

The Need for Health Insurance Providers to Implement IT Financial Management

Client challenges

The urgency to accommodate the Affordable Care Act (ACA) accelerates the need for investment in technology just when health insurance providers brace for increased competition in the marketplace.

As a result, the need to control costs—particularly in technology—is a logical priority area. To run efficiently, technology departments should operate as a business and this requires financial management, cost optimization, and supply and demand management.

Some key considerations:

- Insight into the true cost of providing IT services to the organization and understanding the effects of business consumption of services allows management to plan strategically and efficiently rather than reacting to requests in a tactical and spontaneous manner.
- To drive real value, taking a more strategic approach is crucial. By managing the financials of IT, management gain visibility into the unit costs of the delivered services and have the ability to truly manage IT costs.
- With access to the real cost of technology services, business units gain better visibility into the profitability of their products and services and executives are better equipped to make strategic decisions.

Organizations who take proactive, immediate steps to implementing IT Financial Management (ITFM) and improving efficiency will find themselves better-positioned to compete in a changing marketplace.

Our solutions

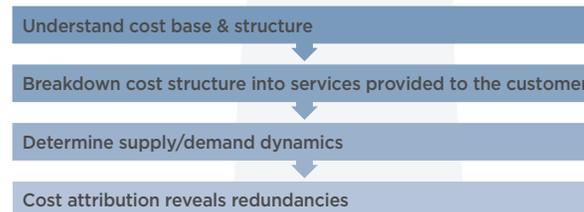
We help organizations implement ITFM and establish a process where the benefits are realized through a gradual phased approach which incorporates our proprietary methodology:

- Assessing the current ITFM maturity level
- Determining the target state most appropriate for the organization
- Preparing the plans for closing the gaps. If needed, we assist in the implementation and value realization.

Phased Approach to Implementing ITFM



Rationalizing Technology Costs



A Practical Approach

We use a structured approach and methodological implementation:

- To quickly evaluate the current state based on your understanding of the costs within your IT, Shared Service and/or Operations functions
- Using the same approach to quickly understand how these costs are attributed to services and then comparing or developing them to a target state.

With an understanding of the gaps, develop and implement a plan that supports the transparency your business requires taking into consideration the pricing pressures and regulatory requirements in the marketplace.

ITFM includes four major phases, with each representing a different evolutionary level.



It is not necessary to reach too high or to have all ITFM phases at the same maturity level.

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About

Kurt Salmon is a global management consultancy with more than 1,400 consultants in offices across four continents throughout the world. Our clients are industry leaders who benefit from our deep industry and functional expertise.

Kurt Salmon's CIO Advisory practice draws from our global and independent perspective to assist CIOs in formulating, planning and executing their IT strategy and transformation programs to improve responsiveness, adaptability and cost-effectiveness of their IT organizations to drive overall business performance. Our unparalleled IT management specialists develop and implement the best practices that CIOs and senior technology clients need in today's complex business environment.

As trusted advisors, Kurt Salmon partners with clients to design and then drive strategies and solutions that make lasting and meaningful impact. We are committed to delivering measurable results for our clients. A company of Management Consulting Group (MMC - London Stock Exchange).

TMO Partners is a strategic consulting firm with years of real world, hands-on experience in managing large, complex organizations. We specialize in the optimization of shared services and technology operations of Fortune 500 enterprises and large government agencies. Our seasoned practitioners assist organizations in process and program design and implementation. We know that every organization has its own unique issues and requires customized solutions designed to address these issues.

Our proficiencies are clearly defined and are the sum total of several years spent in industry. We are committed to working within our specialization areas. Helping enterprises manage their technology resources efficiently through IT Financial Management is one such area.

Mike Stiglianese is a managing partner of TMO Partners where he advises Fortune 500 companies on management of their strategic technology, financial, risk, and shared services initiatives. He is an accomplished Chief IT Risk and Financial Executive with extensive experience in leading financial and risk management solutions for global organizations. His accomplishments include driving critical strategic, financial, IT security, and operational initiatives through dispersed and complex enterprises to achieve balance between risk and reward while meeting compliance requirements. Mr. Stiglianese's career includes 25 years in Citigroup's Financial Control function. He held a leadership role in the identification, development, and implementation of global, cross-business expense reduction efforts and was recognized as a key contributor for capturing \$3 billion in savings at Citigroup by driving senior management buy-in and leading key initiatives in consolidation of business functions and the implementation of a global Shared Services Financial Management process.

David Vardi is a managing partner at TMO Partners, a strategic management consulting firm that assists enterprises in efficiently managing their shared services and technology operations. He is a thought leader in IT Financial Management implementation and the establishment of efficient process and governance models, executive reporting, and management of large scale technology initiatives. For over 25 years, Mr. Vardi has held leadership positions in management and technology consulting concentrating on project work focused on bridging the gap between executive management and technology while also gaining M&A expertise. As a founding executive of Isogon Corporation, he successfully advanced the company to position it for acquisition by IBM in 2005. Mr. Vardi holds a Bachelor's degree in Management Information Systems and Industrial Engineering and is a co-author of 10 enterprise software management patents.

Dr. Daryouche Behboudi is the managing partner leading Kurt Salmon's CIO Advisory practice in North America. He has over 14 years of experience in managing

and delivering consulting engagements with top-tier financial services firms, focusing on IT operations and organizational design, IT Financial Management, IT cost takeout, IT integrated planning, IT procurement and outsourcing, enterprise data center strategy, enterprise network architecture, IT strategy articulation, and enterprise program management office design and implementation. Prior to joining Kurt Salmon in 2009, Dr. Behboudi was a managing director in the Cross Industry Services Group at BearingPoint, focusing on financial services clients. Dr. Behboudi was assigned to the Oak Ridge National Laboratory as a research fellow during his postdoctoral study, where he worked on modeling advanced materials for use in aircraft design. He earned his doctorate in electrical engineering from Lehigh University.

Shahryar Shaghaghi is a partner in Kurt Salmon's CIO Advisory practice in North America. He has over 25 years of client-focused leadership experience in assisting business executives with integration of processes, technology, organization, and relationship-building with strategic partners. His expertise in the design, re-design and launch of leading edge IT and Operations solutions has helped organizations address the need to increase profitability while managing costs and risk. Other areas of expertise include: transformation and reengineering, business and IT strategy, cost optimization, risk and compliance, information security, business continuity, anti-money laundering, application development, IT operations & infrastructure management, strategic partnerships, organizational development, and managed services. In addition to achievements with Fortune 100 clients in the U.S., he has helped clients globally with a focus on the emerging markets. Mr. Shaghaghi graduated magna cum laude from Bethune-Cookman University in Florida where he received his Bachelor of Science in computer science and earned his Masters in Software Engineering with distinction from Embry-Riddle Aeronautical University. He serves as a coach and mentor for developing talent and champions numerous diversity initiatives focused on fostering leadership skills and career advancement.