

insurance day

www.insuranceday.com

in association with



TECHNOLOGY FOCUS



Return on information: getting value from data

Organisations are now amassing mountains of data, with silos replicating data as well as creating new types of data daily



Stuart Rose
SAS

Data has always played a critical role in insurance. Still, there is something different about what is happening today. Organisations are now amassing mountains of data, with silos replicating data as well as creating new types of data daily.

For many insurance companies managing all this data is becoming impractical. Traditional data management strategies will not scale to govern big data for high-performance analytics effectively. The most common obstacle for companies is they have too much data and too few resources.

But the real challenge begins when companies begin extracting meaningful insights from this explosion of data. Fortunately, the science of extracting insight from data is constantly evolving. Tools are more readily available as insurance companies begin to invest in the technology that supports big data. As the competency levels of firms continue to move along the big data continuum, increasing value will be realised.

The digital age has brought with it a quantum increase in the amount of data available to the modern organisation. But it is not just the quantity of data that sets this time in history apart. The speed with which data reaches organisations, the variety of forms data takes and the insights it contains are changing everything we know about the collection, analysis and management of data.

At the heart of most data management challenges is data governance, which helps companies define ownership, common language, process, policies and de-



Data: Ever-more data is become available at an incredible rate offering unprecedented insights to today's organisations

© agsandrew/Shutterstock

cision rights about how data is managed over its life cycle. IT departments are often overburdened with increasing workloads and meeting the ever-changing needs of the business. And it is more important than ever that IT and business be in alignment. A proper data management strategy can inform and prioritise IT functions so IT activity is aligned with business priorities.

Too much data?

Data is often seen as a competitive differentiator. However, in today's big data environment, is having too much data really a problem? Many organisations find it too costly to store all the data and too time-consuming to analyse it.

For a growing number of organisations, the answer has been to take advantage of distributed processing technologies such as the Hadoop file system. Hadoop is an open-source software framework for running applications on a large cluster of servers. Since Hadoop runs on commodity hardware that scales easily and quickly, organisations are now able to store and archive a lot more data at a much lower cost.

This is good news for IT, but it

should also be music to the business professional's ears. No longer does data need to be destroyed after its regulatory life to save on storage costs. No longer does the business analyst or data scientist need to limit their data analysis to the past three, five or seven years.

New tools and techniques which help to interpret data are becoming mainstream. In particular, data visualisation tools combine different graphical techniques to enable users and insurance executives to better understand the stories their data is telling. Companies taking advantage of data visualisation are able to extract maximum value from their data and take their businesses to new heights.

But what do organisations hope to derive from the increased volumes of data they collect? The end goal depends very much on the insurance company, the market conditions and the strategic imperatives of a given carrier. Organisations want more business value from big data and analytics is an important route to value.

Faster decisions

Big data technologies are relatively new and still maturing. However, combining the power of analytics with distributed pro-

cessing technologies like Hadoop will help insurance companies to transform big data to make better business decisions faster. It will enable statisticians, actuaries and business users to examine and analyse more complex problems than ever before.

The ability to quickly analyse big data can redefine so many important insurance business functions, such as risk calculation, price optimisation, catastrophe modeling, fraud detection and customer experience. It is hard to imagine any forward-looking company that is not considering its big data strategy, regardless of actual data volume.

Insurers have long seen data as a source of competitive advantage. But data alone is worthless. It is insights derived from the data that matter and with the emergence of big data the possibility for deriving insights is increasing dramatically. Data can be the difference between success and failure. Better data leads to better decisions, which ultimately leads to more profitable business. Today, your return on information is just as important as the return on investment. ■

Stuart Rose is the global insurance marketing director for SAS

See what you mean

They say you can never have too much of a good thing. But is data a good thing? Many people think they are drowning in data – and starved of information.

Our industry faces a new kind of challenge. We are generating more and more data, which should in theory give us greater insight into our customers and their needs. Insurance is an information business. Data growth ought to translate into business growth, but it is never that simple.

Managing the potential wealth of data is becoming more practicable, as Stuart Rose explains on this page. Proven, robust technologies enable organisations to scale their data management practices in line with the proliferation of data and the increasing demand for information-led innovation.

However, if we are to realise true value from data then we need data to speak to us. Data must be trained to paint pictures we can understand and act on. The ability to appreciate new types of data visualisation is relatively rare. It is a skill we need to foster and reward. Making sense of a 3D graph or a heat map must not remain a specialism.

Living in the information age means more than managing data well. It is about finding and making meaning. The insurance profession has a long and distinguished tradition of doing just this. Technology is here to help us continue responding intelligently and creatively to the evolving market. ■

Gregory Maciag is president and chief executive of Acord. He can be reached at gmaciag@acord.org

