



applications for success

'A new trend in 2005 was that people were talking about core system replacement, and this year, for the first time, they're putting real money behind it,' he says.

A big bang replacement of all business systems is almost impossible to manage and justify. Most companies, therefore, are choosing to focus their attention on key applications.

Such systems include mortgage processing and secured and unsecured lending, because personal debt levels are at an all-time high.

Keal says the holy grail for many companies is a progressive transformation that allows the business to nibble away at functional areas as the need arises.

Such transformational requirements are leading to the adoption of service-oriented architectures (SOAs).

Financial services organisations are using soft technologies to break systems into reusable components, before stringing them back together in various forms to enable the automation and support of business processes from one end of the organisation to the other.

A key element of such activity is to find

ways of integrating core applications, providing common front ends and making information access easier and web-enabled systems a reality.

A number of companies are starting to create specialist enterprise application integration (EAI) departments to tackle this issue.

'A new trend in 2005 was core system replacement, and this year they're putting real money behind it'

'There was a lot of interest in using proprietary or specialist EAI technology a couple of years ago, but few people did much with it as they didn't want to be held to ransom by the integrators,' says Keal.

'But now they can do it for themselves, using things such as SOA toolsets, so we're seeing much more activity.'

Financial services organisations have also reawakened their interest in business intelligence tools, not least because of

a desire to profile customers more effectively to maximise revenue.

Stone says IT managers in the finance sector previously used business intelligence tools alongside customer relationship management systems to extract more detailed information.

But the aim now is to move away from siloed applications dotted around the organisation.

Stone says finance organisations are keen to move towards a consolidated, data warehouse-based system, where core business information can be reused to provide consistent and accurate knowledge to management.

'Now they are saying they need a specific answer to a specific question,' he says.

Such an approach is particularly important in a sector that has traditionally stored huge amounts of personal data to comply with legislation, but which is now being assaulted on all sides with regulatory compliance obligations.

Further reading
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Expert view

IT is charging the business for services now to get financial accountability, so we all know how much processes cost pre- or post-service-oriented architecture. It is not to make a profit; it is to help us become more efficient. Also, helping the business to understand the cost of individual processes is important for management accounting.
Bob Marsh, head of IT strategies, Friends Provident

My advice would be not to try to sell business intelligence projects as something that can be done quickly and easily. They need a lot of time and substantial resources to do well, not so much due to the technical aspects, but because of the need to consult with the business, put training materials together, and position what you're doing and why.
Peter Thomas, vice president of European corporate IT, Chubb Insurance

It is not about companies introducing new technology as such. It is about taking what they have and capitalising on it, and using it a lot better than they currently do. Some argue there's no need for new applications, and that organisations simply need to make the ones they have work better together, very often by better integration between functions.
Eddie Keal, banking business solutions manager, IBM UK

There is a big drive to web-enable applications, because the web provides very low overheads. They are trying to drive people away from paper so they don't have to print statements and send them, which reduces costs. But customers also want to be much more in charge of their financial portfolios, so companies are offering web-based services so they can transact with them directly.
Ed Dennehy, vice president of consulting and professional services at the Logic Group

The focus now is on improving processes and access to information. More budget is also being loosened up after not doing much over the last few years, because of cost containment measures. It is now about how to grow and innovate, and to do that, companies need to improve and consolidate their legacy systems.
Keith Stone, head of consultancy Deloitte's financial services practice

From a customer perspective, it is all about simplification these days. Increasing areas of focus are simplification, growing the business and excellence of execution, with the aim of getting to market before their competitors.
Adam Munton, partner in Accenture's financial services practice

Case study ○ Chubb Insurance

From fragmented intelligence to consolidation

Five years ago, Chubb Insurance was keen to consolidate its fragmented business intelligence tools into a single, standardised system.

The aim was to boost profitability so that the company could better understand the performance of different products in individual markets. Chubb was also eager to identify and exploit new opportunities for growth.

'In the insurance industry there is a real need for high-quality management information, because the business is future-based,' says Peter Thomas, vice president of European corporate IT at Chubb Insurance.

'But there is a lag: you may pay out a claim 20 years after writing the original policy, so you have to be good at understanding where you are now and where you may be in the future.'

As Chubb analysed business intelligence it was keen to boost underwriter productivity. The company wanted to reduce the amount of time spent on compiling reports for key customers, a process that could take up to five days for complex business clients, with operations contacting multiple brokers and countries.

The company decided to introduce the European Management Information Repository (Emir), a data warehouse to consolidate information held in its current and legacy production systems.

It took two years to deploy the technical infrastructure, which included Informatica's



Thomas: need for high-quality information

PowerCenter tool to extract, transform and load data from disparate sources.

By June 2003, the organisation had delivered its first industrial-strength report allowing staff to analyse product profitability.

Other report groups were added over the next couple of years, including managing broker relationships, claims management and external portfolio management. Further reports are due to be completed by the end of 2006.

Through the process, Thomas says Chubb has released a series of prototypes to be

used by control groups of about 20 staff.

'I don't think we would have been allowed two years to build Emir if we hadn't shown we were making progress and providing benefits as we went along,' he says.

'But we kept people in the loop so they had confidence that we were going in the right direction.'

Thomas believes communication is crucial to the success of data integration projects. He says each report should be tied to a real business need, so it can support decision-making.

'The technical piece you can do very quickly, but it takes a lot of time consulting with the business,' he says.

'We wanted this project to be less about nifty IT and more about cultural transformation, because it was about being able to rely on credible, accurate management information that would be at the heart of our business decisions.'

Linked to such an approach was the adoption of a multi-channel marketing methodology, which helped to raise awareness of the initiative across the organisation. It included emailing out regular progress reports, and the creation of an information-based intranet site.

Another crucial factor in the success of the scheme was high levels of staff training, which amounted to three days for each of the 450 people now using the system.

'You have to put as much into training as you do into development,' says Thomas.