IT Cost Transparency Discussion

Objective & Information Included/Excluded

Objective:

- SET UP THE CONVERSATION:
    - Provide information to business leaders to help drive business investment decisions related to IT assets
    - Help create awareness around IT Costs of capabilities
    - Prototype potential future reports to help enable decision making
    - Help identify asset owners and related decision makers

Information that was Included

- Assets /asset groupings
- Business Owner
- IT Owner
- Technical Health of Asset
- Business Value of Asset
- IT Labor Costs
- IT License Costs
- Business License Costs – when possible
- Business Support labor costs – when possible
- Run the business initiatives & maintenance projects

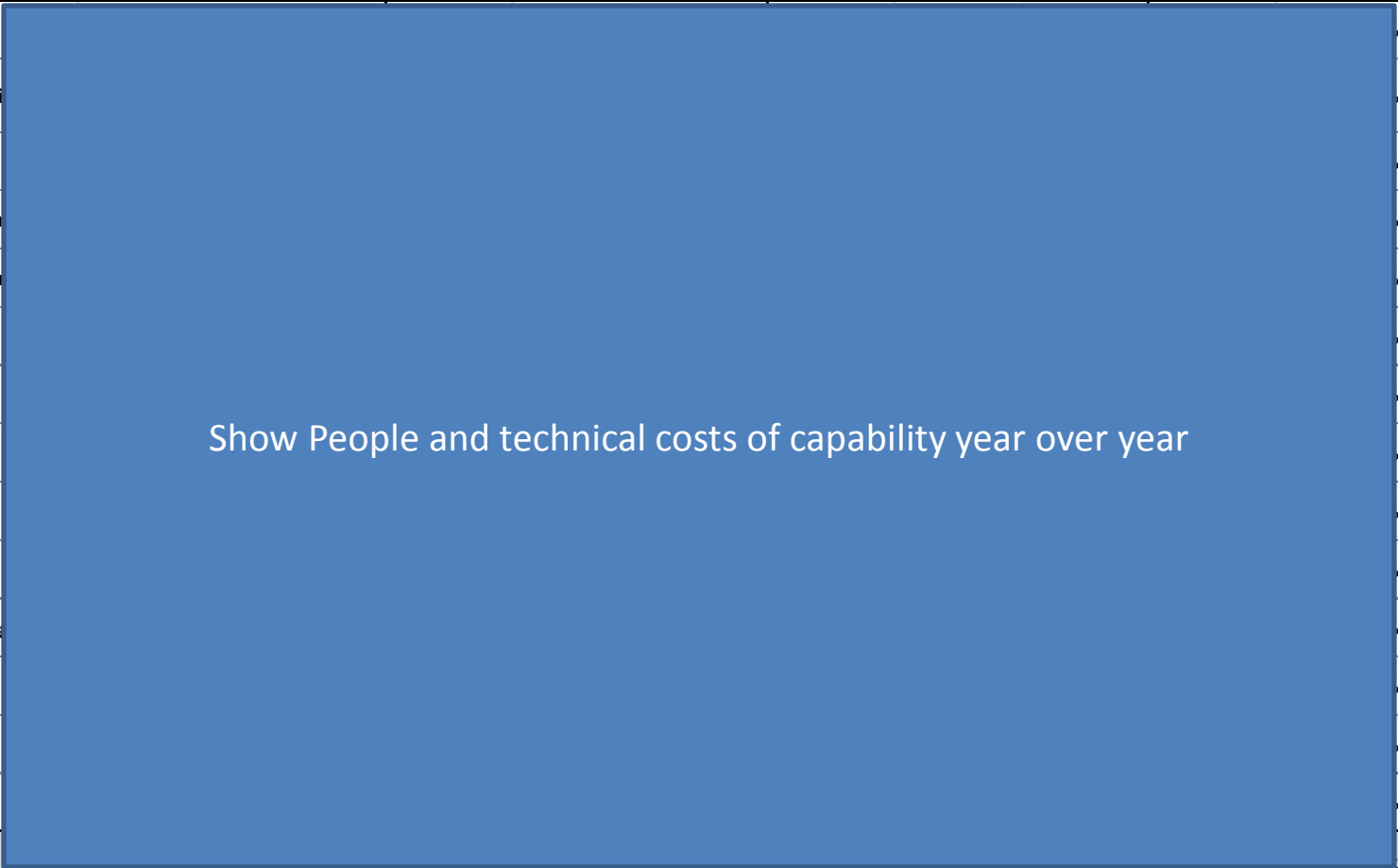## Information typically NOT Included

- Infrastructure costs such as network bandwidth, storage etc.
- Business labor and expenses

Approach

- Took information from Finance Dept – IT Labor & IT license costs. Mapped IT Assets & related costs to capabilities

    - Did not go into too much detail. Tried to stay at a level where it didn't just become a numbers debate.

- Reviewed information from Portfolio Architects/IT Asset Owners on technical health and business value of assets

- Reviewed planned initiatives for the asset – Run the Business/Maintenance & Projects

- Pulled data together and asked the IT Owner to validate/update the information

- Shared with Business and made appropriate updates

- Circle back with Portfolio Architects/IT Asset Owners to update info if changes were identified

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IT Cost Transparancy Summary		ACTUAL			PLANNED			Yr. / Yr. Change	
Capability	**Owner**	**2011 People**	**2011 Tech**	**2011 Total**	**2012 People**	**2012 Tech**	**2012 Total**	**Dollar**	**%**
IT & Support Services									
Policy and Account Servi									
Sales and Marketing									
Regulatory and Risk Mgr									
Bus. Mgmt, Fin & Accou									
Channel and Dist Mgmt									
Cust Serv and Rel Mgmt									
Investment Mgmt									
HR & Corp Serv									
Membership									
Brokerage & Account M									
Banking									
Supply Chain									
Prod Development									
Total		49.3		68.9	42.0	26.4	68.5	0.1	0.1%

Show People and technical costs of capability year over year

Capabilities

Policy/Account Service

Application Processing

- Underwriting Rule Management
- Record Set-up
- Underwriting Requirement Processing
- Application Evaluation Management

Issue Management

- Policy/Contract Creation
- Policy/Contract Delivery

Policy/Account Change

- Contractual Change Processing
- Disbursement & Termination Processing
- Retention & Conservation
- Settlement Option Processing
- Annuitization Management

Billing and Payment

- Billing Management
- Payment Management

Policy/Account Valuation

- Interest/dividend Calculation
- Benefit /Value Calculation
- Cash Value Calculation
- In Force Illustration
- Annuity Accumulation Valuation
- Statements and Confirmations

Benefit and Claims Management

- Investigation
- Assessment

Benefit & Claims Management:

Mutual Fund

- Mutual Fund

Mutual Fund:

Application Processing & Issue:

Policy/Acct Change, Billing & Payment, Valuation:

Asset Ownership – Considering a Number of Factors When Deciding Future Initiatives

Business Value
- Supports Critical Business Functions
- Impact of Disruption of Failure Over Prolonged Period
- Enables Business to Deliver Competitive Advantage or Differentiation

IT conducts a business value assessment with the business owners

Technical Health and Risk
- Risk of Disruption
- Risk of Security or Compliance Issues
- Technical Support Skills
- Risk of Technology Obsolescence
- Technical Architectural Alignment

IT conducts a technical and operational risk assessment annually

Cost of the Asset
- License Costs (Tech Cost)
- IT Maintenance & Support Costs
- Business Maintenance & Support Costs*
- Upgrade Costs*

Costs shown in these reports do not represent a total cost of ownership. They do not include the underlying infrastructure costs such as network, storage costs.
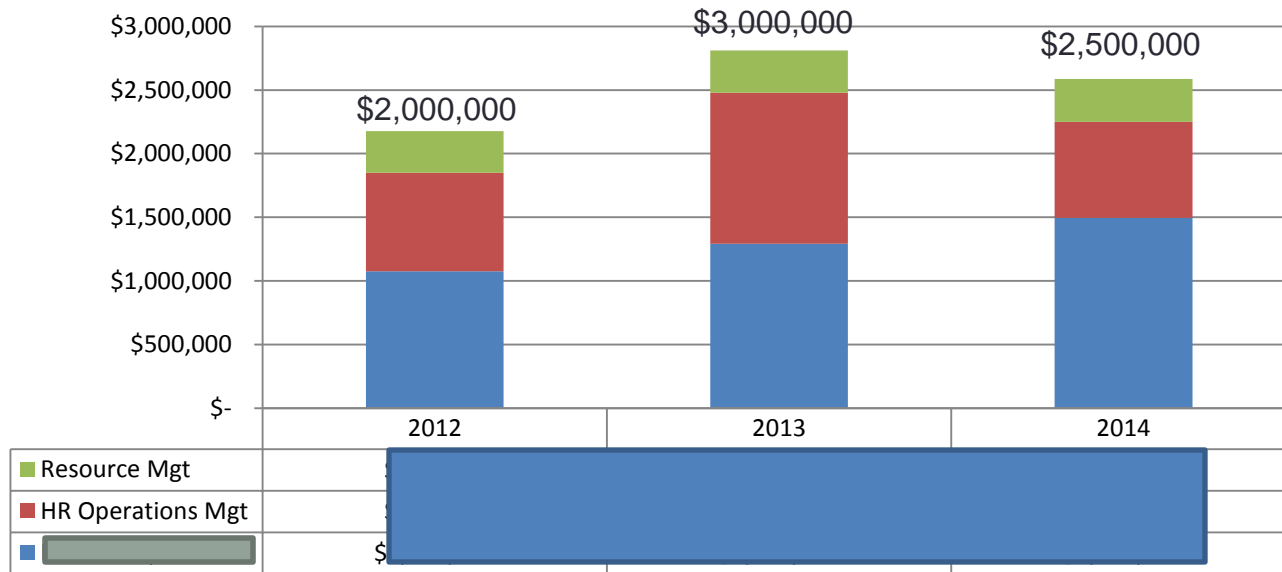
Detail: Roadmap Initiatives for Sales Assets

Sub-Domain	Asset Group or Supporting Service	Business Owner	IT Owner	Bus Value	Oper. Health	Tech Health	Estimated IT Labor Costs	2012 Estimated IT Software Costs	Estimated Business License Cost	Total 2012 Estimated Cost	2012	2013 Roadmap Initiatives	2014 Roadmap Initiatives	2015 Roadmap Initiatives
Financial Sales:	Advice Tool			H	F	G						"What if"Tax Rewrite (80K)		
	Asset Management													
	CAP Forms			H	P	P						Delphi/Sybase upgrade (67K)		
	CAP Generic			H	G	F								
	CAP Rebuild			H	F	F					LiveCycle Upg (15K)-incl	eApp roadmap & LiveCycle upgr (59K)		
	Client Computing Engineering										IE9, Upgr SCCM , Installshield (109K)	Upgr to operating systems, Adobe, Citrix, Office prod tools, IE (507K for 2013-2014)		
	Downloads	B		H	F	F					Downloads Cleanup (20K)			
	Field Plat Delta Releases													
	Illustrations	T		H	G	F					Java Upgr Life (101K)	Java Upgr-Life Field (80K); Quality Life IllRewrite (67K)	Java Upgr Annuity (168K); Horizon Ill Rewrite (67K)	Java Upgr Health (268K)
	Service Agreements App			L	F	G					Serv Agreement Rewrite			
	Technology Service Center											Click to chat (142K); Revamp QA (77K)	Customer Scheduling(34K)	
	Workstation Repair	F Mueller	J Dale											
Totals							3,532,254	666,525	3,544,900	7,743,679				

Advice Tools - Costs	
Less Offset from Field Subscriptions	
Net Cost to Thrivent	

System Costs by Capability
Includes: License costs, RTB Costs, and Upgrade Costs

Costs - by Year and Capability

Average Annual Cost = $2,500,000

$3,000,000		
$2,500,000		
$2,000,000		
$1,500,000		
$1,000,000		
$500,000		
$-		
	2012	2013	2014

$2,000,000 (2012)
$3,000,000 (2013)
$2,500,000 (2014)

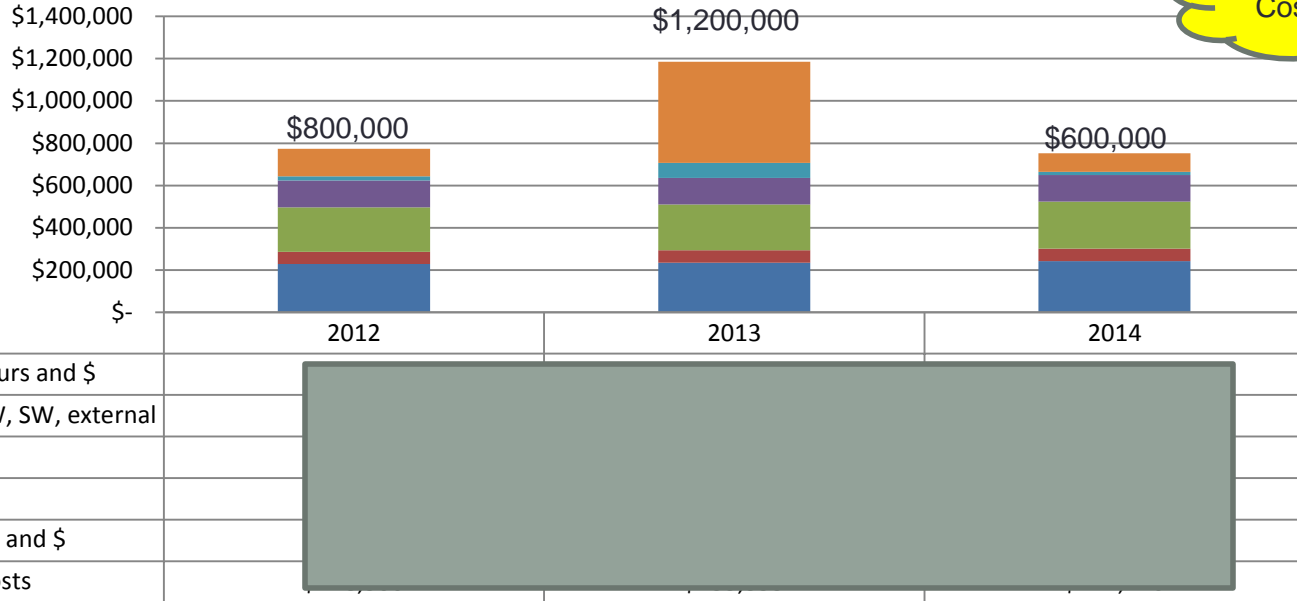Legend:
- Resource Mgt
- HR Operations Mgt

Call outs: Shows upcoming resource requirements. Reflects which capabilities make up the majority of the cost.

Costs for HR Operations

Includes: License costs, RTB Costs, and Upgrade Costs

Costs - by Year and Component

Average Annual Cost = $900,000

$1,400,000		$1,200,000	
$1,200,000			
$1,000,000			
$800,000	$800,000		$600,000
$600,000			
$400,000			
$200,000			
$-	2012	2013	2014

- Upgrade Costs - Hours and $
- Upgrade Costs - HW, SW, external
- IT RTB Hours and $
- IT License Costs
- Business RTB Hours and $
- Business License Costs

Call outs: Cost fluctuations are caused mainly by upgrade labor costs

Summary of Business Value and Technical Health

DEFINITIONS:
- **Business Value:**
    - **High:** Asset enables a competitive or strategic advantage and directly supports critical business functions or impacts customer/member experience
    - **Medium**: Directly or indirectly supports critical business functions and/or impacts customer/member experience
    - **Low:** Limited impact to critical business functions

- **Technical Health**
    - **Good**: Application performing well, no significant or immediate corrective action may be needed
    - **Fair:** Key areas may need attention, Issues may not need immediate action but should be considered when creating a roadmap
    - **Poor:** Serious issues exist and should be addressed. Some may need immediate action while others can be addressed later in the roadmap

Number of Assets, Their Business Value & Technical Health
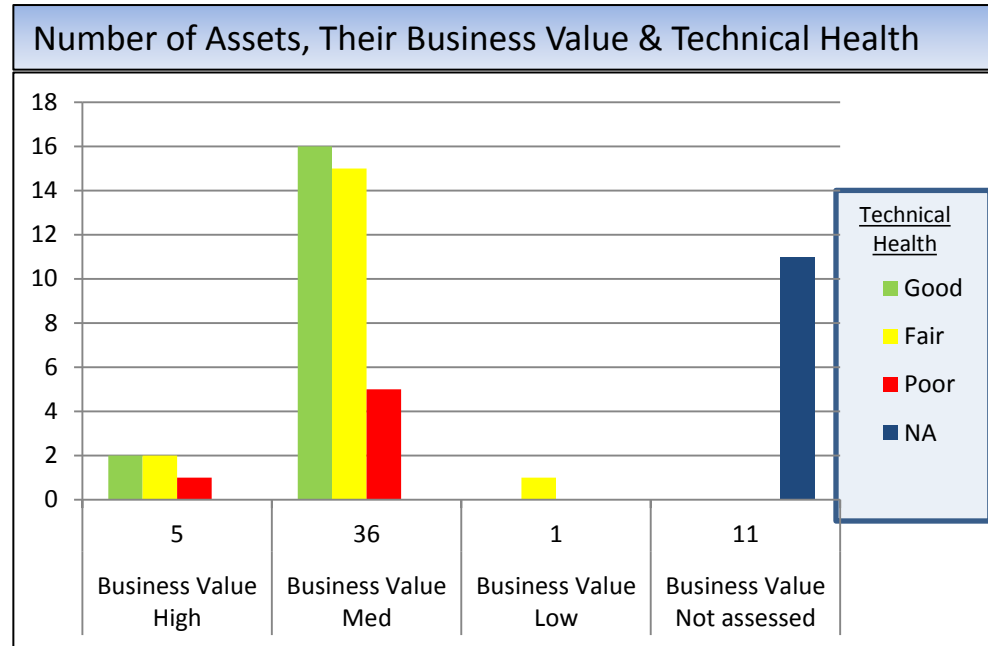
Note: Over half of the assets that have been assessed are in fair or poor technical health. This may not be cause for concern but is something to be aware of.

Pain Points & Lessons Learned

- VERY MANUAL PROCESS: Data was not stored in one central location. Updating the visuals – labor intensive.

- Cost to maintain visual – manual & labor intensive.

- Dependent on the many inputs being up to date - some areas in organization were better than others.

- Delays/Timing: sometimes had to wait for data to be gathered by others – i.e if a business value assessment had not been completed yet etc. Need more of a coordinated effort

- IT Senior Leadership Team should be aware of discussions and should review information prior to sharing with the business

- Even though data was good enough to drive conversation. - can get caught in details. While the information is still evolving it is good enough to serve as the basis for discussions between the Business and IT asset owners about the health and plans of the systems you own.

- Call out themes or points of interest in the data. Do not assume others will see it.

Potential Next Steps:

1. Use some of the information to talk about resourcing/resource constraints
2. Continue to expand to other areas of the organization
3. Determine where to house the information so that it is easily accessible
4. Look for ways to automate the reporting