Defining Data Mastery Maturity for Insurers

Ben Moreland | Monday, June 15, 2015

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With competing priorities and monthly demands for strategies to handle mobile business needs, Big Data, and emerging cyber risks, it`s hard for insurance company executives to find a spare minute these days, let alone the time adequate for developing an action plan to achieve data mastery.

What if it were possible to jump start the process with an out-of-the-box roadmap that can be quickly and easily customized to any company-specific situation? Such a roadmap would define the appropriate end-state and help maximize data mastery investments. In fact, it would provide a lens for clearly seeing how internal and external data can be used to optimize decision-making to gain and maintain a stronger position on the insurance business playing field, as well as provide a mechanism to measure progress toward that end state.

There should be three key aspects in any data mastery roadmap:

1. **Discovery:** Understand not only the starting point, but the resources required to get to the desired destination.
2. **Destination:** Have an end goal in mind from the beginning to inform choices about direction and priority.
3. **Milestones:** Identify milestones toward the destination, and make certain progress is measured along the way.

Data mastery maturity requires an organization to not just consider the technology and tools, but to examine and grow in four other areas at the enterprise level: enterprise data strategy and governance; organization management and support; data integration; and data quality.

Developing a company-specific data mastery roadmap first requires some benchmarking to know the starting point. Then, it`s appropriate to dive into a more comprehensive process resulting in a five-level

data mastery maturity roadmap, which will help any insurer improve, if not attain, full data mastery maturity. It also enables a company to evaluate the business value against the cost of achieving each level within the maturity model.

Not all companies need, want or are prepared to move toward the highest level due to their stated business objectives and goals. Here`s a closer look at the five levels insurers must pass through when working toward data mastery maturity and developing a solid roadmap:

Level 1: Data Chaos

Organizations at this level are at a great risk of compliance failures and are driven by intuitive decisions. No one trusts the data or reports at this level. Organizations at this level could accurately be described as "laggards," and are often found to hold beliefs that include:

- "We need a hard copy, so paper-based reporting is best."
- "We`ve always done it this way. Why change now?"
- "Real-time reporting is overkill. Most of the reports haven`t changed for years."
- "The data definitions are inconsistent, so custom reports would not be accurate."

At this level, most insurers are focusing primarily on monthly reports—typically financial—using stale data that is often four- to eight-weeks-old. The result is minimal business value in isolated areas leaving insurers vulnerable to compliance and competitive risks. Basically, organizations are operating in the dark.

Level 2: Data-Driven Silos

At this level, insurers are beginning to incorporate good data mastery principles, but within silos or isolated functional areas. Unfortunately, there are generally no best practices in place and there is no enterprise-wide view or consistency to the approach. Organizations at this level could accurately be described as "maintainers," and are often found to hold beliefs that include:

- "We are getting it done within departments."
- "Some operational data has been highlighted in our reports."
- "We don`t have any senior level support for this. Budgeting is at the departmental level only for data mastery."
- "We do not know how to integrate our own enterprise data. It would take too much work."

At this level, most insurers are focusing primarily on operational measures and localized efficiency gains, but compliance and competitive risks remain. While some departments may have marginal insights into internal departmental operations, the business as a whole still continues to operate as if trying to herd cats.

Level 3: Information-Driven Enterprise

In an information-driven enterprise, it is likely insurers will begin to see benefits of data programs and solutions at an enterprise level. More than likely, the organization is the beginning stages to fix dirty data and creating data consistency through a well-defined data analytics model. Organizations at this level could be described as "healthy," and are often found to hold beliefs that include:

- "We know more about the market as a whole than our company in particular."
- "We know where all our data is, but we don`t have the tools to access it when we need it."
- "Only a few employees know how to create the reports and analytics we need."
- "We have lots of transactional data, but have trouble getting value from the data. We need better analytics."

At this level, most insurers are focusing primarily on producing consistent, accurate enterprise reports, and are beginning to incorporate the business into leveraging metrics to drive decisions. Because these companies have a strong data mastery foundation, making informed decisions across the company as to operational efficiencies and customer experience is also easier.

Level 4: Knowledge-Driven Enterprise

By the time insurers achieve level four, data has been integrated, it is accessible, and available external data is recognized as both an asset and a differentiator. These insurers are leveraging data across the enterprise, developing or hiring internal data scientists, and moving toward a business focus on the use of their data mastery efforts. Organizations at this level could be described as "leaders", and are often found to hold beliefs that include:

- "Our data scientists are looking at clustering, multivariate analysis, trending, what-if analysis, and data mining, at an enterprise level, and monitoring changes based on discovered insight."
- "We are hiring strategically and investing in human resources to provide the highest business value possible."
- "We can now focus on providing the right information to the right person at the right time to make improved business decisions."
- "Part of our enterprise budget is set aside for data mastery improvements."

At this level, most insurers are focusing primarily on knowledge-driven decisions and having analytics provide input into new products, new markets, and customer loyalty or experience. Additionally, these companies are able to utilize trusted data to understand how the company`s positioning in the market compares to direct competitors and evaluate what-if options.

Level 5: Innovative Leading Enterprise

The few organizations at this level make certain data quality is part of every employee`s job description, and data/information/knowledge is easily available to the right people at the right place and at the right time. All decisions are data driven. Organizations at this level could be described as "standard setters," and are often found to hold beliefs that include:

- "We have a well-developed data strategy and best practices, which enable everything to flow seamlessly downstream."
- "Our data is a first-class enterprise asset and is easily accessible to those who can use it to add business value."
- "We are constantly finding new business insight and leveraging it in top- and bottom-line decisions."
- "All of our data is treated equally: internal and external, structured and unstructured, real-time, near real-time and historical analyses."

At this level, the business value is based on establishing and growing ROI on analytic efforts and results, identifying dynamic reactions to market changes, customer changes, new product ideas, and becoming proactive in response to catastrophe events or other areas.

Where does your organization rank? Once you determine that, you can set about finding a partner to help you put in place an effective process improvement model that will result in true data mastery maturity with a focus on helping you get to the real value your data has to offer and move forward with eyes wide open instead of half or fully closed.

Ben Moreland is the senior business architect for Innovation Group. He can be reached for further information or comment via email at morelandb@us.innovation-group.com.