Teradata Program Enables Insurance Companies to Cut Hidden IT Costs

May 2, 2003 at 11:01 AM EDT

DAYTON, Ohio--(BUSINESS WIRE)--May 2, 2003--

Separate Data Warehouses for Each Department Are Costly; Insurers Lose

Their Competitive Edge While Missing "the Big Picture"

Teradata, a division of NCR Corporation (NYSE:NCR), today announced a data mart consolidation program designed to help insurance companies save millions by tackling a common problem hidden within their information technology (IT) infrastructures - too many data warehouses, not enough information.

By combining these departmental data warehouses (called data marts) into an integrated information infrastructure, insurers can increase the amount of knowledge they have about their customers and the state of their business while saving millions in unnecessary costs - an important strategic move in these unsettled economic times.

"Companies that originally took the data mart route now have new incentives to consolidate their data into a single integrated warehouse. Today's economic environment increases the appeal of an enterprise system that will both reduce IT costs and improve competitive advantage through more comprehensive and accurate analysis," said Bill Sinn, vice president of Teradata Insurance and Healthcare marketing. "Our surveys of IT professionals show 68 percent believe their companies need to consolidate data marts. Teradata can demonstrate the cost savings using an organization's own data, and our current customers' results demonstrate the business benefits. It's a very convincing combination."

By taking the information from disparate systems and combining it into a central, enterprise-wide Teradata(R) warehouse, insurers can eliminate their redundant data mart costs, estimated at an annual amount of $1.5 to $2 million each. At the same time, they will witness an increase in system performance while enjoying a "big-picture" view of the business.

With this new consolidated view, insurers are now able to perform a myriad of business-intelligence tasks that were either too cumbersome or even impossible to do. Things such as forecasting the effect that a rate increase will have on retention or underwriting, using claims data to identify new trends that impact underwriting or rating variables, or analyzing the effectiveness of their distribution channels are now easily achieved. With 61 percent of businesses(a) lacking a single view of their data, companies that work with Teradata to consolidate systems will have an immediate advantage over their competition.

Many insurers have historically chosen to use disparate data marts to capture and analyze business data for several reasons: organizational politics, departmental budgeting policies, the single-minded approach of solving only one business problem at a time and the requirements of some database vendors whose products work best with small sets of data. Teradata's research found that 59 percent of companies maintain up to 30 individual data marts, while some companies have more than a 100. Since the initial cost of purchasing these systems traditionally falls under the companies' departmental capital-spending limits, organizations often lose track of the exponential costs of duplicating staffing, hardware and software licenses.

"One of the biggest perpetrators of costly data marts are vendors who lead companies down this path because their databases don't have the power or scalability necessary for an enterprise system," said Sinn. "The Teradata data mart consolidation program has been replacing systems primarily from Oracle with an increasing number of IBM DB2 systems."

To help insurers smoothly and seamlessly consolidate their data marts, Teradata's data mart consolidation program includes assessment services, migration tools and customer education, in addition to business impact models that calculate return on investment (ROI) using the insurer's specific data.

The business impact models developed by Teradata can create ROI projections based on the size and number of data marts consolidated and the speed of implementation. Using the model and patent-pending business impact methodology, one recent Teradata customer's analysis yielded a projected IT-support cost savings of 40 percent to 50 percent. In this specific instance, annual cost savings represented tens of millions of dollars.

Teradata's data mart consolidation program is backed by a worldwide network of experienced Teradata professionals who have been trained on data mart consolidation assessment services and migration tools and utilities.

About Teradata Division

Teradata, a division of NCR Corporation (NYSE: NCR), is the global leader in enterprise data warehousing and enterprise analytic technologies and services. For more information, visit www.teradata.com.

About NCR Corporation

NCR Corporation (NYSE: NCR) is a leading global technology company helping businesses build stronger relationships with their customers. NCR's ATMs, retail systems, Teradata(R) data warehouses and IT services provide Relationship Technology(TM) solutions that maximize the value of customer interactions. Based in Dayton, Ohio, NCR (www.ncr.com) employs approximately 29,600 people worldwide.

NCR and Teradata are trademarks or registered trademarks of NCR Corporation in the United States and other countries.

(a) The Teradata research study was completed by BuzzBack online
    market research based on surveys of 108 IT professionals from
    large U.S. companies conducted in October 2001, with follow-up
    studies in 2002.

CONTACT: NCR Corporation
         Teradata Division
         Dan Conway, 858/485-3029
         dan.conway@teradata-ncr.com

SOURCE: NCR Corporation