

SAS® end-to-end business intelligence underwrites performance at

HBOS General Insurance

An integrated SAS® solution provides management with essential performance intelligence for the general insurance arm of the HBOS Group

Stephen Fenerty

HBOS is the UK's largest mortgage and savings provider, with well-known brands that include Halifax, Bank of Scotland, Intelligent Finance, *esure*, Sainsbury's Bank and Bank West. "We recently implemented an end-to-end SAS® solution in general insurance to provide information for decision makers," says Tracey Geary, Senior Manager, Management Information at HBOS General Insurance. "This was a critical element in our preparations to bring the underwriting of our Household policies in-house. We needed the right solution to meet the Financial Services Authority (FSA) regulatory requirements in order to transform our business and take on the insurance risk." HBOS General Insurance wanted to go beyond the mandatory requirements to enhance its performance; it could not achieve this without fundamentally addressing information needs.

The 2001 merger of Halifax and Bank of Scotland brought together Halifax General Insurance, St Andrew's Group, Halifax Insurance Ireland and Bank of Scotland Commercial Insurance to create one of the UK's largest general insurance providers. In January 2004 the business changed from being a *distributor* of



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– Tracey Geary Senior Manager, Management Information, HBOS General Insurance

Household insurance to becoming an *underwriter* of its five-star-rated products, a major change that demanded new levels of corporate governance.

"Bringing Household underwriting in-house was the driver for us to redefine our management information strategy," says Geary. "To ensure consistency we wanted one solution to eradicate our existing tactical approaches, and we wanted the best. We needed to hold current and historical data as well as integrate data from external sources to analyze market trends.

The very large data volumes required an efficient extraction process and business users were driving us to improve efficiency through automation – 'to deliver yesterday's results today' – and centralized reporting." Beyond the regulatory requirements, there was also a need to obtain a clear return on investment: the solution had to provide a strategic view of the business and be fully usable by business managers to deliver operational efficiencies and business benefits.

Delivering intelligence

"As we were becoming an underwriter we had to meet FSA reporting requirements on a regular basis, and have the confidence we could meet future requirements," says Rob Thomas, MI Data Warehouse Manager. A mainframe-based information system was already in place, called the Corporate Data Store. Over time, however, business areas, including Retail and Mortgages, had moved away from it due to the rapidly changing business environment. "For HBOS General Insurance the Corporate Data Store didn't deliver next day information, while competition for mainframe processing meant increasing run times as the operational systems took priority," says Thomas.

It was important for HBOS to have a fully integrated solution. "We didn't want to deal with lots of suppliers and put together a piecemeal solution. We had already experienced the interface problems and the increased costs of that approach. We can now concentrate on getting the value out of our data," Geary says. "SAS provides us with end-to-end technology for data management, business intelligence, Web-enabled interactive reporting and analytical intelligence. Powerful analytics and reporting enable self-sufficiency in our management information and, because it's flexible and scalable, we have wide scope for future expansion. We've taken away an unnecessary layer of complexity in our business information."

Rapid deployment

Project timescales were tight to meet FSA requirements. Development took just five months. "It was incredibly fast – a fraction of the time it would have taken to develop on a bespoke system," says Thomas. "With SAS consultants we reviewed and modified the design, which reduced risk, and still achieved our target date. SAS people added value to the point where they understood the data we were working with. Any issues were quickly resolved, and there was a rapid knowledge transfer to the Management Information team. It was really a team effort between MI, Group IT and SAS."

SAS® Scalable Performance Data Server provides the "intelligent storage" element. Initial capacity is around 100GB and involves 250 tables; the largest contains 178 million rows and is growing by 15 million rows each month. "We can provide all static reporting by 8 o'clock the following morning," says Geary. The overnight process is fully automated, with reports delivered via the HBOS-branded SAS portal linked to the company intranet. "We've empowered business users, giving them

easy access to 160 reports plus parameterized reports and multidimensional databases, with SAS' inherent security used to give each individual their own sign-on and password," says Geary.

For example, business users in the sales center can "slice" through information in the ways that suit them best: moving from strategic high-level summaries to detailed data such as "who sold which policy at a given time on a given day." With a few mouse clicks, relevant information is in the hands of the people who need it. Meanwhile, SAS® Enterprise Guide is also being rolled out to business managers.

"Our Management Information Strategy is now underpinned by SAS – working with SAS means the strategy meets our business requirements," says Geary. "We adapted the SAS® Intelligence Value Chain to fit our needs. The next stage is to provide more comprehensive intelligence with SAS® Strategic Performance Management for executives." This provides a structured analysis of critical success factors by linking Key Performance Indicators, giving managers a top-level, comprehensive view of the business.

Geary and her team are now focused on gaining the maximum value from their data: not only the regulatory and compliance aspects, but using the insights gained to push forward the business. "Our MI Strategy is at the core of this drive. We now have an end-to-end solution from data extraction to management reporting and control of our data and reporting without relying on Group IT. Managers are enabled to access their own information – in fact, our CEO uses the SAS portal – and we're confident the solution will grow alongside our business growth, however fast that is.

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About HBOS

Halifax Bank of Scotland Group was formed in 2001 with the merger of Halifax and Bank of Scotland. It has 22 million customers and a relationship with two out of every five UK households. With assets of more than £380 billion (€558 billion), the group is a major provider of personal mortgages, current accounts and credit cards, and is aggressively targeting insurance and business banking customers. Profit before tax in 2003 was more than £3.5 billion (€5 billion). ■

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