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### **\$1B Niche Insurance Company**

**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 cutting IT spending. The Insurer had unique value add that was supported by IT and needed a way to communicate this value to the board.

**Solution:** Software and services were delivered to build an application value 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 constructed to demonstrate the ROI of major systems and identify the parts of the organization receiving the greatest value from IT.

**Outcome:** The ROI of major customer support systems was clearly behind other core operational systems such as claims. The head of the call center had been pushing for a new Peoplesoft CRM system and had been clamoring for increased investment in the center, which was clearly under-funded. The call center manager had been pushing the cross-selling revenue potential that a new CRM system could yield.

The CIO decided to use the value management approach 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 the improved utilization of call center employees. The value management approach identified the fact that these benefits could only be achieved with the buy-in of the head of the call center 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 onto the call center itself, making the line-of-business executive accountable for the ROI of the project. The business balked and the project was killed. The CIO gained instant credibility at the executive ranks for focusing on the full business picture and not simply the "latest technology" approach of implementing a CRM solution.

