

Enterprise: Balance Sheet Implications: 2009-10 IT Cloud Strategy

Bottom Line

- Massive Cost Reduction AND Resulting Increased Pricing Power

35-50% Overall
70-90% On the Margin

Top Line

- Enable New High Customer Value Products and Features

2010-13



Bottom Line Impact

- Massive IT Cost Structure Reduction
 - Commodity pricing of IT components
- Increases
 - Pricing Power
 - Product Line Agility
- Very Low Start Up Capital Requirements
 - Elastic resource acquisition AND divestiture

Top Line Impact

- Increase Profit Margin on Revenue from Current Product Lines
 - Lower Costs Structure
- Increased Revenues and Market Share
 - Pricing Power
- New Business
 - Advisory Service Delivery
 - Increase conversion rate
 - ✓ by specifying, pricing and underwriting Annuity offers in near real-time
 - Innovative Insurance Products
 - Offer Annuity options on Retirement Accounts
 - ✓ by eliminating the transaction costs to liquidate accounts and buy a straight annuity
 - ❖ Option is kick-in to provide difference between a strike payment level and Account performance

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Enterprise:

2009-10 Guiding Principles of IT Strategy and Planning

1. Reduce IT Operational Cost Structure *35-50% Overall*
70-90% On the Margin
2. Simplify Technology *Consolidate Application Infrastructure*
3. Each Reduction Project is Self Funding *2009H2*
Monte Carlo Calculation Utility

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Focus: Visibility into Operations

Managing Operational Facilities within a Data Center*

* Clouds are Virtual Data Centers

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Big Rule Guideline

**Architecture
is the
Technology of Strategy**

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Driving Development and Usage of Standard Data Center Configurations for ...

□ Environments

- Defined by
 - Fitness for Business
 - Purpose Quality of Service Requirements by Business Function within each Realm

□ Platforms

- Defined by
 - Hardware/Software Racks/Stacks



Architecture of Operations

The Business of Operating Data Centers *Virtual and Real*

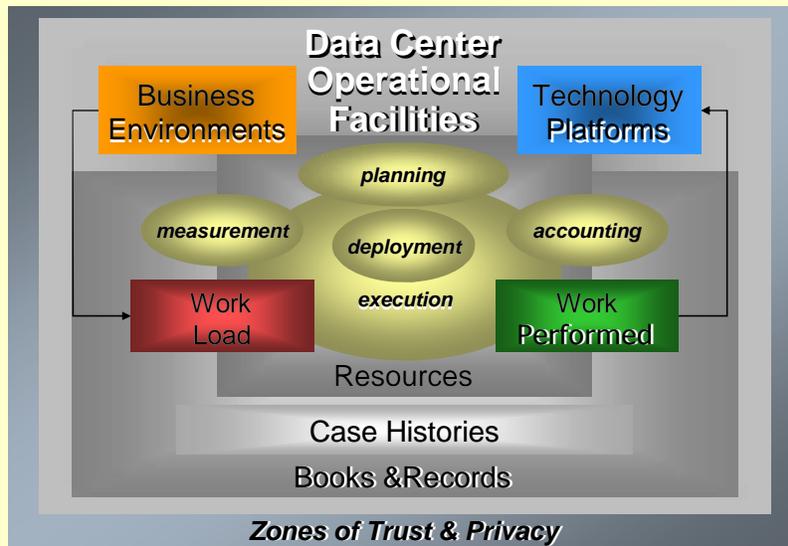
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Technology Operations Business Architecture *The Information View*



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This is a UI Navigation Icon

Zones of Privacy & Trust

- Identity Management
- Role Based Authority
- Aberrant Behavior Alerting
- Regulatory Reporting

Books & Records

- Case History

Capabilities

- Deployment
- Measurement
- Planning
- Execution
- Accounting

Resources

Work Load

Performed Work

Environments

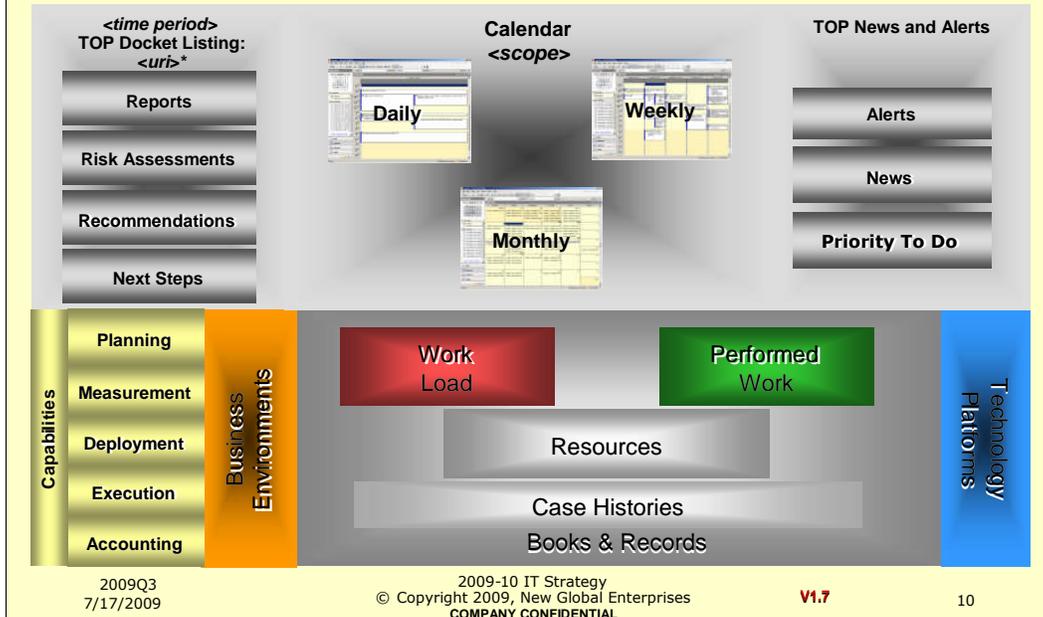
Business Process Focused: Offer to Cash, e.g., focused on fitness for business purposes

Platforms

Stacks & Racks, Open where possible, focused on cost of operations

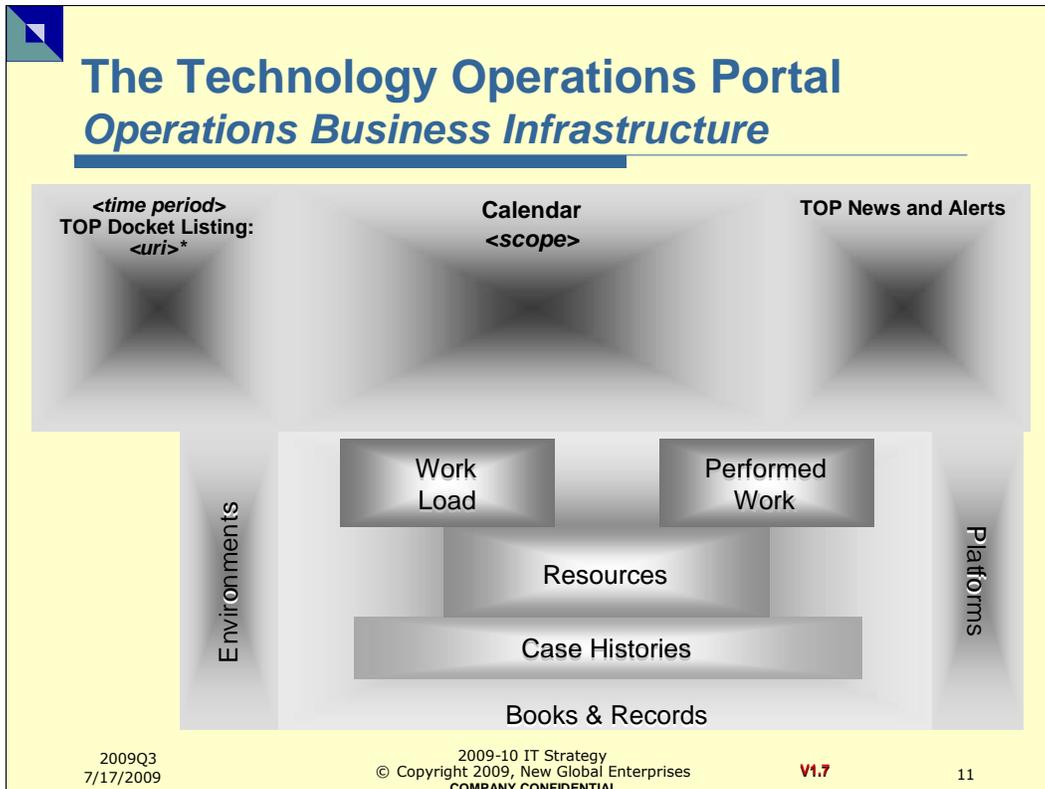
The Technology Operations Portal

Information Delivery



Operation UI

Buttons and Bars



Implement via a third-party Portal Platform with Collaboration Capabilities



Deploying Business Services into Operations

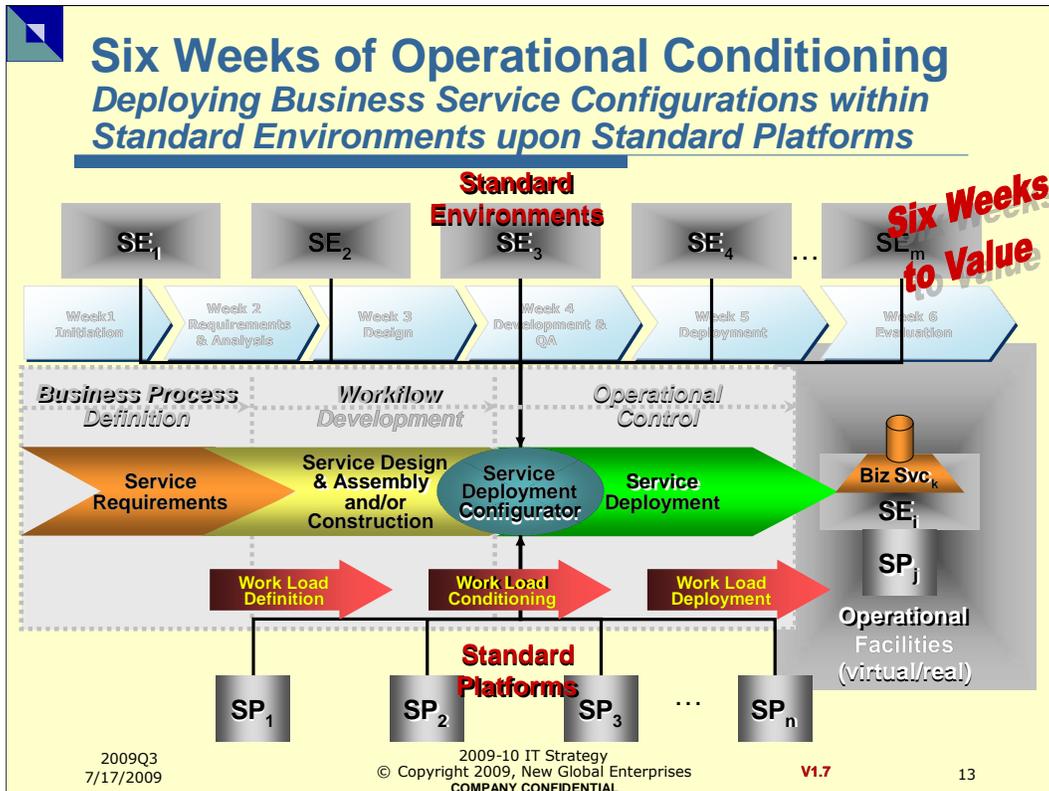
Deploying Environments and Platforms that provision Business Services within Operational Facilities

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Application Development Process Infrastructure

View this page as a presentation to see the story of **Standard Environments** upon **Standard Platforms**.

The Standard Specification Nibs

1. BP Definition
2. Work Flow Development, and,
3. Operational Control

Codex is developed and maintained through the IT Project Delivery 5 Phases: Initiation, Requirements & Analysis, Design, Development & QA, Deployment

Specifically, services are defined via a Service Requirements Process, followed by a Service Design & Assembly and/or Construction Process, bridged by a Service Deployment Configuration Process that binds the Business Standard Environment for that Service with a Technology Standard Platform.

And in so doing, the Work Load is defined, conditioned and deployed.



Strategic Positioning for IT Portfolios, Programs and Projects

How is IT Budget Allocated?

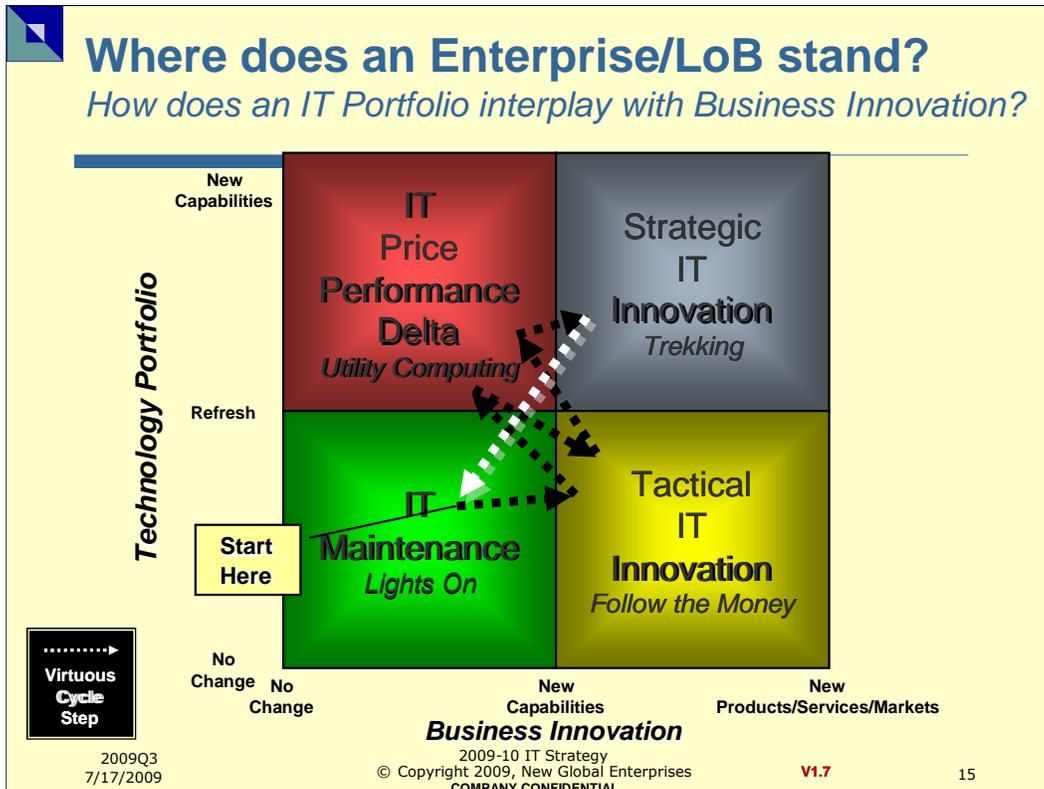
How is IT spending adjusted to align
with Business Requirements?

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Define Work Load, Price Work Load, Value Work Load, Add Work Load, Remove Work Load, Maintain Work Load

Categorization. Segmenting Work Load.

Technology Portfolio X Business Innovation

11: *Lights On*

Focus on cost control, operational integrity: Keep it running reliably: “Lights On”

21: *Utility Computing*

Focus on delivering same work done, order of magnitude improvement: Run it for significantly less. “Utility computing”

12: *Follow the Money*

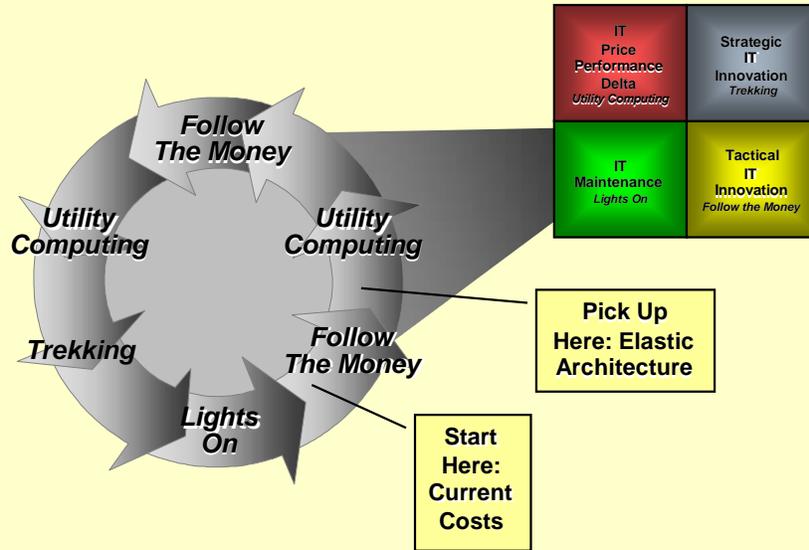
Focus on delivering old and new work with same cost as the old work
“Follow the Money”

22: *Trekking*

Focus on delivering new work with a radically different IT time to market and cost structure. “Trekking: Go where no Enterprise has gone before.”

The Virtuous Cycle Elaborated

Continuous IT Evolution

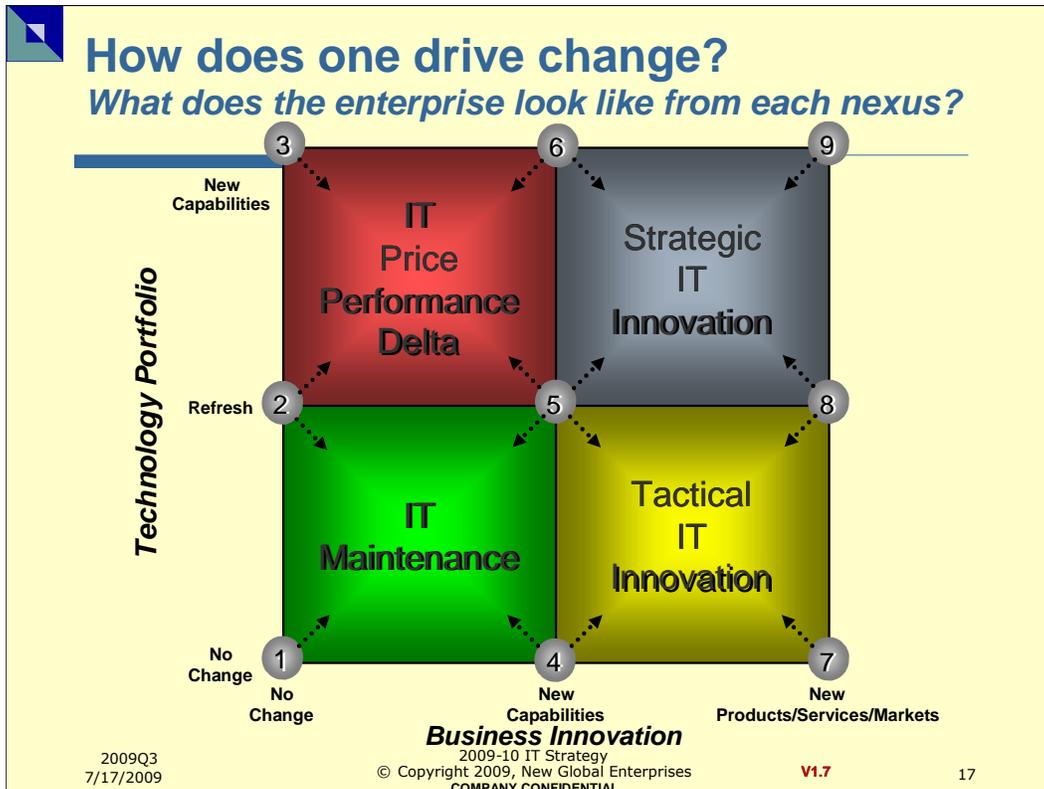


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Apply per Line of Business

Cost Work Load, Price Workload
Commodity, At the Money ::= Fair Value = Cost

Technology Portfolio X Business Innovation

From Category to Prescribed Action

11 => 21

Technology Consolidation, IT more efficient: Investment Strategy: Reinvested Savings, Fund new capabilities from cost savings

11 => 12

Functional Consolidation, IT is more effective: Investment Strategy: Leverage what you got. Drive volume.

21 => 22

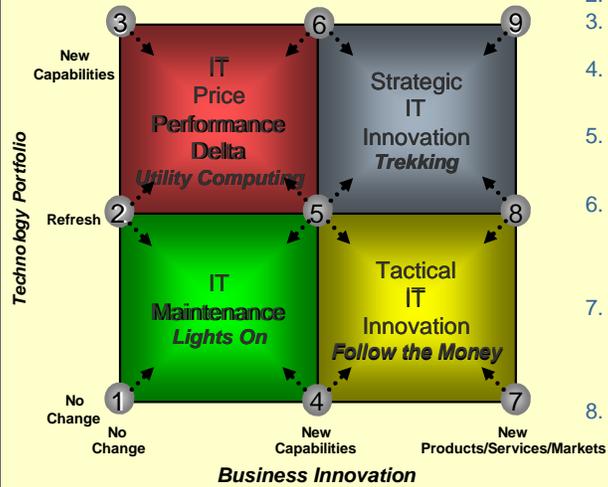
Investment results in making IT Capabilities more effective on a more efficient base: Investment Strategy: Put cost savings into business made possible by new capabilities, Classic self funding business development. Think of a reverse auction for IT Service Capabilities instead of the converse. A Reverse Auction is a true Market Test

12 => 22

Investment results in delivering almost pure business capability improvement: Investment Strategy: Turn around new product sales to build new product sales systems (we are here at the brink of 2010).

Navigating the Seas of IT Change

Nine IT Spend Buoy: Points of Guidance



1. Benchmark where you are
2. Refresh Decision needing to be made
3. New Capabilities Provisioned within the Work Load
4. Business has determined a new set of Core Competencies that uses current IT Demand Structure
5. Same as 4 except now you face a negotiation for new technology: Center Court Position
6. Top of the IT Game, Business repositioned with new Competencies, need to focus on delivery of new Products, Services and Markets: IT is now completely Business
7. IT is in Lights On, Business is repositioned with new Competencies, need to focus on delivery of new Products, Services or Markets: IT is now completely Business
8. IT has been Refreshed with most likely a lower cost structure and the Business has New Products, Services and Markets: Driving volume in those Products, Services and Markets
9. Metrics to reset New Benchmark

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