



Business challenge

As the insurance market undergoes profound change, IBM's analysts need to ask the right questions to identify opportunities to help insurers meet new challenges and grow their businesses.

Transformation

Uncovering patterns in both internal sales data and market intelligence helps IBM identify opportunities to help its insurance clients harness new technologies to meet challenges and maintain growth.



Mark Carter
Manager, Business Innovation
IBM Global Insurance Industry

Business benefits:

Enables

rapid data exploration and agile, iterative development of new analyses

Reveals

patterns in data automatically, giving analysts a head-start

85%

of analysts' time can now be spent on creative analysis, not data management

Smart analytics of market data helps build a healthy pipeline for insurance opportunities

The IBM Global Insurance Industry team is responsible for helping insurers around the world benefit from IBM technologies and services – providing strategic advice to clients, aligning solutions to their needs, and allocating resources to help them meet their goals.

"Watson Analytics empowers us to be proactive in helping the business decide where to focus."

Mark Carter
Manager, Business Innovation
IBM Global Insurance Industry

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Asking the right questions to keep track of an evolving industry

Now more than ever, the global insurance industry is undergoing rapid change. Insurers are adapting their businesses to align with trends such as diversification, globalization, customer-centricity, increasing regulatory requirements, and slow growth in both mature and emerging markets. As they attempt to meet these challenges, their technology needs are evolving too—and the ability to analyze market opportunities is a key area where technology can help.

IBM has a long history of working with the insurance industry to develop new solutions to all kinds of challenges—from claims processing and risk modeling to fraud detection and regulatory compliance. To maintain its strong relationship with its clients, the IBM Global Insurance Industry team also needs to analyze the insurance market and identify opportunities for new products, services and client engagements.

Mark Carter, Manager, Business Innovation at IBM, explains: “Broadly speaking, the analysis that we do to understand the insurance market is similar to the type of analysis that insurers do themselves.

“In our case, we provide our Global Insurance Industry team with a monthly dashboard that shows week-to-week performance. This includes the revenue from past quarters and a forecast of the health of our pipeline, which can be broken down by geography, brand, solution, initiative, and so on.

“It’s important to ensure that the pipeline forecast is accurate—which means we need to really understand the drivers that lead insurers to engage with us in all of our different markets. But as the industry continues to evolve, we have realized that those drivers are a constantly moving target.

“Our challenge was: how do we ensure that our performance metrics remain relevant as the market evolves? And that’s a challenge that our insurance clients face too, as they try to stay ahead of the curve in this rapidly changing business environment.”

“The key to keeping your metrics aligned with the factors that are actually driving performance is to continually review the available data and identify the right questions to ask. What are the current opportunities? Where is the ‘white space’ that we can help insurers grow into? Exploring these types of issues requires a much more experimental—even creative—approach to analysis.”



Cutting through the complexity of exploratory analysis

To find a more flexible approach to exploring drivers and opportunities in the insurance industry, Mark Carter teamed up with fellow IBMers Grant Case, Business Analytics Technical Sales, and Craig Bedell, Global Insurance Industry Executive. Together, they introduced a new technology to the insurance industry analysis process: IBM Watson™ Analytics.

Craig Bedell explains: “We knew that we had this new technology, IBM Watson Analytics, that we were offering to our clients as a new way of turning data into insight. So we decided to prove its value by using it ourselves for market analysis. If we could show that it worked for us, we would not only gain a better understanding of the insurance market—we would also gain the experience to help our clients harness Watson Analytics to explore their own data.”

Grant Case describes the niche that Watson Analytics fills in the IBM team’s analytics process: “Watson Analytics doesn’t replace IBM® Cognos® Business Intelligence as our dashboarding tool—it fits into an earlier stage in the analytics process. It allows us to upload almost any kind of data, compare different data-sets, ask questions and uncover patterns and correlations.

“With traditional analytics tools and spreadsheets, this kind of exploratory work is very laborious and time-consuming. Watson Analytics allows us to shortcut the whole process and get straight to the answer.”

For example, a key part of a traditional data exploration exercise involves assessing the quality of the data and deciding whether it can be used in a particular analysis. Watson Analytics does this automatically, instantly providing a quality score when a new data-set is uploaded.

Equally, the solution makes it easy to bring diverse data-sets together, compare them, and find correlations. For example, the Insurance Industry team could map its own pipeline data against market intelligence data.

“We might, for example, take market data about the insurance premiums collected by leading insurers in a particular market,” comments Mark Carter. “This would help us see which businesses are growing or declining, and reassess our pipeline of opportunities for each of those clients. If there is a lot of growth in life insurance in that market, but auto insurance is stagnating, that tells us a lot about where the opportunities will be and how we can help our clients in the coming months and years.”

Grant Case adds: “The best thing about Watson Analytics is that it doesn’t just answer your questions—it also suggests tangential questions and highlights patterns that sometimes prove to be more interesting than what you originally asked about.

“This helps us think about what we’re analyzing and why, often challenging our preconceptions and prompting us to think about our industry in new ways. It helps us focus on the business, not the data—so we can collaborate and iterate our analyses to create KPIs that are truly relevant to driving performance in the current business environment.”

Craig Bedell comments: “There are always a thousand questions that you could ask. Watson Analytics helps us narrow those avenues of exploration down to the few dozen factors that actually drive the business. We can then distill this data into actionable insight and distribute it to our stakeholders via Cognos.”

Transforming the role of business analysts

The IBM Watson Analytics solution is already transforming the way that its analysts work.

“We’re probably still less than halfway through our journey with Watson Analytics—it offers a lot of capabilities that we haven’t utilized yet,” says Grant Case. “Nevertheless, the way we handle exploration has already changed completely.

Grant Case continues: “Previously, the bulk of our time was spent curating and cleaning data, and the rest was on understanding what the data was telling us. Today, with Watson Analytics, we only spend about 15 percent of our time on data management, 50 percent on analyzing the data, and the remaining 35 percent actually thinking about the business and experimenting with new ideas or techniques.”

Mark Carter adds: “It’s this last 35 percent that is really transformative. This is what really allows us to innovate and ensure that our analyses remain relevant as the insurance industry continues to evolve. With a traditional approach, the actual analysis takes so much effort that analysts are fighting just to keep up with the demands of the business. With Watson Analytics, we can finally set our own agenda and focus on really adding value.”

As a case in point, when creating the monthly dashboard for the Insurance Industry team, Carter and Case used to spend eight hours purely on data cleansing, loading and analysis. Today, the same task takes around half an hour with Watson Analytics—and the team can spend the rest of the time exploring new avenues of research that Watson Analytics suggests.

Mark Carter says: “Watson Analytics expands the scope of our role: we’re not just answering questions from the business, we’re proactively helping the business decide where it needs to focus. We have already used it to confirm decisions about which markets to invest in and what kinds of people to hire—proving its value for strategic planning and helping IBM get smarter about how best to serve clients in the insurance sector over the coming months and years.”

Craig Bedell adds: “Moreover, based on our experience of this project, we can show our clients how they can harness the same technology to transform their own market analysis processes. Having seen what it is doing for our own analysts, we are very confident that it can deliver value for our clients too.”

Marc Altshuller, Vice President, Watson Analytics and Business Intelligence at IBM, concludes: “Watson Analytics is a springboard to the cognitive era with natural language processing and cognitive analytics, which are backed by IBM’s extensive research and leadership in cognitive computing. We’re putting powerful cognitive analytics in the hands of people in every kind of business with a focus on specific industry needs. For us, it’s about giving customers like insurers the access to data, predictive analytics and visualizations that are tailored to their specific business problems.”

Solution components

- IBM® Watson™ Analytics
- IBM Cognos® Business Intelligence

Take the next step

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