Capturing Operational Efficiency and Sustainable Value through Claims
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Introduction

In an intensely competitive insurance market, property and casualty insurers are keenly focused on improving operational effectiveness to drive profitable growth. Claims processing is one of these key investment areas. Over 30 percent of carriers surveyed by the IT strategy and research firm Novarica had improving claims management as one of their top three projects.¹ In fact, globally, insurance technology spending on claims processing is predicted to grow at a rate of 5.2 percent between 2010 and 2013.²

It is no wonder that claims is considered to be a high priority. If done right, claims investments should result in capturing significant value. Globally, insurers spend more than US$330 billion³ each year in managing and settling claims. Claims costs account for 70 to 75 percent of an average insurer’s combined ratio. Yet many of the firms investing in claims system replacement will be surprised to discover that they fall short in capturing the majority of value from claims transformation efforts.

² Capgemini Analysis, 2010; Insurance Technology Spending Forecast Through 2013-Business Function Segmentation, Datamonitor
³ Claims Magazine, December 2009
The Business Case for Claims Transformation

By building a strong business case for claims transformation and paying specific attention to the critical factors that generate benefits, insurers can capture substantial operational efficiency and sustainable value. Such a business case should include numerous categories of benefits including operational efficiency, risk management, decision support, customer experience, brand differentiation, and business agility (see Figure 1).

**Figure 1: Benefit Categories for Claims Transformation**

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<tr>
<th>Claim Efficiency &amp; Effectiveness</th>
<th>Broader Business Benefits</th>
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<td>• Claim handling and administration</td>
<td>• Enterprise risk management</td>
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<td>• Allocated loss adjustment expense</td>
<td>• Operational management</td>
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<tr>
<td>• Indemnity exposure</td>
<td>• Customer experience</td>
</tr>
<tr>
<td>• Total cost of ownership</td>
<td>• Business agility</td>
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……leading to brand differentiation, sustained performance and competitive advantage

Specifically these benefit areas include:

- **Improved Customer Service**: A purpose-built and well-designed claims platform directly results in better service throughout the entire claim lifecycle from a highly responsive First Notice of Loss (FNOL) process (pre-populated with all applicable policy, coverage and insured information and the capacity to align insured customers with appropriate services) to enabling customer service access options. An effective customer service strategy also needs a claims solution with the flexibility to respond to the significant challenges posed by catastrophes and other critical loss events.

- **Reduced Indemnity Costs**: Claim adjusters are able to focus on higher value activities, such as evaluation and negotiation, because the transformed claims environment provides:
  - Access to a single, structured and accurate source of all relevant claims data within the electronic claims file
  - Automation of all appropriate manual processing tasks
  - A range of claims management decision-support tools
  - Real-time visibility to the claim’s performance metrics relative to the insurer’s thresholds and quality standards

Efforts to reduce indemnity costs are reinforced through continuous, rules-based monitoring of activities, events, and data changes as well as through the automated application of extensive financial controls, such as granular authority limits.
Based on our experience, 1 to 2 percent improvement of loss cost can be captured by identifying and measuring key claim areas where adjusters can improve loss results and enable process improvements.

- **Improved Claim Handling and Administration**: Companies are able to leverage the capabilities of a modern system – such as the electronic claim file, business rule driven workflow and automation of applicable manual tasks – to effectively streamline and accelerate the claims management lifecycle. As a result, insurers have been able to shorten their average claims lifecycle by several days. For example, one Guidewire client indicated they had achieved a savings of 24 to 72 hours from a new loss set up to first contact in their new claims intake process through the implementation of the ClaimCenter platform.

- **Reduction in Allocated Loss Adjustment Expense**: Our experience provides a reliable reference that up to 5 percent reduction in Allocated Loss Adjustment Expense can result from a range of improvements associated with a well-designed claims solution, including:
  - Consistent application of vendor engagement and management guidelines
  - Identification of appropriate preferred vendors based on geographic proximity
  - Use of vendor performance scoring to identify vendors who are providing better service

- **Improved Operational Management**: Tools that enable management by exception (real-time operational dashboards, aggregated metric views, ad hoc reporting, automated escalation and alerts) free up managers to focus on critical needs and performance improvement— all key to claim transformation.

- **Total Cost of Ownership**: Capgemini and Guidewire experience shows that companies can reduce the combined operational and technical total cost of ownership for Guidewire-based claims transformation from 20 to 40 percent.

- **Improved Enterprise Risk Management**: By leveraging all of the advantages of an advanced, modern claims system, the claims team can increase its focus on fraud, risk control mechanics, reserving, vendor management, brand positioning, and compliance and regulatory issues.

- **Greater Business Agility**: The claims system architecture needs to be designed to support a range of anticipated changes – from process improvements to the launching of new lines of business or assimilating acquisitions. By being able to make quick and appropriate responses to important environmental and business shifts, insurers can solidify customer relationships, grab market share from competitors, and achieve sustained strong performance.

- **Core Brand Differentiation**: Competitive differentiation occurs as the enhanced customer claims experience leads to increased customer advocacy, retention and acquisition.

An important reason insurers are making claims system replacement investments (aside from the desire to drive operating efficiencies) is to capitalize on a reliable, scalable, and flexible claims platform that will “futureproof” the business to adapt to major market shifts and unforeseen needs.

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Claims transformation results from the full alignment of claims capabilities, operations, and resources with the carrier’s strategic intent, and then operating over time in ways that fuel that intent.

Although claims transformation is not synonymous with claims re-platforming, a stable and reliable claims platform is the foundation to enabling what Capgemini and Guidewire believe to be the four key success factors generating sustainable value (see Figure 2):

■ Aligning fully with the strategic intent
■ Building your operating model to exploit agility and flexibility
■ Optimizing organizational design to fuel strategic intent
■ Enabling transformation with business intelligence

Figure 2: Focus Areas for Unlocking Value from Claims Transformation
The Foundation: A Modern, Flexible and Reliable Claims Platform

Many organizations are constrained by legacy systems that are unreliable or restrict their ability to accommodate change. Often adjusters have developed highly inefficient manual processes and workarounds for the shortcomings of the systems that support their operation. In these environments no matter what your ambition or desired end-state, it is very difficult to invoke change that results in sustainable value to the business. Hence, a modern, flexible and reliable claims platform itself is fundamental to transformation. Without the right platform it is hard, if not impossible, to capture claims value. It is the only foundational or required “entry” item to be successful in capturing claims value.

There are four primary characteristics of the platform that are required to generate sustainable benefits:

- **Modern**: A modern claims platform is one that enables the organization to capture data that drives workflows and behavior. For example, it supports parallel workflows so that multiple aspects of the claims process can be conducted concurrently, reducing the duration of claims resolution and increasing the throughput of the organization. In addition, it enables the organization to build in standardization and “smart” automation so that no- and low-touch processes for claims resolution can be implemented.

- **Flexible**: A flexible claims platform is easily modified to support your business processes and can evolve with your business over time. Enterprises, operations, and business processes are always changing and the claims system has to be nimble enough to support the amount and rate of change required to keep pace. The system cannot be a hindrance to growth: entering new markets or new lines of business, or launching new products or channels. The ability to make changes within claims provides organizations with an edge in the marketplace. However, given the depth and breadth of possible changes that might be needed in the next 10 to 15 years, the claims platform needs to be designed not only to support these ranges of needs but also to enable an upgrade path that allows the retention of configured changes while providing access to new features and technology advances. This ability to upgrade is essential to protecting a carrier’s new claim system investment as well as the market differentiation that a carrier creates via configuration.

- **Easily Integrated**: A claims platform must be designed to easily integrate with the range of internal and external systems needed to support and optimize claims processing. The ability to select and seamlessly integrate with your choice of third party point solutions and data sources will enhance the claim team’s ability to improve claims results and customer service. The flexibility to readily integrate with new vendors or extend an existing integration to support access to additional services will become increasingly critical to maintain market differentiation and capitalize on emerging capabilities.

- **Proven**: The platform must be proven to have a high degree of reliability and stability over time. Quite simply, the claims system must have a track record for success – both implementation success as well as ongoing customer satisfaction. System vendor customer references will be invaluable in gaining insights and perspectives on the merits of a given application.
Such a modern, flexible and proven claims platform provides a foundation that can be operated and maintained at a lower total cost over time. Our experience has demonstrated that there are a handful of considerations that are fundamental to implementing a flexible and reliable claims platform.

**Start with a clear understanding of what you are trying to achieve through the claims transformation.** Those goals drive your business requirements and business processes which, ultimately, serve as the foundation for how the platform is configured.

**Work within the framework that the packaged software offers.** The more the implementation conforms to the product the easier it is to maintain, to expand and to implement upgrades. Here it is important to have a deep understanding of the package you are implementing (either yourself or in partnership with an integrator) and how to adapt the package and integrate it effectively so that it achieves your business goals but doesn’t cost more over time to support and upgrade. The business and IT must carefully consider their options when faced with “adopt versus adapt” decisions in order to leverage the most of mature packaged solutions.

In their out-of-the-box form, modern packages offer the benefit of being able to quickly adopt best, standardized practices to support process flows and upgrade paths for changing business needs and IT platform evolution. When adapting and customizing the software, it is also extremely important to document changes that are made to the system and to use this documentation process to ensure that the business and IT are in agreement as to what is being developed and implemented.

**Ensure that the platform has a solid data model and data integrity.** How data is captured and stored is the cornerstone for generating business intelligence from claims for continuous improvement and competitive advantage. If a system employs a field-based data entry model, captures it in a consistent way and stores it in only one place in the data model, an organization can have a high level of trust that the data is correct. In addition to strong data integrity, it is also important that the platform provides documentation on how data is captured and stored as that makes it easier to use the information for ongoing reporting and analysis as the business evolves.

**Create a solution that is both flexible and extendable.** A flexible platform allows, through business rules and an adaptable user interface, custom configuration without software customization. A single claims platform should be easily configured to address different needs of multiple lines of business, countries, and local jurisdictions. Within a single platform, multiple lines of business can have common processes for core functions but have customized processes to meet individual business requirements where needed. Implementation is accelerated because multiple lines of business or countries can share requirements templates, configurations and code from implementation to implementation, taking advantage of the “best of breed” from prior implementations.

In addition to serving multiple lines of business, the modern claims platform should be designed and developed in ways that make it easy to expand and to integrate with other applications. These may be inside your company (financial systems, policy systems, billing systems) or outside vendors, customers, distribution channels, or other specialized claims-related applications. You may be starting small (e.g. one line of business) or converting a bigger base of business (multiple lines, multiple geographies). Regardless, the company’s transactional systems-of-record should be architected from the ground up to support all potential lines of business, languages, and currency requirements, and, if applicable, complex multi-national operations (including support for diverse regional practices, regulatory requirements, and product variations). Today’s solution must be architected such that it makes it easy to increase the application breadth and flex to meet future needs.
Aligning Fully to Strategic Intent

Strategic alignment is critical to ensure that the organization is making decisions within the claims transformation that specifically further the intended brand position of the carrier. To assure such alignment, a carrier must have a very specific definition of brand intent, map and prioritize the business capabilities required to support that brand in the marketplace and sequence the deployment of the capabilities to maximize the claims organization’s impact on brand position.

By creating a detailed roadmap (see Figure 3) that targets and prioritizes those business capabilities that best support the enterprise’s strategic intent, the organization can reap numerous benefits:

- Provide a directional anchor and a consistent vision from which the organization can operate
- Enable greater control of the transformation over time and allow the organization to know with predictability and accuracy when capabilities will be in place
- Allow management to define and measure investment strategy effectively
- Provide the primary tool for organizational change management sponsorship indicating every milestone and interpreting the impact on the claims organization and each stakeholder
- Allow the claim organization to clearly map and measure how it impacts the broader business value chain, elevating the discussion to claim’s ability to effect business objectives of premium acquisition and retention, loss adjustment and pure loss

Figure 3: Driving a Detailed Roadmap Enables Insurer’s to Capture Long-Term Sustainable Value
Creating effective strategic alignment in your claims transformation starts with translating your brand intent to measureable capabilities, and then planning and sequencing the roadmap based on the highest impact capabilities over time. The roadmap must include the appropriate mix of evolution and revolution such that the organization can keep pace with the amount and rate of change. Considerations such as maintaining a predictable and reliable platform, maximizing business results, and the overall cost of operations, all factor into the evolution versus revolution balance. In addition, since transformation is not an event but a planned process to drive the brand that the carrier is deploying to the marketplace, the organization should be prepared to refine the roadmap over time based on measuring its success against clear objectives.

In summary, strategic alignment enables insurers to identify, qualify and shape the most important claims capabilities to drive strategic growth and deliver predictable business value for the enterprise—and do so at a pace that balances accelerating benefits with delivering predictable outcomes and acceptable rate of change.
Building Operating Models to Exploit Agility and Flexibility

Fundamental to claims transformation success is to define the target operating model for claims. In simple terms, the target operating model translates the enterprise’s strategic intent into the requirements for people, processes and technology within the claims operation. After all, your processes and resources could be very different if you are driving for competitive advantage in customer service versus a focus on maximizing efficiency. And, if the design of your claims operation and supporting technology does not align to the enterprise’s strategic intent, it’s highly unlikely that you will achieve the business results intended in the transformation.

The operating model determines what to emphasize in support of your brand intent, the lines of business you are in, and the markets you serve. It directs how you will design or modify processes, how you will source and allocate resources (human and otherwise) and how you will use tools. It directs decisions on what processes to own within the organization and which to outsource. It directs what to standardize and where to specialize and how to define roles and separate duties among staff.

When designing the new claims environment begin by looking at how each process in the claims value chain is done today. Then evaluate that against the strategic intent. This comparison prevents the common mistake of over-engineering a process that may not bring value in furthering the strategic intent.

A key objective for operational flexibility is to have—as much as possible—standardized internal processes. Doing so will allow you to leverage a claims platform’s rules engine to increase the automation of simple-to-medium complexity claims while allowing experienced adjustors to handle the more complex claims. This will also allow for Straight-through Processing (STP) which will streamline processes and accelerate claims settlement. With STP, low complexity claims, such as windshield damage or towing, can be settled within minutes of receipt. STP not only helps insurers’ speed settlements, it reduces operating costs, helps insurers meet regulatory compliance and improves customer satisfaction.

Standardizing internal processes streamlines the processes by reducing handoffs and unnecessary process delays enabling adherence to regulatory standards on claims cycle times and accuracy while meeting demands for transparency, consistency, and traceability. And, carriers can have a direct impact on customer satisfaction by providing self-service options to their customers online or via mobile device access which lead to customer satisfaction by allowing real-time and accurate access of claims progress, notifications of settlement, and payouts.
Once an organization gets to the point where it has streamlined, consistent, sustainable processes enabled by technology, it can:

- More effectively align claims with the right resources such as segmenting claims for straight through processing, simple processing and those required to be handled by more technically- or higher-skilled resources
- Redirect capacity that is freed from core claims operations to higher skilled work, expert services and upstream activities in the value chain
- Stop measuring only transaction metrics and begin to measure success based on claim outcomes
- Operate with a far more flexible resource model as described below
- Build organizational agility across the claims value chain

To further explore ways your company can assess its operational flexibility and agility, reference the 2011 World Insurance Report from Capgemini and the European Financial Management and Marketing Association (Efma). The report identifies ten enablers of agility across the claims management value chain, provides a method to assess an organization’s level of maturity in each area, and helps organizations to identify the most critical claims areas to target. By being able to make agile operational responses to important environmental and business shifts, insurers can solidify customer relationships, grab market share from competitors, and achieve sustained strong performance.

Case Study: New Claims Operating Model

A large US property and casualty insurer, upon designing its Target Operating Model, recognized that its claim intake process was its first, and most critical, “moment of truth” with the customer or injured party. The process itself must be informational, empathetic and if done effectively could drive multiple assignments and decisions effectively and efficiently. In its current state the majority of claims were introduced to the process with the minimal data via facsimile or through an outsourced call service vendor who was incentivized to keep the calls short, obtaining minimal data. The decision was made to shift the majority of their intake to an in-house FNOL center that allowed for improved data collection, STP and increased customer service through immediate response vendor assignment (e.g. board-up service, roof repair, towing and glass repair services) at the point of the call.

5 www.capgemini.com/wir11
Many claims organizations that have not implemented a modern claims platform have an organizational structure in place that has been driven by time-consuming manual processes. These organizations may have done some automation and process change but, all too often, they haven’t taken a step back to assess the optimal organizational design to meet their business objectives. Claims transformation enables this process: identifies-- based on the target operating model-- the right number of people in various roles, the location of those roles, the skills required, and how the current organization maps to those requirements. Based on the target operating model, you can best align your staff to get the right people in the right seats with the right skills to adjudicate claims faster, more efficiently and with optimal return on investment that delivers your organization’s promise to the enterprise.

When insurers accompany a modern claims system implementation with optimized organizational design they reap several benefits:

- With a smooth staffing model, the claims department is more able to flex with economic cycles. Claims departments are not forced to compromise customer service by cutting headcount to reduce expenses when premium dollars shrink. Conversely, the claims staff is more able to service greater throughput when the business is growing.

- Consistent processes and good organizational design enable leadership to be more agile with staff assignments. In general, resource reallocation from one line of business to another can be more easily managed using an intuitive, single claims platform that supports all lines. Not only is the system learning curve dramatically reduced with a single claims platform, the line of business-specific rules enabled by a modern system reinforce consistent application of best practices and processes for the new line. This common claims platform positions an insurer to respond more nimbly to growth and shrinkage across the business.

- As staff capacity is freed up through more efficient processes that capacity can be redirected to focus on higher value activities in the claims value chain such as improved vendor management, salvage and subrogation referral, and fraud detection.

- Provide clear delineation of the skills that are required by position allowing employees to better plan their career path.

An organization that implements a modern claims platform and does not fully align to the target operating model, redesign the organization, train people and prepare fully to utilize the new system has a high likelihood of underutilizing technology and compromising claims cycle time and customer service. After all, the business case for the new platform implementation is based on increased efficiency that comes, in part, from greater utilization of resource. If the organization is not redesigned to optimize resources than either staff capacity will not materialize or staff reductions taken in anticipation of greater efficiency will compromise quality, cycle time and service.
Accompanying claims transformation with effective organizational change management will reduce risk, accelerate successful change, and ensure sustainable performance. In fact, organizational change management can accomplish multiple goals: accelerating future performance, increasing and sustaining future performance, and minimizing risk of productivity loss during transition (see Figure 4).

Through experience Capgemini and Guidewire know that success in achieving these goals requires change in human terms: skills, behaviors, roles and responsibilities. We also know that to achieve future success adjusters, managers, administrators, FNOL, subrogation, and other shared services personnel will need to adapt to change by learning new behaviors, acquiring new skills, learning new tools, technology, processes and procedures and adapting to new roles, responsibilities and organizational structures.

One of the most significant challenges any claims organization will face when they address change is ensuring that change is adopted early and sustained long-term. You must ensure that your people do not revert back to old habits and old ways of doing things. Behaviors as simple as putting information in notes that now belong in data fields can significantly impact the overall effectiveness of a claim organization. Thus, a focus on organizational change management is critically important to the deployment of a new organization design and the success of claims transformation overall.
Insurers that are implementing or have implemented a modern claims platform are typically operating in a data-rich environment, yet have barely taken advantage of this valuable asset. Optimally designed and structured Business Intelligence (BI) environments provide resources with “new insights” to reduce cost, improve profitability and improve the customer experience (see Figure 5).

Yet many insurers believe they are years away from truly driving their operations through business intelligence. Some are paralyzed to take action despite their desire to be a data-driven organization because they struggle with how and where to begin. Conceptually, there are fundamentally three levels of claims business intelligence (see Figure 6):

- **Operational reporting** to monitor, run, and drive improvement in day-to-day operations, including traceability from the front line up to management
- **Predictive analytics** in expert services where the returns on BI can be tremendous and rather easily attainable
- **Ad-hoc analysis and advanced search capabilities** that deliver insights from unstructured data as a further enabler for ongoing optimization within claims and the extended enterprise

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**Reduce Cost**
- Improve the referral process for subrogation claims and optimize the adjusters’ efforts on claim recovery process
- Assign claims to appropriate vendors and providers to ensure low processing cost
- Reduce litigation cost and optimize the legal staffs’ efforts by using appropriate channels to settle the claims
- Identify costly and litigious claims early and settle them quickly to reduce payouts

**Improve Profitability**
- Be aware of and reduce the likely claims payouts (potential losses) in future
- Forecast claims (based on past consumer, transactional and industry-wide data) to study patterns that help predict the future claims to a reasonable extent to be able to manage reserves better
- Identify and reduce payout of fraudulent claims

**Improve Customer Experience**
- Provide fast, fair and easy service to customer
- Provide consistent service to customers

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**Figure 5: Business Needs Enabled by BI**

**Figure 6: Key Components of Claims BI Roadmap**
**Monitoring and Managing the Business**

To monitor and manage the core claims operation it is important to have direct lineage from executive-level dashboards to the most detailed front-line operational reports and metrics. There are a handful of Key Performance Indicators (KPIs) that are truly indicative of business performance, yet in many organizations these KPIs are disconnected from the detailed metrics and incentives driving adjuster behavior. This often occurs because there is no structure or taxonomy to align the data at different levels of reporting. It is very difficult to drive consistent measures if the data structure is not designed that way at the outset.

The modern claims platform can provide operational reporting capabilities and transactional application summaries to more effectively monitor and manage day-to-day operations. Beyond operational insights, claims organizations also need reporting capabilities to differentiate and propel their organization forward and an infrastructure to support that. Data needs to be structured to satisfy multiple objectives: supporting reporting at different levels of aggregation and also reporting from different perspectives (such as claims, underwriting, finance).

**Predictive Analytics**

Substantial new insight can be generated through a planned and phased approach to take advantage of predictive analytics and modeling. The most important focus areas for predictive analytics are dependent on the organization’s strategic intent, lines of business, and critical issues. For instance, if you focus on bodily injury or workers compensation, litigation avoidance modeling may be a priority. In general, focus areas to reduce likely claims payout and improve customer experience include:

- **Fraud Detection Modeling**: Early and consistent identification of fraudulent claims
- **Litigation Avoidance Modeling**: Early and consistent identification of litigious claims by allowing adjusters to collect appropriate information early, alerting appropriate specialists early to intervene and manage claim, achieving early settlement of lifetime compensation claims and optimizing the claims referral process by identifying potential early settlement cases and trial cases
- **Vendor Management Modeling**: Refer claims to appropriate vendors with the right skill set, low cost and quality resolution of claim
- **Adjustor Assignment Modeling**: Refer claims to the appropriate adjustors with the right skill set, appropriate workload and low cost resolution

And, to improve collectability, focus areas include:

- **Subrogation Modeling**: Improve the quality of referrals to subrogation by identifying claims with the highest probability of collectability
- **Salvage Modeling**: Early identification of total loss and referral to salvage and quick recovery for salvage
- **Second Injury Claims for Workers’ Compensation**: Optimize adjusters’ efforts to investigate and file Second Injury Fund claims by identifying eligible claims for second injury fund based on state fund criteria
Enabling Enterprise Optimization
The third area of BI is ad-hoc analysis and advanced search. These are tools that allow you to answer questions you don’t currently know you want to ask. Advanced search tools help look at relationships between data that you may have never correlated before. There must be a taxonomy and data structure to support such a purpose. It is through the fresh perspectives enabled by this type of ad-hoc query capability that organizations can take massive steps forward toward enterprise optimization.

Claims Program Metrics and Key Performance Indicators
Determining claims program metrics and key performance indicators is a critical step in the upfront design of claims transformation. Current state metrics may already be in place and heavily used but they are likely constrained by data availability and legacy systems and, as stated above, limited in connectivity between front-line metrics and management KPIs. So, before you start the transformation you need to determine the appropriate KPIs that will indicate the transformation’s success at furthering the enterprise’s strategic intent and take baseline measures to determine current performance. Up-front discipline in this area ensures the organization can prove its business case was achieved. KPIs should represent a combination of leading and lagging indicators.

Case Study: One Carrier’s Recovery Predictive Modeling Story
A large US property and casualty insurer believed it should not pursue recoveries in a specific local jurisdiction because of the lengthy and costly effort required to do so. After implementing predictive modeling in recovery, the carrier learned that the financial potential of recoveries in that jurisdiction far outweighed the cost and effort to collect. In fact, the carrier could redirect all of its recovery efforts to just that jurisdiction and improve its financial position. Now the carrier runs regular recovery predictive modeling and, in the future, plans to implement real-time modeling where claims are scored during first notice of loss to identify recovery potential.
The Importance of Architecture and Persistent Data Storage

Despite an extensive and exhaustive effort to gather reporting and business intelligence requirements, it is impossible to anticipate all future information needs, especially information needs to support ad-hoc analysis and predictive analytics. At the same time, storing all information in a BI environment is not ideal for speed and ease of reporting. That is why it is important that the architecture of your BI environment includes persistent data storage and operational data storage.

A Persistent Data Store (PDS) can capture information not permanently stored in a transaction system that is important for reporting and trending or that may be needed in the future but not today. Operational data storage can then be limited to the data needed to support existing BI requirements to maximize performance. Using this architecture the carrier can focus on today’s BI needs but have the components to build for the future.

Also, this architecture provides a potential interface point for interacting with other entities. For instance it enables the carrier to interface to third-parties without giving those third parties direct access to the transaction data and in a way that allows the carrier to review and “massage” information before sharing it externally. Overall, the bridge between production and data storage and BI creates an environment that is business-based, and optimized for business intelligence versus transaction processing.

Build a Self-Funding Roadmap for BI

Finally, as carriers consider where to focus BI efforts, an important consideration is to structure the roadmap such that savings generated in one effort fund the next and the continuing process is self-funded. While the right place to focus early efforts varies by company, subrogation is an area where most companies have little to no visibility today and therefore tremendous opportunity enabled by BI.

Among the four success factors, business information management and analytics serves as the enduring lever for continued improvement and cost reduction within the claims operation. The better information the claims organization can provide to underwriting, product development, distribution and other revenue-generating activities, the more impact claims will have on the enterprise at-large and the greater the return on claims transformation investment.
Driving Operational Efficiency and Competitive Advantage

Ultimately a well-structured BI environment, operating model, organizational design and supporting claims platform create the flexible framework to support the capabilities you need today and to propel future growth.

Claims transformation offers the opportunity to renovate the current operating environment and create a reliable, scalable and flexible platform to drive operational efficiency, brand differentiation, optimized risk management and improved BI. It enables insurers to gain and sustain competitive advantage in the marketplace by improving operational efficiencies, and business agility. But it requires consideration of four key factors to realize claims contribution to the brand intent of the business: full alignment with strategic intent, implementation of an operating model that exploits agility and flexibility, optimized organizational design and transformation that is enabled through BI.

By focusing on these four key factors, carriers can rapidly capture operational efficiency gains, optimize indemnity expenditures and deliver on client commitments for sustained value from their claims transformation. Such companies will also position themselves for growth and agility in the years to come.
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Capgemini, one of the world’s foremost providers of consulting, technology and outsourcing services, enables its clients to transform and perform through technologies.

Capgemini provides its clients with insights and capabilities that boost their freedom to achieve superior results through a unique way of working, the Collaborative Business Experience™.

The Group relies on its global delivery model called Rightshore®, which aims to get the right balance of the best talent from multiple locations, working as one team to create and deliver the optimum solution for clients.

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