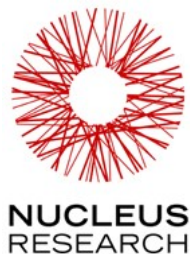


ROI CASE STUDY

DELPHIX CIGA



THE BOTTOM LINE

California Insurance Guarantee Association (CIGA), chose Delphix as its enterprise standard for data management. Nucleus found that moving to Delphix enabled CIGA to reduce the time spent on data refreshes, and reduce data storage requirements. Additionally, the ease of use improved technical developers' productivity by enabling the developers to generate refreshes on their own, and allowed the teams to work in parallel, instead of sequentially, thus improving overall productivity and efficiency.

ROI: **194%**

Payback: **6 months**

Average annual benefit: **\$294,555**

THE COMPANY

Since its creation in 1969, California Insurance Guarantee Association (CIGA) has successfully taken over the covered claim responsibilities of over one hundred insolvent Member Insurers. CIGA protects resident claimants in the event of an insurance company's insolvency, and operates under Sections 1063-1063.77 of the California Insurance Code. CIGA provides a mechanism for the payment of covered (as defined by the Insurance Code and specific case law) property, casualty, and workers' compensation insurance claims of insolvent insurance companies.

It is the mission of the association to pay claims on a timely basis with no excessive delays and to help relieve the financial burden placed on claimants and insured when insurance companies fail.

THE CHALLENGE

CIGA is responsible for taking over the covered insurance claim responsibilities if a member insurer becomes insolvent, and must be able to begin resolving insolvencies within 45 days. To comply with legislative requirements, award benefits and avoid fines,

CIGA's analysts must have access to the data as quickly as possible. There must also be an environment available at all times to test, merge data, and minimize the risk of duplicate claims. CIGA was facing the following challenges prior to Delphix:

- The cost of hosting data in physical environments was becoming prohibitive.
- CIGA's database team needed to be able to virtualize, self-provision and refresh data quickly and efficiently. The team would spend 24 hours on a single data refresh for the technical developers. As the number of refreshes required could exceed 35 to 40 in three month period, the allocation of time for the DBA, as well as the time the developers were waiting was no longer acceptable.
- CIGA was also investigating datacenter migration requirements and needed to look for ways of reducing the OPEX for that project.
- The small IT department faced several other resource constraints and new projects, and needed to find automated and streamlined processes to increase the productivity of its employees.

To support its growing data needs without incurring more hardware, personnel and software costs, CIGA needed to find a solution that managed the data management and merging process more effectively.

THE STRATEGY

CIGA considered several other options to deal with its data management challenges. It had specific requirements, and while others offered some options, CIGA found that:

- CIGA explored other vendors' "Snap and Clone" functionality, and concluded that Delphix offered economy in storage capacity utilization and efficiency in self provisioning.
- Given the unpredictable nature of insolvency, any system implemented need to scale at a moment's notice, and have a high degree of data elasticity.

"Now work doesn't have to be done sequentially, but can be done in tandem, which is greatly reducing development time. Our developers are able to perform the data refreshes themselves. This has contributed greatly to employee satisfaction, and a much higher level of team efficiency."

- Feroz Merchhiya, CTO, CIGA

CIGA began conversations with Delphix in early 2012 to deal with its agile data management project. Within four months, CIGA had deployed Delphix to manage and archive virtual copies of databases, and assist with their data center migration. The Delphix data management platform has become an enterprise solution, supporting CIGA's critical business applications, core claims management system, content management and imaging system, and business intelligence operations.

KEY BENEFIT AREAS

Moving to a more flexible data management solution has enabled CIGA to support its application testing and database refreshing needs. Main benefits of the project included:

- Reduced DBA requirements. Prior to the implementation of Delphix, CIGA was considering hiring a second DBA as the onsite DBA was focused on meeting the needs of the technical developers and was unable to work on new projects and initiatives. With Delphix, only limited amounts of time is required to be spent managing the databases because the environment is much easier to use, and the extraction and data management processes are streamlined. The DBA is able to focus more time to other projects and the need for an additional DBA has been eliminated.
- Increased technical developer productivity. The technical developers are now able to perform many of their data management tasks, allowing them to create their own extracts to meet their specific needs, and not have to wait for them to be generated by the DBA, reducing the waiting time, and the back and forth between the teams.
- Increased DBA productivity. Previously, the DBA was spending 75 percent of her time dedicated to meeting the data extract requirements of the technical developers. Now that the technical developers are more self-sufficient, the system is easier to use, and the processes more streamlined, the time allocated to supporting the developers has been reduced to 15 percent.
- Reduced data storage requirements. Because of the compression capabilities of Delphix, CIGA now uses only two terabytes of storage for the refreshes instead of the anticipated 12 terabytes, an estimated savings of \$10 thousand dollars per year.
- Reduction in resources in other projects. CIGA anticipates other groups within the organization to gain value from being able to run reports on demand, instead of building from monthly extracts, saving time and driving greater value and productivity for the business users.

Types of Benefits



KEY COST AREAS

Costs of the project included the software licensing and ongoing maintenance, database administrator and other IT staff time spent in the implementation period, and consulting. Two weeks of database administrator (DBA) time was spent on the initial implementation and ongoing support averages about one hour of database administration time per month. CIGA purchased the Delphix JumpStart consulting packages that included the implementation as well as training. The DBA had one week of training, and worked closely

with the consultant from Delphix during the implementation period to fully understand the system. The technical developers also had one week of formal training, to ensure they would had a good understanding of the solution and its capabilities.

**Cost : Benefit
Ratio | 1 : 4.6**

BEST PRACTICES

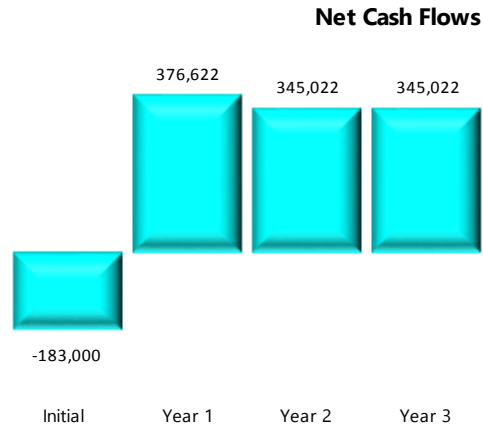
One key reason CIGA believes the deployment was so successful was the careful planning and preparation that the team put into place prior to the start of the project. Some of their best practices included:

- Well defined requirements. To ensure success in selecting the optimum solution, CIGA clearly researched and defined the requirements of the project, working closely with the rest of the organization to ensure all the stakeholders' needs were addressed.
- Evaluated options against these requirements. When looking at multiple options that range from hardware based solution to software based solution, CIGA knew it was important to standardize the requirements to have a consistent evaluation criteria.
- Focus on the key requirements first and maintain constant and clear communications. CIGA was concerned about having any post purchase dissonance within the organization, and ensured that the evaluation and selection process clearly defined the requirements that were the 'must-haves' and 'nice-to-haves'. The team maintained consistent and open communication with the rest of the organization.
- Conduct a proof of concept. For CIGA, the "proof of the pudding is in the eating" adage applies to new technology as well. Hence, conducting a proof of concept to test drive the product was very important to the success of their implementation.
- Providing training to the appropriate users. The technical developers are responsible for testing and analyzing the data, as well as testing and developing new applications. Previously, they would have to wait for the DBA to produce the extracts of data so they could run their tests, which would greatly impact their own productivity. The one week of formal training they participated provided them the knowledge and the skills necessary to perform many of their data management tasks, further reducing the requests made to the DBA, and enabling them to be self-sufficient.

CALCULATING THE ROI

Nucleus calculated the costs of software license and maintenance, the implementation, and consulting costs over a 3-year period to quantify CIGA's investment in its deployment of Delphix.

Direct benefits were realized through the reduced requirement for an additional DBA.



The indirect benefit of DBA productivity was realized through less time spent in producing data refreshes and the increased productivity of the technical developers, as they were able to produce and execute much of the work themselves. These productivity savings were quantified based on the average annual fully loaded cost of an employee using a correction factor to account for the inefficient transfer between time saved and additional time worked.

CIGA was able to reduce the amount of time the onsite DBA allocated to meeting the requests of the technical developers for data refreshes to 15 percent, down from 75 percent. Delphix also reduced the requirement for CIGA to have an additional DBA to support their existing databases and systems, due to the significant reduction in time that the onsite DBA had previously allocated to supporting the technical developers' needs.

Not quantified is the reduced storage cost that CIGA would require due to the compression capabilities of Delphix. CIGA now uses only two terabytes of storage for the refreshes instead of the anticipated 12 terabytes, an estimated savings of \$10 thousand dollars per year.

FINANCIAL ANALYSIS

Delphix Database Virtualization

Annual ROI: 194%

Payback period: 0.5 years

ANNUAL BENEFITS	Pre-start	Year 1	Year 2	Year 3
Direct	0	120,000	120,000	120,000
Indirect	0	257,055	257,055	257,055
Total per period	0	377,055	377,055	377,055

CAPITALIZED ASSETS	Pre-start	Year 1	Year 2	Year 3
Software	0	0	0	0
Hardware	0	0	0	0
Project consulting and personnel	0	0	0	0
Total per period	0	0	0	0

DEPRECIATION SCHEDULE	Pre-start	Year 1	Year 2	Year 3
Software	0	0	0	0
Hardware	0	0	0	0
Project consulting and personnel	0	0	0	0
Total per period	0	0	0	0

EXPENSED COSTS	Pre-start	Year 1	Year 2	Year 3
Software	158,000	0	31,600	31,600
Hardware	0	0	0	0
Consulting	10,000	0	0	0
Personnel	3,000	433	433	433
Training	12,000	0	0	0
Other	0	0	0	0
Total per period	183,000	433	32,033	32,033

FINANCIAL ANALYSIS	Results	Year 1	Year 2	Year 3
Net cash flow before taxes	-183,000	376,622	345,022	345,022
Net cash flow after taxes	-100,650	207,142	189,762	189,762
Annual ROI - direct and indirect benefits				194%
Annual ROI - direct benefits only				54%
Net Present Value (NPV)				413,588
Payback period				0.5 years
Average Annual Cost of Ownership				82,500
3-Year IRR				192%

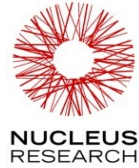
FINANCIAL ASSUMPTIONS

All government taxes	45%
Cost of capital	7.0%



By the Numbers

CIGA's Delphix project



Annual Return
on Investment **194%**

6

months

The total time to value, or
payback period, for the project

Cost : Benefit
Ratio **1 : 4.6**

294,555

Average annual benefit

THE PROJECT

California Insurance Guarantee Association (CIGA), chose Delphix as its enterprise standard for data management. Nucleus found that moving to Delphix enabled CIGA minimize data refreshes time and allowed the teams to work in parallel, instead of sequentially, thus improving overall productivity and efficiency

THE RESULTS

Reduced DBA staffing requirement
Increased technical developer productivity
Reduced technology costs

Number of **users: 6**

4

Months

Total time for the company to
deploy Delphix

“Our developers are able to perform the data refreshes themselves. This has contributed greatly to employee satisfaction, and a much higher level of team efficiency.”

Feroz Merchhiya - CTO