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The CIO Series

Aviva's Cathryn Riley: Seeing Business Opportunities from Many Sides at Once





CIO Cathryn Riley Sees Business Opportunities from Many Sides at Once

Cathryn Riley brings a varied business background to her new role as CIO and executive committee member at London-based Aviva plc, the U.K.'s largest insurance company and the sixth largest in the world. Riley began at the company in human relations and has held executive positions in marketing, operations and other sides of the business as well as in IT. Her achievements include overhauling and rationalizing the legacy IT systems that burdened the company's U.K. life insurance business. Looking ahead, Riley sees ever-expanding opportunities for technology both inside the company and as a means of reaching out to customers.



There are IT executives and business strategy executives, and then there is Cathryn Riley. Riley, 49, has comfortably worn both hats at London-based insurance and investment products giant Aviva plc, the world's sixth largest insurance company, where she was elevated to chief information officer (CIO) in May. She was

named to the company's executive committee at the same time, becoming the first CIO to serve in that capacity. "At the end of the day, all IT programs are business programs," says Riley.

She demonstrated that principle in one of her previous roles for Aviva UK, where she faced the task of simplifying the legacy IT systems that burdened the company's life insurance business. The systems had grown into a sprawling and enormously complex operation through years of acquisitions and multiple mergers. "We had more than a thousand different [IT] systems covering our product range," Riley says.

This meant that even simple tweaks to product features, prices and other aspects of the business had to be implemented across numerous IT systems. Many such changes followed shifts in regulatory requirements. The fixes consumed an enormous amount of time, slowed the company's response to changes in the marketplace and saddled customer-service operations with layers of complexity. Such problems represented "the single biggest constraint" to Aviva's business, says Riley. The legacy issue was particularly acute for the life insurance business, since policies can stay on a company's books for 50 years or longer.

Riley put together a range of solutions to rid Aviva of the legacy constraints. Having run the Aviva UK life insurance operations as both CIO and COO, she understood the business from the perspective of customers and managers as well as from an IT point of view. With a dedicated team of colleagues she shut down more than 350 IT programs and installed processes to ensure a seamless migration to the new IT infrastructure. "All that significantly enabled the business to speed up pricing changes [and] reduced the costs of change and running IT," Riley says.



The improvements succeeded in “boosting employee confidence, both among the operational staff and the IT staff,” she adds. “That is an example of how business and IT in my background came together.”

Riley joined Aviva’s Commercial Union life insurance unit in 1996 in a human resources job. She went on to hold various executive positions in the General Insurance Health & Life businesses including Aviva UK’s commercial director and Aviva Europe’s chief operating officer (COO) and CIO. She oversaw strategy, bank partnerships, marketing and branding along with IT architecture and strategy in the UK Commercial post.

THE IT ADVANTAGE

Riley points with pride to Aviva’s position as the largest U.K. insurer and its No. 1 ranking in surveys of such practices as servicing claims and using banks as distribution partners. “All of those awards, if you like, are underpinned by the ability to have technology drive the propositions and services,” she says. “It plays a core role in our organization that is focused on delivering results.”

Riley also takes pride in Aviva’s strong 2011 first-half performance. The company increased its operating profit to US\$2.2 billion (£1.3 billion), for a 13% gain before one-time charges, and succeeded in “beating all our operational targets,” as CEO Andrew Moss put it. Aviva had 45,000 employees, 53 million customers and US\$665 billion (£402 billion) in funds under management as of December 2010.

The smart use of IT data can help an insurer gain a competitive edge, Riley notes. Such data enables Aviva to get to “the heart of individual customer needs” and create products tailored to specific segments of the population, she says. “The more you know about customers, [the more] you get a differential advantage in pricing,” she says.

Insurers already possess a vast amount of customer information. “You put that together with the unstructured data you are able to get from social media,” says Riley, “and you really are able to tailor your understanding and your proposition and fine-tune them to much more granular levels.”

This approach has sharpened Aviva’s property and casualty insurance offerings. Riley drew on lessons from the company’s Canadian operations to help create the “Aviva Risk Index,” which Aviva uses to rate and price the risks that it underwrites. Such practices provide “a tangible application of data and technology, which enables us to select and price our offering to our customers to get a bottom-line, profit & loss advantage,” she says.

Riley has encouraged Aviva to invest heavily in front-end IT systems, which have been particularly useful when partnering with banks that distribute the company’s insurance products. “That technology platform has allowed us to get more partners, drive more revenue and drive profits in that channel,” she says.

Other benefits of Aviva’s IT strategies include reduced duplication of effort across the organization, increased employee morale and improved brand recognition among customers and trade partners. Riley says Aviva’s customer-satisfaction scores have been “consistently improving” over the years, as have “employee engagement and satisfaction scores.”

The overall impact of IT improvement “has encouraged productivity and collaboration and sharing to a much greater degree within the business and how we engage with our customers,” Riley says. “All of those things helped in delivering intangible gains, particularly in terms of pride and a more effective working environment within the company,” as well as in its “reputation and image [as seen] in our brand scores.”



SUPPORT FROM THE TOP

Aviva's top management has shown whole-hearted support for IT. "I don't think I have to work too hard in convincing people here," she says. "They are open to the growth of technology. They endeavor to always want things faster, better and cheaper, and that applies to technology as much as anything else." Her new seat on the Aviva executive committee "signals the strategic importance of IT to our business," she says.

Riley saw Aviva's support for technology when she took on the task of overhauling IT infrastructure as COO and CIO of Aviva Europe in 2009. The job called for combining business operations in several countries into a single region through Aviva's "European Change Programme." A key feature of the change was delivering common IT infrastructure, processes and low-cost operations across the region.

Riley calls technology a "significant part" of Aviva's cost base. But she says the IT cost has declined over the years, along with the overall cost of doing business. Going forward, she expects IT expenses to continue to drop thanks to new technologies and services such as "Software as a Service" (SaaS), which enables customers to rent technology instead of buying it. At the same time, Aviva continues to make "significant investments" in technology to upgrade its current systems, she notes, and to take advantage of new generations of IT systems to support and grow its business.

THE WIRELESS FRONTIER

Riley is particularly excited by the opportunities that online and mobile technologies provide. They "could fundamentally transform our business [and are] becoming explosive now," she says. "It is not just a question of whether it's a fad or whether it will take off," she adds. "Such technology has to be explored thoroughly and explored quickly to generate business advantage."

Aviva has already embraced mobile technology to interact with customers and drive business growth. The company recently launched a mobile application in the U.K. that enables auto insurance customers who have had accidents to file claims via cell phone. "It is quite a significant breakthrough in technology enablement, and certainly we can see a continued improvement in our current business," Riley says. "You can see that [mobile technology] has played a key role in delivering a better service and a faster service, and you can see that it provides us an opportunity to market new products or services."

Smart phones themselves can serve as marketing tools. "For the first time, business executives with their [communication] devices now have an interest in seeing how IT can affect the way they work and so forth," Riley says. "That is an opportunity for us to respond strategically."

LESSONS FROM AN IT LEADER

Riley has some advice for CIOs who want to pitch the competitive advantages of IT to their companies. Her precepts include:

Keep in mind the rest of the job.

"The first lesson is: Don't take your eyes off the day-to-day important role of delivering IT services and functionalities for the business," she says. "It is easy to get distracted by emerging technology. In our business, you earn the right to talk about investments and new things once you have delivered."

Show how the IT strategy will support the business strategy.

"You have to be very clear of the business outcome or the customer outcome, and collaborate with all parts of the business," Riley says. "And communicate, communicate, communicate. That is fundamental to IT and technology's success."



Get top-down commitment and sponsorship.

“You have to communicate internally and externally, engaging those affected [by technology changes],” notes Riley. In other words, it’s crucial to bring everyone on board.

Riley says she has learned from several inspiring people rather than from any one individual. “Those I have admired have been able to create a compelling vision and engage people along the way to embrace that [vision] and then create an outcome—a difference that has impacted the bottom line, customers, or [achieved] long-term transformation,” she says. And she sees an ever-expanding range of possibilities coming up. “It’s a very exciting time for IT, driven by the consumer,” she observes. Such times offer rich rewards for CIOs with a multi-faceted vision and for their companies in the years ahead.

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