

Fortune 500 firm uses Nicus to Elevate IT Intelligence and Business Planning

Sparked by an ongoing quest for reliable data to guide profit and growth planning, and a never-ending backlog of information requests, American Family Insurance (AmFam) sought a technology partner to help manage data and minimize resources required to manually calculate IT costs.

To better understand IT expenditures, in 2015 AmFam launched a strategic initiative to partner Corporate Finance and Information Services (I/S) divisions to empower IT intelligence and business decisions.

The goals of the initiative were to:

- Increase IT cost transparency
- Understand service consumption
- Increase expense efficiency and financial controls
- Improve analytics and decision making

The Challenges

AmFam faced several key challenges the initiative would address:

- Without clear insight into technology costs, the organization could not make timely, data-driven decisions about IT investments, impacting resource planning and the bottom-line.
- Detailed IT costs could not be tracked over time without tremendous effort, and comparisons with external services were very difficult.
- IT financial data could not be shared in a user-friendly method with internal divisions and business partners, resulting in a backlog of requests that drained sta resources and limited the department's resources to perform higher-level functions.
- Consolidating Information Services expenses for total cost of ownership requests (TCOs) was manual, time-consuming, and only represented a snapshot in time.



DEPLOYMENT / IMPLEMENTED

July 2016 – January 2017

NICUS PRODUCTS

Nicus ITFM Suite, including:

- Planning
- Cost Modeling
- Bill of IT
- Application TCO

RESULTS

- Created cross-organizational transparency of IT, run and portfolio costs across 25 operating divisions and 2,600 agents/business partners
- Empowered the Information Services division to seamlessly answer a greater number of ITFM requests and help internal divisions and business partners drive better business decisions
- Significantly reduced staff hours & resources required for TCO studies
- Supported chargeback methodology reflecting actual expenditures
- Enabled Benchmarking

The Solution

Following an extensive RFP process, AmFam selected Nicus Software to help manage IT financial data, institute IT cost transparency and enable data-driven decision making.

IT Cost Transparency

Rigorously scrutinized budget line items are the source of countless requests submitted to the AmFam I/T team. “Our business partners want to know what’s driving their profitability,” said Dan Strang, IT Financial Services Manager. “Nicus’s ability to provide IT cost transparency was critical.”

“Business divisions sought a very granular level of information to understand their IT spend,” said Strang. Since the Nicus implementation, the AmFam I/S Financial Services Team can run updated models quickly to provide answers to frequently asked questions including where IT dollars are being spent, how IT costs are aggregated to specific lines of business and what drives specific IT costs.

“We have increased the level of transparency of IT costs, run costs and portfolio costs,” said Strang.

Redefined Showbacks

Central to AmFam’s business partners’ needs was detailed showback information. Prior to the implementation of Nicus, showbacks were assessed using a calculated cost method that distributed total I/S costs to the lines of business primarily based on premium dollars. With Nicus, AmFam is now able to reflect actual costs driven by each division. Today, showbacks to the revenue-generating lines consist of costs that are directly associated to infrastructure, datatransfer, application licenses and other IT line items generated by those areas, along with metric-based allocations for the supporting business operations divisions.



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Empowered Business Analytics

“This new level of data drives better decision making within business lines and helps our partners align spend with business value,” said Strang. “Now we know how we are spending our IT dollars in support of our strategic imperatives. We can better influence and drive better decisions and technology investments.”

Additionally, Nicus has empowered organizational planning and decisions with the provision of reliable data available on a consistent basis through monthly reporting capability. “Corporate Finance was excited to be able to more accurately allocate IS expenditures to revenue generating lines of business on our P&Ls. We have a lot more data to determine if, or when, it makes fiscal sense to perform maintenance and retire legacy products.”

Cost Versus Value

Historically, AmFam did not have the data to confidently evaluate the true value of its technology investments. Nicus enabled AmFam to accurately assess long-term value and total cost of ownership (TCO) associated to any specific technology. Today, line items such as software and infrastructure costs, user licenses, upgrades, and maintenance costs, can be evaluated individually or cumulatively to reveal TCO. “The information is all there in one spot, ready to grab,” explained IT Financial Advisor, Jennifer Garcia. “It’s really helpful.”

Time is Money

AmFam’s I/S division welcomed the opportunity to provide quick and reliable data to stakeholders, shed light on IT cost misperceptions, and eliminate countless hours used to manually calculate costs and manage the backlog of requests. Nicus results did not disappoint. The TCO studies,





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which once involved weeks of discussion, multiple clarification requests, and countless meetings and emails, have been significantly streamlined. “What historically took weeks or even months, can sometimes be done in as little as an hour using Nicus,” said Strang.

“A financial services resource would typically meet with multiple Information Services managers to understand the expenses, environment, application, etc.” explained Garcia. “We’d need to review contracts, pull vendor invoices and research other sources to get the data needed. If multiple years of information were required, that was its own challenge to find expenses that moved accounts, cost centers, managers, vendors, as well as whether data was still available as far back as we were being asked to go. Typically, the turnaround time was weeks, and, in some cases, months.”

Doing More with More

Responsible for supporting AmFam’s 25 operating divisions, 8,600 employees and 2,600 agents, it was vital for the I/S team to have reliable data delivered in a framework that would support increasing requests for ITFM data. Nicus made that happen. In fact, empowered by the capacity to more effectively manage requests, in the first year following the Nicus implementation the I/S team managed a 400-percent increase in ITFM data requests.

“Previously, I/S Financial Services would have been brought in on the larger, more complicated cost studies and Cost Benefit Analysis led by Corporate Finance that required I/S input and numbers,” explained Garcia. “Now that our Corporate Finance and I/S managers and teams are aware of the work we’re doing, the data we’re using and the information available, TCO requests have been more frequent.”

Retention of History

AmFam recognized that valuable financial intelligence was lost as expenses were reclassified and as technology had been updated or phased out, and, as internal reorganizations and employees shifts occurred. “With the ability to tag information in Nicus we can benchmark external and internal data,” said Garcia. “Nicus provides the ability to standardize functional classifications and assign tags in a methodical format (formula),” said Strang. “We don’t have to worry about individual interpretations influencing analysis.”

Unleash the Power of IT

With the implementation of Nicus, AmFam has been able to confidently provide reliable, transparent data that has not only heightened the understanding of IT expenditures across the organization but has also provided a solid framework to drive business analytics and enable strategic conversations about IT tradeoffs and decisions that directly impact the bottom line. “We wanted greater financial control and transparency of our IT costs,” explained Melissa Wilde, AmFam IT Planning, Financial Management and Resource Sr. Director. “Nicus and its products have helped elevate the IS Financial Services area within American Family. We have been able to achieve a level of transparency into our IS spend that our leaders and Corporate Finance had been craving.”

“As we continue to mature our ITFM discipline and advance our data — particularly around infrastructure, cloud, and, data management and analytics — I believe our team will continue to lead and support strategic IS spend conversations and decisions.”





Elevate IT. Ignite Possibility.

At Nicus, we empower organizations to realize their full potential by elevating IT. We're passionate advocates, providing financial management solutions that expand what's possible. We believe what we do with technology defines what we can do in the world.

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