

**Deploy an End-to-End Voice,
Video and Data Converged
Network in Under 24 Months
or
*“Why your CEO should care about
Converged Networks”***

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What Will Be Covered

We're all at this conference because we understand the importance of moving to converged networks. But, why should your CIO and your CEO care? And what's the rush? This presentation will tie your priorities (VoIP) to every CEO's imperatives by describing one company's path to a more flexible infrastructure.

Creative Destruction

"Corporations are built on the assumption of continuity; their focus is on operations. Capital markets are built on the assumption of discontinuity; their focus is on creation and destruction. Unless companies relax conventional notions of control, and change at the pace and scale of the market, their performances will be drawn into an entropic slide to mediocrity."

Creative Destruction: Why Companies That Are Built to Last Underperform the Market--And How to Successfully Transform Them

by Richard Foster and Sarah Kaplan

IT: Traditional keeper of continuity

- Business Analysis has been mostly directed toward process automation
- Legacy systems represent the “status quo” – hard-coded representation of how the business used to operate
- Decentralized funding and “rigorous” cost/benefit analysis leads to incremental improvements rather than breakthrough thinking
- Disproportionate share of IT spending on Run the Company
- Lack of trust by business partners breeds reluctance to invest in the next big idea

The situation at Fireman's Fund

- Post 9/11 fallout in Property and Casualty Insurance industry led to significant restructuring of business
- Cost cutting led to “Your Mess for Less” outsourcing
- Reduction in IT funding led to disproportionate share being spent on maintenance
- New strategic direction of the firm required new IT investments
- IT infrastructure “stuck in the 80’s”

“Stuck in the 80’s”

- OS/2 and NT at the desktop (as many as 3 machines per user!)
- Token Ring predominate network technology
- 23 Service providers across 63 locations nationwide
- Circuit technology included ATM, DSL, T1.
- LAN infrastructure and CPE managed by outsourcing partner
- 42 Voice mail systems

Business Strategy Drives Technology Strategy

Build the Fireman's Fund **brand** and improve sales effectiveness with our **distribution** partners to become their carrier of choice in our chosen markets

Deliver **underwriting excellence** as business grows to increase profits
Increase **operational effectiveness** to improve productivity and cost competitiveness

Achieve differentiation by creating an emotional customer connection, through **innovation** and superior customer experiences

Drive a **performance culture** through improved metrics, goals and rewards

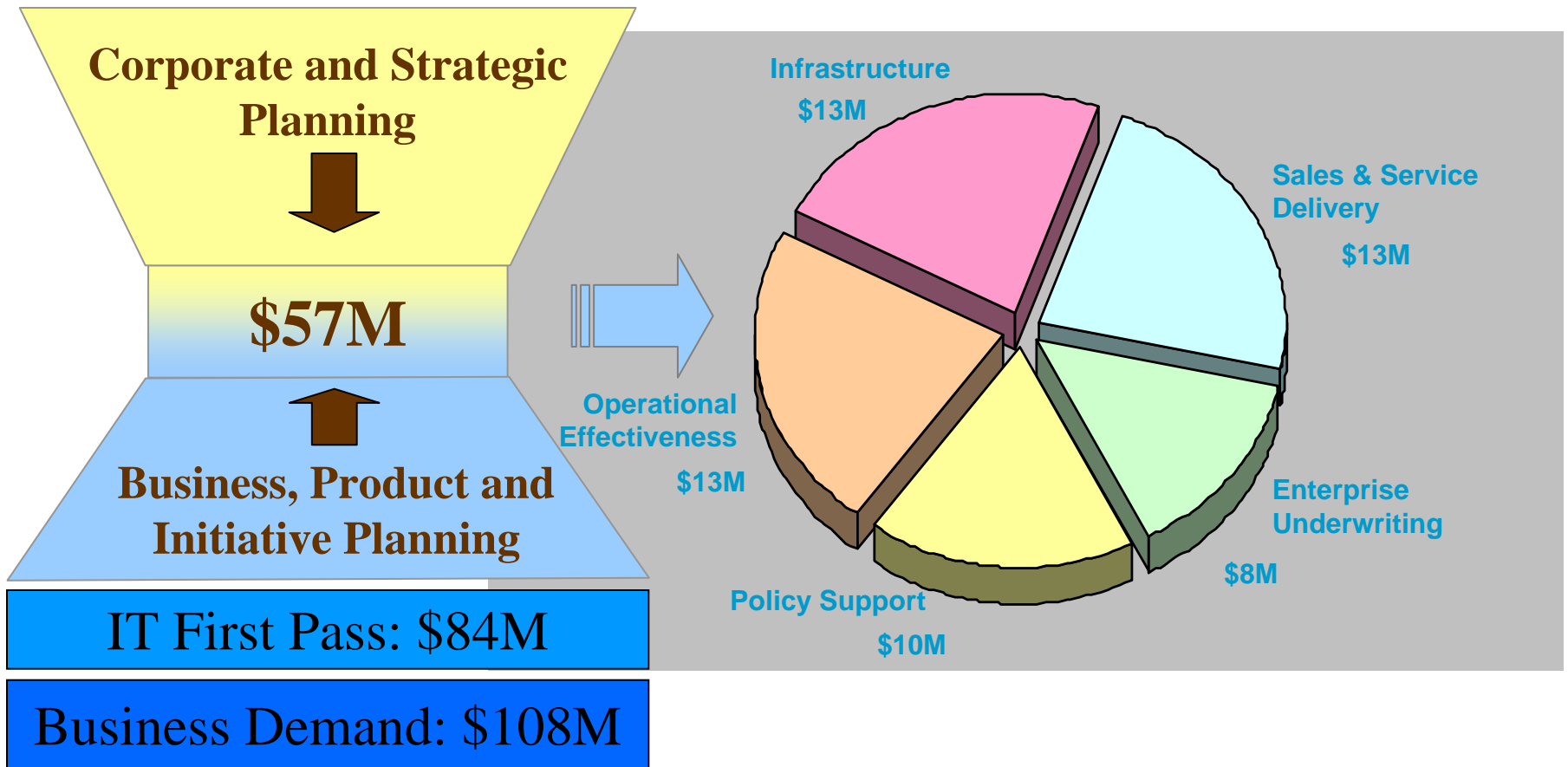
Bold new Technology Strategy

Double our output
Reduce Time to Market
Lower Unit Costs

By focusing on
Services Oriented Architecture
On demand computing infrastructure
Flexible network with the power to serve our
enterprise

**We wanted to generate the funding we
needed to invest in strategic initiatives**

Infrastructure as strategic initiative



Year 1 – Enterprise Workstation Refresh

Install new workstation on every employee's desk
(5,000)

From Token Ring to Ethernet

From OS/2 and NT 4.0 to XP

From over 6,000 different desktop apps to less than
300

Project planned and implemented in 11 months

Year 2 – On-Demand IT

Four major components

Replaced disparate networks with single architecture

Moved computing infrastructure to on-demand model

Built Enterprise services using SOA

Moved Apps dev and maintenance to more
variable/less fixed cost model

Project planned and implemented in 11 months

Replace disparate networks with single architecture

5-yr contract with AT&T for a secure, high-speed, integrated network

VoIP to the desktop in all locations

Doubled our network bandwidth – fully meshed MPLS instead of mix of ATM and circuit switched

Integrated voice mail, single dialing plan, and virtual call center capability installed

\$33M in savings over the life of the contract

Key Points to Take Home

CEO's are under pressure to "beat the averages" and often look to technology to give them advantage

CIO's struggle under the weight of their legacy systems and processes

The "Win/Win" is to create flexible, on-demand infrastructures that allow support rapid change

A converged network strategy **MUST** be part of a larger strategy for a more Agile IT



QUESTIONS?

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