Digital Transformation and the Insurance Industry - Taking Customer Experience to the Next Level with Logical Customer 360

The rapid advancement of digital technology has disrupted the insurance industry, and ushered in new ways to sell, administer, and service insurance customers. Forrester Research has noted that "to maintain competitiveness and profitability, digital leaders at insurance firms must deploy digital capabilities across their customers' lifecycle." [1]

In response, many insurance companies are implementing Customer 360 solutions to optimize customer-facing business processes, deliver new value-added services, and deploy advanced analytics against a single, complete version of customer truth.

Unfortunately, Customer 360 can be particularly challenging and expensive for many insurance companies to implement, because the distribution of relevant data across many legacy applications and new data sources (such as social and mobile) requires significant work to extract, transform, aggregate and load this data into a usable form.

As a result, Customer 360 datasets are often incomplete or not real-time updated, endure frequent downtime whenever any application changes, suffer from runaway costs as data volumes grow, create compliance risks as data is copied and shared across more business functions, and don't enable business self-service thus placing all the work on Data teams who then struggle to deliver customer data that business teams need in a timely manner. Regardless of whether they adopted data warehouses or data lakes, on-premises or in the cloud, the sheer complexity of data integration and management vexes their ability to deliver data the business needs to innovate, compete, and serve customers more effectively.

A new approach is called for. The Logical Data Fabric, powered by the Denodo Platform, delivers the promise of a complete, trusted, and real-time updated Customer 360, while significantly reducing the time, costs and risks of data management.

THE DENODO PLATFORM

The award-winning Denodo Platform is the leading data integration, management, and delivery platform using a logical approach to enable self-service BI, data science, hybrid/multi-cloud data integration, and enterprise data services. Realizing more than 400% ROI and millions of dollars in benefits, Denodo's customers across large enterprises and mid-market companies in 30+ industries have received payback in less than 6 months.

[1] https://www.forrester.com/report/The-Digital-Insurance-Imperative/RES131950?utm_source=newsroom&utm_medium=pr&utm_campaign=sr22na&categoryid=2849204&discountcode=CX19S

What is a Logical Data Fabric?

A logical data fabric provides a single data access layer, from which both analytic and application workloads can be cost-effectively run against diverse back-end systems without having to move the data, in which all data access and governance can be managed, and through which the business can self-serve from a continuously complete, trusted and real-time updated view of customer truth.

The "secret sauce" is data virtualization, an innovative data management approach pioneered by Denodo. Data virtualization abstracts the complexity of diverse data sources and formats, delivers unified business-friendly views, and enforces all relevant data privacy and other compliance requirements, all without having to physically move the data itself. These views can be delivered in whatever format the business needs, including a variety of query and transaction APIs, as well as a business-friendly user experience that allows data analysts, data scientists, and other business users to discover and consume the exact datasets for their specific needs.

A Customer 360 solution based on a Logical Data Fabric ensures that the entire business will have complete, trusted and always up-to-date view of the customer, with much less time and cost compared to other solutions.

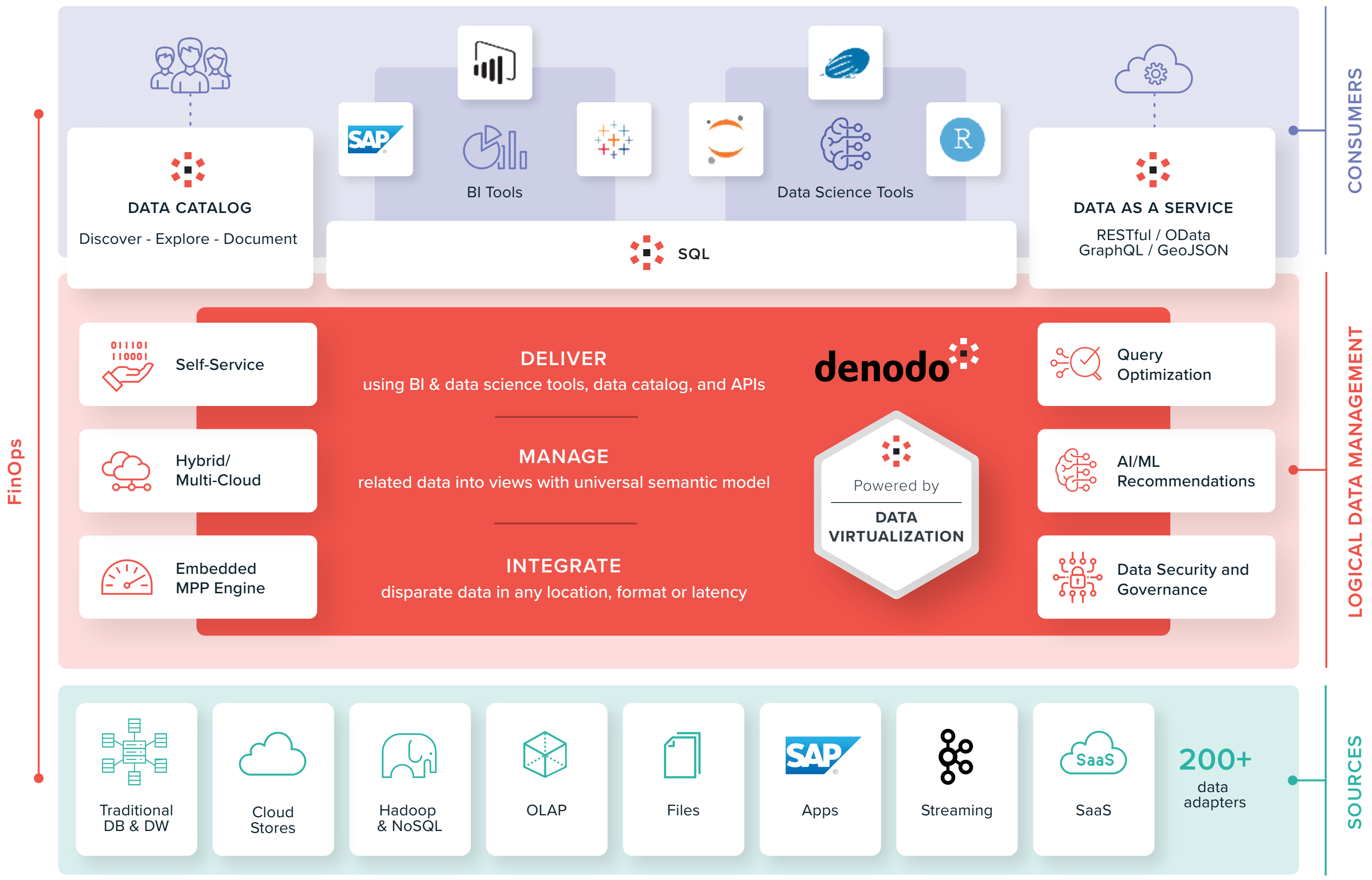

Figure 1: High Level Diagram of a Logical Data Fabric

CUSTOMER SPOTLIGHT:
HOW MAPFRE DROVE INCREASED CUSTOMER ENGAGEMENT AND REVENUE-PER-CUSTOMER WITH DENODO

MAPFRE

As Mapfre's business grew with significant operations in Iberia and Latin America, they accumulated a total of 35 legacy systems and applications covering different insurance products and customer-facing business processes including claims, underwriting, marketing campaigns and customer service. Mapfre had a goal of greater customer engagement through responding to the needs of its customers' households and other family members, and offering discounted policies and packages of policies that are fit-for-purpose for life changes and situations facing them. For this, Mapfre needed a common view of household, and it had to be integrated across all business processes that had customer touchpoints across all individuals in that household. This view had to be real-time updated as individuals interacted with Mapfre, and also had to scale, up to 280,000 unique queries per day, across thousands of Mapfre employees in different business functions and regions. This view also had to be governed for data quality and privacy.

Mapfre used Denodo to implement this common view of household, in phases over the course of several months, adding a few legacy applications at a time to support additional business processes over time. This way, incremental value could be delivered to the business quickly. Additionally, once a legacy application's data was accessible through Denodo logical views, then this allowed Mapfre to migrate and consolidate to a more modern application architecture without disrupting the business. In this fashion, Denodo enabled improved customer engagement and retention, significant upsell of additional policies for each household, and reduced cost and increased productivity of customer service, while also reducing costs and increasing productivity through application modernization.)

Watch the video to learn from Mapfre how the Logical Data Fabric delivers a Customer 360 while reducing time, costs and risks of data management.

What are the Business Benefits of a Logical Customer 360?

Every customer-facing business process in a typical Insurance company can benefit from Customer 360 views powered by a Logical Data Fabric.

- **Reduced cost and less time required to acquire new customers** through improved analytics for campaigns, more targeted advertising, and recommended "next best action" for policy sales, due to the Customer 360 being more complete and real-time up-to-date.
- **Reduced customer churn** through better insight into customer concerns & frustrations. For example, a poor customer experience online or with customer service is real-time recognized and updated, leading to the ability to intervene quickly.
- **Improved revenue per customer** through successful upsell of additional policies, by detecting life changes and other needs that warrant new policies.
- **Improved digital engagement & customer satisfaction** from a unified omnichannel experience. For example, customers can log in to their accounts and see a real-time updated view of all policies, claims and other activity with their insurance provider, regardless of how and where those activities occurred.
- **Reduced size and volume of claims**, through detecting and successfully discouraging risky behaviors, as well as faster claims processing and improved customer satisfaction with the claims processing experience. For example, a customer may agree to have an IoT device in their automobile that tracks driving habits, with good habits resulting in lower premiums and less likelihood of claims, while also detecting events leading to smoother claims processing.
- **Reduced customer-service costs and time to resolve customer cases**, due to all customer-facing staff having easy real-time access to all recent data and interactions with the given customer.
- **Improved policy sales and underwriting**, such as dynamic pricing and personalized offers, enabled by real-time integration across institutional and customer data sources and analytics of market risk.
- **The ability to share data with re-insurance and other partners via data marketplaces.** Real-time views of assets and liabilities can be readily and securely shared with partners, enabling re-allocation amongst the partners.
- **Faster time-to-market for new products and services depending on data.** Because logical datasets based on data virtualization can be delivered much more quickly than with traditional data integration, hours instead of days to weeks, new services can be brought to market, and subsequently improved, that much faster.
- **Faster realization of M&A synergies**, due to the ability to create common views of customer across multiple business units' distinct policy underwriting, claims processing and other applications. Traditionally, this is done by replacing one companies' applications with the other's, but this is time-consuming and requires lengthy and costly application migration projects, while a logical approach doesn't require this.

What are the Benefits of a Logical Customer 360 to Data and IT Teams?

Not only can insurance business processes and analytics improve through a Logical Customer 360, but Data and IT teams can deliver with much less time and cost, while improving compliance and privacy.

- **Faster and less Costly Data Migrations, with Zero Business Downtime.** With a Logical Customer 360, migrations of underlying apps and data from on-prem to cloud, or consolidating from one application to another, has no impact on business, because they continue to use the same Customer 360 views regardless of where the data is at any given point during its migration.
- **Faster time to implement and change-manage Customer 360 views,** add new data sources, implement data enrichment, and define and manage governance/access policies, and reduced data engineering time and staffing required, due to complex data pipelines for moving and consolidating data are no longer required.
- **Faster and more cost-effective data preparation for AI/ML initiatives**, similarly, because complex data pipelines for moving and preparing large quantities of data are not required.
- **Improved SLAs for the Business**, due to Customer 360 views consistently having real-time data, with improved performance and reduced latencies due to Denodo's query and caching optimizations.
- **Improved application developer productivity**, due to Customer 360 views being available via numerous programming APIs (SQL, REST, Graph etc). Purpose-built apps for common business processes such as underwriting, claims processing, customer support and loyalty, marketing campaigns, and risk management analytics can be more quickly developed due to the fit-for-purpose API being immediately available as the underlying views are delivered.
- **Reduced operating costs, including data storage, compute and data ingress/egress**, by not having to move the data, as well as Denodo's advanced query optimization and smart caching.
- **Single point of control for GDPR** and other data privacy requirements. Fine-grained access control policies for all business use cases are defined and managed in one place.
- **Simplified Solvency II regulatory reporting**, due to a continuous real-time view of capital and risk posture with respect to Solvency II capital requirements, based on currently active policies, claims, customer risk profiles, and 3rd-party market risk data.

Conclusion

The Logical Data Fabric is a forward-thinking approach to data management, powered by a distributed and logical architecture that aims to address the big challenges of the enterprise data landscape today. A logical Customer 360, enabled by the Denodo Platform, offers an enterprise-ready foundation for insurance companies to innovate and delight their customers, while reducing costs and risks.

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