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| Overview  Country or Region: Canada  Industry: Financial Services  Customer Profile  CAA South Central Ontario club provides members with a range of auto, insurance and travel services.  Business Situation  A patchwork of disconnected data warehousing solutions made it nearly impossible for CAA to get ‘one version of the truth’ for its insurance data, hindering growth.  Solution  In less than a year CAA launched an advanced a revolutionary business intelligence system that can analyze 60million rows of data, and promoting growth.  Benefits   * Industry pioneers * Leadership in the insurance industry * Reduced cost and greater IT efficiency * Scalable, flexible architecture |  |  | “There’s a lot of buzz around here because everyone realizes this doesn’t just represent dollar savings, but an actual, strategic, bottom-line impact to the business.”  Jay Woo, chief operating officer, CAA South Central Ontario |
|  |  | For more than 100 years, CAA’s South Central Ontario club has provided members with a range of auto, insurance and travel services. In 2008, the South Central Ontario club wanted to take advantage of its 1.8 million roadside assistance customers to grow its insurance business and better compete against larger insurance players. A patchwork of disconnected data warehousing solutions made it nearly impossible for CAA to get ‘one version of the truth’ for its insurance data, hindering this vision. CAA turned to Microsoft SQL Server 2008 to help completely remodel the data warehousing structure at CAA South Central Ontario, standardize on a single platform and implement a service oriented architecture (SOA) model. In less than a year Woo and his team have delivered the advanced business intelligence system CAA needs to succeed in the insurance business, a solution that can analyze over 60 million rows of data, and that has attracted attention from across the industry. |
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Situation

Whether Canadians are stuck on the highway with a flat tire or dealing with the aftermath of a leaky basement – the Canadian Automobile Association (CAA) is who they rely on to send a tow truck or make sure their home insurance covers the damages. With over five million members the Canadian Automobile Association (CAA) is one of the largest consumer-based organizations in Canada. Best known for its emergency roadside assistance, CAA also offers its members valuable travel and insurance services through nine automobile clubs and 148 offices across the country.

For more than 100 years, CAA’s South Central Ontario club has provided this densely populated region with a range of auto, insurance and travel services. In 2008, the South Central Ontario club wanted to take advantage of its 1.8 million customers to grow its insurance business and better compete against larger insurance players.

Insurance is all about calculating risk – accurate customer information is instrumental in determining the right policy and price for each customer that will deliver positive returns for CAA South Central Ontario. The biggest roadblock to achieving its growth strategy was lack of accurate business intelligence due to a siloed data warehouse.

For years, individual departments at CAA were responsible for their own data warehousing, and across the company that data resided in a patchwork of disconnected solutions based on Microsoft®, Oracle, and at least four other proprietary technologies. This siloed environment made it nearly impossible for CAA South Central Ontario to get ‘one version of the truth’ on its customers.

"There was no single view into our data, and that was a big problem,” says Jay Woo, chief operating officer, CAA. "It led to multiple versions of the truth, and no one could get the single, accurate view of our clients that we need to build our insurance business. That information is critical. Everything from determining rates, policy renewals and special offers relies on client data being accurate and up to date, and it was urgent that we fix it.”

The ability to correctly assess risk is especially vital. Each time a member applies for home coverage, for example, CAA must be able to mine that applicant’s data to determine information such as the age of their neighbourhood, or whether house is located in an area prone to floods or near hazardous facilities. Incorrectly assessing risk based on faulty information can lead to substantial losses down the road.

"The old system meant we were prone to competitive anti-selection. Because we couldn't accurately determine a policyholder's risk, we attracted business other insurance companies would never accept. If we stayed on course, we would incur higher risk and unacceptable losses," adds Woo.

Additionally, Canadian insurers are bound by a range of privacy and data regulations that, for example, make it illegal in some provinces to set auto insurance rates based on variables such as age. Reports looking at potential clients must be carefully designed to omit specific information. Given these stringent requirements and siloed database systems, it could often take days to run reports. Business analysts would spend at least two weeks pulling and scrubbing the data to piece together the “one version of the truth” the company needed to make its decisions.

The heterogeneous environment also taxed CAA's IT resources. Supporting multiple database technologies required specialized skills and a great deal of time and effort, plus sizeable licensing fees.

Solution

Woo and the IT team decided to completely remodel the data warehousing structure at CAA South Central Ontario, standardizing on a single platform where possible and implementing a service oriented architecture (SOA) model to ensure that data could move seamlessly across the auto, travel/retail, insurance and marketing divisions. This would break down the existing barriers and make information easily accessible to everyone from call centre staff to senior executives.

CAA looked at multiple competitive technology platforms. "When we looked at these technologies in detail, we saw that the other competitive tools were not as interoperable as Microsoft’s core stack, and that meant we would spend more time making the technology work together vs. doing what we needed it to do," says Woo.

With their decision made, Woo and his team set about re-architecting the business intelligence environment. Using Microsoft Visual Studio® 2008, the Microsoft .NET Framework, Microsoft SQL Server® 2008, Microsoft SQL Server 2008 Integration Services and Microsoft SQL Server 2008 Analysis Services, they built a series of reusable Web services, defining each business process related to submission, storing and gathering of data that could be consumed across the organization. There, data can be quickly analyzed and routed to the desktop in a spreadsheet through Microsoft Office Excel® 2007, or as part of scorecards and customized dashboard generated in PerformancePoint. All documents generated by the BI system are then stored and shared in a customizable portal built using Microsoft Office SharePoint® Services.

Using the advanced ETL features in SQL Server allows each division to manage rules governing data as best suits their needs without having to involve the IT department to manually make the changes for them. The IT team also designed the SQL Server database in a multi-dimensional model – enabling near limitless combinations of queries and questions to be made against it - and making it easy to change or expand as the business evolves.

To take full advantage of existing assets, the system also integrates in near seamless fashion with the Oracle and other legacy databases still in use at CAA.

Benefits

In less than a year, Woo and his team have delivered the advanced business intelligence system CAA needs to succeed in the insurance business, a solution that can analyze more than 60 million rows of data, and that has attracted attention from across the industry.

“There’s a lot of buzz going on around here because everyone realizes this doesn’t just represent dollar savings, but an actual, strategic, bottom-line impact to the business. It is having a big impact on everyone, and that’s really exciting,” says Woo.

***Industry pioneers***

The data warehouse solution is not only a key business driver for CAA, it also represents an important milestone in the insurance industry. In nearly every P&C insurance company, there are complex calculations for determining loss ratios, earned premium and risk factors that correlate to loss. These metrics drive many other metrics, and are critical components of running an insurance company. The mechanics are simple, but are complicated due to the many variables that affect these calculations. As a result, most insurance companies run those calculations on a monthly or quarterly basis.

However, leveraging Microsoft SQL Server 2008 Integration Services, CAA built a logic engine that enables staff to calculate this intelligence on a daily basis. This gives CAA a key competitive advantage against rival companies that cope with a lag from anywhere between one to three months.

“With this capability we can proactively manage our business better and maximize profitability. Plus, if this complex logic ever changes, we change it easily because of the Microsoft foundation,” says Woo.

The solution has also attracted the attention of other insurance companies, opening the door to potential commercialization opportunities.

***Leadership in the insurance industry***

No longer is the data warehouse a hindrance to CAA’s business goals. Today, it’s the engine that powers its competitive edge. The new business intelligence system has positioned CAA to begin leveraging its vast membership and growing its insurance business in earnest, and make inroads into a highly competitive and tightly regulated marketplace. Not only can CAA maximize its existing membership data and identify potential new clients for its insurance business based on buying habits, it can ensure those clients are the right kind of clients – low-risk. Using data gleaned from the system, reports can be instantly superimposed on a virtual map using Microsoft MapPoint® 2010 to determine who lives in a high-risk area, or is more prone to be victims of natural disasters, helping CAA manage their risks accordingly.

“In insurance, there’s no such thing as bad risk, just bad pricing. We want to differentiate ourselves from competitors and provide different offerings, but do so with the confidence that we’ll not face substantial losses along the way. The new Microsoft data warehouse provides all this and more,” says Woo.

“As a relatively small organization, we can’t compete head-to-head with the large banks, so we have to be innovative to outmanoeuvre them. Our new enterprise data warehouse solution helps us do that. It enables us to be nimble, and leverage the power of our huge membership database in real-time, something our competitors don’t have,” says Nick Parks, President and CEO of CAA South Central Ontario.

***Reduced cost and greater IT efficiency***

Prior to implementing the new data warehouse, it would take at least 24 hours for one of six dedicated analysts to run a typical report – activity that had to be performed on the weekends to avoid interfering with day-to-day activity. If any of the reports were done incorrectly or contained errors, the entire process would need to be repeated. It was not unusual for reports to take weeks – even months – to be finalized.

Since implementing the new business intelligence platform, anyone on staff can request a report based on any criteria they need and get it within minutes. Not only has this given staff the information they need to make business decisions, it has also allowed the IT team to be re-deployed to more strategic initiatives. It has even helped boost team morale – two of those analysts also had backgrounds in .NET development, skills they are now able to put to use as part of a new, business-wide project.

“The data warehouse project was a catalyst and a real shift in thinking for the IT department. Now we’re seen as true business partners, moving well beyond the break-fix model and more into identifying new areas for the business to grow,” adds Woo.

***Scalable, flexible architecture***

Tapping into the broad .NET development community and the learning resources available on the Microsoft Software Development Network (MSDN), the IT team at CAA was able to follow an agile development method and deliver the first iteration of the new data warehouse in just 10 months.

“The market for Java and Oracle skills is far more niche, and we were never delayed because of questions or technical issues. Anytime a question or obstacle came up, we were able to find the answer in a blog or webinar on MSDN,” says Woo.

Setting the stage for business transformation has also energized the IT department, helping CAA recruit more people to the team and changing how the team is perceived in the office. “A year ago we were perceived as the ‘fix it’ team. We’ve opened people’s eyes to what we can do, and we’re now involved in vision and strategy, which is appealing to everyone on the IT team.”

Microsoft Server Product Portfolio

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| Software & Services   * Microsoft SQL Server® 2008 * Microsoft Office SharePoint® * Microsoft Visual Studio® 2008 * Microsoft .NET | * Microsoft Office Excel® 2007 * Microsoft SQL Server 2008 Integration Services * Microsoft SQL Server 2008 Analysis Services |

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To find out how you can use Windows SQL Server 2008 to deliver your solutions, go to <http://www.microsoft.com/sqlserver/2008/en/us/default.aspx>