify and standardize data usage. Metadata represents information about data and describes the data elements, the data structures and the rules about the data. Furthermore, it describes where the data came from, how it is used, why it is used and identifies the company's owner and stewardship of the data.

Development of an enterprise data model is another important first step for the organization to take to get its arms around its data. Data models depict the organization's business, and assist in the definition of data and data relationships. They ultimately provide the framework and methodology for all data sharing, master data and data warehousing efforts. Finally, they become the basis for the database design.

Centralizing these enterprise data standards is important so that all organizational stakeholders can access this information concerning the company's data assets. A central metadata repository acts as a uniform and consistent reference source that can be used throughout the organization for understanding its data and its use in the organization.

Putting a data quality program into place ensures the organization that the data it uses to populate its data repositories/data warehouse is of high quality

Principles to Follow in Creating An Enterprise Data/Information Strategy

1. It is joint IT- and business-driven activity. IT does not own this process and it is not an effort being done by IT for IT.
2. The initiative is primarily business-driven and is focused on the most pressing business goals, needs and challenges. The deliverables are business results.
3. Understand the critical data assets. Not all data in the business is critical. Critical data has long-term value to the organization (e.g., customer, product, financial information) and is used across multiple systems and business processes.
4. Simplify and streamline systems and processes. Data is an active asset that in order to be properly managed, should flow across systems and processes organized in a coherent and standardized way.
5. The implementation of an enterprise data/information strategy is not a project—it is an ongoing function of the company that must be governed, monitored and controlled, and investment in the data efforts must be ongoing.
6. Consider the services of an objective, strategic, industry-focused expert with a proven track record in providing best-of-breed data practices at an enterprise level.

Following these principles and guidelines for developing and implementing an enterprise data strategy, and having good leadership, skills, knowledge and collaboration/communication, can enable an organization to capitalize on this valuable corporate asset.

and possesses data integrity. Data quality metrics and measures can be used to determine the highest priority data scrubbing and clean-up efforts and to keep track of this process.

Master data identification allows the organization to place the attributes that describe and relate to these subject areas under headings, such as “party” (customer, agent, employee, etc.) and is used as the framework of the organization’s “one source of the truth.”

Finally, to create a “one source of the truth” environment and culture, a data repository for storing high-quality data for data reporting and decision-making is another important initiative that needs to be undertaken for an organization to properly manage its data.

These initiatives represent the major data management components an organization needs to consider to begin to properly capture, prepare, control and deliver its data. The key to success, however, is to develop and put into place these data management building blocks in a coordinated, sequential and incremental manner demonstrating the business value at each step along the way. Incrementally showing a return on investment as the process unfolds helps ensure that the business maintains interest in these data initiatives and will continue to provide the ongoing investment in the needed data initiatives.

The Enterprise Information Strategy

How the captured, prepared, controlled and stored data is being shared must be provided in a timely and beneficial manner. The enterprise information strategy must be driven by an understanding of how the information can enable or improve a business process and achieve the business strategy and objectives/drivers. The overall drivers for the enterprise information strategy are the business plans, goals and objectives established as part of this strategy. In general terms, there are five components of the business strategy that need to be considered as part an organization’s information strategy.

1. Financial growth.
2. Operational efficiency.
3. Customer intimacy.
4. Governance/regulation compliance.
5. Human resources/talent management.

All of these business strategies are impacted by an enterprise information strategy and vice versa. There is almost universal agreement that for an insurance company to be successful going forward, it first needs to truly understand its customers, which includes both policyholders and agents. Truly knowing its customers is now seen as a critical ingredient for insurers to connect with customers in a proactive and trusted way. Having a “customer-centric,” outside-in view to create the right products and services in a personalized and customized way has become a critical factor for successfully competing in today’s marketplace.

Using this mantra, carriers are building information strategies to gain more insight into their customers and prospects and those that best fit their profitability profile(s).

Alignment of information strategies to the business needs include development of:

- A business intelligence and predictive analytics strategy.
- A data repository/data warehousing strategy/plan.
- A third-party data plan.
- A big data and unstructured data strategy.
- A staffing strategy for identifying the needed data staff to support, maintain and use data organizationally.
- The creation of a data privacy, security and life cycle plan.
- A communications plan for providing information on data initiatives and statuses.

Strategies Working in Tandem

It is the data governance committee/council that is responsible for putting into place an enterprise information strategy that provides an incremental delivery schedule and continually aligns the information strategy to the business goals and objectives. For example, if the company has set the business goal of profitable growth, an initiative to consider is a cross-sell and up-sell campaign for current policyholders to purchase additional coverages or policies. To do this successfully, the company needs an in-depth understanding of the current relationship policyholders have with the company including a complete picture of what policies the policyholders have. In this case, the organization needs to identify the data elements that relate to linking the policyholders’ existing ownership of the company’s policies.

Building out of the needed data management building blocks involves defining and describing the critical data elements related to the policyholder and the policies that the policyholder possesses. So, in effect, the data dictionary, metadata, data model(s), metadata repository and data repository would address the particular data requirement(s). This allows the organization to accurately and easily see what policies the customer possesses, and which policies it does not possess, thereby providing the company with the information it needs to quickly and efficiently cross-sell and/or up-sell the customer.

This scenario provides an example of how the data management and information strategy can work together to provide an incremental deliverable supporting the business strategy of growth. This also establishes the foundation for further data management and enterprise information buildout around customers, (e.g., third-party census data, big data, etc.), and how “knowing thy customer” can accomplish business strategy objectives of profitable growth, operational efficiency, risk reduction and innovation.