



# Dell Financial Services Creates a Universal Decision Engine with FICO Decision Management

case study:  
customer management



**Client** Dell Financial Services, providing loans and leases for consumers and small/medium businesses, with a portfolio of \$4.5 billion.

**Challenge** Due to stellar growth since its inception in 1997, the scope of Dell's decision making for consumer and business lines of credit was becoming increasingly more complex with higher performance demands.

**Solution** A new Universal Decision Engine platform for improving origination risk and fraud decisions, comprised of FICO™ Blaze Advisor® business rules management system, FICO™ Falcon® ID solution and FICO® Capstone® Intelligent Data Manager

**Results** With a powerful and flexible rule-based decision system, Dell now performs a far greater number of automated customer decisions with greater precision in risk and fraud measurement, resulting in faster customer response time and the ability to quickly market new offers.



*"We were looking to replatform and reinvigorate our entire originations system, and FICO was really able to help us develop a comprehensive vision. We didn't want to put another patch on the problem. We wanted a system that would be fast, built on the best analytics, and have us running at peak performance at any point in the process."*

—Brian Burdick,  
Senior Risk Officer  
Dell Financial Services

## Service oriented architecture approach to Decision Management improves speed and accuracy of risk and fraud decisions in originations

### » CHALLENGE

Since it was founded by Dell Inc. and CIT in the spring of 1997, Dell Financial Services has experienced tremendous growth.

Each year since its inception, it has achieved impressive double-digit gains. Focused on loans and leases for consumer and small/medium business, DFS has a portfolio of more than \$4.5 billion, has originated more than \$18 billion in finance transactions and has expanded their customer base to more than 40 countries worldwide.

The challenge was getting its originations system to grow with it.

"With growth came compromises," says Brian Burdick, senior risk officer, DFS. "We weren't always afforded the luxury of doing things right—sometimes we had to do them fast."

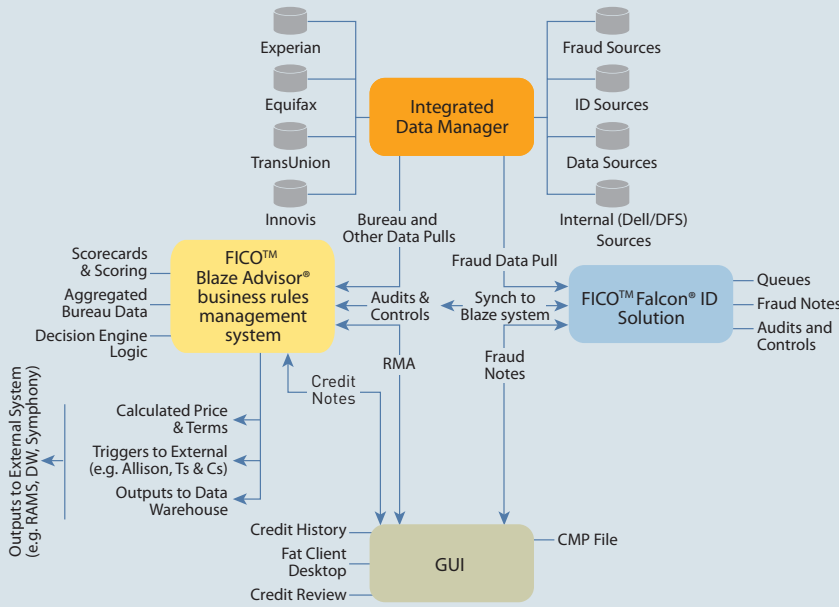
Applications were processed by a single, custom coded system with added custom features.

Trying to get the system to adapt to DFS' changing needs resulted in a number of problems related to the system's agility:

- The system was inflexible when trying to add new scoring models.
- Data was only available through extracts with no visibility using standard query tools, and there was little confidence in the accuracy of the available data.
- Data was only accessible from a single credit bureau, but all three major bureaus were required for decisioning.
- The business was completely reliant on IT for all changes in decisioning logic, making changes more difficult and time-consuming.

These inefficiencies created a system that was inflexible. If the marketing team wanted to go to market with a new offer, the entire process could take six to nine months. DFS needed a system with greater agility in order to facilitate its business growth.

## FICO consulting components provide design, delivery and training for analytic model deployment



To provide Dell Financial Services with a Universal Decision Engine, FICO professional services staff integrated FICO Blaze Advisor system, Falcon ID solution and Capstone Intelligent Data Manager into a coherent set of rules-driven decision services. Based on FICO's Decision Management approach, the system is designed to help Dell make more profitable decisions across its enterprise.

Another challenge was fraud management. The system protected against fraudulent activity by producing a fraud score, however, a high percentage of applications went to manual review. With the volume of applications DFS was processing each day, this "warm body/brute force" approach to fraud prevention was a tremendous drain on resources.

"We achieved great numbers," says Burdick, "but the effort it took to pull it off was much more than it had to be."

### » SOLUTION

It was clearly time for improvements, but rather than doing a system upgrade, DFS decided to "cast the net a little wider" and take a broader look at the various decision systems and originations systems that were available.

After a lengthy RFP process, DFS chose FICO to help it complete its vision for an efficient, automated solution.

"We were looking to replatform and reinvigorate our entire originations system," Burdick says, "and FICO was really able to help us develop a comprehensive vision. We didn't want to put another patch on the problem. We wanted a system that would be

fast, built on the best analytics, and have us running at peak performance at any point in the process. It was also important that support was available when we needed it".

The shared vision of a new platform became the plan for the "Universal Decision Engine." The UDE is composed of FICO™ Blaze Advisor® business rules management system, the FICO™ Falcon® ID solution for credit fraud detection and FICO® Capstone® Intelligent Data Manager for credit bureau data access. FICO's professional services group would use their expertise to integrate these products into a coherent set of rules-driven "decision services," with the Blaze Advisor system woven throughout as the lynchpin of the solution.

The system is based on FICO's Decision Management approach of automating and improving decisions across the enterprise. This comprehensive approach allows businesses to make more profitable and targeted decisions in the same way across channels, business units and geographies, while being able to adapt "on the fly."

"We are going to have systems with separate functions, for bureau call-outs, decisioning and routing logic or fraud management. So you're going to be functionally separated, but you'll be logically integrated, which is really, really important. If you make a change in one place it cascades throughout."

Once they had buy-in from the business, DFS started work on the first phase, which focused on the consumer side of their business. This phase included introducing new bureau call-outs, new scoring models and replacing its fraud approach.

## » RESULTS

"There's a lot of excitement in our business," says Burdick, "especially around managing fraud much more efficiently, more specifically, than before. We're also looking to bring the time it takes for introducing a new offer from six to nine months down to less than two weeks."

Dell Financial Services is also adjusting to thinking enterprise-wide, rather than focusing on individual channels or business units.

"Decision Management truly requires enterprise thinking," says Burdick. "As we begin to roll this out outside specific silos, we begin to see how

the impact on the fraud backend is directly correlated to what we do from a credit decision standpoint, and vice versa."

With the Universal Decision Engine in place on the consumer side, future phases will focus on their small/medium business, account management, its collections strategy and offer pre-screening, each built on the UDE. The initial results have been impressive. DFS has measured double digit increases in application approvals and revenue growth.

"We're looking forward about three years," says Burdick. "When we reach our goal, we will have realized the complete Decision Management vision."

## Decision Yield

### Precision

More precise measuring of fraud risk will allow for more automated decisioning and reduce the high number of applications that require manual review.

### Consistency

Improved analytics and scoring models will ensure that customers receive consistent treatment across channels. In addition, the decision engine will make Dell's decision logic and other functionality available to multiple product lines.

### Agility

Dell can use the new system to roll out new offers in less than two weeks, rather than six to nine months. In addition, they can quickly add new scoring models.

### Speed

By replacing manual reviews with automated decisions, Dell can respond more quickly to customer requests.

### Cost

Reducing the number of manual reviews has drastically lowered the staff hours needed to decision applications.



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