



**INSURANCE AND
INVESTMENT MANAGEMENT**

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About Navigant

Navigant Consulting, Inc. (NYSE: NCI) is a specialized, global professional services firm that helps clients take control of their future. Navigant's professionals apply deep industry knowledge, substantive technical expertise, and an enterprising approach to help clients build, manage and/or protect their business interests. With a focus on markets and clients facing transformational change and significant regulatory or legal pressures, the Firm primarily serves clients in the healthcare, energy and financial services industries. Across a range of advisory, consulting, outsourcing, and technology/analytics services, Navigant's practitioners bring sharp insight that pinpoints opportunities and delivers powerful results. More information about Navigant can be found at navigant.com.

VENDOR SOURCING & GOVERNANCE SERVICES

Business leaders face multiple challenges in the ever competitive and evolving Financial Services market. In response to those challenges, many turn to outsourcing in an effort to:

- Lower operational costs
- Integrate best practices and global knowledge
- Focus on core business processing
- Mitigate and manage risks
- Improve on quality, efficiency and turn-around times
- Expand upon existing capabilities, products and service offerings

The advantages of outsourcing are plentiful but are achieved only if the appropriate strategy is developed and followed to alleviate the impact of impending risks. Navigant's expertise in the outsourcing arena offers the ability to mitigate the risks involved at any phase of the vendor sourcing lifecycle by providing proven strategy and tools to break down the complexities and increase the value of the relationship. Our team of professionals understand the risks of outsourcing including loss of processing visibility and control, customer dissatisfaction and hidden fees/costs (e.g. legal fees, contract coordination). We take pride in our ability to work with our clients to define, strategize, and find solutions to mitigate each risk leading to a successful, well controlled, and profitable vendor partnership.

VENDOR SOURCING & GOVERNANCE LIFECYCLE

Vendor sourcing is a complex process with multiple moving parts. Navigating any phase of the vendor sourcing & governance lifecycle requires a sound understanding of the activities involved to ensure appropriate value is delivered. Navigant has simplified the lifecycle into five distinct phases. This approach to vendor sourcing delivers value to clients at any phase of the lifecycle. Navigant provides extensive capabilities to address each of the activities within the vendor sourcing & governance lifecycle as defined in Figure 1:

Figure 1: VENDOR SOURCING AND GOVERNANCE LIFECYCLE

SOURCING STRATEGY	ANALYSIS & ASSESSMENT	SELECTION & NEGOTIATION	IMPLEMENTATION	GOVERNANCE & MANAGEMENT
<ul style="list-style-type: none"> • Develop Sourcing Criteria • Prioritize Opportunities • Document Sourcing Policies & Requirements • Determine Regulatory Requirements • Evaluate Organizational Design & Control Function Support • Integrate Best Practices • Create Center of Excellence 	<ul style="list-style-type: none"> • Assess Operations • Evaluate Technical Infrastructure • Analyze Feasibility • Perform Cost/Benefit Analysis & Develop Business Case • Document Location (To/From) • Assess Strategic & Financial Fit • Consider Cultural Acceptance 	<ul style="list-style-type: none"> • Identify Potential Vendors • Conduct Vendor Intelligence • Gather Requirements • Document Specific Business Requirements & Service Levels • Create and Issue RFP • Evaluate RFP Responses & Select top 2-4 Vendors to Perform In-depth Analysis • Contract & Negotiations • Define Key Performance Metrics • Create Detailed Implementation Plan 	<ul style="list-style-type: none"> • Plan Hiring, Training, & Ramp up Vendors • Baseline Data & Metrics • Develop & Execute Communication Plan • Manage Knowledge Transfer • Execute Transition • Report Status • Escalate & Resolve Issues • Measure Performance & Realize Benefits 	<ul style="list-style-type: none"> • Create and Manage Vendor Governance Program • Report Operational Metrics & Management Information • Conduct Health Check • Remediate Issues / Gaps • Manage Risk • Utilize Continuous Improvement
PROGRAM MANAGEMENT				
CHANGE MANAGEMENT / COMMUNICATIONS				

HOW NAVIGANT CAN HELP

Navigant has deep industry expertise in the Vendor Sourcing Lifecycle and can provide guidance each step of the way or in designing an entire Vendor Sourcing and Governance Program. We have deep and diverse backgrounds spanning multiple industries and sourcing destinations. As an objective advisor, Navigant provides the following benefits:

- Our consultants possess years of industry and vendor sourcing expertise.
- We offer expert, objective analyses of vendors unlike larger firms that might outsource to themselves or recommend vendors with which they have partnerships.
- We have performed services across the sourcing lifecycle across multiple industries and bring leading practices to every engagement.

- We have developed proven methodologies / approaches and tools that we tailor to each client’s unique needs.
- Our collaborative and tailored approach is critical in sourcing projects to help ensure that the outsourcing solution addresses the unique needs of each organization.

TOOLS AND TECHNIQUES

Navigant’s extensive vendor sourcing experience has resulted in the development of proven methodologies consisting of multiple customizable tools offered to our clients. Listed below are a few examples of proprietary tools to support the activities of the vendor sourcing lifecycle.

Vendor Selection Toolkit

These tools and templates outline the necessary vendor data to obtain for the purpose of analyzing, assessing and selecting

an outsourcing partner. This toolkit mitigates the bias and subjectivity of the vendor down-selection process by providing the business with quantifiable data to support their vendor selection process. The framework for the tool touches upon multiple aspects of the selection process including:

- Enterprise Strategic Alignment
- Business Strategic Alignment
- RFP Responses
- Client References
- Pricing Analysis
- Security & Business Continuity
- Vendor Site Evaluation
- Executive Presentations

Sourcing Transition Toolkit

A best practice playbook for providing a client with a consistent and repeatable vendor implementation strategy. This toolkit provides a client with all vendor sourcing project management tools and recommendations including but not limited to:

- Roles and Responsibility Guide
- Governance Model
- Process Documentation Inventory
- Communication Plan
- Business Recovery Assessment
- Placement/Redeployment Plan
- Training Plan & Schedules
- Issue / Action Logs
- Budget / Expense Tracker

Vendor Value ManagerSM

Navigant developed the Vendor Value ManagerSM (VVM) to enhance the metrics and analytical reporting involved in the Implementation and Governance & Management phases of the vendor sourcing lifecycle. Key components of this tool include:

- Tracking, reporting and analysis of client/vendor issues & actions
- Documentation of vendor reports, procedures, incidents reports, change controls, etc.

CASE STUDIES

Navigant has been supporting financial service organizations with their Vendor Sourcing and Governance needs for many years. Our collaborative approach has enabled numerous insurers to successfully establish and maintain vendor relationships.



Engagement Scope: Navigant was engaged by the Global Sourcing division of a Fortune 100 company to review and provide recommendations on current and future outsourcing practices.

Engagement Outcome: Navigant analyzed existing Sourcing Transition processes and tools within the client's organization and determined best practices. These practices produced a Sourcing Transition Playbook that was adopted by the client's Global Sourcing division and covered the transition planning and mobilization, transition execution, transition conclusion and project monitoring and control.



Engagement Scope: Navigant was engaged by a Global Insurer's Retirement Services organization to facilitate the development of a back-office outsourcing RFP. The RFP included a detailed review of the Defined Benefits, Defined Contributions, Financial Operations, Plan Compliance Services, and New Business operations within Retirement Services.

Engagement Outcome: Navigant implemented a vendor scoring methodology that provided the business team with an unbiased vendor selection approach. Navigant led the business facilitation and RFP development and provided guidance on activities to source within each identified operational area. In addition, Navigant provided support of the vendor on-site due diligence by accompanying the business to vendor locations and facilitating the scoring of each vendor.



Engagement Scope: Navigant was engaged to provide PMO support for outsourcing middle and back office functions for the asset management division of a large financial services organization and to establish an oversight and governance model for the outsourced middle office.

Engagement Outcome: Navigant team led the PMO with the client to implement outsourcing within the Back and Middle Office functions including Trade Support and Settlement, Asset Servicing, Reconciliation, Reporting and Compliance. Navigant team established Oversight & Governance model for the outsourced Middle Office and delivered Process Flows, Data Control Reports, Oversight Guidelines, Vendor Management Tools, and SLA Trackers for the Target Operating Model. The successful outsourcing effort and effective Oversight & Governance resulted in a multi-million dollar cost savings for the client on annual run-rate basis. Also, the key growth business units, such as Credit Investments, added over \$10bn in new assets during the outsourcing program through new client onboarding and new fund / CLO launches.

ABOUT NAVIGANT FINANCIAL SERVICES

Navigant (NYSE: NCI) provides a wide range of services, spanning from consulting and compliance to litigation and investigative support, to help highly-regulated industry organizations address their most critical business issues. Our Financial Services consulting practice works collaboratively with banking, insurance, and investment management clients to achieve their business objectives by improving operational effectiveness and mitigating compliance risks. Our comprehensive service offering focuses on our clients' key opportunities and challenges including core business operations, technology, human capital, regulatory compliance, strategic transformations, customer service, and business process outsourcing (BPO). We bring deep industry, consulting and technical expertise, and are known for partnering with our clients to realize their business objectives.