



# THE ADVANTAGES OF A DIGITAL-FIRST APPROACH

IMPLEMENT A CENTRALIZED FINANCIAL ACCOUNTING SYSTEM

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## Introduction

Natural disasters, economic uncertainties, pending regulations, COVID-19, and civil disorders have amplified existing challenges for the insurance industry. To survive and thrive in today's volatile conditions, it's imperative that insurance CFOs carefully monitor real-time data about cash flow, profitability, and working capital to keep their fingers on the pulse of their institutions' financial health.

However, with multiple charts of accounts, disparate applications, and spreadsheets currently providing this data, it's nearly impossible to get a reliable snapshot of financial conditions across the enterprise. In a recent CFO.com survey, 64% of CFOs say they plan to implement a centralized accounting solution to better manage liquidity and working capital. By implementing a centralized accounting system, insurance companies can standardize on a single chart of accounts, reduce complexity, and closely monitor financial health.

## Many insurance companies are facing the following challenges:

1. **Aging business applications:** Many insurance companies struggle to consolidate data from disparate, legacy applications that have been acquired over time from acquisitions and/or new businesses that, if not routinely updated, cannot be used to support financial management accounting or performance management. This ultimately leads to an extensive delay in financial insights, poor data quality, and information latency that can affect their ability to meet regulatory demands—and if not routinely upgraded, these systems become obsolete and costly to maintain, and insurers also lose an opportunity to modernize their business processes.
2. **Outdated business processes:** Traditional finance and operational processes are becoming outdated, as they can't quickly deliver the level of data and insight that insurance companies need to operate competitively. These outdated processes are often lengthy and manual, lack innovative tools such as AI/RPA, and are disconnected across people and functions, lack data granularity, and lack purpose-built scenario planning tools to model potential future outcomes.
3. **Expanded regulations:** Insurance companies are having to adhere to new GAAP / IFRS reporting standards which represent the most significant change to insurance accounting requirements in over 20 years. Insurance companies that let critical data slip through the cracks face costly fines, increased scrutiny, and reputational risk.
4. **Lack of adoption of advanced technologies:** Many outdated systems lack artificial intelligence (AI) and machine learning (ML) capabilities, hindering innovation and agility by placing a heavier emphasis on manual processes that could be automated. AI and other advanced technologies can help insurers arm them with better, faster decision-making and insights – enabling them to become a provider that is more intelligent, agile and integral to their customers' lives.

# How insurers can turn change into opportunity

## Implement a centralized financial accounting system

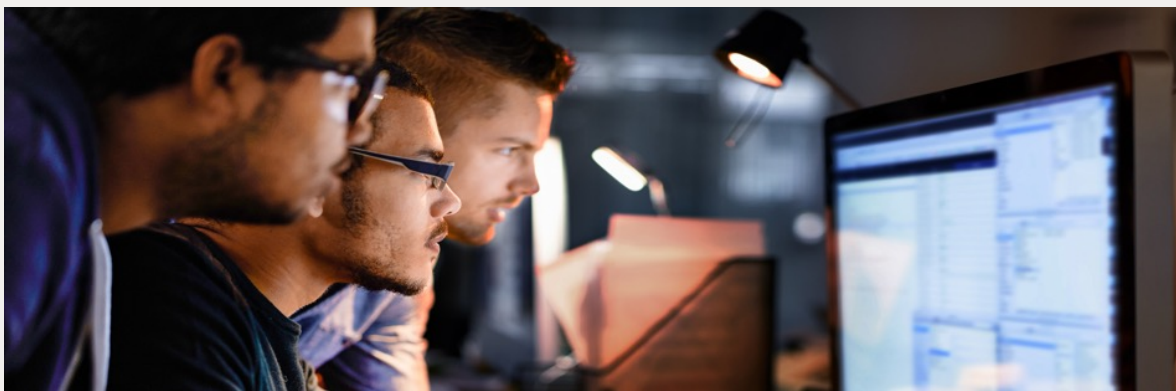
Today, insurance providers do more with less while meeting increased regulatory and compliance requirements. To remedy this, they must look for ways to maximize their data to identify and solve business problems faster and gain a competitive advantage. This is easier said than done when that data lives in multiple repositories such as general ledgers, data warehouses, data marts, and Excel spreadsheets. With multiple data repositories, insurers don't have a shared, consistent view of their financial chart of accounts, cost centers, product definitions, legal entities, and other key elements across business units and systems. It can be painful, time-consuming, and costly to keep track of disparate data stores on a project-by-project basis, and reconcile data across systems— and, ultimately, it can prevent insurers from meeting the demands of external regulators, resulting in noncompliance and fines.

Cloud-based data analytics and reporting platforms provide a common data model across the insurer, including risk, finance, treasury, and customer service. This helps CFOs and their teams eliminate time-consuming processes such as manual data entry and reconciliation. CFOs are then able to present critical KPIs to senior management in a consistent format, from a unified reporting data source.

By standardizing on a single platform, insurers can: (1) create a single source of truth for financial data; (2) reduce complexity and eliminate technical debt; and (3) automate manual accounting tasks and add more strategic value.

### Success Spotlight: Argo Group

Argo Group, an international underwriter of specialty re/insurance, recognized the need to modernize its financial solution to keep up with partner and client expectations. To meet this need, the company implemented Oracle Cloud EPM and Cloud ERP, which eliminated manual and inefficient spreadsheet work and enabled standardized processes. This resulted in improved data quality and efficiency, allowing the consolidation of 90 positions into 50 and improving employee morale by reducing the need to work late hours. The adoption of both Cloud EPM and Cloud ERP ensured a fully integrated accounting/reporting/planning system that made it easy for employees to quickly access information and make decisions.



# Lead your business forward with confidence

The time for a digital-first approach is now, and with the right tools in place, your finance team can standardize on a single chart of accounts, automate manual accounting tasks, and gain an enterprise-wide of financial health.

Learn more about how Oracle is helping insurers break through and move their institutions forward

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