KPMG

Before you modernize

Use activity analysis to set your transformation baseline

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Following a wave of accounting change, AI disruption, talent shifts, and technology transformation, insurers are undergoing a structural realignment of their finance and actuarial functions. Valuation cycles are expanding and accelerating, regulatory complexity is growing, and the demand for predictive and scenario-based insight is redefining what "good" looks like in financial reporting. Yet, for all the investment in systems and transformation, a common question remains unanswered: How do our people actually spend their time?

Activity analysis brings empirical clarity to that question. It is the discipline of systematically deconstructing the operating model across finance, actuarial, technology, data, and operations to understand how resources are deployed, how processes are executed across various functional teams, and where value is created or lost. More than a time study, it is the foundation for aligning business priorities with industry best practices, business needs, operational reality, available skill sets and technological capability. When executed effectively, activity analysis unites leaders across the business around a shared, evidence-based view of standard services.

1 Value delivered through activity analysis

Transformation programs often start with technology aspirations—implementing new general ledgers, actuarial modeling platforms, or cloud data ecosystems—but they can easily lose sight of the underlying human and business dynamics that determine success. Activity analysis bridges the gap of jumping from vision straight to technology without clear, intentional business design by creating insight into the services and level of effort across the processes in the finance and actuarial value chain.

For business and finance leaders, it clarifies how much time and talent are dedicated to compliance versus analysis, and how much of that effort could be redeployed toward more strategic decision support. For operations teams, it identifies repetitive or manual tasks that create friction, dependencies, delay, and rework. For technology leaders, it exposes integration gaps, redundant system dependencies, and opportunities for automation. And for data teams, it pinpoints the upstream quality issues and downstream governance weaknesses that consume effort. Internal Audit and Controls teams also can proactively identify potential risks and address any controls gaps. Across all layers of the organization, it also highlights the current and future skills needed to be successful.

In this way, activity analysis becomes the connective tissue that links enterprise strategy, strategic workforce planning, day-to-day execution, and the technology architecture—all translated in clear business context and outcomes. It allows leadership to not only see what is happening, but also why it happens. It lays out how a change in one part of the ecosystem, for instance automating reconciliations or centralizing data staging, can ripple through other parts of the operating model.

2 From diagnostic to design: A tactical but strategic process

While the concept of activity analysis sounds straightforward, the real impact lies in how it is executed. The most effective programs treat it as a multidimensional initiative spanning people, process, technology, experience (both colleague and customer), and data rather than a discrete consulting exercise.

The process typically begins with a collaborative scoping phase, in which leaders from finance, actuarial, operations, technology, and data jointly define the value streams comprising the taxonomy: the detailed catalog of services that the respective teams offer. This taxonomy, or service catalog, serves as the blueprint for finance and actuarial modernization. It breaks down high-level domains such as valuation, capital, and asset-liability management (ALM) into granular processes such as "model setup and calibration," "data validation and loading," "results review and variance analysis," and "report production and governance." To complete the picture, broad functional interaction is required. Data engineers can help quantify system latency and extraction time, actuarial modelers can provide insights into model runtime and manual interventions, and finance operations teams can highlight the timing constraints driven by ledger closes and reconciliations. Designing this taxonomy with input from both business and technical stakeholders ensures that every activity connects to the systems and data pipelines that support it. The team should also compare against industry peers to identify any key gaps.

Once the taxonomy is defined, assessment teams gather both quantitative and qualitative inputs. Surveys and workshops collect data on full time equivalent (FTE) effort, timing, frequency, and associated costs. These original results are cross-validated and further refined using system-derived data such as model run logs, workflow timestamps, and data transfer records. It is here that collaboration across operations, technology, and data teams becomes critical.

The outcome of this phase is not simply a catalog of effort, but a detailed portrait of process reality that shows how hand-offs, dependencies, data flow, and cost generated by various activities across teams. It also begins to pinpoint areas of value leakage and role redundancies.

Hallmarks of a successful activity analysis

1. Joint ownership

Finance, actuarial, operations, technology, data and transformation leaders sponsor the exercise together, ensuring balanced representation.

2. Granular design

Activities are defined at the level where decisions are made (e.g., run model versus perform valuation).

3. Data-driven validation

Efforts reflect real cycle times, model logs, and workflow metadata to supplement self-reporting.

4. Action-oriented reporting

Every insight links to a tangible lever such as automation, standardization, or redesign.

5. Change management

Communicate purpose clearly—this is not a performance audit, but an efficiency and insight enabler.

3 Turning analysis into transformation

The next step in the process is synthesis: translating the data into insights that drive change. Rather than presenting a static spreadsheet of time allocation, effective transformation teams use visualization and storytelling to surface patterns.

For instance, a heatmap may reveal that actuarial and finance teams collectively spend 45 percent of their quarterly reporting time reconciling model results with general ledger balances. When data teams examine this further, they might find that the root cause lies in inconsistent policy identifiers or lack of a golden source for product hierarchies. Operations leaders can then partner with technology to automate this reconciliation, while governance teams establish metadata controls to prevent recurrence.

Another common finding arises in ALM and capital management. Many insurers maintain parallel modeling environments for different purposes, including economic capital, regulatory capital, GAAP projections, each with unique assumptions, sources, and data feeds. Activity analysis exposes the cumulative burden of maintaining these redundant processes. Business leaders can then work with technology to rationalize model environments, enabling scenario generation to be shared across functions. The result is both faster turnaround and more consistent insight into risk and capital performance.

Going beyond people, process and technology, our KPMG approach draws out which interactions drive experiences along user journeys.

Each insight ties directly back to decision-making: where to automate, where to standardize, where to integrate, and where to invest in foundational data improvements. By quantifying the effort associated with each inefficiency, leadership can prioritize transformation levers by return on effort, impact to the employee experience and risk reduction rather than anecdote.

4 Building bridges between business, operations, technology, and data

Activity analysis is most effective when it catalyzes collaboration among previously siloed teams. Business and finance leaders provide strategic direction into what insights and capabilities the function must deliver. Operations teams bring process knowledge, identifying the manual work-arounds and pain points that slow performance. Technology teams contribute architecture and integration expertise, enabling end-to-end automation and data flow. And data governance teams ensure that the foundation, including data lineage, quality, and accessibility, can support the envisioned future state. Together, these teams can paint a picture of the experience expectations of the organization, colleagues, and customers. This lens helps us to pressure test how and where the process and technology optimizations can help alleviate key "moments that matter."

When these groups analyze and interpret the activity data together, new connections and insights emerge that inform the portfolio choices leaders choose to invest in and the implications of their decisions. For instance, business leaders may discover that an actuarial process takes longer—not because of model complexity, but because data validation steps are duplicated in both actuarial and finance workflows. Technology teams can then introduce shared data validation utilities, and data stewards can refine the master data layer to eliminate duplication at the source.

In other cases, activity analysis reveals the human side of transformation including skills mismatches, unclear ownership, or excessive dependency on a few key individuals. These findings enable leadership to redefine roles, create shared service hubs for repetitive activities, and elevate actuarial and finance specialists into more analytical and interpretive roles.

5 Making it measurable: Operationalizing insights

Transformations often falter because insights remain theoretical and difficult to measure or apply in practice. Many organizations also encounter resistance to change for a variety of reasons, including change fatigue, misaligned accountability measures, and unclear measures of success. Activity analysis counters this by embedding measurement tactics into an insurer's operating model. Leading organizations create performance dashboards that track FTE effort, cycle time, and various costs across valuation, capital, and ALM, refreshed each quarter or reporting cycle. Costs include labor, technology licensing, cloud usage, and external provider costs (e.g., TPAs), allocated at activity level. Tracked over time, these metrics demonstrate tangible improvement: hours reduced, dollars saved, reconciliations eliminated, cycles shortened, and insight generated faster.

This process also builds accountability among functions. When leaders see, for instance, that automation reduced manual effort in model runs by 30 percent, or that upstream data corrections cut reconciliation time in half, they can reinvest the released capacity into scenario analysis, assumption management, or strategic forecasting. The value becomes visible, measurable, and actionable—a key requirement for sustaining transformation momentum in cost-sensitive environments.

Common findings

1. Of total business-as-usual effort in actuarial and finance functions, 40–60 percent is spent preparing, validating, or reconciling data, not analyzing it.
2. Manual reconciliation loops across valuation, capital, and ALM are a top driver of delay, often taking over 100 FTE hours every close cycle.
3. Modernizing legacy models and unifying fragmented data sources has shown to reduce close cycle efforts by up to 30 percent.
4. On average, finance and actuarial functions spend 25 percent of their time on nonvalue-added manual tasks.

Source: KPMG market intelligence, January 2026

6 From static analysis to continuous improvements

The most forward-looking insurers are now evolving activity analysis from a one-time diagnostic into continuous improvements discipline. They combine operational data, orchestration platforms, workflow analytics, and even AI-based process mining to dynamically model how work is distributed and where emerging friction points appear.

This creates a predictive capability: Transformation and technology teams can simulate how introducing a new data platform, automation tool, or AI model validation engine would alter workload distribution, resource needs, and subsequently impact the cost structure.

Over time, activity analysis not only becomes a baseline, but also a design tool, allowing leadership to adjust processes proactively rather than reactively.

In this way, activity analysis becomes the common operational language through which business, operations, technology, and data teams align around transformation outcomes. It ensures that each investment, whether in automation, systems, or data governance, ties directly to measurable process efficiency and analytical capability—and that the implications of changes are clearly understood and can be articulated to ease the adoption of the change.

7 Conclusion: Make the invisible visible

Activity analysis offers something both deceptively simple and profoundly powerful—transparency. It makes visible the hidden mechanics of how finance and actuarial work actually happens, the dependencies, duplications, and decision bottlenecks that technology alone cannot fix.

For leadership, it provides the evidence base for transformation investment. For operations, it illuminates opportunities to simplify and standardize. For technology and data teams, it defines where integration and automation can have the most impact.

But above all, it restores alignment between strategy and execution: between the aspirations of transformation and the daily realities of the people making it happen. In doing so, activity analysis becomes more than a tool. It becomes the bridge that unites the business, operations, technology, and data ecosystems into one coherent, high-performing finance and actuarial organization.

8 Turning insights into value: The KPMG activity analysis approach

KPMG LLP helps insurers unlock tangible value from their transformation programs by using activity analysis as both a diagnostic and design tool. Our approach allows organizations to quantify where sustained enterprise value is created across actuarial and finance processes. We can help you:

Define the scope and objectives of activity analysis using the KPMG finance and actuarial process taxonomy to align activities with business, data, and technology priorities

Map end-to-end processes across valuation, capital, ALM, financial planning and analysis (FP&A), and reporting to establish a quantitative baseline of effort, cycle timing, costs, and control touchpoints

Collect and validate data through structured surveys, interviews, and system analytics to capture both effort metrics and underlying process realities, benchmarking to industry peers

Diagnose inefficiencies and pain points across finance and actuarial functions, highlighting redundant reconciliations, data breaks, and manual interventions

Translate insights into a prioritized transformation roadmap with quantified benefits, sequenced initiatives, and measurable ROI

Integrate findings into the KPMG target operating model and connected enterprise frameworks to align people, process, data, experience expectations, and technology

Embed ongoing performance measurement via dashboards and governance routines to make activity analysis a continuous management discipline.

Enable insurers to transform finance and actuarial functions from compliance-focused operations into insight-driven strategic partners.

KPMG activity analysis accelerators

KPMG enables insurers to move from insight to action faster by leveraging a suite of tested accelerators that streamline every phase of the activity analysis journey, from planning through execution to transformation design. These accelerators allow organizations to capture, analyze, and visualize effort data rapidly while embedding results into their broader finance and actuarial modernization programs.

1. **Finance and Actuarial Process Taxonomy Accelerator:** Developed through multiple engagements, the KPMG prebuilt taxonomy catalogs hundreds of standard finance and actuarial activities, such as spanning valuation, capital management, ALM, FP&A, and data operations. It allows insurers to launch activity analysis with a defined structure, benchmarked against industry best practice, instead of starting from a blank page, which helps ensure comparability across business units, regions, and entities.
2. **Activity Data Collection and Visualization Toolset:** Through structured digital survey templates, process-mining connectors, and analytics dashboards, KPMG captures and visualizes FTE effort, cycle timing, and control dependencies in real time. These tools transform raw survey data into dynamic heatmaps, highlighting where effort is concentrated and where automation potential exists.
3. **Transformation Insights Engine:** Built on the KPMG proprietary benchmarking database, this analytics engine compares client activity profiles against industry peers and leading-practice benchmarks. It helps quantify potential efficiency gains, automation ROI, and achievable cycle-time reductions, translating analysis into business-case evidence for investment.
4. **Target Operating Model (TOM) and Roadmap Builder:** Using the outputs of activity analysis, the KPMG TOM accelerator guides clients in designing future-state organizational models that align finance and actuarial capabilities with data and technology platforms. The tool provides structured templates to prioritize initiatives, define role realignment, and sequence transformation waves.
5. **Connected Enterprise for Insurance Framework:** This enterprise-wide model enables insights feeds from activity analysis directly into larger transformation domains, such as data strategy, systems modernization, workforce enablement, and customer analytics. It connects front-, middle-, and back-office objectives into one cohesive transformation blueprint.
6. **Change Enablement and Governance Toolkit:** Recognizing that sustainable improvement depends on adoption, KPMG equips clients with predefined journey maps for typical stakeholders, change-management templates, communications plans, and governance scorecards. These enable leadership to monitor progress, measure benefits, and continuously refresh activity data as part of ongoing performance management.

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