Case Study | Domestic & General

D&G Improves Pricing Success with Advanced Analytics and Machine Learning



Case Study: D&G

CHALLENGE

D&G's Customer-centric mission

For the vast majority of D&G's history, the insurer sold warranties for appliances and white goods based on a limited number of product attributes such as make, model, and age. While its past pricing model did work successfully, D&G's pricing team recently realized that they could do more to analyze and understand customers, and deliver personalized pricing options.

In 2016, D&G began exploring increasingly complex models to best meet customers' needs. Paul Davies, Head of Data Science, explains the start to their journey. "Our past pricing approach wasn't as fast and efficient as we would have liked, so we definitely wanted to improve our pricing processes," he explained. "We also wanted to become much more customer-centric and provide better services for our customers."

Prior to implementing Earnix, D&G was using a few standard technologies along with homegrown systems for developing and deploying pricing models. They relied on a toolset that included Microsoft Excel, SQL databases, and even legacy IBM AS/400 mainframes.

"While our old way let us create pricing models that were easy to implement, it just couldn't react fast enough to changes in the market or deliver the analytics we needed to develop personalized pricing strategies," said Davies. "D&G always wants to provide better service to our customers, we decided to see if we could improve this approach."

Domestic & General

Domestic and General (D&G) is the UK's largest provider of extended warranties for white goods and is trusted by more than eight million customers. For more than 100 years D&G has been a leading provider of aftercare for millions of domestic appliances.

Today, D&G looks after nearly 24 million products and repairs or replaces nearly 2.9 million appliances every year in countries around the globe.

Industry:
Insurance

Company Size:
Enterprise (1,500 employees)

Location:
UK

Software:
Earnix Price-IT™ Enterprise

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>
> **Paul Davies**
>
> *Head of Data Science, Domestic and General*

DataRobot

DataRobot offers an automated machine learning platform for users of all skill levels —business analytics professionals, software engineers, data engineers, and data scientists—to quickly build, test, and deploy highly accurate machine learning models.

SOLUTION

Adopting new technology for personalized pricing

D&G started looking for a pricing solution that could automate its manual pricing efforts, enable real-time adjustments, and deliver the ability to personalize extended warranty offerings. D&G recognized that the right solution would allow them to achieve specific goals related to customer acquisition, retention, and loyalty, but ultimately, it would help the company increase revenues and profits.

The D&G pricing team was aware that insurers were increasingly adopting new artificial intelligence tools such as machine learning and other advanced analytical techniques. The D&G team leaders recognized that attaining their goals made flexibility, automation, and scalability paramount to project success.

"We were really looking for an end-to-end pricing and rating platform that offered all of these capabilities and would be able to work with other vendors' solutions," said Davies. "We needed all the tools at our disposal to understand our customers better and develop robust pricing models to offer them a personalized price that reflected their specific needs."

The right decision: partnering with Earnix and DataRobot

After evaluating many vendors and products, D&G selected Earnix and DataRobot. "It was the right decision because Earnix could clearly address our immediate pricing challenges and goals," explained Davies. "We also saw that the solution could grow with us as we evolved from simple pricing models to much more complex analytics and advanced multi-plan personalization."

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IMPACT

Analytically-driven automation drives efficiency

One of the first benefits D&G achieved was a result of Earnix's automation capabilities. "It's critically important," said Davies. "We have more than 100 pricing models in place so Earnix's automation functionality helps us keep them up to date easily. But it also helps us with speed. For example, if we need to react to a change in the market and adjust a model, we can do it much faster than we ever could have in the past. We're now much better positioned to focus on future plans and improvements." With Earnix, D&G is also able to log, document, track, and audit what data is being used in various models, and in which capacity. It's an important advantage to provide the audit and documentation information the company may need to respond to audits or inquiries from regulatory agencies.

2

Earnix and DataRobot bring new levels of personalization

The Earnix Price-It platform also enabled D&G to manage a larger vendor ecosystem in a single solution. For example, D&G was able to use DataRobot's machine learning models directly within the Earnix solution to develop and deploy effective pricing models extremely quickly. The D&G executive team was initially skeptical about machine learning, so Davies started with a small trial of approximately 10,000 customers. The Earnix-DataRobot integration empowered business analysts and data scientists to deploy state-of-the-art machine learning models in a fraction of the time over traditional analytical modeling processes.

"Thanks to Earnix and DataRobot, we can now create highly personalized offerings that reflect real-time market changes," said Davies. With these models in place, D&G can now price 40 times more plans per month—over 400,000 plans per month. Best of all, these results were easily understood by D&G's senior leaders who fully support Davies' plan to roll these machine learning models out to more customers and other lines of business.

3

Earnix Price-It checks all the boxes

"With Earnix, we now have the ability to deliver the best product, at the best price, with the best messaging, and in the most effective marketing channel," said Davies."Even better, we can do this all extremely quickly and in response to real-time market changes. We could not have achieved all of this without Earnix."

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Email us at info@earnix.com

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Earnix is a leading provider of mission-critical systems for global insurers and banks. Through Earnix, customers are able to provide prices and personalized products that are smarter, faster, and safer in full alignment with corporate business goals and objectives. Earnix's customers deliver over 1 billion quotes per year through Earnix's solutions, offering systemized, enterprise-wide value with ultra-fast ROI. Earnix has been innovating for Insurers and Banks since 2001 with offices in the Americas, Europe, Asia Pacific, and Israel.