

# Connected INSURANCE Enterprise:

## *The Line Between* **CONTROL** *and* **CHAOS**



By Stephen Kendrick

### **The Insurance Enterprise**

**T**he Information Technology concept known as the “Connected Enterprise” differs greatly from a connected INSURANCE enterprise. The rules here are a little different. In a Connected Insurance Organization, the producer is at the top of the pyramid. A carrier’s staff and systems must focus on servicing their producers. If they are not servicing their producers, they’d better be servicing someone who is servicing their producers.

Deploying a number of technology tools, insurance companies have offered a wide range of customized solutions to packaged software and have even experimented with on demand and open-source software. But, despite efforts by carriers, the fact remains that producers are not well serviced today.

## Why?

### Techno-Anarchy

Insurers design their processes and systems to be accessed by the home office “knowledge worker,” not necessarily the producer. Their design is often limited to support individual insurance products or product groups, resulting in siloed process stacks that are, in most cases, vertically integrated, have duplicate functional characteristics and are incapable of communicating with the rest of the organization. Driven by the business need to be either a product innovator or a product fast follower, system projects focus on getting products out the door quickly. Unfortunately, these ad-hoc product introduction initiatives create multiple information islands. Any attempt at making them talk to one another invites a system integration nightmare.

One way to plan for a connected enterprise is to develop an enterprise architecture that represents how major information systems across the enterprise fit together and those who must connect to it. The architecture identifies the scope of individual systems and the boundaries between them.

### Clean Up Your Toys!

The concept of a connected enterprise is not unlike cleaning out your closet. The orderliness of a connected enterprise comes from storing data and functions in their proper place, with an underlying principle of avoiding duplicity. The idea is to move all data and functions to components, (data components and functional components, respectively), where they can be accessed from a single location, by any authorized user.

One great advantage of a connected enterprise is the improvement in producer service. A well connected enterprise removes inefficiencies from processes, making life easier for all. The key is to get the right information to the right individual at the right time. Producers and carriers long for a complete view of their insurance business but are often unable to get an entire picture of their operation. A connected enterprise categorizes and stores data in common compartments from where they can be accessed by all authorized users. This enables a distinct view of producers, products and product groups in any combination. The systematic storage of data avoids duplicity from the systems. The streamlined systems reduce costs and other maintenance issues.

### It's Not a Piece of Cake...

A connected enterprise requires an organizational transformation and if a company is not adequately prepared for it, it may be extremely challenging to execute. Moving from a siloed to a connected enterprise requires that all operations are categorized and moved to a single place. This is a time-consuming process.

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Most product managers are under pressure to develop new products and market them. They may resist any interruption in their product development and management process to help serve the global needs of the enterprise.

A connected enterprise also implies shared services—i.e., technology (than can be shared) will be shared between departments/groups within the organization. Organizations may not be open to this idea initially, as most departments have been used to functioning with their own independent IT infrastructures all these years.

### More Change, More Competition, More Chaos

In the future there will be more regulations to comply with and more standards to keep up with. Organizations' strategy will be led by producers - whose needs, loyalties and expectations are changing - and competitors - whose changing strategies and tactics will have to be matched. There will be a need to redefine the business more often, leading organizations to transform themselves and, in turn, their processes.

### Do I Need It?

Some of the advances over the last 10 years have given us the ability to do our work faster and better. It was during the last decade that online connections, including e-mail and the Web, eclipsed the impact of all earlier business tools. The primary reason is the ability to connect us with the world. Once we're connected, we can't be without.

Maintaining a company's technology infrastructure or connected enterprise has become one of those mission-critical areas that's almost as important as heat and light in the building, because without those communication-based technologies running as they should be, you have no business.

Agreed, it's a new mindset. But smart players, who are committed to staying ahead of their competitors and “glued” to their producers, will accept nothing less. This is one reason why insurance companies that promise and deliver 24/7 service to maintain an organization's technology infrastructure are doing so well. ■

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