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Fuel Your Business Analytics Engine
Improve Your Mileage
Using Unstructured Data

Webcast July 24, 2008

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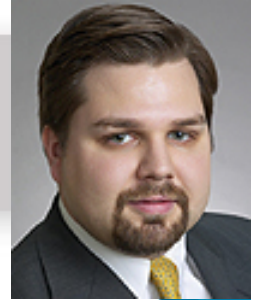
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Who is Financial Insights?

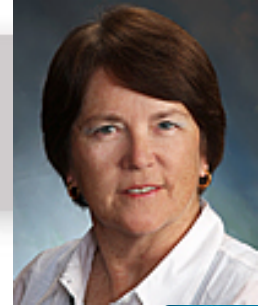
- Provider of independent market research, custom research and strategic consulting and industry rankings
 - FinTech 100, Insurer's Choice
- Focus on the strategic business application of financial services technologies
 - Unstructured data, “green” financial services, underbanked and more
- Provide unique insights on how to improve business through the use of technology and 3rd party data
 - Event optimization
- Breadth & depth with global reach of IDC and our industry knowledge
 - Six vertical Insights groups

Introducing our Speakers



- **Sean O'Dowd**, Senior Analyst, Capital Markets
 - Focused on business strategies, market trends and technologies impacting capital markets firms
 - Experience dealing with various investment operations systems in areas such as market data, corporate actions, portfolio accounting, and custody. Previous positions dealt with investment research, security valuation and pricing, portfolio analysis, portfolio performance reporting and investor perception studies
 - Prior work experience as a derivatives analyst for State Street Corporation and as a research associate for advisory firm Ashton Partners

Introducing our Speakers



- **Patricia McGinnis**, Research Director, Corporate Banking
 - Specializing in domestic and international treasury systems, core banking systems, commercial and consumer credit management systems, and enterprise management systems
 - 25-year financial services industry veteran with multifaceted experience in research, consulting, product marketing, and sales training at the intersection of technology, strategy, and finance
 - Mainspring Communications
 - TowerGroup
 - MIT Sloan School
 - Prime Computer
 - Bank of New England
 - Newest initiatives focus on enterprise content management and research on evolving implications of “green” IT and sustainability in FSI

Today's Agenda

- What Is Unstructured Data?
- Sources of Unstructured Data in Financial Services
- Enterprise and LOB Business Scenarios
- Concept for Solution Development
- Evolving Vendor Community
- Essential Guidance
- LIVE Q&A

What are Some of the Areas Where Banks are Investing in 2008?

- Surveys say:
 - Data center consolidation
 - Virtualization
 - Cost take-out
 - Information security
 - Compliance
 - Analytics
 - Data management

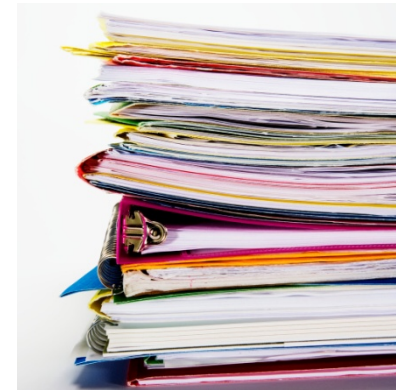
Unstructured Data: What Is It?



Voice or audio data,
recorded or
transcribed



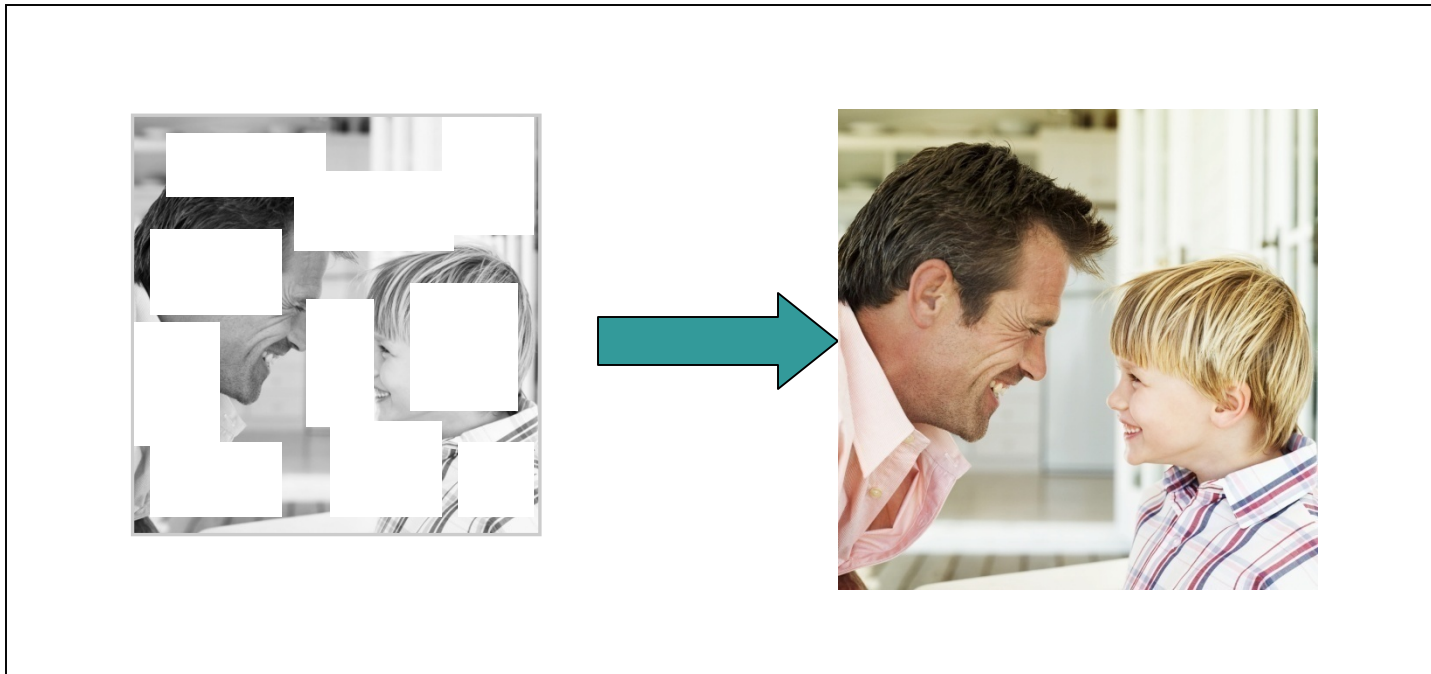
Image data describes
collateral, claims,
patient info, etc.



Text data, in myriad
document formats,
emails, web content, etc.

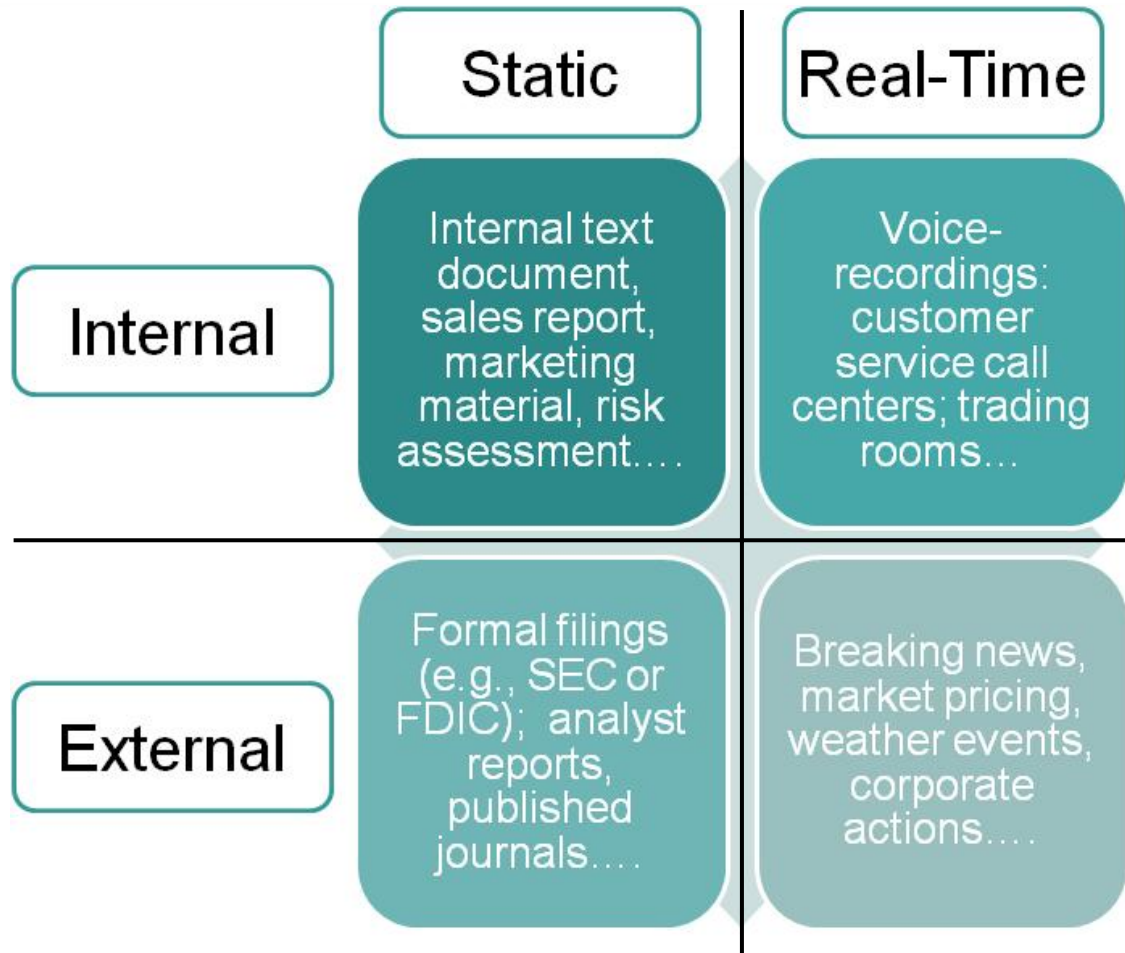
Useful data of all types can be found both inside and outside the firm.

The Analysis of Unstructured Data Improves the Firm's View of its Environment



- Transaction data (structured data) tells you what the customer did.
- Unstructured data can tell you why they did it, why some others did not, what else they need or want, and what problems they may have.

Financial Firms Find Endless Sources of Useful Unstructured Data



Context: In Financial Services Today, Unstructured Data Is Generally Wasted

- Customer Retention Scenario (Major brokerage):
 - Random turnover of consumer online trading accounts becomes a steady stream.
 - The missing information: Complaints about the new fee structure, duly noted by operators in the “comments” field of the customer call-center application.
- Spiraling Claims in Residential P&C Coverage (Major insurer):
 - Claims for water damage increasing in number and in average amount of claim.
 - The missing information: Unanalyzed details of claim submissions, which later revealed poor construction techniques in new homes contributing to mold and mildew problems emerging months later.

How much is there?

4-6 times the known resources of structured data, and growing rapidly.

Banking Business Scenarios

- **Mining Customer Activity: Improving the Value of Each Interaction**
 - Capturing the content (and context) of many interactions, to refine the firm’s understanding of its customers
 - Source examples: Internal and external sources, in all data formats: call center recordings, customer chat notes, comments about pricing or product attributes, expressions of need.
- **Corporate Marketing: Reputation Management**
 - Knowing what the market and/or the customers believe about the firm and its products
 - Source examples: Masses of Internet-based content: consumer “complaint” websites, chat rooms, blogs, general news stories,

Capital Markets Scenarios

■ Bolstering Market Research Efforts

- Increase speed and overall breadth of information to inform investment strategies
 - Source examples: Internal research repositories, SEC documents

■ Making Sense of the Noise on the Internet

- Harness larger and larger haystacks of information that may hold golden needles of value in signaling trading events
 - Source examples: chatrooms, blogs, public documents, and competitor announcements

■ Utilizing News for Automated Trading

- News is the lifeblood of the markets and the speed of access to it and rate at which it can be absorbed is vital in trading.
 - Source examples: bringing structure to unstructured news content and feeding a new breed of algorithms

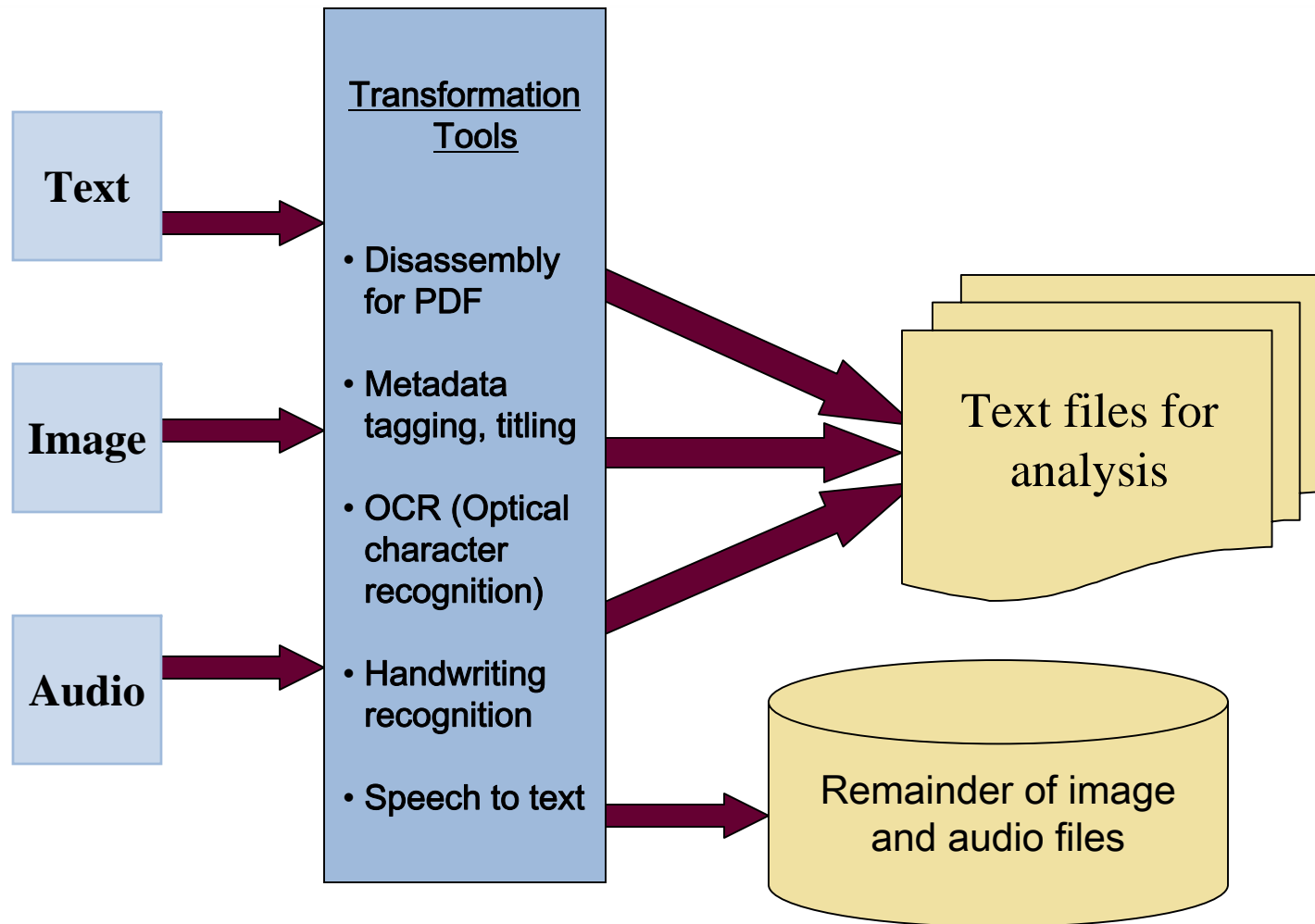
■ Fraud avoidance

- Insurers need better analytical capabilities to reduce levels of fraud and attributed costs
 - Source examples: Defined forms / templates for first notice of loss (submission of claim event), Free-style forms or notes from claims adjusters, Images / pictures of damaged area of home or automobile, Video of damaged area of home of automobile, X-Rays if bodily injury claims involved

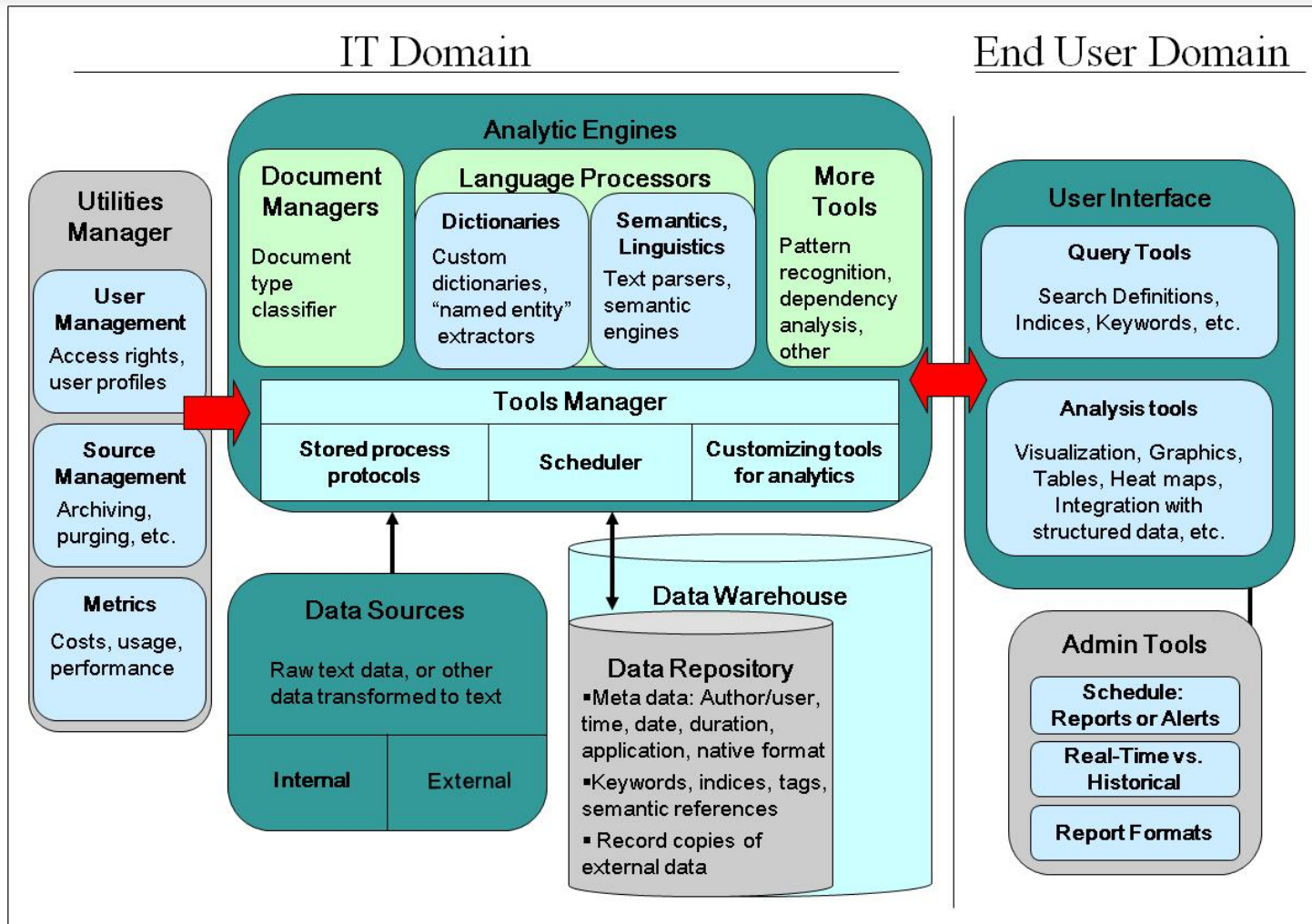
■ Customer persistency

- By improving customer service, insurance companies would improve policyholder retention
 - Source examples: Defined forms / templates to capture content of customer calls, E-mails from customers or possibly servicing agents who first received the customer call

Text Data is Most Common and Most Accessible with New Tools

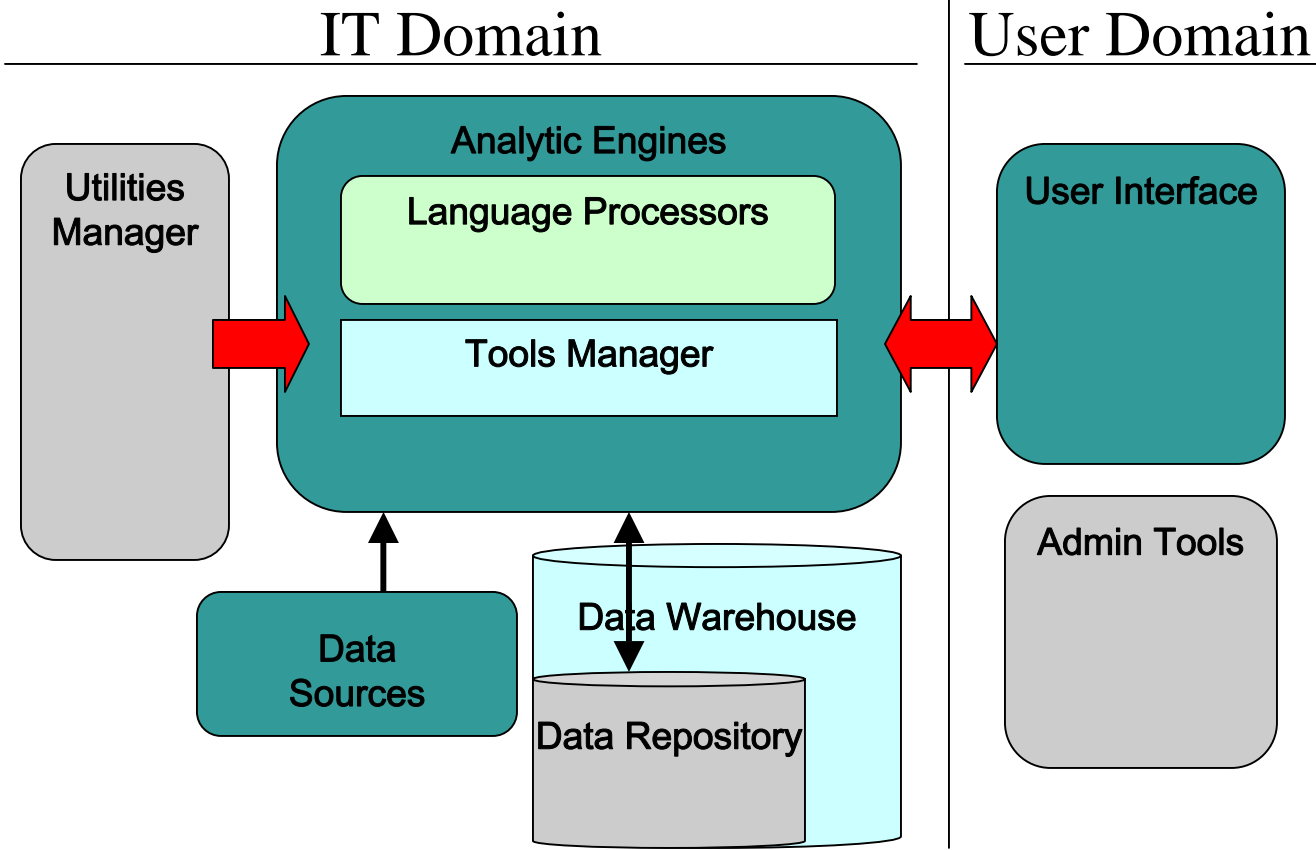


Key Solution Components

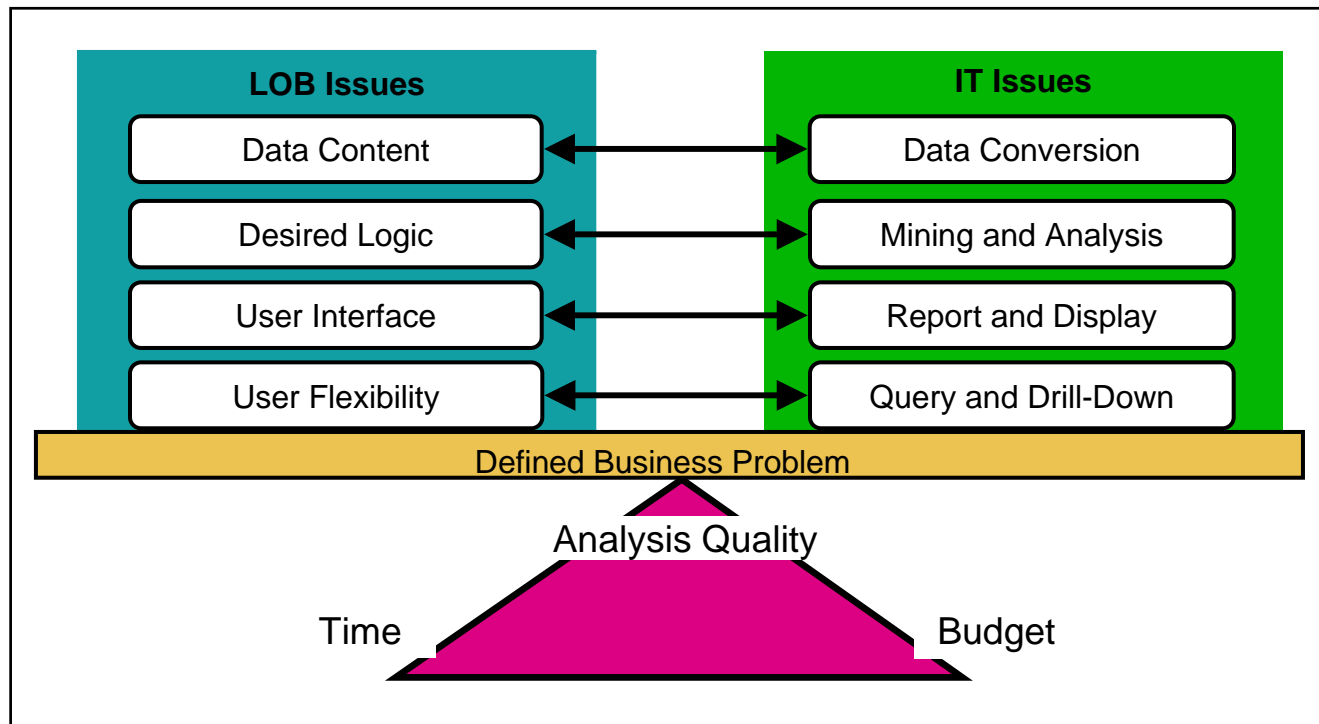


Source: Using Unstructured Data: Financial Services Firms Should Get Started: IDC # FIN212599, June 2008.

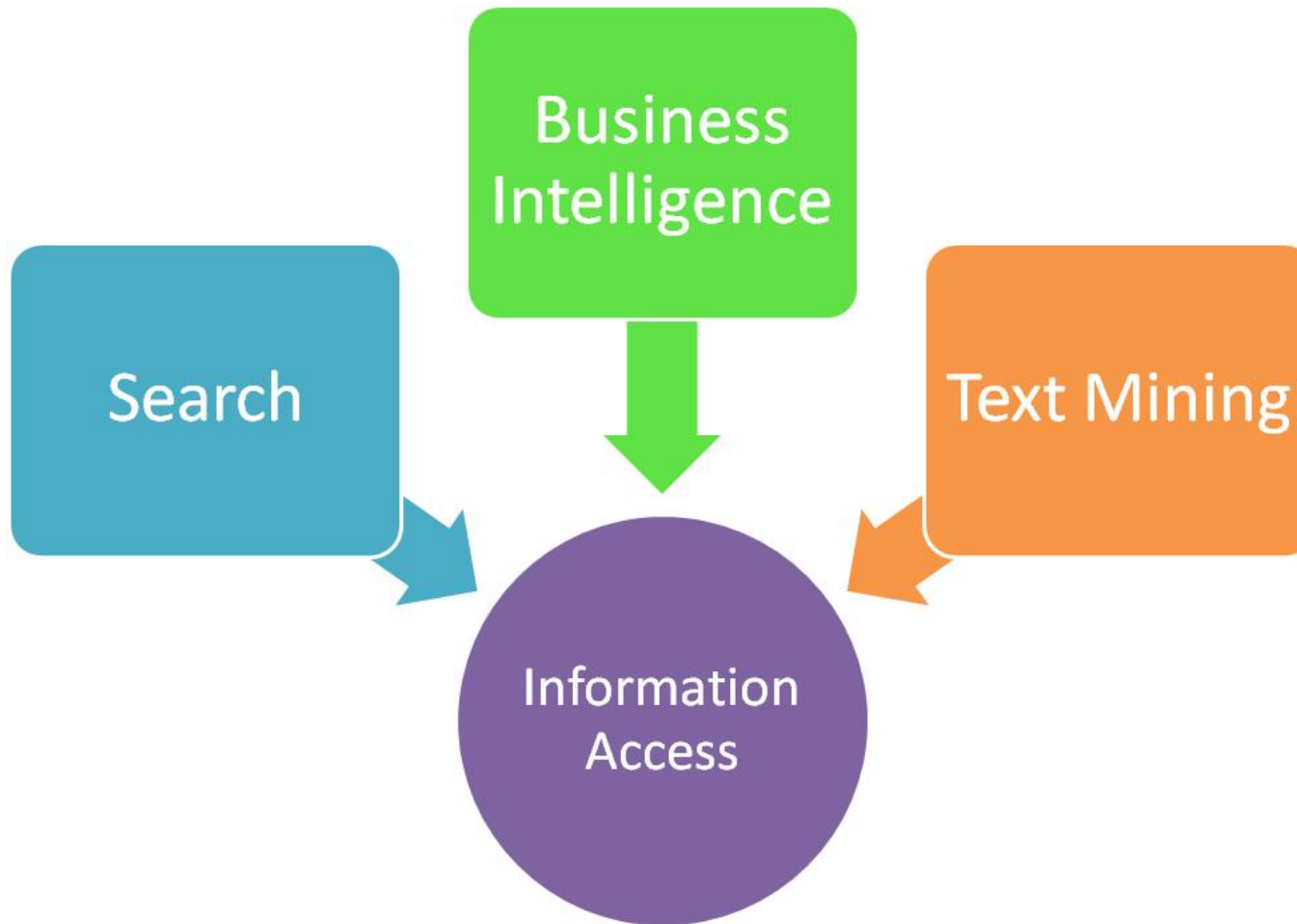
Key Solution Components, Simplified



Projects Require a Balance of Business and Technical Skills



Convergence of Functionality to Offer Information Access



Vendors Coming to Market with Different Approaches

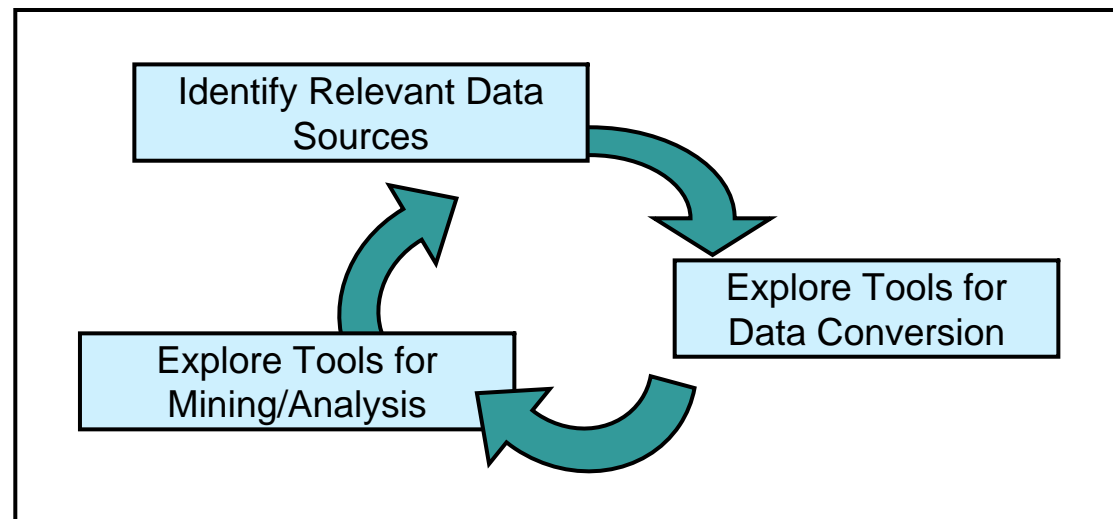
Unstructured Data Solutions

Large
Horizontal
IT Vendors

Small Pure-
Play IT
Vendors

Guidance: Parameters in Choosing Vendors

- Application Scope: Focused vs. enterprise-wide
- Vendor Scope: Broad vs. Deep
- Data types and languages



Guidance: Build a Robust Business Intelligence Foundation

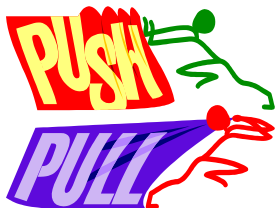
- Even small initial projects need a framework that anticipates other uses, and other *users*, of the same data and information.



- Security is critical in project design.
 - Data quality, data integrity, and data security: recognize the likelihood of importing externally-sourced data.
 - Data sources: capture, elaborate and preserve metadata tags.



- Avoid drowning users with the proverbial “fire hose” of excess data.
 - Business analysts need a view of lots of data.
 - CSRs need only a code or flag for the current customer.



- Plan for different distribution protocols, similar to those existing for access to structured data.

Guidance: Organizational Approach Matters...

- Involve both line of business and IT staff in the development process
- Articulate project expectations to prevent “scope creep.”
- Be creative about how and where unstructured data can add insight to your organization.

Questions?



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Related Research:

Using Unstructured Data: Financial Services Firms Should Get Started
Unstructured Data and Text Analytics in Capital Markets

Join Us Again - Upcoming Webcasts....

- **Beyond the Traditional Short List: Up & Coming Insurance Technology Firms Class of 2008**
 - Thursday, August 7, with Barry Rabkin

- **Corporate Payments and Financial Supply Chain: Which Banks are Best**
 - Thursday, August 21, with Aaron McPherson

See You at an Upcoming Event

- IDC Brazil 3rd Annual Financial Insights Conference 2008
 - August 19, 2008 Sao Paulo, Brazil
 - Join **Jeanne Capachin**, VP Research, Banking and Insurance, along with **Mauro Peres**, Country Manager, Brazil

- Asia Pacific InsureTech Summit 2008
 - August 22, 2008 Singapore
 - Join **Li-May Chew**, research manager, Asia/Pacific and her colleagues at this annual event

- Fall Conference Season – Are Your Ready ?
 - **Sibos 2008**: Vienna Austria - September 15-19, 2008
 - **AFP Annual Conference**: Los Angeles, CA October 19-22, 2008
 - Financial Technology Insight: **Best Practices in Global Banking**, Jacksonville, October 26-28 (hosted by PPM Media)
 - **FST Summit 2008**: November 5-7, 2008, Miami (hosted by GDS International)
 - **BAI Retail Delivery**: Orlando, FL, November 18-20