

# COLUMBIA REGIONAL BUSINESS REPORT

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## EagleEye reinvents risk analysis for insurers

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Second-by-second analysis of stock transactions by sophisticated computer programs has been reshaping global equities trading for years. But that digital revolution in capital markets had largely bypassed the insurance industry until a startup company in Columbia began to boost insurers' profits with complex analytics software.

### EXECUTIVE SUMMARY

The company transformed one company with a \$750 million book of business by boosting its profit by \$75 million in the first year it used EagleEye's services.

EagleEye Analytics Inc. has so changed the landscape of risk management that two

of the largest global underwriters now partner with the Columbia company.

Last year, EagleEye signed alliance agreements with Milliman Inc., the leading provider of actuarial and related products and services to insurance companies worldwide employing 3,000 actuaries; and with Guy Carpenter & Co. LLC, the leading global risk and reinsurance specialist and a member of Marsh & McLennan Cos.

EagleEye's performance has so transformed some clients' business that one company with a \$750 million book of business boost its profit by \$75 million in the first year it used EagleEye's services, said Roger Burkhardt, who was recently named president and CEO of Columbia-based EagleEye.

This top-ten global insurance provider is projecting a 10-point loss ratio improvement on its commercial lines portfolio strictly from using results from Talon, EagleEye's analytic tool.

Hiring Burkhardt marks the launch of a new phase of growth for EagleEye.

Burkhardt's leadership experience includes 14 years at IBM, where he was responsible for its Wall Street business, and six years at the New York Stock Exchange, where as chief technology officer and executive vice president, leading the 2,000-person division

in NYSE's move to electronic trading and advanced analytics.

Most recently, as CEO of Ingres Corp., Burkhardt grew the business by more than fourfold, driving the business to profitability and maximizing its analytic database technology.

Burkhardt said that insurance risk management across the industry has been driven for decades by the amount of data that could be programmed onto a 1960s era paper punch card.

That limited data comprised well-known metrics. The data set had not grown to embrace the burgeoning amount of new data becoming available on the internet.

"It's a dinosaur standard that continues to constrain companies in their risk analysis," Burkhardt said.

"In capital markets, the difference between winning and losing is the quality of your data," he said. "Now that's becoming increasingly true in insurance."

Home insurance, for example, has been dominated by simple metrics such as how far a home is from a fire hydrant, Burkhardt said. But in cities with many multi-family dwellings, a building with a doorman and parking has proven to be a much better risk for insurers, he said. And databases with such metrics are becoming more available on the internet.

EagleEye's business model is designed to take advantage of that large and growing body of information.

"There's a lot more data now. Some of it is free; some you have to pay for," Burkhardt said.

EagleEye's Talon Analysis Engine, combined with the expertise of its consulting offerings, vastly improves a company's ability to calculate and manage risk, and helps the company put a finer point on the pricing of its products, Burkhardt said.

"This is a process supported by a lot of technology and deep analysis of risks," he said. "It is really important to get the modeling correct. So far, we believe we can do it better than anyone else."

A privately held company, EagleEye Analytics is backed by FirstMark Capital of New York. One of the partners in FirstMark Capital is Columbia's Larry Wilson, who started

and later sold the insurance services company Policy Management Systems Corp.

Burkhardt said he was recruited to take the helm of the Columbia-based company by Wilson, and FirstMark Capital Managing Partner Lawrence D. Lenihan Jr.

"What I found compelling was the vision by Larry Wilson to bring this type of analysis to support the insurance industry," Burkhardt said. "There are some small players out there, but I don't think there's anyone with this combination of predictive technology and insurance."

"It's an arms race out there," he said. "If you lose the arms race you tend to end up taking a bunch of someone else's bad business. The people with the best analytical ability tend to get the best customers."

Burkhardt does not think computer analysis will entirely eliminate the need for human actuaries.

"There's always some judgment needed in this business," he said. "This is not about eliminating risk; it's about accurately analyzing risk and pricing it so that you can make a profit."

Burkhardt said there's an oversupply of insurance companies, and more accurately analyzing risk will help the best companies thrive and make it tougher for the weaker ones to survive. But he doesn't believe that necessarily means only the biggest companies will remain.

"We can actually help the smaller companies with a turn-key service," he said.

EagleEye has been in business for four years. In that time, it has grown through partnerships such as those with Milliman and Guy Carpenter.

Through those partnerships, EagleEye is now working with partners in Europe. Using its own computer center in Columbia and additional assets in cloud computing, EagleEye currently has more than 50 clients.

EagleEye has been attracting people to work in Columbia from farflung locations. Lynda Lee, the new head of client services, moved here from San Francisco. The new head of information technology has moved to Columbia from Wyoming. One of the most recent hires, Burkhardt said, is relocating from Australia.



### Roger Burkhardt

President and CEO, EagleEye Analytics, Columbia, S.C.

Age: 51

Native of Birmingham, England

Education: Oxford University

Has lived in New York City area for two decades; currently commutes from there to Columbia.

ON THE WEB  
EagleEye Analytics  
www.eanalytics.com

FirstMark Capital  
www.FirstMarkCap.com

"I think this could become a very large company," Burkhardt said. "It has the opportunity to be the clear leader in predictive analytics."

He also believes Columbia has assets that will keep the company here, such as a thriving cluster of insurance services companies, a good university and the ability to hire and keep talented people without too much turnover in the workforce.

"As companies grow, you must have more people in more places," Burkhardt said. "But I believe this will remain an important location." ■

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## FIRSTMARK CAPITAL COMPANIES

### Duck Creek Technologies

A privately held company that specializes in software solutions for the property and casualty insurance industry. Sold to Accenture in 2011.

### Dovetail

Provides back-office services to insurance industry.

### NetComp

Web-based distributor of Workers Compensation Insurance to customers through independent agents.

### HealthPlanOne

Online platform for consumers to research and select health insurance plans from leading national carriers.

### Superioraccess

Technology enabled wholesaler of insurance that has created an online exchange for 4,000 subscribing agents to purchase policies from more than 60 carriers.

### EagleEye Analytics

Predictive analytics, data and information vendor to the insurance industry.