

IT Cost Transparency Update

June 2012

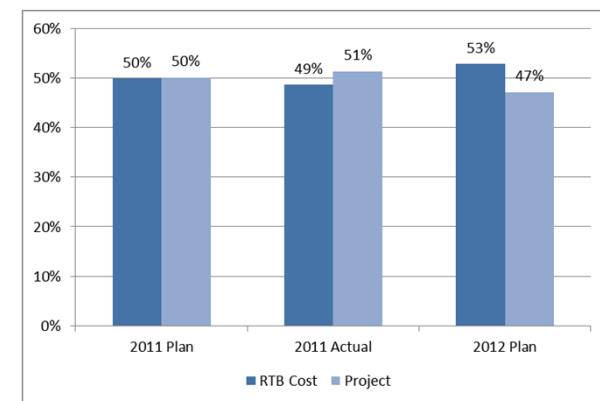
High Level IT Transparency Plan

- This is real activity based accounting / budgeting that is not perfect
- Need to find a balance between time reporting minutia and helping business understand the costs of IT
- Expect process to be in multi-phases, adding components and layers as needed
- Phase 1 will focus will be on high level capabilities and main drivers of IT in-line budget expenses
- Will have the ability to drill into capability by asset upon request

Description	2011		
	2011 Plan	Actual	2012 Plan
RTB Staffing (phase 1 focus)	\$		
Tech Expense (phase 1 focus)*			
Other IT Expenses			
IT Capital			
Other RTB Chargebacks (phase 1 focus)			
CAPS (non-upgrade)			
CAPS Upgrade Projects (phase 1 focus)			
IT Mod			
Other Project**			
Other Division's in-line IT spend			
Total	\$		
IT Run the Business (RTB) Related	\$ 76.7	\$ 71.2	\$ 74.5
Project Related	77.0	75.2	66.5
Total	\$ 153.7	\$ 146.4	\$ 141.0

* maintenance and licensing agreements, annual service contracts

Project vs. RTB Expenses



Gartner benchmarking shows that other financial companies typically have a 70/30 split on RTB and project costs. Thrivent's ratio would be considered best in class.

How IT Assets Were Segregated

- IT has approximately 300 time reporting assets that represent either one system, a group of systems or processes
- The basis of the 2012 IT budget targets were these assets estimates
- All technology costs, primarily hardware and software maintenance contracts were then linked to one or more asset
- Each asset was then allocated to a maximum of two sub-capabilities
- We included in-line IT projects as well as upgrade projects in the analysis

High Level Results

Owner		Approx. Cost	Example
Mine	Supports One Capability / Owner	\$15 M	Salesforce
We share it	Used by Multiple Capabilities / Owners	\$19-20M	Websites
Enterprise Owned	Infrastructure and Other IT Costs Shared by Most of the Organization	\$37-39 M	Outlook

Preliminary Results

Capability	Description	Owner	ACTUAL			PLANNED			Yr. / Yr. Change	
			2011 People	2011 Tech	2011 Total	2012 People	2012 Tech	2012 Total	Dollar	%
IT & Support Services	Develop, support, and maintain the technology infrastructure required to support the needs of the organization.									
Policy and Account Service	Manage the contracts and policies of members including premium billing, dividends, receipts. Manage the application and underwriting processes and the claims and benefit processes.									
Sales and Marketing	Manage sales process including the activities that support the sales function. Field operations management and oversight of sales practice. Opportunity and new business management, illustrations, and client reporting.									
Regulatory and Risk Mgmt	Manage Thrivent's exposure to security, legal and financial risk. Manage government and regulatory body communication. Manage legal proceedings and customer dispute resolution.									
Bus. Mgmt, Fin & Accounting	Manage operations of the organization including strategy and planning, financial reporting, budgeting, business intelligence reporting, board management.									
Channel and Dist Mgmt	Manage components needed to support a successful sales distribution system as well as sales incentive compensation.									
Cust Serv and Rel Mgmt	Manage customer relationships and meet customer needs in order to build loyal customers. Manage interactions with customers along with customer data.									
Investment Mgmt	Develop investment strategies and portfolios that align with Thrivent's products, the risk tolerance of Thrivent's members, and Thrivent's growth goals. Design investment portfolios to align with and support our products and serve our									
HR & Corp Serv	Manage workforce lifecycle. Recruiting, development, and retention of employees. Benefit and payroll administration. Manage Thrivent's facilities - including building and employee security and the operation of commercial real									
Membership	Manage activities that enable Thrivent Financial for Lutherans to maintain its not-for-profit fraternal status.									
Brokerage & Account Mgmt	Manage brokerage accounts for members and the supporting policies and procedures. Manage activities related to brokerage accounts including orders, trades, transfers, dividend allocations.									
Banking	The management of the products and accounts of customers as well as all functionality specific to the banking industry such as lending, cash management, investments, deposit services, statements.									
Supply Chain	Provide vendor management and oversight. Purchasing process and inventory management.									
Prod Development	The creation and maintenance of products and services. Create new products or offer different characteristics. Manage product portfolio performance and risk.									
Total										

IT Capabilities – Drill Down

Sub-capability	Allocation	Owner	ACTUAL			PLANNED			Yr. / Yr. Change	
			2011	2011	2011	2012	2012	2012	Dollar	%
			People	Tech	Total	People	Tech	Total		
IT & Support Services										
app IT Business Management, Strategic Planning and Architecture	Varies by Dept ID									
app Solutions Delivery & Development Management	Overhead									
com Collaboration Services	Overhead									
com Communication Services (Telecom)	Overhead									
euc Service Desk Management	Overhead									
euc Client Systems Management (Desktop)	Overhead									
i&o Application Maintenance, Data Center and BCP Management	Overhead									
i&o Network Management	Overhead									
i&o Server Systems Mgt - Midtier	Overhead									
i&o Server Systems Mgt - Mainframe	Overhead									
i&o Application Infrastructure Management	Overhead									
i&o Storage Management	Overhead									
info Enterprise Information Management	Overhead									
info Database Management	Overhead									
sec Information Security Management	Overhead									

Category	ACTUAL			PLANNED			Yr. / Yr. Change	
	2011	2011	2011	2012	2012	2012	Dollar	%
	People	Tech	Total	People	Tech	Total		
Application Support								
Communications								
End User Computing								
Infrastructure and Operations								
Information Services								
Security								
Total								

- Significant decrease of \$1.9 million in XXXXX due to transfer of XXXX's team to Corporate Administration and Services division
- \$1.5 million increase in Infrastructure and Operations due to un-allocated upgrade projects
- Information Services increase needs additional review

Other Capabilities – Drill Down

Sub-capability	Allocation	Owner	ACTUAL			PLANNED			Yr. / Yr. Change	
			2011	2011	2011	2012	2012	2012	Dollar	%
			People	Tech	Total	People	Tech	Total		
Policy and Account Service										
Application Processing; Issue	Acquisition									
Policy/Acct Change; Billing & Payment; Valuation	Maintenance									
Claims/Benefit Management	Maintenance									
Sales and Marketing										
Marketing	Acquisition									
Practice Management	Acquisition									
Financial Sales	Acquisition									
Channel and Dist Mgmt	Acquisition									
Incentive Comp	Acquisition									
Cust Serv and Rel Mgmt										
Customer Service										
Relationship Management										

XXXXX appears to have a large year over year increase ... what can the detail data tell us?

Policy and Account Service Drill Down

Total in Millions			Count	40 Total in Millions		\$5.58 M	\$0.19 M	\$5.72 M	\$2.96 M	\$8.68 M	\$5.12 M	\$1.87 M	\$ - M	\$6.99 M	\$3.18 M	\$10.16 M	
Asset	Asset_Descr	Domain_Cod	#1 %	1st Capability	#2 %	2nd Capability	2011 Activity Hours	2011 Upgrade / In-line Hours	Total 2011 Hours	2011 Tex	Total 2011 Tex	2012 Activity Hours	2012 Upgrades Hours	2012 In-line Hours	Total 2012 Hours	2012 Tex	Total 2012 Tex
MIT	MIT and APS	BUS_MGMT	100%	Policy/Acct Change; Billing & Paym	0%	NA											
UNITY	MF Acct Fin Strmts & SOI	INVESTMNTS	100%	Policy/Acct Change; Billing & Paym	0%	NA											
UNDRWRITNG	Underwriting (n/a)	RISK_PROD	100%	Application Processing; Issue	0%	NA											
AWD_THRVNT	Automated Workflow Distr App	RISK_PROD	25%	Application Processing; Issue	75%	Policy/Acct Change; Billing & Pay											
UNDRWR_BR	n/a Upgrade to Release 7.0	RISK_PROD	100%	Policy/Acct Change; Billing & Paym	0%	NA											
RPS	Repetitive Payment System	RISK_PROD	85%	Policy/Acct Change; Billing & Paym	15%	Application Processing; Issue											
PPS	Periodic Payment System	RISK_PROD	85%	Policy/Acct Change; Billing & Paym	15%	Application Processing; Issue											
MUT_FUNDS	Mutual Funds	RISK_PROD	75%	Policy/Acct Change; Billing & Paym	25%	Application Processing; Issue											
DTH-CLAIMS	Death Claims App	RISK_PROD	100%	Claims/Benefit Management	0%	NA											
OTH-MISSYS	Other/Misc Dept Systems	RISK_PROD	50%	Policy/Acct Change; Billing & Paym	50%	Claims/Benefit Management											
BENEFICIARY	Stored Beneficiary System	RISK_PROD	50%	Policy/Acct Change; Billing & Paym	50%	Claims/Benefit Management											
VAL-RESRV	Value Reserving App	RISK_PROD	100%	Policy/Acct Change; Billing & Paym	0%	NA											
SMIS	SMIS	RISK_PROD	75%	Customer Service	25%	Application Processing; Issue											
LIFECOMM	Lifecomm System	RISK_PROD	85%	Policy/Acct Change; Billing & Paym	15%	Application Processing; Issue											
MASC	MASC	RISK_PROD	85%	Policy/Acct Change; Billing & Paym	15%	Application Processing; Issue											
HLTHLTCLM	Health Claims App	RISK_PROD	100%	Claims/Benefit Management	0%	NA											
HEALTH	Health Master App	RISK_PROD	75%	Policy/Acct Change; Billing & Paym	25%	Application Processing; Issue											
LIFE	Trad Life System	RISK_PROD	75%	Policy/Acct Change; Billing & Paym	25%	Application Processing; Issue											
HORIZON	Horizon System	RISK_PROD	100%	Policy/Acct Change; Billing & Paym	0%	NA											
VANTAGE	VANTAGE - Annuities	RISK_PROD	100%	Policy/Acct Change; Billing & Paym	0%	NA											
WMA_ANUTY	Wealth Mgmt Accel - Annuities	RISK_PROD	75%	Policy/Acct Change; Billing & Paym	25%	Application Processing; Issue											
403(B)/ISA	403(B) Application	RISK_PROD	75%	Policy/Acct Change; Billing & Paym	25%	Application Processing; Issue											
ADM-DCOMM	Administrator Datacomm App	RISK_PROD	75%	Policy/Acct Change; Billing & Paym	25%	Application Processing; Issue											
STMTS	Statements App	RISK_PROD	50%	Policy/Acct Change; Billing & Paym	50%	Brokerage & Account Mgmt											
CSL-CORRES	CS Lewis Correspondence	RISK_PROD	75%	Policy/Acct Change; Billing & Paym	25%	Marketing											
POLICYPRNT	Policy Print	RISK_PROD	80%	Application Processing; Issue	20%	Policy/Acct Change; Billing & Pay											
CONFIRMS	Confirms	RISK_PROD	85%	Brokerage & Account Mgmt	15%	Policy/Acct Change; Billing & Pay											
CONSOLSTMT	Consolidated Statement App	RISK_PROD	50%	Policy/Acct Change; Billing & Paym	50%	Brokerage & Account Mgmt											
WMA_LIFE	Wealth Mgmt Accel - Life	RISK_PROD	75%	Policy/Acct Change; Billing & Paym	25%	Application Processing; Issue											
ADM-DB2	Administrator DB2 App	RISK_PROD	75%	Policy/Acct Change; Billing & Paym	25%	Application Processing; Issue											
CAP_REBLD	CAP Rebuild	SALES	75%	Financial Sales	25%	Application Processing; Issue											
CAP_FORMS	CAP Forms	SALES	50%	Financial Sales	50%	Policy/Acct Change; Billing & Pay											
CAP_GENRC	CAP Generic	SALES	75%	Financial Sales	25%	Application Processing; Issue											
ILLUSTR	Illustrations	SALES	75%	Financial Sales	25%	Application Processing; Issue											
ECM_FILENT	ECM - Filenet	SPPT_SRVC	75%	Policy/Acct Change; Billing & Paym	25%	Application Processing; Issue											
ECM	ECMnon legacy systems and com	SPPT_SRVC	90%	Policy/Acct Change; Billing & Paym	10%	Application Processing; Issue											
MOBIUS	Mobius	SPPT_SRVC	75%	Policy/Acct Change; Billing & Paym	25%	Application Processing; Issue											
LEGA_WKFLW	Legacy Workflow Apps	SPPT_SRVC	75%	Policy/Acct Change; Billing & Paym	25%	Application Processing; Issue											
E_SIG	Electronic Signature	SPPT_SRVC	75%	Financial Sales	25%	Policy/Acct Change; Billing & Pay											
ECM_LEGACY	Legacy Image App	SPPT_SRVC	75%	Policy/Acct Change; Billing & Paym	25%	Application Processing; Issue											

Based on the detail, it appears that almost all of the increase was due to upgrades projects planned for 2012, specifically the XXX upgrade of \$1.7 million

Sneak Peak of Project Allocations – work is preliminary and not validated

Capability	Description	Owner	ACTUAL			PLANNED			Yr. / Yr. Change	
			2011 CAPS	2011 Other	2011 Total	2012 CAPS	2012 Other	2012 Total	Dollar	%
IT & Support Services	Develop, support, and maintain the technology infrastructure required to support the needs of the organization.									
Policy and Account Service	Manage the contracts and policies of members including premium billing, dividends, receipts. Manage the application and underwriting processes and the claims and benefit processes.									
Sales and Marketing	Manage sales process including the activities that support the sales function. Field operations management and oversight of sales practice. Opportunity and new business management, illustrations, and client reporting.									
Regulatory and Risk Mgmt	Manage Thrivent's exposure to security, legal and financial risk. Manage government and regulatory body communication. Manage legal proceedings and customer dispute resolution.									
Bus. Mgmt, Fin & Accounting	Manage operations of the organization including strategy and planning, financial reporting, budgeting, business intelligence reporting, board management.									
Channel and Dist Mgmt	Manage components needed to support a successful sales distribution system as well as sales incentive compensation.									
Cust Serv and Rel Mgmt	Manage customer relationships and meet customer needs in order to build loyal customers. Manage interactions with customers along with customer data.									
Investment Mgmt	Develop investment strategies and portfolios that align with Thrivent's products, the risk tolerance of Thrivent's members, and Thrivent's growth goals. Design investment portfolios to align with and support our products and serve our									
HR & Corp Serv	Manage workforce lifecycle. Recruiting, development, and retention of employees. Benefit and payroll administration. Manage Thrivent's facilities – including building and employee security and the operation of commercial real									
Membership	Manage activities that enable Thrivent Financial for Lutherans to maintain it's not-for-profit fraternal status.									
Brokerage & Account Mgmt	Manage brokerage accounts for members and the supporting policies and procedures. Manage activities related to brokerage accounts including orders, trades, transfers, dividend allocations.									
Banking	The management of the products and accounts of customers as well as all functionality specific to the banking industry such as lending, cash management, investments, deposit services, statements.									
Supply Chain	Provide vendor management and oversight. Purchasing process and inventory management.									
Prod Development	The creation and maintenance of products and services. Create new products or offer different characteristics. Manage product portfolio performance and risk.									
Un-allocated	Not yet allocated									
Total										

Note:

- Excludes upgrade projects
- Other small projects make up most of un-allocated