



\$1B Niche Insurance Company

A new CIO understands that lack of ownership from business heads can undermine the success of IT projects. See how Barometrix helps this executive objectively quantify value and shift accountability to the business.

Situation: A specialty insurance company wanted a way to measure and communicate the business value of its IT investments to the executive committee. The idea was to build awareness for the payback from technology investments and develop a framework to evaluate future investments.

Executive's Perspective: The CIO was new and the firm had recently been acquired by a much larger company who was very focused on reducing IT spending. The Insurer had unique value add supported by IT and needed a way to communicate this value to the board. The company also was setting up a PMO and wanted a standardized way to evaluate investments.

Solution: Software and services were delivered to build an application portfolio organized by the major business processes of the company (e.g. Quotes, Claims, Underwriting, Sales, etc.). Because the company was relatively small, the effort was straightforward and major data collection occurred in less than 8 weeks. The value portfolio was designed to demonstrate the ROI of major systems, and identify those parts of the organization receiving the greatest value from IT.

The firm then focused its attention on the PMO and the cost benefit process. The company had no standard way to construct CBA's and no means of analyzing the portfolio in aggregate. The company developed, with an outside firm, the PMO and portfolio analysis process and uses Precision IQ software to evaluate individual investments and entire portfolios. The governance process includes periodic reviews of the portfolio to reflect changes in project timing, costs and expected benefits.

Outcome: The new process was used to evaluate customer support systems. It was clear their customer support systems were behind other core operational systems such as claims. The head of the call center had been proposing a new Peoplesoft CRM system and had requested increased investment in the center, which was clearly under-funded. As justification the call center manager suggested the cross-selling revenue potential a new CRM system could yield.

The CIO decided to use the new process to evaluate the business case for the CRM system. The justification of the system was determined not to be based on the sales, marketing and cross-selling opportunities, but rather improved utilization of call center employees. The value management approach identified the fact these benefits could only be achieved with the support of call center management to entirely re-engineer the business processes within the call center.

The CIO was able to fundamentally shift the responsibility of achieving business value for the project directly to the call center, making the line-of-business executive accountable for the ROI of the project. The business balked and the project was terminated. The CIO gained instant credibility with other executives for focusing on the full business picture and not simply the "latest technology" approach of implementing a CRM solution.