

LEADERS

COGNOS CUSTOMERS IN ACTION SERIES

PERFORMANCE

Cognos helps mortgage insurance leader PMI turn an *ambitious* corporate strategy into day-to-day reality.

COGNOS[®]

THE NEXT LEVEL OF PERFORMANCE™

BY EMBRACING CORPORATE PERFORMANCE MANAGEMENT, PMI ACHIEVES HIGHER PERFORMANCE, PRODUCTIVITY, AND CUSTOMER SATISFACTION

THE CHALLENGE: LACK OF VISIBILITY INTO KEY CUSTOMER TRENDS

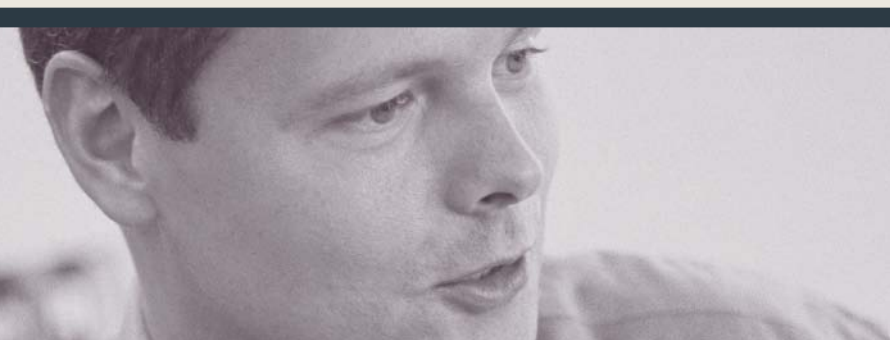
No asset is more valuable to a company than satisfied customers. However, managing and nurturing large, growing customers in a complicated business like mortgage insurance is a major challenge. PMI's customers—including some of the world's leading banks and financial institutions—have been consolidating in recent years, making each customer even more complex and important. "We realized that we needed to value our most important customers even more," says Stan Pachura, Vice President of Strategic Technology at PMI. Meanwhile, the growing complexity of PMI's products and distribution channels made it increasingly difficult to create a clear, enterprise-wide view of these customers. This challenge became even

more complicated since responsibility for customers was spread across regions and departments.

In 2002, these and other factors encouraged PMI's leadership team to explore ways to manage its business processes in a more responsive, efficient manner—meeting evolving customer needs while maximizing business opportunities. "To enhance our competitiveness, our focus needed to be on customer service improvement—a key competitive driver. The whole organization needed to understand our overall business strategy and know their role in making it happen," says Pachura.

"We still have the same number of analysts in our company. But now we're using their time better."

STAN PACHURA, Vice President of Strategic Technology, PMI



PMI NEEDED TO MAKE SURE THAT ITS PERSONNEL WERE ENGAGED IN MEANINGFUL, CUSTOMER-CENTRIC WORK, RATHER THAN SPENDING TIME GATHERING INFORMATION.

AN AMBITIOUS GOAL REQUIRES A TOP-DOWN APPROACH

PMI's strategy came down to one ambitious goal: *to maximize shareholder value through optimal and sustainable earnings and growth by organizing people, systems, and products around evolving customer segments driven by a diverse, high-performance, customer-centric culture.*

To move ahead, PMI needed a high-level vision, strategy, and goals—as well as a way of engaging every business unit and individual in the company. PMI took an innovative, big-picture approach that reconfirmed the company's thought leadership in its field.

EXECUTIVE OVERVIEW

PMI Mortgage Insurance Company—one of the leading mortgage insurance providers in the U.S.—is an innovator in managing its business performance. PMI's corporate performance management (CPM) initiative started with the executive team and now it continues through the enterprise. A key element of PMI's CPM strategy includes implementing a wide-ranging Cognos solution that integrates data warehousing, business intelligence, and enterprise planning. Cognos products help PMI consolidate, access, and manage its customer knowledge to create a consistent, accurate view of its business. These products enable PMI to leverage what it knows to make better decisions about its customers, product offerings, and resources.

PMI's success relies heavily on its ability to evaluate and manage risk accurately, especially as its customers grow larger and more complex. With its Cognos solution, PMI gains powerful insights into customer behavior to achieve its overall business strategy with:

- **Customer focus.** By gaining a clear vision of its customers, PMI can constantly monitor

Rather than simply analyzing operational data and making short-term changes, PMI took a careful look at the three focus areas that would make a difference to implementing its larger business strategy:

- **Leadership.** PMI's senior management worked to define key metrics and prepared the organization to measure performance with a Balanced Scorecard approach and key performance indicators.
- **Organizational development.** PMI made a commitment to providing the organizational development that would help the company manage performance in a new manner.

customer performance—as well as risk/returns.

- **Alignment.** PMI can allocate resources to the right distribution channels and products, aligning its resources and capital to best meet customer needs.
- **Consistency.** Cognos gives PMI the ability to track performance with an established set of common goals and metrics—helping it implement its business strategy throughout the company.
- **Speed.** Faster access to accurate, timely information lets PMI make better business decisions more quickly.

PMI sees Cognos as a trusted advisor in helping it implement a new vision of corporate performance management. Cognos provides the advanced products and solutions, expert advice, and seamless integration that PMI needs to make its new vision a reality. With Cognos as its partner, PMI can nurture its customers and achieve greater efficiency and higher performance at all levels—individual, department, and corporate.



- **Technology.** PMI searched for the best infrastructure, tools, and strategic partner that would help it succeed now and in the long-term.

MAKING CUSTOMER INFORMATION MORE VISIBLE

PMI needed a deep understanding of its business, with consistency across its entire organization. Although the company already knew a great deal about its business, this information resided in spreadsheets, departmental data marts, Essbase applications, and other decentralized resources spread throughout the organization. “We were in need of *one version of the truth*,” says Pachura. “With fast access to consistent information, everyone in our organization—including claims, sales, servicing, finance, e-commerce, and HR—could make decisions based on consistent, accurate information.”

ENSURING COMPLIANCE WITH REGULATORY GROUPS

The advent of the Sarbanes-Oxley Act of 2002—which introduced new compliance and reporting requirements for publicly traded companies—added to the need for fast access to information. Compliance with this Act relies on being able to respond quickly to requests for information. PMI’s ability to consolidate its

information infrastructure streamlines its own business operations, while ensuring its ability to comply with outside regulators.

ALIGNING RESOURCES AND SYSTEMS TO ACHIEVE BUSINESS GOALS

Identifying and integrating customer information in a timely fashion was a challenge. Armed with complete, comprehensive, up-to-date information, PMI could ensure that it was addressing the right customer requirements with the right products, identifying new opportunities within existing customers, and aligning its resources for maximum efficiency.

RAISING EFFICIENCY AT ALL LEVELS

Efficiency is an ongoing focus for PMI, an organization of more than 1,300 employees—including analysts, sales personnel, claims experts, and other specialists. Leveraging the talents, time, and experience of each individual is crucial to PMI’s ability to optimize efficiency and continue to outpace the industry. PMI needed to make sure that its personnel were engaged in meaningful, customer-centric work, rather than spending time searching for and interpreting information. In short, PMI needed to bring seamless access to information to key groups. Only then could PMI be sure that it was achieving maximum efficiency.

ABOUT PMI MORTGAGE INSURANCE COMPANY

PMI Mortgage Insurance Company—a subsidiary of PMI Group, Inc.—is one of the leading private mortgage insurers in the U.S. Private mortgage insurance protects banks and other mortgage lenders against potential losses in the event of borrower default. By covering default risk on residential first mortgage loans, mortgage insurance facilitates the sale of low-downpayment mortgages in the secondary mortgage market.

PMI’s stated goal is to help more Americans achieve the dream of home ownership. It is an advocate of affordable housing and develops products and services that assist responsible borrowers who may not qualify for mortgage loans from traditional underwriters. To create products that meet the needs of its customers—while ensuring profitability—PMI must carefully and continually assess risk/reward ratios, a process that requires access to a wealth of accurate, consistent, and continually updated data.



COGNOS PERFORMANCE MANAGEMENT SOFTWARE HAS ALREADY BROUGHT PMI SIGNIFICANT BENEFITS AND HELPED REPOSITION THE ORGANIZATION TO ACHIEVE ITS BUSINESS STRATEGY.

THE SOLUTION: AN INTEGRATED SOLUTION FROM COGNOS

PMI's evaluation team—which included both technology experts and high-level business executives—began exploring solutions in 2002, and quickly focused on Cognos as the right choice. “We found that their vision of corporate performance management integrated all the areas we wanted to address—including data warehousing, business intelligence, and enterprise planning,” says Pachura. “Cognos had the right vision, plus the comprehensive set of tools to back it up. We were very comfortable and confident in their ability to follow through with implementation, support, and the other capabilities we needed.”

AN INTEGRATED SOFTWARE SOLUTION

PMI wanted to tap the advanced capabilities of a diverse array of Cognos software, including:

- Cognos DecisionStream™ (data integration via extraction, transformation, and loading).
- Cognos® Metrics Manager (scorecarding).
- Cognos NoticeCast™ (business activity monitoring).
- Cognos PowerPlay® (OLAP analysis).
- Cognos Enterprise Planning (planning, budgeting, modeling, forecasting).
- Cognos Impromptu® (managed reporting).
- Cognos Performance Applications (pre-built reports and metrics).

The ability of these different solutions to work together and share data seamlessly was critical to PMI's decision. The solution also needed to be able to integrate data from a wide range of legacy applications, including transaction systems, a PeopleSoft system, and other data sources.

THINKING BIG, STARTING SMALL

After selecting Cognos, PMI took an inclusive approach to the initial planning process, which involved a steering committee of IT leaders, business executives, and subject matter experts. PMI quickly realized that achieving its ambitious strategy would require a series of staged implementations. The company was thinking big by defining a two- to three-year program, but starting small and deploying a series of well-defined projects to gain momentum via quick wins with clear business value.

“It was clear from the beginning that this was not just a ‘technology project,’ but a significant change management initiative for the organization,” says Mary Beth Cozza, Vice President of Organizational Development and Corporate Communications, who partnered with Pachura to lead the organization's transformation. “Integrating corporate performance management into your culture is a huge step in building a strategy-focused organization. It means changing many of your existing processes and programs to not only support the strategy but also to help execute it.”

The first step was to translate the company's corporate strategy into operational terms. The steering committee created an enterprise-wide strategy map that included more than 20 key performance indicators (KPIs). And it created a Balanced Scorecard of objectives, measures, performance targets, and initiatives that would serve as the detailed roadmap for the future.



“In our highly competitive marketplace, Cognos is helping us to achieve keen insights from our operational data, which enables us to be very successful in building products for our customers. Cognos helps us compete.”

STEVE SMITH, *President & Chief Executive Officer,*
PMI Mortgage Insurance Co.

Once the committee defined the program, it turned to implementing it throughout the enterprise, aligning the organization to its corporate priorities, integrating the scorecard approach into the operational units, and deploying the Cognos technology to ensure effective tracking and analysis. “Aligning the organization through multiple scorecards creates

the synergy that will enable PMI to achieve our organization-wide goals,” says Pachura.

A BALANCED MANAGEMENT TEAM

As it moved ahead, PMI selected two project managers—one from the IT group, tasked with managing the technical aspects of implementation, as well as a representative



from the organizational development group, who handles all communication and training aspects. While the initial projects were underway, PMI conducted training to ensure that users and technology support would be comfortable with the new tools.

KEY DELIVERABLES EVERY 90 DAYS

To begin, PMI chose to bring in Cognos Global Customer Services to create an initial enterprise data warehouse, bringing together existing data sources into a single solution. This effort was achieved in 90 days (as were subsequent enhancements and expansions), and was central to all of PMI's efforts. By bringing together (and eliminating) isolated data marts, spreadsheets, and other legacy sources of data, PMI and Cognos Global Customer Services helped make it considerably easier for managers to locate information. This first phase enabled PMI to analyze activity within the various delivery channels and service facilities used by its customers—and to focus resources accordingly.

EXAMINING CLAIMS . . . AND

LEARNING MORE ABOUT CUSTOMERS

PMI's Claims Group uses Cognos PowerPlay to analyze its business activities more carefully. "This critical implementation lets us track how long a policy had been on the books, the number of claims, the severity of claims, and other factors," says Pachura. With this knowledge, PMI gained a better vision of portfolio performance, as well as a more accurate measurement of how different levels of risk translated into real-world claims and costs.

AN ENTHUSIASTIC RESPONSE

Key groups throughout PMI use Cognos tools. These include sales, servicing, financing, HR,

product development, e-commerce, claims, and delinquency management. The reaction? "Our users have been very positive, and there has been great acceptance of the Cognos tools," says Pachura. "We believe that as we continue to expand our capabilities and users, Cognos tools and the information they provide will become ubiquitous within our organization—from senior management on down."

LOOKING AHEAD: SCORECARDS AND MORE

As PMI continues its deployment of Cognos tools, it anticipates adding new capabilities that will help the business grow. For example, PMI is already using its Balanced Scorecard to monitor and track progress toward meeting departmental (and enterprise-level) goals. This effort involves tracking metrics in important areas, such as customer and product profitability, internal efficiencies, process efficiencies, key employee metrics (turnover, hires, etc.), revenue results for current insurance products, and new insurance for new products. All of this data enables better decision-making, backed by detailed knowledge of PMI's business and customers.

A PARTNERSHIP BASED ON TRUST

Throughout the ongoing deployment of Cognos tools, PMI has worked closely with Cognos personnel at all levels. "Working with the Cognos team has been up to PMI's high standards," says Pachura. "We started looking for a technology vendor and ended up with a business partner. Cognos helped us get off the ground, and has stayed with us throughout, bringing us great products, services, and advice. They know our business well, and they're committed to helping us make our business strategy successful."



THE BENEFITS: ACHIEVING NEW CUSTOMER FOCUS

Cognos tools bring a wide range of benefits to PMI, enabling it to retain and nurture current customers, succeed in a competitive marketplace, introduce successful products, chart key indicators of success, and make better decisions.

- **Faster response**

Fast access to information about its customers, products, and channels is imperative to PMI, which must respond quickly to requests from a wide range of sources—including its customers, management, and outside regulators. By centralizing its data into a Cognos solution, PMI eliminates the delays that were often associated with requests for information. Now all PMI personnel who need access to information have it at their fingertips.

- **Better decision-making**

PMI had a wealth of accurate information. Cognos makes this information readily available and puts it in context—enabling better, faster decisions. “Now we have a better understanding of our book of business,” says Pachura. “We can look at our products across all regions, across customers, across credit ratings, and across loan/value ratios. This kind of wide-ranging information lets our managers spot trends and see the big picture—enabling better decision-making at all levels.”

- **Greater efficiency**

Before Cognos, key personnel spent hours collecting important customer information. Now Cognos lets users spend more time

analyzing data rather than gathering it. “We still have the same number of analysts in our company,” says Pachura. “But now we’re using their time better. We’re using Cognos tools to help redefine everyone’s value to the organization, and make changes where necessary.”

- **Increased competitiveness**

The bottom line for PMI is its ability to compete and win in its marketplace. “Cognos has made us a more competitive company—one that makes home ownership more attainable for people,” says Pachura. “The better we understand the performance of our products, our customers, and the risks associated with them, the better we can maximize our ability to deliver the dream of home ownership to new, under-served populations.”

The Cognos CPM solution has already brought PMI significant benefits and helped reposition the organization to achieve its business strategy. “Our corporate performance management initiative, supported by Cognos tools, has allowed us to translate corporate strategy into operational terms,” says Pachura. However, PMI views its Cognos solution as a platform for ongoing innovations and performance enhancements. PMI will continue using Cognos tools to define, measure, and track important metrics—and will continue to deepen its partnership with Cognos in the future.

ABOUT COGNOS

Only Cognos delivers a complete range of integrated, scalable software for corporate performance management. Cognos products let organizations drive performance with enterprise planning and budgeting, monitor it with scorecarding, and understand it with consolidation and business intelligence reporting and analysis. Founded in 1969, Cognos now serves more than 23,000 customers in over 135 countries.