



WESTFIELD
INSURANCE

Sharing Knowledge. Building Trust.®

Smart is...

Transforming sales data into insight that improves Westfield's understanding of customers, agents and business performance

Senior leaders at Westfield Insurance realized that future success depended on gaining a better understanding of the performance of its business and its network of agents. However, driving a more analytical approach to decision-making would require not only new technology, but also significant cultural change.

Westfield began its analytics transformation by creating an Analytics Resource Center (ARC) and building a powerful data warehousing and analytics platform under the sponsorship of its CEO. With the help of IBM® Global Business Services®, the ARC team worked with the IT team and internal business partners to develop a range of new analytics applications

Westfield optimizes decision-making through analytics

Revealing new insights into agency performance, claims processing, customer profitability and exposure

Based in Medina County, Ohio, Westfield Insurance has a 160-year history as one of the top property, casualty and surety insurers in the United States. It employs 2,200 people and sells policies via a network of 1,200 independent agents across 31 states. It holds \$3.7 billion in consolidated assets and \$1.4 billion in written premiums, and for the past 75 years, its financial strength has consistently received a rating of “A” or “Excellent” from A.M. Best, a global full-service credit rating agency.

To continue to perform in a competitive modern insurance marketplace, Westfield knew that it had to find a more effective way to extract value from its business data.

Beth Riczko, Group Analytics Leader at Westfield Group, comments on the information challenges that the company faced: “When I first joined Westfield, if you wanted data, you had to hunt for it. In many cases, you had to manually consolidate information from different reports, and answering complex questions usually required help from the IT department.”

Shibu Joykuty, Business Intelligence Leader, adds: “IT was so overloaded with requests that it was difficult for them to prioritize. As a result, it could sometimes take a couple of days or even weeks before they were able to respond. In many cases, this meant that people didn’t think it was worth the trouble of asking for data – they made decisions based on their experience, rather than on hard evidence.”

A vision of self-service analytics

The company’s CEO envisioned a future where it would be possible for employees at all levels of the organization to serve themselves with the information they needed to make timely and effective decisions – giving Westfield a competitive advantage.



Business Benefits

- Extends self-service analytics capabilities to everyone in the organization: over 40 percent of the entire employee population are BI users. Among these users, about 80 percent are OLAP users, which has served to enhance their decision-making and improve the company's overall performance.
 - Helps Westfield manage performance across its agency network: 95 percent of users agree that the solution has improved their ability to evaluate agents.
 - Makes data much more easily accessible, encouraging users to base their decisions on hard evidence rather than intuition.
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To turn this vision into a reality, the company's senior leaders decided to consult a trusted partner: IBM. After a careful analysis of requirements, Westfield and IBM Global Business Services were able to create a viable roadmap for the transformation of the company's information management and reporting processes.

Creating an Analytics Resource Center

The first step was to put a new organization in place to oversee business intelligence, analytics and data governance. This organization would be known as the Analytics Resource Center, or ARC. Starting with a small team that combined experts from the IT department and the company's business units with consultants from IBM Global Business Services, the ARC began designing processes for data delivery and defining consistent metrics that would apply across the whole business.

The ARC team worked with the IT department and IBM to deploy a solution built around the IBM Insurance Information Warehouse, which provides data warehousing and information governance capabilities, and IBM Cognos® Business Intelligence for reporting and analysis.

With the software in place, the ARC consolidated analysts from all the different lines of business into the unit and trained them on how to use the solution. Since the IBM Cognos software automates the report generation process, the analysts no longer needed to spend as much time on their traditional number-crunching and report-writing duties; instead, the ARC began teaching them how to deliver more sophisticated analyses that would provide greater value to their business units.

Strong change management

The ARC team is also responsible for driving adoption of analytics more widely throughout the business. This was a key challenge, requiring strong change management.

Smarter Insurance



Instrumented

Data on policies, premiums, production, agents, customers, claims, exposure and many other areas is collected into a central data warehouse for analysis.



Interconnected

Users at all levels – from senior leaders to relationship managers and external insurance agencies – can access the information they need, when they need it, via a simple web interface.



Intelligent

New insight enables Westfield to manage agency relationships more effectively. By detecting fluctuations in policy renewal rate for each agent, the solution helps Westfield reward good performance and address problems quickly.

Solution Components

Software

- IBM® Cognos® Business Intelligence
- IBM SPSS® Statistics
- IBM Insurance Information Warehouse

Services

- IBM Global Business Services®
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“According to a recent survey, 95 percent of our users believe that Agency Insight has improved their ability to monitor agency performance.”

— Beth Riczko, Group Analytics Leader, Westfield Group

“We’re a 160-year-old company, so there are long-established ways of making decisions, many of which work effectively for us,” comments Beth Riczko. “The challenge has been to hold on to what works while adopting new tools to improve performance. We have put a huge amount of effort into change management, via a wide range of strategies.”

Effective training programs

With help from IBM Global Business Services, the ARC designed a transformation program that combined classroom training, distance learning, and a very sophisticated and extensive approach to change management.

The ARC runs regular training sessions, webinars and informal sessions such as brown-bag lunches, which help people learn in whatever ways work best for them. It has leveraged “change agents” in all the business units, who feed back information on how best to encourage the use of analytics in different areas. Analytics is now a key competency for all employees, and analytics-related objectives have been added to many employees’ goals. In fact, analytics is now part of the job description for all leadership positions, and senior leaders are expected to act as advocates for the solution.

New insight into agency relationships

The adoption effort has also been supported by the success of the analytical applications that the ARC has developed. The first major win was a solution known as “Agency Insight”, which helps users monitor Westfield’s relationship with individual insurance agents.

“We can generate agency overview reports, which our employees use to assess the current situation with their agents,” says Shibu Joykuttu. “We can also provide agency snapshots, which track the history of Westfield’s relationship with an agent, including a record of meetings held with the agency. These reports allow us to trace patterns and trends that help us to predict agency performance, identify issues, and take appropriate actions.”

For example, the reports show the rate at which individual agents are renewing their clients’ policies with Westfield. Fluctuations in renewal rates are an indicator of the state of the relationship between Westfield and the agent. If the rate rises or falls significantly, the Westfield team can investigate – rewarding agents who are doing particularly well, and providing extra support for those who are having problems.

“According to a recent survey, 95 percent of our users believe that Agency Insight has improved their ability to monitor agency performance,” says Beth Riczko. “One of our managers told me that it enables him to call his agents and talk through any difficulties before we get a complaint. And taking a proactive approach to these kinds of issues clearly pays dividends in the long run.”

“Leaders across the organization are now using our reports as a basis for discussion in their business performance meetings, and decisions are increasingly informed by data rather than intuition alone.”

— Shibu Joykuty, Business Intelligence Leader,
Westfield Group

Enterprise-wide visibility

As well as gaining deeper insight into individual agent relationships, Westfield's analytics platform provides a comprehensive high-level view across the entire business, helping senior leaders understand which regions, products and agencies are performing best, and where the greatest opportunities lie for further improvement.

The ARC has also created a solution that assesses customer profitability. Like all insurance companies, Westfield has long been aware that new customers are typically less profitable than renewal customers; the new solution reveals the extent to which this is true, and enables the break-even point for new customers to be monitored. This will help senior leaders decide whether new business is performing as expected or whether additional action is needed to improve results.

Analyzing exposure

Finally, the ARC has also been working on a set of reports that show how changes in underlying risk exposure are affecting revenue – data that was only previously available through special requests to the IT department. These reports have built on the success of the previous work completed for the Agency Insight solution.

“Understanding exposure is absolutely fundamental to any insurance company,” comments Shibu Joykuty. “With this new project, we will make exposure analysis into a capability that the whole business can access, so it becomes part of day-to-day business decision-making.”

Building skills and driving adoption

Large numbers of Westfield employees are already using the new analytics applications, and the ARC team is now helping some of the more advanced users adopt more sophisticated tools.

“Most people are already comfortable with using our standard reports, and we have trained a sizeable number on how to use cubes for ad-hoc analysis as well,” states Shibu Joykuty.

“We are already seeing how the adoption of the tools is driving cultural change,” he continues. “Leaders across the organization are now using our reports as a basis for discussion in their business performance meetings, and decisions are increasingly informed by data rather than intuition alone.”

Beth Riczko adds: “Transforming Westfield's corporate culture is an ongoing process, but we have made enormous steps forward. Over 40 percent of the company's employees now use analytics on a regular basis. Instead of a world where data was thought to be difficult if not impossible to obtain, we see people expecting it to be available when they need it. And across the company, the appetite for business intelligence and analytics is growing.”

“Our investment in BI is a critical part of our overall development of enterprise analytical capabilities, which in turn is key to our corporate strategy.”

— Ed Largent, Westfield Insurance Leader and President

She continues: “The contribution of IBM Global Business Services has been very significant. One of their consultants has been working with our team for two years now, helping us come up with new ways to harness analytics, and kick-starting new projects with our analysts. The best thing about the relationship is the knowledge transfer: with his mentoring, our analysts are becoming more and more skilled and self-sufficient in what they can achieve with the analytics platform.”

Future opportunities

Looking beyond the business intelligence landscape, the ARC is also working on advanced analytics projects built on IBM SPSS® software. Early initiatives include projects related to customer insight and claims process insight. So far, results are helping to identify opportunities to serve customers better and improve claims processing. Additional potential projects are also being lined up for exploration and analysis based on business interest.

Beth Riczko comments: “Analytics at Westfield is an enterprise-wide effort – ARC’s partnership with IT and the business units makes it possible for us to give our people the ability to obtain the data they need to make sound decisions on a day-to-day basis. Through business intelligence and analytics solutions, we are making it easier for the business to prosper in an increasingly competitive environment.”

Heidi Mack, National Underwriting and Products Leader, adds: “We decided to go big and take an enterprise approach to our business intelligence solution, and it is paying off every day. We now have multi-dimensional insight into our business at our fingertips. We are able to put the pieces together and identify key trends on which we can take action. But what makes this initiative so successful is the enthusiasm and commitment to learning and innovation by our employees. This is a major win for Westfield.”

Ed Largent, Westfield Insurance Leader and President, concludes: “Our investment in BI is a critical part of our overall development of enterprise analytical capabilities, which in turn is key to our corporate strategy.”

About IBM Business Analytics

IBM Business Analytics software delivers data-driven insights that help organizations work smarter and outperform their peers. This comprehensive portfolio includes solutions for business intelligence, predictive analytics and decision management, performance management, and risk management.

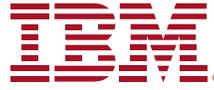
Business Analytics solutions enable companies to identify and visualize trends and patterns in areas, such as customer analytics, that can have a profound effect on business performance. They can compare scenarios, anticipate potential threats and opportunities, better plan, budget and forecast resources, balance risks against expected returns and work to meet regulatory requirements. By making analytics widely available, organizations can align tactical and strategic decision-making to achieve business goals.

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