

Big Data: Impacts and Opportunities

Toronto event showcases L&T Infotech's capabilities

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Establishing the Context

L&T Infotech's Insurance Business unit organized the Insurance Leadership Summit in Toronto, Ontario, Canada on October 25, 2012. The Toronto event was L&T Infotech Insurance Business Unit's inaugural event in Canada. If this year's event is any indication, it is likely that Toronto will join Hartford, Connecticut and Chicago, Illinois on the circuit of annual Insurance-focused events produced by L&T Infotech's Insurance Business Unit.



Event delegates during keynote address.

Each year, the theme of the event, and overall narrative, is structured around a technological, social or economic disruption impacting the totality of the Insurance sector. The event addressed Big Data and the impact Big Data is having, and will have, on the insurance ecosystem worldwide. Based on registration, attendance and audience engagement at the event, L&T Infotech Insurance Business Unit leadership identified an important and timely topic; one that the insurance industry in the Canadian market responded to positively. Delegates came to attend the Toronto session even from the neighboring Canadian province of Quebec as well as from the United States.

Stage Set: Big Data Forces and Drivers- The Four V's

L&T Infotech Services Sector Chief Executive (CE), Dr. Mukesh Aghi, delivered the keynote at the



L&T Infotech CE Dr. Mukesh Aghi delivering welcome address.

Toronto event. Dr. Aghi eloquently defined the conventional taxonomy of Big Data along a "Four V Format"; those being Volume, Velocity, Variety and Veracity. They are the chief pillar of the Big Data approach that L&T Infotech has taken as the framework for its solution engineering when assisting companies with their Big Data strategy implementations.

Dr. Aghi stated clearly that the disruptive nature of Big Data in the North American Insurance sector has arrived and that in the absence of a detailed plan, insurers and the full ecosystem of the North American Insurance sector must adopt the Four V Format as the structure needed to formulate a proven Big Data strategy.

Perspectives from a Leading Analyst

Reputed insurance analyst Ms. Martina Conlon from



Novarica's Ms. Martina Conlon delivering keynote address.

Boston, Massachusetts based Novarica, delivered the keynote address. According to Ms. Conlon, data and the way insurers consume data is changing dramatically; for instance 'old' (or legacy) data is being consumed more efficiently, whereas new data streams/sources are proliferating and come in innumerable forms. However, the new data is extremely accessible and of high quality, as a result, driving better decision making for those insurers who act appropriately.

A Range of Data Sources: Internal and External

Novarica research reveals that insurers are increasingly depending on third-party data brokers, and this comes at the expense of legacy data collection models that depended on data being pulled from agents, prospects, claimants or even the insurer's own staff/contractors.

With the maturation of analytics and Business Intelligence (BI) utilization in the North American Insurance sector, Novarica's research has consistently demonstrated that those firms with mature BI/Analytics practices have established a quantifiable delta between themselves and those that have not acted in kind. Ms. Conlon stressed that within the organizations she advises, she has observed a new set of corporate disciplines specifically created to evolve the organizations' ability to get the most from its varied data sources. Indeed, a title such as Chief Analytics Office or Chief Scientist is becoming less an anomaly and more a standard designation for forward thinking firms in the North American Insurance sector.

Novarica's Research: A Beacon Of Industry Insight

Novarica's research, widely viewed as definitive within the Insurance community, has established through primary research that BI and Analytics IT spend remain among the leading areas of IT investment for both P&C and life insurers, irrespective of their size. This demonstrates that regional carriers as well as the nationals in the Insurance space are investing in Big Data strategies.

Along these lines, Ms. Conlon emphasized that the abundance of data and improved BI and analytics capabilities at insurers of all sizes has impacted and will continue to impact the competitive environment in a profound way; setting the stage for emergent players to make moves in their areas of focus. Big Data's emergence as disruptive technology has leveled the playing field among players in the space.

Ms. Conlon's research called out that current and future state analytics usage is likely to be focused in

the areas of actuarial modeling, risk analysis, pricing and product development, contrasted with operational analytics where the stated plans for insurers suggest the investment to be relatively low. As a result of this data, Novarica has established a taxonomy for Big Data that aligns well with what the market is telling analysts, namely that, "(Big Data) is those types of data that are as typically semi-structured as opposed to traditional IT (e.g. enterprise) data." This definition is useful in a number of ways, but more than in any other way, the definition allows Insurers to put structure around the unstructured data sources driven by the ubiquity of data such as social media streams; increasingly valuable for all in the insurance sector.

The Criticality of Cultural Change

Novarica, as a firm, has put great weight behind the notion that successful Big Data strategies are predicated as much on successful technology deployments as they are dependent on the enterprise's appetite for changing or altogether removing legacy ways of working. Ms. Conlon described this humorously, by saying that HIPPO (Highest Paid Person's Opinion) plays a key role in the decision making process in this space. Ms. Conlon outlined scenarios where Big Data strategies were either hampered (or aided) by the willingness of the most senior officers to take their organizations in a different direction culturally. Indeed, the manifestation of Big Data deployments at insurers as cultural 're-sets' as opposed to traditional IT deployment perhaps was the most significant takeaway from Ms. Conlon's overall narrative at the Toronto event.

Voices from The Industry

Ms. Conlon's keynote was followed by a very lively panel discussion from a distinguished panel that



included Mr. Mark Cairns (CIO, Royal & Sun Alliance Insurance Company of Canada), Mr. Felix Chan (Head of Science, Commercial Specialty & Risk Solutions, Chartis Insurance), Dr. Flavio Villanustre (Head of HPCC Systems [LexisNexis Risk Solutions]) and Mr. Waleed Sharaf (CIO, ICW Group).

The Toronto panel addressed topics such as:

- a. Why big data is different from a mere buzzword - the panel shared examples such as the concept of specificity which helps create the LexisID that insurers use.
- b. How an insurer that takes advantage of disruptive technologies (such as Progressive) gains a sustainable competitive advantage.
- c. How various elements of Big Data (unstructured data) such as integrated full-text document management enable even a Super Regional carrier like ICW Group to dramatically accelerate underwriting time-frames, resulting in substantial tangible business benefits.
- d. How the culture in an insurer, around not making any statement (unless backed up by appropriate data) has to be prevalent to really capitalize on disruptive technologies such as Big Data.
- e. One of the big impediments to utilizing predictive models is that very few insurance companies have a systematic process in place to continually tweak and improve predictive models.
- f. RSA Canada's CIO stated that IT cannot view themselves as just 'order takers' whose job is to keep existing IT systems running. On the contrary, the CIO has to get business buy-in to create some "fun time" for internal IT staff to experiment around with new technologies so that business can be given the proper guidance.
- g. How certain big data elements in insurance such as telematics data can positively impact loss prevention efforts.
- h. Emphasis was laid on identifying and cultivating a strong business sponsor as a pre-requisite to embarking on any Big Data project, and about starting small with pre-defined business goals.

Demonstration of Solutions

After the panel discussion concluded, L&T Infotech's solutions such as the Galileo Datascope platform were showcased in an informal, yet lively, cocktail hour atmosphere.

The Galileo platform marries machine learning with Big Data platform. The platform uses Big Data sources to derive insights and uses machine learning algorithms to continually calibrate the model so as to bring predictions closer to reality.

L&T Infotech demonstrated three use cases relevant to the current Insurance industry:

1. Enabling sales growth by using Customer Life Time Value (CLTV),
2. Improving underwriting efficiency by inspecting similar cases and loss history and,
3. Improving underwriting by using Geo Risk



Event delegates discuss industry happenings during cocktail hour.

Analytics.

- L&T Infotech also demonstrated:
 - AccuRUSI - Underwriting Workbench that improves underwriting productivity, process efficiency and risk section/pricing accuracy.
 - SoMO - Social.Mobile.Online framework that brings together social marketing, client engagement and online experience management
 - and
 - BSocial - a social media analytics solution that combines a social connector with sentiment



L&T Infotech CE Dr. Mukesh Aghi discusses industry trends with event delegate.

analysis.

Conclusion

The Toronto event was a success, in so far as an important challenge facing the entire Insurance sector was addressed. The audience, represented a wide demography, spanning the insurance sector

and was represented by leading firms from a range of lines. This collection of firms and experienced industry experts engaged in a transparent conversation. It provided scope for the needed knowledge exchange that peers, partners and competitors of an industry must work together to overcome the challenges posed by Big Data.

L&T Infotech's Insurance Business Unit provided a defining platform for the exchange of needed information, and, as a result further cemented its place as a forward thinking IT services firm committed not only to performance of its bottom line, but also to providing answers and insights to an industry, seeking informed answers to one of the more vexing technical and cultural challenges in recent memory.