

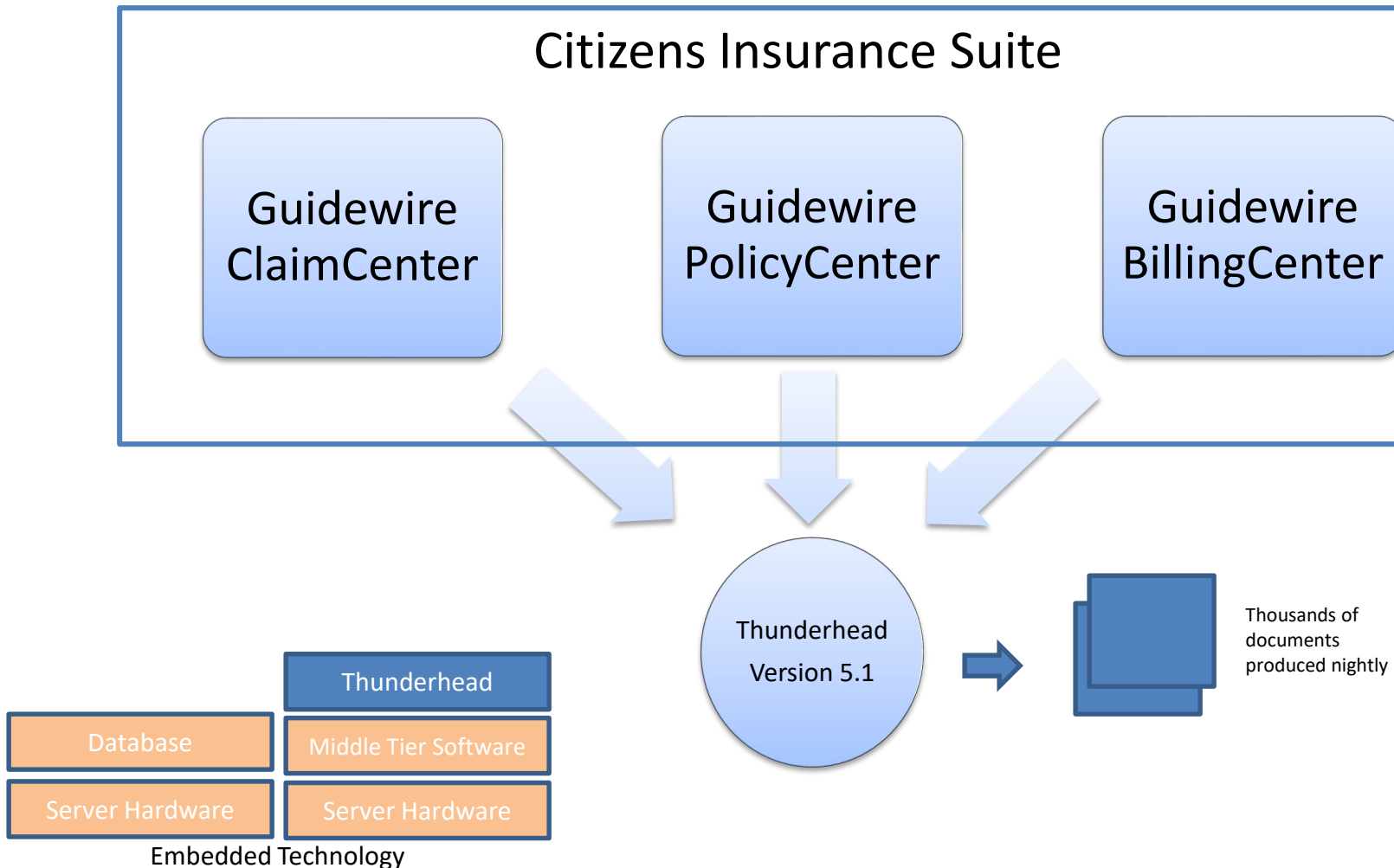
Document Generation Software Business Case

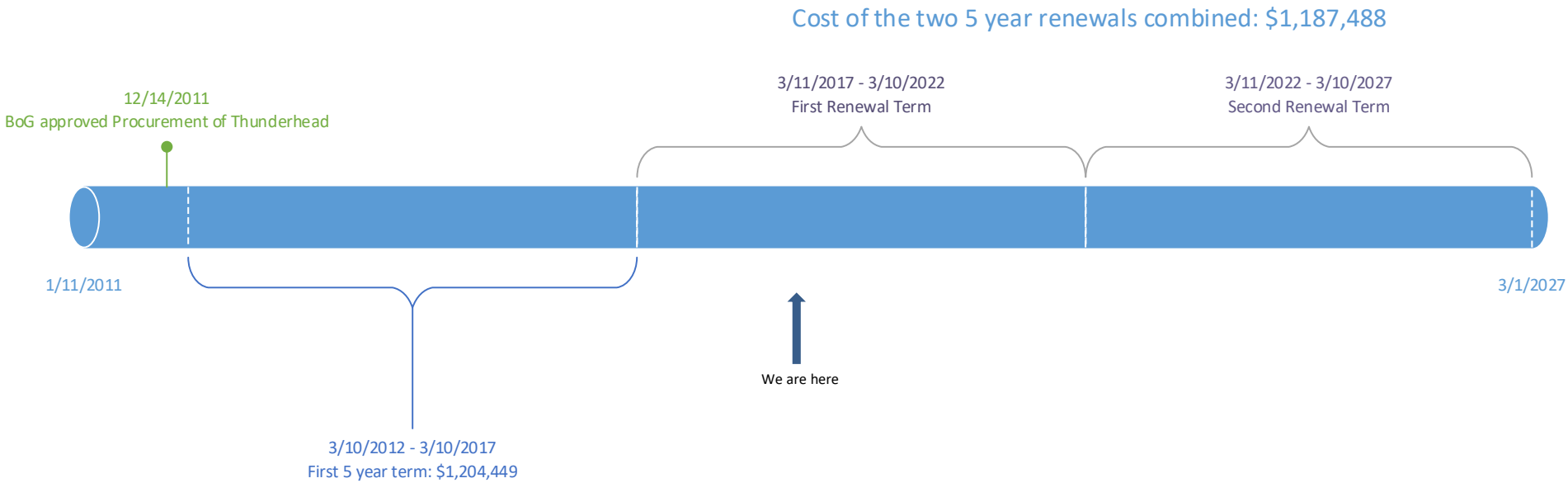
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VP – IT Services & Delivery

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What is Thunderhead (SmartComm)?





Board approved Spend for all three terms combined: \$2,391,937

- Version 5.1 of the software we are using today is the on-premises version that must be installed on our hardware and must be hosted within our data center.
- *The company has stopped supporting on-premises version of the software.*
- Options :
 1. Upgrade to the last on-premises version (6.1) of the software and run it through the end of second renewal with support from the vendor (March 2022)
 2. Migrate to the cloud version of the software known as SmartComm. The additional spend associated with this migration is \$917,682.
 3. Replace the software vendor.

Upgrade to the cloud version of the software
(SmartComm)

How did we arrive at the recommendation?

- Embedded Technology – integrated deeply within the insurance suite. Hundreds of templates exist.
- This option is more economical in the long run. We have a business case comparing Option 1 (staying with the on premises version of the software) vs. Option 2 (going to the cloud version).
- The cloud version offers additional functional capabilities.
- Due Diligence
 - Gartner Magic Quadrant – is SmartComm in the top quadrant? YES
 - Is SmartComm a Guidewire Official Certified partner? YES
 - Is SmartComm cost consistent with the other state term contract vendors? YES

	Thunderhead v6.1	SmartComm
Capabilities		
Functional Capabilities	Meets most of the functional requirements. Does not meet the self-serve capabilities (eg: dynamic document interaction)	Meets all our functional requirements. Supports self-serve capabilities as well.
Technical Capabilities	PDF Compatibility issues are not addressed with this version, but vendor might provide a patch	Eliminates current workarounds with PDF compatibility. Easy to scale up as necessary
Overhead		
Operational Overhead	Maintain all 28 Virtual Machines required for supporting the product. Maintain licenses for Websphere, SQL Server	Vendor provides support & maintenance for cloud services A fraction of Appliances maintained on-prem
Maintenance		
Software Upgrades/Patches	Citizens resources to maintain and apply environment patches.	Vendor to apply patches, upgrades to environments
Application Integrations	All integrations remain same. No changes required	Moderate changes to existing integrations to support the SC cloud.
Conversion (from previous product)	Little effort.	Moderate effort to convert to cloud
Learning Curve	Very little	Less - Moderate
Procurement Timeframes	None	~ 1 Month
Total Cost of Ownership (until 2026)	\$ 3,179,209	\$ 2,685,403

Thunderhead Now v6.1									
Costs	2019	2020	2021	2022	2023	2024	2025	2026	Total Cost
Software									
License/ Vendor Support	\$ 103,756	\$ 106,868	\$ 110,074	\$ 113,377	\$ 116,778.31	\$ 120,281.66	\$ 123,890.11	\$ 127,606.81	\$ 922,632
Internal Implementation Costs	\$ 151,200								\$ 151,200
Prof Services	\$ -								\$ -
Hardware									
Server Cost ₃	\$ 189,000	\$ 189,000	\$ 126,000	\$ 126,000	\$ 126,000	\$ 126,000	\$ 126,000	\$ 126,000	\$ 1,134,000
Websphere	\$ 142,800	\$ 149,940	\$ 95,200	\$ 99,960	\$ 104,958	\$ 110,206	\$ 115,716	\$ 121,502	\$ 940,282
SQL License Cost	\$ 6,910	\$ 3,455	\$ 3,455	\$ 3,455	\$ 3,455	\$ 3,455	\$ 3,455	\$ 3,455	\$ 31,095
Total	\$ 593,666	\$ 449,263	\$ 334,729	\$ 342,792	\$ 351,191	\$ 359,943	\$ 369,061	\$ 378,564	\$ 3,179,209
Smart Communications- Cloud Hybrid									
Costs	2019	2020	2021	2022	2023	2024	2025	2026	Total Cost
Software									
License/ Vendor Support ₁	\$ 159,000.00	\$ 166,950.00	\$ 175,297.50	\$ 184,062.38	\$ 193,265.49	\$ 202,928.77	\$ 213,075.21	\$ 223,728.97	\$ 1,518,308
Internal Implementation Costs	\$ 180,000								\$ 180,000
Prof Services	\$ 200,000								\$ 200,000
Hardware									
Websphere	\$ 95,275	\$ 47,638							\$ 142,913
SQL License Cost	\$ 3,455	\$ 1,728							\$ 5,183
Server Cost ₂	\$ 156,000	\$ 123,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 639,000
Total	\$ 793,730	\$ 339,315	\$ 235,298	\$ 244,062	\$ 253,265	\$ 262,929	\$ 273,075	\$ 283,729	\$ 2,685,403
Cost Avoidance	\$ (200,064)	\$ 109,948	\$ 99,432	\$ 98,730	\$ 97,926	\$ 97,014	\$ 95,986	\$ 94,835	\$ 493,806

¹No license cost with Cloud/hybrid option.

²Savings for servers lags one year (2019). In 2020 will be 50% savings amount as the new system brought online.

³Server costs do not include rental, utilities or maintenance.

On December 14, 2011, the Citizens Board of Governors authorized a contract amount of \$1,204,449 for the initial 5-year term and \$1,187,488 for two optional 5-year renewals for a total of \$2,391,937. This Consent Item requests an additional **\$917,682** to the contract spend of \$2,391,937 previously approved by the Citizens Board of Governors for a revised total of \$3,309,619.

SPEND ASSOCIATED WITH THE RENEWAL

Board approved:	\$2,391,937
Additional funds needed:	\$917,682
Cloud software spend (now-March,2022)	\$180,548
Cloud migration – professional services	\$200,000
Cloud software spend (March 2022-March 2027)	\$415,126
Additional services & Training	\$122,008

BENEFITS

TCO of on-prem software through 2027:	\$3,179,209
TCO of cloud version through 2027:	\$2,685,403
Overall Cost Avoidance:	\$493,806

* At the Nov 2018 ISAC, based on vendor quote at the time the additional funds requested were: \$ **1,554,483**