



Direct Line Group: Tackling Complexity

KEY METRICS (Q1 2015)

16.4m inforce policies

£3Bn GWP

12,500 staff

“Altus were able to capture the complexity of our business and break it down into a few simple but very powerful views. The Capability Model that the Altus team built has helped to improve engagement across the business and also allowed us to structure one of DLG’s key programmes in a way that I didn’t think was possible.”

Greg De Saulles, Director of
Architecture and Strategy

BACKGROUND

When Direct Line launched in partnership with RBS in 1985, they couldn’t foresee the complex business model that existed when divesting nearly 30 years later. During the time with the bank, RBS acquired a number of other insurance businesses, namely Churchill, Privilege and NIG as well as roadside assistance and vehicle recovery provider Green Flag.

At divestment in 2012, Direct Line Group covered multiple products across personal lines, and commercial insurance for the SME and large business market. With operations in Italy and Germany too, DLG had become a complex multi-brand, multi-product and multi-geographical business.

Now an independent insurance company, DLG has entered the FTSE 100 and is looking to take further advantage of being a stand-alone business and continuing the growth story.

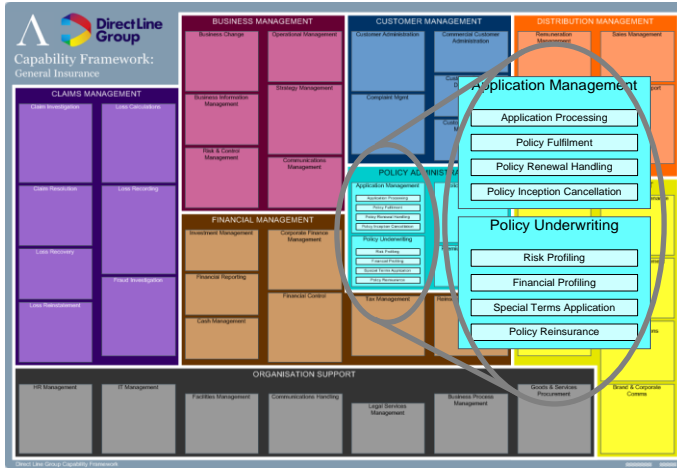
ALTUS ENGAGEMENT

All this complexity comes at a cost. The divested business had an expensive IT estate where little focus had been afforded to consolidation in the previous growth years with the bank. A real opportunity existed for the business to look at application synergies across brands and products, thereby reducing IT run costs and allowing future investment to be channelled into new ideas.

DLG were looking for a partner they could work with collaboratively, rather than just deliver to them. As well as the underlying application rationalisation and cost saving initiative, DLG were looking to develop their staff along the way. Altus was the natural choice given our GI industry experience and ability to train clients in the method and techniques we use.

A DIFFERENT APPROACH

VISUALISATION



Most application rationalisation exercises start (and end) with an application inventory. IT departments typically spend considerable effort cataloguing IT systems and pigeon-holing applications into functional areas – CRM, Policy Admin, Claims, Payment Engine etc. Whilst this may give a headline domain for each system, it doesn't say much about what the business actually use the system for.

Altus has developed a different approach to application rationalisation driven by understanding the business capabilities that each system provides. At DLG, we worked with staff across the whole business to first build a capability model of their business, and then map applications to the newly created capability model.

This initial exercise involved running a number of workshops to understand the flows of information into and out of the business, and who those information flows interact with in the outside world. Once these were understood (all 4000 of them!) we then had enough detail to run more focussed sessions for each business area and finally put together a tailored capability model for DLG (containing 800+ business capabilities). Business engagement is key at this stage and DLG certainly ensured we had the buy-in we needed to make this exercise a success.

Visualisation is our mantra at Altus, and we helped DLG to understand their estate in pictures as well as providing detailed underlying mapping spreadsheets. Seeing an "estate-on-a-page" and also being able to compare application-capability "footprint" diagrams side by side was key to providing some powerful insight across the IT estate. The team were able to identify numerous areas of overlapping systems across brands and products – an obvious result of the number of acquisitions, but seeing this on a single page brought it to life. Other areas identified were legacy applications, multiple versions and instances of the same application, as well as "surplus" applications that were no longer used but were hitting the bottom line in terms of cost.

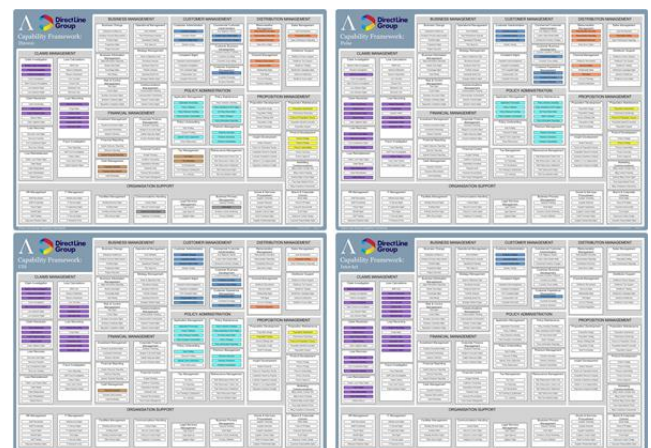
BEYOND RATIONALISATION

This exercise was not just about cost savings, it was about engaging the business in an IT cost saving exercise and bringing them on the journey their CIO was leading. The building of the Business Capability Model was a key first part of this exercise - agreeing the information flows, content, structure, language (and the colours!) of the model gave DLG a real sense of ownership. Using it to visualise an IT landscape in business terms allowed us to demonstrate the power of the model.

For DLG, use of the model won't end there. Having an engineered, complete and, most important universally accepted view of the business provides a bedrock for change. Key decisions about the overall change lifecycle, programme scoping, IT and business roadmaps, organisational change and further underlying costs will now be built on solid foundations.

BUSINESS LANGUAGE

The second stage of the exercise was to revisit the application inventory and speak to both business and IT users to understand in more detail what each application was used for. Again, great engagement from the business meant that we were able to cover the vast application inventory in a relatively short space of time as well as identifying EUC surprises. We now had a comprehensive view of the application estate and how each application was really being used.



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"It was a pleasure working alongside the Altus Consultants. They delivered beyond our expectations."

Terry Morland, Head of Solutions,
Corporate Functions & CIO