Information Technology Committee
Thursday September 9, 2010
SRT Communications
Minot, ND

Similar to what I reported before, WSI continues to make changes and adjustments to the project designed to increase/improve the probability of successful completion. Different from my previous report I have a sense the project is gaining solid footing. Evidence of that is presented in the latest AIM Status report where the overall status of the project improved from "red" to "yellow," scope moved from "yellow" to "green" and the schedule has gone from "red" to "yellow." Quality continues to trend upward.

Statistics

- Latest software release was received as scheduled (early July):
  - Software install went smoothly
  - Volume-wise, this release was about $1/3^{rd}$ the size of the previous release (i.e. 38 individual items were delivered and tested, compared to 120 items in the previous release)
  - Quality of the release was comparable to the previous release (i.e. of 38 items tested, 63% passed testing with an additional 18.5% that partially passed and 18.5% that failed. This compares to the previous release test results: Of 120 items tested, 68% passed with an additional 14% that partially passed and 18% that failed.)

Critical Issues

- Production implementation dates of January 2012 for Claims and September 2012 for Policy have been established with both WSI and Aon looking at opportunities to complete the project sooner. This compares to the previous implementation projections of June 2011 for Claims and November 2011 for Policy.
- A total of 67 "Change Control Requests" are still under review and consideration by WSI for the initial production implementation of Claims. WSI is looking to reduce this scope to the greatest extent possible, while still maintaining a balance between having the features / functionality needed to do our job well and completing the project in an acceptable timeframe.
- Quality of software releases delivered continues to trend upward.
- Formal kick-off of the Policy implementation will take place this month with a team from Aon onsite.

Actions Taken

We are finding better ways to successfully complete the project.

- Next week marks the formal start of the Policy implementation with concentration on data conversion. To date, the majority of time and effort has been spent on the Claims implementation..
- We are pursuing an option of performing some or all of the data conversion activity on site at WSI and ITD versus the past practice of sending the data to Aon for conversion and then sending it back to us. Should be more efficient.
- We have streamlined our meeting schedule to more efficiently use staff time so they are using their time on the project versus attending meetings.
- We have split the team working on the project into smaller teams to address specific functional areas.
- We are examining existing Claims "change control requests" (CCR's) that can be eliminated or postponed until after the initial production implementation.
- We are initiating a tighter change control process in order to contain scope and ensure that any future change control requests are absolutely necessary for initial production implementation.
- We are finding project cost savings by moving equipment and corresponding support to ITD and identifying savings with vendors within their contracts.
- We are discussing with Aon a better process for fixing defects. Rather than waiting for software fixes to be delivered in subsequent releases, which can take six months, we are pursuing methods which will provide these fixes much faster.

Items of Concern
- Confidence and interaction with the vendor - Continues on a positive plane at present.
- Internal morale on a project that has taken three years so far and is projected to take another 2 years.

Observations from Cathie Forsch
- Original software vendor, Valley Oak Systems, promoted their product as a COTS solution but in actuality it was more of a COTS framework that was customized for clients, which resulted in about 25 different versions of the product. Aon's goal and direction is to have a true COTS solution where all clients are using the same product. We have ridden through this transition with Aon over the past one and a half years which has been the cause of much of our challenges.

- We continue to review "change control requests". Some are extra features that we can postpone until post "go live" or possibly eliminate entirely. Some are very important to have like auto-adjudication, over payment recovery and benefit calculations. Each change that we can eliminate will save time and money and each that is postponed will save time and may save us money.

- We are reassured that we will have a successful COTS solution. Benefits of a COTS solution for WSI :
    o New features added to product at no additional cost
    o Aon is improving – partnership with Mitchell (SmartAdvisor) for bill review is an example.
    o Best practices by insurance companies of similar size.
    o SmartAdvisor is regarded as "Best in Class" for insurance bill review. Many of Aon clients use SmartAdvisor today even though it is not integrated with the Aon Claims System and they must pay for each bill they review. With Aon's partnership with Mitchell's SmartAdvisor, WSI will be able to use it without any other fees and it will be integrated with the WSI Claims system.