

# Data Governance at InsuraCorp

InsuraCorp has several business units that provide financial products, services, and support for one or more of the company's three major lines of business: (1) individual insurance, such as term life, universal life, and whole life policies; (2) retirement services, such as retirement plans—401(k) and 403(b); and (3) group insurance, such as group life and disability insurance, long-term care insurance. InsuraCorp has grown through acquisitions, and until recently, the business units have continued to operate autonomously. In the past, there was also no attempt to market products to customers across business units.

Under the current CEO, however, there has been a new focus on achieving synergies across the business units by cross-marketing product offerings. The company's first CMO was hired in 2005, and under his direction, a new branding effort of the company was begun to help InsuraCorp achieve its new synergy goals. In addition to providing a consistent brand image, the branding initiative will result in a single point of contact for customers, including an integrated website that gives sales personnel and customers access to all product and service offerings. The CMO was well aware of the problems of the silos that had developed over time:

In the past, if you had an individual insurance policy, had retirement services, and also had a group policy, you'd go to three different Web sites and you'd have three different passwords. . . . All of that is being consolidated. We are completely revamping the underpinnings of our Web sites so that it looks and feels the same across the board. We are also eliminating a lot of Web sites and reducing them down to where there is really one focal point where you come in as a customer, and you'll see all the information about you presented.

—VP of Enterprise Architecture

To help facilitate this initiative, the marketing VPs who used to report only to their respective business unit

heads now also have a dotted-line relationship to the CMO. This dual-reporting relationship implies that the primary direction for the marketing group is set by the line head, but all marketing leads need to also work with the CMO to establish and achieve marketing plans at the enterprise level. The dotted-line relationship has also helped the marketing leads learn about what other business units are doing and how their own business unit plans fit with enterprise-level initiatives.

Achieving synergies across product offerings and developing a consistent brand image also requires the ability to view sales agents<sup>1</sup> and customers “holistically.” The same agent could be selling products offered by different business units within InsuraCorp. Under its legacy systems, however, it is very difficult to capture the fact that a business or individual customer is interacting with the same agent. With respect to customers, it is also important to understand not only which InsuraCorp products they have, but also which products they *could have*. For individual customers, for example, the CMO realizes the importance of being able to recognize cross-sales opportunities for different InsuraCorp business units due to “life changing events,” such as having children, buying homes, or sending children to college (empty nesters). Many customers simply buy one product and are not aware of the broad range of other products offered by InsuraCorp.

The InsuraCorp branding initiative, therefore, also requires investing in enterprise-level IT initiatives to capture, and facilitate access to, integrated enterprise-level data.

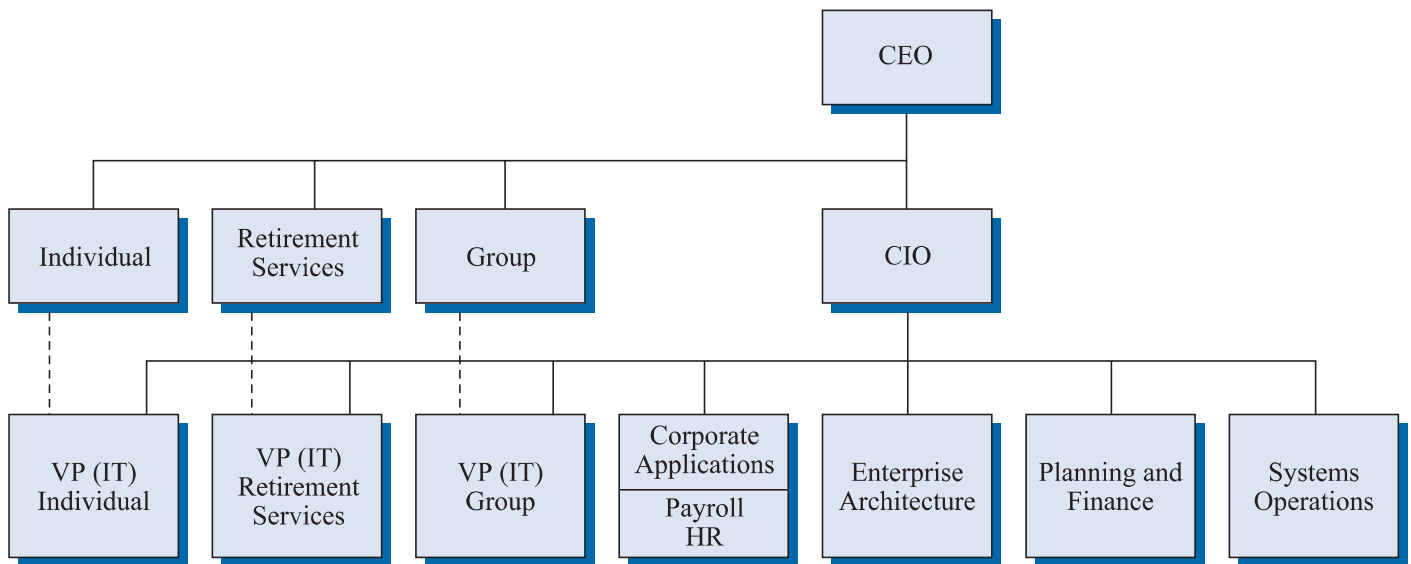
## IT at InsuraCorp

Until recently, each business unit had an IT leader with their own IT staff. This decentralized IT organization structure led to processing inefficiencies and duplicate IT resources and was also seen as a barrier to the company's data integration initiatives—such as the ability to cross-market products of the different business units under the new InsuraCorp brand.

In early 2006, a new centralized structure for the IT organization was announced in which essentially all IT resources were consolidated at corporate headquarters. Under the centralized structure, the former business unit IT

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<sup>1</sup>A sales agent can be a *career agent*—an agent who works for InsuraCorp—or an *independent agent* who is licensed to do business in a certain state and is designated to sell products for InsuraCorp.



**EXHIBIT 1** Centralized IT Organization

leaders have a solid-line report to the CIO and a dotted-line report to the business unit they support (see Exhibit 1). The CIO's four other direct reports are the VPs of Corporate Applications, Enterprise Architecture, Planning and Finance (including a Project Management Office) and Systems Operations (Data Centers and Telecommunications). The new centralized IT organization has a total of about 300 IT personnel. About 25 other IT personnel are located at other sites. In addition, IT contractors are typically hired for on-site work when the company does not have the required skill set for a particular IT initiative, and InsuraCorp utilizes outsourcing for IT services such as 401(k) statement printing and spam protection.

The VP of Enterprise Architecture position was created in early 2006 and filled with an outside hire in response to the need to develop a new IT architecture to support enterprise-level infrastructure services. One of this VP's early initiatives was to establish 11 IT working groups to focus on particular aspects of IT architecture—such as desktop computing, networks, security, IT storage, and so on. Each group was charged with the task of setting standards and generating ideas for IT projects that would be needed to accomplish the new integration and standardization objectives of the company. The activities of the IT working groups are coordinated under an Enterprise Architecture Development Committee (EADC), which includes a few of the working group leads and the VP of Enterprise Architecture.

The move to a centralized IT organization also meant that new processes and committees needed to be established to review, approve, and prioritize IT projects. A new standing committee that includes a representative

from InsuraCorp's corporate planning department was given the responsibility for initially approving requests for IT work. Approved IT project requests are then passed on to the company's Executive Committee (which includes the CEO, CMO, CIO, and all business unit heads) for final approval and prioritization.

Another initiative under the current CIO was the development of a set of IT principles to define the role of IT and communicate the standardized IT practices to be used throughout InsuraCorp (see Exhibit 2). The members of the IT Committee referred to as ITC (which includes the CIO's seven direct reports) developed a detailed rationale and a set of implications for each principle. The CIO understood the significance and necessity of the enterprise-wide IT principles:

It's amazing to me once you develop those IT principles how pervasive they've become throughout the organization . . . You hear business people say "yeah, we buy versus build," and we do . . . It has been more powerful than I thought it would have been.

—CIO

These IT principles are used to guide all business and IT managers and other staff involved in IT decision making. For example, Principles 1 and 9 define the primary IT role at InsuraCorp as providing "uninterrupted" support for company operations (principle 1), and establish the importance of providing technology tools that business users find easy to access and use (principle 9). The "working model" for investing in and using IT solutions includes

1. We will make our top priority supporting the uninterrupted processing of day-to-day business operations—Production is number 1.
2. We will see to leverage existing technology solutions before an alternative is purchased or developed.
3. We will purchase solutions or services rather than develop them unless business requirements can only be met, or competitive advantage gained, by developing them internally.
4. We will use common, shared technology solutions and processes consistently for similar functions throughout the enterprise.
5. We will select and develop technology solutions built on mainstream components and utilize commonly accepted industry standards.
6. We will select and develop technology solutions that have capacity for growth and allow easy integration with other systems.
7. We will engineer technology solutions from the outset to be secure, reliable and recoverable.
8. We will select and prioritize IT initiatives using an evaluation process that considers alignment, costs, value delivered, risks and capacity.
9. We will develop processes to provide technology services to be easy to access and use from the perspective of the customer.
10. We will select technology solutions to provide highest long term value.
11. We will favor integrated solution sets over separate stand-alone solutions.
12. We will change business processes rather than customize purchased solutions.
13. We will effectively manage the full life cycle (i.e., plan, acquire, use, dispose) of our valuable technology assets.
14. We will define and maintain a single, “master source” of data with a clearly defined owner.
15. We will develop and equip staff for success through mentoring, proactive training, and a variety of IT experiences.

## EXHIBIT 2 IT Principles at InsuraCorp

a buy-versus-build preference (principle 3), based on criteria that include “alignment” (principle 8), and favoring integrated over stand-alone solutions (principle 11) supported by a “master source” of enterprise data (principle 14) that utilize standard industry solutions (principle 5). Principle 15 states the company’s commitment to developing internal IT staff through mentoring and proactive training.

These principles clearly communicate InsuraCorp’s move toward enterprise-level solutions that leverage mainstream IT products that can be purchased in the marketplace. They also signal that the company will modify its business processes to fit purchased software standards as necessary in order to achieve the corporation’s data integration goals. The company’s recent selection of Salesforce.com to provide a common IT platform for sales and customer service across InsuraCorp’s dispersed internal workforce is an example of an initiative that is clearly in synch with the company’s recently adopted IT principles: customized solutions at the business unit level are being forfeited for a common, easy-to-use, Web-based “self-service” approach.

### Data Integration Initiatives and Challenges

Under the sponsorship of the CMO, an enterprise data repository (EDR) project was initiated in 2006. The objective of this project was to develop for the first time an enterprise-level data warehouse for customer and product data for all business units. Previously, all product and customer data existed in separate legacy systems at the business unit

or function level. The goal of the EDR project is to have a single source of data for the entire enterprise. The EDR will provide an enterprise source for tracking and reporting on marketing campaigns. It will also be the source of a master list of products offered by InsuraCorp, which will allow sales agents to cross-sell products from business units across the enterprise to their customers. As one of the IT architects noted, EDR will help “connect the dots”:

They know what money is coming in. They know what money is coming out . . . They kind of know what they’re paying the agents, but they can’t correlate all of those dots together. They know they’re doing these e-mail campaigns and these conferences, but again they can’t tie that all together.

—Data Manager

The EDR project has been conducted totally in-house. Early work focused on building data models and data-flow diagrams. Nine months into the project, the EDR was ready to be populated with data, which involved more than 300 data elements across the enterprise. First, “trusted” electronic sources of data within InsuraCorp were identified, and the business analysts on the project team interviewed the subject matter experts and data stewards in the business areas to map the data fields of those trusted sources. The data fields were then mapped to the EDR itself, and it was connected to the source file for data transfer. Finally, the business analysts go back to review the data. Through this multistep process, the project team has identified and resolved inconsistencies

within and across the source files. Once data is transferred to the EDR, the business analysts will be responsible for reviewing it for accuracy. Under the EDR project manager, alternative products for business intelligence reporting by either business or IT personnel (such as Microsoft Reporting Services Tools or ProClarity) were also being assessed.

However, bringing together data that was siloed in multiple administrative systems maintained by the separate business units in the past also surfaced several data management issues.

Earlier they were more decentralized just within those divisions and so all they focused on was their little piece of the world and nothing else . . . Now they're kind of being pushed to kind of look beyond that.

—Data Manager

These included data quality concerns and issues related to determining the “trustworthiness” of data from different legacy systems. For example, one of the data quality issues that surfaced was the absence of product description information. Products that do not have an associated description cannot be used, for example, by computer users in the marketing department. Incorrect categorizations of products have also been uncovered. Further, the same customer (or purportedly the same customer) may have different addresses in the legacy systems maintained by different business units, making it difficult to determine if two or more administration systems are indeed referring to the same customer. Although tools and services that can check for data accuracy as it is

being entered are available, managers at InsuraCorp realize that data quality cannot be totally automated, nor does it come for free.

Predicting the credibility of data at InsuraCorp has been difficult for two reasons: (1) the large number of source systems (e.g., 11 different systems support sales and service), and (2) the resource-intensive manual processes that are involved in integrating such data. Additionally, the programs to manage and award compensation to sales agents are hard coded in the applications, thus complicating issues related to understanding the trustworthiness of data.

There is certain data that is known to be incorrect in the fields, and there are some fields that are not populated. As we extract that data and move it into the data warehouse, we publish exception reports.

—Project Manager

InsuraCorp's IT leaders knew that developing an EDR would also not resolve all of their data management challenges: Maintaining an enterprise-wide view of company data would require new data management approaches and decisions about data governance. For example, who in the organization should be responsible for data quality, and how would data quality be evaluated? Who in the organization should be the data owners? Who should be responsible for determining who should be given access to what data, and who should be enforcing the data access controls to ensure the right level of data security? Who should decide what data should be archived and how long should it be kept?

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