

## FINANCIAL SERVICES: WESTPAC



### STATS:

DATABASE: ORACLE

DATABASE SIZE: 10TBs

NUMBER OF USERS: +1500

DEPLOYMENT TYPE: INTRANET

### APPLICATIONS:

CUSTOMER ANALYSIS,

FINANCIAL ANALYSIS,

PRODUCT & PRICING ANALYSIS,

PROFITABILITY ANALYSIS,

SALES ANALYSIS.

**“IN A BUSINESS ECOSYSTEM WHERE SUSTAINED ADVANTAGE HAS BECOME MORE TRANSIENT IT’S IMPERATIVE THAT ORGANISATIONS FIND NEW DISTINCTIVE WAYS TO CAPITALISE ON GROWTH OPPORTUNITIES. VISIBILITY INTO BUSINESS DATA TO ANSWER QUESTIONS THAT THE BUSINESS HAS NOT EVEN THOUGHT OF YET AND CLOSELY CORRELATE THEM TO SOCIAL AND DEMOGRAPHIC TRENDS IS THE NEW NORM.” SAID KEVIN CROWLEY, HEAD OF INSURANCE.**

#### Abstract:

Today’s leading organisations that want to benefit from the new growth opportunities in this new economic reality, can no longer stand by to wait for the economy to rebound, hoping they escape the economic malaise. The pressure continues to rise for organisations as they attempt to capture a greater share of available revenue and profit on the backdrop of the growing interconnectedness between national economies.

Westpac Life New Zealand Limited recognised this pressure along with new compliance regulations and sought to automate previously manual and complex processes. Consequently, a project to establish a single source of the truth for insurance and business performance was embarked upon. Capitalising on the combined strengths of past investments made in MicroStrategy’s Business Intelligence and Informatica’s Data Integration platforms, the Insurance business realised its objectives within ten months and continue tracking toward their goals. Furthermore, the

business continues to realise additional unexpected benefits from the project.

The business has projected the return on investment (ROI) to be at a staggering 242%, benefits such as increased revenue of at least 1%, a drop in customer attrition of 1% and improved cross-sell rates. The automation of complex tax liability calculations and reconciliation processes enabled the timely identification of policies that are outside the bank’s risk tolerance – another benefit.

#### Background:

*“In a business ecosystem where sustained advantage has become more transient it’s imperative that organisations find new distinctive ways to capitalise on growth opportunities. Visibility into business data to answer questions that the business has not even thought of yet and closely correlate them to social and demographic trends is the new norm.”* said Kevin Crowley, Head of Insurance.

The financial crisis has created a new economic reality for organisations wanting the greatest “right to win”. Leading organisations who obtain greater visibility into their business data, enabling increased efficiencies in cross-selling and customer retention, are earning the “right to win” new opportunities.

No matter how well managed or financially sound a given organisation might have been, none were immune to the effects of the slowdown in the growth of the economy and market unpredictability. The financial crisis left in its wake new norms for the business ecosystem. The macroeconomic headwinds remain as they were at the time of the crisis, energised by rules that continue to cause greater uncertainty. The business ecosystem is more transient than ever, placing greater demands on how organisations sustain competitive advantage.

Many leading organisations have responded proactively to this new economic reality by following a path that has enabled them to create a “right to win”. This has resulted from a greater willingness to adopt and integrate breakthrough innovations, making their organisation more efficient and providing greater visibility into business data.

Some organisations have been tackling the business challenge of uncertainty for some time now. They recognise that more certainty can be achieved if they embed into their business strategy the effective utilisation of data assets.

In these uncertain times an imperative fundamental of sustained business resilience is enabled by a data-driven enterprise. This type of enterprise capitalises on its data assets to consciously focus on and

invest in maximising the value of its data increasing business agility, lowering costs and mitigating risks.

The adoption and integration of faster, more efficient and transparent data integration, data quality, master data management and business intelligence systems, have proven to be an essential enabler of leading organisations. They have moved their business ecosystem beyond traditional boundaries to efficiently compete for a share of new growth opportunities.

This case study describes the business challenges and benefits achieved through the use of MicroStrategy's Business Intelligence and Informatica Data Integration platforms. They both were enablers of greater efficiencies and visibility for the Insurances business of Westpac Life New Zealand Limited.

### **Business Challenge:**

Insurance data was collected and stored in many disconnected applications for Westpac Life New Zealand Limited Insurance business. This made it difficult to quickly focus on fundamental trends and closely align them to strategic capabilities or proposed innovations.

The original time-consuming manual processes stifled the business' ability to quickly gain visibility into how best to reposition its products or services to effectively compete in the new economic reality. They were also stifling the timely response to business questions, the answers to which would assist with the forward outlook on cross-selling, customer retention and growth opportunities. This weakness was having the opposite effect on the business outcomes and was creating innate disadvantages.

It was also placing unnecessary pressure on the business by requiring them to acquire and retain a high level of technical expertise in order to provide answers for business questions. Questions such as ‘How is the Insurance channel performing relative to the market?’ could only be answered by these technical experts.

In a nutshell, valuable business resources were being spent on gathering, reconciling, consolidating, and cleansing business data in spreadsheets before informed decisions could be taken or advice could be given to stakeholders.

The Insurance business recognised that the inefficient processes left the organisation with limited visibility and if they continued unabated they would present ongoing business challenges such as:

- **Trends:** Visibility into geographical and demographical trends to determine which regions and customer segments are performing. For instance, not all insurance products in the measure of products-per-customer were available.
- **Customer Retention:** Visibility into customers' payment lapses or cancellations and their economic situation. A lack of timely access to this data meant no opportunity to offer a better suited product without losing the customer.
- **Sales:** Visibility into cross-selling opportunities of other banking products was ad hoc and difficult. For instance, Westpac home loans could not be recommended to a customer because of the lack of visibility on products that the customer held.
- **Reconciliation:** Visibility into enterprise insurance data sets at all levels. For instance, a report had to be created, maintained and reconciled manually for each one of the insurance applications.

- **Manage Risk:** Investigations of policy retention at a product or policy level to ensure it closely relates to the bank's risk appetite. For instance, what customers are over insured because data about the products they hold is stored across disconnected applications.

## Business Benefits:

A project to establish a single source of the truth for insurance and business performance was embarked upon. This project created more benefits from the bank's previous investments in MicroStrategy's Business Intelligence and Informatica's Data Integration platforms. The combined strength of these two platforms ensured the Insurance's business could transform from manual practices into an efficient automated one.

Delivery of the project has enabled the Insurance business to obtain a much greater level of visibility into sales and customer retention opportunities. The Insurance business has increased their business as usual (BAU) efficiency and it can now better analyse the performance and growth opportunities of their business.

As the business creates a greater "right to win" through its cross-selling and customer retention efforts, the increased visibility into business data has ensured they can be more effective as they compete in more distinctive ways. By addressing the business challenges highlighted above they are finding new ways to exploit their data assets for sustained growth and value.

The Insurance business at Westpac Life New Zealand Limited implemented the project successfully in ten months. The business has projected the return on investment (ROI) to be at a staggering 242%.

The successful implementation of the Insurance project has met the business objectives and much more, creating benefits such as:

- **Trends:** Enabling timely identification of where sales are strongest and codification of such learnings to improve sales in poorer branches/channels. This is expected to increase revenue by at least 1% over the life of policies.
- **Customer Retention:** Enabling an expected drop of 1% in customer attrition delivering extra revenue over the life of insurance policies.
- **Sales:** Enabling a potential 1% improvement in cross-sell rates delivering extra revenue over the life of insurance policies. The entire Insurance product portfolio is included in cross-selling channel activities.
- **Compliance:** Enabled a new government framework to be achieved that required a new formula for the calculation of tax liability on all life insurance products.
- **Reconciliation:** Reduced time spent manually reconciling reports from data collected in different insurance applications. The automated process reconciles life insurance calculations at all levels (e.g. policies, products, customers).
- **Manage Risk:** Enabled timely identification of policies that are outside of the bank's risk appetite.

*"The Insurance project enabled the amalgamation of our business data and provided visualisation of that data in new ways to help us grow the business."* said Joe Benbow, Product Actuary.

## Conclusion:

In this new economic reality leading organisations such as Westpac

Life New Zealand Limited has sought the "right to win" through capitalising on benefits gained through increased efficiency and visibility of their data.

The effective management of the organisation's data assets has drawn upon the combined strengths of past investments made in MicroStrategy's Business Intelligence and Informatica Data Integration platforms. This has enabled the Insurance business to transform its manual processes into data-driven automated processes. The Insurance business can now deliver on a targeted cross-selling and customer retention strategies to grow the business.

As leading organisations drive towards overcoming the rules of uncertainty, they are recognising that transforming inefficient BAU processes can be achieved through data-driven working practices. By using their data assets effectively organisations gain a competitive advantage in this new transient business ecosystem.

*"In uncertain times organisations can sustain competitive advantage through a datadriven enterprise enabling reduced time to value and increased efficiencies in crossselling and customer retention. What really excites me about this initiative is that we continue to see many more opportunities for benefits that we can achieve by exploiting our investments in MicroStrategy's Business Intelligence and Informatica's Data Integration platforms. Their combined strength is enabling focus on top business imperatives - to become one of the world's great companies, helping our customers, communities and people to prosper and grow."* Torrance Mayberry, Senior Systems Manager.