

# A Strategy for Streamlined Business Intelligence Implementation

*BI and analytics are top priorities for property & casualty companies – but large firms can face long, complex implementations while smaller companies stumble over the cost of customized BI projects. For The Warranty Group and MutualAid eXchange, packaged software on an open-source platform provided a rapidly deployed, cost-effective alternative.*

By John W. DeWitt

The Warranty Group (TWG) represents the classic case of a complex company that needs enterprise-wide business intelligence, data warehousing and analytics tools to manage its global business – but confronts daunting challenges to implement a robust solution due to the same complexity of its global business. The leadership of this insurance company oversees operations in 36 countries, with numerous business lines, some of which have distinct operational, market and regulatory differences.

“It’s essential to standardize the information and the means by which that information can be consumed in order to enhance the decision making potential for senior executives,” notes Eric Robertson, vice president of information technology for Chicago-based TWG, which considers itself the world’s largest independent underwriter, administrator, and marketer of service contracts and related benefits.

In turn, Robertson and his staff grapple with the classic challenge of information technology integration in a complex, global company: how can one business intelligence system provide accurate reporting and analytics (much less drill-down capability) across diverse data sources and business systems supporting diverse business models (and diverse users speaking a diversity of languages)?

On a smaller scale – with a book of business encompassing 16 U.S. states and five Canadian provinces – Overland Park, Kans.-based MutualAid eXchange (MAX) and MAX Insurance Agency must leap a business intelligence hurdle not dissimilar to TWG’s. MAX executives need the data and analytical tools to track and analyze a dozen business lines and manage the associated risks of their geographically dispersed customer base. Furthermore, as a relatively



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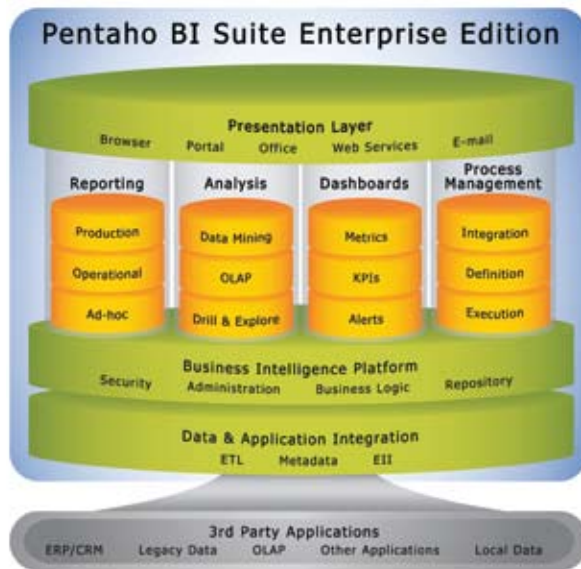
—PAUL HEACOCK, CIO, MUTUALAID eXCHANGE

small reciprocal insurer – with \$15 million in written premiums in the U.S. plus \$6 million Canadian – MAX’s IT team has limited resources to develop and deploy the sophisticated business intelligence solution the company requires.

“We have champagne needs with beer pocket books,” as MAX’s CIO Paul Heacock puts it. “We are much more complicated than a typical company of our size, which complicated our search for business intelligence and data warehousing solution.”

According to recent research from Novarica, 43 percent of property & casualty companies cited business intelligence as a top-three technology project for 2009. Traditionally, global property & casualty/specialty companies make a large financial investment and spend many months, even years, to customize and launch an enterprise business intelligence solution – an option usually not available to smaller, regional firms such as MAX. (Note that TWG is categorized as a specialty property & casualty insurance company.)

But to avoid costly, custom BI solutions, these two firms opted to take a different route: a packaged, insurance industry-specific data warehousing and analytics solution deployed on an open-source business intelligence software platform.



### Custom BI: Challenges of insurers' traditional approach

Most business intelligence solutions for property & casualty companies involve the purchase of several proprietary software platforms for business intelligence, data warehousing, reporting and analytics. These software products usually are designed for general use in many types of businesses and have limited industry specificity. Therefore, after purchasing the base platforms, an insurance company must integrate best-of-breed software tools, then customize the integrated solution for its data sources and business requirements.

Typically, the major components of a business intelligence solution involve:

- A database engine
- “ETL” – extracting, transforming and loading data from external sources
- The metadata layer – basically, a data dictionary
- Tools for report generation and screen presentation
- Data mining and predictive analytics tools

The entire process of purchasing proprietary software tools, then integrating and customizing them for the insurance industry, usually encompasses extensive consulting by systems integrators. This makes the typical BI implementation not only a high-priority project, but a costly, time-consuming and potentially risky one as well.

Costs for base business intelligence software platforms routinely run into the hundreds of thousands of dollars – with substantial add-on costs of \$250 to \$1,000 a month for every additional user. Then comes the multiplier effect of system integration and consulting fees – and the attendant risks – of a project that spans many months, at a minimum, commonly more than a year. A custom BI project can easily range from

\$500,000 to millions of dollars – and as with any type of large-scale, custom software implementation, project overruns and even outright failure are not uncommon.

“We looked at many business intelligence and data warehousing tools, but their entry point costs were just prohibitive,” Heacock says. “And we really didn’t see anything insurance-specific, so even if we could afford their platforms, we were going to have to build a lot from scratch.”

Beyond their high cost, high risk, and lengthy time to deploy, insurance companies typically find other drawbacks to custom business intelligence and data warehousing solutions. Large custom software projects often are functionally over-engineered in response to “blue sky” user requests, unique IT department specifications and other causes of “scope creep.” Furthermore, best-of-breed tools may not interact well with each other – or with the insurer’s policy administration and other business systems – requiring further custom integration and even modifications of the company’s data models to accommodate the software’s requirements. And – because the implementation is custom-integrated – the insurance company’s solution is likely to lack the extensive system documentation that comes with packaged software.

### Off-the-shelf alternative: Packaged software on an open-source platform

After its former parent company Aon Corp. – the world’s largest risk broker – sold The Warranty Group to Canadian venture capital investor Onex Corporation in 2006, TWG’s senior executives moved to gain greater insight into their now \$1.5 billion global operations.

Robertson states that IT was tasked with developing an enterprise business intelligence solution aligned with company leaders’ need for enhanced decision making capabilities. TWG needed a system “capable of pulling all of the data together from these disparate sources in a way that allows us to get high-level business intelligence data and drill all the way down to a customer’s policy-level data,” he explains. “And one of the things you don’t want to get into ... is to have a lot of different formats for that, because it makes things much more complicated.”

TWG found its solution in an off-the-shelf, packaged system from Austin-based 4Sight Business Intelligence. 4Sight’s offering originally was developed eight years ago by Cedar Park, Texas-based INSolve, as an add-on to its insurance policy administration software suite. Eventually, INSolve spun off its BI offering as a separate company – 4Sight Business Intelligence – and the software code was rewritten as a complete insurance industry business intelligence software suite.

The 4Sight package is database platform independent – meaning it interacts with any ANSI-compliant database – and the 4Sight software requires little if any customization, allowing for implementations in 45 days or less. It also operates on a commercial open-source business intelligence platform, the Pentaho BI Suite Enterprise Edition – further reducing the system’s cost in comparison to proprietary business intelligence platforms.

After an initial feasibility study, TWG now is in the midst of its staged, worldwide rollout of the 4Sight solution.

“We are referring internally to the project as our ‘global warehouse,’ because we have other in-house data warehouse solutions,” Robertson explains. The 4Sight system “pulls all of this data from disparate data sources, then brings it together in a large set of predefined definitions and metrics, so that it’s very easy to establish key performance indicators – KPIs – and provide key decision makers with dashboarded information about our total risk, and financially how our books of business are performing. This gives us ready access to all of the data at a level that makes sense for decision-making purposes. It’s not too detailed, although you can drill down into all of the details – it’s at a perfect level to see what’s going on.”

The 4Sight BI system allows TWG to continue using existing systems in its various operations, while creating one central data warehouse containing standardized, comprehensive information gleaned from all its internal data sources, plus any external industry data TWG chooses to incorporate. In addition to the system’s various dashboards – particularly useful to executive decision-makers – non-technical business users can access various built-in, standardized 4Sight reports or develop their own queries with a user-friendly ad hoc reporting tool. Furthermore, instead of needing access to multiple policy systems, authorized users can access and analyze any data all the way down to individual policies in the “global warehouse.”

“In addition to that, one of the features they are providing gives a what-if scenario,” Robertson continues. “If you want to look at a segment of business or one company’s operations, the dashboard will pull in all the data and use sliders to do the analysis. For example, if we increase the price per policy by 3%, how does it change our exposure or this book of business financially? It’s a one-screen dashboard that could not be easier to use.”

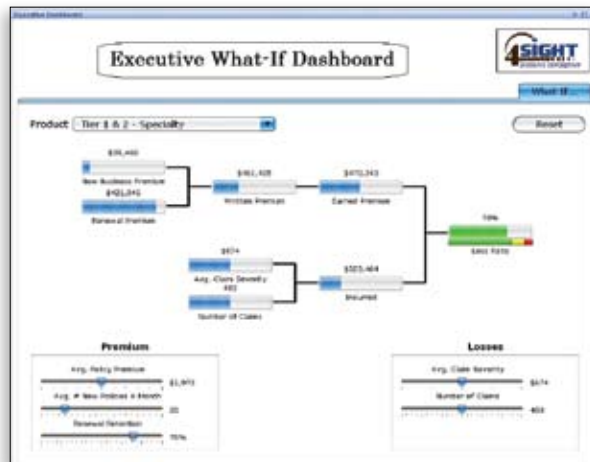
### **From reactive to proactive: The long-term BI payoff**

Historically, MutualAid eXchange’s leadership team has had “a transactional understanding of our business” with limited analytical insight. Prior to implementing the 4Sight Business Intelligence platform, “we often

would spend three days developing a report and one day trying to analyze it,” Heacock explains. The new BI platform is giving MAX “much more real-time, on-demand reporting” since its staff can “spend a matter of hours reporting, with less building and more analyzing,” ultimately enabling “more consistent decision-making based upon the most current possible data and analysis.”

Implementing a new data warehouse also is bridging the gap between MAX’s old policy administration software and its new, state-of-the-art Stingray system, as well as MAX’s agency management system.

“We wanted to avoid manually combining the reports from both systems,” Heacock explains. So we needed a data warehouse to extract data from both of those systems into a common reporting tool. ... Once we reach renewal on the old system, we can just cancel there and rewrite it on the new system.” In the meantime, continuous, consistent data is maintained within the data warehouse.



However, for Heacock, these benefits represent just the low-hanging fruit for MAX to harvest from its business intelligence implementation. He believes the big payoff will be the ability to be more proactive rather than reactive at the strategic level of business management. For example, “we might redefine our risk appetite based on more detailed analysis” and unlock other “potential benefits way beyond anything we can currently quantify,” he adds.

“At stage one, this tool helps our business perform better,” Heacock continues. “At stage two, it hopefully will help us transform our business.”

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# What If?



**What if** you could find a business intelligence solution that **provides:**

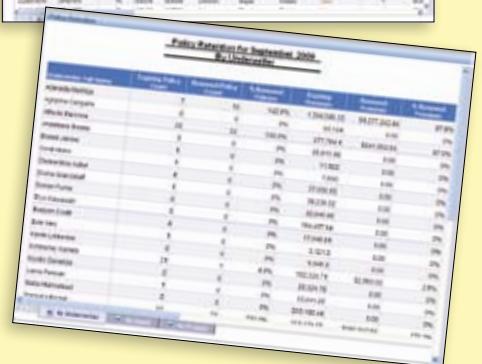
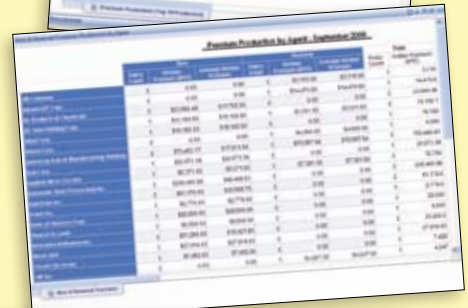
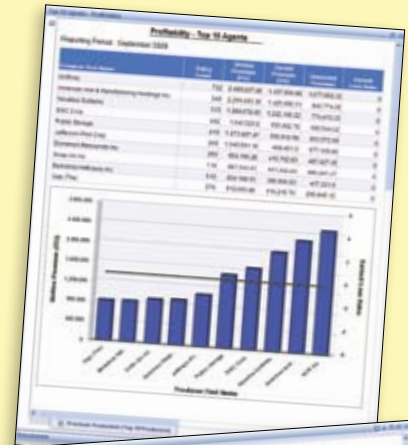
- ✓ 70+ standard reports
- ✓ 6+ dashboards
- ✓ What IF capabilities
- ✓ Ad Hoc Reporting
- ✓ 150+ Key Performance Indicators
- ✓ Standard Input Layout

**What if** you could use the standard layouts and the Property & Casualty specific data model to be up and running within weeks?

**What if** you could expand it to add additional fields and other information with **minimal effort**?

**What if** you could use the business intelligence product to help **predict your business** and analyze your data?

**What if** you could have all of this and spend only a **fraction of what it costs** for a typical business intelligence project?



A leading provider of Property & Casualty specific off-the-shelf business intelligence products in the marketplace, we provide an affordable alternative with superior performance.



**Interested? It's worth a look...**

Visit us at [www.4SightBI.com](http://www.4SightBI.com), or call us at 512-236-5130, or email [info@4SightBI.com](mailto:info@4SightBI.com)