



Developing an analytics-driven company

Prepared for SAS GI Conference 2016

May 2016

The value of data (according to SAP)...



77%

Customer support



71%

Operations



73%

Competitive intelligence



71%

Sales processes

**Strategic decisions
of a company**



71%

Cost management



69%

Product development

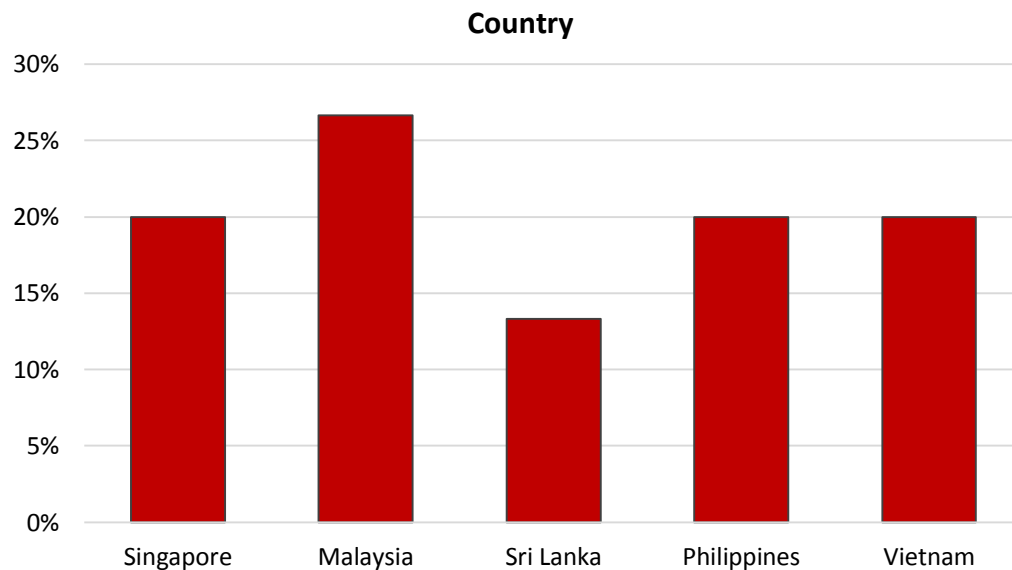


52%

Brand awareness

NMG's analytics survey...

A short survey relating to the **use of analytics** within the business was conducted across a number of insurance and reinsurance companies (conventional and takaful operators) in the region.



Participants were asked various questions relating to the following areas:

Availability of data

Quality of data

Accessibility to data

Management information tools

Culture of analytics

Value of analytics

How “analytics-driven” are companies?

50% of the respondents believe their company has the necessary data available for useful insights.

While data is regularly updated from trusted sources, only **34%** believe their data is consistent over time, while **73%** have issues in integrating data from various sources.

47% have easy access to data and **60%** have difficulties in using the data for their analysis.

Of the **83%** currently using some form of analytical tool, **42%** have doubts about its usefulness in addressing their business needs.

How “analytics-driven” are companies?

66%

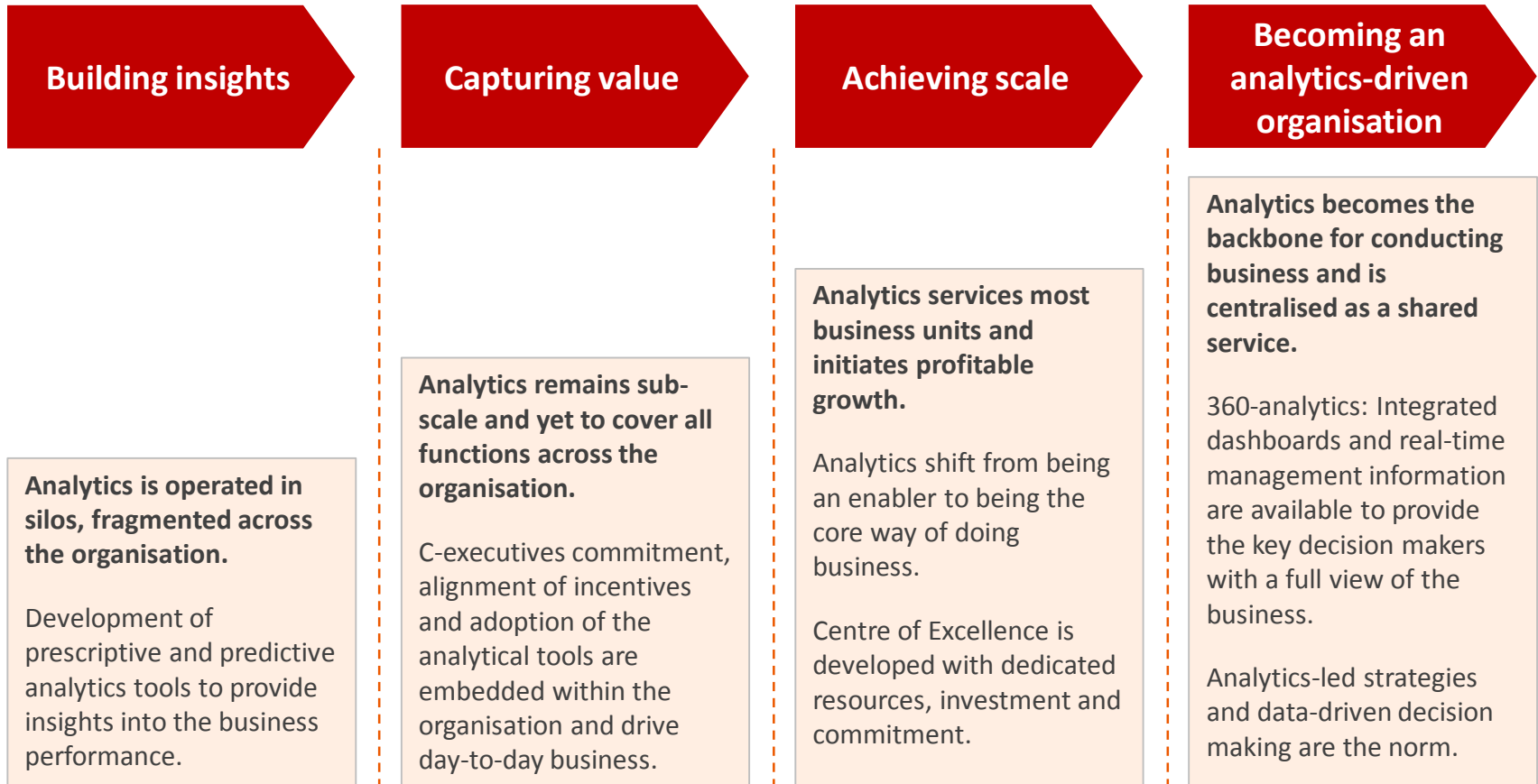
of the respondents say that the senior management team actively engage analytics in their strategic decisions.

So how to we go about developing an analytics-driven company?



The four-stage journey...

The best practices to adopt advanced analytics are typically conducted in *four phases**.



*The *four phases* approach is retrieved from Chester, A., Clarke R., Libarikian, A. (February 2016). *Transforming into an analytics-driven insurance carrier*. <http://www.mckinsey.com/industries/financial-services/our-insights/transforming-into-an-analytics-driven-insurance-carrier>

Becoming an analytics-driven company

Instead of static reports, all decisions are analytics enabled with **visualised** key trends, predicting **insightful** outcomes and prescribing **relevant** actions

360-degree analytics provide **integrated** dashboards, inclusive of distribution funnel, portfolio performance, pricing decisions, and drivers of losses and claims. The COE is **embedded** within the business.

Analytics-driven insurance company

The financial impact of analytics is **blended** with price metrics, new-business growth or in-force lapse. The business metrics themselves are the **markers of success**

The human resource adopts analytics in its **talent strategy** via performance review, expectation management, leadership recruitment and retention

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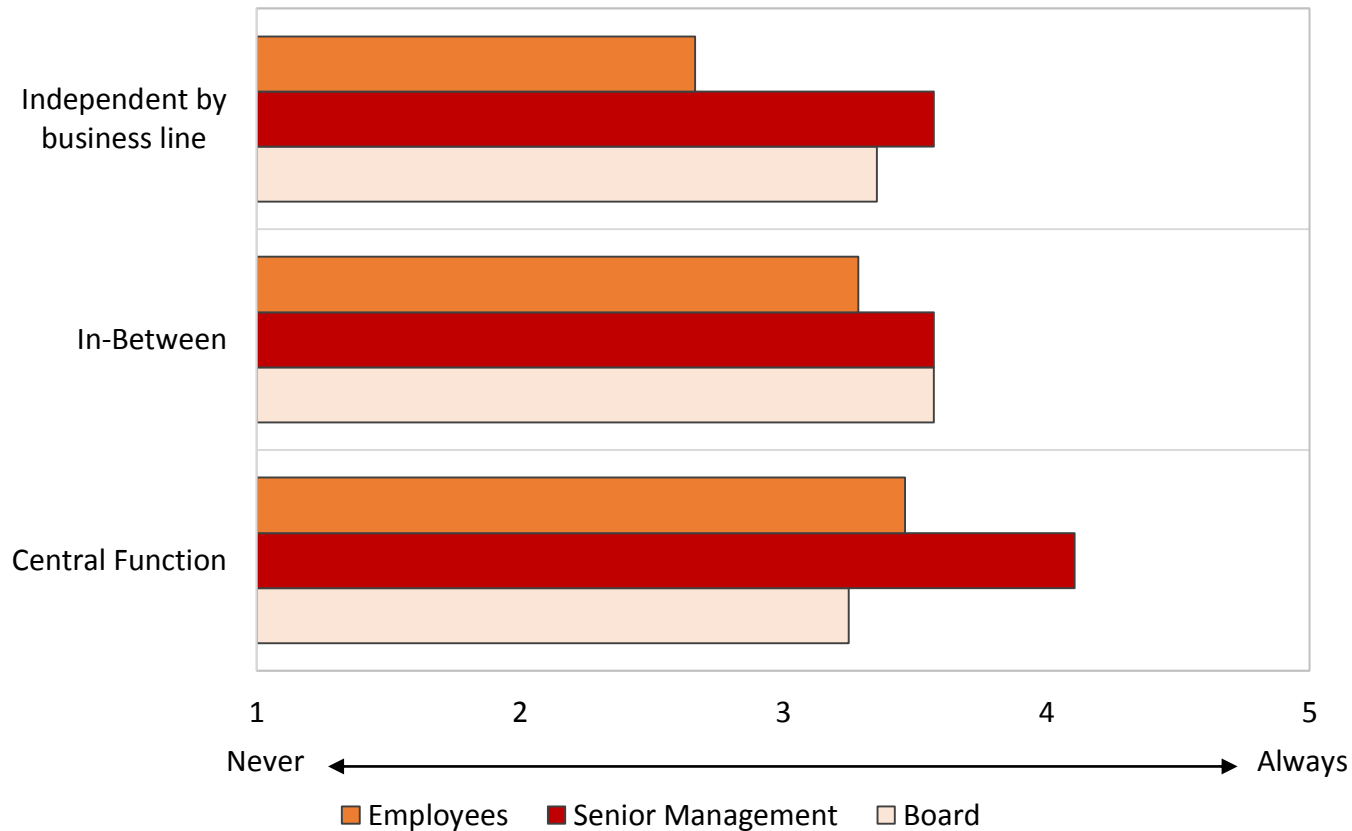
A single source of truth...

50% of the respondents say that there is a centralised function in the company to provide analytics support.

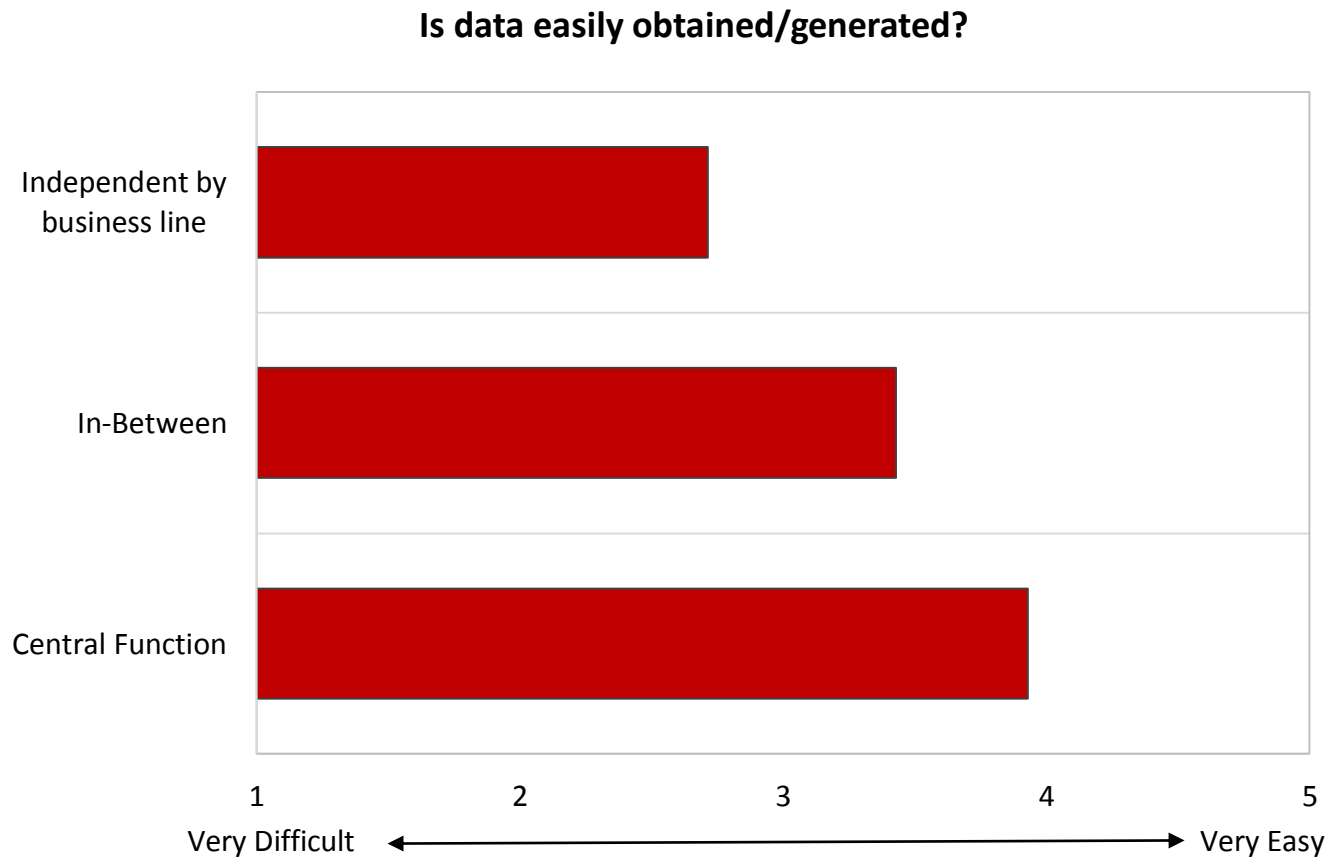
Yet, almost **60%** of these companies face issues with consistent and well-integrated data.

A single source of truth...

How often are analytics used in day-to-day activities?

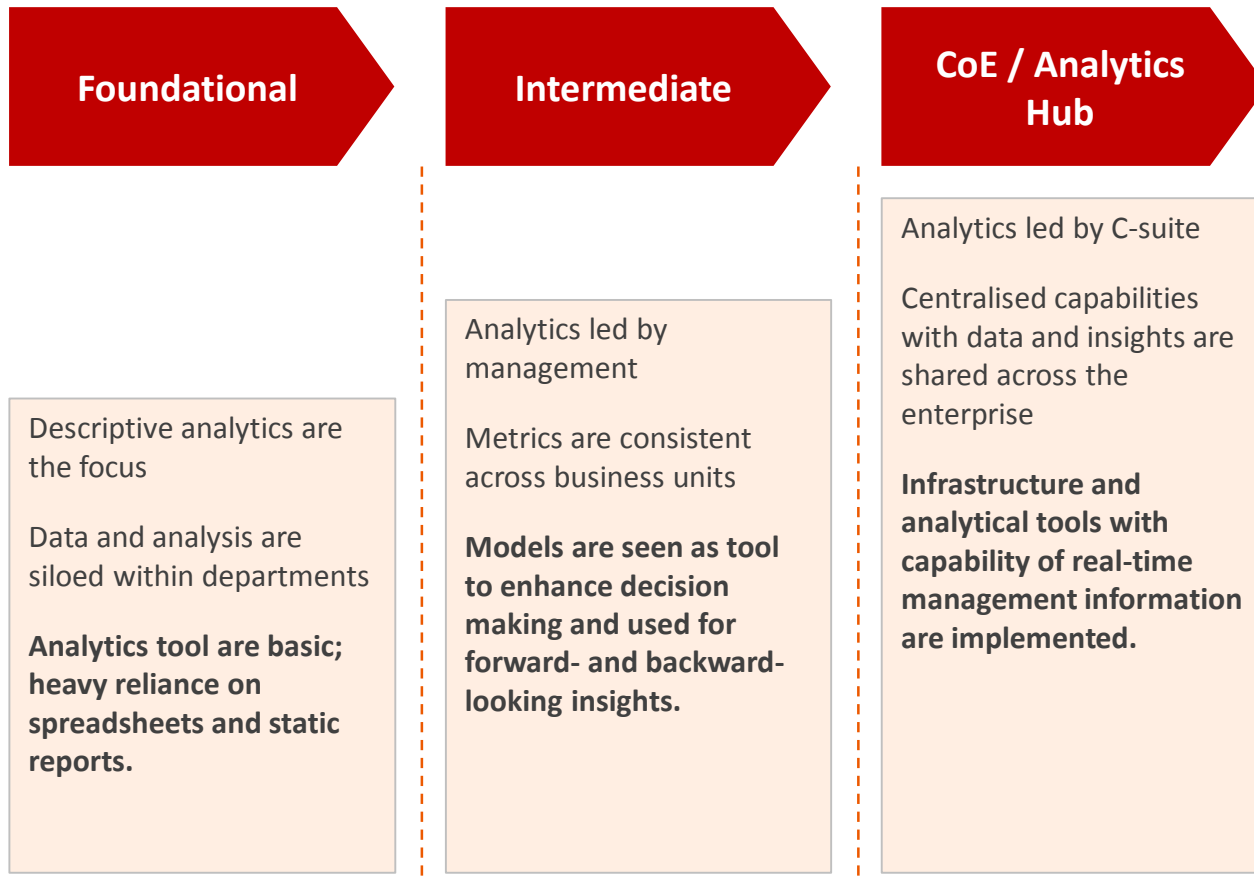


A single source of truth...



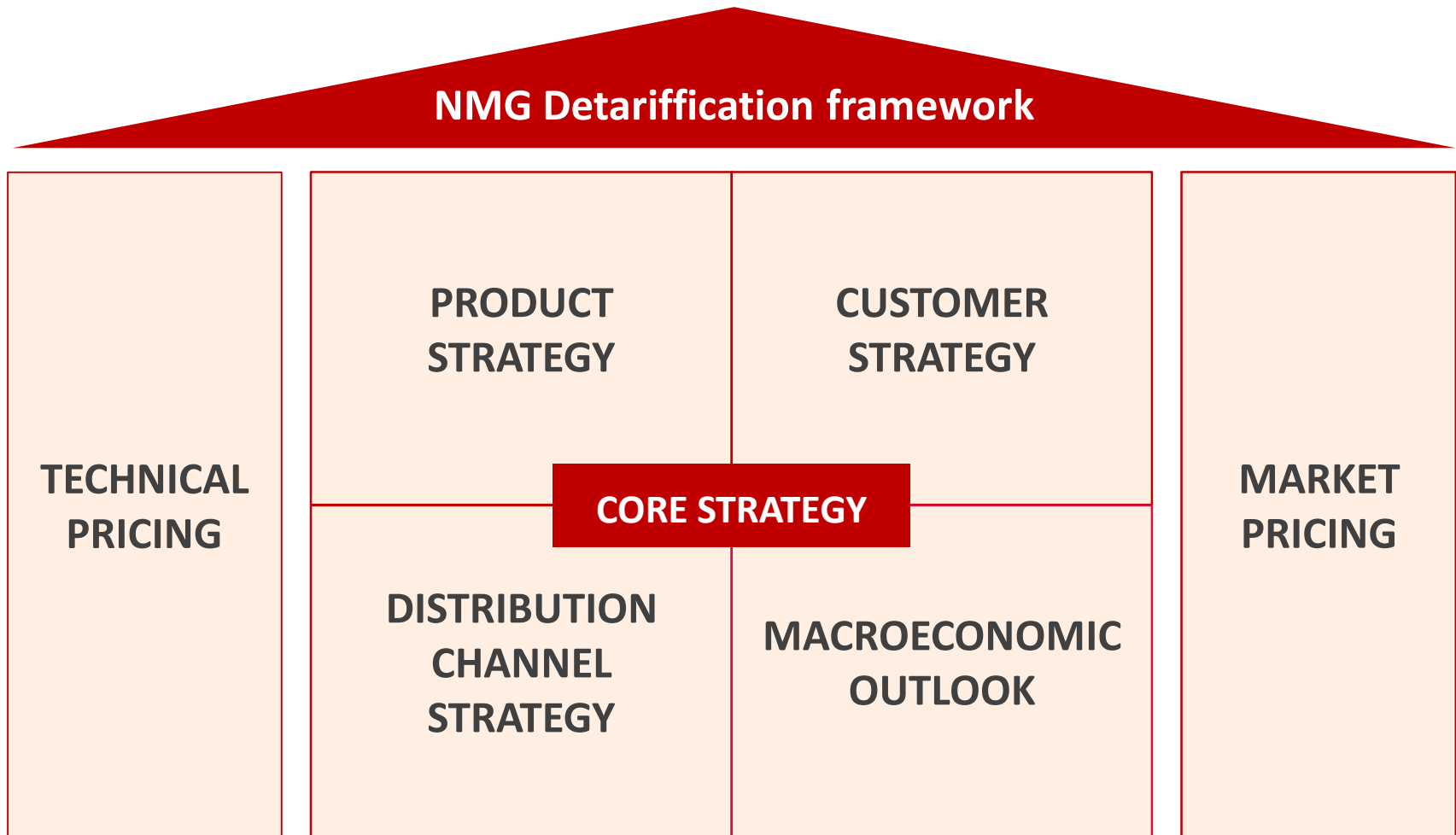
Building a *Centre of Excellence* (“ Analytics Hub”)

Key phases of building a *Centre of Excellence* (‘Analytics Hub’)*:



*The key phases are retrieved from Roggen, D., Roland, T. (n.d.). *The analytics hub: leveraging a shared services model to unlock big data*. http://www.morganfranklin.com/website/assets/uploads/documents/MorganFranklinConsulting_Analytics_Hub_White_Paper.pdf

A practical example in a detariffication strategy framework



The insurance industry is embracing analytics



A success story of a leading UK-based general insurer, who specialises in commercial and niche sectors in personal motor insurance.

Challenges

Capacity, Storage
and Traffic
Restrictions

Data Management &
Analysis done in silos

Limited visibility in
analysis

The Cloudera logo is displayed in a blue, lowercase, sans-serif font.



The SAS logo consists of a blue stylized 'S' followed by the lowercase text "sas" in a bold, sans-serif font. To the right of the logo is the tagline "THE POWER TO KNOW." in a smaller, uppercase, sans-serif font.

Increased policy count by **120%** in 18 months.

50% reduction in customer cancellation rates.

£5m savings in claims through real-time fraud detection.

Savings in annual operational costs in rate updates by **20%**.

The wish-list

Improved data quality

**People with the right
mind-set and skills**

**More sophisticated
analytical tools**

Single source of truth

What we want to do

VS

What we practically can do

Thank you

“Shape your thinking on the decisions that matter. Our specialist focus, global insights programmes and unique network give us the inside track in insurance and investment markets. We translate insights into opportunities.”

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shape your thinking