



## AT A GLANCE

### TATUM GOVERNANCE, CONTROLS & EFFICIENCY SERVICES

Tatum provided QBE with analysis and presentation metrics associated with employee hiring practices and other financial drivers. This helped IT managers understand linkages previously obscured.

### TATUM BUSINESS STRATEGY & IT ALIGNMENT

Tatum's consultants contributed to the process improvement initiative by bringing to the table their experience from other clients going through a similar initiative.

### TATUM CONTROLLER SERVICES

Clear visibility into key budget and profitability drivers were needed to guide better decision-making for QBE. Tatum conducted a detailed review of thousands of vendor contracts plus ongoing employee and consulting expenditures to produce clear picture of cost drivers making up majority of expenses.

## Insurance provider seeks insight into IT cost drivers.

### Brief Overview

They call it the "insurance" business, but increasingly it's the information business: A dense constellation of rates, regulations, risk-management formulas and customer databases constitutes the modern insurance industry. So does the breadth of providers. According to the Insurance Industry Institute, more than 2,700 companies participate in the U.S. property and casualty insurance segment.

Among the prominent providers in this sector is QBE Regional Insurance (QBE), a holding company with \$1.5 billion in annual gross premium revenue and the owner of two well-known regional insurance companies. QBE's General Casualty brand operates through 1,500 agents in 25 states insuring homes, autos and businesses of all sizes.

In January 2007 operating under the name Winterthur U.S. Holdings, Inc., the company agreed to be acquired by Australia-based QBE Insurance Group, a transaction that significantly expanded QBE's U.S. presence.

### Situation

When the executive in charge of finance for QBE's Information Technology group resigned unexpectedly, the organization was left with a void at a difficult time. But with the pending sale of the company, QBE officials recognized finding a long-term successor right away would be difficult.

Yet the need was critical. The method in which insurance companies manage costs and budgets surrounding IT operations can have a major impact on overall profitability. "You need monthly discipline of spending, forecasts, actuals, capitalization of hardware and software. So it's a full time job to do it right," says QBE U.S. Chief Information Officer Peter Logothetis.

### Why Tatum

When it came to filling the vacancy created in its IT Finance group, Logothetis wasted no time in contacting Tatum. From earlier experience with Tatum on technology projects, Logothetis was familiar with the firm. "I knew Tatum also had a CFO talent base," says Logothetis. "Within three or four days, we had an excellent result."

*"I needed someone here quickly who could go through a transition with the previous manager. If I'd gone through traditional executive search firms, it would have taken a long time."*

- Peter Logothetis, Chief Information Officer, QBE Regional Insurance



Two factors influenced QBE's decision to engage Tatum for the IT Finance role. One was the company's confidence in Tatum's abilities overall. A second, as Logothetis stated, was velocity: "I needed someone here quickly who could go through a transition with the previous manager," says Logothetis. "If I'd gone through traditional executive search firms, it would have taken a long time."

### Results

Tatum had only a few days to query the departing IT Finance Manager about practices and policies. Hence, the key to forging improvements within the IT Finance function would need to be discovered elsewhere.

Immediately, Tatum began visiting face-to-face with IT department leaders who depended on reports and analyses from the IT Finance group. Those early discussions set a precedent for open dialogue that had been absent; and, they helped to break down longstanding barriers between IT Finance and other IT units. The conversations between Tatum and IT leaders immediately began to improve perceptions about contributions that could be made by the IT Finance team.

One important discovery turned up during the inquiries was a need for more visibility into the impact of hiring and staffing decisions on IT expenses. A tendency to fill job vacancies with contractors rather than full-time employees had long been assumed to be a preferable, cost-effective way to manage short term staffing. But a deeper analysis Tatum conducted challenged some of those assumptions. Tatum devised a new report that more clearly presented the consequences of hiring full-time employees versus contractors, allowing managers to see more clearly the relationships between their day-to-day hiring decisions and broader financial results.

Tatum also improved QBE's visibility into other profitability drivers such as costs associated with myriad vendor contracts, along with the IT department's employee and consultant budgets.


Tatum brought improved visibility to an IT budget variance report that allowed IT managers to align governance decisions with up-to-date information about company operations in a fast-changing IT environment. For the first time, IT leaders could see at a glance how their units were tracking with

projected IT costs allowing them to manage their expenses more deftly.

*"Tatum has meshed well with our organization's culture often a tricky task for an outside firm to master."*

- Peter Logothetis, Chief Information Officer,  
QBE Regional Insurance

Signaling QBE's trust in Tatum's capabilities, Tatum became a trusted advisor to the CIO and his staff. Tatum was also asked to help interview and select the candidate who would permanently fill the IT Finance leadership role. Having the position covered by a Tatum leader enabled a more thoughtful search that yielded a stronger candidate.

Finally to help focus on broader organizational goals, Tatum's technology consulting practice worked with QBE to re-introduce a key accountability tool: a "balanced scorecard" that tracks and demands measurable improvements in IT contributions. The balanced scorecard approach offers insight into financial success factors and the organizational and human issues that influence them. 

### About Tatum

Companies turn to Tatum when critical business challenges arise because we immediately deliver C-level financial and technology operational expertise via solutions tailored to the Office of the CFO. We understand the urgency of NOW and our VELOCI-T solutions were designed to help business leaders accelerate results to *create more value™*.