

Switch to Satellite Improves Communications, Saves \$1 Million a Year at American General Finance

When American General Finance (AGF) wanted to improve distribution of critical information to its more than 1,300 branches nationwide, the company decided to explore alternatives to the traditional terrestrial communications facilities that were then in place.

AGF, a leading provider of financial services, needed a communications network that could deliver more stability and reliability, as well as improved performance and lower costs. The Evansville, Indiana-based company also required the flexibility to make rapid changes at branch locations without waiting as long as two months for local phone companies to get communications up and running.

In a thorough review of technologies, AGF looked at frame relay but found that its availability was limited. The company then evaluated the benefits of satellite technology

and ultimately selected a PEST™ very small aperture terminal (VSAT) system from Hughes Network Systems (HNS). AGF based its decision on HNS' 25 years of unparalleled expertise and dedication to the VSAT business.

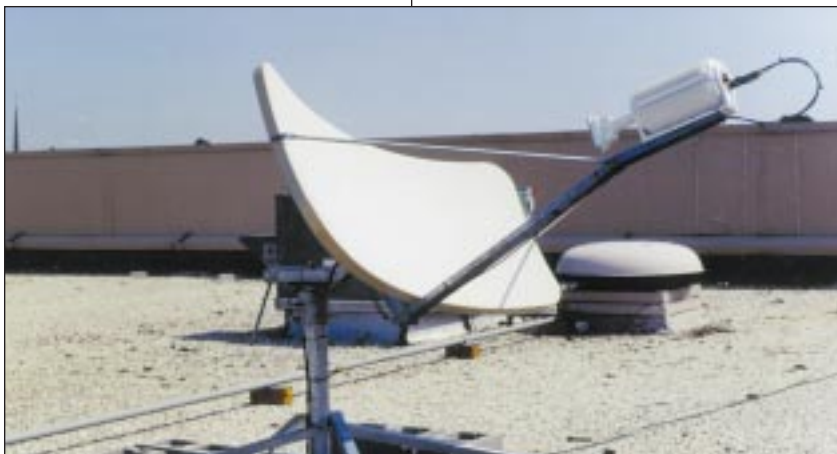
"We chose Hughes because satellite communications is its core business, and the company is dedicated to the VSAT business and to the network architecture," says Don Apple, vice president of AGF's Data Center. HNS provided a turnkey solution to AGF, including all hardware and software, installation, service, and maintenance.



Since switching to the HNS VSAT network, AGF has slashed network infrastructure costs by more than \$1 million a year when compared to the terrestrial leased-line system previously used. It also reduced by half the notification time required for getting communications up and running during branch relocations — from 60 days to 30 days or less. Moreover, with a VSAT wide area network (WAN), AGF can send application code updates to the AS/400s installed at its more than 1,300 branches, and do it simultaneously instead of the 24-hour process of transmitting information one branch at a time over the previous landline system.

Moving to Satellite

AGF, with more than \$9 billion in assets, has offices in 41 states, Puerto Rico, and the U.S. Virgin Islands. The company, a subsidiary of American General Corporation, has offered consumer and home equity loans and insurance products for more than 75 years. Today, AGF provides loans, retail



financing, and other credit-related products to more than 2.5 million families through 7,000 loan specialists.

When AGF began looking at alternatives to leased lines, one of its key objectives was to gain the flexibility to make changes at its branches without long lag times before communications were operational.

“It is not unusual for us to open, close, or move an average of 10 to 15 branches a month,” says Apple. “Every time we made a change at the branches, we had to work with each area’s local exchange carriers, which are usually independent of each other. We wanted to get away from the bureaucracy of the local exchange carriers not getting a branch up and live on schedule.”

Each AGF branch has an AS/400 and associated terminals onsite

Since switching to the HNS VSAT network, AGF has slashed network infrastructure costs by more than \$1 million a year when compared to the terrestrial leased-line system previously used.

to collect of information on local customers and to process transactions. A master database resides at the company’s headquarters and contains account data on every AGF customer, but does not have detailed information on a specific site’s accounts, such as special circumstances for billing or changes in billing dates. Each branch can access the central data system online. For example, if a customer comes into a branch and wants to make a payment, the branch enters the check and payment information into the AS/400

terminal at the branch site. The information is sent via the VSAT link from the branch to the data center, where the database is updated at AGF headquarters. The transaction verification is then sent back to the branch, where the AS/400 database is updated and the account balance is adjusted accordingly.

Improving Performance, Cutting Costs with VSAT

The VSAT WAN also has significantly reduced the amount of time it takes AGF to distribute application codes, which reside



on all of the branch AS/400s. The application code is the primary source used to complete the company's business functions, such as processing loan applications and payments. Before switching to the VSAT network, distribution of the code took more than 24 hours as the information was transmitted to the branches—one at a time. Distribution was controlled by the limitations of leased-line bandwidth.

To resolve the problem, HNS installed its "file broadcast, store-and-forward" software. This software feature draws upon one of the inherent benefits of satellite technology, specifically, its broadcast capability. This feature enables AGF to send application code updates to the remote office AS/400s over the satellite network in "bursts" that can be broadcast to the more than 1,300 office sites simultaneously — all in a fraction of the time required of the previous terrestrial network. Furthermore, the HNS software guarantees that files reach their destinations successfully by automatically recognizing errors and re-sending the information until the transmission is complete.

"The VSAT network has drastically changed and improved the code distribution process," says Apple. "Now we send an average of 10 to 12 megabytes at a time, which can be distributed in about four to five hours instead of the day or more it took before our VSAT network was installed."



"The VSAT network has drastically changed and improved the code distribution process," says Apple. "Now we send an average of 10 to 12 megabytes at a time, which can be distributed in about four to five hours instead of the day or more it took before our VSAT network was installed."

Has AGF achieved the goals it set when the VSAT network was implemented? "Yes," Apple states emphatically. "We have met every one of our goals. Overall, I would have to say we have a much more reliable network with VSAT technology because we do not experience the problems with numerous local exchange carriers and telecommunications companies across the country and the infrastructure problems that you have with telephone service."

In fact, on occasion, HNS has been able to handle branch change requests with just 15

days' notice, Apple notes. AGF knows when the network "goes live" because the AS/400 equipment is there in advance of the cutover date. AGF also has experienced improved reliability with the VSAT network.

"In the leased-line world, we were experiencing cases where the utility company was digging up a parking lot, ripped out the telephone infrastructure and caused a branch to be out of commission for two or three days," Apple remembers. "A few years ago, a farmer buried a cow, cut lines in the process of digging and knocked out communications for the entire

DOMESTIC OFFICES

Eastern Region

CT, DE, DC, KY, ME, MD, MA, NH,
NJ, NY, PA, RI, TN, VT, VA, WV
Phone: 732-906-3100
Fax: 732-906-3550

Western Region

AK, CA, CO, HI, ID, MT, NV, NM, OR, UT, WA, WY
Phone: 858-452-4643
Fax: 858-597-8925

Central Region

IL, IN, IA, KS, MI, MN, MO, NE, ND, OH, SD, WI
Phone: 773-714-8800
Fax: 773-714-0223

Southern Region

AL, AR, FL, GA, LA, MS, NC, OK, SC, TX
Phone: 404-848-7750
Fax: 404-848-7749

INTERNATIONAL OFFICES

HNS International

United States
Phone: 301-428-5765
Fax: 301-428-7099

HNS Europe

Corporate Offices
Italy
Phone: 39-06-844-0611
Fax: 39-06-844-061224

United Kingdom
Phone: 44-1908-221-122
Fax: 44-1908-221-127

Russia and the former Soviet Union
Phone/Fax: 7-095-967-0363
Sat. Phone: 7-502-258-0363
Sat. Fax: 7-502-253-2310

Southeast Asia

Philippines
Phone: 63-2-811-0370
Fax: 63-2-811-0459

North Asia

China
Phone: 86-10-6512-2288, X502
Fax: 86-10-6512-3593

Latin America

Brazil
Phone: 55-11-5582-0335
Fax: 55-11-5582-0576

Mexico

Phone: 52-5-280-9245
Fax: 52-5-280-8875

Anglophone and Southern Africa

Phone: 27-11-655-1616
Fax: 27-11-655-1614
Mobile: 27-82-881-0058

Francophone and Northern Africa

Phone: 44-171-259-2287
Fax: 44-171-372-4342



southeast for a couple of days. We just do not have problems like that with the VSAT network.”

Looking to the Future

What does the future hold for AGF and the HNS’ VSAT network? Last year, the company implemented integrated Ethernet interface cards in the VSAT units that will allow it to complete more IT infrastructure initiatives, such as establishing a corporate intranet so as to broaden the capability of communicating with the branches. “This means we will enable branch-to-branch communications, as well as traditional branch-to-headquarters communications, using Lotus Notes email, for example,” explains Apple. AGF also plans to develop internal Web pages to detail store policies and procedures, all of which are currently distributed on paper. Additionally, the company is

considering videoconferencing for corporate communications and employee training.

Hughes Network Systems

A world leader in satellite products and network systems for more than 25 years, HNS is the global VSAT market leader and has shipped more than 300,000 terminals. Headquartered in Germantown, MD, USA near Washington, DC, the company has sales and support offices worldwide. HNS offers communications network solutions that include a complete line of integrated satellite, enterprise networking products, and fixed and mobile wireless networks. HNS is a Hughes Electronics Corporation company and an ISO-9001-certified manufacturer. The earnings of Hughes Electronics are used to calculate the earnings per share attributable to GMH (NYSE symbol) common stock. HNS can be found at www.hns.com.

PES is a trademark of the Hughes Electronics Corporation, all other trademarks are properties of their respective companies.

© 1999 Hughes Network Systems, a unit of Hughes Electronics Corporation.

All information is subject to change.

#C/S SND 105 OCT 99 5K



NETWORK SYSTEMS

www.hns.com