

Case Study

National Westminster Insurance Systems

Database management systems: A better understanding of clients

There was a time when executives complained that information was never timely *'and was never what they really wanted,'* says Julie Pratten, who oversees a management information project at National Westminster Insurance Services. *'We were about to build a new operational system and we wanted to exploit the information it would capture for us.'*

NatWest Insurance Services (NWIS) is one of the largest independent insurance intermediaries in the UK and is wholly owned by National Westminster Bank. The organisation has 30 different operational systems. *'We didn't just want statistics, but information about the key drivers of the business,'* Ms Pratten explains. *'We needed a large database to hold all the data in a common format and make it available to a range of tools.'*

At the end of 1996, the team built a prototype using data from the 'household claims' department to prove the concept of migrating data from one system to another and then interrogating it. *'The prototype proved this and actually solved some of our problems,'* says Ms Pratten. *'It shifted our focus from moving data to the quality of data.'*

The first phase of the development was to complete the 'household' system and build routines so that the database could be updated daily and weekly. The team then moved on to the 'business insurance' department. Summarised financial data from the general ledger followed, using Microsoft Excel (spreadsheet) files created by finance. Human resources data about people and their grades followed, also using Excel. Sales information was transferred from an RDB database. Twice-yearly customer satisfaction surveys giving feedback on sales and service levels were transferred from a Microsoft Access database.

Nobody works directly with the database. Most users access it through specialised software, which creates different views of business performance from the data. Some power-users download data to Microsoft's Access desktop database for off-line planning models, margin management models and cross-selling. These will be replaced by a series of departmental databases fed from the central database. *'Building the database has been invaluable in improving the quality of data in the company because we have refined and cleaned it en route,'* says Ms Pratten.

An important aspect of data quality is ensuring that users understand the data they are using. For instance, 'gross premium' in one business area may be different to that in another. The team has helped the business to agree a standard set of data definitions and terminology that everyone understands. A cross-company 'information management group' was set up to focus on best-practice on information usage. It helps users to develop their analytical skills as they use the information in the database. The team is about to embark on a data mining prototype for the business insurance department.

'As a company, we need to train our staff and move beyond reporting into modelling and analysis,' says Ms Pratten. *'The main benefit of using the software we chose is being able to manage a database with a very small team,'* she adds. *'It has proved very cost-effective and we've been able to build a database without investing millions of pounds.'*

'We recognised that within NWIS we have been "data-rich", but "information-poor",' concludes Ms Pratten. 'If we are to achieve our strategic objectives, we need to understand more about our customers and more about our key business drivers and where we can make changes. The database has highlighted our awareness of data and how it is being used in the business. It has brought us more business focus.'

Source: Financial Times, 18th March 1998

Questions

1. Why was NWIS considered 'data-rich' but 'information-poor'?
2. Outline some of the steps taken by NWIS to make better use of the data it holds and improve its quality.
3. Having implemented a new business information system containing their data, what are some of the business benefits that might be realised by NWIS?