

Customer Story



Industry

Utilities

Focus

Risk
Analytics

Business Issue

Provide robust and timely credit risk scores in a very competitive market where the need to protect the business and minimise risk by avoiding debt must be balanced with demands to ensure innovation in service, treat customers fairly and, crucially, retain as many customers as possible.

Solution

SAS® for data access, cleansing, risk analytics, predictive modelling and reporting, including SAS® Enterprise Guide®, SAS® Enterprise Miner™ and SAS/ETS® software; SAS® Education training courses and SAS® Support.

Benefits

Better protecting the business against debt, reducing debt levels; treating customers appropriately and fairly through more targeted pathways; more focused and less risky marketing activity; plus measurable cost savings and productivity improvements.

SAS® Helps ScottishPower Manage and Minimise Debt Across Five Million Customers

ScottishPower is using SAS® Predictive Analytics to produce credit risk scores for 5.3 million UK customers, delivering new levels of insight, protecting the business from debt exposure and helping retain customers by enabling improved customer service.

ScottishPower's Energy Retail business, which provides gas and electricity to 5.3 million UK customers, has a strong reputation for innovation and customer retention that is continuing to develop with the help of SAS®. "We use SAS to protect the business from the debt exposure and to manage customers once they're on supply," says Duncan Bain, Risk Analytics Manager. "It only takes about 20 minutes to run risk scores across our entire domestic base, which we simply couldn't do before."

Understanding Risk and Avoiding Debt

The main role of Credit Risk is to provide a greater understanding of risks in the business, with specific regard to customers and debt, "so the business can take appropriate action to help prevent customers getting into debt, and to form the best strategies to support the customer and recover that debt."

The team started generating risk scores in 2006-7 but, when the time came to move to the next level, SAS provided the solution. "The groundwork had been laid, with modelling and spreadsheet-based analytics, using Microsoft and Oracle tools," Bain says. "We wanted to work far more robustly, and realised the desktop route wasn't practical, not least because we wanted to look at the entire customer base."

With ScottishPower regularly comparing SAS with other solutions, Bain says, "There's still nothing else on the market that can handle the quantity of data that we need to analyse."

Analysing Five Million Customers

SAS is used to generate and propagate risk scores for all domestic customers, collating and cleansing data from various sources. "We use customer and geo-demographic data, creating SAS models to assess the likelihood of a customer getting into debt over a period of time," Bain says. "We apply that score to all new and current customers weekly, with the business able to take decisions based on that risk intelligence." With SAS-derived scores embedded in live systems and risk insights supplied to Sales and Marketing, SAS also supports decisions on highlighting opportunities for certain groups.

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Duncan Bain, Risk Analytics Manager

“Our function is not to say who they should sell to, but who they should not directly target with marketing material.” However, he says the biggest advantage of SAS is clearly its ability to process all domestic customers in a single pass.

“With other systems we’d have to break it down, or sample, so would miss the subtleties we achieve with SAS: for instance, variations resulting from direct debit customers whose account will be in credit at some times but debit at others.” There are time and training advantages, too: “We saw a massive improvement in productivity.” The team has undergone SAS Education courses in various centres; important given members work in different locations. “We’ve had excellent experiences with training,” says Bain.

Improving Business Processes

Bain adds, “Each year we want to do more and work faster – providing more intelligence to the business because that’s what will ultimately make us more competitive – and SAS helps us to do that.” In one specific gain, SAS enabled changes in the reminder process for bills based on the fact that a certain customer segment was now known to always pay within a certain time; moving the mailing date meant a reduction in volumes needed. “We now mail out 43 per cent fewer reminders to this group. At 20 pence a letter that’s an immediate saving, directly based on SAS.”

SAS gives ScottishPower THE POWER TO KNOW®

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