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CASE-BY-CASE

Farmers Gets A Better Grip On Information Technology Planning

Carriers cannot afford to allow IT projects to spin out of control. That's why Farmers implemented project management software, a decision which resulted in an instant payback.

By Steve Dwyer, Senior Editor

Project management software won't increase a carrier's market share or revenue streams, and it won't improve system integration. But the impact it can have on an IT department's bottom line can be as significant as the ROI claimed by some of the more trendy technology tools carriers are implementing.

Executives at Los Angeles-based Farmers Insurance Group say their new project management tool has helped them control the costs and scope of implementing new technologies. The carrier uses the software corporatewide as an aid in choosing projects, allocating resources, making plans, monitoring progress, tracking employees' time and intervening to make corrections.

Claude Trincale, manager of Farmers' Program Management Office, notes that the carrier reduced expenses for the department's 200 outside contractors by 2.5% last year, compared with 2001. He declines to specify the size of the contracting payroll but characterizes the savings as "significant."

Other savings, though also significant, prove harder to pinpoint, he says. "What actually provided the savings?" he asks.

"Is it through use of the (software) tool? Is it through the use of better lifecycle management? Or, is it through the enforcement of systematic development efforts?"

Greater control

Whatever the cause and effect, benefits are accruing because of the software, Trincale says.

"Having the tool available to us certainly helps us control projects," he says. "We're able to plan projects better and we are able to control our costs better. So if we see a task or project that's getting out of hand, we can react to that. We can stop the project or go back to the committee to get more money. Usually, we just realize our costs are going out of control on a specific project and address it by changing the plans," he says.

Farmers can control projects better now because IT employees and outside IT contractors use the software to record how they spend their time—on planned projects or on maintenance problems or service requests that arise unexpectedly.

Managers use the software to review



the ongoing projects to determine if deadlines are being met and costs are in line with the budgets.

The improvements began soon after Farmers purchased the software in August 2001 from PlanView Inc., Austin, Texas. PlanView has 325 corporate customers and approximately 300,000 "seat" licenses, according to Greg Gilmore, COO of PlanView.

Farmers purchased 1,450 seat licenses for the company's various divisions, including its 200 outside contractors in the United States and abroad. "We are using PlanView across the world right now," Trincale says.

PlanView customers pay a one-time licensing fee of between \$400 and \$500 per seat, or user, depending upon the application, says Gilmore. An annual maintenance fee of about 20% of the initial cost covers support. The software is updated twice a year at no charge, he says.

Farmers initially purchased PlanView's "Scoreboard," a business intelligence module that enables users to create ad-hoc reports using drag-and-drop interfaces. After nearly a year of using the software, Farmers added levels and made some other changes, Trincale says.

The software is customized for each company and fitted to the "roles" of users—everyone from external IT consultants and inside project managers who need to record the time they've spent working, to managers who need to oversee the progress of the projects.

External vendors and consultants can access Farmers' PlanView program via the company's intranet. Each has a logon that takes the user to an appropriate home page called HomeView.

Systematic approaches

Farmers is using the software to standardize its project models, says Trincale. "With PlanView's ability to build project models, our project managers will be able to select predetermined models, customize them and set up projects correctly the first time, saving time and effort."

The software forces project managers to use procedures that are subject to the controls Farmers has put in place, Trincale says. "Our project managers were doing all the right things before, but this helps institute systematic approaches," he adds.

Farmers uses the software for application development projects, which add new functions and features to existing systems under planned timeframes, says Trincale.

It's also used for full lifecycle development projects, assisting project managers by checking on activities, recording people's time and overseeing costs.

"We have been able to implement some processes that control contractors, Trincale explains. "We tell them, 'Hey, we're only going to be paying you for

IN Focus

CASE STUDY:

Farmers Insurance Group

AT ISSUE:

Executives wanted a tool that would help standardize IT implementations, reduce costs and better manage IT projects.

THE SOLUTION:

PlanView Inc.'s project management solution.

THE PAYOFF:

Farmers reduced expenses for the department's 200 outside contractors by 2.5% last year, compared with 2001.

THE BENEFITS:

"We're able to plan projects better and we are able to control our costs better." —Claude Trincale, manager of Farmers' Program Management Office.

what's on PlanView.' It helps us control what goes into the bill because it goes through the project manager, the director—all the right approval levels—so we don't get bills with discrepancies we weren't expecting."

Determining dependencies

The software uses the critical-path method to sort out dependencies among or between projects, PlanView's Gilmore says.

Trincale cites two ways of looking at dependencies: Single projects may have sequential tasks, and parallel projects may have deliverables that can't be realized independently. In the latter, the software helps the company work "across" projects, he notes.

An aspect of the software that Farmers finds important deals with serv-

ice requests. If an employee is called away from a project for an unexpected job—fixing a faulty telephone switchboard, for example—he or she uses PlanView to record the time spent away from the planned activity.

Understanding the time spent on service work can pay off in other ways, too, says Gilmore, offering the example of a customer other than Farmers that found it was spending \$1.5 million each quarter to maintain a legacy system that it could replace for \$500,000.

Another customer saved \$30 million over two years by eliminating redundancies with the help of PlanView, according to Gilmore.

The mutual fund company, which Gilmore declined to name, had been maintaining two data centers and was using outside contractors. Once the company understood its projects better, it was able to slash its \$36 million outsourcing bill to \$6 million by doing more of the work with the in-house staff, he says.

In July, PlanView launched a Web-based user community, called Planview-Direct.com, to provide support, track incidents and offer training. At press time, about 20 companies were using the site.

Trincale says Farmers hasn't used the serviced offered on the site so far, but he praises PlanView's support, saying the company maintains "one of the few real help desks that has real answers."

Though users can listen in on classes that last as long as four hours on the new Web site, Farmers has developed its own entry-level and advanced PlanView training, based partly on PlanView training manuals, Trincale says. "The tool is a complex one," he adds. "If you want to use it to do outstanding project management work, it requires training." □

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