


“The Cognos Insurance Product Performance Blueprint offers a strong performance management platform that enables insurers to optimise their product mix and continuously drive profitability through both historical reporting and analysis and long-term initiative planning and forecasting. We are pleased that other insurers globally will be able to benefit from the combined value-add that both Suncorp and Cognos have to offer.”

John Herrmann, manager of group budgeting and forecasting, Suncorp

A close-up photograph showing a person's hands in a dark suit jacket writing on a document with a pen. The document has some text and a small graphic. The background is blurred.

Suncorp is one of Australia and New Zealand’s largest diversified financial services providers supplying banking, insurance, and wealth management services to around eight million customers. The group includes one of the largest general insurance companies operating in Australia and New Zealand, Australia’s sixth largest bank, and a sizeable wealth management function.

Sustained intellectual property investment meant Suncorp’s general insurance forecast models were well-designed and based on strong methodologies, but their effectiveness was being inhibited by existing planning and reporting technologies. In response, Suncorp embarked on a planning and forecasting project that led to the identification of a need for a general insurance Performance Blueprint built around their property and casualty business segments. Suncorp also recognised the opportunity to co-develop a best-practices framework for the benefit of insurers globally.

Problems faced

As in many developed countries, the Australian insurance market is fairly mature. As a result, insurers such as Suncorp understand the importance of maximizing returns through effective business decision-making.

Flexible and transparent forecast models are a common way to highlight key business opportunities. For Suncorp, these models typically extract and summarize actuarial data for millions of customers.

The models not only assist Suncorp to meet its financial targets, but help the company gain greater insight into its business operations—for example, the projected outcome of an upward or downward trend in the average cost per claim or number of new policies issued in a given period.

Industry:

- Insurance

Geography:

- Australia

Information Needs:

- Forecast insurance-specific drivers, such as average cost per claim, and number of new policies in a given period.
- Report forecasts and resulting initiatives to the business.

Platforms:

- Microsoft Windows
- Microsoft SQL

Solutions:

- Cognos Planning
- Cognos Business Intelligence
- Cognos Performance Blueprints

Benefits:

- Reduced time needed for design and build phases of the project.
- Met aggressive project timeline for development and implementation within a six-month window.
- Suncorp insurance best practices combine with Cognos forecasting expertise to create the first Cognos Innovation Center blueprint for general insurance.

“A major challenge in forecasting general insurance is to take what is quite a complex process and convert it to a relatively simple one, while maintaining an easy-to-use front-end for the business to use with confidence,” said John Herrmann, Manager, Group Budgeting and Forecasting at Suncorp.

“We invested a number of years building the intellectual property behind the models to the point where we felt we had the design and methodology right. But we needed to address the practicality of a manual platform for distribution and reporting,” added Herrmann.

Strategy followed

Suncorp evaluated several solutions before selecting Cognos Planning as its new forecasting platform. The organization’s existing implementation of Cognos Business Intelligence proved a key factor in the decision as Suncorp looked to build one platform to manage performance across their enterprise. However, it was the existence of several financial industry Performance Blueprints offered by the Cognos Innovation Center for Performance Management that clinched the deal. Cognos offers a full suite of Performance Blueprints to address planning and performance management process areas that directly impact an organisation’s ability to create business value. Both functional and industry-specific process areas can now be automated, streamlined, and transformed to help organisations quickly create more business value.

“We were able to extract the style, design and embedded best practices from the Expense Planning and Control and Workforce Planning Performance Blueprints, and replicate them in our own implementations or—in the case of the Capital Project Management Blueprint—use them in their entirety,” explained Herrmann.

“The best thing about having access to the Blueprints was it made the whole project easier to ‘socialize’ internally—we could offer all our stakeholders a complete best-practice vision of what the models would look like and then get their input on any customization required. That alone saved us between two and three months in the build and design phases of the project, and allowed us to capture best practice in the first deployment rather than adding those as we built our knowledge,” he said.

Having achieved great success with the functional Blueprints deployed, Suncorp suggested to Cognos that a general insurance Blueprint would be a useful addition to the Innovation Center’s already strong inventory of functional and industry-specific offerings.

The suggestion quickly ‘grew legs’ in part because of the Innovation Center’s already strong focus on the financial services industry, and resulted in joint development of the Cognos Insurance Product Performance Blueprint. This new addition helps round out the stable of Blueprints offered within the financial services industry Blueprint series, and is the first insurance-specific Cognos Blueprint designed to enable insurance companies to improve forecasting and reporting of business segment and insurance product profitability.

“We saw a real value-add in developing revenue models for general insurance,” added Herrmann.

Benefits realized

The timing of Suncorp’s annual budgeting process necessitated that the models be built within a six-month timeframe.

“The Innovation Center sourced a very experienced Application Advisor to work onsite with us. Through his expertise in financial services he was able to quickly understand and assimilate our requirements for a general insurance Blueprint into a design within the Cognos Planning and Business Intelligence framework,” said Herrmann.

“The experience we gained from working closely with the Cognos Innovation Center meant that the demanding project timescale requirements became achievable,” explained Herrmann.

Among the best practices that Suncorp injected into the Cognos Insurance Product Performance Blueprint are techniques to help simplify revenue phasing and claims projections, and other enablers that Herrmann refers to as “difference initiatives.”

“Insurers use difference initiatives to help them meet forecast targets. Difference initiatives are literally the difference between how we deliver on where we are now and where we want to be,” explained Herrmann. “For example, if we model a percentage increase in the claims ratio, what initiative could we implement to achieve that percentage forecast?”

In addition, the Cognos Insurance Product Performance Blueprint enables insurers to create profit and loss (P&L) statements and balance sheets at the business segment level, by product line, product, and brand. It provides

full business segment-level rolling P&L statements and balance sheets based on multiple scenarios to enable insurers to determine the best course of action and rapidly adjust to changing market conditions.

This Blueprint also covers forecasts that encompass insurance premium revenues, such as new policies and renewals, and includes managed and ad hoc reports and intuitive dashboards for both high-level and granular insight.

“We are currently in the process of rolling out the initial build and expect to be in full production mode in time for our yearly planning cycle. We are all looking forward to this with great anticipation,” said Herrmann.

“We are also happy that other insurers globally can benefit from the combined best practice of Suncorp and Cognos – as we have benefited from accessing other Cognos financial blueprints,” Herrmann added.

About Cognos

Cognos is the world leader in business intelligence and enterprise planning software. Our solutions for corporate performance management let organizations drive performance with planning, budgeting, and consolidation, monitor it with scorecarding, and understand it with business intelligence reporting and analysis. Cognos is the only vendor to support all of these key management activities in a complete, integrated solution. Founded in 1969, Cognos now serves more than 23,000 customers in over 135 countries.

